Bank of Zambia

ANNUAL REPORT 2023

Bank of Zambia

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Bank *of* Zambia

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BANK OF

VISION

To be a dynamic and credible central bank that contributes to the economic development of Zambia.

MISSION STATEMENT

To achieve and maintain price and financial system stability to foster sustainable economic development.

BOARD OF DIRECTORS

BOARD MEMBERS AS AT DECEMBER 31, 2023

DR. DENNY H. KALYALYA
CHAIRPERSON

MS. PAMELA K. BWALYA
NON - EXECUTIVE DIRECTOR/
VICE CHAIRPERSON

DR. PATRICIA S. KAMANGA
NON-EXECUTIVE DIRECTOR

MS SARAH T. ROSS
NON - EXECUTIVE DIRECTOR

MR. SHEBO NALISHEBO
NON - EXECUTIVE DIRECTOR

MR. CAESAR CHEELO
NON - EXECUTIVE DIRECTOR

PROF. DOUGLAS KUNDA
NON - EXECUTIVE DIRECTOR

MR. MULELE M. MULELE
EX - OFFICIO

EXECUTIVE

DR. DENNY H. KALYALYA
GOVERNOR

DR. FRANCIS CHIPIMO
DEPUTY GOVERNOR - OPERATIONS

MS. REKHA C. MHANGO
DEPUTY GOVERNOR - ADMINISTRATION

SENIOR MANAGEMENT AS AT 31ST DECEMBER 2023

DR. JONATHAN M. CHIPILI
DIRECTOR - ECONOMICS

MR. ISAAC MUHANGA
DIRECTOR - FINANCIAL MARKETS

MS. GLADYS C. CHIWELE
DIRECTOR - BANK SUPERVISION

MS. FREDA TAMBA
DIRECTOR - NON-BANK FINANCIAL INSTITUTIONS SUPERVISION

MS. MIRRIAM KAMUHUZA
DIRECTOR - PAYMENT SYSTEMS

MR. VISSCHER BBUKU
DIRECTOR – BANKING AND CURRENCY

MS. MWABA KASESE
DIRECTOR - REGIONAL OFFICE

MR. LAZAROUS KAMANGA
DIRECTOR - STRATEGY AND CHANGE MANAGEMENT

MS. NAMWANDI NDHLOVU
GENERAL COUNSEL AND BANK SECRETARY

SENIOR MANAGEMENT AS AT 31ST DECEMBER 2023

MR. DAVID MWAPE
DIRECTOR - PROCUREMENT AND MAINTENANCE SERVICES

MR. EMMANUEL MALUKUTILA
DIRECTOR - FINANCE

MR. ROY SIKWIBELE
DIRECTOR - INTERNAL AUDIT

MS. MUMBI KANDEKE MWILA
DIRECTOR - HUMAN RESOURCES

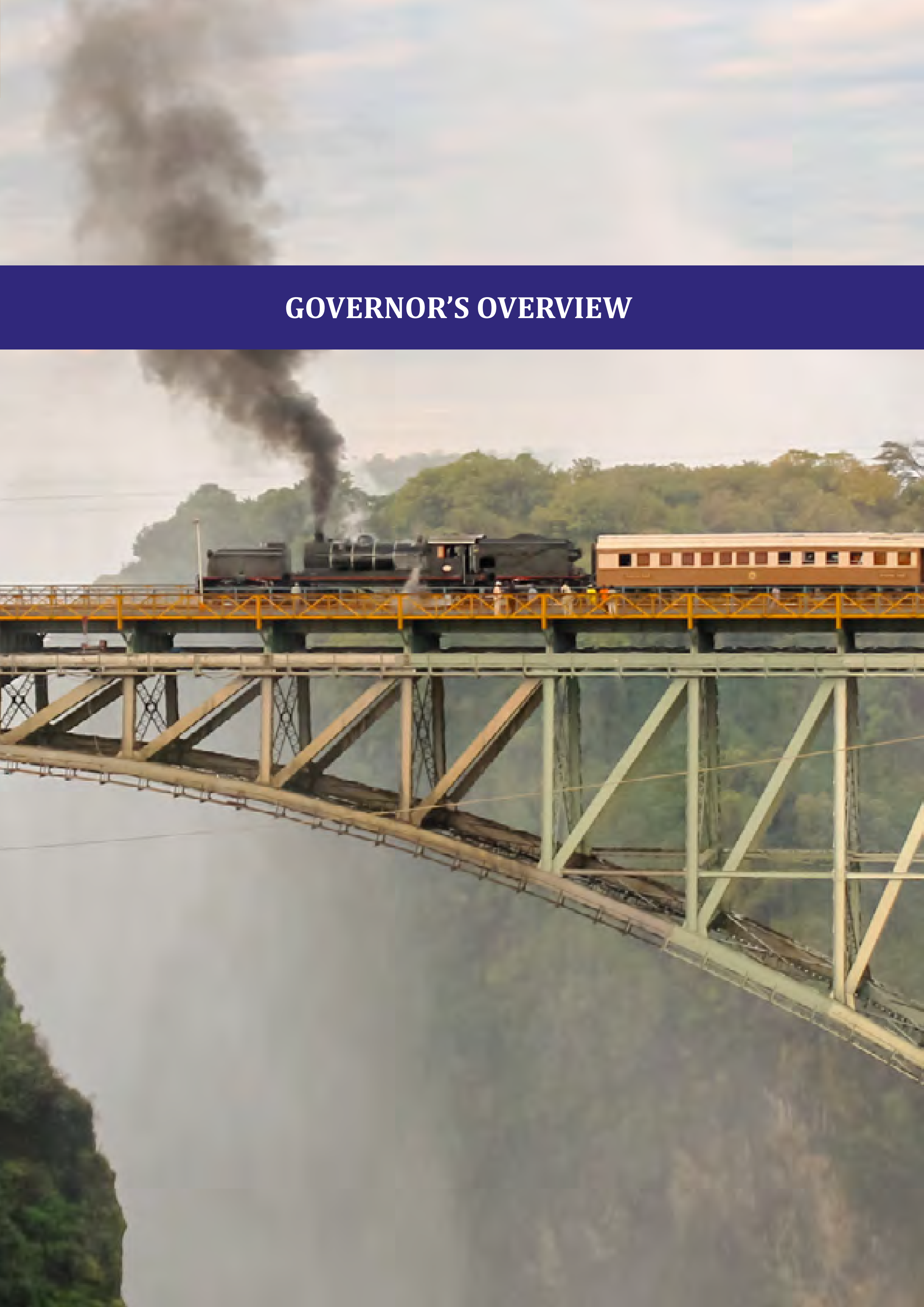
DR. GREGORY NSOFU
DIRECTOR - INFORMATION AND COMMUNICATIONS TECHNOLOGY

MR. EVANS LUNETA
DIRECTOR – RISK AND COMPLIANCE

MR. NAYOTO MOOLA
DIRECTOR -SECURITY

DR. EMMANUEL PAMU
ADVISOR

GOVERNOR'S OVERVIEW



GOVERNOR'S OVERVIEW

It is with great pleasure that I present the Bank of Zambia Annual Report for 2023. The Report reviews global and domestic macroeconomic developments and outlines activities the Bank of Zambia (BoZ or the Bank) undertook in fulfilling its primary mandate of achieving and maintaining price and financial system stability. The Report also provides information on the performance of the 2020-2023 Strategic Plan, the audited financial statements of the Bank for the year ended December 31, 2023, and statistical annexes.

The global economy faced several challenges in 2023 and these had severe spillovers on emerging markets and developing countries that include Zambia. Growth was subdued as monetary policies remained restrictive in advanced economies in order to contain elevated inflation. This led to sustained tight global financial conditions thereby contributing to the strengthening of the US dollar. In addition, growth was adversely affected by extreme weather conditions and escalation in geopolitical tension, which disrupted global supply-chains and triggered volatility in energy and food prices. These developments had adverse effects on the domestic economy, particularly on inflation.

In the second half of the year, inflationary pressures intensified as excess demand for foreign exchange amidst limited supply precipitated rapid depreciation of the Kwacha against major currencies, maize grain prices rose substantially, and fuel prices as well as electricity tariffs were adjusted upwards. The depreciation of the Kwacha was also induced by negative market sentiments arising from the delayed conclusion of the external debt restructuring.

In response to rising inflationary pressures, and projections showing that inflation would move further away from the 6-8 percent target band, monetary policy was progressively tightened by raising the Monetary Policy Rate, which by year end was at 11.0 percent from 9.0 percent. To address persistent pressures in the foreign exchange

market, the Bank raised the statutory reserve ratio on both Kwacha and foreign currency deposits. When taking these monetary policy decisions, based on current inflation and risks to the inflation outlook, the Bank was also mindful of the impact on the stability of the financial sector and also took into account the sustained progress being made on fiscal consolidation. However, given the dominance of supply-side and structural factors in the inflation dynamics, inflation ended the year at 13.1 percent from 9.9 percent at end-2022. Clearly, more work by all key stakeholders is needed to bring inflation back to the target range as quickly as possible.

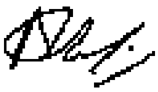
The economy is estimated to have expanded by 5.4 percent in 2023 compared to 5.2 percent in 2022. This was mostly underpinned by sustained growth in the information and communication as well as education sectors, a strong recovery of the construction sector, and continued growth in the financial and insurance sector. However, the primary sector—agriculture and mining—continued to underperform. Higher input costs, incidence of pests and unfavourable weather conditions contributed to the negative growth of the agriculture sector while operational challenges and low grade ore adversely affected the mining sector.

The financial sector remained resilient on account of strong capital adequacy, satisfactory asset quality, earnings performance and liquidity conditions. However, to safeguard public interest and provide for orderly exit of the institutions, the Bank took possession of two financial service providers as they had no viable plans of resolving their assessed insolvency. The national payment system continued to be safe and sound to support the uptake of digital financial services and promote financial inclusion.

Following protracted discussions and concerted efforts, the Bank of Zambia Act, 2022, that was enacted in the first half of 2022, became operational on August 11, 2023. This was a major milestone for the Bank which had, until then, been governed under the 1996 Act. The new Act has strengthened the mandate, autonomy and governance of the Bank. It also established two statutory committees, namely, the Monetary Policy Committee (MPC) and the Financial Stability Committee (FSC) to respectively formulate monetary policy and macro prudential policies. To respond to the dynamic landscape of the economy and the financial sector, the Bank undertook the first phase of partial re-organisation aimed at strengthening the monetary and supervisory functions.

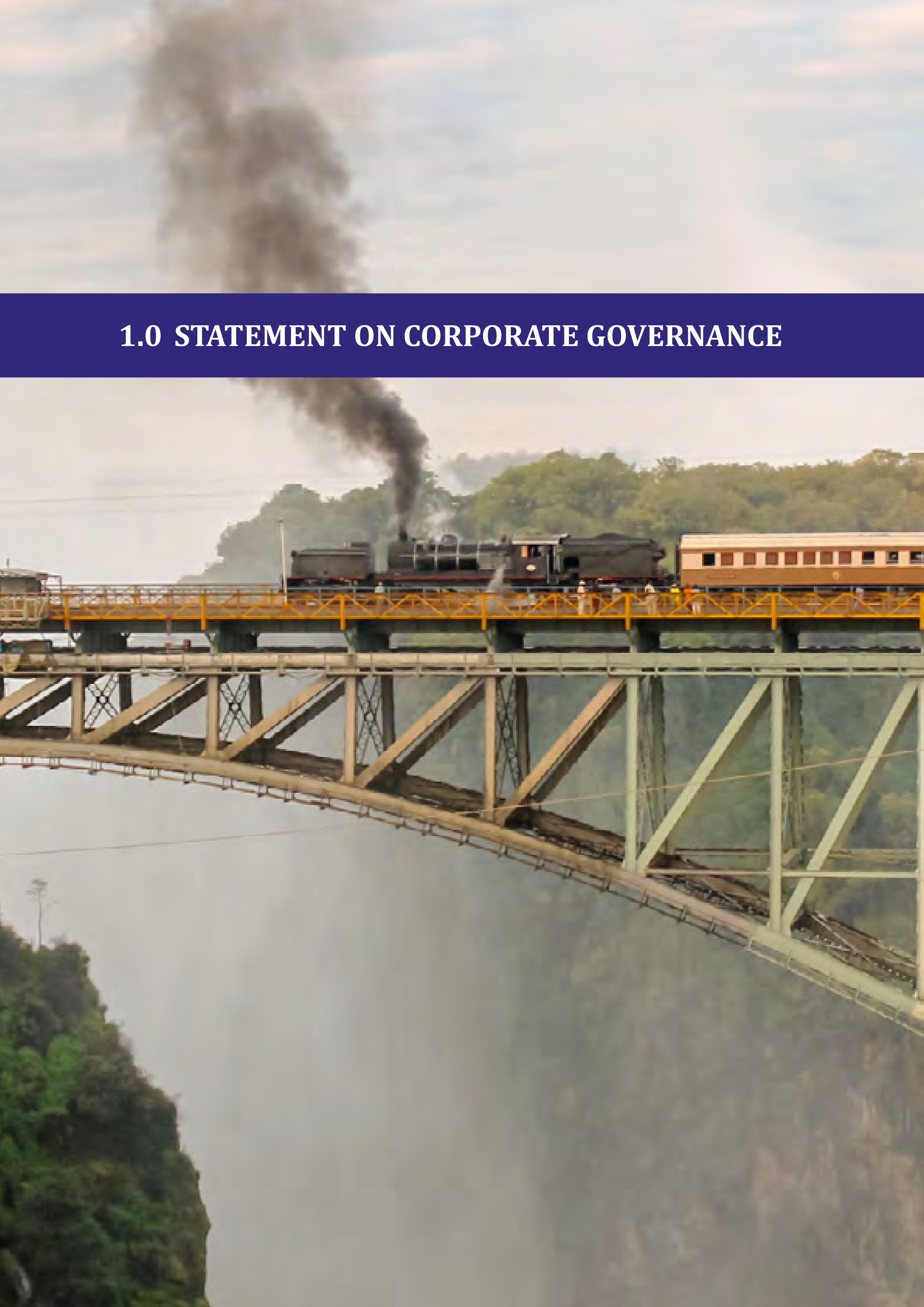
The 2020-2023 Strategic Plan ended in December 2023 with an overall completion rate of 89.1 percent despite challenges posed by the COVID-19 pandemic and delayed enactment of supporting legislation. Notable achievements under the Plan included enhancement of macroprudential regulation and supervision, gender mainstreaming in the financial sector as well as development and strengthening of financial market infrastructure and oversight. The successor Plan for the period 2024-2027 was approved by the Board in December.

Lastly, I would like to extend my profound gratitude to the Board of Directors, Management and staff of the Bank for the successful implementation of the 2020-2023 Strategic Plan and continued efforts to strengthen the institution.



DR. DENNY H. KALYALYA
GOVERNOR

1.0 STATEMENT ON CORPORATE GOVERNANCE



1.0 STATEMENT ON CORPORATE GOVERNANCE

The Bank of Zambia Board of Directors is established under the Constitution of Zambia (Amendment) Act, 2016[1]. The Board is vested with all the powers of the Bank and is responsible for formulating policies of the Bank. It is composed of the Governor, six Non-Executive Directors (NEDs) and a representative of the Secretary to the Treasury as an ex-officio member (Table 1.1).

Table 1.1: Board of Directors

Name	Position
Dr. Denny H. Kalyalya	Chairperson
Ms. Pamela K. Bwalya	Non-Executive Director/Vice Chairperson
Mr. Caesar Cheelo	Non-Executive Director
Dr. Patricia S. Kamanga	Non-Executive Director
Prof. Douglas Kunda	Non-Executive Director
Mr. Shebo Nalishebo	Non-Executive Director
Ms. Sarah T. Ross	Non-Executive Director
Mr. Mulele M. Mulele	Ex-Officio Member (representing Secretary to the Treasury)

Source: Bank of Zambia

The three Standing Committees of the Board are Audit and Finance (AFC), Appointments and Remuneration (ARC), and Governance and Risk (GRC). The roles and functions of the Committees are defined in their respective Charters. The Committees meet at least once a quarter and their composition in 2023 was as presented in Table 1.2.

Table 1.2: Composition of Board Committees

Audit and Finance	Appointments and Remuneration	Governance and Risk
Ms. Sarah T. Ross *	Dr. Patricia S. Kamanga*	Mr. Caesar Cheelo *
Ms. Pamela K. Bwalya	Ms. Pamela K. Bwalya	Ms. Sarah T. Ross
Prof. Douglas Kunda	Mr. Shebo Nalishebo	Dr. Patricia S. Kamanga
Mr. Shebo Nalishebo	Mr. Mulele M. Mulele	Mr. Mulele M. Mulele
		Prof. Douglas Kunda

Source: Bank of Zambia

*Chairperson

In 2022, the Bank of Zambia Act, 2022 was enacted. However, the commencement order was only done on August 11, 2023. The delay was caused by concerns raised by represented members of staff and their Union with some provisions in Section 15 of the new Act. It, therefore, took some time and a lot of concerted efforts to reach agreement for the Act to be operationalised. The new Act represents a major milestone for the Bank, as until then, it was governed under the 1996 Act. The Act, developed on the basis of the SADC Model Central Bank Law, also operationalises the Constitutional provision on the operational autonomy of the Bank. Among others, the Act, has established two statutory committees[2], namely, the Monetary Policy Committee (MPC) and the Financial Stability Committee (FSC) to respectively formulate monetary policy and macro prudential policies of the Republic on behalf of the Bank. The composition of the Monetary Policy Committee as at end-2023 was as presented in Table 1.3.

[1] Article 213(3)

[2] Sections 27(1) and 31(1)

Table 1.3: Monetary Policy Committee Members

Dr. Denny H. Kalyalya	Chairperson
Dr. Francis Chipimo	Deputy Governor responsible for operations – Vice Chairperson
Ms. Rekha C. Mhango	Deputy Governor responsible for administration
Dr. Jonathan M. Chipili	Director responsible for research and economic policy
Mr. Isaac Muhanga	Director responsible for monetary policy operations
Ms. Gladys C. Chiwele	Director responsible for financial stability
Mr. Alex Chakufyali	External Member
Prof. Munacinga C. Simatele	External Member

Source: Bank of Zambia

The Financial Stability Committee was yet to be constituted.

A summary of Board and Committee Meetings attendance in 2023 is presented in Tables 1.4 and 1.5.

Table 1.4: Board Meetings

Name	Position	Statutory Meetings	Special Meetings	Attendance Percent
Dr. Denny H. Kalyalya	Chairperson	2/4	5/5	78
Ms. Pamela K. Bwalya	Vice Chairperson/ NED	4/4	5/5	100
Mr. Caesar Cheelo	NED	4/4	5/5	100
Dr. Patricia S. Kamanga	NED	4/4	5/5	100
Prof. Douglas Kunda	NED	4/4	5/5	100
Mr. Shebo Nalishebo	NED	4/4	5/5	100
Ms. Sarah T. Ross	NED	4/4	5/5	100
Mr. Mulele M. Mulele	Ex-Officio	4/4	5/5	100

Source: Bank of Zambia

Table 1.5: Board Committee Meetings

Name	Position	ARC Regular and Special Meetings	AFC Regular and Special Meetings	GRC Regular Meetings	Joint ARC and AFC Meetings	Attendance Percent
Ms. Pamela K. Bwalya	Vice Chairperson	3/4	7/8		0/1	77
Mr. Caesar Cheelo	NED			6/6		100
Dr. Patricia S. Kamanga	NED	4/4		6/6	1/1	100
Prof. Douglas Kunda	NED		8/8	6/6	1/1	100
Mr. Shebo Nalishebo	NED	4/4	8/8		1/1	100
Ms. Sarah T. Ross	NED		8/8	5/6	1/1	93
Mr. Mulele M. Mulele	Ex-Officio	4/4		4/6	0/1	73

Source: Bank of Zambia

Key decisions passed by the Board included approval of the partial re-organisation of the Bank; 2024-2027 Bank of Zambia Strategic Plan; Budget for the 2024–2027 Bank of Zambia Strategic Plan; Supervisory Action against the Development Bank of Zambia and Betternow Finance Company Limited; Board Charter; The Bank of Zambia Green Finance Framework; The Banking and Financial Services (Green Loans) Guidelines; Revised Risk Management Policy; Cybersecurity Policy; Revised International Reserves Management Policy; and Revised Strategic Asset Allocation Policy.

The rationale for partial re-organisation of the Bank was to strengthen the monetary and supervisory functions in response to the dynamic landscape of the economy and the financial sector in particular. In this regard, the Bank Supervision Department was renamed and constituted as Prudential Supervision Department to supervise all commercial banks and deposit-taking non-bank financial institutions as well as superintend over a deposit protection fund to safeguard depositors in the event of insolvency. The Non-Banks Financial Institutions Supervision Department was also renamed and constituted as Financial Conduct Supervision Department to focus on regulating financial services and markets to ensure consumer protection. In addition, the Department will licence and regulate all non-deposit taking financial institutions as well as supervise anti-money laundering and countering the financing of terrorism and proliferation for all regulated financial service providers.

In line with the expanded mandate following the enactment of the Bank of Zambia Act, 2022, a new Financial Stability Department was established to implement macro prudential policy and support the newly established Financial Stability Committee. The Economics Department was split into two separate entities: Research and Statistics Departments. The Research Department will undertake research on relevant economic matters to provide a strong conceptual and empirical basis for the formulation of monetary policy and offer economic advice to the Government. The Statistics Department will be responsible for compiling and disseminating external, monetary and financial sector statistics, conducting surveys and managing the database for the Bank.

As part of its corporate social responsibility, the Bank continued to support various humanitarian, educational and health related activities. Thus, a total of K1,420,060 was disbursed to various institutions to support these activities.

2.0 DEVELOPMENTS IN THE GLOBAL ECONOMY

2.0 DEVELOPMENTS IN THE GLOBAL ECONOMY

2.1 Growth

Global growth remained subdued in 2023 as real GDP declined further to 3.1 percent from 3.5 percent in 2022 (Table 2.1 and Chart 2.1). The impact of the restrictive monetary policy stance maintained by advanced economies to curb persistent inflationary pressures; geopolitical tensions, especially the protracted Russia-Ukraine war and emergence of the Israel-Hamas conflict; and extreme weather conditions largely affected growth.

Table 2.1: World Real GDP and Inflation Rates (annual percentage change), 2021-2023

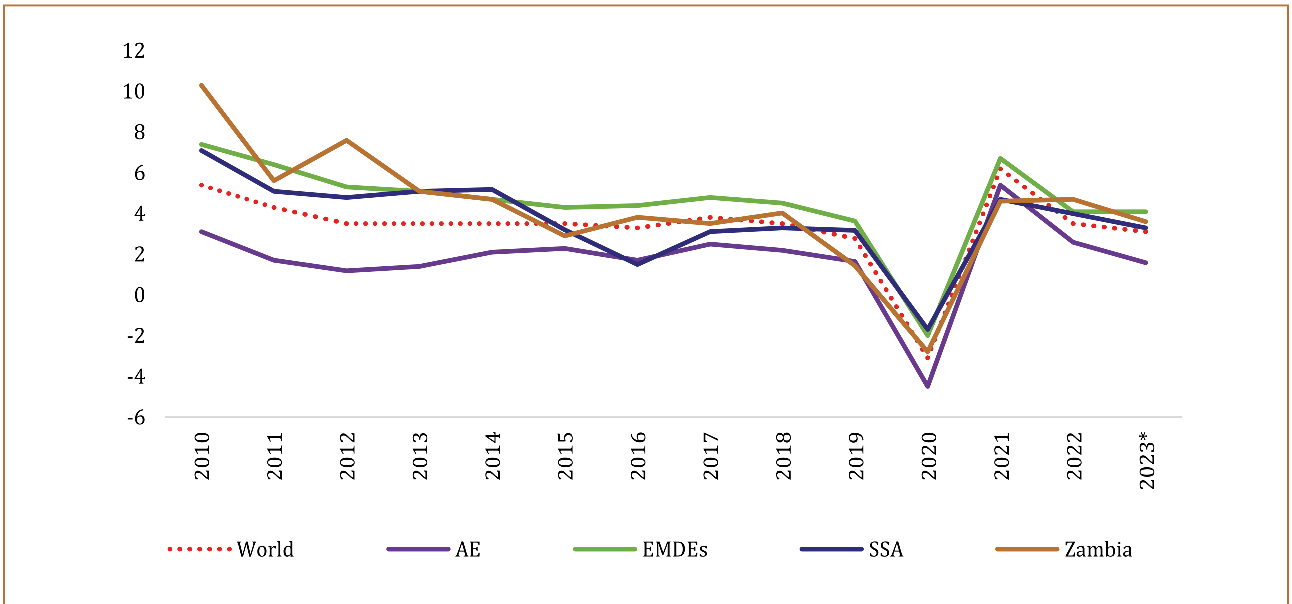
	Real GDP			Inflation		
	2021	2022	2023*	2021	2022	2023*
World	6.2	3.5	3.1	4.3	8.7	6.8
Advanced Economies	5.4	2.6	1.6	3.4	8.5	5.9
United States of America (US)	5.9	1.9	2.5	4.7	8.0	4.1
Euro Area	5.3	3.4	0.5	2.6	8.4	5.6
United Kingdom (UK)	7.6	4.3	0.5	2.6	9.1	7.7
Emerging Markets & Developing Countries	6.7	4.1	4.1	na	na	na
China	8.4	3.0	5.2	0.9	1.9	0.7
Sub-Saharan Africa	4.7	4.0	3.3	12.5	14.5	15.8
South Africa	4.9	1.9	0.6	4.6	6.9	5.8
Nigeria	3.6	3.3	2.8	17.0	18.8	25.1
Zambia	4.6	5.2	5.4	22.1	11.0	10.6

Source: IMF *World Economic Outlook* (WEO), January 2024 Update, Focus Economics, Trading Economics, Zambia Statistics Agency, Ministry of Finance and National Planning and Bank of Zambia Compilations

* = preliminary

na = not available

Chart 2.1: World GDP Growth (percent), 2010–2023



Source: IMF WEO, January 2024 and Bank of Zambia Compilations

Note: AE = Advanced Economies; EMDEs = Emerging Markets and Developing Economies; SSA = Sub-Saharan Africa

* = preliminary

Growth in advanced economies decelerated further to 1.6 percent in 2023 from 2.6 percent in 2022 (Table 2.1). This was mostly driven by significant reduction in growth in the euro area and the UK. Weak manufacturing output as a result of subdued domestic and external demand weighed on growth in the euro area. In the case of the UK, growth was dampened by persistently high inflation and rising borrowing costs.

