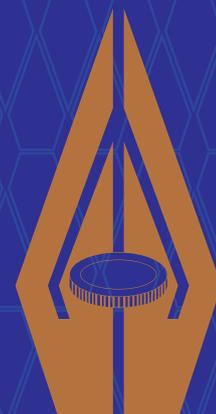


# 2019 CREDIT MARKET MONITORING REPORT

GROWTH OF CREDIT TO HOUSEHOLDS & IMPLICATIONS FOR FINANCIAL STABILITY



*Bank of Zambia*



## **REGISTERED OFFICES**

### **Head Office**

Bank Square, Cairo Road  
P. O. Box 30080, Lusaka, 10101, Zambia  
Tel: (+260)211399300  
E-mail: [info@boz.zm](mailto:info@boz.zm)  
Website: [www.boz.zm](http://www.boz.zm)

### **Regional Office**

Buteko Avenue,  
P.O. Box 71511, Ndola, Zambia  
Tel: (+260)212399600  
E-mail: [info@boz.zm](mailto:info@boz.zm)  
Website: [www.boz.zm](http://www.boz.zm)



**Bank of Zambia**



BANK OF ZAMBIA

# 2019 CREDIT MARKET MONITORING REPORT

GROWTH OF CREDIT TO HOUSEHOLDS &  
IMPLICATIONS FOR FINANCIAL STABILITY



# 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. This report has also looked closely at the level of credit to households and individuals. The objective of the report is to provide the credit market with aggregated credit data<sup>1</sup> 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 2019, the banking sector comprised 18 banks while the NBFIs sector comprised 44<sup>2</sup> 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 quarter<sup>3</sup>. 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 this report is to:

- (i) Disseminate qualitative and quantitative credit data to stakeholders in the credit market;
- (ii) Track and measure credit activity;

- (iii) Assist the BoZ and credit providers to monitor credit trends and identify financial distress for specific sectors and credit end-user categories;
- (iv) Assist in the formulation of regulatory interventions that could support effective and appropriate credit policy; and
- (v) 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 decision-making and market functioning.

The report analyses the credit market across three main dimensions as follows:

- (i) Credit product-type (mortgages, revolving credit, secured loans, and unsecured loans);
- (ii) Credit end-user category (households, large businesses, small businesses, large agricultural businesses, small agriculture, government, and other end-users); and
- (iii) Credit provider (banks, microfinance institutions, building societies, savings and credit institutions, leasing finance institutions and other financial businesses).

The report provides a brief overview of credit performance in Zambia and gives a general outlook of credit across these dimensions. The report also includes an overview of the financial inclusion data by focusing on access to credit for women and youths.

<sup>1</sup>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>.

<sup>2</sup>The analysis contained in this report is based on information submitted by 18 banks and 43 NBFIs. One MFI did not submit its credit market monitoring return as at end December 2019 because it had just been licenced and had not yet started operations.

<sup>3</sup>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.



# TABLE OF CONTENTS

Executive Summary	xi
<b>Chapter 1: Structure of the Zambian Credit Market</b>	<b>1</b>
Credit Service Providers in the Market	1
Types of Credit Products Delivered	1
Credit End-Users	1
Size of Credit Market	2
<b>Chapter 2: Growth of Credit to Households and Implications for Financial Stability</b>	<b>4</b>
<b>Chapter 3: Demand for Credit</b>	<b>10</b>
<b>Chapter 4: Credit Supply</b>	<b>13</b>
Overall Credit Supply	13
Households and Individuals	17
Businesses - Small	21
Small Agricultural	23
Agriculture - Large	25
Business - Large	25
Government	27
<b>Chapter 5: Access to Credit by Priority End-Users</b>	<b>29</b>
Credit Supply to Women	29
Credit Supply to Youths	31
Credit Supply to Rural Areas	31
Growth of the Loan Book	36
<b>Chapter 6: Assessment of the Quality of the Outstanding Loans</b>	<b>39</b>
Distribution of Outstanding Loans	35
<b>Conclusion</b>	<b>36</b>

# LIST OF TABLES

Table 1: Credit Providers	1
Table 2: Demand for Credit – Number of Loan Applications	10
Table 3: Value of Loan Disbursements by Credit Product Type (Kwacha)	13
Table 4: Volume of Loan Disbursements by Credit End-User Category (Number)	14
Table 5: Values and Volumes of Digital Credit	14
Table 6: Volume of Loan Disbursements by Credit Products Type (Number)	15
Table 7: Proportion of Value of Loan Disbursements by Institution Type (Kwacha)	15
Table 8: Proportion of Volume of Loan Disbursements by Institution Type (Number)	16
Table 9: Value of Loan Disbursements by Credit End-User Category (Kwacha)	16
Table 10: Volume of Loan Disbursements by Credit End-User Category (Number)	16
Table 11: Value of Loan Disbursements to Households by Income Category (Kwacha)	17
Table 12: Volume of Loan Disbursements to Households by Income Category (Number)	17
Table 13: Value of Unsecured Credit Disbursements to Households by Loan Tenure (Kwacha)	18
Table 14: Volume of Unsecured Credit Disbursements to Households by Loan Tenure	18
Table 15: Value of Loan Disbursements to Households by Product Type (Kwacha)	19
Table 16: Volume of Loan Disbursements to Households by Product Type (Number)	19
Table 17: Value of Unsecured Credit Disbursements to Households by Purpose of Borrowing	20
Table 18: Volume of Unsecured Credit to Households by Purpose of Borrowing	20
Table 19: Value of Unsecured Credit Disbursements to Households by Loan Size (Kwacha)	21
Table 20: Volume of Unsecured Credit Disbursements to Households by Loan Size (Number)	21
Table 21: Value of Loan Disbursements to Small Businesses by Enterprise Size (Kwacha)	22
Table 22: Volume of Loan Disbursements to Small Businesses by Enterprise Size (Number)	22
Table 23: Value of Loan Disbursements to Small Businesses by Product Type (Kwacha)	22
Table 24: Volume of Loan Disbursements to Small Businesses by Product Type (Number)	23
Table 25: Value of Loan Disbursements to Small Agriculture Farms by Farm Size (Kwacha)	28
Table 26: Volume of Loan Disbursements to Small Agriculture Farms by Farm Size (Number)	33
Table 27: Value of Loan Disbursements to Small Agriculture Farms by Credit Product Type	23
Table 28: Volume of loan Disbursements to Small Agriculture Farms by Product Type	24
Table 29: Value of Loan Disbursements to Large Agriculture Farms by Farm Size (Kwacha)	24
Table 30: Volume of Loan Disbursements to Large Agriculture Farms by Farm Size (Number)	36
Table 31: Value of Loan Disbursements to Large Agriculture Farms by Credit Product Type	39
Table 32: Volume of Loan Disbursement to Large Agriculture Farms by Product Type	40
Table 33: Value of Loan Disbursements to Large Businesses by Business Size (Kwacha)	23
Table 34: Value of Loan Disbursements to Large Businesses by Product Type (Kwacha)	25
Table 35: Volume of Loan Disbursements to Large Businesses by Business Size (Number)	25
Table 36: Volume of Loan Disbursements to Large Businesses by Product Type (Number)	25
Table 37: Value of Loan Disbursements to the Government (Kwacha)	27
Table 38: Value of Loan Disbursements to the Government by Product Type (Kwacha)	28
Table 39: Volume of Disbursements to the Government (Number)	28
Table 40: Volume of Loan Disbursements to the Government by Product Type (Number)	28
Table 41: Value of Loan Disbursements to Women (Kwacha)	29
Table 42: Volume of Loan Disbursements to Women (Number)	29
Table 43: Value of Loan Disbursements to Women by Credit Product Type (Value)	30
Table 44: Value of Loan Disbursements to the Youth (Kwacha)	30

# LIST OF TABLES

Table 45:	Volume of Loan Disbursements to the Youth (Number)	30
Table 46:	Access to Credit by Youth as a Proportion of End-User Category	30
Table 47:	Value of Loan Disbursements between Rural and Urban Areas (Kwacha)	31
Table 48:	Volume of Loan Disbursements between to Rural and Urban Areas	31
Table 49:	Proportion of Value of Loan Disbursements to Rural/Urban Areas (Kwacha)	31
Table 50:	Proportion of Volume of Loan Disbursements to Rural/Urban Areas (Number)	31
Table 51:	Value of Loan Disbursements by Province (Kwacha)	31
Table 52:	Volume of Loan Disbursements by Province (Number)	32
Table 53:	Value of Outstanding Loans by Credit Product Type (Kwacha)	33
Table 54:	Volume of Outstanding Loans by Credit Product Type (Number)	33
Table 55:	Age Analysis of Outstanding Loans	34
Table 56:	Non-Performing Loans according to Credit End-User Category	35
Table 57:	Non-performing Loans according to Credit Product Type	35
Table 58:	Volume of Outstanding Loans by Credit End-User Category (Number)	35
Table 59:	Value of Outstanding Loans by Credit End-User Category (Kwacha)	35

# LIST OF FIGURES

Figure 1:	Domestic as Percentage of GDP (2019)	2
Figure 2:	Trend in Volume and Value of Loan Disbursements to Households	4
Figure 3:	Quarterly Trend in Growth Rates for GDP and Household Loans	5
Figure 4:	Growth in Level of Outstanding Loans to Households	6
Figure 5:	Trend in the Ratio of Household Loans to GDP	6
Figure 6:	Ratio of Household debt to GDP for selected Commonwealth Countries - 2018	7
Figure 7:	Trend in Non-Performing Loans to Households	8
Figure 8:	Trend in Digital Non-Performing Loans to Households	8
Figure 9:	Demand for Credit by Households & Individuals (Number of Loan Applications)	10
Figure 10:	Demand for Credit by Large Businesses (Number of Loan Applications)	11
Figure 11:	Demand for Credit by Business Small (Number of Loan Applications)	11
Figure 12:	Demand for Credit - Large Agriculture Firms (Number of Applications)	12
Figure 13:	Demand for Credit by Small Agriculture Firms (Number of Applications)	12
Figure 14:	Trend in the Value of Loan Disbursements by Credit Product Type (K 'million)	15
Figure 15:	Trend in Volume of Loan Disbursements by Credit Product Type (Number)	15
Figure 16:	Average Loan Size to Households by Income Size (Kwacha)	18
Figure 17:	Value of Loan Disbursements to Households by Credit Product Type (Kwacha)	19
Figure 18:	Volume of Loan Disbursements to Small Businesses by Credit Product Type	21
Figure 19:	Volume of Loan Disbursements to Large Agriculture Farms by Product Type	25
Figure 20:	Disbursements by Product Type – Kwacha Millions – Business Large	26
Figure 21:	Volume of Loan Disbursements to Large Businesses by Product Type (Number)	27
Figure 22:	Value of Loan Disbursements to the Government by Credit Product Type (Kwacha)	28
Figure 23:	Value of Outstanding Loans by Credit Product (Kwacha)	32
Figure 24:	Volume of Outstanding Loans by Credit Product Type (Number)	33

## LIST OF CHARTS

Chart 1:	Share of Credit Market by Financial Intermediaries	3
----------	--	---

# LIST OF APPENDICES

Appendix 1: Overall Credit Market Data	44
Appendix 2: Credit Market Data – Households and Individuals	47
Appendix 3: Credit Market Data – Small and Medium Businesses	50
Appendix 4: Credit Market Data – Large Businesses	51
Appendix 5: Credit Market Data – Small Agriculture	52
Appendix 6: Credit Market Data – Large Agriculture	53
Appendix 7: Credit Market Data – Government	54
Appendix 8: Credit Market Data – Other Credit Services End-Users	55
Appendix 9: Credit Market Data – Financial Inclusion	55
Appendix 10: Credit Market Data – Quality of the Loan Book	56



# Definitions

## 1. Banks

Commercial banks licensed by the Bank of Zambia and subject to the provisions of the Banking and Financial Services Act.

## 2. Building societies

Non-bank financial institutions largely involved in providing housing finance.

## 3. Households and Individuals

The Households and Individuals segment relates to all households and individuals, engaged in personal and household activities.

## 4. Government

The Government segment refers to Government bodies such as central government, local government, parastatals and statutory bodies.

## 5. Large Businesses

Businesses with 101 or more employees.

## 6. Large Agriculture

Medium farms to extra-large farms (more than 50 hectares).

Large farms owned by foreign investors/non-Zambian citizens.

## 7. Leases and asset-backed credit

Leases and asset-backed credit products refers to credit transactions secured by movable property or assets i.e. vehicle, equipment, or any other asset.

## 8. Micro Finance Institutions (small business development)

Microfinance institutions licensed by the Bank of Zambia and subject to the provisions of the Banking and Financial Services Act that have at least 80 percent of their loan books in MSMEs loans.

## 9. Micro Finance Institutions – other

Microfinance institutions licensed by the Bank of Zambia and subject to the provisions of the Banking and Financial Services Act that have at least 80 percent of their loan books in consumer loans.

## 10. Mortgage agreements

Mortgage agreements refers to credit transactions secured by a pledge of immovable property (i.e. titled land, house, building, or permanent structure).

## 11. 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.

## 12. Other NBFIs

Non-bank financial institutions that are not part of the above categorization.

## 13. 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.

## 14. 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.

## 15. Small Agriculture

Smallholder farmers with up to 5 hectares. Small emergent farmers - between 5-20 hectares.

Large emergent farmers - between 20-50 hectares.

## 16. Small Businesses

Single person businesses (may have 1 or more unpaid employees).

Businesses with 1-100 paid employees, apart from the owner.

## 17. 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 an existing structure is deemed an unsecured loan if it is granted without collateral.

## 18. Youth

For the purposes of this report, youth refers to individuals between 18 and 35 years at time of entering into a credit agreement.



# Executive Summary

The performance of the credit market in 2019 saw overall credit post a positive growth. The total value of credit disbursed expanded by 36.8 percent in real terms from K20.4 billion to K32.3 billion in 2019, compared to a real growth of 7.3 percent in 2018. As a result of the increase in loan disbursements, outstanding loans grew by 8.6 percent in real terms to K44.0 billion by end-December 2019.

Outstanding loans to households and individuals amounted to K15.7 billion and represented 35.6 percent of total outstanding loans as at 31 December 2019. Loans to households and individuals accounted for the largest proportion of total outstanding loans. Loans to large business enterprises came in second with outstanding loans amounting to K15.0 billion and represented 34.1 percent of total outstanding loans.

A review of four years' historical data to 31 December 2019 revealed a generally upward trend in both the value and volume of loan disbursements to households. During this period, the level of outstanding loans to households grew by an average annual rate of 9.8 percent from K10.4 billion at end-December 2016 to K15.7 billion at end-December 2019. The growth rate was above the average real annual GDP growth rate of 3.2 percent for the same period. However, the trend in the value of credit disbursements began declining after September 2018 while loan disbursement volumes started to dip after June 2019. The decline in the value of credit disbursements was almost an immediate response to the decline in the real quarterly GDP growth rate that had peaked at 5.1 percent by end-September 2018 and began trending downwards thereafter.

Despite the slowdown in credit disbursements to households, outstanding loans grew by 9.1 percent in 2019, while real GDP growth rate declined to 1.4 percent. Consequently, the ratio of outstanding household loans to real GDP increased to 11.0 percent at end-December 2019 from 8.0 percent at end-December 2016.

With the increase in credit to households, there are emerging signs that point to a rising household debt stress. For instance, the proportion of credit that households obtained to pay for living expenses increased in 2019 to 15.3 percent from 12.6 percent in 2018. Further, the level of non-performing loans (NPLs) rose faster than the growth in total loans to households resulting in the ratio of NPLs to gross loans rising from 5.8 percent at end December 2016 to 10.0 percent at end-December 2019.

Given that households represented the largest credit end-user category with 35.6 percent of total outstanding loans as at 31 December 2019, the rise in the NPL ratio for households over the period 2016 to 2019 had potential adverse implications for financial system stability. These adverse implications may arise from larger loan loss provisions that credit providers may require to make to recognise the deterioration in the quality of the household loan book. Higher loan loss provisions may in turn impact the profitability and eventually the capital adequacy of the financial sector, if the rising trend in household NPLs is not reversed.

It should, however, be noted that credit from credit service providers licensed by the BoZ does not paint a complete picture of the emerging debt stress to households. In the period from 2016, it was observed that a number of Money Lenders mushroomed in Zambia and were a source of appreciable levels of credit to individuals. Statistics on the volume and value of credit provided by Money Lenders are not available because the activities of these players in the larger credit market are not effectively overseen or monitored.

In this regard, a number of measures can be considered that can improve future analyses of credit data in order to proactively identify a build-up of credit to households that may have adverse implications for financial stability. These measures include the following:

- a) The BoZ should work with the Zambia Statistics Agency to conduct annual household income surveys for purposes of estimating household income levels;
- b) The BoZ should work with other relevant competent authorities to collect and maintain statistics that would be useful in constructing a range of indicators to measure levels of over-indebtedness by households. The indicators could include:

- Household debt to income ratio;
- Loan instalment to income ratio;
- Number of monthly household loan instalments in arrears;
- Number of loan agreements per household

Such indicators would provide the BoZ with a more accurate picture of emerging risks of debt stress in the household sector and could be used in assessing the financial stability implications of rising household debt; and

- c) The BoZ in coordination with the Ministry of Finance should modernise the Money Lenders Act and subsequently harmonise it with the Banking and Financial Services Act in order to eliminate regulatory arbitrage opportunities that are exploited by Money Lenders. The modernisation of the Money Lenders Act is expected to create opportunities for the BoZ and the Ministry of Finance to work jointly on designing and implementing a monitoring system for the Money Lenders sub-sector to bring about visibility on the activities of the Money Lenders through the maintenance of basic statistics of credit to the household sector that emanates from Money Lenders. Such statistics would support an accurate assessment of the progression of debt stress levels in the household sector.

## CHAPTER 1

# Structure of the Zambian Credit Market

This chapter discusses the structure of the credit market in Zambia in terms of the type of credit providers, the broad categories of credit products and the credit end-user categories. The chapter also discusses the size of the overall credit market comprising credit to both the private sector as well as to the Government.

### *Credit Service Providers in the Market*

The formal Zambian credit market comprised 61 credit service providers in the banking and the non-bank financial institutions (NBFIs) sectors. As at 31 December 2019, the banking sector comprised 18 banks while the NBFi sector comprised 43 credit providers (Table 1)<sup>4</sup>.

**Table 1: Credit Providers**

Type of Institution	Number of Institutions			
	Q1	Q2	Q3	Q4
<b>Commercial Banks</b>	<b>17</b>	<b>18</b>	<b>18</b>	<b>18</b>
<b>Non-Bank Financial Institutions</b>				
Leasing Finance Institutions	3	3	3	3
Building Societies	3	3	3	1
Savings and Credit Institutions	1	1	1	1
Microfinance Institutions	35	36	34	33
Development Finance Institutions <sup>5</sup>	1	1	1	1
Financial Businesses	4	4	4	4
<b>Sub-total</b>	<b>47</b>	<b>48</b>	<b>46</b>	<b>43</b>
<b>Grand Total</b>	<b>64</b>	<b>66</b>	<b>64</b>	<b>61</b>

### *Types of Credit Products Delivered*

The credit products supplied by the formal credit service providers comprised of the following:

- Mortgages;
- Leases and other asset-backed loans;
- Unsecured loans; and
- Revolving credit facilities.

As discussed in detail in Chapter 6, at 36.9 percent of total outstanding credit as at 31 December 2019, unsecured credit constituted the largest form of credit supplied by the formal credit service providers.

### *Credit End-Users*

The demand-side of the credit market comprised seven credit end-user categories, namely,

- Large agricultural farms;
- Small and emergent agricultural farms;
- Large business enterprises;
- Micro, small and medium-size enterprises;
- The government sector (made up of the central government, local government, parastatals and statutory bodies);

<sup>4</sup><http://www.boz.zm/financial-institutions.htm> provides a list of institutions under each institution type.

<sup>5</sup>The movement in the MFIs subsector in Q1 to Q2 was due to one new licence, in Q2 to Q3, two licences were cancelled, while Q3 to Q4, there was one liquidation of an MFI.

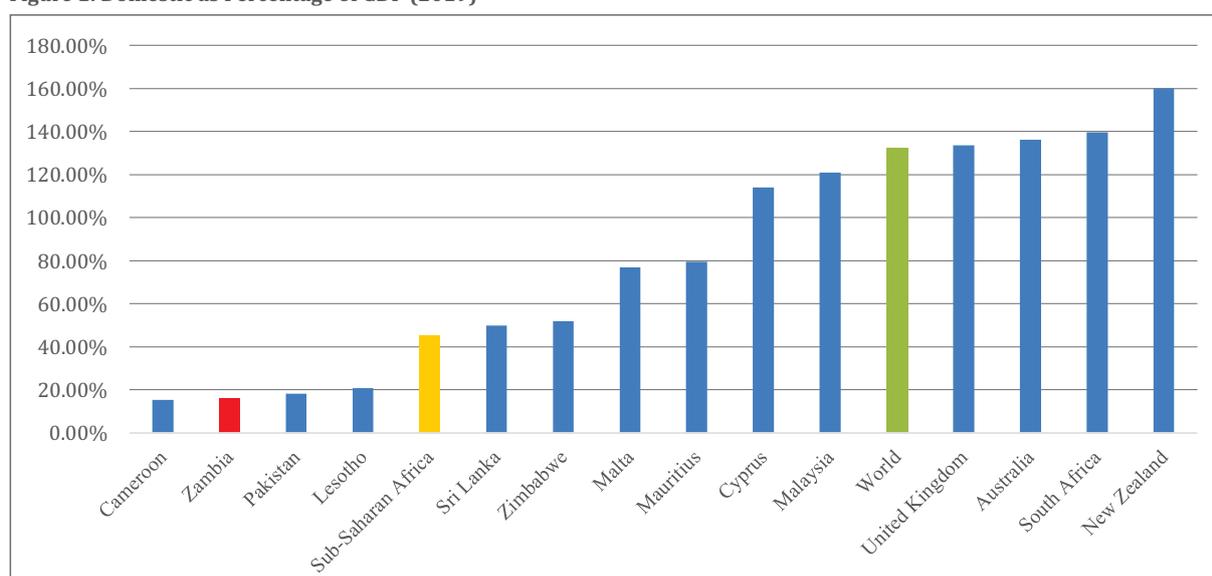
- Households and individuals; and
- All other credit end users not specifically categorised above.

As discussed in detail in Chapter 6, at 35.6 percent of total outstanding loans as at 31 December 2019, households and individuals represented the largest credit end-user category.

### *Size of Credit Market*

In 2019, the Zambian credit market posted a 20.4 percent increase in total credit to K44,022.5 million from K36,544.5 million in 2018. Consequently, the proportion of credit to GDP also increased in 2019, with the ratio of domestic credit-to-GDP rising to 15.8 percent from 14.6 in 2018. Although the level of credit increased, it remained below the Sub-Saharan Africa (SSA) average of 45.3 percent and the global average of 132.5 percent. Figure 1 shows Zambia's ratio of domestic credit to GDP in comparison to those of selected Commonwealth countries.

**Figure 1: Domestic as Percentage of GDP (2019)**



Source: World Bank<sup>6</sup>

Zambia's lower ratio of credit-to-GDP could be attributed to a number of factors including the lower level of financial sector inclusion and development, and a slower pace of economic growth. Zambia's GDP growth rate slowed down to an average of 3.2 percent per annum in the five years to 2019 compared with an average annual growth rate of 5.2 percent in the preceding five years to 2015.

