



BANK OF ZAMBIA

OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS

June 16, 2006

CB Circular No: 04/2006

TO : All Commercial Banks

**CORE LIQUID ASSETS RATIO**

Reference is made to our CB Circular 10/2001 of February 27, 2001.

Notice is hereby given to all commercial banks that effective July 1, 2006, the core liquid assets ratio will be 9% of commercial banks' total liabilities to the public, instead of the current 35%. In addition, eligible assets will exclude Government securities with an original term to maturity in excess of 182 days.

The reduction in the core liquid assets ratio is intended to allow commercial banks greater and essential flexibility in managing their balance sheets. In addition, it is expected that this will trigger a reduction in the cost of funds to the private sector so as to support economic growth.

A handwritten signature in black ink, appearing to read 'Denny H Kalyalya'.

**Denny H Kalyalya (Dr)**  
**DEPUTY GOVERNOR – OPERATIONS**

Cc: Governor