In emerging markets and developing economies, growth was stable in 2023 at 4.1 percent, mainly due to stronger growth in China. This was underpinned by the removal of some of the world's toughest COVID-19 restrictions, pick-up in industrial output and a surge in investment in clean energy, particularly solar power, electric vehicles and batteries.

In Sub-Saharan Africa, growth moderated in 2023 to 3.3 percent from 4.0 percent in 2022. Tight global financial conditions, geopolitical tensions, extreme weather conditions and high debt levels continued to weigh on growth in the region. In addition, lower export earnings due to softening global demand for base metals as well as low economic activity in Nigeria and South Africa—two largest economies—dragged growth. High interest rates and unemployment rates, logistical challenges and persistent loadshedding contributed to low economic activity in South Africa. In the case of Nigeria, growth was impacted by weaker-than-expected oil and gas production, depreciated exchange rate and high inflation. Consequently, growth in South Africa and Nigeria fell to 0.6 percent and 2.8 percent in 2023 from 1.9 percent and 3.3 percent in 2022, respectively. Preliminary estimates also indicate an expansion in real GDP growth for Zambia to 5.4 percent in 2023 from 5.2 percent in 2022 owing to sustained growth in the information and communication as well as education sectors, including a robust recovery of the construction sector as well as continued growth in the financial and insurance sector (Refer to Chapter 7 for more details).

2.2 Inflation

Global headline inflation slowed down to in 2023 6.8 percent from 8.7 percent in 2022 (Table 2.1). The impact of restrictive monetary policy, fall in energy and food prices, easing of labour market tightness in advanced economies, and normalisation of supply-chains were the key drivers of lower inflation.

2.3 Commodity Prices

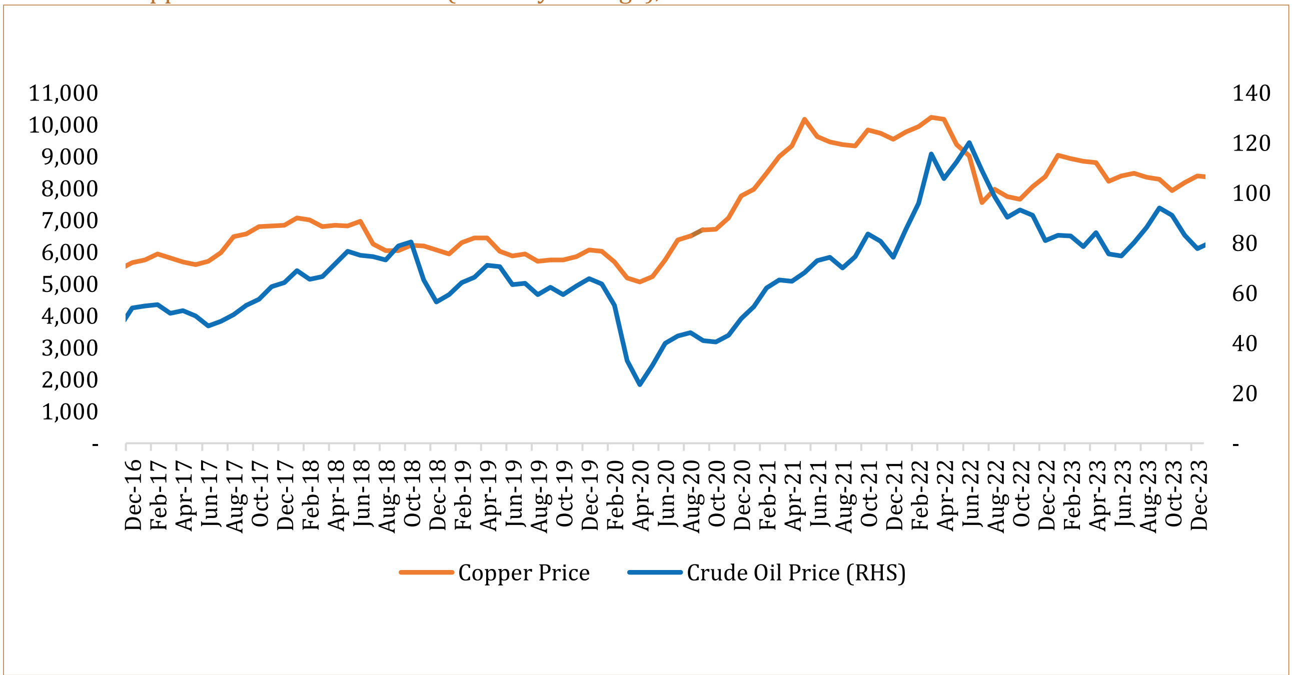
Commodity prices generally declined in 2023, largely reflecting weak global demand, a stronger US dollar, and impact of the property sector crisis in China.

Copper prices declined to US$8,490.29 per metric tonne in 2023 from US$8,822.37 per metric tonne in 2022 (Chart 2.2). This was mostly driven by sluggish global demand, especially in China as the property sector crisis deepened and in turn adversely affected construction. In addition, rising inventories in major global warehouses and a relatively stronger US dollar[3] weighed on copper prices. Crude oil prices averaged US$82.62 per barrel in 2023, down from US$99.82 per barrel in 2022 (Chart 2.2). This was primarily due to the increase in output by non-OPEC countries, notably the US[4], and resilient exports by Russia.

[3] The US dollar appreciated against other currencies, supported by tight monetary policy by the Federal Reserve and stronger labour market: https://www.federalreserve.gov/monetarypolicy/fomcminutes20230920.htm

[4] https://markets.businessinsider.com/news/commodities/us-crude-oil-production-hits-record-high-13-million-barrels-2023-12

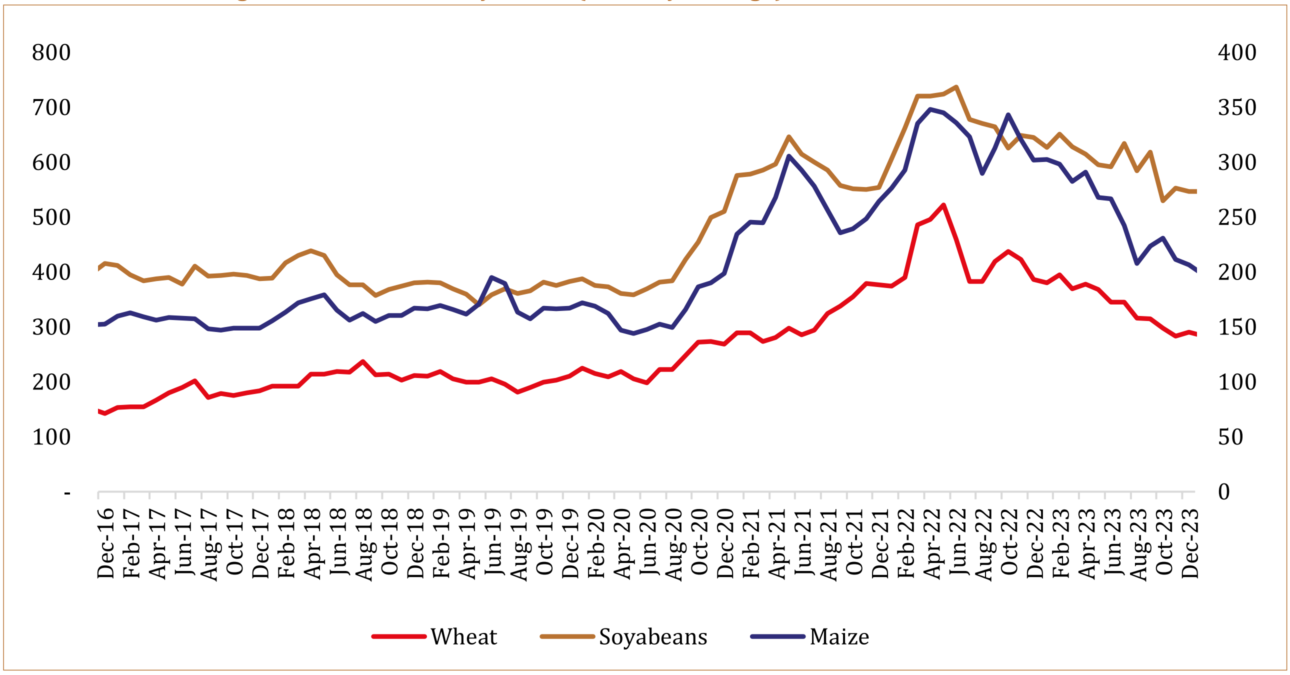
Chart 2.2: Copper and Crude Oil Prices (monthly average), 2016–2023



Source: World Bank Pink Sheet and Bank of Zambia Compilations

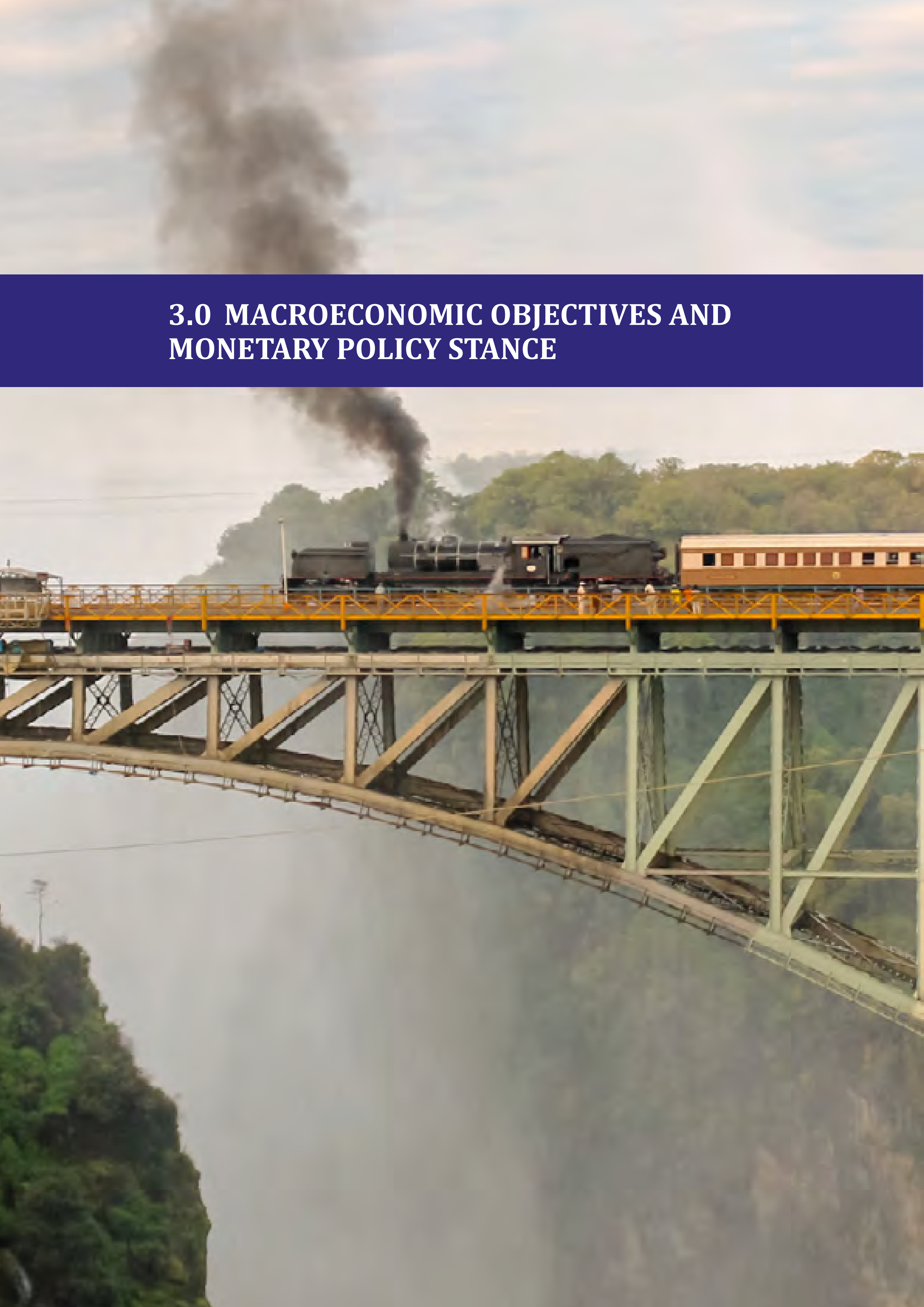
Maize and wheat prices fell by 3.8 percent and 10.6 percent to US$216.17 per metric tonne and US$290.92 per metric tonne in 2023, respectively. Weaker demand, increased supply by major producing countries and a stronger US dollar underpinned the lower outturn. In addition, resilient Russian wheat exports at discounted prices contributed to lower prices.

Chart 2.3: Selected Agricultural Commodity Prices (monthly average), 2016–2023



Source: World Bank Pink Sheet and Bank of Zambia Compilations

3.0 MACROECONOMIC OBJECTIVES AND MONETARY POLICY STANCE



3.0 MACROECONOMIC OBJECTIVES AND MONETARY POLICY STANCE

3.1 Macroeconomic Objectives

The key macroeconomic objectives for 2023 were to:

a) Attain a real GDP growth rate of at least 4.0 percent;
b) Reduce inflation to within the 6-8 percent target band by the end of the year;
c) Maintain international reserves above 3.0 months of import cover;
d) Mobilise domestic revenue to at least 20.9 percent of GDP;
e) Achieve a fiscal deficit of not more than 7.7 percent of GDP; and
f) Limit domestic borrowing to not more than 3.0 percent of GDP.

All the objectives were achieved except for inflation. Real GDP was estimated to have grown by 5.4 percent[5], gross international reserves were equivalent to 3.7 months of import cover, domestic revenue to GDP was 21.8 percent, the fiscal deficit was estimated at 5.7 percent of GDP, and domestic borrowing was 2.9 percent of GDP. However, inflation rose to 13.1 percent in December 2023 from 9.9 percent in December 2022. A detailed performance review of these indicators is provided in subsequent chapters.

3.2 Monetary Policy Stance

In 2023, monetary policy was tightened in response to rising inflationary pressures and projections showing that inflation would move further away from the 6-8 percent target band. The Monetary Policy Rate (MPR) was, therefore, progressively raised at the four quarterly meetings by a cumulative 200 basis points to 11.0 percent. To address persistent pressures in the foreign exchange market, which were contributing to higher inflation, the statutory reserve ratio (SRR) was increased on both Kwacha and foreign currency deposits to 17.0 percent from 9.0 percent in 2022: 250 basis points in February and by 550 basis points in November.

The identified key upside risks to the inflation outlook were increases in energy and food prices due to the prolonged Russia-Ukraine war and emergence of the Israel-Hamas conflict; tighter global financial conditions; delays in external debt restructuring; as well as higher domestic prices of maize grain and maize products, largely due to short supply in the region occasioned by adverse weather conditions.

3.3 Inflation Outcome

Overall inflation generally trended upwards in 2023, particularly in the second half, and ended the year at 13.1 percent from 9.9 percent in December 2022 (Chart 3.1). Nonetheless, inflation was on average lower in 2023 (10.9 percent) than in 2022 (11.1 percent).

At end-December 2023, food inflation rose to 14.2 percent from 11.9 percent at end-December 2022 while non-food inflation increased to 11.6 percent from 7.3 percent. The contribution of food inflation to overall inflation picked up slightly to 8.2 percentage points at end-December from 7.9 percentage points at end-December 2022, while that of non-food inflation moderated to 4.9 percentage points from 5.0 percentage points.

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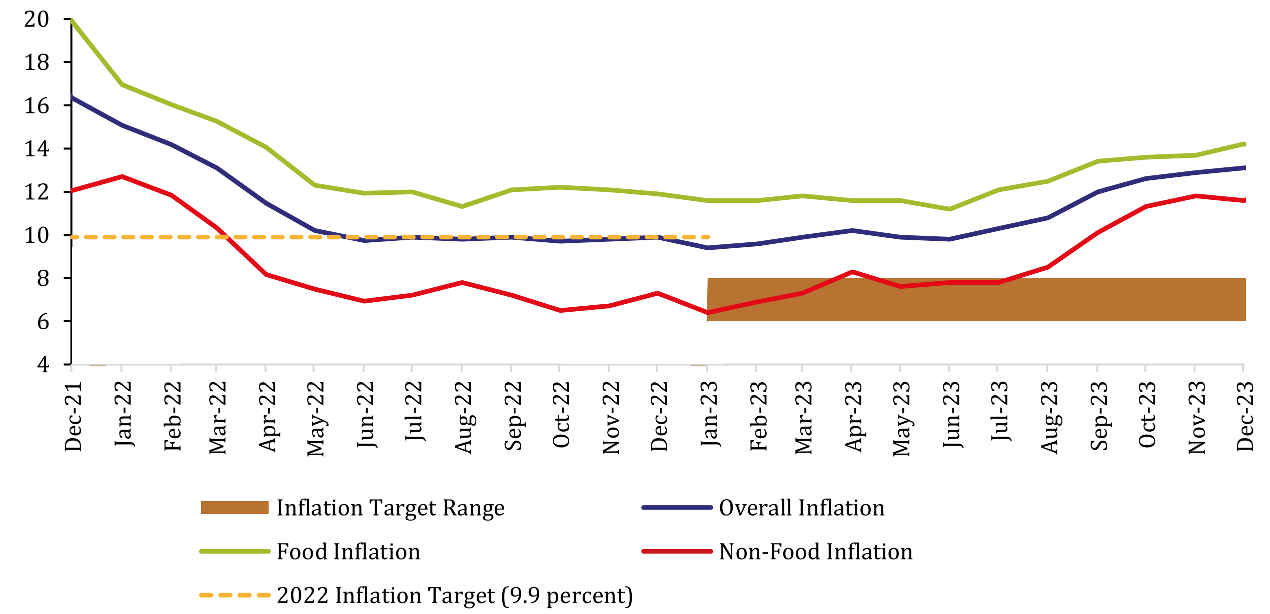
[5]These are preliminary estimates subject to revision. Final numbers are expected in the third quarter of 2024.

In the first half of the year, inflation remained relatively stable, but was outside the target band of 6-8 percent (Chart 3.1). It averaged 9.8 percent compared to 12.3 percent over the same period in 2022. The key drivers of the lower inflation outcome were the lagged pass-through from the appreciation of the exchange rate[6] and sustained reduction in the prices of oils and fats as well as meat products (Chart 3.2). However, inflation rose in the second half of the year and averaged 12.0 percent compared to 9.8 percent during the same period in 2022, moving away from the target band. Higher food (mostly maize and its products[7]) and fuel prices[8] as well as the upward adjustment in electricity tariffs[9] were the major drivers of inflationary pressures. In addition, the pass-through from the sharp depreciation of the exchange rate to prices of motor vehicles (transport), clothing and footwear, as well as household products (Chart 3.3) contributed to the higher inflation outcome. Constrained supply of maize grain due to adverse weather conditions amid elevated regional demand also pushed inflation up.

Chart 3.1: Inflation, Annual Change (percent), Dec 2021–Dec 2023



Source: Zambia Statistics Agency and Bank of Zambia Compilations

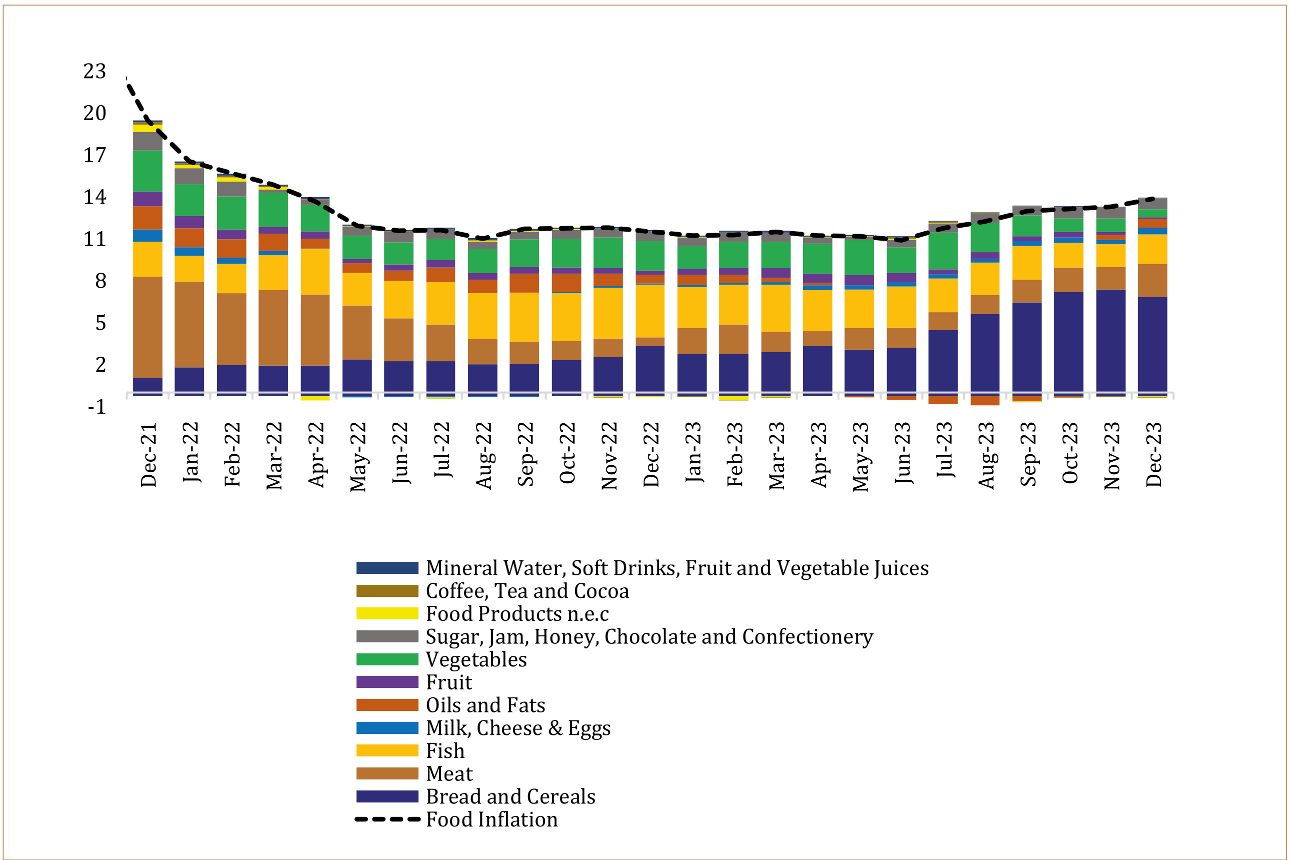
[6] The Kwacha appreciated by 13.8 percent against the US dollar between February 2023 and September 2023.

[7] Between December 2022 and December 2023, the national average price of a 50kg bag maize grain increased by 59.4 percent to K326.80. Consequently, prices of breakfast and roller meal (maize meal) increased by 66.7 percent and 72.5 percent to K286.31 and K239.53, respectively.

[8] The Energy Regulation Board (ERB) announced four successive increases in the price of petrol while diesel prices were raised three times in the second half of 2023 up to October. This resulted in the prices of petrol and diesel rising to K29.98 and K29.96 per litre in December 2022 from K24.93 and K21.87 in July 2023, respectively.

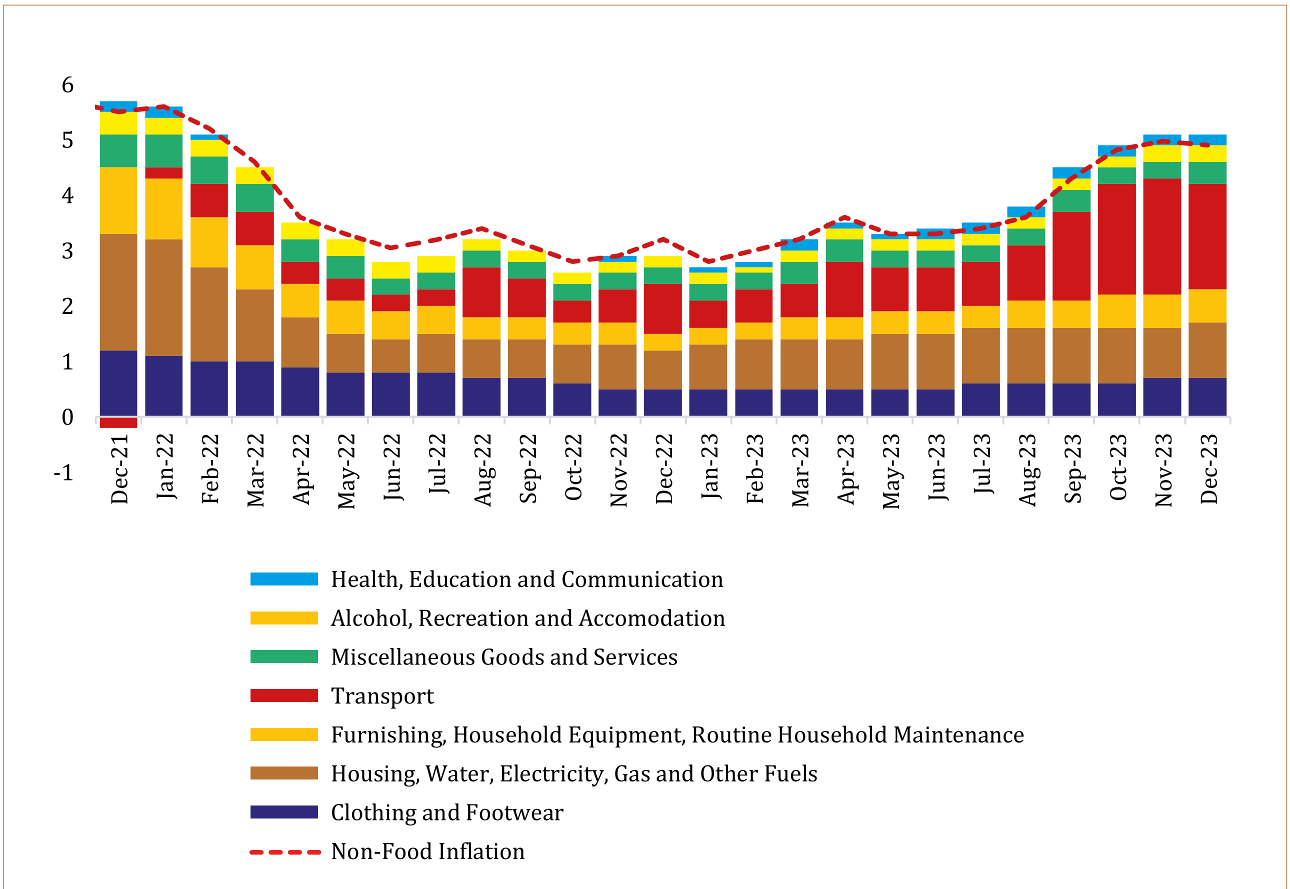
[9] This was part of the multi-year tariff plan approved by the ERB to reform the energy sector to achieve cost-reflective pricing. On April 21, 2023, the ERB approved an application by ZESCO to revise electricity tariffs to cost-reflective levels over a multi-year period of 2023 to 2027. In 2023, tariffs were increased by an average of 37.0 percent and were expected to be increased by 9.0 percent, 15.0 percent, 10.0 percent and 14.0 percent in 2024, 2025, 2026 and 2027, respectively.