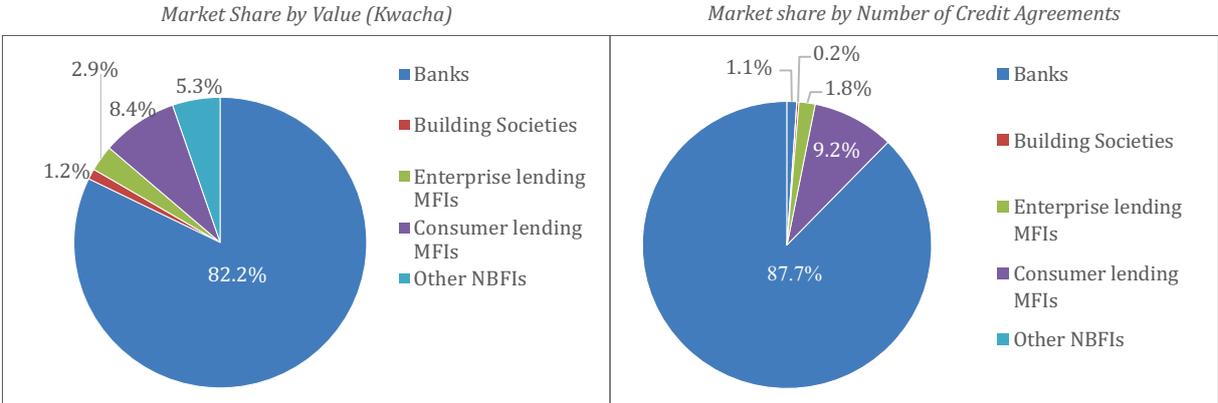
Industrialization through the growth of manufacturing and private enterprises as well as adoption of technologies and modern equipment has been well known to be a major driver of economic growth. However, the extent to which private enterprises can grow relies to a larger extent on the availability of financing to expand their operations and adopt the latest technologies. In the case for Zambia as depicted by Figure 1, the proportion of credit to GDP at 15.8 percent in 2019 remained significantly lower than the Sub-Saharan Africa average of 45.3 percent to boost economic productivity to significant levels.

The total value of credit disbursed expanded by 58.3 percent to K32.2 billion in 2019 compared to a growth of 31.4 percent in 2018. Commercial banks accounted for the larger component of the value of formal disbursed credit at 82.2 percent. Other financial intermediaries continued to provide credit to market segments that could not be easily serviced by banks, such as households and small businesses. Although banks provided the bulk of Zambia's credit by value, they only accounted for 1.1 percent of disbursements by volume, whereas NBFIs provided a higher number of credit agreements in the market at 98.9 percent. The volume of credit by

<sup>6</sup><https://data.worldbank.org/indicator/FD.AST.PRVT.GD.ZS?locations=ZG>, website accessed on 5 November 2020

NBFIs included credit by other NBFIs (digital credit) that represented 87.7 percent of the total volume of credit. Chart 1 shows this supply-by-value versus supply-by-number comparison.

**Chart 1: Share of Credit Market by Financial Intermediaries**



Beyond credit from formal credit service providers under the supervisory ambit of the BoZ, households and individuals received appreciable levels of credit from other credit providers. These included the rotating savings and credit associations (Chilimbos), money lenders, village banks/savings groups and credit unions. As data on informal credit providers is not available, this report only includes a brief descriptive analysis of this sector.

## Chapter 2

# Growth of Credit to Households and Implications for Financial Stability

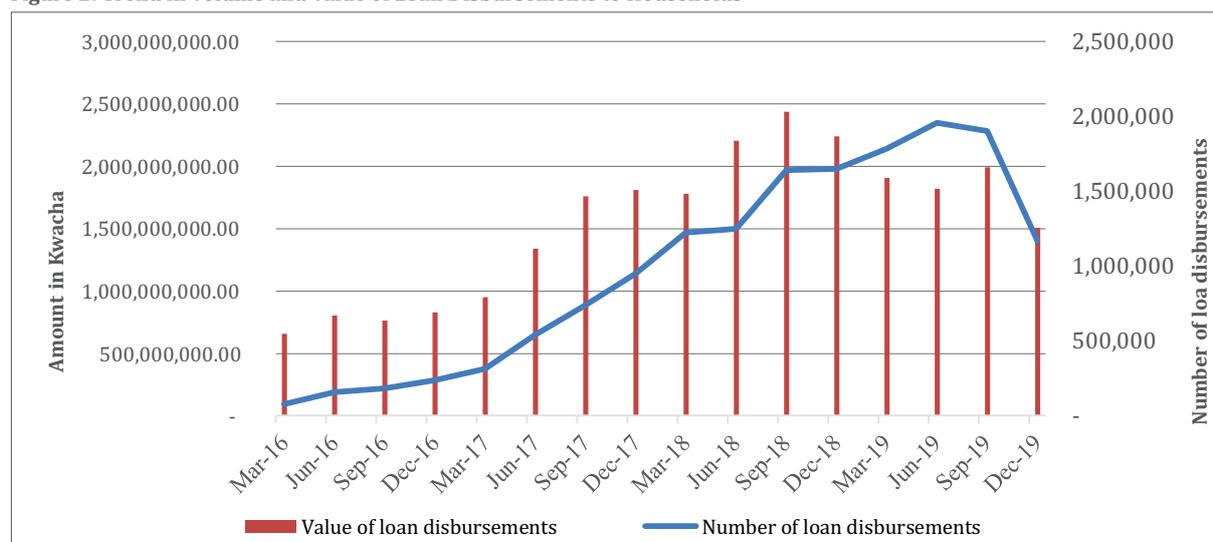
This 2019 CMMP Report features a special focus on credit to households and its implications for financial stability. Generally, access to credit allows households to finance major life events (such as wedding ceremonies and college education for children) or make big investments such as buying a house. Credit can also smooth consumption patterns in the face of variable household income. These are some of the benefits that accrue to households from their access to credit and which contribute to improvement in the standard of living.

As the 2008 global financial crisis showed, a rapid growth in household debt can eventually have deleterious effects. In the short term, an increase in the ratio of household debt to GDP is likely to boost economic growth and employment. An unchecked growth in debt can however have adverse implications for both the households and the economy because there is a limit to the capacity of households to service debt. At some point, highly indebted households may need to cut back on spending to repay their loans. The potential consequence of such action at household level would be a drag on economic growth.

This chapter therefore analyses available credit data in order to identify whether the level of credit to households is still healthy and constructive or whether it is becoming a credit policy concern requiring the identification and development of appropriate policy responses.

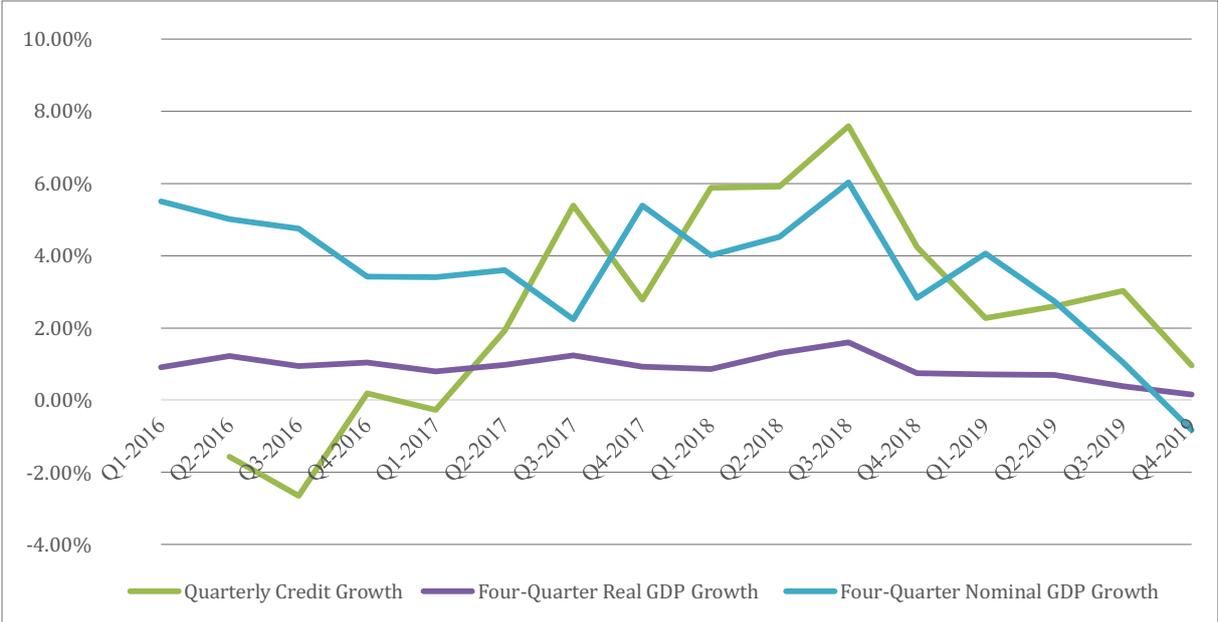
The BoZ started collecting credit specific data in 2016. In the four years to 31 December 2019, there generally were upward trends in both the volume and value of loan disbursements to households. The trend in the value of loan disbursements started declining after September 2018 while the volume of loan disbursements started declining after June 2019 (Figure 2).

**Figure 2: Trend in Volume and Value of Loan Disbursements to Households**



The decline in the value of credit disbursements was almost an immediate response to the decline in the real quarterly GDP growth rate that had peaked at 5.1 percent by end-September 2018 and began trending downwards thereafter. Despite the decline in the value of loan disbursements, the growth in outstanding loans was still above the GDP growth rate in 2019 as shown in Figure 3.

**Figure 3: Quarterly Trend in Growth Rates for GDP and Household Loans**

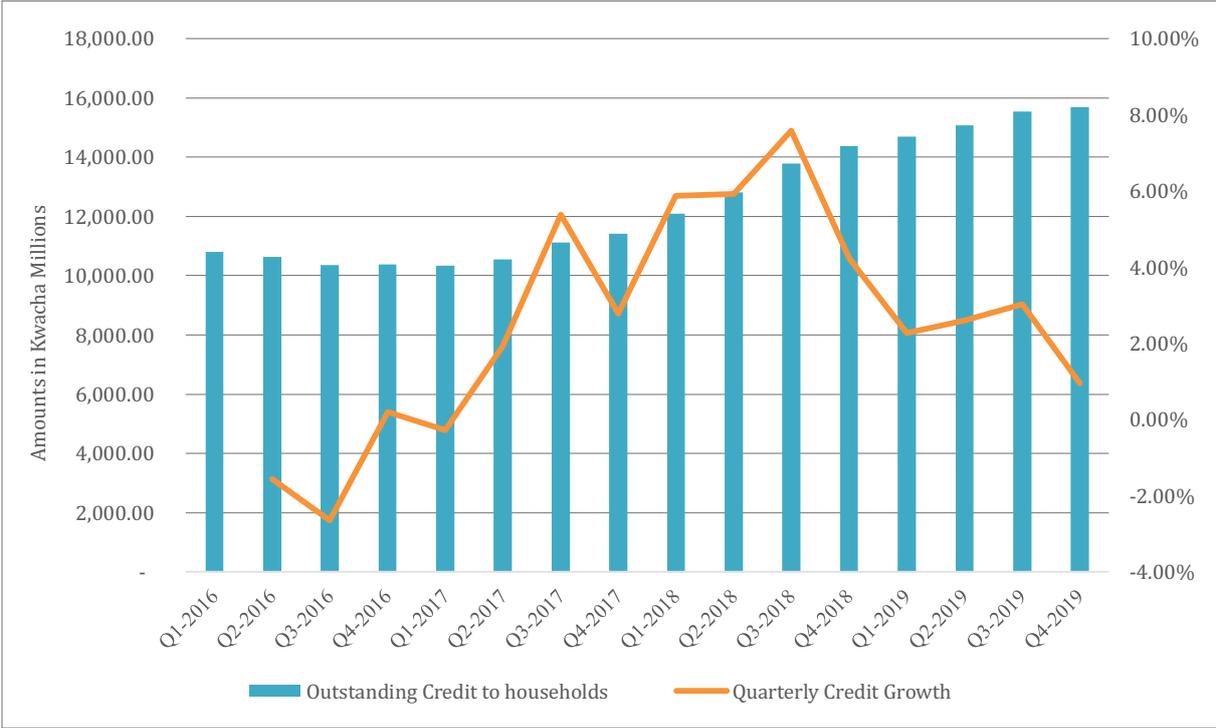


The downward trend in the value and volume of credit disbursements to the household sector was largely associated with the emergence of delays by the Government to remit loan instalments to credit service providers. The accumulation of the arrears constrained the capacity of credit service providers in sustaining the supply of credit to the household sector. Non-Bank Financial Institutions were especially adversely affected because they accounted for the largest volume of credit to salaried employees, particularly civil servants. For instance, of the 564,982 outstanding loans to households as at 31 December 2019 (i.e. excluding digital credit), the number of loans from microfinance institutions stood at 375,715 and accounted for 66.5 percent of the total number of outstanding loans to households.

As the average period of the arrears increased from one to six months, credit service providers initially responded by reducing the value of individual loan disbursements to civil servants while meeting the demand for credit from new credit applications. However, by June 2019, credit service providers moved to reduce even the number of loan disbursements as a response to the liquidity risk associated with lending to civil servants that had crystallised.

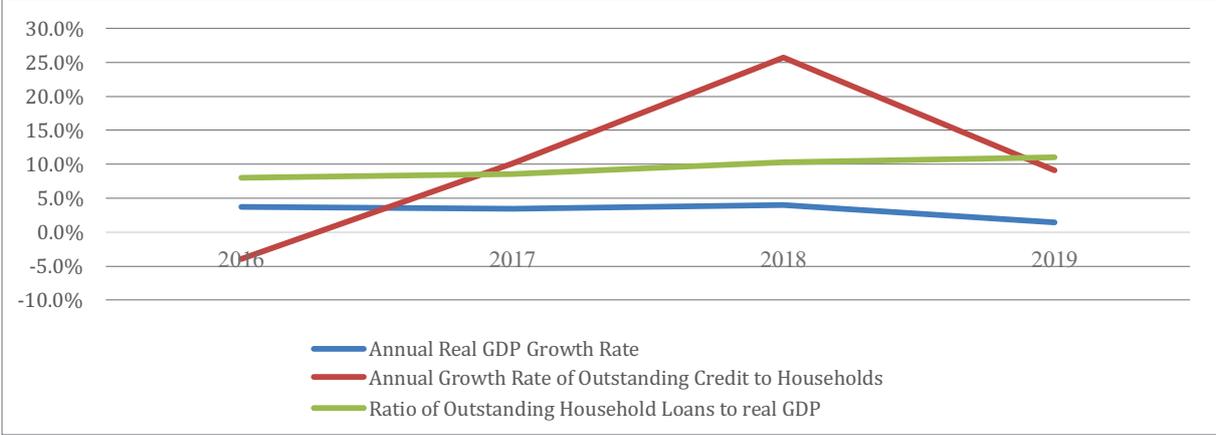
Despite the drop in the volume and value of loan disbursements to households, the outstanding loans to households continued to increase but at a slower rate. The level of outstanding loans increased by an average annual growth rate of 9.8 percent from K10,806.6 million at end-December 2016 to K15,682.3 million at end-December 2019 (Figure 4).

**Figure 4: Growth in Level of Outstanding Loans to Households**



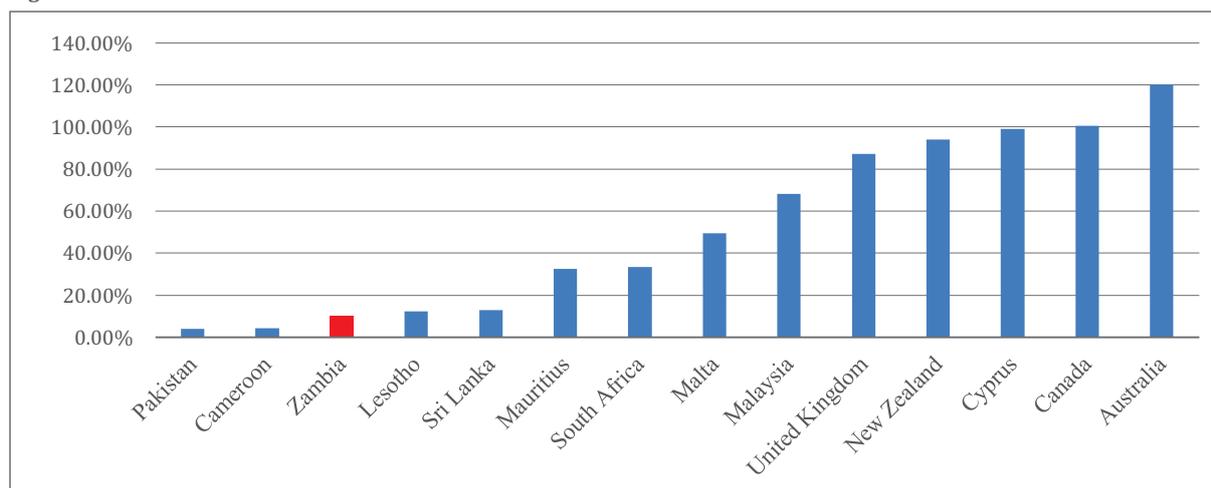
As a consequence of both a decline in the annual real GDP growth rate from 3.8 percent in 2016 to 1.4 percent in 2019 and an increase in the annual growth rate of outstanding loans to households from negative 4.0 percent in 2016 to 9.1 percent in 2019, the ratio of outstanding household loans to real GDP increased from 8.0 percent at end-December 2016 to 11.0 percent at end-December 2019 (Figure 5).

**Figure 5: Trend in the Ratio of Household Loans to GDP**



When the proportion of outstanding loans to households is compared with other Commonwealth countries for which data was available, the obvious conclusion the reader might draw is that the household debt level in Zambia remained at a modest level that ordinarily should not be a source of policy concern (Figure 6).

Figure 6: Ratio of Household debt to GDP for selected Commonwealth Countries - 2018



Source: IMF<sup>7</sup>

However, credit from credit service providers licensed by the BoZ does not paint a complete picture of the total credit to households. In the period from 2016, it was observed that a number of Money Lenders mushroomed in Zambia and were a source of appreciable levels of credit to individuals who either had exhausted their capacity to borrow any more from formal credit service providers or, for other reasons including financial exclusion, chose to borrow from Money Lenders rather than the credit service providers.

The Money Lenders have thrived in Zambia partly by exploiting regulatory arbitrage opportunities that exist between the simpler regulatory requirements under the Money Lenders Act and the more rigorous regulatory requirements under the Banking and Financial Services Act that include consumer protection standards. Money Lenders that escape from the application of consumer protection standards under the BoZ are still able to provide credit to substantially the same customers without any obligation to provide responsible credit that is transparent, affordable and is accompanied by fair treatment of borrowers.

Statistics on the volume and value of credit provided by Money Lenders are not available because the activities of these players in the larger credit market are not effectively overseen or monitored.

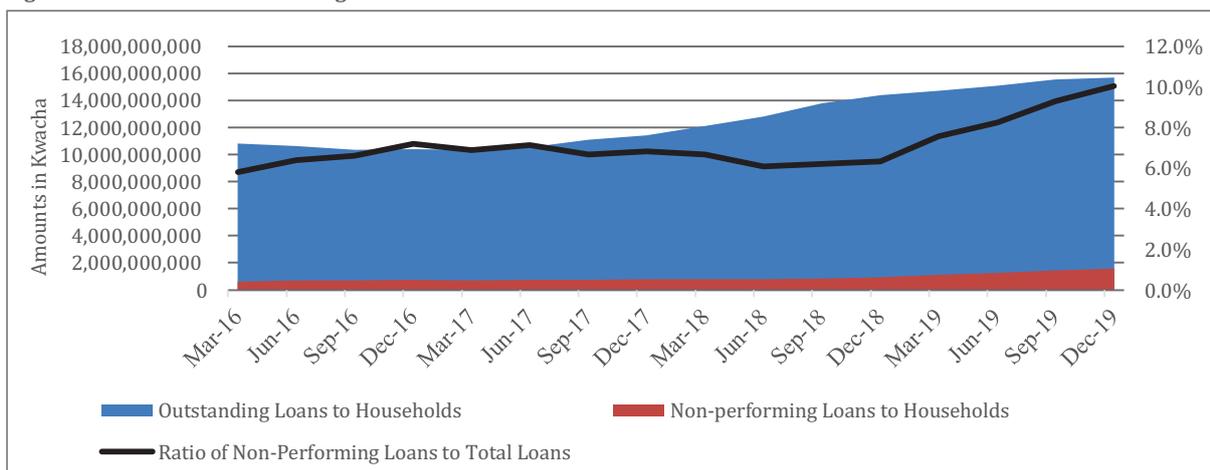
Individuals that borrow from Money Lenders often pledge collateral predominantly in the form of houses and motor vehicles. As the pricing of credit in this credit market segment is opaque, the effective interest rate on loans from Money Lenders tends to be very high evidently because the lender factors in the high credit risk associated with the desperation of individuals that are not able to borrow from the formal credit market. Consequently, some of the borrowers default on their loan repayment commitments and eventually lose the pledged collateral.

A number of the consumer credit complaints the BoZ received in the period 2016 to 2019 came from individuals who borrowed from Money Lenders and lost their houses after defaulting on their commitments. Through the increased frequency of complaints that the BoZ received from some of the individuals that borrowed from the Money Lenders, anecdotal evidence is emerging to suggest that credit to households may be approaching unsustainable levels.

With regard to the proportion of credit to households that is non-performing, the trend shows that the ratio of NPLs to gross loans has generally been on an upward trajectory rising from 5.8 percent at end December 2016 to 10.0 percent at end-December 2019 (Figure 7). Much as there are many factors that could explain the rise in the NPL ratio for credit to households, the mere fact that the ratio steadily increased over the four years to 2019 points to a rise in the debt stress levels in the household sector. The rise in debt stress is further supported by an increase the proportion of credit households obtained to pay for living expenses increased in 2019 to 15.3 percent from 12.6 percent in 2018.

<sup>7</sup>[https://www.imf.org/external/datamapper/HH\\_LS@GDD/LSO/MYS/MUS/ZAF/GBR/AUS/CMR/CYP/MLT/PAK/LKA/CAN/NZL](https://www.imf.org/external/datamapper/HH_LS@GDD/LSO/MYS/MUS/ZAF/GBR/AUS/CMR/CYP/MLT/PAK/LKA/CAN/NZL), website accessed on 22 July 2020

**Figure 7: Trend in Non-Performing Loans to Households**

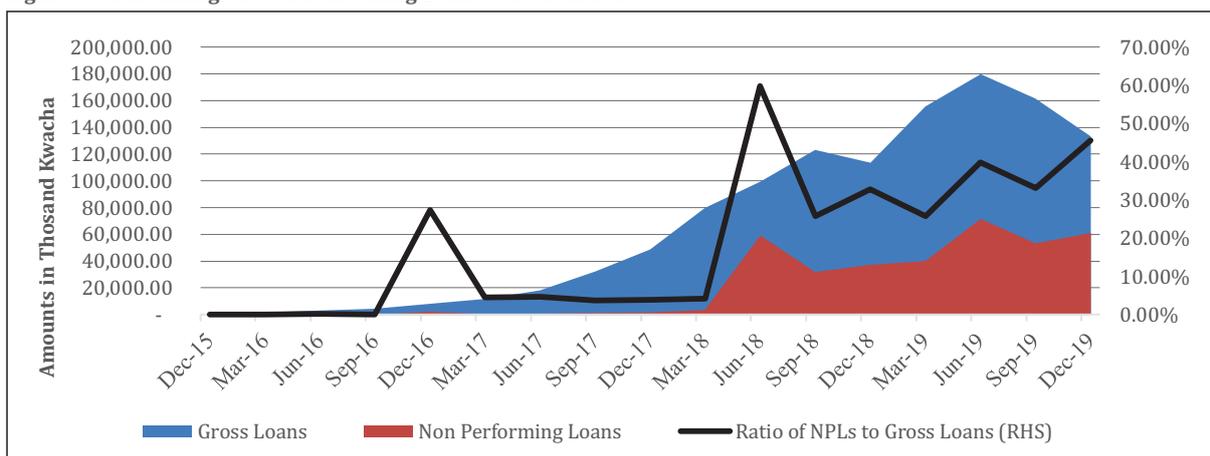


A review of the trend in the level of NPLs for unsecured digital credit shows that the NPLs grew at faster rate than the growth in gross loans in the period January 2016 to December 2019. The result was a rise in the NPL ratio for digital credit from 0.0 percent at the end of 2015 to 45.7 percent at end-December 2019 (Figure 8). This ratio of NPL to gross loans for digital credit exceeded the acceptable prudential benchmark of 10 percent. Considering that at K133.4 million, digital credit only accounted for 0.3 percent of the total value of credit, the high NPL ratio for digital credit did not raise any financial stability concerns. However, the high NPL ratio has adverse implications for the sustainability of digital credit in Zambia. Digital credit service providers should therefore consider measures for improving loan recovery rates.

