



BANK OF ZAMBIA
OFFICE OF THE DEPUTY GOVERNOR - ADMINISTRATION

16 June, 2014

CB Circular No: 17/2014

To : All Heads of Commercial Banks

MAXIMUM EFFECTIVE ANNUAL LENDING INTEREST RATES

Further to CB Circular No. 25/2012, the Bank of Zambia wishes to advise all commercial banks that with immediate effect, the 'Factor' to be used in the computation of the maximum effective annual lending interest rate has been adjusted from 1.0 to 1.78. Therefore, based on this factor and the May 2014 Policy Rate of 12.0%, the maximum effective annual lending interest rate shall not exceed 28.0% computed as follows:

Factor	Margin	Policy Rate	Maximum Rate
(A)	(B)	(C)	((A x B) + C)
1.78	9.0	12.0%	28.0%

Further, the Bank of Zambia will continue to monitor the developments in the financial markets and will whenever necessary revise the factor applicable and/or the margin in response to changes in economic fundamentals or market conditions.


Dr Tukiya Kankasa-Mabula
DEPUTY GOVERNOR – ADMINISTRATION

Cc Governor