Chart 3.2: Selected Sub-Components of Food Inflation (percentage points), Dec 2021-Dec 2023



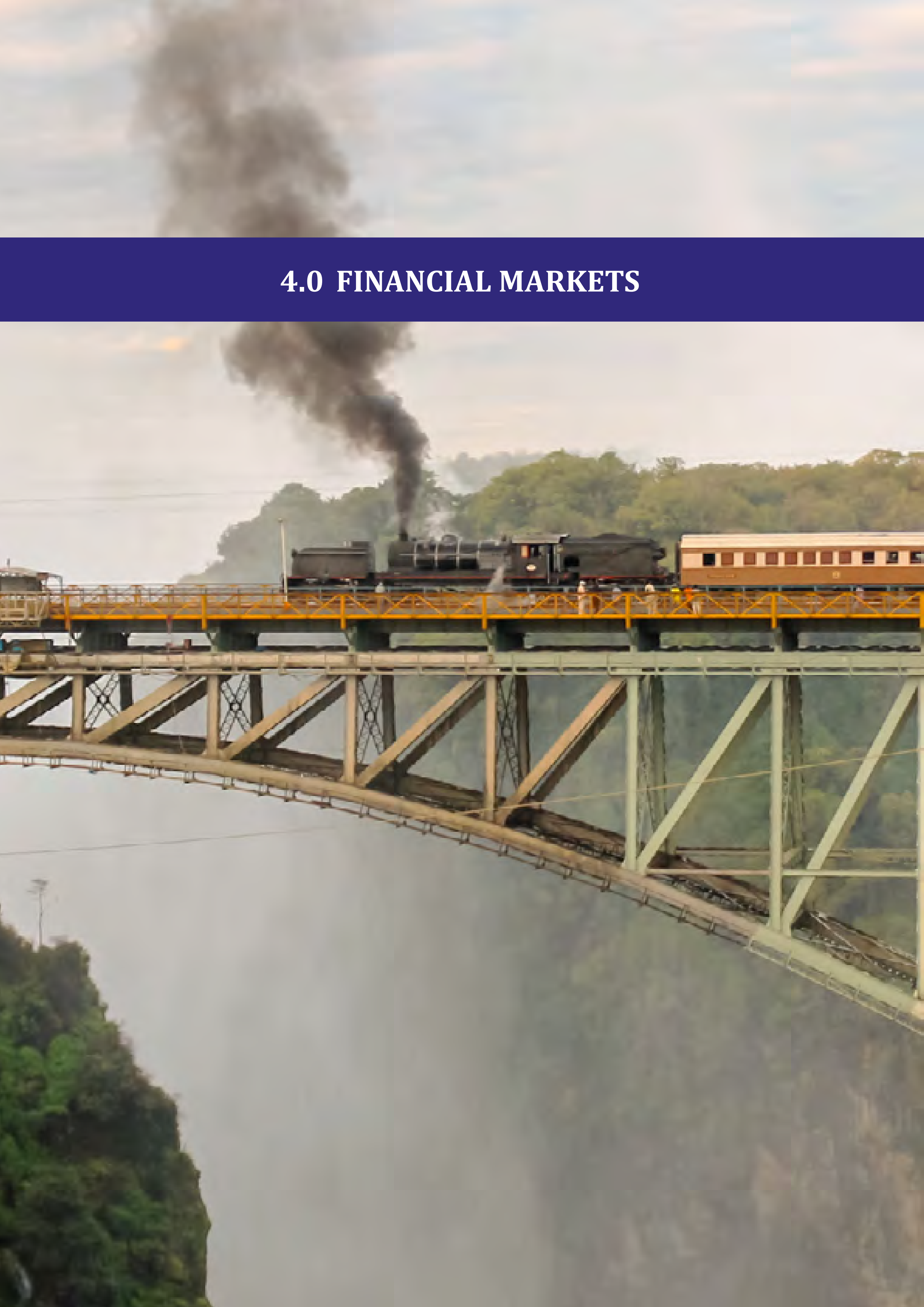
Source: Zambia Statistics Agency and Bank of Zambia Compilations

Chart 3.3: Selected Sub-Components of Non-Food Inflation (percentage points), Dec 2021–Dec 2023



Source: Zambia Statistics Agency and Bank of Zambia Compilations

4.0 FINANCIAL MARKETS

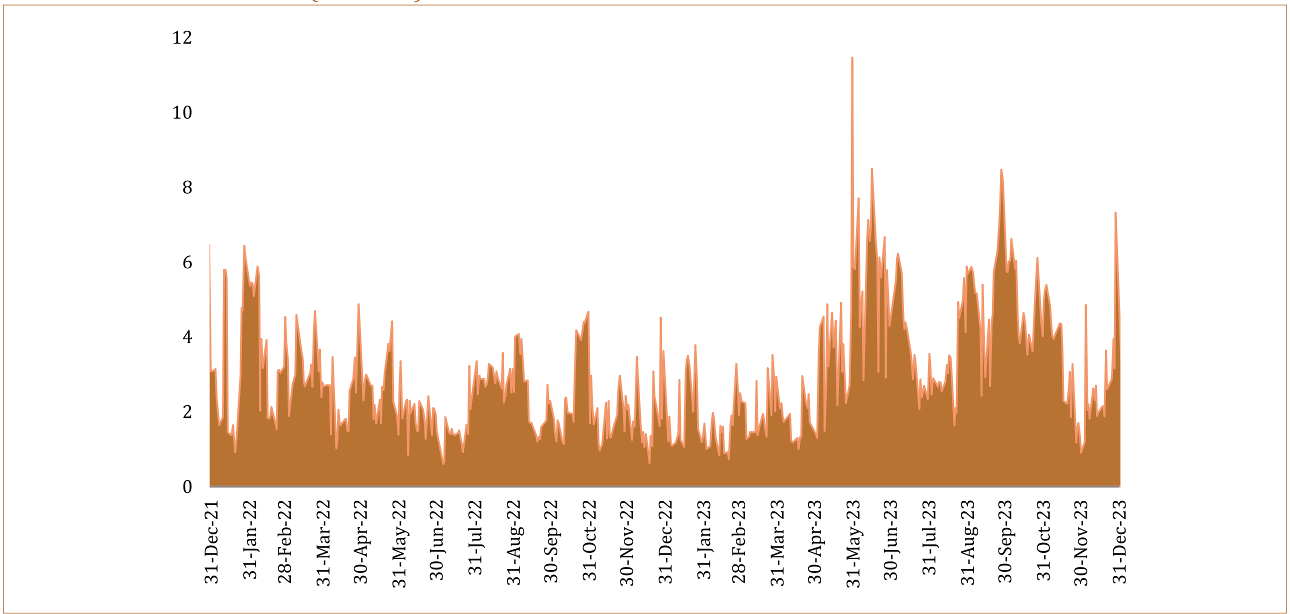


4.0 FINANCIAL MARKETS

4.1 Money Market Liquidity

Money market liquidity conditions remained relatively loose in 2023 as the aggregate current account balance of commercial banks held at the Bank of Zambia (excess reserves) rose (Chart 4.1). Net Government spending and maturing Government securities were the main sources of liquidity.

Chart 4.1: Excess Reserves (K'billion), Dec 2021–Dec 2023

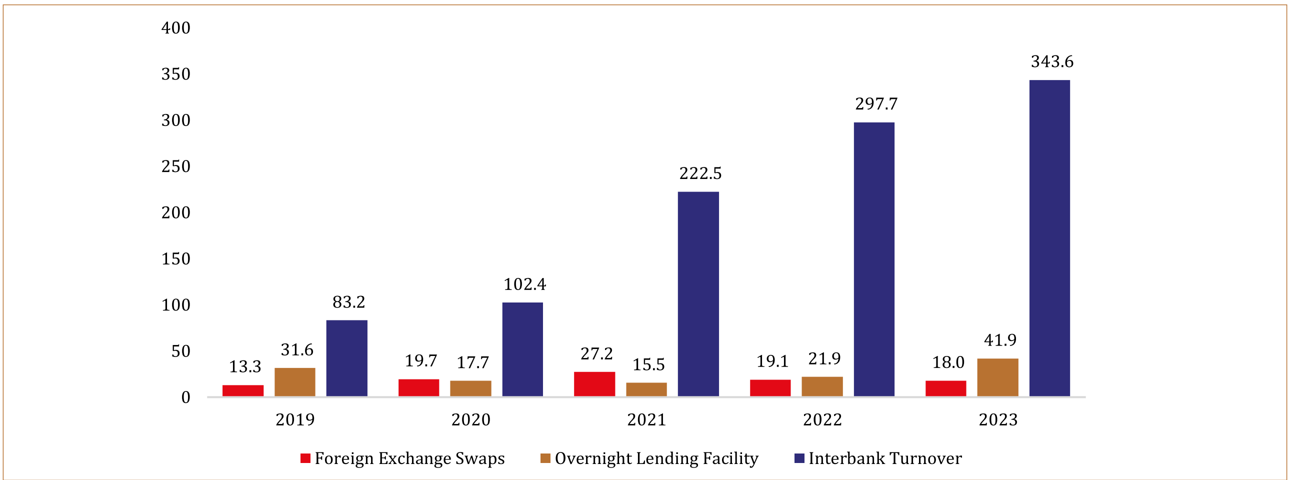


Source: Bank of Zambia

4.2 Interbank Money Market

Despite liquidity conditions remaining loose, the turnover in the interbank market went up to K343.6 billion from K297.7 billion in 2022 (Chart 4.2). This was in part due to liquidity concentration in a few banks with limited counterparty credit lines. Access by commercial banks to the Overnight Lending Facility (OLF) also increased to K41.9 billion from K21.9 billion. However, funding using foreign exchange swaps moderated slightly to K18.0 billion from K19.1 billion.

Chart 4.2: Money Market Trading Activity (K' billion), 2019–2023



Source: Bank of Zambia

4.3 Government Securities Market

Demand for Treasury bills (T-bills) and Government bonds (bonds) remained strong in 2023, supported by high money market liquidity and positive sentiments after Government reached an agreement with the Official Creditor Committee (OCC) under the G20 Common Framework (CF) in June to restructure external debt and subsquent signing of the Memorandum of Understanding by the majority of the member countries in October. T-bill auctions were over-subscribed by 2.3 percent while demand for bonds improved to 97.4 percent from 75.7 percent in 2022 (Table 4.2).

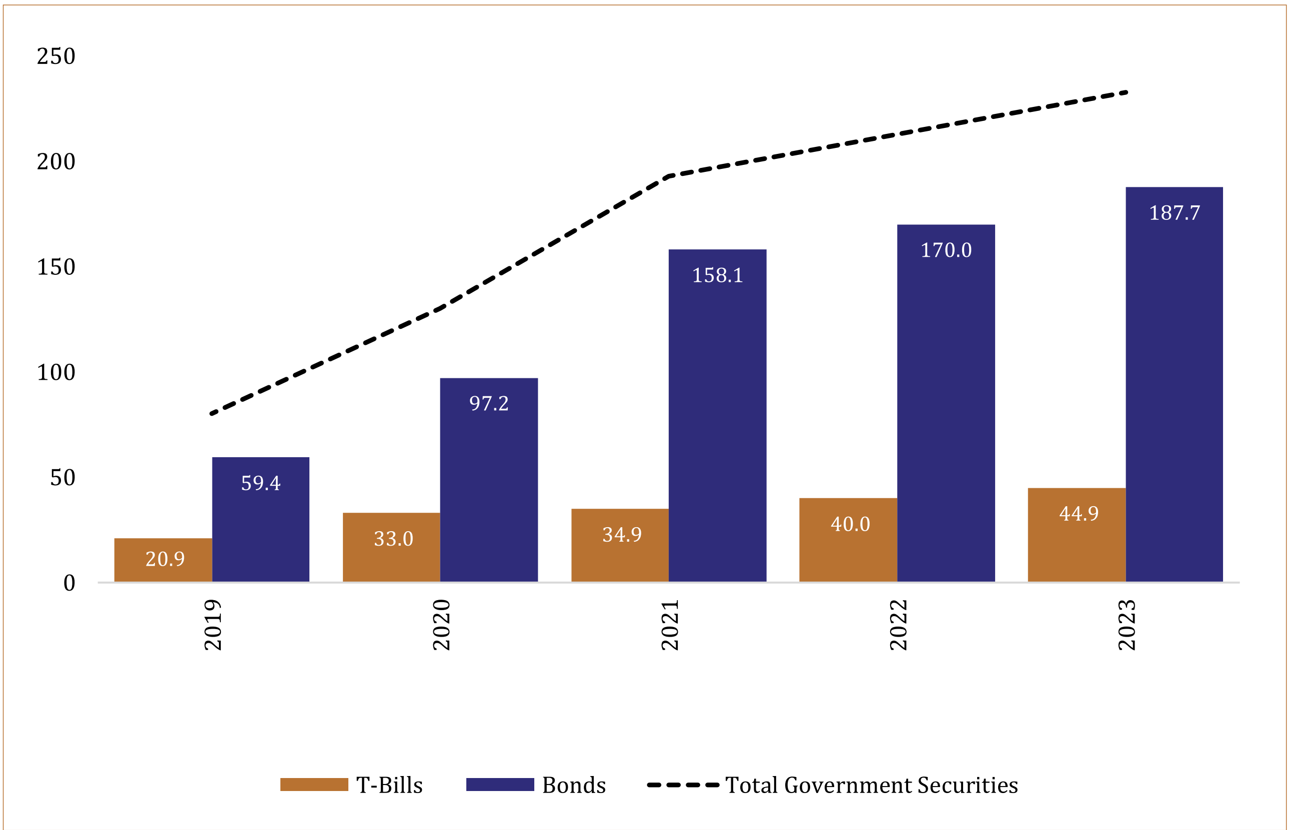
Table 4.3: Government Securities Transactions, 2021-2023

	2021			2022			2023		
	Amount on offer (K' bn)	Bid Amount (K' bn)	Subscription Rate (percent)	Amount on Offer (K' bn)	Bid Amount (K' bn)	Subscription Rate (percent)	Amount on Offer (K' bn)	Bid Amount (K' bn)	Subscription Rate (percent)
91-day T-bill	4.9	4.7	95.9	7.8	7.0	90.2	7.8	9.1	116.7
182-day T-bill	6.1	4.0	65.4	8.8	7.3	83.0	8.8	5.8	65.9
273-day T-bill	6.8	3.9	56.7	9.4	6.9	73.9	9.4	6.4	68.1
364-day T-bill	17.9	21.0	117.3	26.0	34.0	130.8	26.0	31.9	122.7
Total	35.8	33.6	93.9	52.0	55.3	106.3	52.0	53.2	102.3
2-year bond	2.2	3.5	157.7	3.6	4.9	136.7	5.4	3.1	57.4
3-year bond	3.8	2.9	75.5	4.8	5.9	122.7	6.0	5.5	91.7
5-year bond	4.9	5.6	113.8	7.8	5.5	70.9	6.6	6.0	90.9
7-year bond	1.6	0.9	55.6	4.2	1.9	45.3	4.8	2.3	47.9
10-year bond	4.3	3.6	83.3	6.0	4.1	68.5	4.8	8.8	183.3
15-year bond	1.1	0.8	74.1	4.8	1.3	26.7	3.6	4.7	130.6
Total	18.0	17.3	96.1	31.2	23.6	75.7	31.2	30.4	97.4

Source: Bank of Zambia

Government realised a surplus of K15.1 billion from the auctions as K72.6 billion was raised against maturities of K57.5 billion. As a result, the stock of Government securities rose to K232.6 billion (face value) at end-December 2023 from K210.0 billion at end-December 2022 (Chart 4.3).

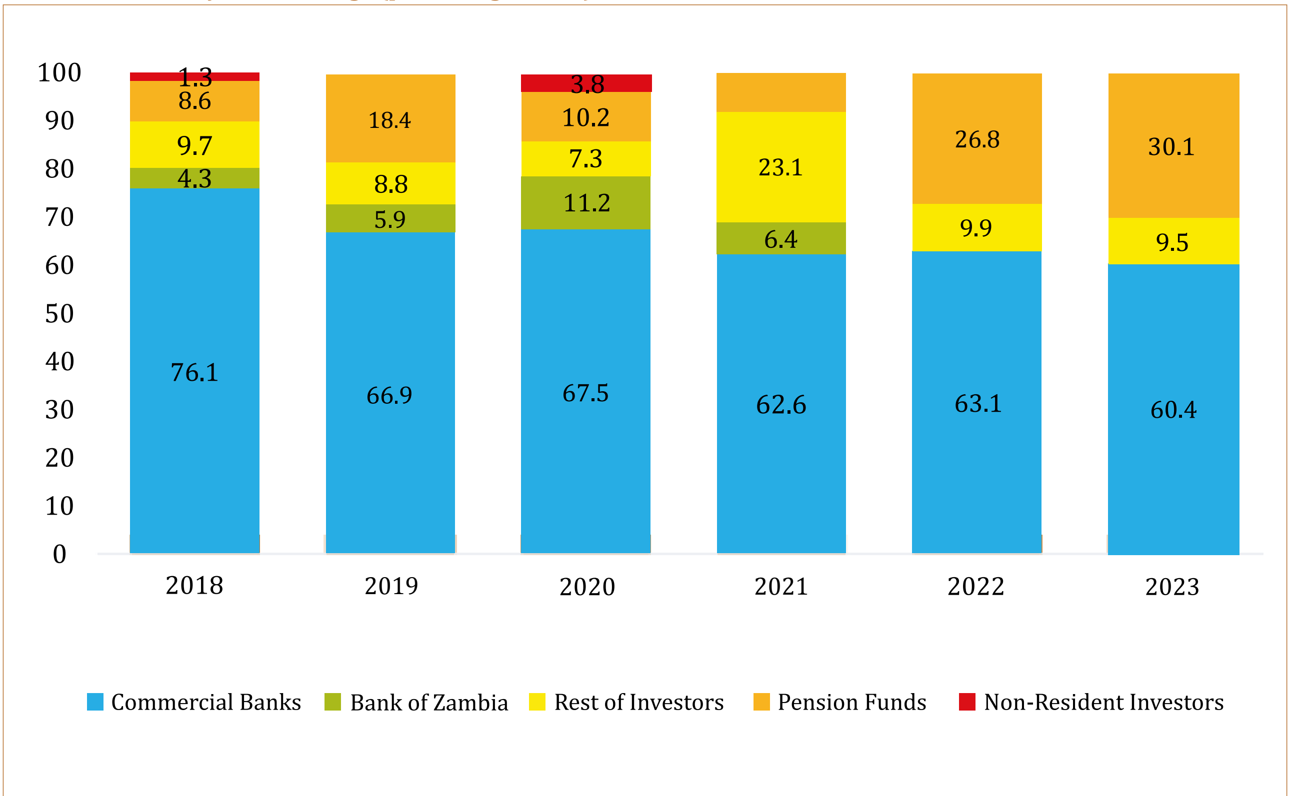
Chart 4.3: Stock of Government Securities (K' billion at face value), Dec-2019 to Dec-2023



Source: Bank of Zambia

Commercial banks continued to hold most of the Treasury bills despite some moderation at 60.4 percent compared to 63.1 percent in 2022 (Chart 4.4). In 2023, pension funds increased their holdings to 30.1 percent from 26.8 percent in 2022.

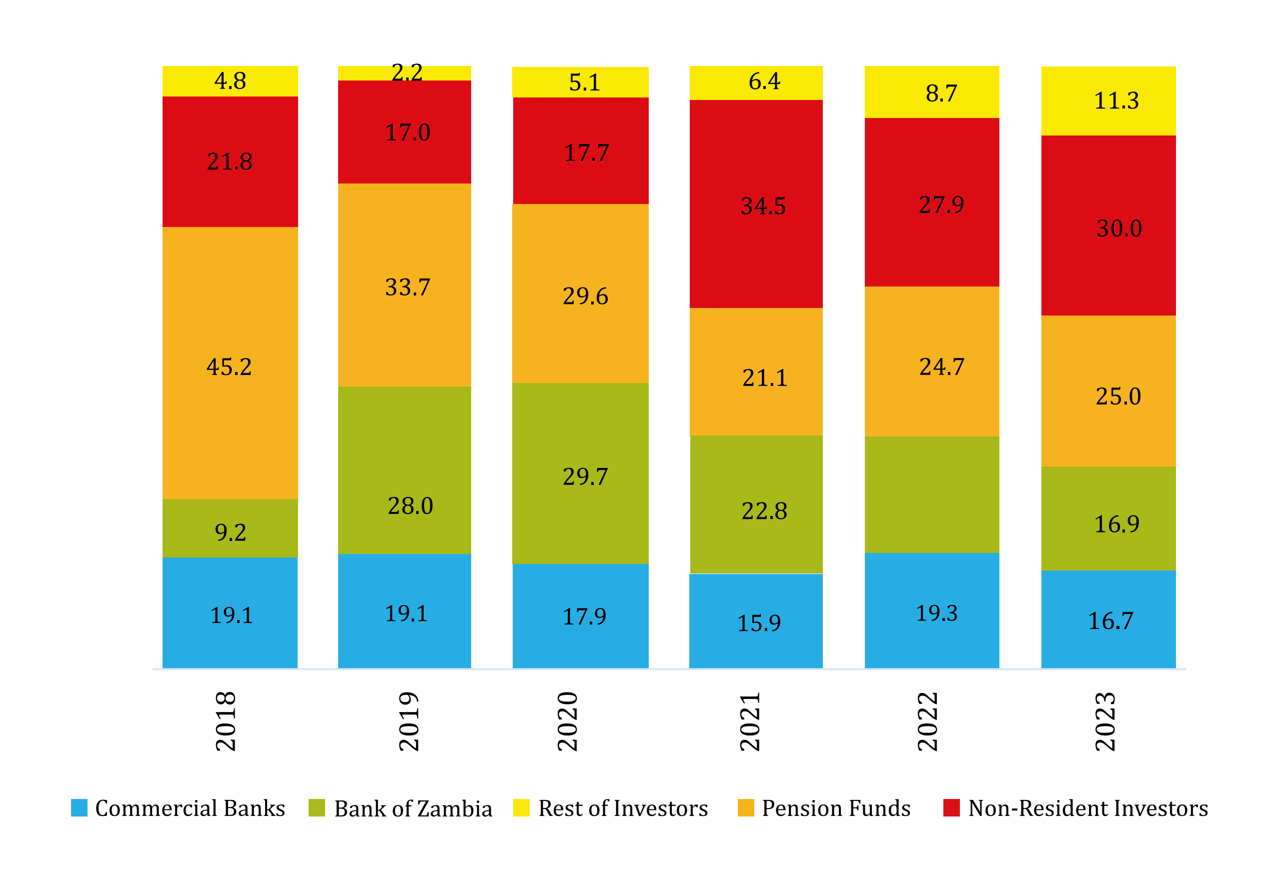
Chart 4.4: Treasury Bill Holdings (percentage share), 2018-2023



Source: Bank of Zambia

For Government bonds, non-resident investors and pension funds remained major holders at 30.0 percent and 25.0 percent, respectively (Chart 4.5).