The trends in household credit indicate that credit to the household sector is rising faster than the growth in GDP. Further, the level of NPLs is also rising faster than the growth in total loans to households.

Much as it is widely understood that high debt levels do not necessarily indicate over-indebtedness, it is essential that there is proper visibility on the actual state of the debt levels in the household sector to enable the BoZ to promptly respond to any signs of debt problems in the household sector that may have adverse implications for financial stability.

**Figure 8: Trend in Digital Non-Performing Loans to Households**



Given that households represented the largest credit end-user category with 35.6 percent of total outstanding loans as at 31 December 2019, the rise in the NPL ratio for households over the period 2016 to 2019 has potential adverse implications for financial system stability. These adverse implications may arise from larger loan loss provisions that credit providers may require to make to recognise the deterioration in the quality of the household loan book. Higher loan loss provisions may impact the profitability and eventually the capital adequacy of the financial sector, if the rising trend in household NPLs is not reversed.

Due to the limited scope of credit data available, the analysis in this chapter is not conclusive regarding the implications of for financial stability arising from the growth of credit to households due to the absence of important indicators such as:

- Household debt to income ratio;
- Loan instalment to income ratio;
- Number of monthly household loan instalments in arrears; and
- Number of loan agreements per household.

In this regard, a number of measures can be considered that can improve future analyses of credit data in order to proactively identify a build-up of credit to households that may have adverse implication for financial stability. These measures include the following:

- a) The Zambia Statistics Agency should consider conducting annual household income surveys for purposes of estimating household income levels;
- b) The BoZ should work with other relevant competent authorities to collect and maintain statistics that would be useful in constructing a range of indicators to measure levels of over-indebtedness by households. The indicators could include:
  - Household debt to income ratio;
  - Loan instalment to income ratio;
  - Number of monthly household loan instalments in arrears;
  - Number of loan agreements per household

Such indicators would provide the BoZ with a more accurate picture of emerging risks of debt stress in the household sector and could be used in assessing the financial stability implications of rising household debt.

- c) The BoZ in coordination with the Ministry of Finance should modernise the Money Lenders Act and subsequently harmonise it with the Banking and Financial Services Act in order to eliminate regulatory arbitrage opportunities that are exploited by Money Lenders. The modernisation of the Money Lenders Act is expected to create opportunities for the BoZ and the Ministry of Finance to work jointly on designing and implementing a monitoring system for the Money Lenders sub-sector to bring about visibility on the activities of the Money Lenders through maintenance of basic statistics of credit to the household sector that emanates from Money Lenders. Such statistics would support an accurate assessment of the progression of debt stress levels in the household sector.

## Chapter 3

# Demand for Credit

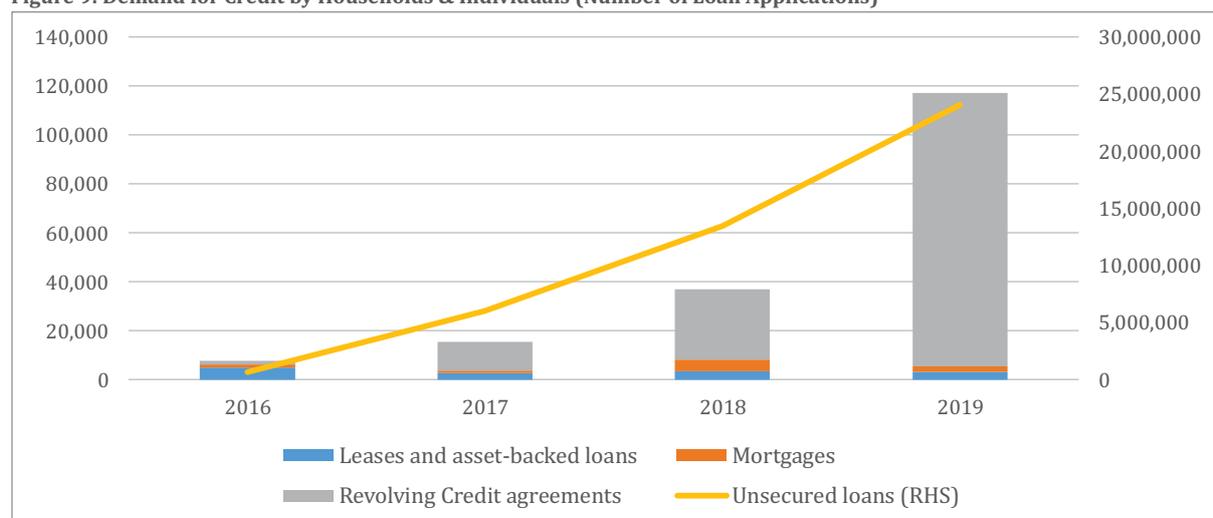
Demand for credit continued on an upward trajectory in 2019, with total credit applications increasing by 78.8 percent to 24,538,311 applications from the 13,723,844 applications received in 2018. Demand for credit in all credit end-user categories increased, with households and individuals registering the highest increase in credit applications of 79.6 percent to 24,236,539 (Table 2). The increase in demand for credit by household and individuals was primarily a result of increased usage of the digital credit application channel where credit is disbursed through mobile phones. Credit to households was mainly used to finance living expenses and education fees.

**Table 2: Demand for Credit – Number of Loan Applications**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Agriculture- Large	456	111	74	88	222	495
Agriculture- Small and Emergent	1,128	205	169	188	615	1,177
Business- Large	1,459	493	394	390	434	1,711
Business- MSME	223,429	43,290	64,450	94,165	96,326	298,231
Government	142	33	64	28	20	145
Households and Individuals	13,497,210	5,454,540	6,129,319	6,262,322	6,390,358	24,236,539
Other end users	20	3	1	2	7	13
<b>Total</b>	<b>13,723,844</b>	<b>5,439,666</b>	<b>6,194,471</b>	<b>6,357,183</b>	<b>6,487,982</b>	<b>24,538,311</b>

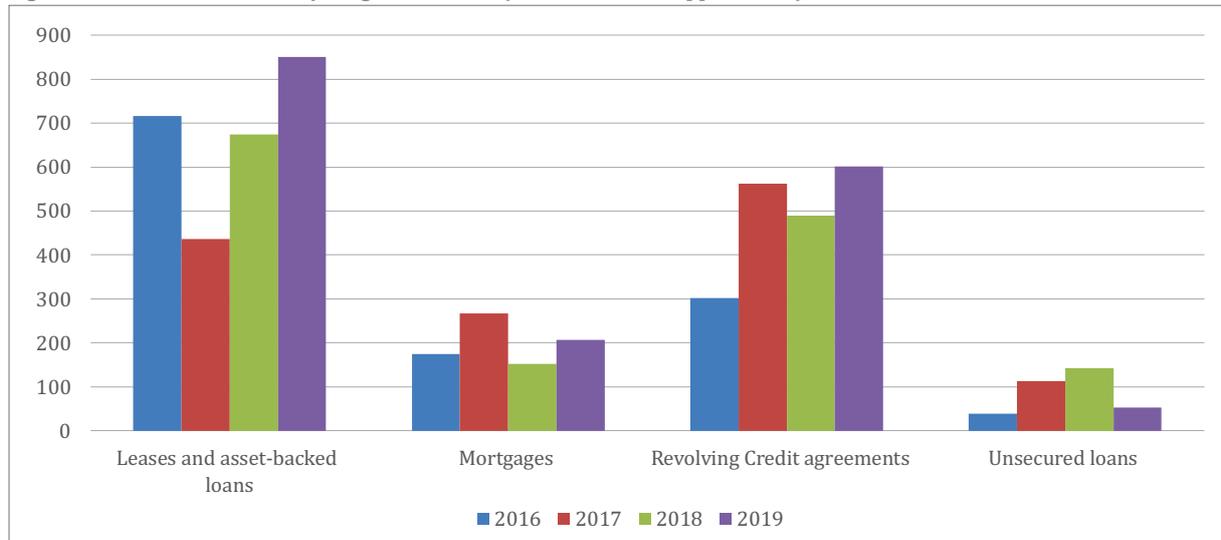
In terms of product type, demand for credit was largely concentrated in the unsecured loans, owing largely to increased credit applications from the households and individual end-user category. This category comprised borrowers who typically obtained unsecured financing in form of salary-backed loans and digital credit facilities. As shown in Figure 9, unsecured loans accounted for 98.8 percent of loan applications in 2019 (98.3 percent in 2018).

**Figure 9: Demand for Credit by Households & Individuals (Number of Loan Applications)**



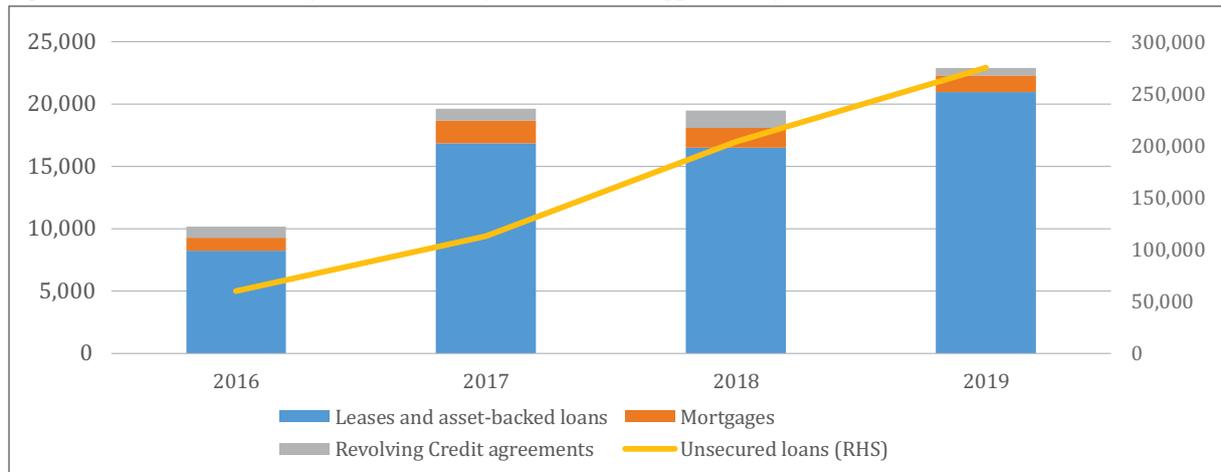
Demand for credit by large businesses continued to be in the form of leases and other asset-backed loans during the year under review, followed by applications for revolving credit facilities (Figure 10).

**Figure 10: Demand for Credit by Large Businesses (Number of Loan Applications)**



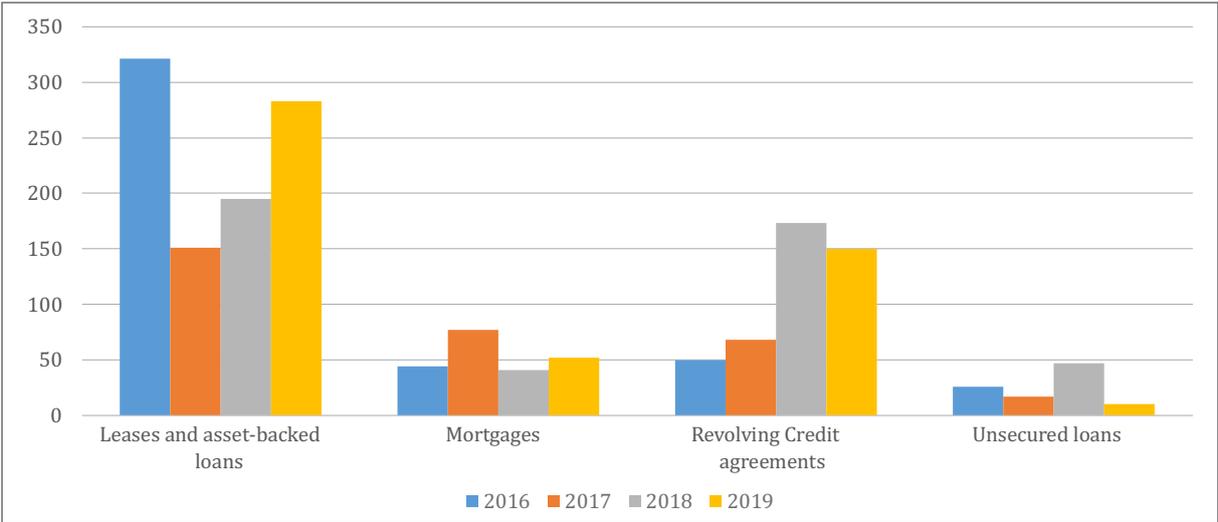
In terms of the small businesses, the bulk of the applications for credit were primarily for unsecured credit, followed by leases and asset-backed loans (Figure 11).

**Figure 11: Demand for Credit by Business Small (Number of Loan Applications)**



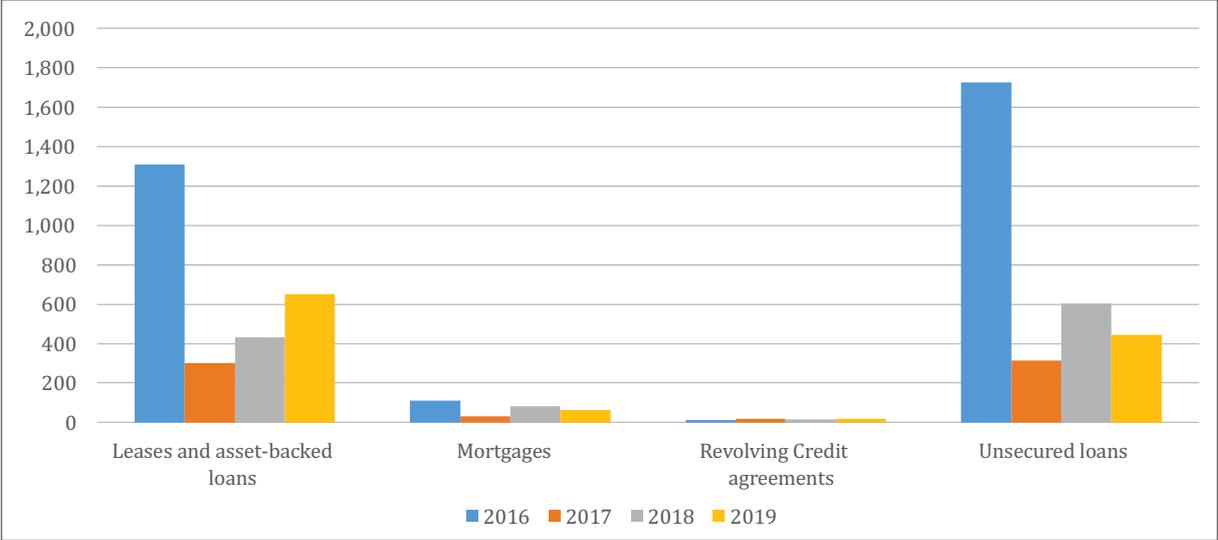
Leases and asset-backed loans continued to make up the largest portion of all credit applications in the large agriculture end-user category, followed by the revolving credit facilities. This was in line with their funding needs to procure farming equipment and to fund working capital requirements between farming seasons (Figure 12).

**Figure 12: Demand for Credit - Large Agriculture Firms (Number of Applications)**



During the year under review, the small agriculture end-user category reported an increase in applications for leases and asset-backed loans. These accounted for the largest proportion of all applications at 55.2 percent followed by unsecured loans at 37.9 percent. The increase in demand for unsecured facilities was indicative of their inability to obtain other types of funding due to lack of traditional collateral (Figure 13). This trend suggests that there is a need to identify and resolve barriers to the effective utilisation of the Moveable Property Registry System that was established in order to provide an alternative to the use of landed property as collateral.

**Figure 13: Demand for Credit by Small Agriculture Firms (Number of Applications)**



## Chapter 4

# Credit Supply

### Overall Credit Supply

In 2019, the value of credit disbursements increased by 36.8 percent to K32,286.8 million. The increase was observed in revolving credit facilities, mortgages and leases and other asset-backed loan products. Revolving credit loans recorded the highest increase in disbursement value at 157.3 percent to K9,891.9 million, followed by mortgages at 126.1 percent to K7,652.5 million and finally leases and other asset-backed loans at 63.4 percent to K6,181.1 million.

While the supply of all other types of credit increased, the value of unsecured loan products in fact decreased by 8.8 percent to K8,561 million. The reduction in both the value and volume of disbursements for unsecured loans was explained by difficulties that most credit providers experienced in collecting loan instalments from civil servants. These loan instalments were processed through Government's Payroll Management and Establishment Control (PMEC). As a consequence of the fiscal challenges the Government was facing, these loan instalments were delayed by as long as six months, in some instances. This situation compelled credit providers to scale down lending to civil servants.

Despite accounting for only 26.5 percent of the value of disbursements, unsecured loan products accounted for 99.3 percent of the total volume of credit disbursements. A significant proportion of the volume of unsecured loans were salary-backed loans that were easier to administer and credit providers considered them as posing a lower credit risk.

As shown in Table 3, at 30.6 percent (2018:18.8 percent) of the total value of loan disbursements, revolving credit facilities accounted for the largest component, followed by unsecured loans at 26.5 percent (2018: 46.0 percent).

**Table 3: Value of Loan Disbursements by Credit Product Type (Kwacha)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Leases and Other asset-backed loans	<b>3,782,845,125</b>	1,699,930,018	1,637,769,770	1,126,602,438	1,716,765,473	<b>6,181,067,699</b>
Mortgages	<b>3,384,067,114</b>	4,814,447,149	1,079,970,220	619,229,610	1,138,919,231	<b>7,652,566,210</b>
Revolving credit facilities	<b>3,844,022,746</b>	6,114,015,095	927,411,950	838,180,100	2,012,294,817	<b>9,891,901,962</b>
Unsecured loans	<b>9,389,328,050</b>	2,047,908,736	2,163,078,256	2,223,949,189	2,126,336,044	<b>8,561,272,225</b>
<b>Total</b>	<b>20,400,263,035</b>	<b>14,676,300,998</b>	<b>5,808,230,196</b>	<b>4,807,961,337</b>	<b>6,994,315,565</b>	<b>32,286,808,096</b>

The volume of total credit disbursements continued to rise in 2019 to 6,987,772 but at a lower rate of 18.5 percent compared to the 2018 increase of 124.3 percent. The number of loan disbursements to households and individuals accounted for 97.4 percent of the total volume of loan disbursements (Table 4). The uptick in the use of the digital credit channel by credit providers was the key driver for the high disbursements to households and individuals. The volume of digital credit disbursed increased by 17.9 percent to 6,161,127 at end-December 2019 and accounted for 90.5 percent of the total number of loans disbursed to households and individuals (Table 5).

**Table 4: Volume of Loan Disbursements by Credit End-User Category (Number)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Agriculture- Large	508	111	77	90	155	433
Agriculture- Small and Emergent	1,708	415	368	394	647	1,824
Business- Large	1,512	471	378	319	433	1,601
Business- MSME	136,879	40,572	44,881	47,043	43,707	176,203
Government	208	30	77	35	14	156
Households and Individuals	5,757,841	1,782,849	1,955,490	1,899,365	1,169,818	6,807,539
Other end users	35	7	1	3	5	16
<b>Total</b>	<b>5,898,691</b>	<b>1,824,460</b>	<b>2,001,275</b>	<b>1,947,253</b>	<b>1,214,784</b>	<b>6,987,772</b>

Digital credit is characterised by small loan values, large volumes of transactions and shorter loan processing time that are achieved through the use of computer algorithms that are applied to customers' mobile network behavioural patterns to determine eligibility for credit. In addition, the usage of this channel resulted in lenders expanding their credit distribution networks.

**Table 5: Values and Volumes of Digital Credit**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Values of Digital Credit (Kwacha)	944,533,253	272,224,731	293,315,720	303,876,798	202,746,979	1,072,164,228
Volumes of Digital Credit (Number)	5,223,984	1,637,447	1,796,386	1,725,959	1,001,335	6,161,127.0

With regard to the size of loans, all the various credit product types registered increases in their average loan sizes except for the unsecured loans that registered a 23.0 percent decrease in the average loan size to K1,233. The decrease in the average loan size of unsecured loans was due to a proportionately higher increase in the volumes of disbursements compared to the value of disbursements.

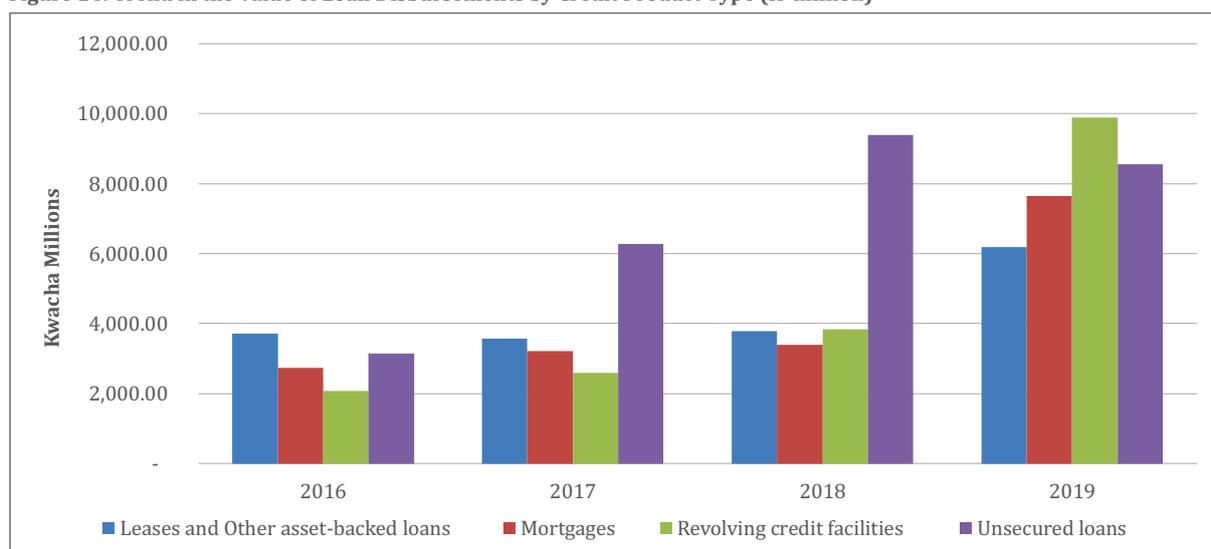
Mortgages and revolving credit recorded the highest increase in the average loan size due to a proportionately greater increase in the value of disbursements compared to the increase in the number of loan disbursements. The average size of mortgages increased by 128.9 percent to K3,141,447 whereas the size of revolving credit loans increased by 165.1 percent to K2,156,978. The trend in the value of loan disbursements by credit product is shown in Figure 14 while Figure 15 shows trend in the volume of loan disbursements by credit product and Table 6 shows the quarterly volume of loan disbursements by credit product.

### *Disbursement by Product*

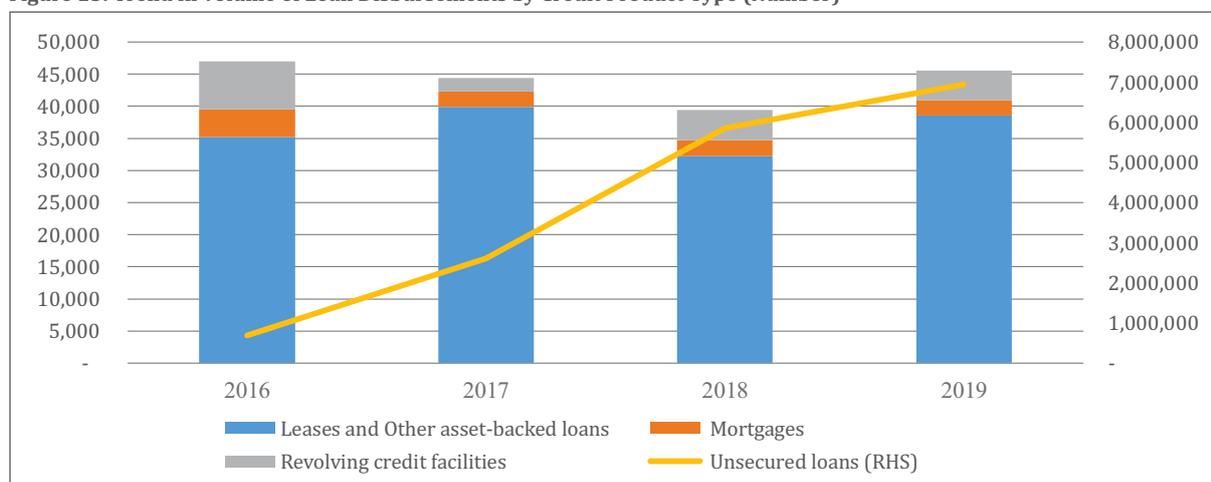
In terms of value of loan disbursements by product, revolving credit accounted for the largest component at 30.6 percent of total disbursements followed by unsecured loans at 26.5 percent.

Despite reporting a decline in the value of disbursements in 2019, unsecured credit still accounted for the largest component of the volume of total disbursements at 99.3 percent, same as in 2018. Lease and other asset-backed loans followed at 0.6 percent and revolving credit at 0.1 percent (Table 6).

**Figure 14: Trend in the Value of Loan Disbursements by Credit Product Type (K 'million)**



**Figure 15: Trend in Volume of Loan Disbursements by Credit Product Type (Number)**



**Table 6: Volume of Loan Disbursements by Credit Products Type (Number)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Leases and Other asset-backed loans	32,246	8,506	10,029	10,511	9,488	38,534
Mortgages	2,466	580	724	570	562	2,436
Revolving credit facilities	4,725	1,369	1,359	1,030	828	4,586
Unsecured loans	5,859,255	1,814,005	1,989,163	1,935,142	1,203,906	6,942,216
<b>Total</b>	<b>5,898,692</b>	<b>1,824,460</b>	<b>2,001,275</b>	<b>1,947,253</b>	<b>1,214,784</b>	<b>6,987,772</b>

### Disbursement by Credit Providers

As shown Table 7, commercial banks continued to account for the largest proportion of loan disbursements by value at 83.0 percent in 2019, increasing from 73.7 percent in 2018 compared to 17.0 percent for the NBFIs (2018: 26.3 percent).

**Table 7: Proportion of Value of Loan Disbursements by Institution Type (Kwacha)**

	2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	2019
Banks	73.7%	91.2%	82.2%	72.5%	83.0%	82.2%
Building Societies	2.4%	0.7%	1.4%	1.9%	0.7%	1.2%
Enterprise lending MFIs	2.9%	1.4%	3.3%	4.0%	2.8%	2.9%
Consumer lending MFIs	15.5%	4.8%	7.6%	14.9%	6.4%	8.4%
Other NBFIs	5.5%	2.0%	5.4%	6.7%	7.1%	5.3%

In terms of the number of loans, the NBFIs accounted for the largest component of disbursements at 98.9 percent compared to 98.7 percent in 2018 (Table 8). Commercial banks provided fewer but higher-value credit facilities, whereas NBFIs, which mostly serve individual customers, granted many but low value credit facilities. This pattern has not changed from the previous years.

**Table 8: Proportion of Volume of Loan Disbursements by Institution Type (Number)**

	2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	2019
Banks	1.3%	0.9%	1.0%	1.0%	1.5%	1.1%
Building Societies	0.5%	0.3%	0.2%	0.2%	0.3%	0.2%
Enterprise lending MFIs	1.1%	1.4%	1.5%	1.7%	2.6%	1.8%
Consumer lending MFIs	8.5%	7.6%	7.5%	8.4%	13.1%	9.2%
Other NBFIs	88.6%	89.8%	89.8%	88.7%	82.5%	87.7%

### *Disbursement by end-users*

With regard to disbursements by end-users, large businesses constituted the largest proportion of disbursements by value at 42.4 percent, shifting from the pattern observed in 2018, where households and individuals constituted the largest proportion of disbursements by value at 42.5 percent. The shift in pattern of disbursements followed the significant increase in value of disbursements of revolving credit loans and mortgages to the large businesses during the first quarter of 2019.

Nonetheless, households and individuals received the second largest portion of lending by value of loans at 22.4 percent, followed by the large agricultural farms and lending to Government at 16.4 percent and 11.2 percent, respectively (Table 9).

**Table 9: Value of Loan Disbursements by Credit End-User Category (Kwacha)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019	Ratio
Agriculture- Large	1,721,890,368	3,113,490,600	207,035,480	493,380,690	1,490,529,040	5,304,435,810	16.4%
Agriculture- Small and Emergent	69,659,674	9,364,049	7,371,172	17,079,576	11,449,580	45,264,377	0.1%
Business- Large	5,860,431,607	7,808,442,483	2,003,743,666	1,449,695,896	2,424,698,980	13,686,581,025	42.4%
Business- MSME	2,241,536,811	513,173,346	632,446,764	538,953,928	531,080,855	2,215,654,893	6.9%
Government	1,707,626,918	1,212,985,910	1,140,244,590	314,010,416	943,543,200	3,610,784,116	11.2%
Households and Individuals	8,660,759,161	1,902,996,278	1,817,337,450	1,992,504,905	1,503,904,225	7,216,742,858	22.4%
Other end users	138,357,861	115,847,730	50,000	2,335,570	89,108,768	207,342,068	0.6%
<b>Total</b>	<b>20,400,262,400</b>	<b>14,676,300,396</b>	<b>5,808,229,122</b>	<b>4,807,960,981</b>	<b>6,994,314,649</b>	<b>32,286,805,147</b>	<b>100.0%</b>

In terms of disbursements by number, households and individuals made up the largest proportion of disbursements by number at 97.4 percent, followed by SMEs agricultural farms at 2.5 percent. (Table 10). This is indicative of borrowing being done by individuals and households but used in financing the SME business. This is attributed to financial institutions requiring collateral for SME lending as opposed to unsecured lending made to individuals and households.

**Table 10: Volume of Loan Disbursements by Credit End-User Category (Number)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019	Ratio
Agriculture- Large	508	111	77	90	155	433	0.01%
Agriculture- Small and Emergent	1,708	415	368	394	647	1,824	0.03%
Business- Large	1,512	471	378	319	433	1,601	0.02%
Business- MSME	136,879	40,572	44,881	47,043	43,707	176,203	2.52%
Government	208	30	77	35	14	156	0.00%
Households and Individuals	5,757,841	1,782,849	1,955,490	1,899,365	1,169,818	6,807,522	97.42%
Other end users	35	7	1	3	5	16	0.00%
<b>Total</b>	<b>5,898,691</b>	<b>1,824,455</b>	<b>2,001,272</b>	<b>1,947,249</b>	<b>1,214,779</b>	<b>6,987,755</b>	<b>100.0%</b>

## Households and Individuals

In 2019, the value of credit disbursements to households and individuals reduced by 16.7 percent to K7,216.7 million from K8,660.8 million in 2018 while the number of loan disbursements increased by 18.2 percent to 6,807,527 from 5,757,840 loans in 2018. Though the number of disbursements increased, the average loan value reduced to K1,060.1 average value per loan from a value of K1,504.2 per loan in 2018. Credit providers reduced the number of high value loans disbursed to households and individuals following increased default on loan repayments, largely brought on by the Government's delay in remittances of loan repayments during 2019. Most financial institutions reduced their appetite to lend through payroll facilities as they started to present high counter party credit risk.

The value of credit extensions across all the income brackets reduced in 2019, with the most significant reduction of 28.1 percent noted in the households and individuals with monthly income ranging from K2,000 to K4,000 (Table 11), followed by the households and individuals with monthly income above K6,000 at 19.1 percent reduction. In terms of loan products disbursed to the households and individuals' end-user category, unsecured loans constituted the largest component of all loans disbursed to households and individuals at 90.0 percent, followed by mortgages at 5.6 percent.

**Table 11: Value of Loan Disbursements to Households by Income Category (Kwacha)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Income ZMW 0 - ZMW 2000	1,042,414,890	215,990,636	216,537,578	270,279,037	173,320,624	876,127,875
Income ZMW 2001 - ZMW 4000	1,492,448,585	337,068,918	234,328,754	271,767,141	229,595,265	1,072,760,078
Income ZMW 4001 - ZMW 6000	1,675,964,490	433,611,158	466,363,137	432,348,616	334,421,909	1,666,744,820
Income above ZMW 6000	4,453,444,373	916,325,999	900,109,128	1,018,110,003	766,566,732	3,601,111,862
<b>Total</b>	<b>8,664,272,338</b>	1,902,996,711	1,817,338,597	1,992,504,797	1,503,904,530	<b>7,216,744,635</b>

The number of loan disbursements increased to 6,807,527 from 5,757,840 in 2018 (Table 12) with the bulk of the disbursements being to the lowest income band of up to K2,000 and the least disbursements to the high income band of above K6,000.

**Table 12: Volume of Loan Disbursements to Households by Income Category (Number)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Income ZMW 0 - ZMW 2000	3,489,565	1,066,477	1,167,494	1,245,831	725,205	4,205,007
Income ZMW 2001 - ZMW 4000	1,008,223	346,061	387,616	317,192	220,279	1,271,148
Income ZMW 4001 - ZMW 6000	1,147,131	345,841	373,888	300,262	190,848	1,210,839
Income above ZMW 6000	112,921	24,469	26,493	36,085	33,486	120,533
<b>Total</b>	<b>5,757,840</b>	1,782,848	1,955,491	1,899,370	1,169,818	<b>6,807,527</b>

The total value of unsecured credit disbursed to households and individuals amounted to K6,498.3 million and accounted for 90.0 percent of all disbursements to the end-user category. Loans disbursed with a tenure of more than 48 months amounted to K2,815.4 million and accounted for the largest proportion at 43.3 percent. Loans with a tenure of 0-3 months and 13-48 months followed in second and third at 28.5 percent and 20.8 percent, respectively (Table 13).

**Table 13: Value of Unsecured Credit Disbursements to Households by Loan Tenure (Kwacha)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
0 to 3 months	1,510,780,962	417,547,570	454,134,636	515,176,863	462,846,032	1,849,705,101
4 - 6 months	132,939,042	65,409,032	67,400,842	37,764,152	44,382,404	214,956,430
7 - 12 months	229,928,965	80,471,713	52,255,365	82,360,366	49,976,231	265,063,675
13 - 48 months	1,915,067,062	382,495,359	371,163,851	365,841,124	233,702,885	1,353,203,219
More than 48 months	4,241,028,418	744,978,772	676,222,506	849,754,414	544,406,845	2,815,362,537
<b>Total</b>	<b>8,029,744,449</b>	<b>1,690,902,446</b>	<b>1,621,177,200</b>	<b>1,850,896,919</b>	<b>1,335,314,397</b>	<b>6,498,290,961</b>

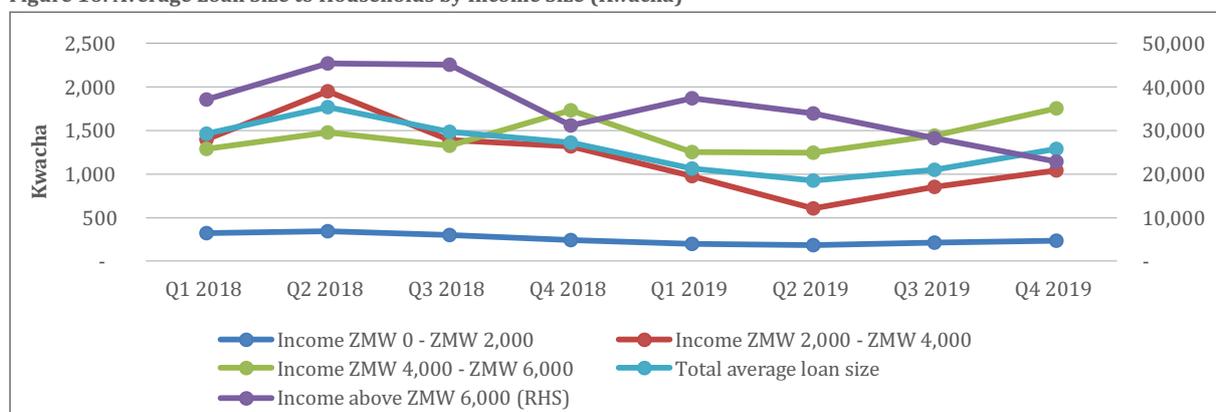
In terms of volume, loans with tenures of up to 3 months accounted for 96.9 percent of the total number of disbursements in 2019 and represented a marginal drop from 96.0 percent in 2018 (Table 14).

**Table 14: Volume of Unsecured Credit Disbursements to Households by Loan Tenure**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
0 to 3 months	5,519,330	1,716,806	1,887,800	1,845,920	1,135,824	6,586,350
4 - 6 months	23,706	13,888	36,749	7,135	8,680	66,452
7 - 12 months	26,608	13,513	6,372	9,193	5,275	34,353
13 - 48 months	81,185	16,977	11,196	17,789	9,195	55,157
More than 48 months	99,477	18,805	11,361	17,798	9,631	57,595
<b>Total</b>	<b>5,750,306</b>	<b>1,779,989</b>	<b>1,953,478</b>	<b>1,897,835</b>	<b>1,168,605</b>	<b>6,799,907</b>

Though the number of disbursements increased, the average loan value reduced to K1,060.1 from a value of K1,504.2 per loan in 2018. Credit providers reduced the number of high value loans disbursed to households and individuals following increased default on loan repayments, largely brought on by the Government's delay in remittances of loan repayments during 2019. Further, the decline in average loan size was also driven by the continued growth in digital lending whose bulk of loans were of low values as evidenced by the growth of disbursed loans in the low-income band of the market, coupled with the decrease in volume of disbursed loans in the higher-income band of K6,000 and above category (Figure 16). This is also reflective of a shift from the traditional credit providers to digital credit.

**Figure 16: Average Loan Size to Households by Income Size (Kwacha)**



In terms of disbursements by loan product, unsecured loans continued to account for the largest portion of both the value and volume of disbursements to households and individuals at 90.0 percent (2018: 92.7 percent) and 99.9 percent (2018: 99.9 percent), respectively (Table 15, Table 16 and Figure 17). The marginal decrease in the value of unsecured loans to individuals followed a decision by most credit service providers to suspend the disbursement of loans to civil servants during the year under review following the delay by the Government to remit loan repayments. On the other hand, the continued high volume was due to the continued growth in digital credit products, which despite being high in volume, were mostly of low value.

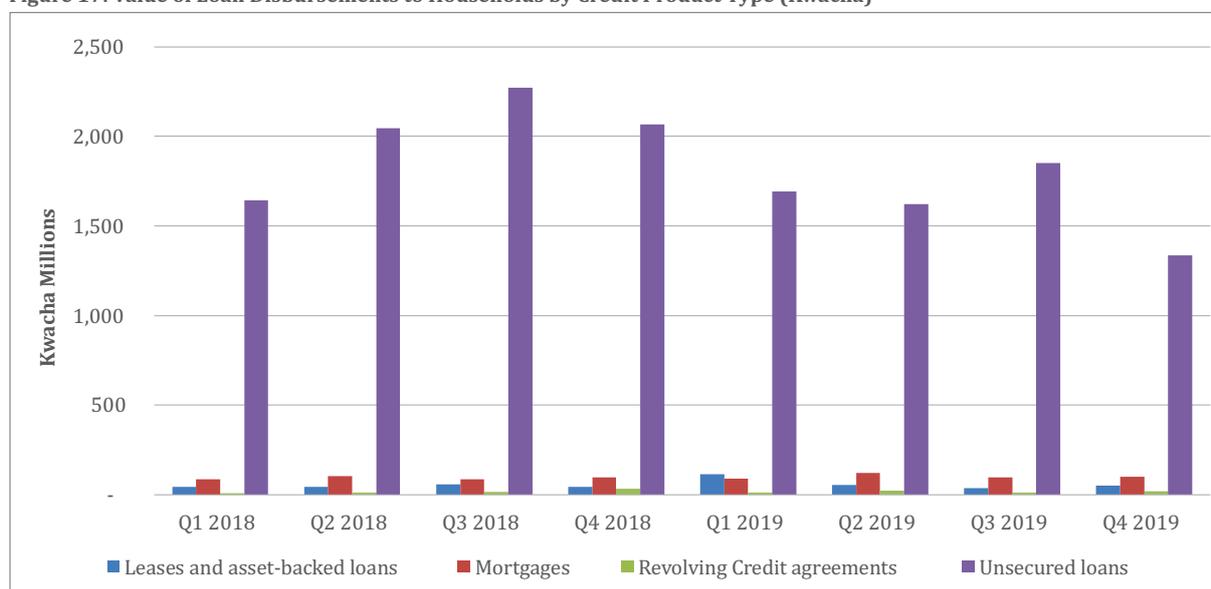
**Table 15: Value of Loan Disbursements to Households by Product Type (Kwacha)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Leases and other asset-backed loans	186,582,279	113,746,749	52,777,155	35,628,701	50,532,613	252,685,218
Mortgages	372,762,364	87,471,347	122,045,285	95,135,104	99,739,810	404,391,546
Revolving credit facilities	71,403,568	10,875,905	21,339,840	10,843,209	18,317,737	61,376,691
Unsecured loans	8,030,010,100	1,690,901,882	1,621,175,841	1,850,897,349	1,335,314,354	6,498,289,426
<b>Total</b>	<b>8,660,758,310</b>	<b>1,902,995,883</b>	<b>1,817,338,121</b>	<b>1,992,504,364</b>	<b>1,503,904,514</b>	<b>7,216,742,881</b>

**Table 16: Volume of Loan Disbursements to Households by Product Type (Number)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Leases and other asset-backed loans	3,298	1,698	578	482	580	3,338
Mortgages	1,154	238	323	216	197	974
Revolving credit facilities	3,082	924	1,111	832	436	3,303
Unsecured loans	5,750,307	1,779,989	1,953,478	1,897,835	1,168,605	6,799,907
<b>Total</b>	<b>5,757,841</b>	<b>1,782,849</b>	<b>1,955,490</b>	<b>1,899,365</b>	<b>1,169,818</b>	<b>6,807,522</b>

**Figure 17: Value of Loan Disbursements to Households by Credit Product Type (Kwacha)**



In terms of purpose of borrowing, most disbursements of unsecured loans by value showed that on average, credit was obtained to pay for living expenses at 15.3 percent (2018: 12.6 percent), for paying education fees at 11.3 percent (2018: 13.9 percent), for businesses at 6.7 percent (2018: 6.2 percent) and home improvement and construction at 5.6 percent (2018: 9.2 percent). Credit obtained for 'other reasons' not specified continued to account for the highest proportion at 55.8 percent of disbursements by value from 52.3 percent in 2018. The increase in value of borrowings for living purposes was due to the increased cost of living in 2019 as evidenced by the rise in inflation rates to 11.7 percent in 2019 (Table 17).

**Table 17: Value of Unsecured Credit Disbursements to Households by Purpose of Borrowing**

	Amounts in Kwacha					
	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Home improvement/ construction	742,695,369	110,980,131	69,378,043	123,482,835	63,209,130	367,050,139
Business	498,228,205	135,778,586	81,274,603	163,801,462	55,498,805	436,353,456
Education fees	1,117,970,980	267,537,547	111,119,912	254,277,928	99,234,224	732,169,611
Farming	76,968,756	15,236,018	7,897,460	12,449,533	8,510,213	44,093,224
Living expenses	1,008,682,036	268,558,588	258,834,817	265,685,057	199,208,570	992,287,032
Medical or funeral expenses	201,313,309	51,382,579	50,778,438	61,753,329	38,879,100	202,793,446
Other purpose	4,202,730,727	814,299,381	1,017,799,076	940,213,577	853,324,254	3,625,636,288
Purchase of land	104,477,066	13,498,427	13,227,401	14,672,300	11,317,602	52,715,730
Purchase of vehicle	76,942,513	13,631,213	10,866,742	14,560,484	6,132,614	45,191,053
<b>Total</b>	<b>8,030,008,961</b>	<b>1,690,902,470</b>	<b>1,621,176,492</b>	<b>1,850,896,506</b>	<b>1,335,314,512</b>	<b>6,498,289,979</b>

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 percent of disbursements (Table 18).

**Table 18: Volume of Unsecured Credit to Households by Purpose of Borrowing**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Home improvement/ construction	27,298	4,202	2,724	4,670	1,878	13,474
Business	1,070,903	343,842	374,357	332,696	190,379	1,241,274
Education fees	828,619	246,023	251,792	446,585	255,033	1,199,433
Farming	4,011	836	335	559	366	2,096
Living expenses	2,319,970	754,641	848,897	625,909	385,025	2,614,472
Medical or funeral expenses	847,271	252,907	277,330	295,035	171,379	996,651
Other purpose	646,492	176,279	197,340	191,189	163,782	728,590
Purchase of land	2,816	698	368	602	355	2,023
Purchase of vehicle	2,925	563	335	592	409	1,899
<b>Total</b>	<b>5,750,306</b>	<b>1,779,991</b>	<b>1,953,478</b>	<b>1,897,838</b>	<b>1,168,605</b>	<b>6,799,912</b>

With regard to the loan size, most of the disbursed loans were for values of K50,000 and above, at 40.9 percent, declining slightly from a proportion of 43.7 percent in 2018. However, in terms of volume, loans with values of up to K2,000 continued to constitute the largest portion of disbursements at 95.2 percent, up from 94.3 percent in 2018. The continued increase in the number of disbursements of low value loans was attributed to the growth in the digital credit transactions, which have continued to grow and serve a large portion of the current credit market (Table 19 and Table 20). Excluding disbursements to digital credit transactions, low value loans still made up the bulk of the volume of disbursements, largely emanating from the non-bank financial institutions which accounted for 98.9 percent of the number of all disbursements while the commercial banks accounted for the bulk of the value of all disbursements at 82.2 percent.