Chart 4.5: Government Bond Holdings (percentage share), 2018-2023



Source: Bank of Zambia

4.4 Foreign Exchange Market

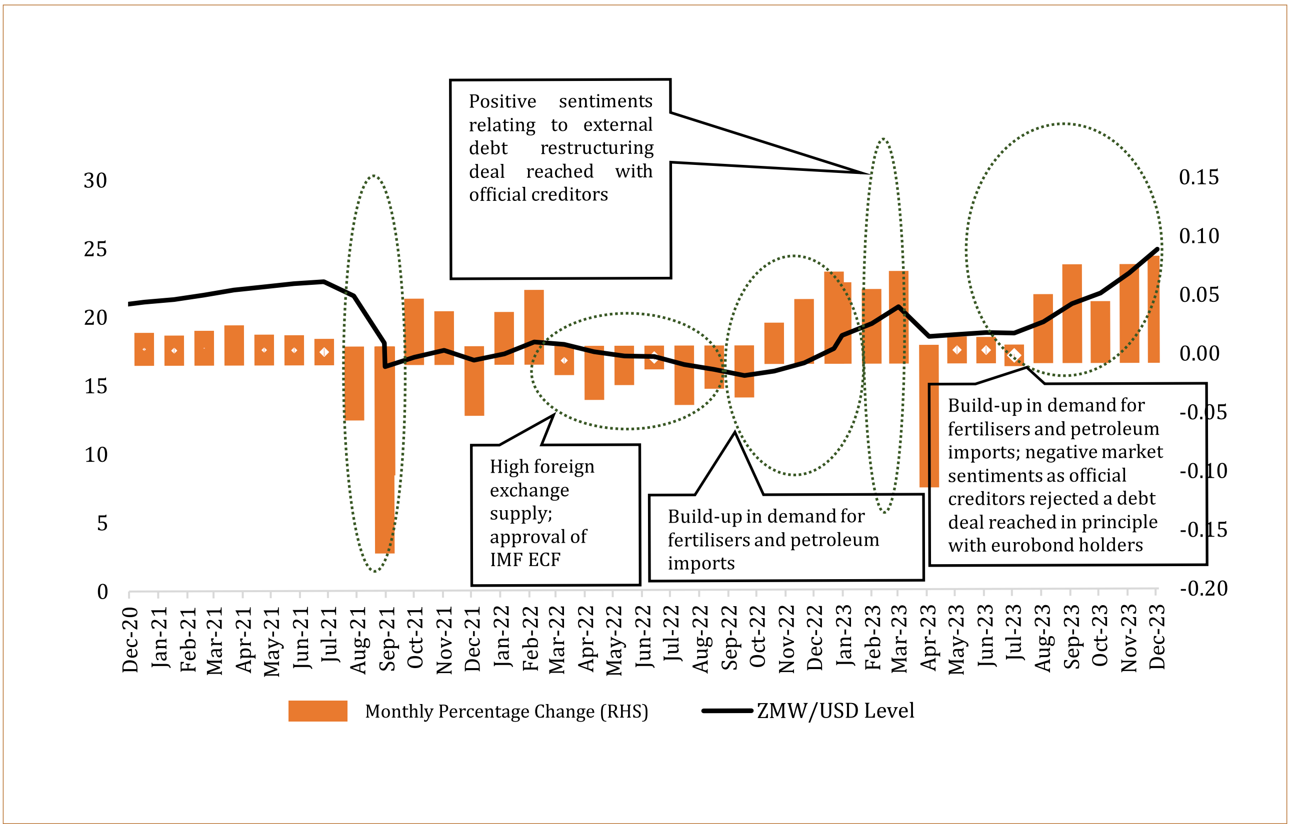
The Kwacha faced persistent pressures in 2023 leading to a significant depreciation of 40.8 percent against the US dollar compared to the 4.8 percent recorded in 2022 (Table 4.3 and Chart 4.6). Consequently, the real effective exchange rate weakened by 27.8 percent (Chart 4.7). Low and intermittent supply of foreign exchange by the mining sector (major source of market liquidity), heightened demand, adverse market sentiments on account of protracted external debt restructuring, and a stronger US dollar were the key factors that contributed to the sharp depreciation of the Kwacha.

Table 4.3 Kwacha Exchange Rate, 2022-2023

	ZMW/USD	ZMW/GBP	ZMW/EUR	ZMW/ZAR
Dec 2022 (monthly average)	17.58	21.42	18.62	1.02
Dec 2023 (monthly average)	24.75	31.33	27.01	1.33
Percentage Change	40.8	46.3	45.0	30.4

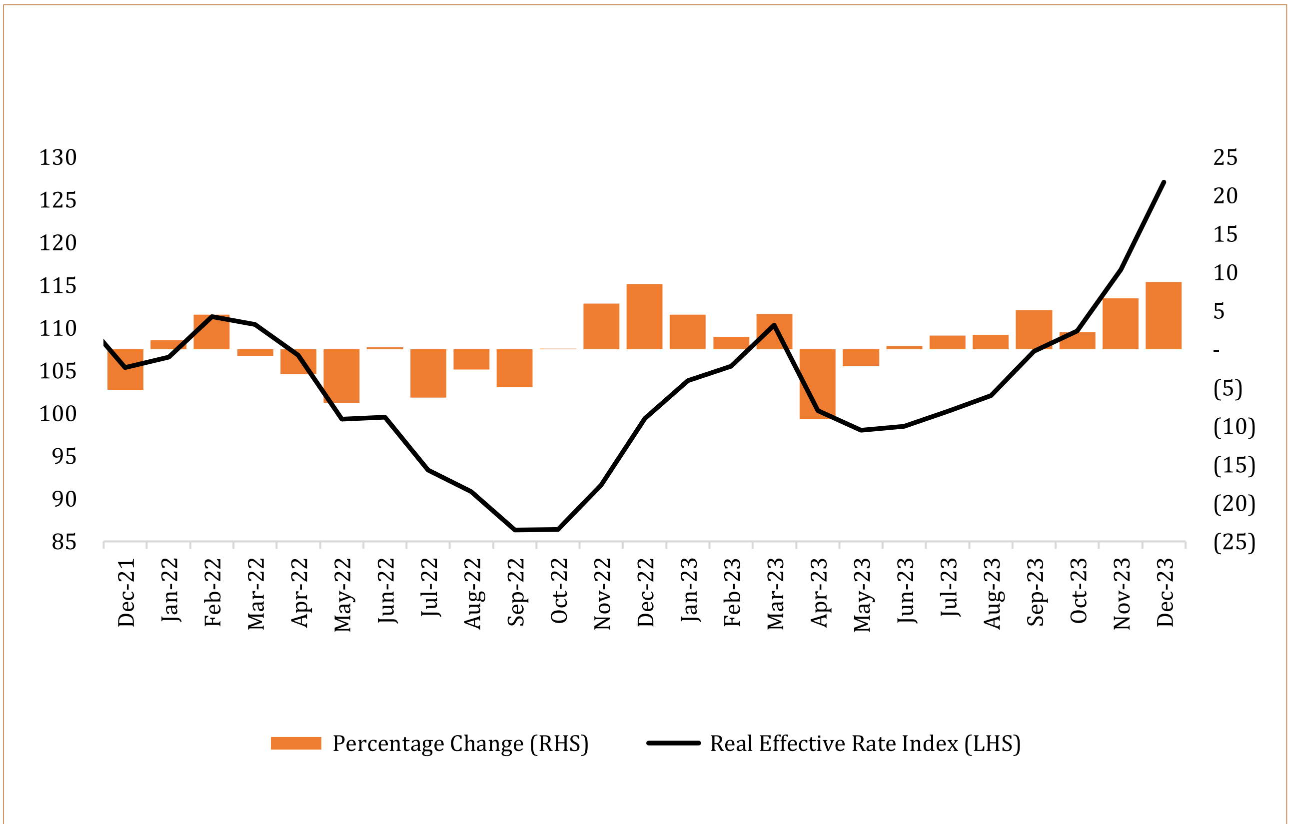
Source: Bank of Zambia

Chart 4.6: Key Exchange Rate Developments, Dec 2020–Dec 2023



Source: Bank of Zambia

Chart 4.7: Real Effective Exchange Rate (REER), Dec 2021-Dec 2023

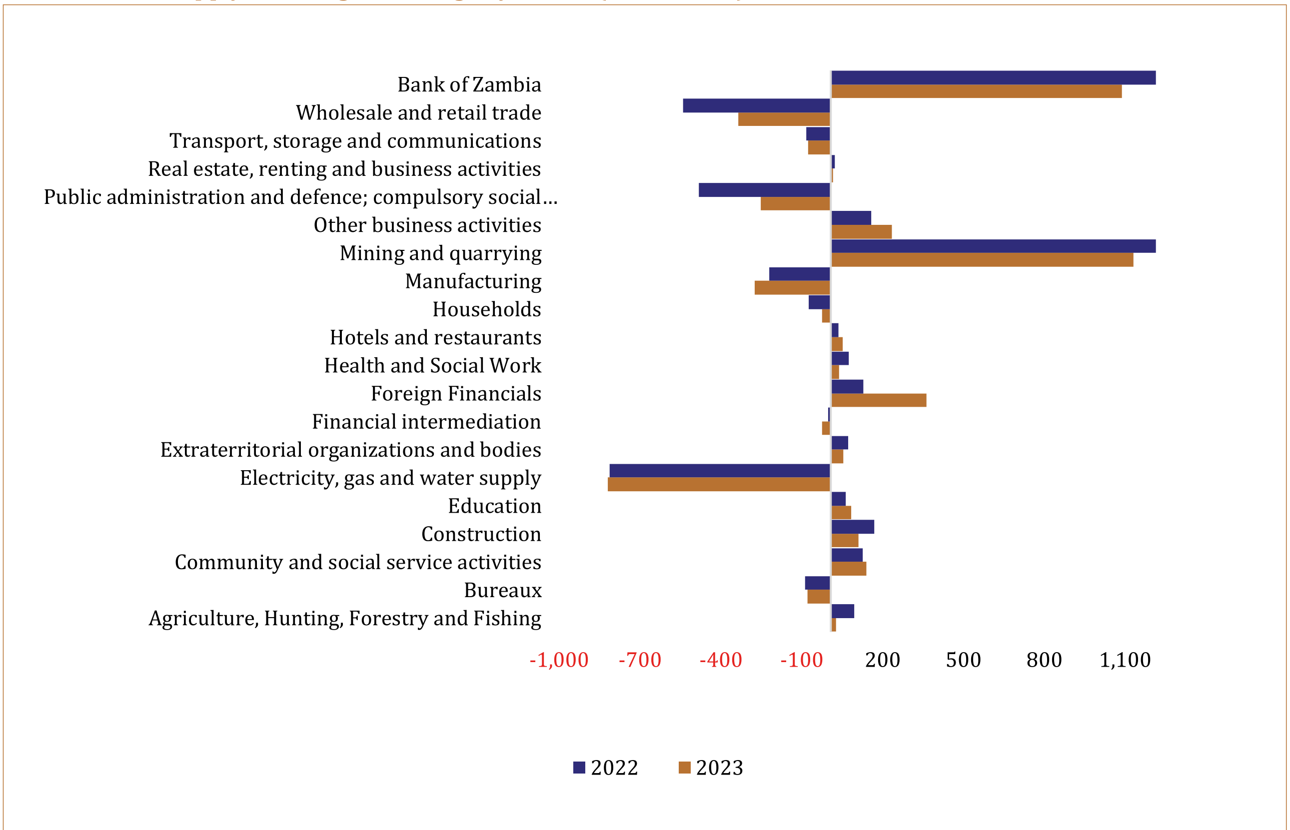


Source: Bank of Zambia

In the first quarter, the Kwacha depreciated by 17.3 percent due to demand pressures mostly related to the procurement of petroleum and agricultural products. However, in the second quarter, the Kwacha gained by 9.3 percent as sentiments improved after Government reached a Staff-Level Agreement (SLA) in April under the IMF Extended Credit Facility and concluded an external debt restructuring deal with the Official Creditor Committee in June (Chart 4.6).

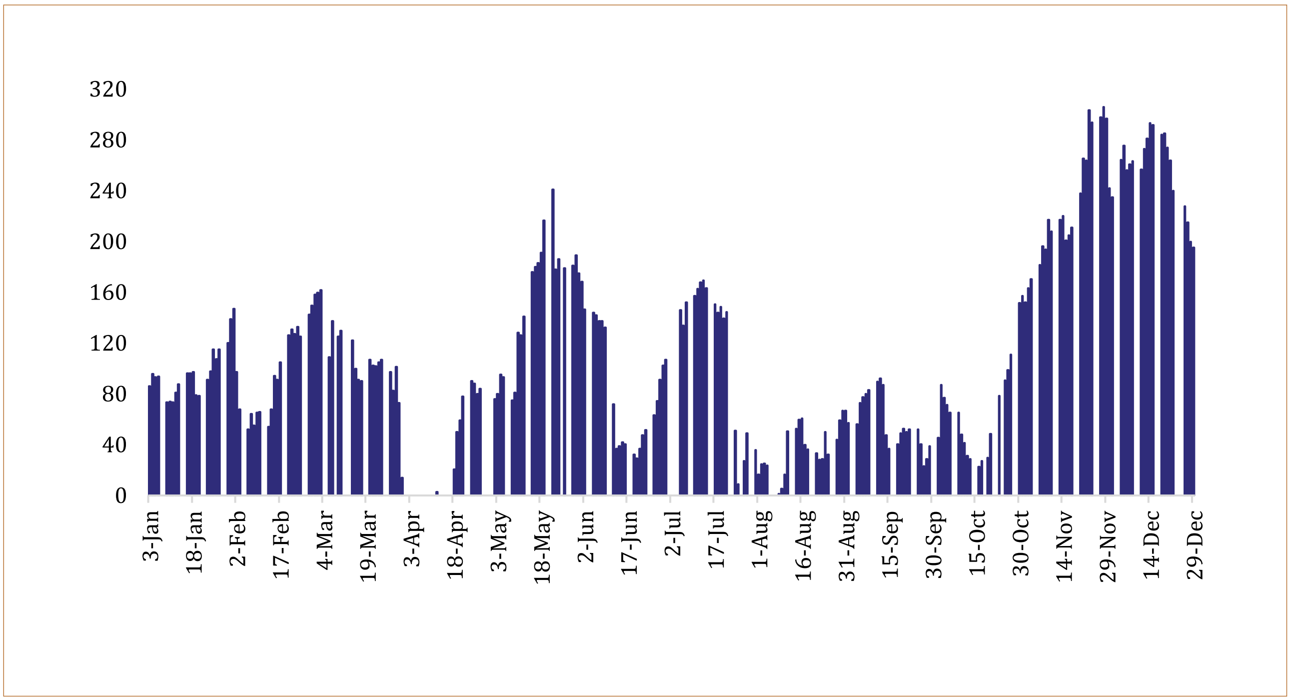
In the second half of the year, pressure on the Kwacha re-emerged leading to a 32.3 percent depreciation against the US dollar. Adverse market sentiments on account of delays in signing the Memorandum of Understanding (MOU) with the official creditors and non-acceptance by official creditors of the agreement in principle (ALP) reached by Government with Eurobond holders contributed to the sharp depreciation of the exchange rate. In addition, importation of petroleum products (electricity, gas and water supply), plant expansion by some companies in the manufacturing sector (manufacturing) and increased seasonal demand for agricultural inputs (wholesale and retail trade, and public administration) amid limited supply of foreign exchange exerted significant pressure on the exchange rate (Chart 4.8). During this period, demand backlog increased significantly to US$195.1 million at end-December 2023 from US$106.67 million at end-June 2023 (Chart 4.9).

Chart 4.8: Net Supply of Foreign Exchange by Sector (US$ million), 2022-2023



Source: Bank of Zambia

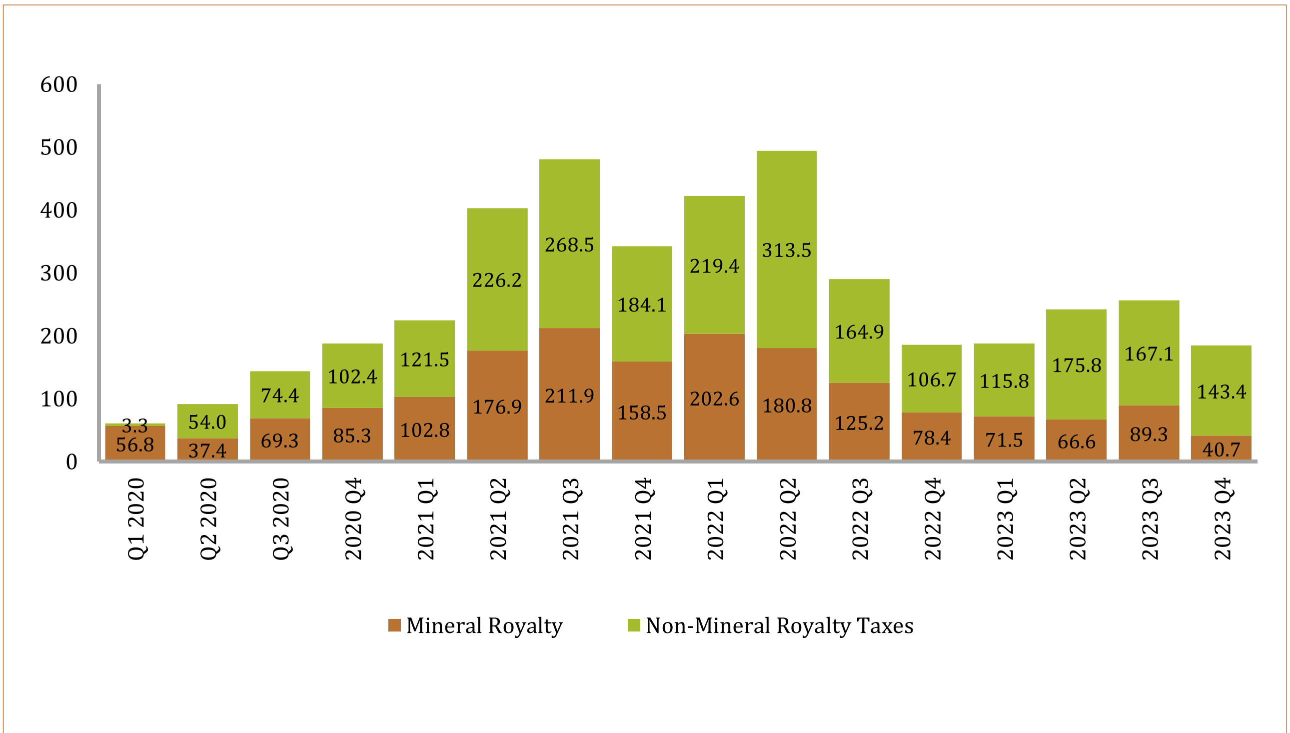
Chart 4.9: Outstanding Demand for Foreign Exchange (US$ million)



Source Bank of Zambia

Net supply of foreign exchange by the mining and quarrying sector—occasioned by low copper production—reduced to US$1.1 billion in 2023 from US$1.3 billion in 2022 (Chart 4.8). In addition, mining tax receipts paid directly in US dollars through the Bank of Zambia declined to US$0.9 billion from US$1.4 billion (Chart 4.10).

Chart 4.10: Mining Taxes Paid Directly in US Dollars through the Bank of Zambia (US$ million), 2020–2023



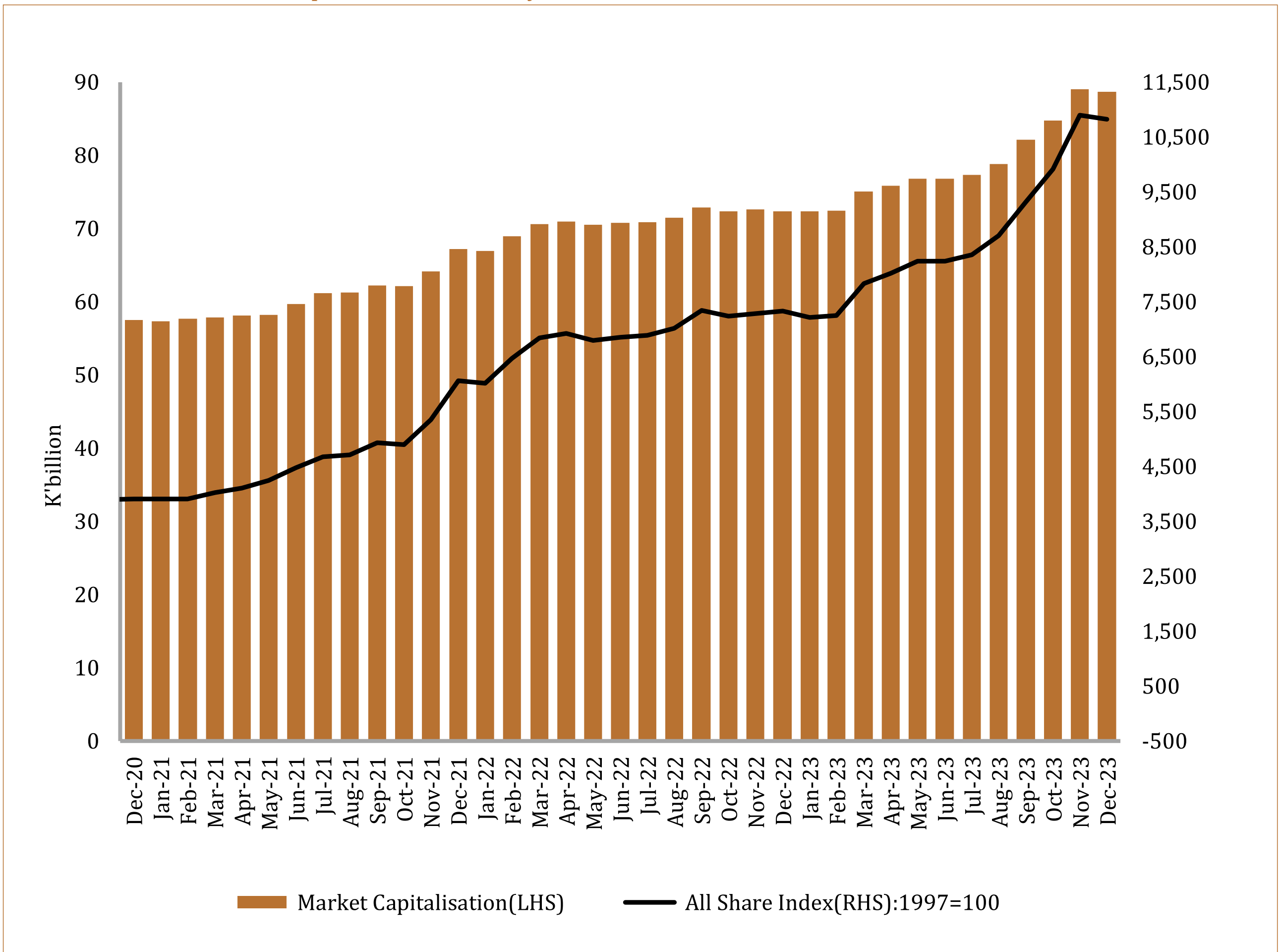
Source: Bank of Zambia

To help meet critical imports (fertilisers, petroleum products, as well as medicines and medical supplies) and moderate volatility in the exchange rate, the Bank sold a net of US$1.0 billion to the market.

4.5 Capital Market

In 2023, domestic share prices gained further, underpinned by strong performance of the banking and energy sectors[10] as well as general improvement in market confidence[11]. Consequently, the Lusaka Securities Exchange (LuSE) All-Share Index rose by 47.6 percent to 10,828.18 and market capitalisation increased by 22.5 percent to K88.7 billion at end-December 2023 (Chart 4.11).

Chart 4.11: Indicators of Capital Market Activity, Dec 2020-Dec 2023

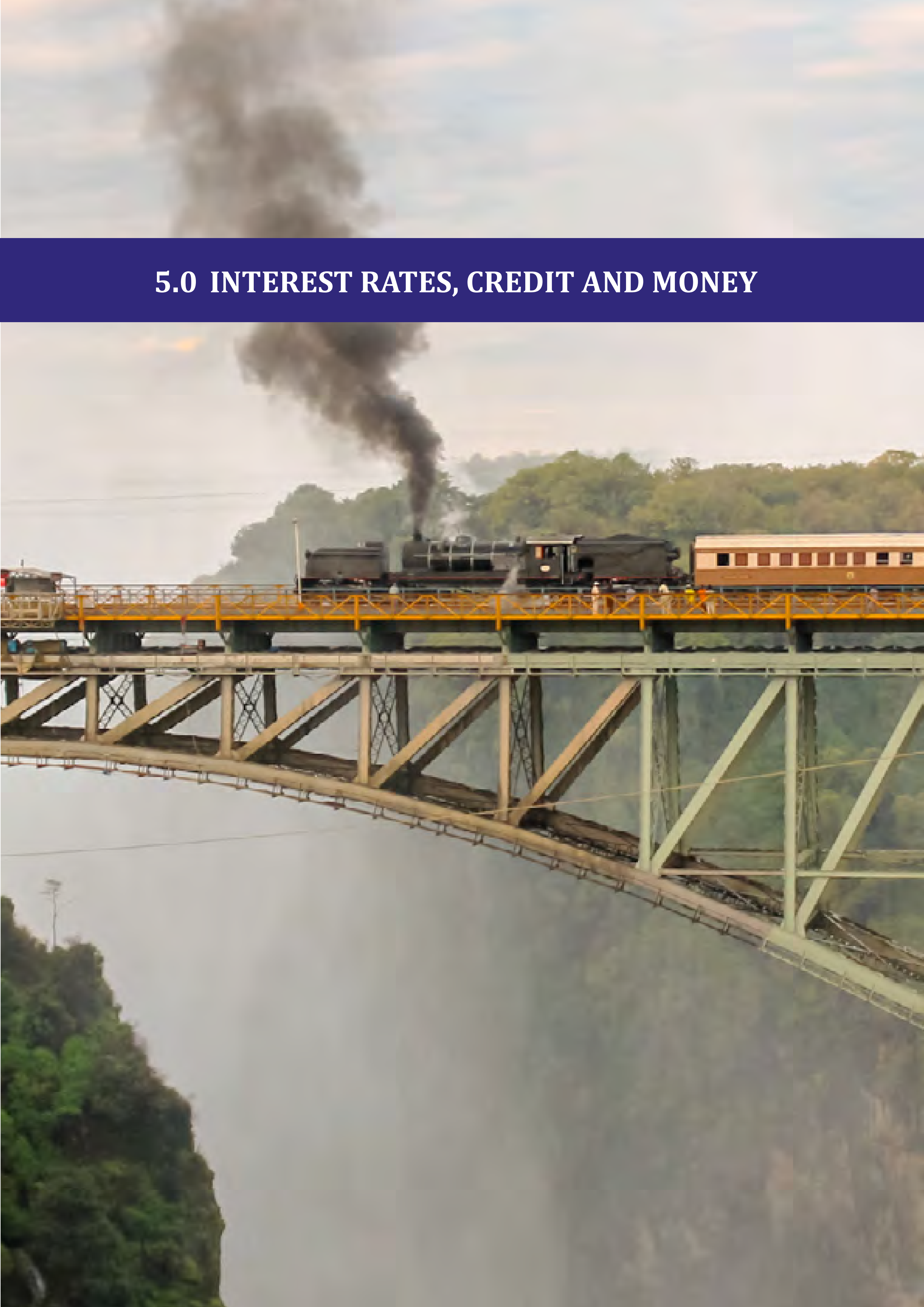


Source: Lusaka Securities Exchange and Bank of Zambia Compilations.

[10]The banking sector recorded a profit after tax of K8.3 billion in 2023 compared to K5.7 billion in 2022 due to higher interest income.

[11]Relates to progress made on external debt restructuring in the first half of the year.