**Table 19: Value of Unsecured Credit Disbursements to Households by Loan Size (Kwacha)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
ZMW 0 - ZMW 2,000	1,147,512,794	327,345,796	370,620,509	409,826,627	316,437,182	1,424,230,114
ZMW 2,000 - 5,000	469,915,988	151,958,517	131,783,149	114,135,955	123,053,380	520,931,002
ZMW 5,000 -10,000	430,216,572	98,066,371	65,033,060	116,670,898	95,381,626	375,151,955
ZMW 10,000 - 50,000	2,474,412,510	498,316,864	299,813,517	482,393,394	241,179,328	1,521,703,103
Above ZMW 50,000	3,507,685,843	615,215,615	753,926,494	727,871,087	559,262,433	2,656,275,629
<b>Total</b>	<b>8,029,743,707</b>	<b>1,690,903,163</b>	<b>1,621,176,729</b>	<b>1,850,897,962</b>	<b>1,335,313,949</b>	<b>6,498,291,802</b>

**Table 20: Volume of Unsecured Credit Disbursements to Households by Loan Size (Number)**

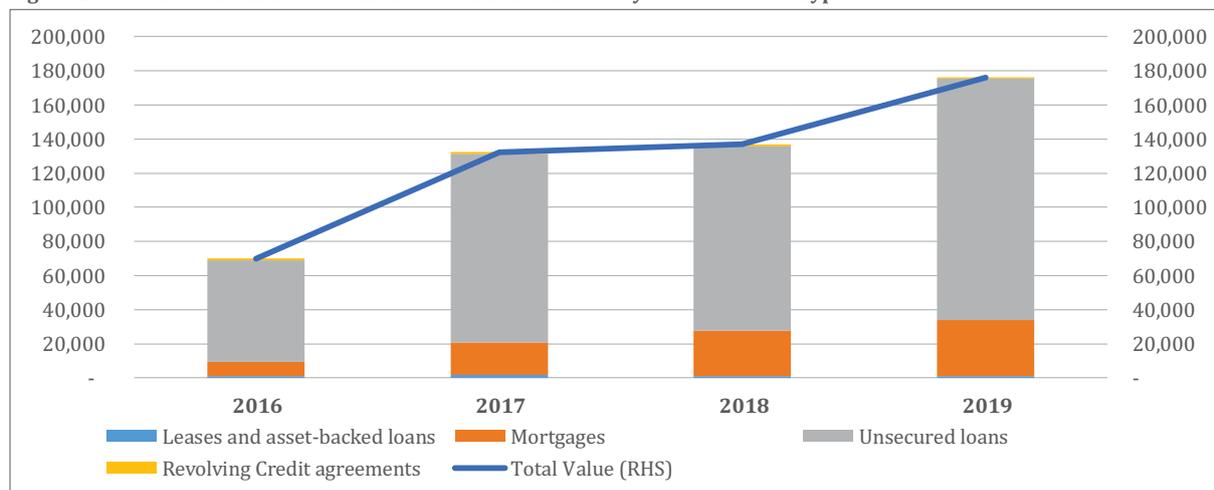
	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
ZMW 0 - ZMW 2,000	5,420,529	1,690,838	1,865,076	1,817,766	1,098,954	6,472,634
ZMW 2,000 - 5,000	135,535	47,511	59,869	35,537	40,038	182,955
ZMW 5,000 -10,000	53,624	13,649	9,192	14,588	11,768	49,197
ZMW 10,000 - 50,000	103,110	21,077	10,890	21,266	9,585	62,818
Above ZMW 50,000	37,508	6,919	8,447	8,683	8,260	32,309
<b>Total</b>	<b>5,750,306</b>	<b>1,779,994</b>	<b>1,953,474</b>	<b>1,897,840</b>	<b>1,168,605</b>	<b>6,799,913</b>

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 indicated an increase in the cost of living and therefore suggested that households and individuals were becoming financially distressed, a matter which is of concern to the development of the credit market in Zambia.

### *Businesses - Small*

In 2019, small businesses experienced a slight decrease in the value of loan disbursements to K2,215.7 from K2,241.5 million 2018 (Table 21) while the volume of loan disbursements increased by 28.7 percent to 176,205 from 136,879 in 2018 (Figure 18). Despite an increase in the volume of disbursements, the decrease in the value of disbursements suggests that more loans of a smaller value were given to this credit end-user category in 2019. 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, as indicated by the high average ratio of non-performing loans at 19.9 percent in 2019.

Single person small businesses continued to record the highest value of credit disbursements in 2019 at 20.1 percent (Table 21) while group loans registered the highest volume of disbursements at 56.5 percent (Table 22).

**Figure 18: Volume of Loan Disbursements to Small Businesses by Credit Product Type****Table 21: Value of Loan Disbursements to Small Businesses by Enterprise Size (Kwacha)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Group loan <sup>a</sup>	300,335,014	91,264,800	92,737,500	98,137,500	126,409,660	408,549,460
Single person MSME	521,234,338	137,793,721	107,390,476	101,201,556	98,203,420	444,589,173
1-4 People employed	201,852,292	44,985,310	88,851,600	95,836,080	88,651,674	318,324,664
5-10 People employed	228,938,220	85,158,800	154,380,940	57,623,072	82,779,740	379,942,552
11-20 People employed	233,253,989	54,060,826	35,275,578	30,852,193	19,649,276	139,837,873
21-50 People employed	377,507,436	36,141,472	72,637,813	113,226,743	39,718,819	261,724,847
51-100 People employed	378,415,552	63,768,607	81,172,850	42,076,737	75,668,283	262,686,477
<b>Total</b>	<b>2,241,536,842</b>	<b>513,173,536</b>	<b>632,446,757</b>	<b>538,953,881</b>	<b>531,080,872</b>	<b>2,215,655,046</b>

<sup>a</sup>These are loans given to organized groups of people and are usually secured by members of the group.

**Table 22: Volume of Loan Disbursements to Small Businesses by Enterprise Size (Number)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Group loan	53,495	20,026	25,671	27,928	25,910	99,535
Single person MSME	70,463	17,462	15,353	13,180	13,059	59,054
1-4 People employed	9,555	2,338	3,089	3,353	2,829	11,609
5-10 People employed	2,501	522	556	2,370	1,720	5,168
11-20 People employed	457	131	118	111	74	434
21-50 People employed	247	55	68	69	81	273
51-100 People employed	161	40	26	31	34	131
<b>Total</b>	<b>136,879</b>	<b>40,574</b>	<b>44,881</b>	<b>47,043</b>	<b>43,707</b>	<b>176,205</b>

In 2019, leases and other asset-backed loans continued to constitute the largest portion of loan products accessed by small businesses at 39.8 percent of total credit disbursement by value, rising from 37.6 percent in 2018. The value of disbursements of leases and asset-backed loan products increased by 4.8 percent to K882.6 million from K841.9 million in 2018. Mortgages and revolving credit facilities were the second and third largest credit product types at 22.5 percent (2018: 26.4 percent) and 20.5 percent (2018: 21.5 percent), respectively (Table 23).

**Table 23: Value of Loan Disbursements to Small Businesses by Product Type (Kwacha)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Mortgages	482,217,696	100,456,023	176,607,630	127,138,012	94,373,374	498,575,039
Leases and Other asset-backed loans	841,897,375	203,168,151	207,874,584	222,803,526	248,732,520	882,578,781
Unsecured loans	324,901,692	89,450,567	118,460,565	88,757,376	84,570,654	381,239,162
Revolving credit facilities	592,520,128	120,098,734	129,504,181	100,254,973	103,404,266	453,262,155
<b>Total</b>	<b>2,241,536,892</b>	<b>513,173,475</b>	<b>632,446,960</b>	<b>538,953,887</b>	<b>531,080,814</b>	<b>2,215,655,137</b>

It was however noted that in 2019, the unsecured loan products registered the highest increase of disbursements both in terms of value and volume at 17.3 percent and 31.0 percent, respectively. In terms of the volume of disbursements, the proportion of unsecured loans remained the highest, accounting for 80.4 percent of disbursements compared to 79.0 percent in 2018 (Table 24).

**Table 24: Volume of Loan Disbursements to Small Businesses by Product Type (Number)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Mortgages	1,034	275	353	248	299	1,175
Leases and Other asset-backed loans	26,637	6,252	8,774	9,419	8,248	32,693
Unsecured loans	108,177	33,883	35,612	37,246	34,997	141,738
Revolving credit facilities	1,031	162	142	130	163	597
<b>Total</b>	<b>136,879</b>	<b>40,572</b>	<b>44,881</b>	<b>47,043</b>	<b>43,707</b>	<b>176,203</b>

In 2019, the value of credit extended to small businesses reduced to 6.9 percent of total credit disbursement from 11.0 percent in 2018, and exceeding only the credit accessed by small agricultural businesses and other end-users. Despite the continued use of the moveable collateral registry, most 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. With the reported decline in the use of the registry in 2019, it is expected that such borrowers will continue to experience challenges in accessing credit without use of some form of collateral.

#### Small Agricultural

During the year under review, credit to small agriculture end-user category decreased by 35.0 percent to K45.3 million from K69.6 million in 2018 (Table 25). This dropped the total credit disbursed to this category of borrowers to 0.1 percent of total disbursements from 0.3 percent in 2018.

The low value of disbursements to this end-user was largely attributed to the poor rainfall and weather pattern experienced in the country, which affected the farmers' ability to access credit or honour their credit obligations as indicated by the high ratio of non-performing loans at 18.8 percent. Most farmers in this

category had little, if any, capacity to mitigate the effects of the bad weather. The use of credit risk mitigants such as micro-insurance, credit guarantee schemes and weather insurance could prop-up credit to the emergent farmers.

**Table 25: Value of Loan Disbursements to Small Agriculture Farms by Farm Size (Kwacha)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Group loan to farmer group	1,420,184	272,000	244,400	148,500	882,700	1,547,600
Smallholder up to 5 hectares	21,049,588	3,614,099	4,702,542	6,316,746	6,636,070	21,269,457
Small emergent farmer - Between 5-20 hectares	35,297,900	3,977,950	2,224,230	10,614,340	1,927,966	18,744,486
Large emergent farmer - Between 20-50 hectares	11,892,002	1,500,000	200,000	-	2,002,840	3,702,840
<b>Total</b>	<b>69,659,675</b>	<b>9,364,049</b>	<b>7,371,172</b>	<b>17,079,586</b>	<b>11,449,576</b>	<b>45,264,383</b>

With regard to the volume of credit disbursements, the number of loans disbursed in 2019 increased marginally by 6.8 percent to 1,824 from 1,708 loans in 2018 (Table 26).

**Table 26: Volume of Loan Disbursements to Small Agriculture Farms by Farm Size (Number)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Group loan to farmer group	392	103	56	37	250	446
Smallholder up to 5 hectares	941	218	219	253	316	1,006
Small emergent farmer - Between 5-20 hectares	369	93	92	104	48	337
Large emergent farmer - Between 20-50 hectares	6	1	1	-	33	35
<b>Total</b>	<b>1,708</b>	<b>415</b>	<b>368</b>	<b>394</b>	<b>647</b>	<b>1,824</b>

In 2019, the pattern of disbursements by credit product type changed, with leases and asset-backed loans accounting for the highest amount in value at K23.5 million (51.9 percent) of total disbursements, compared to 2018 when mortgages accounted for the highest amount in value at K37.0 million (53.1 percent) of disbursements (Table 27).

**Table 27: Value of Loan Disbursements to Small Agriculture Farms by Credit Product Type**

	Amounts in Kwacha					
	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Mortgages	37,010,854	3,121,330	1,427,900	11,030,280	2,345,000	17,924,510
Leases and Other asset-backed loans	28,180,156	4,425,719	5,173,772	5,810,796	8,091,880	23,502,167
Unsecured loans	3,396,664	272,000	159,500	148,500	882,700	1,462,700
Revolving credit facilities	1,072,000	1,545,000	610,000	90,000	130,000	2,375,000
<b>Total</b>	<b>69,659,674</b>	<b>9,364,049</b>	<b>7,371,172</b>	<b>17,079,576</b>	<b>11,449,580</b>	<b>45,264,377</b>

Leases and asset-backed loans also accounted for the highest volume of disbursements at 1,316, representing 72.1 percent of the total volume of 1,824 (Table 28).

**Table 28: Volume of loan Disbursements to Small Agriculture Farms by Product Type**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Mortgages	63	9	7	19	16	51
Leases and Other asset-backed loans	1,030	301	301	337	377	1,316
Unsecured loans	606	103	54	37	250	444
Revolving credit facilities	9	2	6	1	4	13
<b>Total</b>	<b>1,708</b>	<b>415</b>	<b>368</b>	<b>394</b>	<b>647</b>	<b>1,824</b>

### *Agriculture - Large*

During the year under review, the total value of credit disbursements to the large agriculture end-user category increased by 3,582.5 million to K5,304.4 million from K1,721.9 million in 2018 (Table 29) and represented 16.4 percent of total loan disbursements.

The bulk of the disbursements to this end-user category were towards the extra-large farms at a value of K5,079.3 million, representing 95.8 percent compared to K1,342.2 million (78.0 percent) in 2018. Relative to other agriculture categories, credit providers considered large farmers as less risky because they usually had better quality collateral and other credit risk mitigants.

**Table 29: Value of Loan Disbursements to Large Agriculture Farms by Farm Size (Kwacha)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Medium farms (51 - 200 ha)	183,576,478	2,217,440	3,522,414	2,350,000	94,566,770	102,656,624
Large farms (201 - 500 ha)	524,613,841	14,343,000	26,683,720	22,643,300	3,080,070	66,750,090
Extra Large farms (above 500 ha)	638,872,376	3,058,128,500	163,939,200	464,398,562	1,392,882,200	5,079,348,462
Farms owned by foreign investors/non Zambian citizens.	-	38,801,700	12,890,200	3,988,890	-	55,680,790
<b>Total</b>	<b>1,347,062,696</b>	<b>3,113,490,640</b>	<b>207,035,534</b>	<b>493,380,752</b>	<b>1,490,529,040</b>	<b>5,304,435,966</b>

Despite the increase in value of loan disbursements to large farms, the volume of disbursements decreased by 14.8 percent to 433 from 508 in 2018 (Table 30). In terms of volume of disbursements, all large agriculture categories reported reduced volumes of disbursements during the year under review except for the extra-large farmers' category which reported an increase of 3.9 percent in the number of loans to 345 from 332 in 2018.

In terms of credit disbursements by credit product type, revolving credit facilities that are normally obtained to finance working capital requirements accounted for the largest portion of disbursements, having increased to K3,554.9 million from K705.3 million in 2018 (Table 31). Revolving credit represented 67.0 percent (2018: 41.0 percent) of the total value of credit disbursements to large agriculture credit end-user category.

**Table 30: Volume of Loan Disbursements to Large Agriculture Farms by Farm Size (Number)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Medium farms (51 - 200 ha)	49	4	3	4	22	33
Large farms (201 - 500 ha)	44	3	9	3	6	21
Extra Large farms (above 500 ha)	332	86	60	72	127	345
Farms owned by foreign investors/non Zambian citizens.	83	18	5	11	-	34
<b>Total</b>	<b>508</b>	<b>111</b>	<b>77</b>	<b>90</b>	<b>155</b>	<b>433</b>

**Table 31: Value of Loan Disbursements to Large Agriculture Farms by Credit Product Type**

	Amounts in Kwacha					
	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Mortgages	404,875,038	513,657,540	41,630,610	88,477,562	426,592,500	1,070,358,212
Leases and Other asset-backed loans	474,188,772	45,340,771	123,832,680	166,652,290	157,552,111	493,377,852
Unsecured loans	137,528,070	20,986,500	2,928,190	13,365,800	148,493,800	185,774,290
Revolving credit facilities	705,298,738	2,533,513,890	38,644,035	224,884,992	757,890,590	3,554,933,507
<b>Total</b>	<b>1,721,890,618</b>	<b>238,056,968</b>	<b>414,343,800</b>	<b>398,809,540</b>	<b>670,680,310</b>	<b>5,304,443,861</b>

Despite the significant increase in the value of disbursements, all credit product types reported decreased volume of disbursements except for mortgages which reported a marginal increase of 3.0 percent. Unsecured loan products and revolving credit facilities reported the largest decrease in volumes during the year under review at 44.7 percent and 20.7 percent, respectively (Figure 19, and Table 32).

Figure 19: Volume of Loan Disbursements to Large Agriculture Farms by Product Type

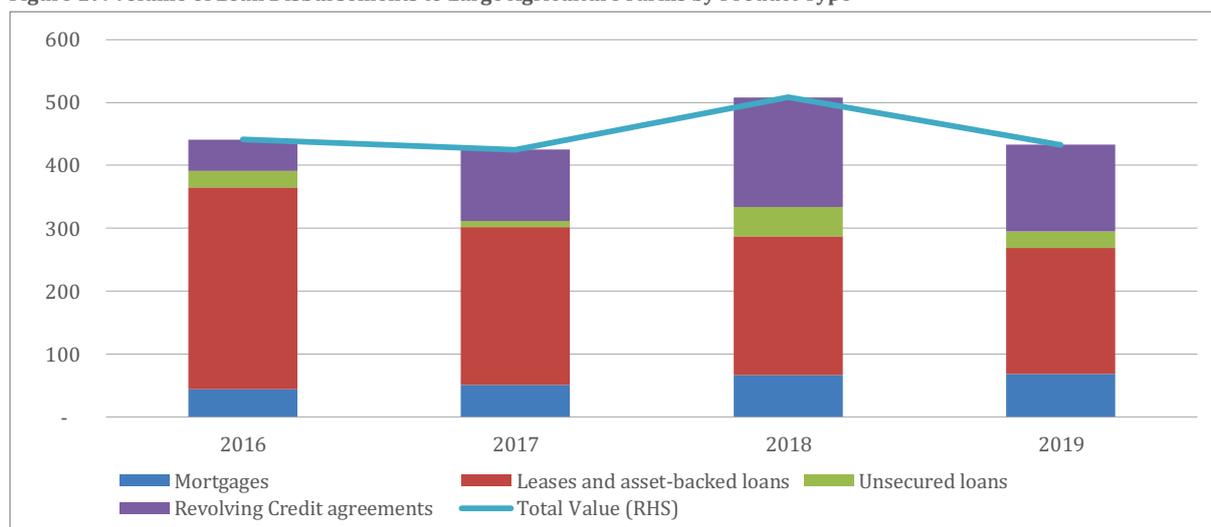


Table 32: Volume of Loan Disbursement to Large Agriculture Farms by Product Type

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Mortgages	66	28	12	11	17	68
Leases and Other asset-backed loans	221	34	47	57	63	201
Unsecured loans	47	10	3	5	8	26
Revolving credit facilities	174	39	15	17	67	138
<b>Total</b>	<b>508</b>	<b>111</b>	<b>77</b>	<b>90</b>	<b>155</b>	<b>433</b>

### Business - Large

Credit disbursements to the large businesses continued to increase during the year under review. The value of credit disbursements increased to in 2019 K13,686.6 million from K5,860.4 million in 2018 (Table 33). The value of credit to large businesses represented 42.4 percent (2018: 28.7 percent) of total credit disbursed in 2019. The increase in loan disbursements was particularly observed in the mortgages and revolving credit facilities.

Table 33: Value of Loan Disbursements to Large Businesses by Business Size (Kwacha)

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Businesses with 101-300 employees	3,214,854,541	1,528,599,783	1,135,803,866	698,729,396	929,919,780	4,293,052,825
Businesses with 300 to 500 employees	733,239,804	2,614,653,120	240,230,386	339,577,640	520,928,300	3,715,389,446
Businesses with more than 500 employees	1,912,336,891	3,665,189,920	627,708,760	411,388,440	973,850,100	5,678,137,220
<b>Total</b>	<b>5,860,431,236</b>	<b>7,808,442,823</b>	<b>2,003,743,012</b>	<b>1,449,695,476</b>	<b>2,424,698,180</b>	<b>13,686,579,491</b>

In terms of product breakdown, large businesses mainly obtained credit in the form of mortgages and revolving credit which accounted for 33.0 percent (2018:37.2 percent) and 29.6 percent (2018: 29.6 percent), respectively (Figure 20 and Table 35)

Figure 20: Disbursements by Product Type – Kwacha Millions – Business Large

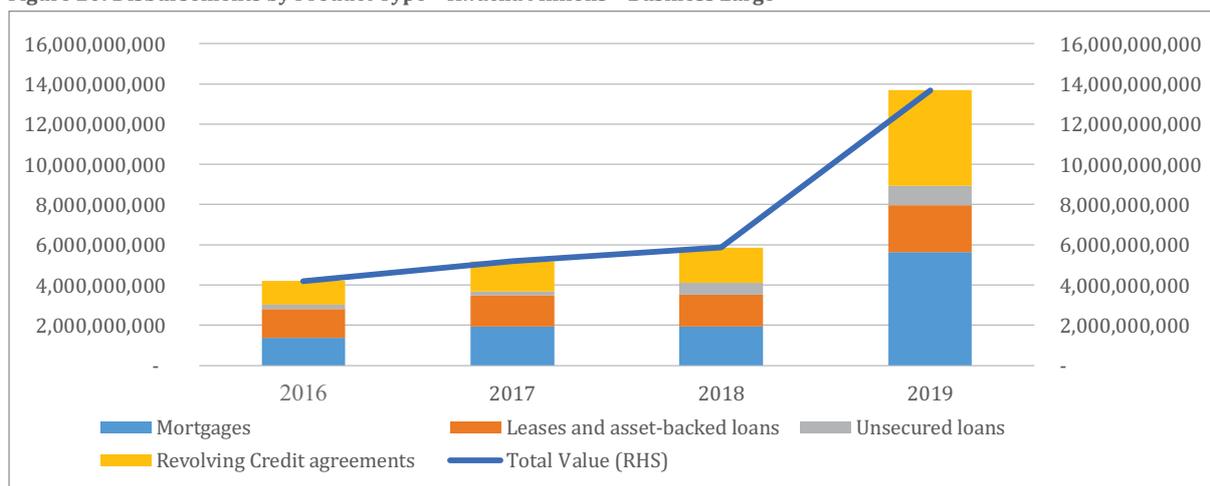


Table 34: Value of Loan Disbursements to Large Businesses by Product Type (Kwacha)

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Mortgages	1,935,028,281	4,106,430,220	735,808,700	291,949,760	515,337,960	5,649,526,640
Leases and Other asset-backed loans	1,592,789,210	469,925,543	467,893,891	405,982,696	970,907,420	2,314,709,550
Unsecured loans	596,173,870	41,298,030	105,935,100	270,780,420	540,285,800	958,299,350
Revolving credit facilities	1,736,440,254	3,190,788,680	694,105,670	480,983,890	398,168,350	4,764,046,590
<b>Total</b>	<b>5,860,431,614</b>	<b>7,808,442,473</b>	<b>2,003,743,361</b>	<b>1,449,696,766</b>	<b>2,424,699,530</b>	<b>13,686,582,130</b>

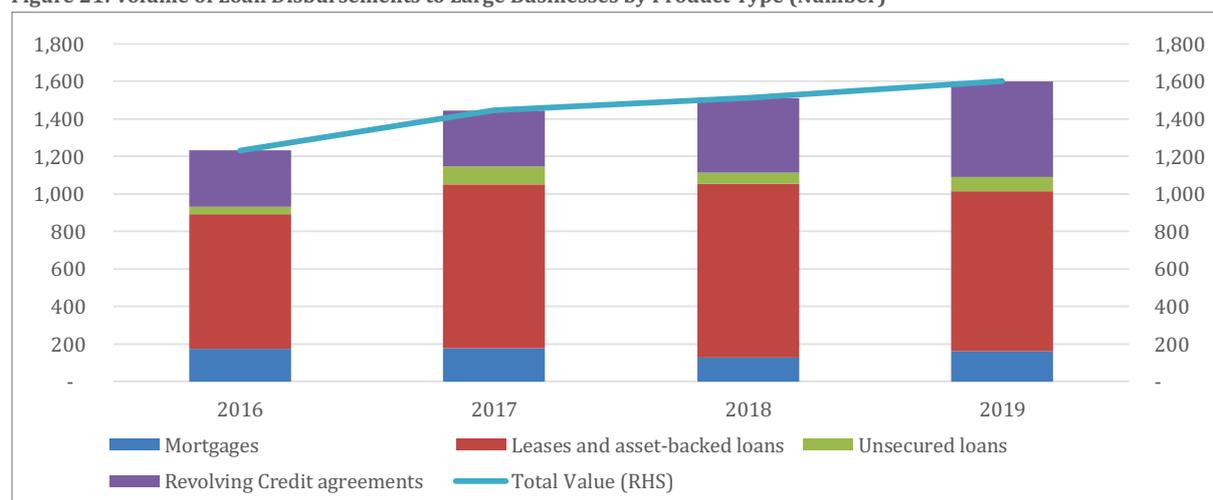
The volume of credit disbursements increased by 5.9 percent to 1,601 in 2019 from 1,512 in 2018 and accounted for only 0.03 percent of total credit disbursements (Table 35 and Figure 21).

As a result of the proportionately higher increase in the value of loans to large business enterprises compared to the increase in the volume of loans, the average loan size increased from K3.9 million in 2018 to K8.5 million in 2019.

Table 35: Volume of Loan Disbursements to Large Businesses by Business Size (Number)

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Businesses with 101-300 employees	643	297	159	158	205	819
Businesses with 300 to 500 employees	108	36	24	28	60	148
Businesses with more than 500 employees	761	138	195	133	168	634
<b>Total</b>	<b>1,512</b>	<b>471</b>	<b>378</b>	<b>319</b>	<b>433</b>	<b>1,601</b>

**Figure 21: Volume of Loan Disbursements to Large Businesses by Product Type (Number)**



The number of leases and other asset-backed loans disbursed in 2019 amounted to 854 and represented 53.3 percent of the total volume of loans disbursed to the large business credit end-user category.