5.0 INTEREST RATES, CREDIT AND MONEY



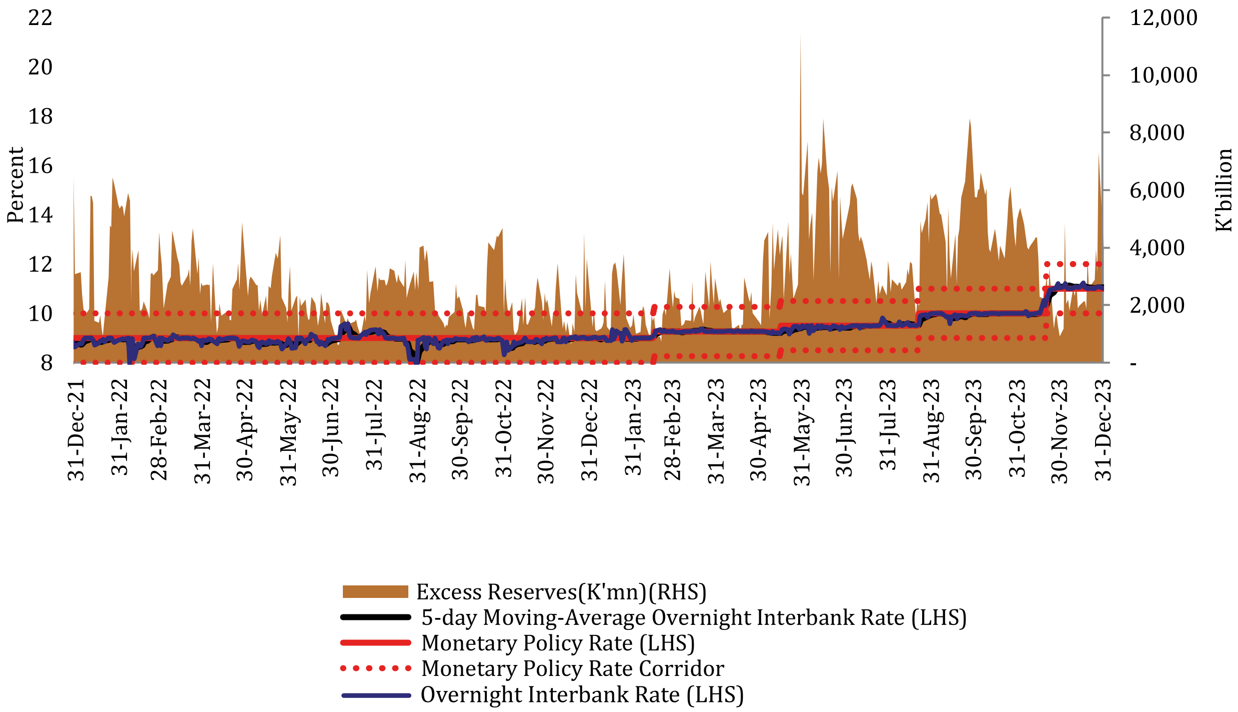
5.0 INTEREST RATES, CREDIT AND MONEY

5.1 Interest Rates

Interest rates generally increased in 2023, reflecting the relatively tight monetary policy stance.

In line with the upward adjustment in the MPR, the overnight interbank rate rose to 11.07 percent in December 2023 from 8.97 percent in December 2022 (Chart 5.1). In view of the prevailing high money market liquidity, contractionary open market operations were also conducted to contain the interbank rate within the Policy Rate Corridor.

Chart 5.1: Monetary Policy Rate, Interbank Rate and Money Market Liquidity, Dec 2021–Dec 2023

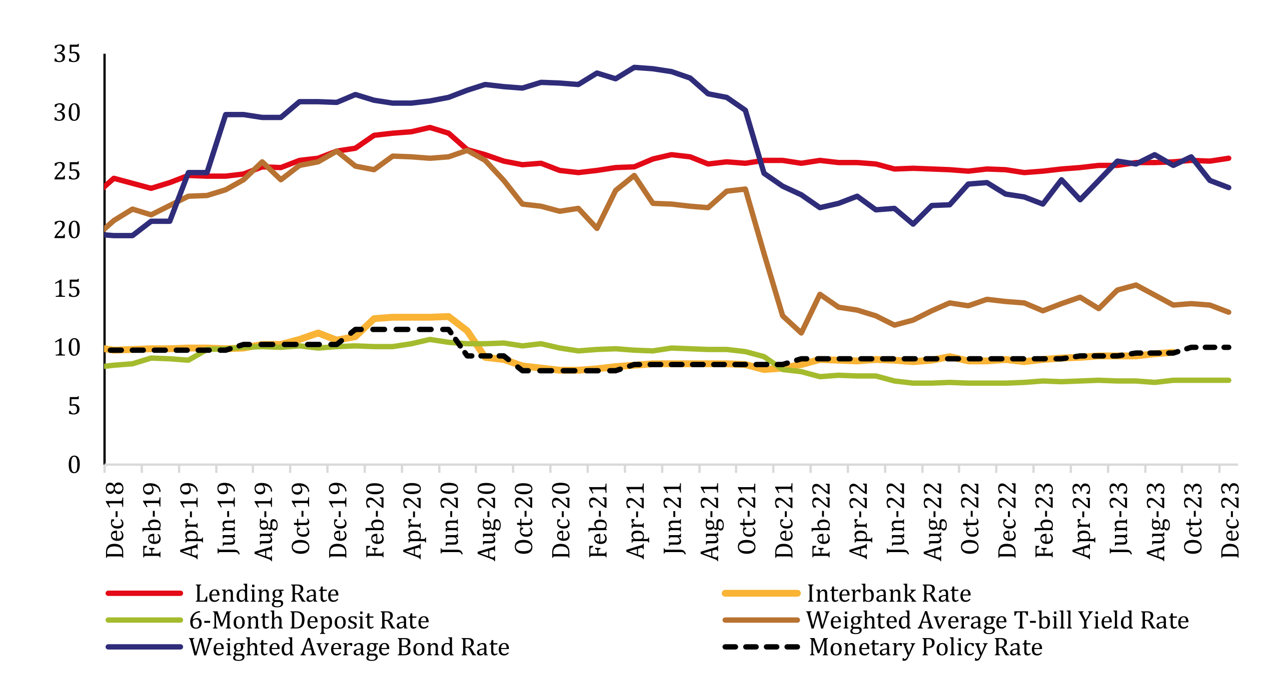


Source: Bank of Zambia

Both the commercial banks' average nominal lending rate (ALR)[12] and 6-month deposit rate marginally rose to 26.6 percent and 7.2 percent in December 2023 from 25.0 percent and 7.1 percent in December 2022, respectively (Chart 5.2). Similarly, the weighted average Government bond yield rate increased to 23.6 percent from 23.0 percent. In contrast, the weighted average Treasury bill yield rate marginally declined to 13.0 percent from 13.9 percent in part reflecting high money market liquidity referred to earlier (Chart 5.2).

[12]At end-December 2023, the lending rate for Kwacha loans ranged from 5.5 percent to 35.0 percent while the deposit rate was in the range of 2.5 percent to 19.1 percent. Interest rates on US dollar denominated loans were between 0.1 percent and 15.0 percent.

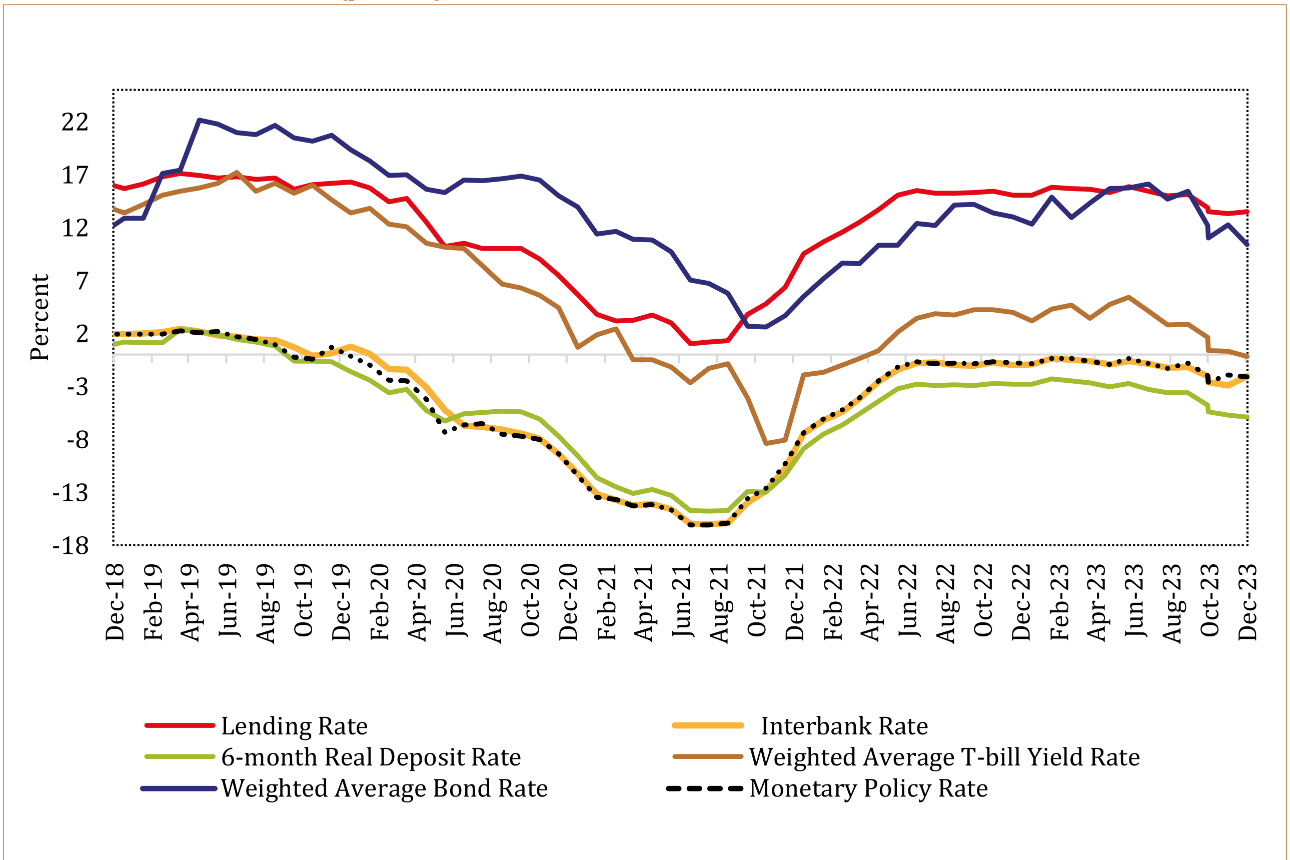
Chart 5.2: Nominal Interest Rates (percent), Dec 2018–Dec 2023



Source: Bank of Zambia

In real terms, the ALR continued to decline in 2023 as inflation rose further. It fell to 13.5 percent from 15.1 percent in 2022 while the 6-month deposit rate declined to -5.9 percent from -2.8 percent (Chart 5.3). As chart 5.3 also shows the MPR, interbank rate and 6-month deposit rate remained negative in 2023.

Chart 5.3: Real Interest Rates (percent), Dec 2018–Dec 2023



Source: Bank of Zambia

5.2 Domestic Credit

In 2023, domestic credit[13] growth slowed down, albeit marginally, to 18.1 percent, year-on-year (y/y), from 18.7 percent in 2022 mostly due to reduced lending to Government in line with the fiscal consolidation programme (Table 5.1 and Chart 5.4). In absolute terms, it however rose to K178.4 billion from K151.1 billion. Lending to the private sector remained robust in 2023, growing by 41.3 percent compared 34.2 percent in 2022 (Table 5.1). This was mostly on account of the increase in Kwacha denominated credit as foreign currency denominated credit continued to decline (Chart 5.5).

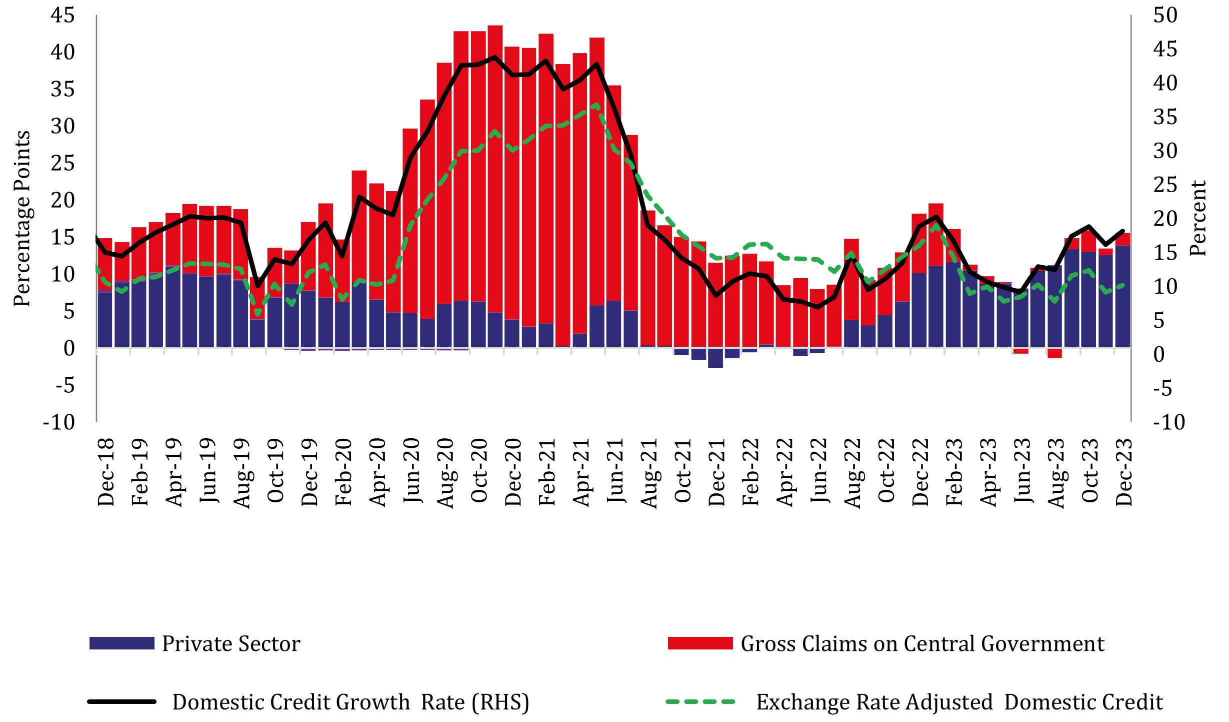
Table 5.1: Domestic Credit, 2021 – 2023

	2021			2022			2023		
	K' billion	Percent Change	Percentage Contribution	K' billion	Percent Change	Percentage Contribution	K' billion	Percent Change	Percentage Contribution
Domestic Credit	127.2	8.6	8.6	151.1	18.7	18.7	178.4	18.1	18.1
Government	88.5	17.9	11.5	98.6	11.5	8.0	101.1	2.5	1.7
Private Sector	37.7	-7.8	-2.7	50.6	34.2	10.1	71.4	41.3	13.8
Private Enterprises	24.3	-10.7	-2.5	33.8	39.3	7.5	50.8	50.3	11.3
Households	*13.4*	*-1.8*	*-0.2*	*16.7*	*25.0*	*2.6*	*20.6*	*22.9*	*2.5*
Public Enterprises	0.9	-24.1	-0.2	1.4	56.0	0.3	4.7	248.0	2.2
NBFIs	0.2	12.5	0.0	0.5	175.3	0.3	1.1	107.1	0.4

Source: Bank of Zambia

Note: NBFIs = Non-Bank Financial Institutions

Chart 5.4: Domestic Credit Growth (year-on-year), Dec 2018–Dec 2023

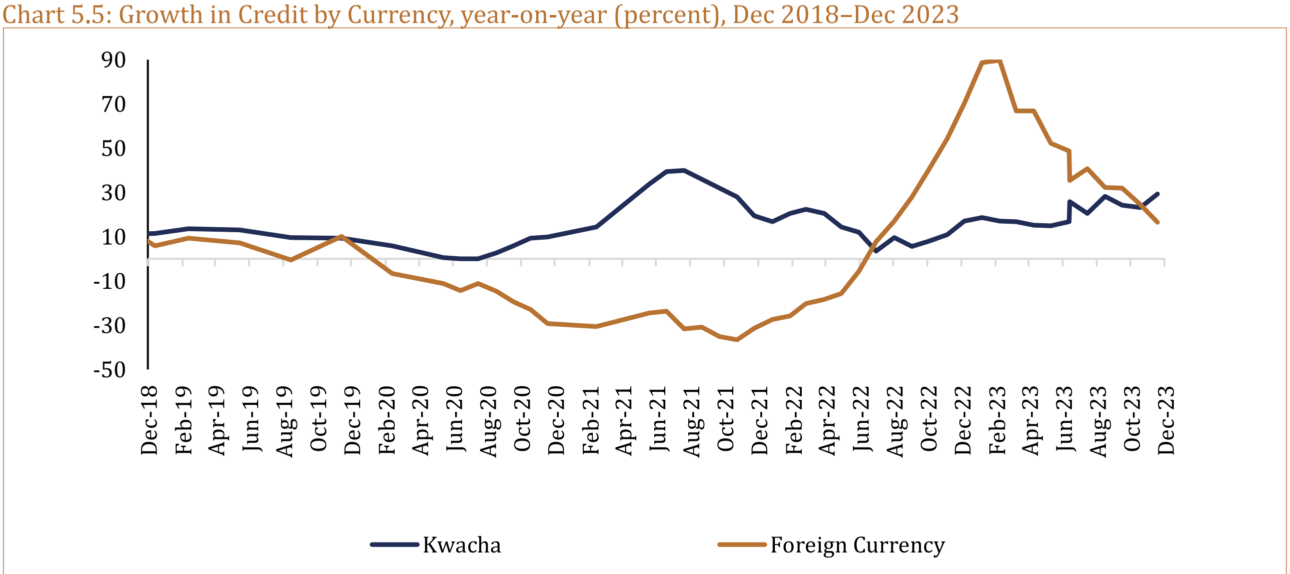


Source: Bank of Zambia

[13]Domestic credit includes lending by the Bank of Zambia, commercial banks and other depository corporations in both Kwacha and foreign currency.

Kwacha denominated loans expanded by 29.2 percent in December 2023 from 17.2 percent in December 2022 (Chart 5.5). Notable increases were observed in the wholesale and retail trade; manufacturing; electricity, gas, water and energy; agriculture; and financial services sectors. Firms continued to borrow for capital investment and working capital requirements to support business operations due to high operating costs induced by the depreciation of the exchange rate and high fuel prices (*Bank of Zambia Credit Conditions Surveys*). Further, firms involved in the Farmer Input Support Programme (FISP) needed additional financing to import the requisite quantities. In contrast, the growth in foreign currency credit slowed down significantly to 16.4 percent from 70.3 percent due to amortisation by firms in the manufacturing, wholesale and retail, agriculture, as well as transport, storage and communications sectors.

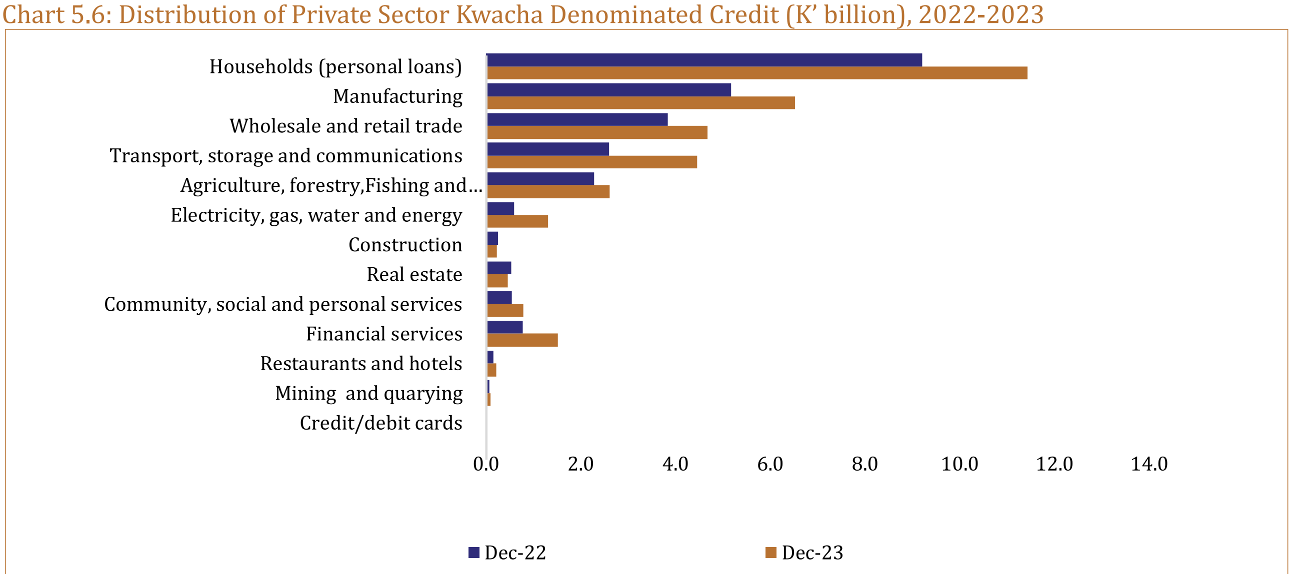
Chart 5.5: Growth in Credit by Currency, year-on-year (percent), Dec 2018–Dec 2023



Source: Bank of Zambia

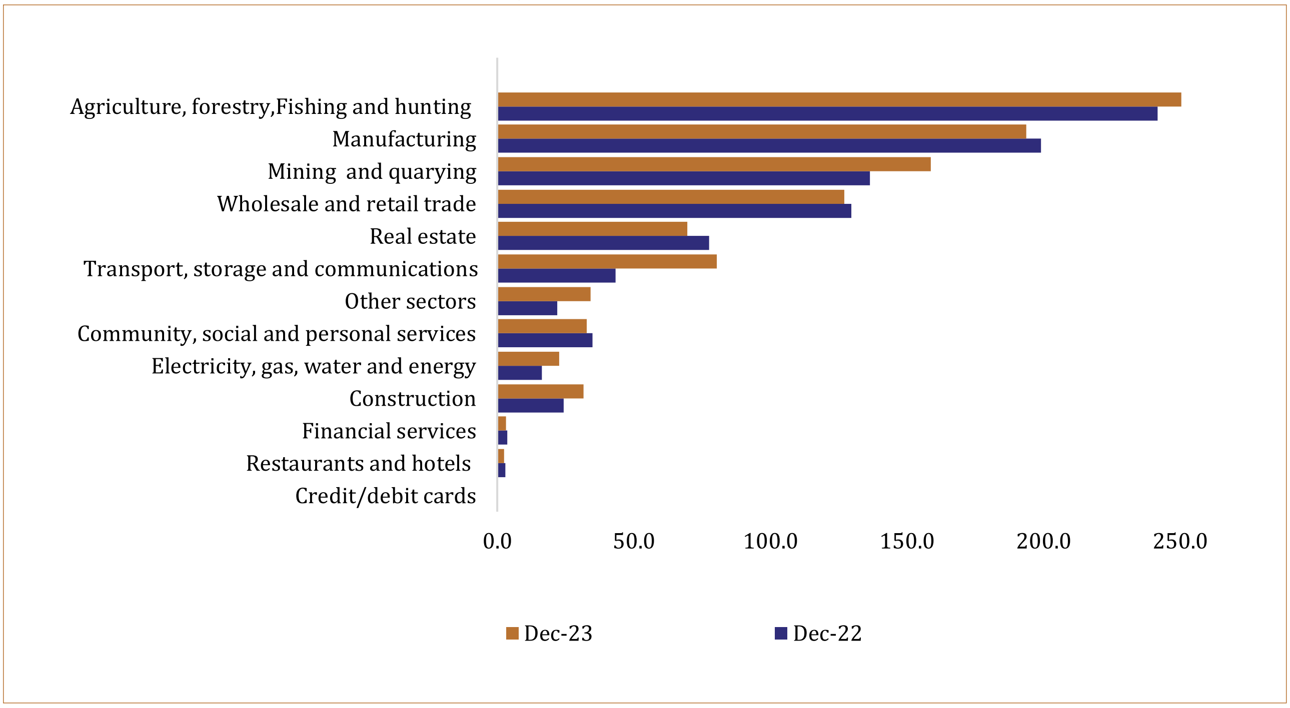
As shown in Chart 5.6, households (personal loans) continued to account for the largest share of Kwacha denominated credit (27.0 percent). This was followed by manufacturing (15.1 percent) as well as wholesale and retail trade (10.8 percent) sectors. With respect to foreign denominated credit, the manufacturing sector accounted for the largest share (30.3 percent) followed by mining and quarrying (17.9 percent) and agriculture (14.6 percent) sectors (Chart 5.7).

Chart 5.6: Distribution of Private Sector Kwacha Denominated Credit (K' billion), 2022-2023



Source: Bank of Zambia

Chart 5.7: Distribution of Private Sector Foreign Currency Denominated Credit (US$'000), 2022-2023



Source: Bank of Zambia

5.3 Broad Money

In 2023, broad money (M3) growth, at 24.6 percent, was steady and reflected sustained lending to the private sector (Table 5.2 and Chart 5.8). In absolute terms, M3 increased to K166.9 billion[14] at end-December 2023 from K134.1 billion at end-December 2022.

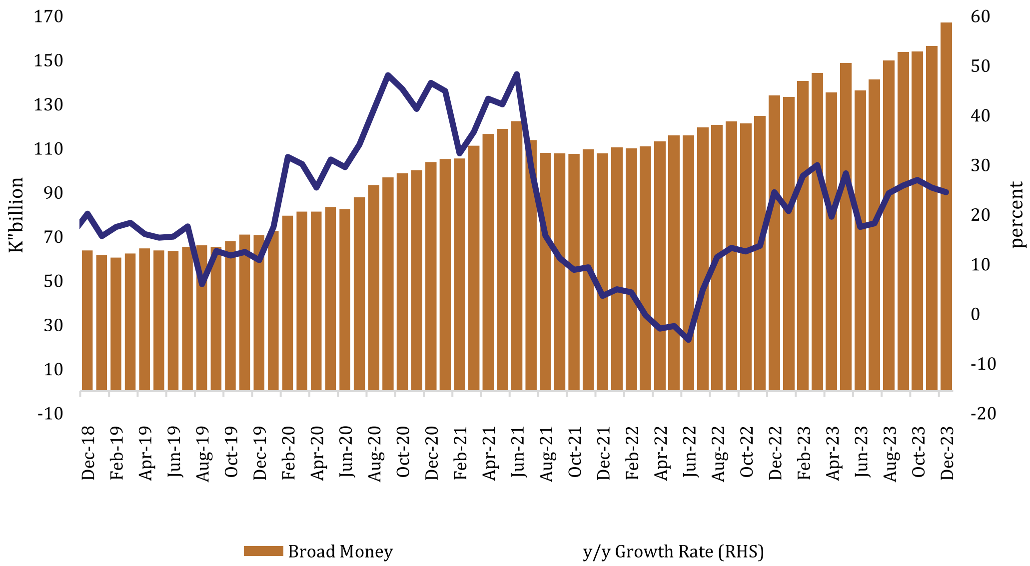
Table 5.2: Sources of Growth in Broad Money (percent), 2021–2023

	2021	2022	2023	Contributions to M3 Growth in 2023
Broad Money (M3)	3.7	24.5	24.6	24.6
Net Foreign Assets	-3.5	34.1	11.9	4.5
Net Domestic Assets	7.9	19.3	32.3	20.1
Domestic Credit	8.6	18.7	18.1	20.4
Gross Claims on Government	17.9	11.5	2.5	1.9
Private Sector	-7.8	34.2	41.3	15.6
Private Enterprises	-10.7	39.3	50.3	12.7
Households	-1.8	25.0	22.9	2.9
Public Enterprises	-24.1	25.1	248.0	2.5
NBFIs	12.5	175.3	107.1	0.4

Source: Bank of Zambia.

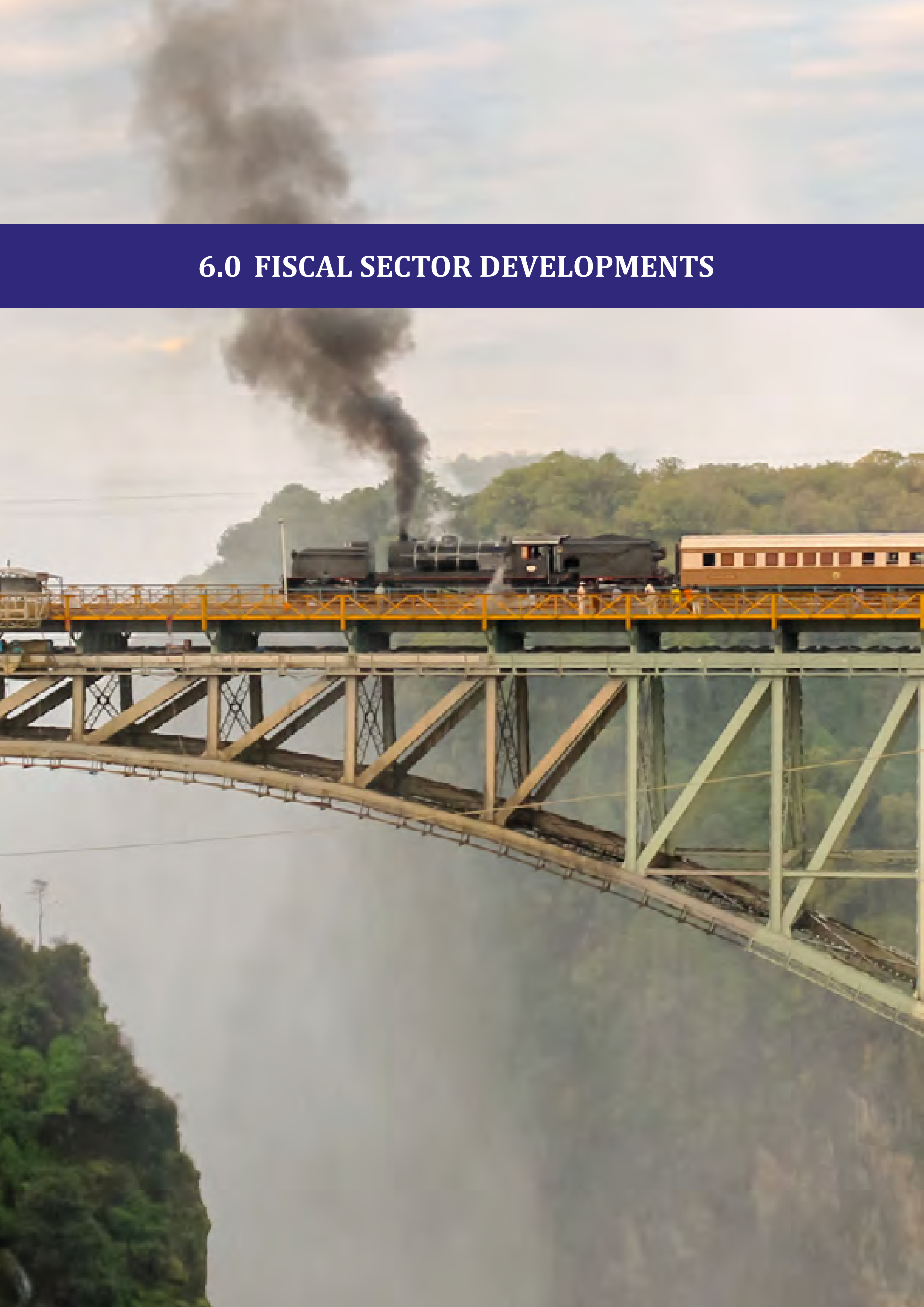
[14]Kwacha deposits were K82.1 billion (K70.1 billion at end-2022) while foreign currency deposits were equivalent to US$2.7 billion (US$2.9 billion at end-2022)

Chart 5.8: Broad Money, Dec 2018–Dec 2023



Source: Bank of Zambia

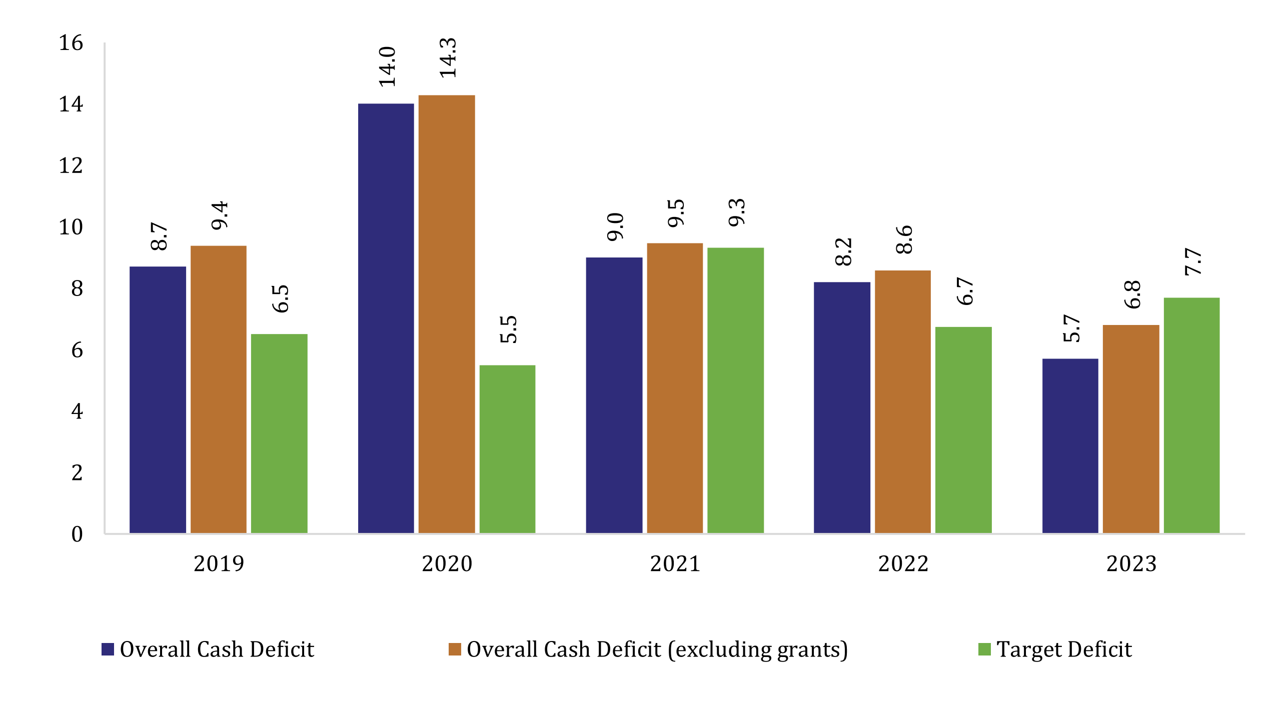
6.0 FISCAL SECTOR DEVELOPMENTS



6.0 FISCAL SECTOR DEVELOPMENTS

Preliminary data indicate a further decline in the cash fiscal deficit in 2023 to 5.7 percent of GDP from 8.2 percent in 2022 due to improved revenue performance amid lower spending (Chart 6.1). This outturn was lower than the 7.7 percent target, largely reflecting continued implementation of fiscal consolidation measures[15].

Chart 6.1: Fiscal Deficit (percent of GDP), 2019–2023



Source: Ministry of Finance and National Planning and Bank of Zambia Compilations

As a ratio of GDP, domestic revenue increased to 21.8 percent from 21.2 percent in 2022 (Table 6.1). Including grants, total revenue was 22.9 percent of GDP, 1.3 percentage points higher than the 2022 outturn. The positive revenue performance was primarily due to higher taxable import volumes, particularly of petroleum products, and the depreciation of the exchange rate. However, taxes from the mining sector reduced due to lower copper output (refer to Chapter 7 for more details).

Lower spending on personal emoluments, goods and services, as well as external debt servicing contributed to below target expenditure (Table 6.2). Underlying lower expenditure were delayed recruitment of public service personnel, rationalisation of the procurement process and protracted external debt negotiations.

The budget deficit was financed by both domestic and external sources (Table 6.3). Domestically, resources were raised through the issuance of Government securities, which were taken up mainly by the non-bank sector (non-resident investors and pension funds). External sources consisted of the 2021 SDR General Allocation and disbursements under the IMF Extended Credit Facility.

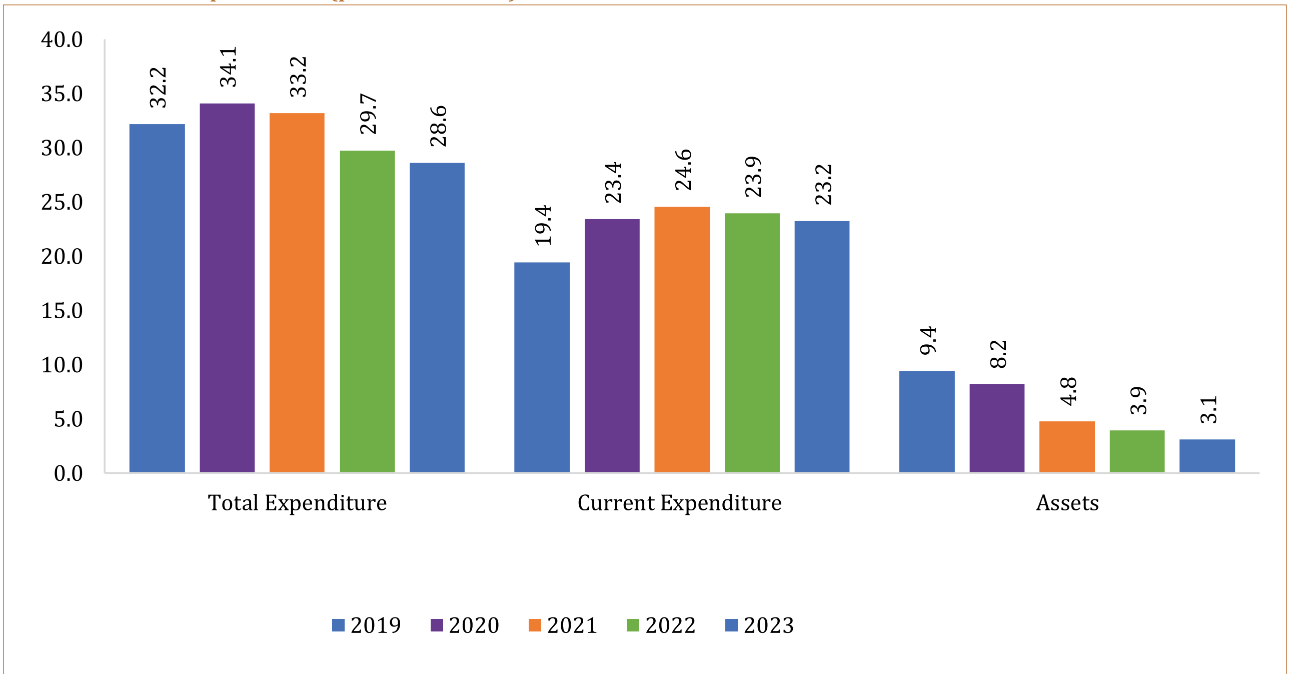
[15]These include the removal of VAT and excise duty exemption on fuel to improve collections; rollout of the Integrated Financial Management Information System (IFMIS) to improve efficiency and seal revenue leakages; partial migration to more cost-effective e-voucher system under FISP; as well as stronger enforcement of the Public Finance Management Act, 2018 and Public Procurement Act, 2020 and amendment of the Public Private Partnership Act, 2009.

Table 6.1: Central Government Revenue and Grants, 2021–2023

	2021		2022		2023			
						Target		Preliminary
	K'bn	Percent of GDP	K'bn	Percent of GDP	K'bn	Percent of GDP	K'billion	Percent of GDP
Revenue and Grants	98.9	23.3	100.5	21.6	113.3	21.3	122.1	22.9
Domestic Revenue	96.5	22.7	98.7	21.2	111.6	20.9	116.1	21.8
Tax Revenue	71.2	16.8	79.5	17.1	93.8	17.6	92.4	17.3
Income Tax	42.1	9.9	47.9	10.3	50.4	9.5	45.1	8.5
Personal Tax	14.8	3.5	18.1	3.9	19.3	3.6	19.4	3.6
Company Tax	19.2	4.5	21.0	4.5	21.2	4.0	14.9	2.8
Other Income Tax	8.0	1.9	8.8	1.9	9.9	1.9	10.8	2.0
Excise Taxes	4.3	1.0	5.2	1.1	6.9	1.3	7.5	1.4
Domestic VAT	7.0	1.6	5.9	1.3	9.8	1.8	9.9	1.8
International Trade Taxes	17.7	4.4	20.3	4.3	26.4	5.0	29.5	5.5
Import Duties	5.2	1.2	5.5	1.2	6.9	1.3	6.4	1.2
Import VAT	12.4	2.9	14.7	3.2	19.4	3.6	23.0	4.3
Export Duties	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0
Non-tax Revenue	25.3	6.0	19.2	4.1	17.9	3.4	23.7	4.4
Fees and Charges	6.2	1.5	6.6	1.4	7.1	1.3	8.7	1.6
Dividends and Interest	6.3	1.5	1.7	0.4	1.4	0.3	3.6	0.7
Mineral Royalty	12.4	2.9	10.4	2.2	9.0	1.7	7.7	1.4
Grants	2.5	0.6	2.0	0.4	1.7	0.3	6.0	1.1
Programme	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Projects	2.5	0.6	1.9	0.4	1.7	0.3	6.0	1.1

Source: Ministry of Finance and National Planning and Bank of Zambia Compilations

Chart 6.2: Total Expenditure (percent of GDP), 2019–2023



Source: Ministry of Finance and National Planning and Bank of Zambia Compilations

Table 6.2: Central Government Expenditures, 2021–2023

	2021		2022		2023			
					Target		Preliminary	
	K'bn	Percent of GDP	K'bn	Percent of GDP	K'bn	Percent of GDP	K'bn	Percent of GDP
Total Expenditure (excl. amortisation)	134.9	31.8	138.7	29.8	154.2	28.9	152.4	28.6
Current Expenditure	98.4	23.2	111.7	24.0	129.4	24.3	124.0	23.2
Personal Emoluments	31.9	7.5	37.7	8.1	46.5	8.7	44.9	8.4
Use of Goods and Services	14.8	3.5	13.1	2.8	14.9	2.8	13.0	2.4
Interest Payments	26.9	6.3	30.5	6.5	35.7	6.7	33.9	6.4
Domestic Debt	24.9	5.9	29.8	6.4	30.6	5.7	31.7	6.0
Foreign Debt	2.0	0.5	0.7	0.2	5.1	1.0	2.2	0.4
Transfers and Subsidies	20.6	4.9	24.4	5.2	25.9	4.9	25.7	4.8
Social Benefits	4.3	1.0	6.0	1.3	6.4	1.3	6.5	1.2
Liabilities	15.6	3.7	8.9	1.9	6.8	1.3	12.1	5.3
Assets	20.9	4.9	18.1	3.8	18.0	3.4	16.4	3.1
Non-Financial Assets	19.0	4.5	17.8	3.7	17.3	3.2	15.5	2.9
Financial Assets	1.9	0.4	0.3	0.1	0.7	0.1	0.8	0.2

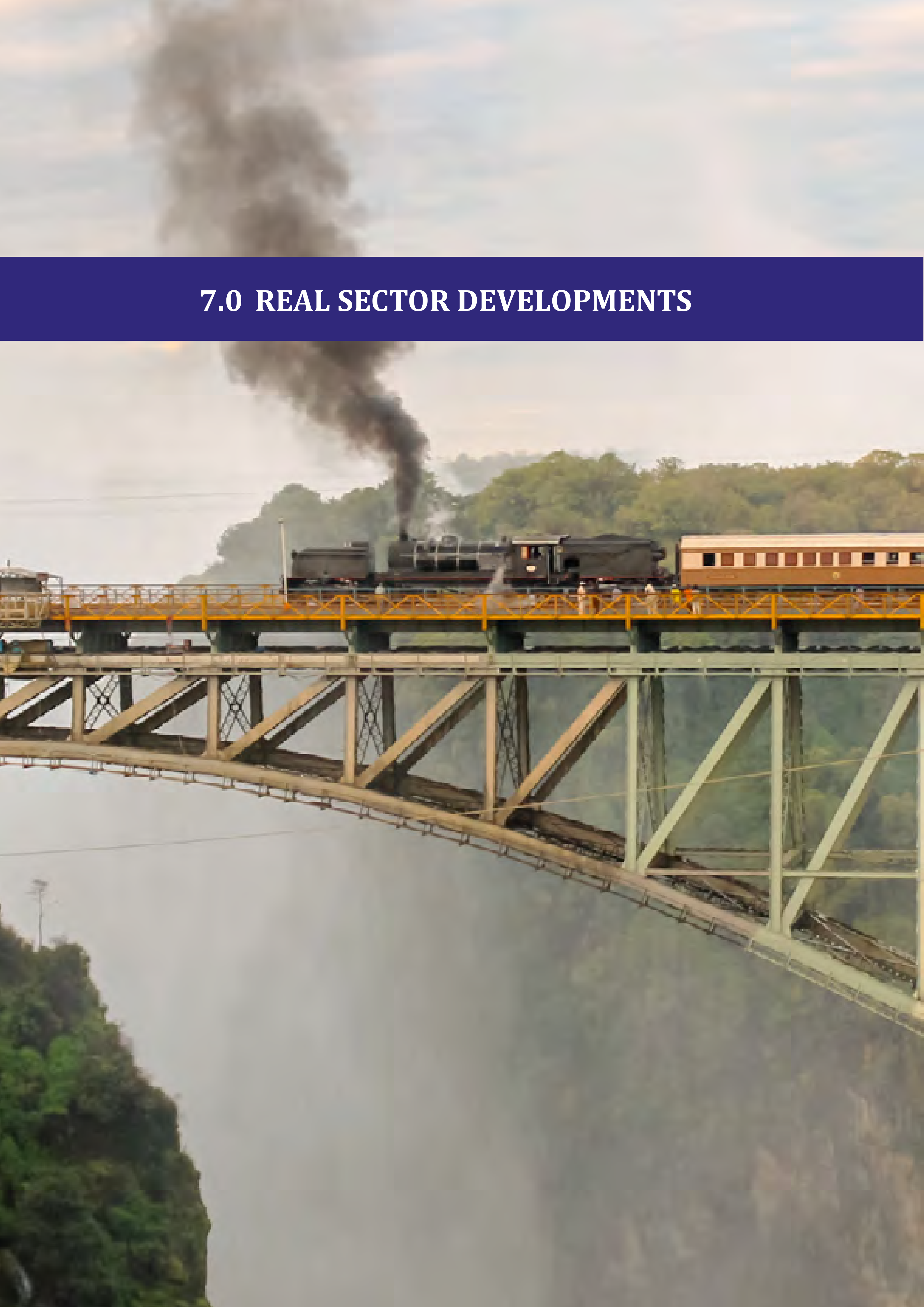
Source: Ministry of Finance and National Planning and Bank of Zambia Compilations

Table 6.3: Budget Deficit Financing, 2021–2023

	2021		2022		2023			
					Target		Preliminary	
	K'bn	Percent of GDP	K'bn	Percent of GDP	K'bn	Percent of GDP	K'bn	Percent of GDP
Total Financing	36.7	9.0	38.1	8.0	40.8	7.7	30.1	5.6
Net Domestic Financing	31.2	7.4	13.2	2.8	15.6	2.9	10.6	2.0
Government Securities	31.4	7.5	13.7	2.9	15.6	2.9	15.6	2.9
Commercial Banks	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation	-0.5	-0.1	-0.6	-0.1	0.0	0.0	-5.0	-0.9
Carry-over Funds	0.0	0.0	0.7	0.2	0.0	0.0	3.7	0.7
Net External Financing	5.5	1.3	24.1	5.2	25.3	4.7	15.8	3.0
Programme	0.0	0.0	19.7	4.2	31.5	5.9	14.2	2.7
Special Drawing Rights	0.0	0.0	12.1	2.6	10.4	1.9	9.3	1.7
IMF ECF	0.0	0.0	0.0	0.0	7.8	1.5	4.9	0.9
World Bank	0.0	0.0	2.4	0.5	6.1	1.1	0.0	0.0
Budget Support	0.0	0.0	5.2	1.1	7.3	1.4	0.0	0.0
Project		2.0	6.0	1.3	6.9	1.3	3.9	0.7
Amortisation	-2.6	-0.6	-1.6	-0.3	-13.1	-2.5	-2.3	-0.4

Source: Ministry of Finance and National Planning, Bank of Zambia Compilations

7.0 REAL SECTOR DEVELOPMENTS



7.0 REAL SECTOR DEVELOPMENTS

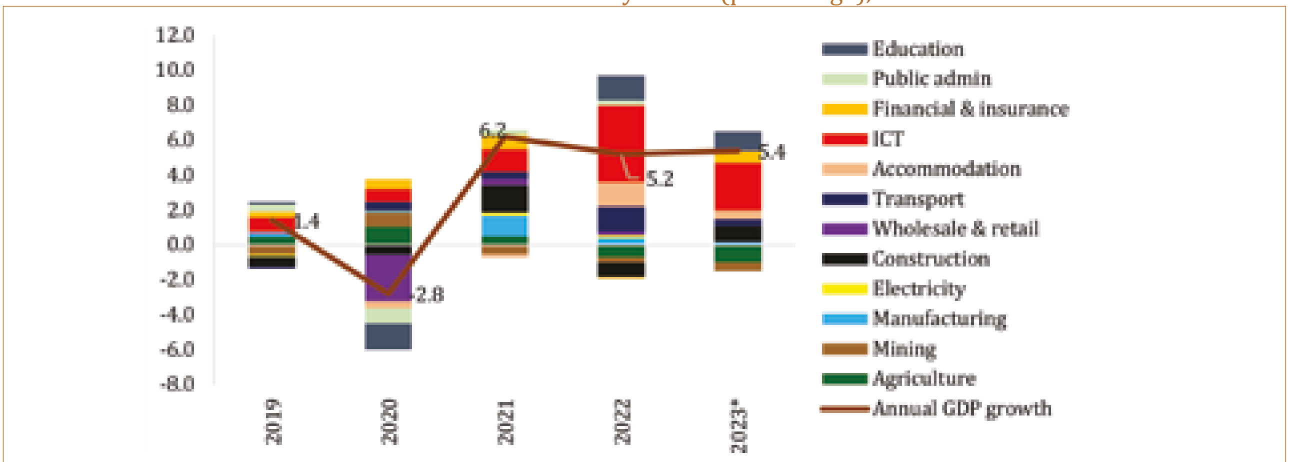
Real GDP growth is estimated to have expanded further in 2023 to 5.4 percent from 5.2 percent in 2022 (Table 7.1 and Chart 7.1). This was mostly underpinned by sustained growth in the information and communication as well as education sectors, including a strong recovery of the construction and financial and insurance sectors.