**Table 36: Volume of Loan Disbursements to Large Businesses by Product Type (Number)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Mortgages	129	27	27	75	31	160
Leases and Other asset-backed loans	924	191	269	185	209	854
Unsecured loans	60	14	8	15	39	76
Revolving credit facilities	399	239	74	44	154	511
<b>Total</b>	<b>1,512</b>	<b>471</b>	<b>378</b>	<b>319</b>	<b>433</b>	<b>1,601</b>

## Government

The value of credit disbursements to the Government end-user category continued on its upward trajectory during the year under review, increasing by 111.5 percent to K3,610.8 million from 1,707.6 million (Table 37). Credit to the Government end-user category accounted for 22.4 percent of total credit disbursements in 2019 (2018: 8.4 percent). The noted increase was largely driven by increased lending to the Central Government as well as the parastatals during the year under review. During the year under review, lending to Central Government increased to K2,873.7 million, representing 79.6 percent of total lending to Government while lending to parastatals increased to K658.6 million from K250.1 million and represented 18.2 percent of total lending. The increase in credit extended to the Central Government was due to elevated Government financing requirements.

**Table 37: Value of Loan Disbursements to the Government (Kwacha)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Central Government	1,209,697,960	931,402,000	823,115,480	283,669,386	835,543,200	2,873,730,066
Local Government	138,066,087	3,805,060	33,598,200	22,438,980	500,000	60,342,240
Parastatals	250,060,500	276,758,600	266,455,000	7,902,000	107,500,000	658,615,600
Statutory Bodies	109,802,023	1,020,850	17,075,900	-	-	18,096,750
<b>Total</b>	<b>1,707,626,570</b>	<b>1,212,986,510</b>	<b>1,140,244,580</b>	<b>314,010,366</b>	<b>943,543,200</b>	<b>3,610,784,656</b>

Most of the credit disbursements to the Government end-user category were in the form of leases and asset-backed loans, which increased by 278.0 percent to K2,009.3 million during the year under review, from K531.5 million in 2018. Revolving credit facilities increased to K1,053.6 million and accounted for 40.3 percent during the year under review, from K737.0 million (43.2 percent) in 2018 (Figure 22 and Table 38).

Figure 22: Value of Loan Disbursements to the Government by Credit Product Type (Kwacha)

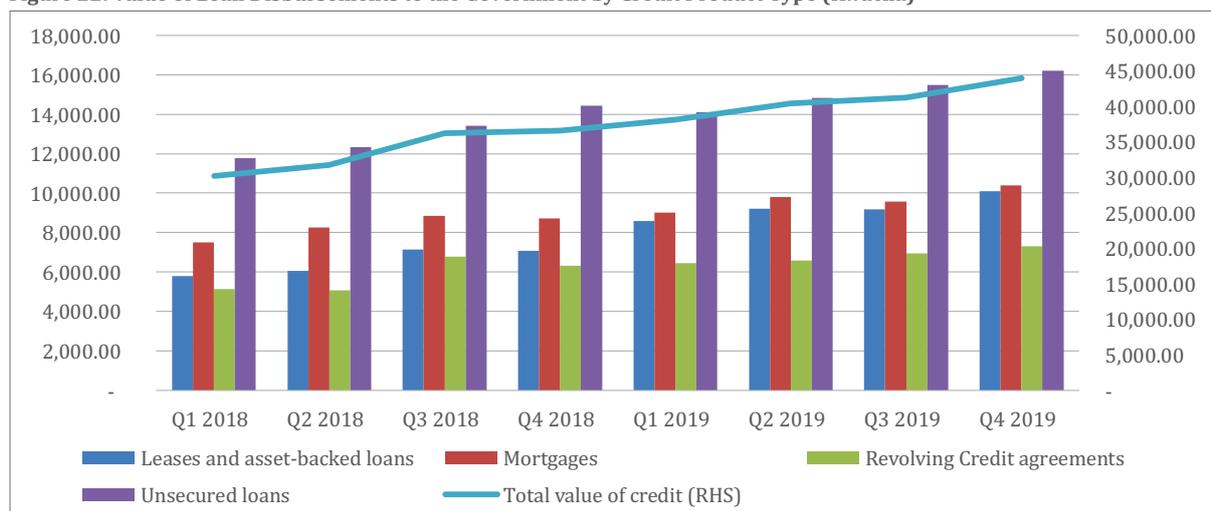


Table 38: Value of Loan Disbursements to the Government by Product Type (Kwacha)

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Leases and Other asset-backed loans	531,505,094	747,495,910	780,217,200	289,689,216	191,887,700	2,009,290,026
Mortgages	141,835,381	3,290,000	2,450,000	5,499,150	500,000	11,739,150
Revolving credit facilities	736,996,700	257,200,000	43,158,500	18,822,000	734,384,000	1,053,564,500
Unsecured loans	297,289,690	205,000,000	314,418,890	-	16,771,500	536,190,390
<b>Total</b>	<b>1,707,626,866</b>	<b>1,212,985,910</b>	<b>1,140,244,590</b>	<b>314,010,366</b>	<b>943,543,200</b>	<b>3,610,784,066</b>

In terms of volume, the total number of loans disbursed decreased by 25.0 percent to 152 in 2019 from 208 in 2018 (Table 39). The number of loans to Local Government accounted for the highest proportion of disbursements at 52.6 percent, followed by lending to Central Government at 37.2 percent.

Table 39: Volume of Disbursements to the Government (Number)

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Central Government	74	22	8	19	9	58
Local Government	116	3	63	15	1	82
Parastatals	7	4	4	1	4	13
Statutory Bodies	11	1	2	-	-	3
<b>Total</b>	<b>208</b>	<b>30</b>	<b>77</b>	<b>35</b>	<b>14</b>	<b>156</b>

In terms of volume of credit products, the number of leases and other asset-backed loans to the Government credit end-user category at 122 (Table 40) accounted for the highest proportion of disbursements.

Table 40: Volume of Loan Disbursements to the Government by Product Type (Number)

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Leases and Other asset-backed loans	118	24	60	30	8	122
Mortgages	15	2	2	1	1	6
Revolving credit facilities	26	3	10	4	4	21
Unsecured loans	49	1	5	-	1	7
<b>Total</b>	<b>208</b>	<b>51</b>	<b>25</b>	<b>27</b>	<b>105</b>	<b>156</b>

## Chapter 5

# Access to Credit by Priority End-Users

Women, youth and borrowers in rural areas have been identified as priority end-user categories. According to the 2015 FinScope survey, women, youths and rural households had lower levels of access to financial services. In this regard, and as a measure towards enhancing financial inclusion, 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*

During the year under review, the value of credit disbursed to women decreased by 9.5 percent to K2,563.1 million from K2,830.6 million and accounted for 7.9 percent of the total value of disbursements compared to 13.9 percent in 2018 (Table 41).

**Table 41: Value of Loan Disbursements to Women (Kwacha)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Total Disbursement	20,400,262,400	14,676,300,390	5,808,230,390	4,807,961,091	6,994,319,909	32,286,811,780
Disbursement to Women	2,830,635,376	699,676,182	619,411,612	714,675,872	529,325,021	2,563,088,687
Portion of disbursement accessed by women	13.9%	4.8%	10.7%	14.9%	7.6%	7.9%

Despite the decrease in the value of the credit disbursements, the number of loans to women continued to grow, increasing by 54.5 percent to 2,020,626 from 1,307,822 and accounted for 28.9 percent of total disbursements compared to 22.2 percent in 2018 (Table 42). The increased volume of loans was influenced by an increase in the number of digital credit loans, which are generally of low value despite their high volume.

**Table 42: Volume of Loan Disbursements to Women (Number)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Total Disbursement	5,898,692	1,246,087	1,280,629	1,681,078	1,690,898	6,987,759
Disbursement to Women	1,307,822	512,125	575,147	580,648	352,706	2,020,626
Portion of disbursement accessed by women	22.2%	28.1%	28.7%	29.8%	29.0%	28.9%

In 2019, credit accessed by women in the agriculture, small businesses and households and individual end-users reported increased portions relative to 2018. The portion of disbursements to households accessed by women increased to 27.2 percent from 26.2 percent of disbursements in 2018, while the portion of disbursements to small businesses accessed by woman increased to 27.9 percent from 24.4 percent in 2018. Women-owned small agriculture farms received 25.3 percent of lending to small agriculture firms, increasing from 16.4 percent recorded in 2018 (Table 43).

**Table 43: Value of Loan Disbursements to Women by Credit Product Type (Value)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Total Disbursement	16.4%	19.23%	35.56%	19.07%	27.21%	25.3%
Disbursement to Women	24.4%	27.86%	26.83%	26.96%	29.87%	27.9%
Portion of disbursement accessed by women	26.2%	31.13%	24.60%	28.41%	24.44%	27.2%

The level of access to credit by women and women-owned businesses continued to improve in 2019, indicating the positive impact of the financial inclusion measures employed to improve women's access to credit especially through the use of digital credit.

### *Credit Supply to Youths*

Credit disbursement to youths decreased by 4.8 percent to K3,205.4 million, accounting for 11.8 percent, from K3,365.9 million in 2018 (16.5 percent). Despite the decrease in the value of loans disbursed, the volume of loans to youths continued to increase, growing by 25.2 percent to 4,386,227 from 3,502,702 (Table 44).

**Table 44: Value of Loan Disbursements to the Youth (Kwacha)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Total Disbursement	20,400,263,801	14,676,300,396	5,808,229,122	4,807,959,151	6,994,315,854	32,286,804,523
Disbursement to Youths	3,365,929,545	866,281,808	916,412,586	809,671,970	613,056,116	3,205,422,480
Portion of disbursement accessed by Youths	16.5%	5.9%	15.8%	16.8%	8.8%	11.8%

Despite the decrease in the value of loans disbursed, the volume of loans to youths continued to increase, growing by 25.2 percent to 4,386,227 from 3,502,702 (Table 45).

**Table 45: Volume of Loan Disbursements to the Youth (Number)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Total Disbursement	5,898,692	1,824,455	2,001,272	1,947,253	1,214,784	6,987,764
Disbursement to Youths	3,502,702	1,164,038	1,257,401	1,265,439	699,349	4,386,227
Portion of disbursement accessed by Youths	59.4%	63.8%	62.8%	65.0%	57.6%	63.2%

As a proportion of credit provided to households and individuals, youths received 34.6 percent, increasing from 33.7 percent in 2018. As a proportion of value of credit to small businesses, youth-owned businesses accessed 29.6 percent, up from 20.0 percent in 2018 while as a proportion of loans to small agriculture firms, youths-owned agricultural firms received 25.1 percent of total credit extended, up from 18.2 percent (Table 46).

**Table 46: Access to Credit by Youth as a Proportion of End-User Category**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Portion of total agriculture accessed by youths	18.2%	21.3%	39.8%	17.1%	22.1%	25.1%
Portion total business credit accessed by youths	20.0%	30.9%	39.2%	22.6%	25.9%	29.6%
Portion of total households accessed by youths	33.7%	37.6%	35.0%	34.4%	31.5%	34.6%

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*

During the year under review, the total value of credit disbursements to rural households and businesses decreased by 8.2 percent to K2,417.0 million from K2,634.0 million and accounted for 7.5 percent. The volumes of disbursements to rural households did however increase by 48.9 percent to 1,820,029 from 1,222,363 and accounted for 26.3 percent of the total disbursements (Table 47, Table 48, Table 49 and Table 50).

**Table 47: Value of Loan Disbursements between Rural and Urban Areas (Kwacha)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Rural	2,634,053,200	481,252,432	659,233,963	523,158,135	753,403,092	2,417,047,622
Urban	17,766,210,467	14,074,724,474	5,148,995,196	4,284,802,956	6,240,916,817	29,749,439,443
<b>Total</b>	<b>20,400,263,666</b>	<b>14,555,976,906</b>	<b>5,808,229,159</b>	<b>4,807,961,091</b>	<b>6,994,319,909</b>	<b>32,166,487,065</b>

**Table 48: Volume of Loan Disbursements between to Rural and Urban Areas**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Rural	1,222,363	436,228	513,842	531,294	338,665	1,820,029
Urban	4,676,327	1,329,220	1,487,429	1,415,958	876,114	5,108,721
<b>Total</b>	<b>5,898,690</b>	<b>1,765,448</b>	<b>2,001,271</b>	<b>1,947,252</b>	<b>1,214,779</b>	<b>6,928,750</b>

**Table 49: Proportion of Value of Loan Disbursements to Rural/Urban Areas (Kwacha)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Rural	13.1%	3.34%	11.35%	10.88%	10.77%	9.1%
Urban	86.9%	96.66%	88.65%	89.12%	89.23%	90.9%

**Table 50: Proportion of Volume of Loan Disbursements to Rural/Urban Areas (Number)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Rural	20.5%	24.16%	25.68%	27.28%	27.88%	26.3%
Urban	79.5%	75.84%	74.32%	72.72%	72.12%	73.8%

In terms of geographical distribution, credit disbursements remained concentrated in Lusaka and Copperbelt provinces, jointly accounting for 88.1 percent of the value of disbursements, up from 77.0 percent in 2018 and 62.9 percent of disbursements by number from 67.5 percent in 2018 (Table 51 and Table 52).

Luapula and Muchinga provinces continued to receive the least credit by value at 0.6 percent from 1.2 percent and 1.4 percent in 2018, respectively. Despite the increased use of digital credit providers, all provinces reported decreased values of disbursements during the year under review, except for Lusaka, Copperbelt and North-Western provinces. This was attributed to scaling down of operations by credit service providers in the affected provinces, which predominantly has Government employees who access loans through payroll. The default by Government to repay loans on behalf of its employees adversely affected the appetite by credit service providers to disburse more credit.

**Table 51: Value of Loan Disbursements by Province (Kwacha)**

	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Central	1,123,066,686	241,703,981	215,589,238	203,316,899	280,651,769	941,261,887
Copperbelt	3,616,382,677	3,390,869,689	1,099,770,058	698,085,319	1,254,211,275	6,442,936,340
Eastern	491,534,904	100,090,185	81,770,309	104,199,358	67,017,243	353,077,095
Luapula	281,117,102	54,997,894	47,035,974	60,095,836	33,898,932	196,028,636
Lusaka	12,081,625,616	10,288,386,212	3,678,167,614	3,099,314,367	4,949,117,430	22,014,985,623
Muchinga	237,010,955	49,661,615	45,894,225	61,995,214	33,677,831	191,228,885
Northern	367,323,317	70,975,910	63,232,960	75,017,220	48,756,658	257,982,748
North-Western	716,391,222	199,691,777	336,684,661	161,391,936	109,119,858	806,888,232
Southern	1,192,415,559	217,265,903	191,192,965	267,288,761	167,428,946	843,176,575
Western	293,395,630	62,657,224	48,892,386	77,256,181	50,439,967	239,245,758
<b>Total</b>	<b>20,400,263,666</b>	<b>14,676,300,390</b>	<b>5,808,230,390</b>	<b>4,807,961,091</b>	<b>6,994,319,909</b>	<b>32,286,811,780</b>

Credit disbursements by number of loans increased for each province over the year, with the exception of Copperbelt province, which reported a 21.0 percent decrease in the number of loan disbursements. The increase in number of loans disbursed was largely observed in Lusaka and Southern provinces, which reported increases of 850,033 and 218,986 loans, respectively. The overall increase in the number of loan disbursements was largely attributed to the wide spread use of digital credit providers, that offered high-volume, low-value digital credit that did not depend on physical contact for disbursement. This notwithstanding, Western, Luapula and Muchinga provinces received the least number of loans, accounting for only 2.6 percent, 2.7 percent and 2.8 percent of disbursements by number respectively (Table 52).

**Table 52: Volume of Loan Disbursements by Province (Number)**

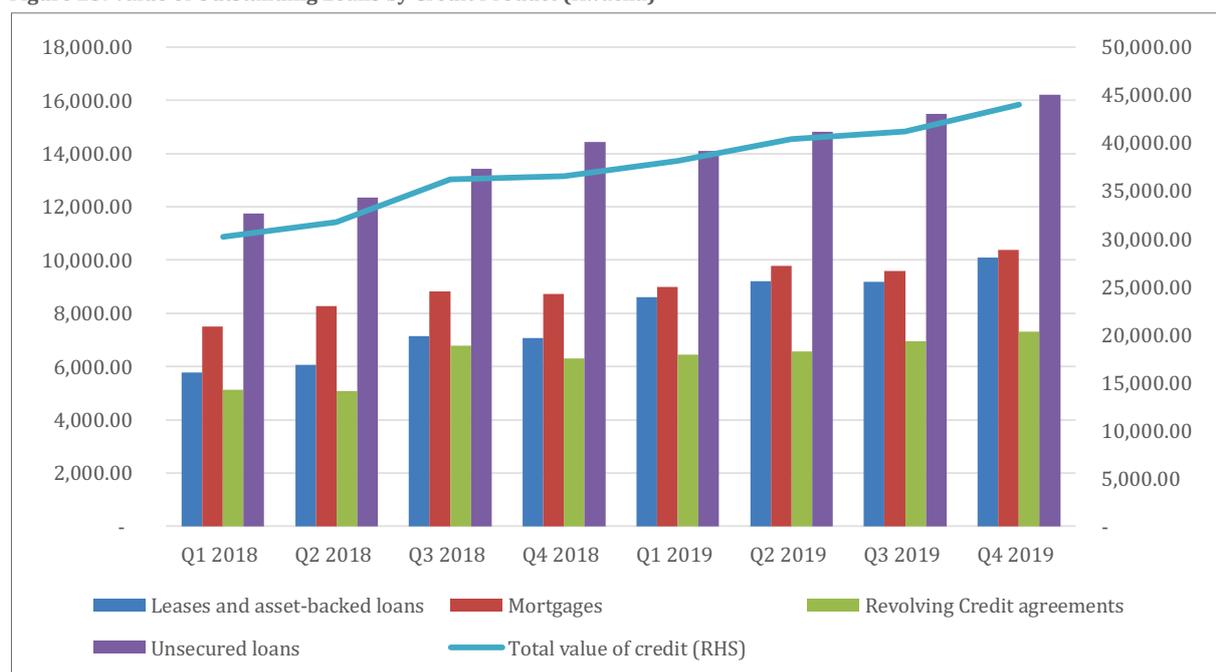
	Total 2018	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Total 2019
Central	447,448	155,014	163,799	167,497	110,009	596,319
Copperbelt	2,077,819	467,737	439,696	410,634	322,906	1,640,973
Eastern	199,967	77,460	88,881	92,891	53,874	313,106
Luapula	162,767	47,221	56,452	58,340	35,677	197,690
Lusaka	1,901,634	717,020	831,247	790,791	412,609	2,751,667
Muchinga	173,773	45,529	51,836	53,750	36,364	187,479
Northern	209,294	66,539	66,335	73,023	45,566	251,463
North-Western	312,810	88,919	87,137	85,667	69,469	331,192
Southern	314,244	120,104	159,442	159,877	93,807	533,230
Western	98,934	38,914	56,446	54,782	34,498	184,640
<b>Total</b>	<b>5,898,690</b>	<b>1,824,457</b>	<b>2,001,271</b>	<b>1,947,252</b>	<b>1,214,779</b>	<b>6,987,759</b>

The proportion of credit to rural areas remained largely unchanged. Urban areas accounted for 92.5 percent (2018: 87.1 percent) of credit disbursements by value with loans of K29,749.4 million and 73.7 percent (2018: 79.3 percent) by number of credit contracts. These statistics underscored the need to expedite the implementation of the Rural Finance Policy.

### *Growth of the Loan Book*

The financial sector loan book grew by 20.4 percent to K44,002.5 million from K36,544.5 million in 2018. The increase in the loan book was partly attributed to the continued depreciation of the Kwacha on the foreign currency denominated loans which ultimately contributed to the rise in the loans values (Figure 23).

**Figure 23: Value of Outstanding Loans by Credit Product (Kwacha)**



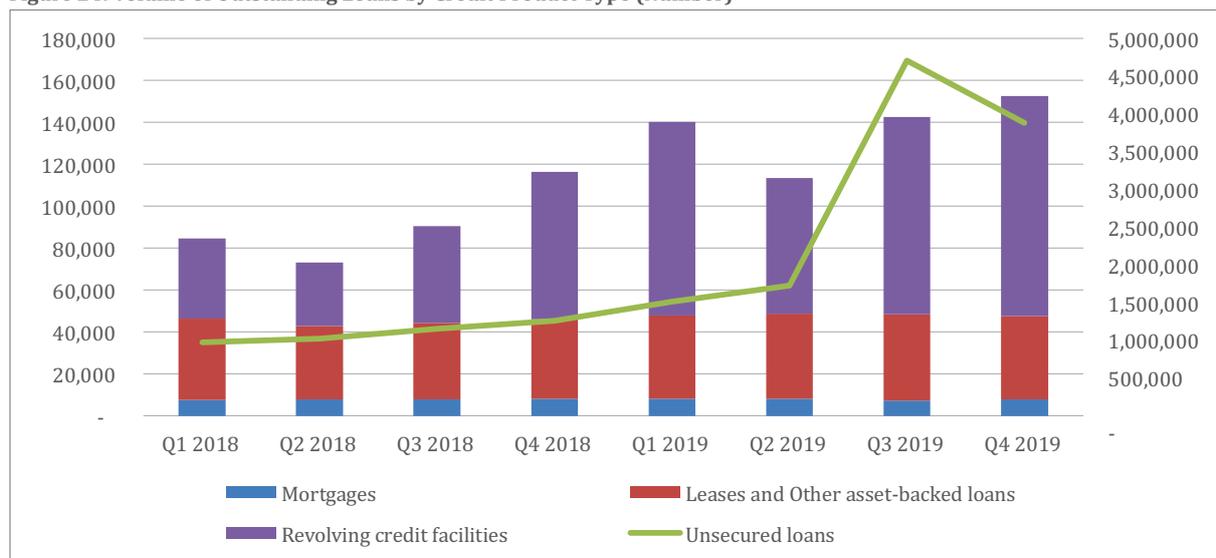
During the year under review, all credit product types reported increased in total gross loans, with the largest increase by value reported by leases and asset-backed loans and unsecured loan products, which increased by K3,008.1 million (42.5 percent increase) and K1,788.4 million (12.4 percent increase) to K10,082.8 million and K16,219.3 million, respectively (Table 53). The significant growth in the leases and asset-backed loans was largely observed in the large agriculture and large business end-user categories. Mortgages and revolving credit loan facilities increased by 19.0 percent and 15.9 percent to K10,387.3 million and K7,313.1 million, respectively. The growth of the loan book was broadly consistent with the pattern of disbursements. At 36.9 percent of the total outstanding credit as at 31 December 2019, unsecured loans represented the largest credit product type.

**Table 53: Value of Outstanding Loans by Credit Product Type (Kwacha)**

	31 Dec - 2018	31 Mar - 2019	30 Jun - 2019	30 Sep - 2019	31 Dec - 2019
Mortgages	8,730,925,742	8,999,684,952	9,789,637,632	9,586,475,412	10,387,278,842
Leases and Other asset-backed loans	7,074,763,155	8,598,146,487	9,198,669,580	9,176,259,601	10,082,835,500
Unsecured loans	14,430,930,810	14,090,076,004	14,815,390,068	15,492,042,344	16,219,331,907
Revolving credit facilities	6,307,895,230	6,442,187,310	6,567,923,752	6,958,394,680	7,313,081,340
<b>Total</b>	<b>36,544,514,937</b>	<b>38,130,094,753</b>	<b>40,371,621,032</b>	<b>41,213,172,037</b>	<b>44,002,527,589</b>

In 2019, the number of loans almost doubled, increasing to 4,032,136 from 1,372,422 at the end of 2018 (Figure 24 and Table 54). The increase was largely observed in the unsecured loan products, due to increased volume of digital credit loans.

**Figure 24: Volume of Outstanding Loans by Credit Product Type (Number)**



**Table 54: Volume of Outstanding Loans by Credit Product Type (Number)**

	31 Dec - 2018	31 Mar - 2019	30 Jun - 2019	30 Sep - 2019	31 Dec - 2019
Mortgages	8,000	8,146	8,088	7,329	7,739
Leases and Other asset-backed loans	37,917	39,630	40,546	41,216	39,912
Unsecured loans	1,256,129	1,513,283	1,728,109	4,703,451	3,879,559
Revolving credit facilities	70,376	92,295	64,744	93,788	104,926
<b>Total (Number)</b>	<b>1,372,422</b>	<b>1,653,354</b>	<b>1,841,487</b>	<b>4,845,784</b>	<b>4,032,136</b>

## Assessment of the Quality of the Outstanding Loans

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.

19. The non-performing loans (NPLs) ratio<sup>9</sup> declined to 11.3 percent at end December 2019 from 11.8 percent (Table 55) at end December 2018, on account of an increase in gross loans by 20.4 percent to K44,002.5 million from K36,544.5 million. In absolute terms, however, gross NPLs increased by 14.8 percent to K4,950.7 million from K4,312.3 million at end-December 2018, with the increase largely concentrated in the loans in the 120 to 179 days past-due bracket which increased by 50.8 percent while loans in the 180+ days past due category declined by 6.8 percent as they were reclassified into the loss category.

**Table 55: Age Analysis of Outstanding Loans**

	31 Dec - 2018	31 Mar - 2019	30 Jun - 2019	30 Sep - 2019	31 Dec - 2019	Change (Y-on-Y)
Portion of book: Current	75.3%	78.2%	76.1%	76.8%	76.9%	2.1%
Portion of book: 1-59 Days late	11.2%	9.9%	10.4%	8.6%	9.7%	-13.2%
Portion of book: 60-89 Days late	1.7%	1.8%	2.2%	3.4%	2.2%	28.2%
Portion of book: 90-119 days late	1.3%	1.0%	1.0%	1.1%	1.0%	-25.7%
Portion of book: 120-179 days late	0.9%	1.0%	1.2%	1.2%	1.3%	50.8%
Portion of book: 180+ days late	9.6%	8.1%	9.2%	9.0%	9.0%	-6.8%
Total: 90 days or over	11.8%	10.2%	11.4%	11.3%	11.3%	-4.7%

Despite the high levels of non-performing loans, the financial sector remained resilient to credit stress on account of the high coverage ratio of 93.5 percent, increasing from 87.2 percent at the end of 2018. The increase in the level of provisions for loan losses followed the implementation of International Financial Reporting Standard 9 (IFRS 9), which had more stringent loan provisioning requirements and therefore called for recognition of higher levels of loan impairments.

In terms of the quality of loans across credit end-users, the Government category continued to report the lowest level of NPLs at 0.5 percent at end-December 2019, up from 0.1 percent at end-December 2018. The large business and households categories followed with NPL ratios of 9.7 percent and 10 percent, respectively. Small businesses, large agriculture firms, and small agriculture firms continued to report the highest levels of NPLs at 20.6 percent, 19.7 percent and 18.8 percent, respectively (Table 56).

In terms of quality of loans by credit product, unsecured loans and revolving credit facilities both reported the lowest level of NPLs, at 9.6 percent each. Despite the unsecured digital credit having an NPL ratio of 45.7 percent at end-December 2019, the unsatisfactory quality of digital credit had an insignificant effect on the overall quality of unsecured loans because digital credit only accounted for 8.5 percent of the total value of unsecured credit.

Despite reporting reduced level of NPLs, leases and other asset-backed loans and mortgages were still the worst performing products at 15.2 percent and 11.3 percent, respectively (Table 57).

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

**Table 56: Non-Performing Loans according to Credit End-User Category**

	31 Dec - 2018	31 Mar - 2019	30 Jun - 2019	30 Sep - 2019	31 Dec - 2019
Business- Large	13.3%	10.1%	11.6%	10.4%	9.7%
Business- MSME	19.5%	17.9%	20.6%	20.4%	20.6%
Agriculture- Large	24.7%	22.8%	22.3%	21.2%	19.7%
Agriculture- Small and Emergent	19.5%	13.8%	22.5%	19.9%	18.8%
Households and Individuals	6.3%	7.4%	8.3%	9.3%	10.0%
Government	0.1%	0.1%	0.0%	0.0%	0.5%
Other end users	29.1%	2.1%	16.6%	19.3%	26.0%

**Table 57: Non-performing Loans according to Credit Product Type**

	31 Dec - 2018	31 Mar - 2019	30 Jun - 2019	30 Sep - 2019	31 Dec - 2019
Mortgages	14.9%	13.8%	12.1%	12.3%	11.3%
Leases and other asset-backed loans	16.1%	9.7%	15.3%	15.0%	15.2%
Revolving credit facilities	13.1%	13.1%	13.6%	10.6%	9.6%
Unsecured loans	7.3%	6.8%	7.5%	8.8%	9.6%

### *Distribution of Outstanding Loans*

The outstanding loans at end-December 2019 continued to be concentrated in the households and individuals category, accounting for 35.6 percent (2018: 39.3 percent), followed by the large businesses at 34.1 percent. In terms of number of outstanding loans, households and individuals accounted for 96.6 percent compared to 91.8 percent in 2018 (Table 58 and Table 59).

**Table 58: Volume of Outstanding Loans by Credit End-User Category (Number)**

	31 Dec - 2018	31 Mar - 2019	30 Jun - 2019	30 Sep - 2019	31 Dec - 2019
Business – Large	5,524	5,934	5,996	4,900	4,649
Business – MSME	96,653	87,865	101,931	125,563	128,071
Agriculture – Large	1,453	1,619	1,404	1,277	1,279
Agriculture – Small	7,192	2,318	1,707	1,868	2,072
Households & Individuals	1,259,766	1,554,234	1,729,169	4,709,496	3,893,654
Government	1,510	1,031	953	2,333	2,110
Other end-users	324	353	324	344	297
<b>Total</b>	<b>1,372,422</b>	<b>1,653,354</b>	<b>1,841,484</b>	<b>4,845,781</b>	<b>4,032,132</b>

**Table 59: Value of Outstanding Loans by Credit End-User Category (Kwacha)**

	31 Dec - 2018	31 Mar - 2019	30 Jun - 2019	30 Sep - 2019	31 Dec - 2019
Business – Large	12,292,177,368	13,052,151,120	13,874,327,643	14,011,650,632	15,018,013,995
Business – MSME	2,443,988,796	1,976,598,135	2,284,399,369	2,520,014,378	2,755,318,895
Agriculture – Large	4,445,814,984	4,733,971,987	5,159,926,529	5,304,540,346	6,160,518,210
Agriculture – Small	324,201,951	197,799,065	191,531,307	192,362,424	177,462,010
Households & Individuals	14,367,978,195	14,694,884,463	15,076,698,741	15,532,287,759	15,682,259,531
Government	2,206,057,809	3,111,453,608	3,315,305,394	3,285,327,400	3,892,674,018
Other end-users	464,300,354	363,234,941	469,417,333	366,990,320	316,286,048
<b>Total</b>	<b>36,544,519,458</b>	<b>38,130,093,317</b>	<b>40,371,606,316</b>	<b>41,213,173,260</b>	<b>44,002,532,707</b>

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 civil servants' loan deductions observed throughout 2019, coupled with contagion risk arising from the interconnectedness of the affected credit service providers, created liquidity and capital adequacy challenges for some credit service providers with potential adverse implications for the stability of the financial system.

# Conclusion

In 2019, overall credit posted positive growth, albeit at a lower rate than in the preceding year. In terms of composition, households and individuals, with outstanding loans amounting to K15,682.3 million, were the largest credit end-user category. They represented 35.6 percent of total outstanding loans as at 31 December 2019.

In the four years to 31 December 2019, there generally were upward trends in both the volume and value of loan disbursements to households. The growth of the value of loan disbursements was higher than the GDP growth rate. As a consequence of both a decline in the annual GDP growth rate and an increase in the annual growth rate in outstanding loans to households, the ratio of outstanding household loans to real GDP increased from 8.0 percent at end-December 2016 to 11.0 percent at end-December 2019. Further, the level of NPLs also rose faster than the growth in total loans to households resulting in the ratio of NPLs to gross loans rising from 5.8 percent at end December 2016 to 10.0 percent at end-December 2019.

Given that households represented the largest credit end-user category, the rise in the NPL ratio for households over the period 2016 to 2019 had potential adverse implications for financial system stability that may arise from larger loan loss provisions that credit providers may require to make to recognise the deterioration in the quality of the household loan book. Higher loan loss provisions may in turn impact the profitability and eventually the capital adequacy of the financial sector, if the rising trend in household NPLs is not reversed.

However, credit from credit service providers licensed by the BoZ does not paint a complete picture of the emerging debt stress to households. In the period from 2016, it was observed that a number of Money Lenders mushroomed in Zambia and were a source of appreciable levels of credit to individuals. Statistics on the volume and value of credit provided by Money Lenders are not available because the activities of these players in the larger credit market are not effectively overseen or monitored.

In this regard, a number of measures can be considered that can improve future analyses of credit data in order to proactively identify a build-up of credit to households that may have adverse implication for financial stability. These measures include the following:

- a) The Zambia Statistics Agency should consider conducting annual household income surveys for purposes of estimating household income levels;
- b) The BoZ should work with other relevant competent authorities to collect and maintain statistics that would be useful in constructing a range of indicators to measure levels of over-indebtedness by households. The indicators could include:
  - Household debt to income ratio;
  - Loan instalment to income ratio;
  - Number of monthly household loan instalments in arrears;
  - Number of loan agreements per household

Such indicators would provide the BoZ with a more accurate picture of emerging risks of debt stress in the household sector and could be used in assessing the financial stability implications of rising household debt.

- c) The BoZ in coordination with the Ministry of Finance should modernise the Money Lenders Act and subsequently harmonise it with the Banking and Financial Services Act in order to eliminate regulatory arbitrage opportunities that are exploited by Money Lenders. The modernisation of the Money Lenders Act is expected to create opportunities for the BoZ and the Ministry of Finance to work jointly on designing and implementing a monitoring system for the Money Lenders sub-sector to bring about visibility on the activities of the Money Lenders through maintenance of basic statistics of credit to the household sector that emanates from Money Lenders. Such statistics would support an accurate assessment of the progression of debt stress levels in the household sector.

# Appendices

## Demand for Credit – Number of Loan Applications

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Agriculture- Large	111	74	88	222
Agriculture- Small and Emergent	205	169	188	615
Business- Large	493	394	390	434
Business- MSME	43,290	64,450	94,165	96,326
Government	33	64	28	20
Households and Individuals	5,454,540	6,129,319	6,262,322	6,390,358
Other end users	3	1	2	7
<b>Total</b>	<b>5,498,675</b>	<b>6,194,471</b>	<b>6,357,183</b>	<b>6,487,982</b>

## Credit Supply – Number of Loan Disbursements

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Agriculture- Large	111	77	90	155
Agriculture- Small and Emergent	415	368	394	647
Business- Large	471	378	319	433
Business- MSME	40,572	44,881	47,043	43,707
Government	30	77	35	14
Households and Individuals	1,782,849	1,955,490	1,899,365	1,169,818
Other end users	7	1	3	5
<b>Total</b>	<b>1,824,455</b>	<b>2,001,272</b>	<b>1,947,249</b>	<b>1,214,779</b>

## Credit Supply - Disbursements by Product (Kwacha)

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Leases and Other asset-backed loans	1,699,930,018	1,637,769,770	1,126,602,438	1,716,765,473
Mortgages	4,814,447,149	1,079,970,220	619,229,610	1,138,919,231
Revolving credit facilities	6,114,015,095	927,411,950	838,180,100	2,012,294,817
Unsecured loans	2,047,908,736	2,163,078,256	2,223,949,189	2,126,336,044
<b>Total (Kwacha)</b>	<b>14,676,300,998</b>	<b>5,808,230,196</b>	<b>4,807,961,337</b>	<b>6,994,315,565</b>

## Credit Supply - Number of Loan Disbursements by Credit Products

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Leases and Other asset-backed loans	8,506	10,029	10,511	9,488
Mortgages	580	724	570	562
Revolving credit facilities	1,369	1,359	1,030	828
Unsecured loans	1,814,005	1,989,163	1,935,142	1,203,906
<b>Total</b>	<b>1,824,460</b>	<b>2,001,275</b>	<b>1,947,253</b>	<b>1,214,784</b>

## Proportion of Disbursements by Institution Type (Kwacha)

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Banks	91.2%	82.2%	72.5%	83.0%
Building Societies	0.7%	1.4%	1.9%	0.7%
Enterprise lending MFIs	1.4%	3.3%	4.0%	2.8%
Consumer lending MFIs	4.8%	7.6%	14.9%	6.4%
Other NBFIs	2.0%	5.4%	6.7%	7.1%

## Proportion of Disbursements by Institution Type (Number)

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Banks	0.9%	1.0%	1.0%	1.5%
Building Societies	0.3%	0.2%	0.2%	0.3%
Enterprise lending MFIs	1.4%	1.5%	1.7%	2.6%
Consumer lending MFIs	7.6%	7.5%	8.4%	13.1%
Other NBFIs	89.8%	89.8%	88.7%	82.5%

**Total Disbursements by End-User (Kwacha)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Agriculture- Large	3,113,490,600	207,035,480	493,380,690	1,490,529,040
Agriculture- Small and Emergent	9,364,049	7,371,172	17,079,576	11,449,580
Business- Large	7,808,442,483	2,003,743,666	1,449,695,896	2,424,698,980
Business- MSME	513,173,346	632,446,764	538,953,928	531,080,855
Government	1,212,985,910	1,140,244,590	314,010,416	943,543,200
Households and Individuals	1,902,996,278	1,817,337,450	1,992,504,905	1,503,904,225
Other end users	115,847,730	50,000	2,335,570	89,108,768
<b>Total</b>	<b>14,676,300,396</b>	<b>5,808,229,122</b>	<b>4,807,960,981</b>	<b>6,994,314,649</b>

**Total Disbursements by End-User (Number)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Agriculture- Large	111	77	90	155
Agriculture- Small and Emergent	415	368	394	647
Business- Large	471	378	319	433
Business- MSME	40,572	44,881	47,043	43,707
Government	30	77	35	14
Households and Individuals	1,782,849	1,955,490	1,899,365	1,169,818
Other end users	7	1	3	5
<b>Total</b>	<b>1,824,455</b>	<b>2,001,272</b>	<b>1,947,249</b>	<b>1,214,779</b>

**Total Disbursements by Province (Kwacha)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Central	241,703,981	215,589,238	203,316,899	280,651,769
Copperbelt	3,390,869,689	1,099,770,058	698,085,319	1,254,211,275
Eastern	100,090,185	81,770,309	104,199,358	67,017,243
Luapula	54,997,894	47,035,974	60,095,836	33,898,932
Lusaka	10,288,386,212	3,678,167,614	3,099,314,367	4,949,117,430
Muchinga	49,661,615	45,894,225	61,995,214	33,677,831
Northern	70,975,910	63,232,960	75,017,220	48,756,658
North-Western	199,691,777	336,684,661	161,391,936	109,119,858
Southern	217,265,903	191,192,965	267,288,761	167,428,946
Western	62,657,224	48,892,386	77,256,181	50,439,967
<b>Total</b>	<b>14,676,300,390</b>	<b>5,808,230,390</b>	<b>4,807,961,091</b>	<b>6,994,319,909</b>

**Total Disbursements by Province (Number)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Central	155,014	163,799	,497	10,009
Copperbelt	467,737	439,696	410,634	322,906
Eastern	77,460	88,881	92,891	53,874
Luapula	47,221	56,452	58,340	35,677
Lusaka	717,020	831,247	790,791	412,609
Muchinga	45,529	51,836	53,750	36,364
Northern	66,539	66,335	73,023	45,566
North-Western	88,919	87,137	85,667	69,469
Southern	120,104	159,442	159,877	93,807
Western	38,914	56,446	54,782	34,498
<b>Total</b>	<b>1,824,457</b>	<b>2,001,271</b>	<b>1,947,252</b>	<b>1,214,779</b>

**Total Disbursements by Rural/Urban (Kwacha)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Rural	481,252,432	659,233,963	523,158,135	753,403,092
Urban	14,074,724,474	5,148,995,196	4,284,802,956	6,240,916,817
<b>Total</b>	<b>14,555,976,906</b>	<b>5,808,229,159</b>	<b>4,807,961,091</b>	<b>6,994,319,909</b>

**Total Disbursements by Rural/Urban (Number)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Rural	436,228	2,001,272	531,294	338,665
Urban	1,329,220	575,147	1,415,958	876,114
<b>Total</b>	<b>1,765,448</b>	<b>28.7%</b>	<b>1,947,252</b>	<b>1,214,779</b>

**Access by Women (Kwacha)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Total disbursements	14,676,300,396	5,808,229,122	4,807,960,981	6,994,314,649
Disbursements to women	725,488,982	619,411,674	714,675,937	529,324,985
Portion of total disbursements accessed by women	4.9%	10.7%	14.9%	7.6%

**Access by Women (Number)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Total disbursements	1,824,455	2,001,272	1,947,253	1,214,784
Disbursements to women	526,080	575,147	580,648	352,706
Portion of total disbursements accessed by women	28.8%	28.7%	29.8%	29.0%

**Access by Youth (Kwacha)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Total disbursements	14,676,300,396	5,808,229,122	4,807,959,151	6,994,315,854
Disbursements to youth	866,281,808	916,412,586	809,671,970	613,056,116
Portion of total disbursements accessed by youth	5.9%	15.8%	16.8%	8.8%

**Access by Youth (Number)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Total disbursements	1,824,455	2,001,272	1,947,253	1,214,784
Disbursements to youth	1,164,038	1,257,401	1,265,439	699,349
Portion of total disbursements accessed by Youth	63.8%	62.8%	65.0%	57.6%

**Households and Individuals  
Disbursement by Income Category (Kwacha)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Income ZMW 0 - ZMW 2000	215,990,636	216,537,578	270,279,037	173,320,624
Income ZMW 2001 - ZMW 4000	337,068,918	234,328,754	271,767,141	229,595,265
Income ZMW 4001 - ZMW 6000	433,611,158	466,363,137	432,348,616	334,421,909
Income above ZMW 6000	916,325,999	900,109,128	1,018,110,003	766,566,732
<b>Total Kwacha disbursed</b>	<b>1,902,996,711</b>	<b>1,817,338,597</b>	<b>1,992,504,797</b>	<b>1,503,904,530</b>

**Disbursement by Income Category (Number)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Income ZMW0 - ZMW 2000	1,066,477	1,167,494	1,245,831	725,205
Income ZMW 2001 - ZMW 4000	346,061	387,616	317,192	220,279
Income ZMW 4001 - ZMW 6000	345,841	373,888	300,262	190,848
Income above ZMW 6000	24,469	26,493	36,085	33,486
Total number of loans disbursed	1,782,848	1,955,491	1,899,370	1,169,818

**Disbursements of Unsecured Credit by Loan Tenure (Kwacha)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
0 to 3 months	417,547,570	454,134,636	515,176,863	462,846,032
4 - 6 months	65,409,032	67,400,842	37,764,152	44,382,404
7 - 12 months	80,471,713	52,255,365	82,360,366	49,976,231
13 - 48 months	382,495,359	371,163,851	365,841,124	233,702,885
More than 48 months	744,978,772	676,222,506	849,754,414	544,406,845
<b>Total</b>	<b>1,690,902,446</b>	<b>1,621,177,200</b>	<b>1,850,896,919</b>	<b>1,335,314,397</b>

**Disbursements of Unsecured Credit by Loan Tenure (Number)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
0 to 3 months	1,716,806	1,887,800	1,845,920	1,135,824
4 - 6 months	13,888	36,749	7,135	8,680
7 - 12 months	13,513	6,372	9,193	5,275
13 - 48 months	16,977	11,196	17,789	9,195
More than 48 months	18,805	11,361	17,798	9,631
<b>Total</b>	<b>1,779,989</b>	<b>1,953,478</b>	<b>1,897,835</b>	<b>1,168,605</b>

**Disbursements of Unsecured Credit—Purpose of Borrowing (Kwacha)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Business	135,778,586	81,274,603	163,801,462	55,498,805
Education fees	267,537,547	111,119,912	254,277,928	99,234,224
Farming	15,236,018	7,897,460	12,449,533	8,510,213
Home improvement/incremental home construction	110,980,131	69,378,043	123,482,835	63,209,130
Living expenses	268,558,588	258,834,817	265,685,057	199,208,570
Medical or funeral expenses	51,382,579	50,778,438	61,753,329	38,879,100
Other purpose	814,299,381	1,017,799,076	940,213,577	853,324,254
Purchase of land	13,498,427	13,227,401	14,672,300	11,317,602
Purchase of vehicle	13,631,213	10,866,742	14,560,484	6,132,614
<b>Total (Kwacha)</b>	<b>1,690,902,470</b>	<b>1,621,176,492</b>	<b>1,850,896,506</b>	<b>1,335,314,512</b>

**Disbursement of Unsecured Credit —Purpose of Borrowing (Number)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Business	343,842	374,357	332,696	190,379
Education fees	246,023	251,792	446,585	255,033
Farming	836	335	559	366
Home improvement/incremental home construction	4,202	2,724	4,670	1,878
Living expenses	754,641	848,897	625,909	385,025
Medical or funeral expenses	252,907	277,330	295,035	171,379
Other purpose	176,279	197,340	191,189	163,782
Purchase of land	698	368	602	355
Purchase of vehicle	563	335	592	409
<b>Total</b>	<b>1,779,991</b>	<b>1,953,478</b>	<b>1,897,838</b>	<b>1,168,605</b>

**Disbursements of Unsecured Credit by loan size (Kwacha)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
ZMW 0- ZMW 2 000	327,345,796	370,620,509	409,826,627	316,437,182
ZMW 2.1K- ZMW 5K	151,958,517	131,783,149	114,135,955	123,053,380
ZMW 5.1K - 10K	98,066,371	65,033,060	116,670,898	95,381,626
ZMW 10.1K - 50K	498,316,864	299,813,517	482,393,394	241,179,328
Above 50K	615,215,615	753,926,494	727,871,087	559,262,433
<b>Total</b>	<b>1,690,903,163</b>	<b>1,621,176,729</b>	<b>1,850,897,962</b>	<b>1,335,313,949</b>

**Disbursements of Unsecured Credit by loan size (Number)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
ZMW 0- ZMW 2 000	1,690,838	1,865,076	1,817,766	1,098,954
ZMW 2.1K- ZMW 5K	47,511	59,869	35,537	40,038
ZMW 5.1K - 10K	13,649	9,192	14,588	11,768
ZMW 10.1K - 50K	21,077	10,890	21,266	9,585
Above 50K	6,919	8,447	8,683	8,260
<b>Total</b>	<b>1,779,994</b>	<b>1,953,474</b>	<b>1,897,840</b>	<b>1,168,605</b>

**Businesses - Small**
**Disbursements by Enterprise Size (Kwacha)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Group loan	91,264,800	500	98,137,500	126,409,660
Single person MSME	137,793,721	107,390,476	101,201,556	98,203,420
1-4 People employed	44,985,310	88,851,600	95,836,080	88,651,674
5-10 People employed	85,158,800	154,380,940	57,623,072	82,779,740
11-20 People employed	54,060,826	35,275,578	30,852,193	19,649,276
21-50 People employed	36,141,472	72,637,813	113,226,743	39,718,819
51-100 People employed	63,768,607	81,172,850	42,076,737	75,668,283
<b>Total Kwacha disbursed</b>	<b>513,173,536</b>	<b>632,446,757</b>	<b>538,953,881</b>	<b>531,080,872</b>

### Disbursements by Enterprise Size (Number)

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Group loan	20,026	25,671	27,928	25,910
Single person MSME	17,462	15,353	13,180	13,059
1-4 People employed	2,338	3,089	3,353	2,829
5-10 People employed	522	556	2,370	1,720
11-20 People employed	131	118	111	74
21-50 People employed	55	68	69	81
51-100 People employed	40	26	31	34
<b>Total number of loans disbursed</b>	<b>40,574</b>	<b>44,881</b>	<b>47,043</b>	<b>43,707</b>