Table 7.1: Real GDP Growth (percent), 2021–2023

	2021	2022	2023*	
Economic Activity	Growth Rate	Growth Rate	Growth Rate	Contribution to Growth
Agriculture, forestry and fishing	6.9	-11.0	-15.9	-1.0
Mining and quarrying	-4.7	-3.7	-5.9	-0.5
Manufacturing	13.1	4.7	1.9	0.2
Electricity generation and supply	12.7	9.5	0.6	0.0
Water supply; sewerage	2.9	6.4	2.2	0.0
Construction	14.5	-8.8	9.3	0.9
Wholesale and retail trade	2.3	1.2	0.3	0.0
Transportation and storage	8.7	28.4	8.5	0.4
Accommodation and food service activities	-8.4	74.7	25.7	0.5
Information and communication	19.7	46.5	28.8	2.7
Financial and insurance activities	15.3	-1.8	13.5	0.7
Real estate activities	3.6	2.8	3.5	0.1
Professional, scientific, and technical activities	2.1	-1.2	5.3	0.1
Administrative and support service activities	36.7	-9.3	-5.7	-0.1
Public administration and defense	6.5	5.4	0.2	0.0
Education	-0.6	20.6	15.4	1.1
Human health and social work activities	2.5	-4.1	10.5	0.2
Arts, entertainment and recreation	25.2	62.2	39.2	0.1
Other service activities	2.8	-9.1	4.8	0.0
Taxes less subsidies	2.3	1.2	0.3	0.0
Gross Domestic Product (GDP)	6.2	5.2	5.4	5.4

Source: Zambia Statistics Agency and Bank of Zambia Compilations
* = preliminary

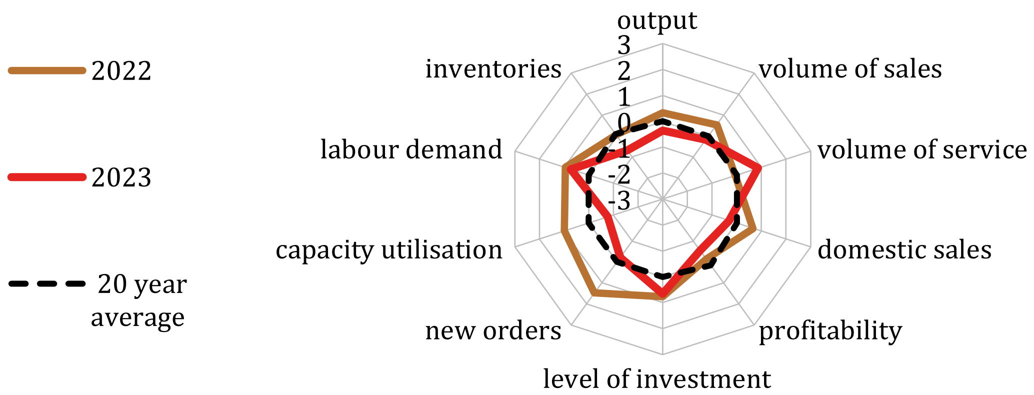
Chart 7.1: Annual Real GDP Growth and Contribution by Sector (percentage), 2019–2023



Source: Zambia Statistics Agency and Bank of Zambia Compilations
* = preliminary

However, the *Bank of Zambia Quarterly Survey of Business Opinions and Expectations* and *Stanbic Bank Zambia Purchasing Managers' Index™* indicated a challenging business environment for the private sector in 2023 (Charts 7.2 and 7.3). This was mainly reflected in the decline in new orders and output on account of weak demand conditions induced by the persistent exchange rate depreciation and heightened inflationary pressures.

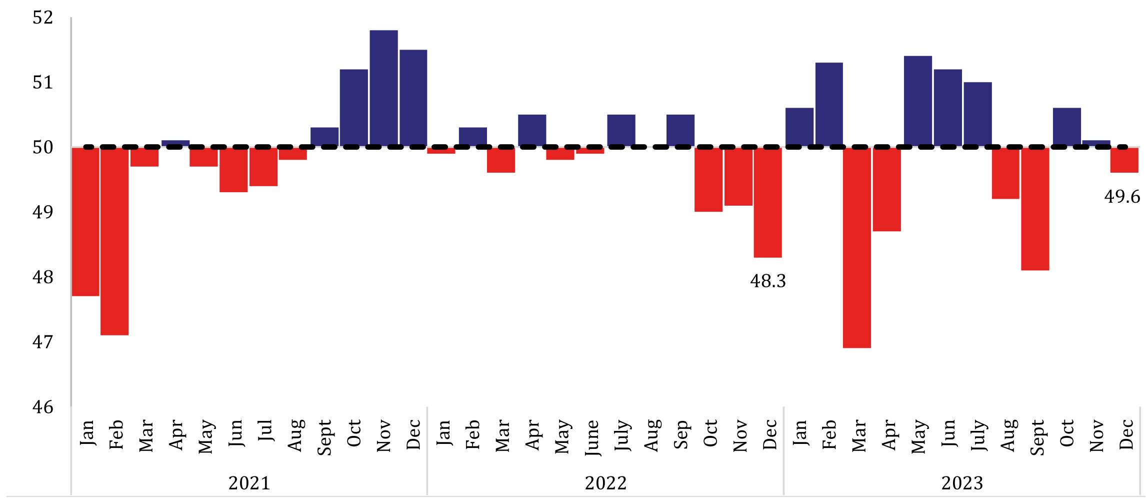
Chart 7.2: Bank of Zambia Business Opinion Survey, 2022–2023



Source: Bank of Zambia

Note: Survey indicators are standardized net balances with mean=0 and standard deviation=1. A value within the black dotted line l entails weaker economic conditions than the historical average while a value outside the black dotted line signifies an improvement over the historical average (2003 - 2023).

Chart 7.3: Stanbic Bank Zambia Purchasing Manager's Index, 2021–2023



Source: Stanbic Bank and Bank of Zambia Compilations

Note: PMI is a composite indicator produced by Stanbic Bank Zambia to provide an overall view of activity in the economy. It is calculated as a weighted average of five sub-components: new orders, output, employment, suppliers' delivery times and stocks of purchases. A reading below 50 means business conditions deteriorated and above 50 reading means an improvement while 50 means no change in the business environment.

The information and communication sector grew by 28.8 percent largely on the back of increased number of active internet—mobile and fixed—subscribers and total domestic outgoing traffic on mobile cellular networks (minutes) that rose by 11.4 percent each to 12.4 million and 31.7 billion, respectively in 2023. In the education sector, growth was attributed to the increase in contact hours following the continued recruitment of teachers in line with the implementation of the Free Education Policy up to secondary school level. The construction sector recovered, growing by 9.9 percent against a contraction of 8.8 percent in 2022. This largely reflected an uptick in public sector construction activities. The financial and insurance activities recovered due to higher profitability and premiums.

The other sectors that grew, albeit at a slower pace, include accommodation and food services (tourism); transportation and storage; manufacturing; public administration; electricity generation and supply, as well as wholesale and retail trade.

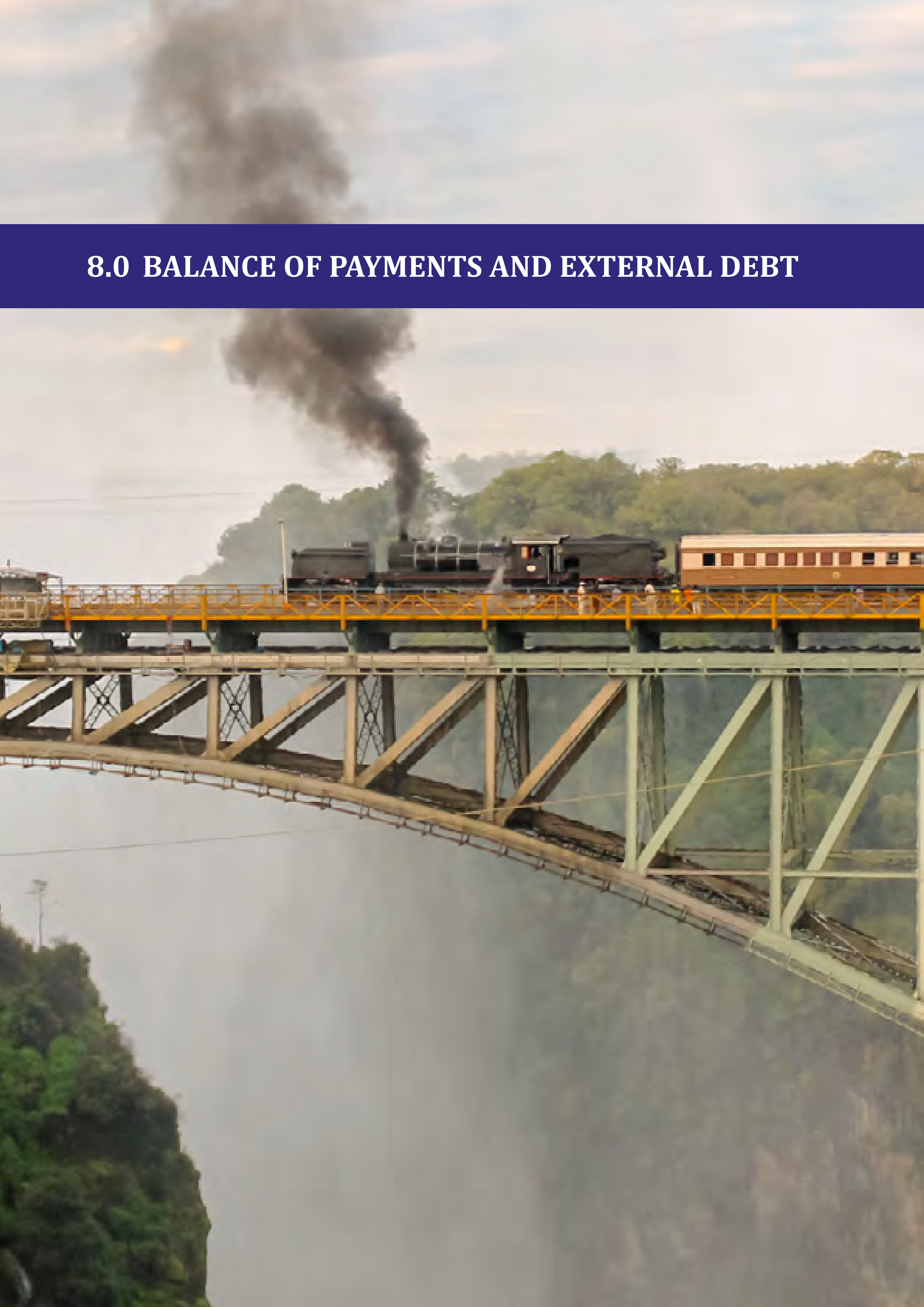
The observed growth in tourism activities was largely on account of the dissipation of base effects[16] as growth returned to pre-COVID-19 levels. Weaker performance in the transportation and storage sector was mostly attributed to slower growth in the wholesale and retail trade sector and higher fuel prices. Increased cost of imported inputs as the exchange rate depreciated and the contraction in the mining and agriculture sectors explain slower growth in the manufacturing sector. Lower growth in the public administration sector was due to the slowdown in supporting sectors on the back of lower-than-expected employment in the public sector (excluding education and health). Lower generation of electricity due to low water levels at Kariba North Bank and Kariba North Bank Extension Power Stations accounted for the reduced growth in the electricity sector. The wholesale and retail trade sector slowed down on account of constrained consumer demand occasioned by rising inflation induced in part by the persistent depreciation of the exchange rate.

Human health and social work activities, as well as professional, scientific, and technical activities sectors also recovered. The human health and administrative sectors benefited from the employment of additional health workers and the growth in supporting sectors, respectively. The expansion in the construction, manufacturing and education sectors supported the recovery of the professional, scientific and technical services sector.

In contrast, agriculture, mining as well as administrative and support services sectors contracted. In 2023, the agriculture sector contracted further by 15.9 percent compared to 11.0 percent in 2022. Higher input costs, incidence of pests, late onset of the rainy season, as well as drought and floods experienced in some parts of the country in the 2022/2023 farming season contributed to the negative growth of the sector. The mining sector contracted further by 5.9 percent as copper production declined to 698,566 metric tonnes from 763,550 metric tonnes in 2022. Operational challenges and lack of working capital at some major mines, coupled with flooding due to above average rainfall in relavant mining areas, as well as low grade ore underpinned the reduction in copper output. As a result of the contraction in agriculture and mining (base sectors), the administrative and support service sector recorded negative growth.

[16]Tourism activities went up significantly in 2022 following the lifting of COVID-19 restrictions in 2022, but subsequent changes have reduced and/or normalized and are no longer part of the annual comparison.

8.0 BALANCE OF PAYMENTS AND EXTERNAL DEBT



8.0 BALANCE OF PAYMENTS AND EXTERNAL DEBT

8.1 Balance of Payments

In 2023, the overall balance of payment deficit deteriorated further to US$2.4 billion (8.4 percent of GDP) from US$1.6 billion (5.5 percent of GDP) in 2022 as the *current account* balance turned negative (Table 8.1).

Table 8.1: Balance of Payments (US$ million, f.o.b), 2021-2023

BPM6 Concept	2021r	2022r	2023*
A. Current Account, n.i.e.	2,629.6	1,092.8	-308.0
Balance on goods	4,816.1	3,367.8	1,390.7
Goods: exports	11,202.0	11,504.8	10,538.9
Copper	8,396.5	8,128.6	6,617.3
Cobalt	5.0	0.0	0.0
NTEs	2,582.3	3,179.9	3,786.3
Gold	209.2	187.3	127.5
Goods: Imports	6,385.8	8,136.9	9,148.2
Balance on Services	-779.4	-946.3	-814.4
Services: credit, of which	525.5	938.9	928.6
Transportation	67.0	68.8	63.5
Travel	393.0	828.5	800.7
Services: debit, of which	1,304.9	1,885.2	1,743.1
Transportation	713.7	904.9	908.1
Travel	248.7	505.3	240.6
Insurance & Pension Services	16.5	7.5	8.5
Balance on Primary Income	-1,708.7	-1,613.6	-1,141.2
Primary income: credit	12.6	26.7	60.0
Primary income: debit	1,721.3	1,640.3	1,201.1
Balance on Secondary Income	301.5	284.9	257.0
Secondary income, n.i.e.: credit	404.0	397.0	373.3
Secondary income: debit	102.6	112.2	116.4
B. Capital Account, n.i.e.	*77.1*	*76.0*	*77.6*
Capital account, n.i.e.: credit	77.1	76.0	77.6
C. Financial Account, n.i.e.[s]	*1,428.6*	*3,021.3*	*1,719.0*
Direct investment: assets	-280.1	-252.8	159.7
BPM6 Concept	2021r	2022r	2023*
Direct investment: liabilities, n.i.e.	394.2	-65.1	108.0
Portfolio investment: assets	-63.2	73.8	48.4
Equity and investment fund shares	0.0	0.0	45.7
Debt securities	-63.2	73.8	2.7
Portfolio investment: liabilities, n.i.e.	938.7	-1,008.3	-442.9
Equity and investment fund shares	0.3	-0.1	-0.8
Debt securities	938.4	-1,008.2	-442.2
Financial derivatives: net	25.9	31.1	14.1
Financial derivatives: assets	23.9	34.2	17.2
Financial derivatives: liabilities	-2.0	3.2	3.1
Other investment: assets	4,600.8	1,928.9	-565.0
Other debt instruments	4,599.1	1,928.9	-565.0
Central bank	91.7	-25.6	270.5
Deposit-taking corporations, except C/bank	383.5	343.5	-698.1
Other sectors	4,123.8	1,611.0	-137.4
Non-financial corps, h/holds & NPISHs	4,123.8	1,611.0	-137.4

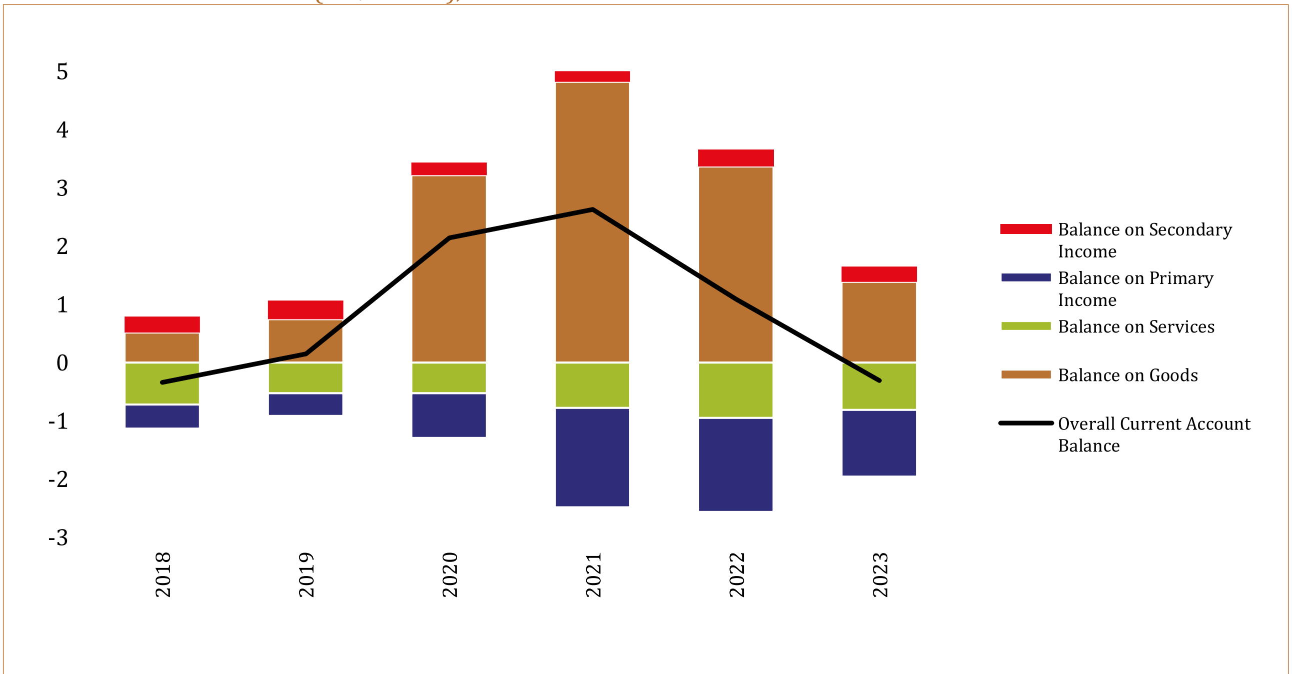
BPM6 Concept	2021r	2022r	2023*
Other investment: liabilities, n.i.e.	1,522.0	-166.9	-1,726.9
Special Drawing Rights	1,327.8	0.0	0.0
Other debt instruments	195.5	-167.0	-1,726.9
Deposit-taking corporations, except c/bank	180.7	-67.7	-73.2
General government	277.8	106.8	-1,218.2
Other sectors	-262.9	-206.1	-435.5
Non-financial corps, h/holds & NPISHs	-262.9	-206.1	-435.5
D. Net Errors and Omissions	*195.1*	*263.8*	*-468.0*
E. Overall Balance	*-1,473.2*	*1,588.7*	*2,417.5*
F. Reserves and Related Items	*1,473.2*	*-1,588.7*	*-2,417.5*
Reserve assets	1,470.6	494.5	-61.4
Credit and loans from the IMF	-2.6	179.0	377.2
Exceptional financing	0.0	1,904.2	1,978.8

Source: Bank of Zambia

f.o.b = free on board; (*) = preliminary; (r) = revised; and (s) = financial account and overall balance take on a sign convention such that a negative denotes a surplus and a positive represents a deficit; NTEs = non-traditional exports.   n.i.e = not included elsewhere

The *current account* recorded a deficit of US$0.3 billion in 2023 against a surplus of US$1.1 billion in 2022 as net exports (*balance on goods*) reduced significantly amid a sustained deficit in the *primary income* account (Chart 8.1).

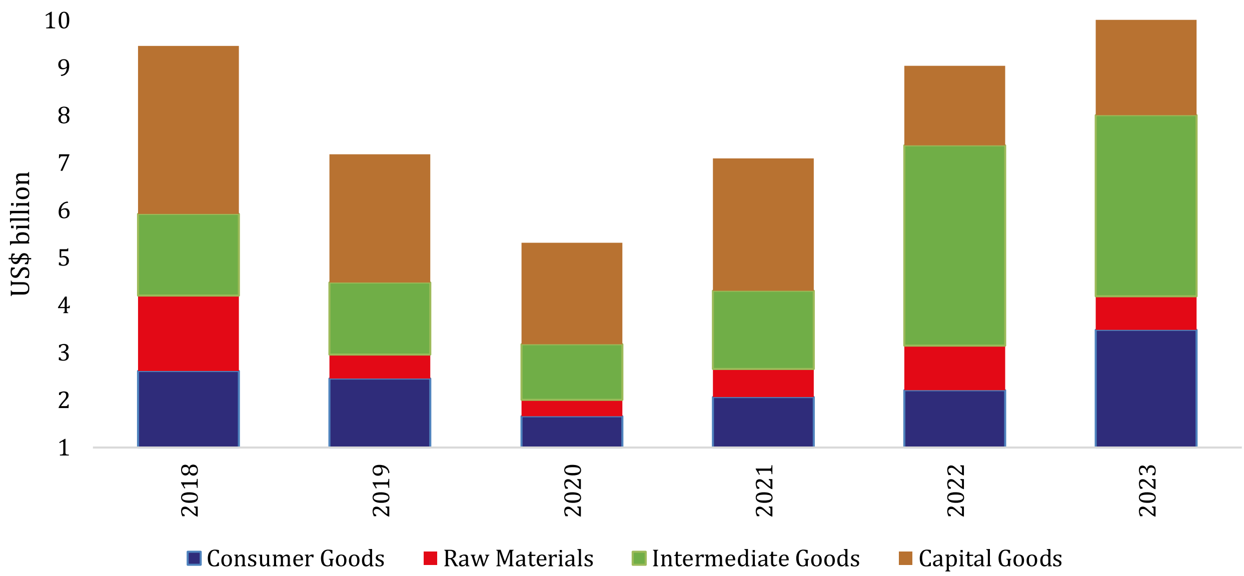
Chart 8.1: Current Account (US$ billion), 2018–2023



Source: Bank of Zambia

The *balance on goods* reduced by US$2.0 billion to US$1.4 billion as imports increased by 12.4 percent while exports fell by 8.4 percent. Imports were driven by a surge in consumer goods, mostly petroleum products (Chart 8.2).

Chart 8.2: Components of Merchandise Imports (US$ billion), 2018–2023



Source: Bank of Zambia

Exports declined by 8.4 percent to US$10.5 billion on the back of reduced copper earnings due to lower production, export volumes and realised prices (Table 8.2). However, non-traditional export (NTEs) earnings rose by 19.1 percent to US$3.8 billion and accounted for 36.0 percent of the total exports (Table 8.3 and Chart 8.3). Key contributors to the growth in NTEs were electricity, sulphur, cement and lime, as well as iron and steel. Inspite of relatively higher prices, gold earnings fell marginally to US$0.1 billion from US$0.2 billion on account of lower production.

Table 8.2: Realised Prices and Export Volume, 2021-2023

	2021	2022	2023
Realised Prices			
Copper (US$/mt)	9,251.0	8,921.7	8,398.5
Cobalt (US$/mt)	31,066.4	0.0	0.0
Gold (US$/ounce)	1,741.1	1,638.7	2,041.6
Export Volume			
Copper (mt)	903,401.1	898,332.3	782,636.3
Cobalt (mt)	161.2	0.0	0.0
Gold (ounces)	120,144.0	114,317.6	62,428.0

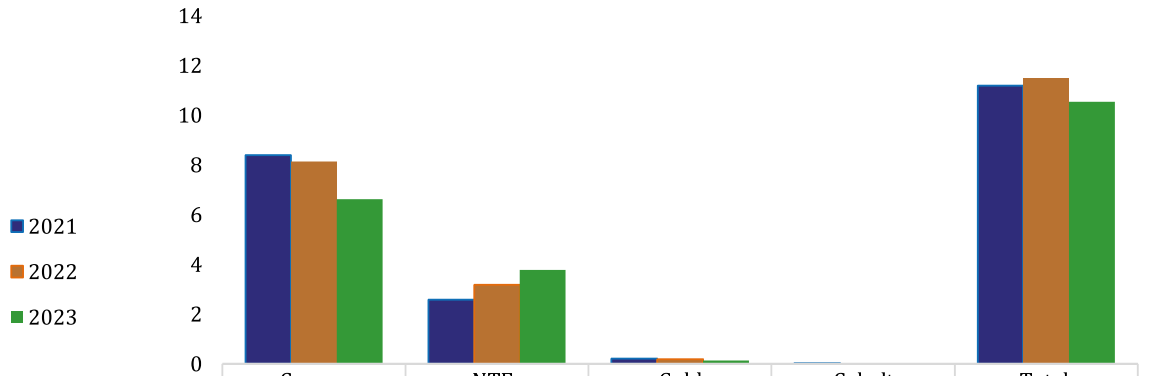
Source: Bank of Zambia

Table 8.3: Major Non-Traditional Exports (US$ million, f.o.b), 2021-2023

	2021	2022	2023
Electricity	167.3	296.4	362.9
Sulphur of all kinds	108.8	308.6	293.1
Cement and lime	185.4	186.7	204.3
Iron and steel	237.3	326.4	195.6
Vehicles and vehicle parts	30.8	36.1	190.7
Burley tobacco	126.9	136.3	166.3
Cane sugar	121.8	120.3	166.2
Beverages, spirits and vinegar	144.7	159.4	152.9
Residues and waste from the food industry	112.8	120.0	147.7
Industrial boilers and equipment	104.2	102.4	134.7
Nickel ores and concentrates	82.2	118.8	129.4
Soap and active agents	96.5	111.6	129.1
Gemstones	126.3	78.8	124.5
Oil-cake and other solid residues, of soy-bean	85.5	84.6	115.2
Sulphuric acid	56.6	134.9	87.0
Preparation of cereal, flour and starch products	72.6	82.5	78.3
Dairy products	44.2	66.8	68.5
Copper wire	76.2	63.5	62.6
Maize and maize seed	48.8	109.4	58.4
Electrical cables	30.4	35.9	40.4
Miscellaneous chemical products	61.9	51.0	37.3
Fresh fruits and vegetables	16.8	14.9	14.7
Wood and articles of wood	31.0	16.6	12.6
Groats and meal of maize (corn)	35.6	22.6	0.0
Other	377.8	435.3	813.7
Total	2,582.3	3,179.9	3,786.3

Source: Bank of Zambia

Chart 8.3: Export Earnings (US$ billion), 2021–2023



	Copper	NTEs	Gold	Cobalt	Total
2021	8.4	2.6	0.21	0.0	11.2
2022	8.1	3.2	0.19	0.0	11.5
2023	6.6	3.8	0.13	0.0	10.5

Source: Bank of Zambia

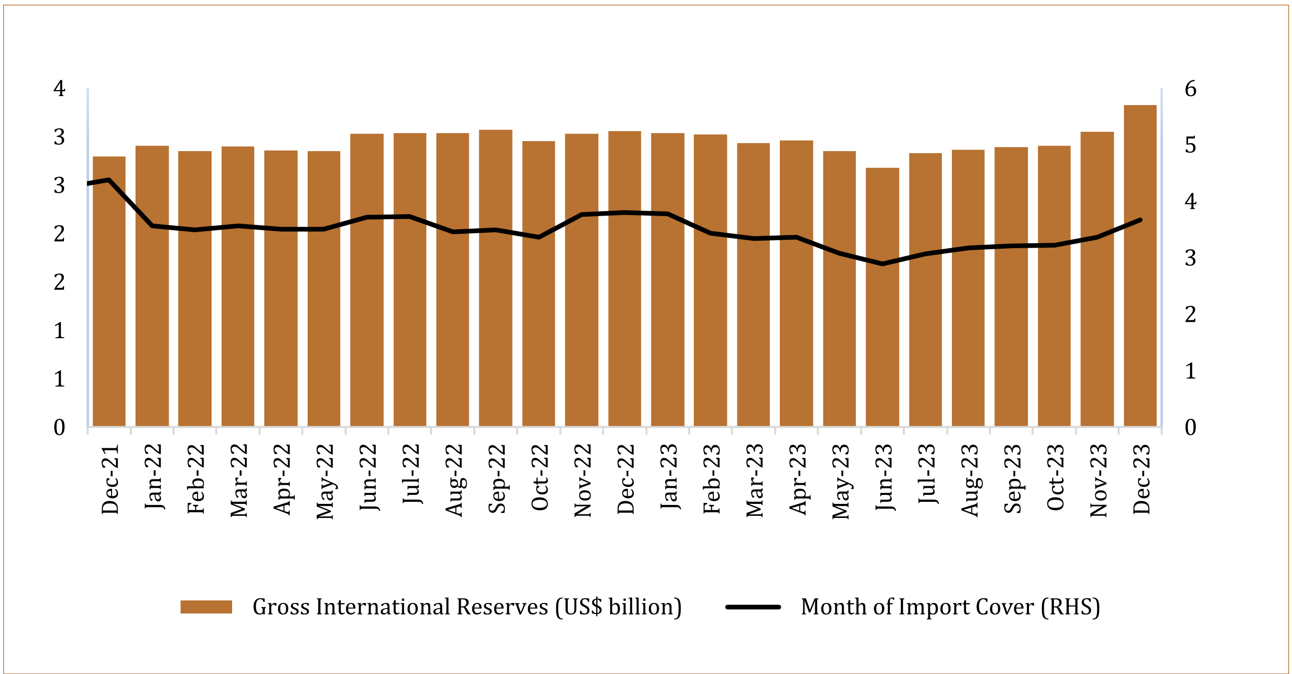
The *primary income account* deficit narrowed to US$1.1 billion in 2023 from US$1.6 billion in 2022, underpinned by the reduction in re-invested earnings as a result of reduced profits for firms with foreign ownership.