### Disbursement by Product Type (Kwacha)

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Mortgages	100,456,023	176,607,630	127,138,012	94,373,374
Leases and Other asset-backed loans	203,168,151	207,874,584	222,803,526	248,732,520
Unsecured loans	89,450,567	118,460,565	88,757,376	84,570,654
Revolving credit facilities	120,098,734	129,504,181	100,254,973	103,404,266
<b>Total</b>	<b>513,173,475</b>	<b>632,446,960</b>	<b>538,953,887</b>	<b>531,080,814</b>

### Disbursement by Product Type (Number)

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Mortgages	275	353	248	299
Leases and Other asset-backed loans	6,252	8,774	9,419	8,248
Unsecured loans	33,883	35,612	37,246	34,997
Revolving credit facilities	162	142	130	163
<b>Total</b>	<b>40,572</b>	<b>44,881</b>	<b>47,043</b>	<b>43,707</b>

### Agricultural - Small Disbursement by Farm Size (Kwacha)

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Group loan to farmer group	272,000	244,400	148,500	882,700
Smallholder up to 5 hectares	3,614,099	4,702,542	6,316,746	6,636,070
Small emergent farmer - Between 5-20 hectares	3,977,950	2,224,230	10,614,340	1,927,966
Large emergent farmer - Between 20-50 hectares	1,500,000	200,000	-	2,002,840
<b>Total Kwacha disbursed</b>	<b>9,364,049</b>	<b>7,371,172</b>	<b>17,079,586</b>	<b>11,449,576</b>

### Disbursement by Farm Size (Number)

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Group loan to farmer group	103	56	37	250
Smallholder up to 5 hectares	218	219	253	316
Small emergent farmer - Between 5-20 hectares	93	92	104	48
Large emergent farmer - Between 20-50 hectares	1	1	-	33
<b>Total number of loans disbursed</b>	<b>415</b>	<b>368</b>	<b>394</b>	<b>647</b>

### Disbursement by Product Type (Kwacha)

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Mortgages	3,121,330	1,427,900	11,030,280	2,345,000
Leases and Other asset-backed loans	4,425,719	5,173,772	5,810,796	8,091,880
Unsecured loans	272,000	159,500	148,500	882,700
Revolving credit facilities	1,545,000	610,000	90,000	130,000
<b>Total</b>	<b>9,364,049</b>	<b>7,371,172</b>	<b>17,079,576</b>	<b>11,449,580</b>

### Disbursement by Product Type (Number)

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Mortgages	9	7	19	16
Leases and Other asset-backed loans	301	301	337	377
Unsecured loans	103	54	37	250
Revolving credit facilities	2	6	1	4
<b>Total</b>	<b>415</b>	<b>368</b>	<b>394</b>	<b>647</b>

**Agriculture - Large  
Disbursement by Farm Size (Kwacha)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Medium farms (51 - 200 hectares)	2,217,440	3,522,414	2,350,000	94,566,770
Large farms (201 - 500 hectares)	14,343,000	26,683,720	22,643,300	3,080,070
Extra Large farms (above 500 hectares)	3,058,128,500	163,939,200	464,398,562	1,392,882,200
Farms owned by foreign investors/non Zambian citizens (any size).	38,801,700	12,890,200	3,988,890	-
<b>Total Kwacha disbursed</b>	<b>3,113,490,640</b>	<b>207,035,534</b>	<b>493,380,752</b>	<b>1,490,529,040</b>

**Disbursement by Farm Size (Number)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Medium farms (51 - 200 hectares)	4	3	4	22
Large farms (201 - 500 hectares)	3	9	3	6
Extra Large farms (above 500 hectares)	86	60	72	127
Farms owned by foreign investors/non Zambian citizens (any size).	18	5	11	-
<b>Total number of loans disbursed</b>	<b>111</b>	<b>77</b>	<b>90</b>	<b>155</b>

**Disbursement by Product Type (Kwacha)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Mortgages	513,657,540	41,630,610	88,477,562	426,592,500
Leases and Other asset-backed loans	45,340,771	123,832,680	166,652,290	157,552,111
Unsecured loans	20,986,500	2,928,190	13,365,800	148,493,800
Revolving credit facilities	2,533,513,890	38,644,035	224,884,992	757,890,590
<b>Total</b>	<b>3,113,498,701</b>	<b>207,035,515</b>	<b>493,380,644</b>	<b>1,490,529,001</b>

**Disbursement by Product Type (Number)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Mortgages	28	12	11	17
Leases and Other asset-backed loans	34	47	57	63
Unsecured loans	10	3	5	8
Revolving credit facilities	39	15	17	67
<b>Total</b>	<b>111</b>	<b>77</b>	<b>90</b>	<b>155</b>

**Business - Large  
Disbursement by Business Size (Kwacha)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Businesses with 101-300 employees	1,528,599,783	1,135,803,866	698,729,396	929,919,780
Businesses with 300 to 500 employees	2,614,653,120	240,230,386	339,577,640	520,928,300
Businesses with more than 500 employees	3,665,189,920	627,708,760	411,388,440	973,850,100
<b>Total Kwacha disbursed</b>	<b>7,808,442,823</b>	<b>2,003,743,012</b>	<b>1,449,695,476</b>	<b>2,424,698,180</b>

**Disbursement by Business Size (Number)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Businesses with 101-300 employees	297	159	158	205
Businesses with 300 to 500 employees	36	24	28	60
Businesses with more than 500 employees	138	195	133	168
<b>Total number of loans disbursed</b>	<b>471</b>	<b>378</b>	<b>319</b>	<b>433</b>

**Disbursement by Product Type (Kwacha)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Mortgages	4,106,430,220	735,808,700	291,949,760	515,337,960
Leases and Other asset-backed loans	469,925,543	467,893,891	405,982,696	970,907,420
Unsecured loans	41,298,030	105,935,100	270,780,420	540,285,800
Revolving credit facilities	3,190,788,680	694,105,670	480,983,890	398,168,350
<b>Total</b>	<b>7,808,442,473</b>	<b>2,003,743,361</b>	<b>1,449,696,766</b>	<b>2,424,699,530</b>

**Disbursement by Product Type (Number)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Mortgages	27	27	75	31
Leases and Other asset-backed loans	191	269	185	209
Unsecured loans	14	8	15	39
Revolving credit facilities	239	74	44	154
<b>Total</b>	<b>471</b>	<b>378</b>	<b>319</b>	<b>433</b>

**Government****Disbursement to Government (Kwacha)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Central Government	931,402,000	823,115,480	283,669,386	835,543,200
Local Government	3,805,060	33,598,200	22,438,980	500,000
Parastatals	276,758,600	266,455,000	7,902,000	107,500,000
Statutory Bodies	1,020,850	17,075,900	-	-
<b>Total Kwacha disbursed</b>	<b>1,212,986,510</b>	<b>1,140,244,580</b>	<b>314,010,366</b>	<b>943,543,200</b>

**Disbursement to Government (Number)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Central Government	22	8	19	9
Local Government	3	63	15	1
Parastatals	4	4	1	4
Statutory Bodies	1	2	-	-
<b>Total number of loans disbursed</b>	<b>30</b>	<b>77</b>	<b>35</b>	<b>14</b>

**Disbursement by Product Type (Kwacha)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Leases and Other asset-backed loans	747,495,910	780,217,200	289,689,216	191,887,700
Mortgages	3,290,000	2,450,000	5,499,150	500,000
Revolving credit facilities	257,200,000	43,158,500	18,822,000	734,384,000
Unsecured loans	205,000,000	314,418,890	-	16,771,500
<b>Total</b>	<b>1,212,985,910</b>	<b>1,140,244,590</b>	<b>314,010,366</b>	<b>943,543,200</b>

**Disbursement by Product Type (Number)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Leases and Other asset-backed loans	24	60	30	8
Mortgages	2	2	1	1
Revolving credit facilities	3	10	4	4
Unsecured loans	1	5	-	1
<b>Total</b>	<b>30</b>	<b>77</b>	<b>35</b>	<b>14</b>

**Other End-Users****Disbursement to Other End-Users (Kwacha)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Affiliated companies	0	0	0	0
All others	51,431,600	0	35,570	89,060,400
Embassies and international organisations	0	0	0	0
Non-bank financial institutions	0	50,000	2,300,000	0
Non-profit organisations	2,345,530	0	0	30,000
Non-resident individuals and entities	0	0	0	0
Other banking institutions	62,070,600	0	0	18,368
<b>Total Kwacha disbursed</b>	<b>115,847,730</b>	<b>50,000</b>	<b>2,335,570</b>	<b>89,108,768</b>

**Disbursement to Other End-Users (Number)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Affiliated companies	0	0	0	0
All others	4	0	1	3
Embassies and international organisations	0	0	0	0
Non-bank financial institutions	0	1	2	0
Non-profit organisations	2	0	0	1
Non-resident individuals and entities	0	0	0	0
Other banking institutions	1	0	0	1
<b>Total number of loans disbursed</b>	<b>7</b>	<b>1</b>	<b>3</b>	<b>5</b>

**Disbursement by Product Type (Kwacha)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Leases and Other asset-backed loans	115,827,730	-	35,570	89,060,400
Mortgages	20,000	-	-	30,000
Revolving credit facilities	-	50,000	2,300,000	-
Unsecured loans	-	-	-	18,368
<b>Total</b>	<b>115,847,730</b>	<b>50,000</b>	<b>2,335,570</b>	<b>89,108,768</b>

**Disbursement by Product Type (Number)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Leases and Other asset-backed loans	6	-	1	3
Mortgages	1	-	-	1
Revolving credit facilities	-	1	2	-
Unsecured loans	-	-	-	1
<b>Total</b>	<b>7</b>	<b>1</b>	<b>3</b>	<b>5</b>

**Financial Inclusion****Access by Women (Number)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Portion of total agriculture accessed by women (%)	19.23%	35.56%	19.07%	27.21%
Small businesses	27.82%	26.83%	26.96%	29.87%
Portion of total household credit accessed by women (%)	30.53%	24.60%	28.41%	24.44%

**Access by Youth as a portion of End-User Types**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Portion of small total agriculture accessed (%)	21.29%	39.79%	17.09%	22.14%
Portion of total small business credit accessed (%)	30.88%	39.15%	22.55%	25.88%
Portion of total household credit accessed (%)	37.09%	35.03%	34.39%	31.46%

**Total Disbursements by Rural/Urban (Kwacha)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Rural	3.34%	11.35%	10.88%	10.77%
Urban	96.66%	88.65%	89.12%	89.23%

**Total Disbursements by Rural/Urban (Number)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Rural	24.16%	25.68%	27.28%	27.88%
Urban	75.84%	74.32%	72.72%	72.12%

**Quality of Loan Book  
Age Analysis**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Portion of book: Current (%)	78.17%	76.07%	76.75%	76.85%
Portion of book: 1-59 Days late (%)	9.87%	10.38%	8.56%	9.69%
Portion of book: 60-89 Days late (%)	1.79%	2.17%	3.39%	2.21%
Portion of book: 90-119 days late (%)	1.00%	1.02%	1.14%	0.98%
Portion of book: 120-179 days late (%)	1.01%	1.20%	1.20%	1.30%
Portion of book: 180+ days late (%)	8.15%	9.17%	8.96%	8.97%
<b>Total: 90 days or over</b>	<b>10.16%</b>	<b>11.38%</b>	<b>11.29%</b>	<b>11.25%</b>

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

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Business- Large	10.06%	11.57%	10.45%	9.74%
Business- MSME	17.87%	20.62%	20.36%	20.57%
Agriculture- Large	22.80%	22.31%	21.16%	19.70%
Agriculture- Small and Emergent	13.80%	22.52%	19.89%	18.79%
Households and Individuals	7.44%	8.26%	9.30%	10.03%
Government	0.06%	0.05%	0.05%	0.49%
Other end users	2.05%	16.60%	19.33%	25.99%

**Non-performing loans according to Credit**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Leases and Other asset-backed loans	9.74%	15.35%	14.98%	15.18%
Mortgages	13.75%	12.11%	12.34%	11.29%
Revolving credit facilities	13.08%	13.57%	10.57%	9.55%
Unsecured loans	6.80%	7.47%	8.78%	9.55%

**Total Book by Product (Kwacha)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Mortgages	8,999,684,952	9,789,637,632	9,586,475,412	10,387,278,842
Leases and Other asset-backed loans	8,598,146,487	9,198,669,580	9,176,259,601	10,082,835,500
Unsecured loans	14,090,076,004	14,815,390,068	15,492,042,344	16,219,331,907
Revolving credit facilities	6,442,187,310	6,567,923,752	6,958,394,680	7,313,081,340
<b>Total</b>	<b>38,130,094,753</b>	<b>40,371,621,032</b>	<b>41,213,172,037</b>	<b>44,002,527,589</b>

**Total Book by Product (Number)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Mortgages	8,146	8,088	7,329	7,739
Leases and Other asset-backed loans	39,630	40,546	41,216	39,912
Unsecured loans	1,513,283	1,728,109	4,703,451	3,879,559
Revolving credit facilities	92,295	64,744	93,788	104,926
<b>Total</b>	<b>1,653,354</b>	<b>1,841,487</b>	<b>4,845,784</b>	<b>4,032,136</b>

**Total Outstanding Loans by End-User (Number)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Agriculture- Large	1,619	1,404	1,277	1,279
Agriculture- Small and Emergent	2,318	1,707	1,868	2,072
Business- Large	5,934	5,996	4,900	4,649
Business- MSME	87,865	101,931	125,563	128,071
Government	1,031	953	2,333	2,110
Households and Individuals	1,554,234	1,729,169	4,709,496	3,893,654
Other end users	353	324	344	297
<b>Total</b>	<b>1,653,354</b>	<b>1,841,484</b>	<b>4,845,781</b>	<b>4,032,132</b>

**Total Outstanding Loans by End-User (Kwacha)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Agriculture- Large	4,733,971,987	5,159,926,529	5,304,540,346	6,160,518,210
Agriculture- Small and Emergent	197,799,065	191,531,307	192,362,424	177,462,010
Business- Large	13,052,151,120	13,874,327,643	14,011,650,632	15,018,013,995
Business- MSME	1,976,598,135	2,284,399,369	2,520,014,378	2,755,318,895
Government	3,111,453,608	3,315,305,394	3,285,327,400	3,892,674,018
Households and Individuals	14,694,884,463	15,076,698,741	15,532,287,759	15,682,259,531
Other end users	363,234,941	469,417,333	366,990,320	316,286,048
<b>Total</b>	<b>38,130,093,317</b>	<b>40,371,606,316</b>	<b>41,213,173,260</b>	<b>44,002,532,707</b>

**Allowance for losses**
**Allowance for losses by End User**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Business- Large	7.9%	8.1%	8.1%	7.6%
Business- MSME	15.9%	18.3%	18.3%	19.1%
Agriculture- Large	13.3%	17.3%	17.3%	16.7%
Agriculture- Small and Emergent	9.2%	19.6%	19.6%	16.9%
Households and Individuals	7.2%	10.8%	10.8%	10.1%
Government	0.2%	0.3%	0.3%	0.3%
Other end users	1.1%	16.8%	16.8%	22.8%

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

**Allowance for losses - Institution types**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Gross Value of the debtors book (ZMW)	31,046,024,836	32,481,489,914	33,034,889,232	35,472,276,322
Allowance for loan losses (ZMW)	2,118,480,410	2,623,951,128	2,647,863,448	2,893,685,523
Banks	6.82%	8.08%	8.02%	8.16%
Gross Value of the debtors book (ZMW)	859,812,870	839,191,900	685,036,000	692,194,000
Allowance for loan losses (ZMW)	169,346,600	156,572,220	75,634,700	121,165,600
Building Societies	19.70%	18.66%	11.04%	17.50%
Gross Value of the debtors book (ZMW)	698,463,708	708,921,315	678,771,069	711,059,285
Allowance for loan losses (ZMW)	99,915,939	97,012,383	80,633,478	75,004,351
Micro Finance Institutions - Small business development	14.31%	13.68%	11.88%	10.55%
Gross Value of the debtors book (ZMW)	5,088,192,685	5,061,560,530	5,576,821,804	5,668,085,017
Allowance for loan losses (ZMW)	499,328,636	639,698,722	842,869,535	617,202,049
Micro Finance Institutions - other	9.81%	12.64%	15.11%	10.89%
Gross Value of the debtors book (ZMW)	437,599,218	1,280,442,657	1,237,655,156	1,458,918,083
Allowance for loan losses (ZMW)	174,736,547	563,342,249	651,077,773	698,267,531
Other	39.93%	44.00%	52.61%	47.86%
Total Gross Value of debtors book (ZMW)	38,130,093,317	40,371,606,316	41,213,173,260	44,002,532,707
Allowance for loan losses (ZMW)	3,061,808,131	4,080,576,702	4,298,078,934	4,405,325,054
Net Book (ZMW)	35,068,285,186	36,291,029,614	36,915,094,327	39,597,207,653
Allowance as percentage of gross book (%)	8.03%	10.11%	10.43%	10.01%

**Allowance as a percentage of each product's Gross Book (%)**

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Mortgages	10.2%	10.2%	9.8%	9.4%
Leases and Other asset-backed loans	6.1%	11.9%	12.4%	12.2%
Unsecured loans	7.4%	8.8%	10.1%	9.2%
Revolving credit facilities	8.9%	10.4%	9.4%	9.6%

## Age Analysis

### Portion of the value of each end user's book that is 90 days and more late

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Agriculture- Large	22.80%	22.31%	21.16%	19.70%
Agriculture- Small and Emergent	13.80%	22.52%	19.89%	18.79%
Business- Large	10.06%	11.57%	10.45%	9.74%
Business- MSME	17.87%	20.62%	20.36%	20.57%
Government	0.06%	0.05%	0.05%	0.49%
Households and Individuals	7.44%	8.26%	9.30%	10.03%
Other end users	2.05%	16.60%	19.33%	25.99%

### Portion of the value of each institution type's book that is 90 days and more late

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Banks	9.9%	9.7%	9.2%	8.9%
Building Societies	25.2%	24.7%	14.5%	25.2%
Enterprise lending MFIs	11.8%	11.3%	9.1%	7.5%
Consumer lending MFIs	7.7%	10.0%	13.0%	12.9%
Other NBFIs	25.9%	51.9%	58.5%	56.9%

### Portion of the value of each product type's book that is 90 days and more late

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Mortgages	13.8%	12.1%	12.3%	11.3%
Leases and Other asset-backed loans	9.7%	15.3%	15.0%	15.2%
Unsecured loans	6.8%	7.5%	8.8%	9.6%
Revolving credit facilities	13.1%	13.6%	10.6%	9.6%

### Age analysis of non-performing loans - Business Large

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Portion of book: Current	84.25%	81.18%	83.28%	84.19%
Portion of book: 1-29 days late	3.89%	5.04%	4.15%	4.36%
Portion of book: 30-59 days late	1.30%	0.99%	1.24%	1.53%
Portion of book: 60-89 days late	0.51%	1.23%	0.89%	0.18%
Portion of book: 90-119 days late	0.79%	0.74%	0.34%	0.33%
Portion of book: 120-179 days late	0.78%	0.94%	0.92%	1.36%
Portion of book: 180 and more days late	8.49%	9.89%	9.18%	8.05%
<b>Total</b>	<b>13,052,153,832</b>	<b>13,874,321,955</b>	<b>14,011,646,214</b>	<b>15,018,015,050</b>

### Age analysis of non-performing loans - MSME

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Portion of book: Current	73.48%	67.74%	70.83%	68.63%
Portion of book: 1-29 days late	5.77%	7.18%	6.17%	6.88%
Portion of book: 30-59 days late	1.98%	1.56%	1.67%	2.17%
Portion of book: 60-89 days late	0.90%	2.89%	0.97%	1.76%
Portion of book: 90-119 days late	0.47%	0.93%	1.00%	1.22%
Portion of book: 120-179 days late	1.37%	1.12%	1.65%	0.61%
Portion of book: 180 and more days late	16.03%	18.58%	17.71%	18.74%
<b>Total</b>	<b>1,976,598,091</b>	<b>2,284,400,821</b>	<b>2,520,014,831</b>	<b>2,755,319,970</b>

### Age analysis of non-performing loans - Agriculture Large

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Portion of book: Current	65.64%	68.62%	69.16%	69.94%
Portion of book: 1-29 days late	4.34%	1.74%	2.49%	3.72%
Portion of book: 30-59 days late	0.12%	0.44%	0.00%	0.95%
Portion of book: 60-89 days late	7.10%	6.89%	7.18%	5.68%
Portion of book: 90-119 days late	2.50%	1.86%	1.01%	1.36%
Portion of book: 120-179 days late	1.16%	0.39%	0.05%	0.79%
Portion of book: 180 and more days late	19.14%	20.07%	20.10%	17.55%
<b>Total</b>	<b>4,733,972,513</b>	<b>5,159,925,011</b>	<b>5,304,538,508</b>	<b>6,160,520,376</b>

#### Age analysis of non-performing loans - Agricultural Small

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Portion of book: Current	76.19%	73.68%	73.54%	74.04%
Portion of book: 1-29 days late	5.74%	2.57%	5.54%	5.93%
Portion of book: 30-59 days late	4.02%	0.12%	0.42%	0.95%
Portion of book: 60-89 days late	0.25%	1.11%	0.60%	0.29%
Portion of book: 90-119 days late	1.79%	2.71%	0.25%	0.10%
Portion of book: 120-179 days late	3.87%	0.72%	1.60%	0.40%
Portion of book: 180 and more days late	8.14%	19.09%	18.04%	18.30%
<b>Total</b>	<b>197,799,490</b>	<b>191,531,311</b>	<b>192,362,880</b>	<b>177,462,000</b>

#### Age analysis of non-performing loans - Households and Individuals

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Portion of book: Current	72.70%	70.24%	70.06%	70.33%
Portion of book: 1-29 days late	14.01%	15.41%	10.28%	8.56%
Portion of book: 30-59 days late	4.08%	4.30%	4.85%	7.99%
Portion of book: 60-89 days late	1.77%	1.79%	5.51%	3.08%
Portion of book: 90-119 days late	1.01%	1.23%	2.20%	1.68%
Portion of book: 120-179 days late	1.32%	2.02%	2.03%	1.91%
Portion of book: 180 and more days late	5.11%	5.01%	5.07%	6.44%
<b>Total</b>	<b>14,694,899,875</b>	<b>15,076,686,950</b>	<b>15,532,278,723</b>	<b>15,682,245,518</b>

#### Age analysis of non-performing loans - Government

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Portion of book: Current	98.5%	98.4%	97.8%	92.3%
Portion of book: 1-29 days late	1.4%	0.6%	1.8%	5.5%
Portion of book: 30-59 days late	0.0%	1.0%	0.3%	0.1%
Portion of book: 60-89 days late	0.1%	0.0%	0.0%	1.6%
Portion of book: 90-119 days late	0.0%	0.0%	0.0%	0.0%
Portion of book: 120-179 days late	0.0%	0.0%	0.0%	0.0%
Portion of book: 180 and more days late	0.1%	0.0%	0.0%	0.5%
<b>Total</b>	<b>3,111,453,667</b>	<b>3,315,306,036</b>	<b>3,285,328,034</b>	<b>3,892,673,684</b>

#### Age analysis of non-performing loans - Other

	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019
Portion of book: Current	97.33%	78.24%	74.12%	69.60%
Portion of book: 1-29 days late	0.45%	2.77%	3.48%	4.30%
Portion of book: 30-59 days late	0.00%	0.01%	0.00%	0.08%
Portion of book: 60-89 days late	0.17%	2.39%	3.06%	0.02%
Portion of book: 90-119 days late	0.16%	0.00%	0.00%	0.00%
Portion of book: 120-179 days late	0.15%	0.71%	0.46%	0.54%
Portion of book: 180 and more days late	1.74%	15.88%	18.87%	25.46%
<b>Total</b>	<b>363,234,637</b>	<b>469,417,484</b>	<b>366,990,257</b>	<b>316,286,335</b>



BANK OF ZAMBIA