The capital account surplus marginally increased to US$77.6 million from US$76.0 million in 2022 (Table 8.1). The deficit on the financial account narrowed to US$1.7 billion from US$3.0 billion in 2022 largely attributed to the de-accumulation of assets abroad by the private sector and reduction in net portfolio investment outflows. The reduction in profits of firms with foreign ownership underpins the drawdown in assets abroad. A lower net portfolio outflow was observed in 2023 than in 2022, largely attributed to lower principal repayments on Government securities, specifically the Eurobond[17]. Foreign direct investment (FDI) flows, however, recovered to US$0.1 billion from a net outflow of US$0.07 billion in 2022. The improvement in FDI inflows was primarily driven by the mining sector.

8.2 Gross International Reserves

Gross international reserves rose to US$3.3 billion (equivalent to 3.7 months of import cover[18]) at end-December 2023 from US$3.1 billion (equivalent to 3.8 months of import cover) at end-December 2022 (Chart 8.4). This was mostly attributed to mining tax payments (US$865.9 million), disbursements by the IMF under the Extended Credit Facility (US$376.7 million) and World Bank (US$127.8 million), net statutory reserve deposits (US$208.4 million), project inflows (US$199.3 million) and monetary gold reserves (US$43.5 million). The increase in reserves was partially offset by the BoZ net sales (US$1.0 billion) to meet critical imports and moderate volatility, external debt servicing (US$208.7 million) mainly to multilateral institutions, and other Government payments (US$506.2 million).

Chart 8.4: Gross International Reserves, 2021-2023



Source: Bank of Zambia

[17]A Eurobond principal repayment of US$750.00 million fell due in 2022.

[18]The decline in the months of import cover was due to higher imports in 2023 than in 2022 (Table 8.1).

8.3 Direction of Trade

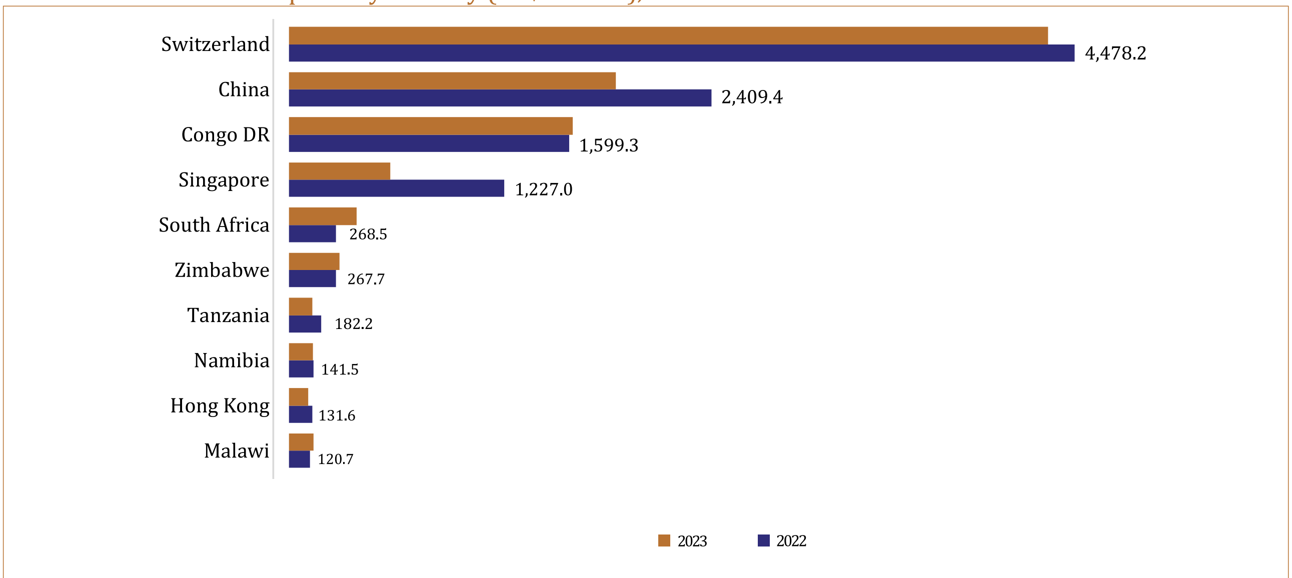
The top five export destinations in 2023 continued to be Switzerland, China, Democratic Republic of the Congo (DRC), Singapore and South Africa (Chart 8.5). These accounted for 84.0 percent of total exports. Copper remained the major export product, with Switzerland[19], China and Singapore as main markets (Table 8.4).

Table 8.4: Products Accounting for Performance to Top Destination Countries (US$ million), 2021-2023

Country	Main Products	2021	2022	2023	Percent
Switzerland	Copper and articles thereof	4,579.2	4,281.1	4,163.5	-2.8
	Ores, slag and ash	82.2	141.8	97.5	-31.2
China	Copper and articles thereof	1,907.8	2,247.9	1,781.8	-20.7
Democratic Republic of Congo	Salt, sulphur, earth and stone	212.9	395.3	397.1	0.5
	Inorganic chemicals, compounds of precious metals, radioactive elements	63.1	147.4	119.8	-18.7
	Beverages	119.9	135.9	132.6	-2.4
	Soap and organic surface-active agents	86.4	97.6	104.7	7.3
	Electrical energy	0.0	89.2	64.4	-27.8
Singapore	Copper and articles thereof	1,471.8	1,220.8	563.3	-53.9
South Africa	Natural/ cultured pearls and precious stones	65.2	54.5	42.9	-21.3
	Iron and steel	33.7	35.1	27.8	-20.8
	Copper and articles thereof	37.0	31.3	31.7	1.3
	Nuclear reactors, boilers and machinery	21.0	27.7	41.6	50.2
	Sugar and sugar confectionery	15.3	15.0	12.7	-15.3

Source: Zambia Statistics Agency and Bank of Zambia Compilations

Chart 8.5: Direction of Exports by Country (US$ million), 2022-2023



Source: Zambia Statistics Agency and Bank of Zambia Compilations

South Africa, China, United Arab Emirates, India and Japan were the top five source countries for imports in 2023, jointly accounting for 60.9 percent of total imports (Table 8.5 and Chart 8.6).

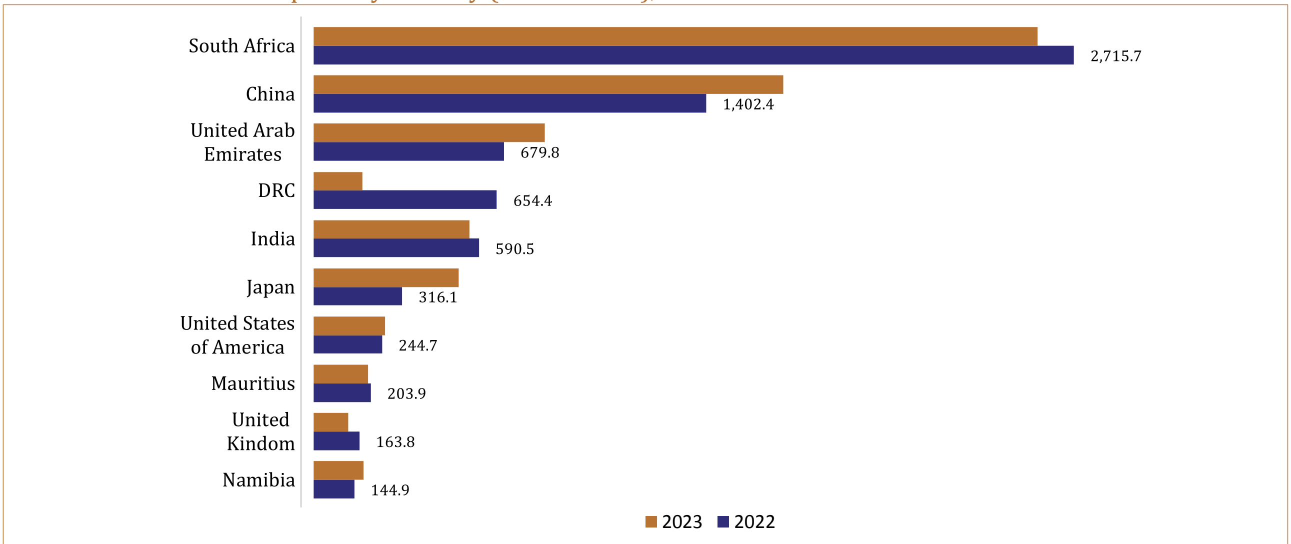
[19]Switzerland is reflected as Zambia's partner country in the customs data, but the final destination for copper is mostly China. Large metal traders based in Switzerland buy copper from mining companies operating in Zambia and sell in other foreign markets.

Table 8.5: Products Accounting for Import Performance from Top Source Countries (US$ millions), 2021-2023

Country	Main Products	2021	2022	2023	Percentage Change
South Africa	Nuclear reactors and boilers	264.0	299.6	288.5	-3.7
	Vehicles	223.8	297.4	374.8	26.0
	Plastics and articles thereof	192.3	248.0	169.9	-31.5
	Fertiliser	152.8	230.6	216.9	-5.9
China	Nuclear reactors and boilers	166.3	260.8	320.6	22.9
	Vehicles	117.1	227.4	361.2	58.8
	Electrical Machinery Equipment	113.4	112.9	129.2	14.4
	Iron and Steel	64.0	101.7	129.9	27.7
United Arab Emirates	Mineral fuels, oils and products of their distillation	209.2	313.7	485.9	54.9
	Salt, Sulphur, Earth & Stone	9.7	82.1	49.6	-39.6
	Fertiliser	7.4	54.2	123.5	127.9
	Nuclear reactors and boilers	74.4	53.1	57.2	7.7
India	Pharmaceutical products	163.4	164.1	153.4	-6.5
	Nuclear reactors and boilers	71.2	128.6	83.8	-34.8
	Plastics and articles thereof	32.4	46.8	42.5	-9.2
	Vehicles	27.8	45.0	89.8	99.6
Japan	Vehicles	179.4	229.3	372.6	62.5
	Nuclear reactors and boilers	28.9	41.8	91.6	119.1
	Rubber and articles thereof	18.7	20.6	30.9	50.0

Source: Zambia Statistics Agency and Bank of Zambia Compilations

Chart 8.6: Direction of Imports by Country (US$ millions), 2022-2023



Source: Zambia Statistics Agency and Bank of Zambia Compilations

8.4 External Debt

Preliminary data indicate that at end-December 2023, the stock of public and publicly guaranteed (PPG) external debt marginally increased by 3.7 percent to US$15.98 billion. As a ratio of GDP, PPG external debt stock rose to 73.4 percent from 56.4 percent in 2022. Disbursements, largely by multilateral creditors, explain the increase. Out of the US$15.98 billion total external debt, Central Government and publicly guaranteed external debt accounted for US$14.57 billion and US$1.41 billion, respectively (Table 8.6). The bulk of central Government external debt was owed to commercial creditors (40.6 percent).

Table 8.6: Government External Debt Stock by Creditor (US$ million), 2021-2023

	2021		2022		2023*	
Creditor	US$ million	Percent Share	US$ million	Percent Share	US$ million	Percent Share
Bilateral	3,953.4	30.3	3956.4	28.3	3,972.7	27.3
Paris Club	489.9		555.9		571.7	
Non-Paris Club	3,463.5		3,400.5		3,401.0	
Multilateral	2,548.1	19.5	3,271.8	23.4	3,854.9	26.5
IMF			186.2		563.0	
World Bank Group	1,387.5		2,060.5		2,234.6	
African Development Bank	812.1		831.2		865.9	
Others	348.5		194.0		191.4	
Plurilateral**	628.8	4.8	819.7	5.9	824.9	5.7
Commercial	5,910.9	45.3	5,911.7	42.4	5,920.5	40.6
Total Government Debt	13,041.2		13,959.6		14,572.9	

Source: Ministry of Finance and National Planning and Bank of Zambia Compilations
* = preliminary
** = Plurilateral - official institutions for which lenders are countries of a specific region (e.g. Nordic Fund) or bound by a specific relationship (e.g. OPEC Fund for International Development).

In 2023, external debt servicing increased to US$211.9 million from US$132.3 million in 2022 (Table 8.7). This covered principal repayments (US$137.3 million), interest charges (US$68.6 million) and other costs (US$5.96 million) mostly to multilateral partners.

Table 8.7: Official External Debt Service by Creditor (US$ million), 2021–2023

Creditor	2021	2022	2023*
Bilateral	24.6	0	0
Paris Club	0	0	0
Others	0	0	0
Multilateral	77.1	113.1	158.9
World Bank Group	36.3	49	67.2
IMF	0	0	0
European Investment Bank	7.7	10.3	11.6
Others	33.1	53.8	80.1
Suppliers/Bank (Commercial)/Export Credit Agencies	105	19.2	53.0
Total	206.7	132.3	211.9

Source: Ministry of Finance and National Planning and Bank of Zambia Compilations
* = preliminary

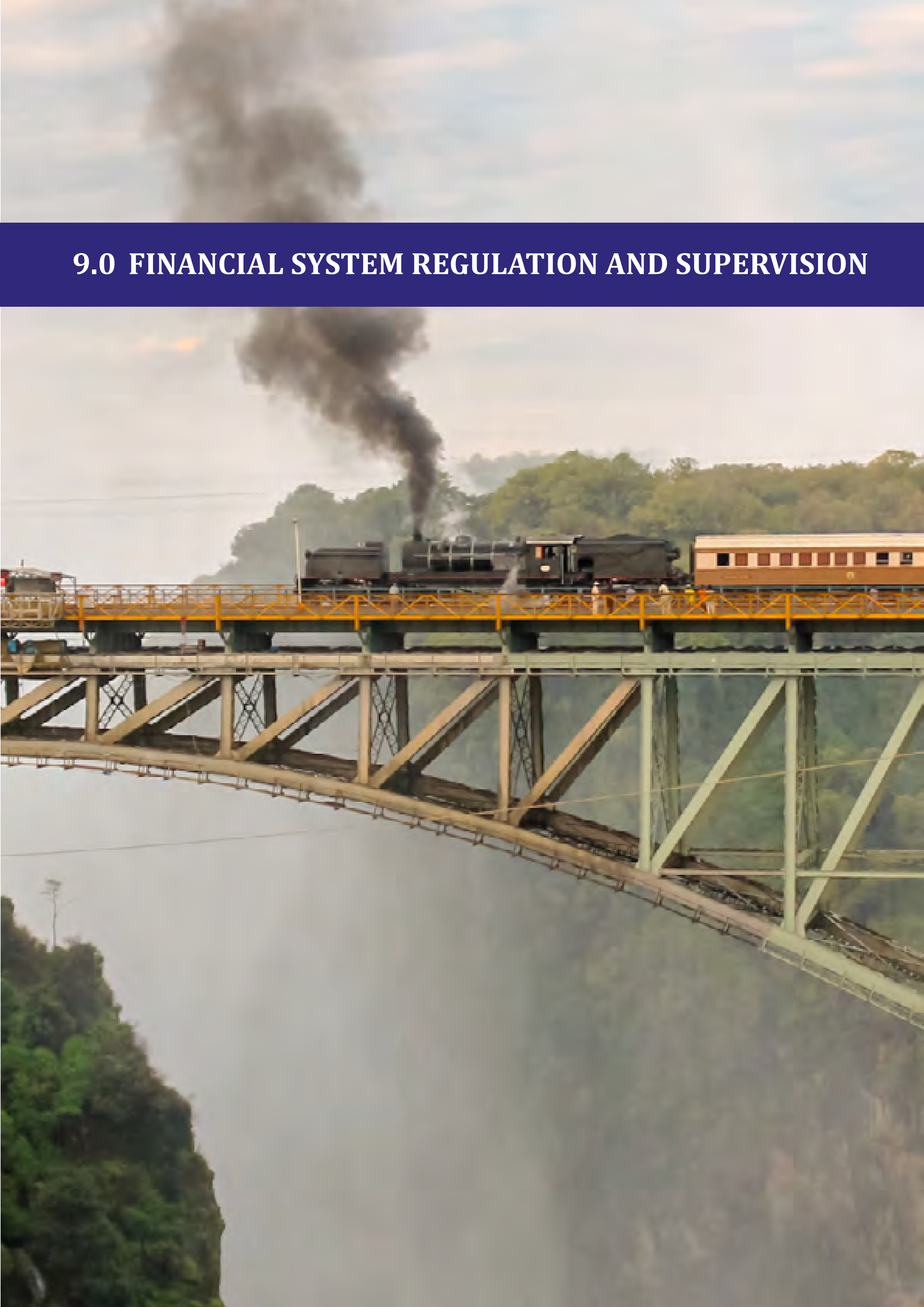
Total external debt owed by the private sector and non-guaranteed parastatal sector declined by US$53.02 million between 2022 and 2023 (Table 8.8). This was mainly due to net amortisation.

Table 8.8: Private and Non-Guaranteed Parastatal External Debt Stock, 2021–2023

	2021		2022		2023*	
Creditor	US$ million	Percent Share	US$ million	Percent Share	US$ million	Percent Share
Private	6,061.3	73.3	7,746.9	95.9	7,693.9	95.9
Multilateral	25.1		509.4		479.0	
Financial Institutions	106.7		1,217.1		1,195.6	
Parent and Related Company	5,366.8		3,022.9		3,022.9	
Other	562.7		2,997.5		2,996.5	
Parastatal	2,212.8	26.7	329.7	4.1	329.7	4.1
Total Private and Non-Guaranteed Debt	8,274.1	100.0	8,076.6	100.0	8,023.6	100.0

Source: Bank of Zambia
* = preliminary data as at end-September 2023

9.0 FINANCIAL SYSTEM REGULATION AND SUPERVISION



9.0 FINANCIAL SYSTEM REGULATION AND SUPERVISION

9.1 Banking Sector

In 2023, the number of licensed commercial banks remained unchanged at 17: 10 were subsidiaries of foreign banks, 4 were partially owned by the Government of the Republic of Zambia, and 3 were local privately owned. The Bank of Zambia approved the acquisition of African Banking Corporation Zambia Limited (trading as Atlas Mara) by Access Bank Zambia Limited and the subsequent merger of the two entities.

Subsidiaries of foreign banks continued to dominate the sector in terms of total assets, loans, deposits, and profit before tax (PBT) as shown in Table 9.1.

Table 9.1: Assets, Loans, Deposits and PBT by Ownership Type (share of industry, percent), 2021-2023

	2021				2022				2023			
	Assets	Loans	Deposits	PBT	Assets	Loans	Deposits	PBT	Assets	Loans	Deposits	PBT
Subsidiaries of Foreign Banks	71.0	63.8	70.9	71.0	67.4	60.1	66.8	60.0	67.3	60.6	67.0	68.4
Banks with Government Stake	25.9	32.0	25.9	26.6	29.4	35.1	30.0	37.2	29.0	34.4	29.1	33.9
Local Private Banks	3.1	4.1	3.1	2.3	3.2	4.8	3.2	2.8	3.7	5.0	3.8	-2.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Bank of Zambia

The overall financial performance and condition of the banking sector remained satisfactory[20] as at end-December 2023. The favourable rating was on account of strong capital adequacy, satisfactory asset quality, higher earnings, and favourable liquidity conditions (Table 9.2). Three banks were under heightened surveillance due to adverse composite ratings—one marginal and two unsatisfactory (Tables 9.3 and 9.4).

Table 9.2: Financial Performance Indicators (percent), 2021–2023

	Benchmark	2021	2022	2023
Primary capital adequacy ratio	5.0 or higher	23.2	22.0	22.8
Total regulatory capital adequacy ratio	10.0 or higher	24.6	22.8	23.5
Net non-performing loans to regulatory capital	10.0 or lower	-0.4	0.8	0.9
Gross non-performing loans to total loans	10.0 or lower	5.8	5.0	4.2
Net non-performing loans to total loans	2.5 or lower	-0.2	0.3	0.3
Allowance for loan losses to gross non-performing loans	80.0 or higher	102.8	93.5	92.2
Return on assets	4.0 or higher	5.2	5.0	5.9
Return on equity	20.0 or higher	35.1	29.3	33.8
Efficiency ratio	60.0 or lower	54.4	44.8	50.0
Liquid assets to deposits and short-term liabilities	25.0 or higher	56.3	52.2	42.9
Loan to deposit ratio		39.4	35.7	39.8

Source: Bank of Zambia

[20]Ratings: *Strong* – sound in every respect, no supervisory response required; *Satisfactory* – fundamentally sound with modest correctable weaknesses, supervisory response limited; *Fair* – combination of weaknesses, if not redirected will become severe; *Marginal* - immoderate weaknesses unless properly addressed could impair future viability, Needs close supervision and *Unsatisfactory* - high risk of failure in the near-term.

Table 9.3: Share of Assets and Deposits by Performance Rating, 2021-2023

Performance Rating	Number of Banks			Percent of Total Assets			Percent of Total Deposits		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Satisfactory	14.0	14.0	13.0	95.6	90.1	89.2	95.4	90.8	89.2
Fair	2.0	2.0	2.0	3.5	8.9	9.2	3.3	7.8	8.9
Marginal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unsatisfactory	1.0	1.0	2.0	0.9	1.1	1.6	1.3	1.5	1.9
Total	17.0	17.0	17.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Bank of Zambia

Table 9.4: Composite Ratings of Banking Sector Financial Performance and Condition, 2021-2023

Performance Rating	Capital Adequacy			Asset Quality			Earnings			Liquidity		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Strong	0	3	2	0	0	0	0	1	0	0	0	0
Satisfactory	15	12	11	12	10	11	13	14	15	14	11	9
Fair	1	1	2	1	5	4	1	1	0	3	5	5
Marginal	0	0	1	3	0	0	2	0	0	0	0	2
Unsatisfactory	1	1	1	1	2	2	1	1	2	0	1	1
Total	17	17	17	17	17	17	17	17	17	17	17	17

Source: Bank of Zambia

In 2023, total assets grew by 21.8 percent to K238.9 billion, largely funded by the significant increase in deposit liabilities (Table 9.5). Deposit liabilities rose by 21.3 percent to K178.4 billion and remained the main source of asset funding (Tables 9.6 and 9.7; Chart 9.1). Consequently, total liabilities increased by 21.2 percent to K211.0 billion (Table 9.6). The increase in assets was reflected in balances held with the Bank of Zambia following an upward adjustment in the statutory reserve ratio to 17.0 percent from 9.0 percent (Table 9.5). Net loans and advances as well as investments in Government securities also recorded notable growth. Net loans and advances accounted for the largest share of total assets followed by investments in Government securities (Table 9.5).

Table 9.5: Asset Structure (K' billion and percent), 2021–2023

	2021		2022		2023		
	K'billion	Percent Share of Total Assets	K'billion	Percent Share of total assets	K'billion	Percent Share of total assets	Annual Percentage Change
Net Loans and advances	41.9	26.7	50.0	25.5	68.3	28.6	36.5
Balances with Foreign Financial Institutions	30.1	19.2	35.5	18.1	32.0	13.4	-9.9
Balances with Bank of Zambia	19.2	12.3	26.8	13.7	42.7	17.9	59.7
Investments in Government Securities	41.9	26.7	56.8	29.0	61.8	25.9	8.8
Other	23.8	15.1	27.1	13.8	34.2	14.3	26.0
Total	156.9	100	196.2	100.0	238.9	100.0	21.8

Source: Bank of Zambia

Table 9.6: Liability Structure (K' billion and percent), 2021–2023

	2021		2022		2023		
	K'billion	Percent of total liabilities	K'billion	Percent of total liabilities	K'billion	Percent of total liabili-ties	Annual Per-centage Change
Deposits	113.0	81.0	147.0	84.5	178.4	84.5	21.3
Other Liabilities	9.8	7.0	10.7	6.1	13.5	6.4	26.2
Balances Due to Financial Institutions Abroad	4.3	3.1	3.9	2.2	6.1	2.9	56.4
Other Borrowed Funds	2.8	2.0	2.2	1.2	3.0	1.4	36.5
Balances Due to Financial Institutions in Zambia	0.7	0.5	1.2	0.7	1.2	0.6	0.0
Others	8.9	6.4	9.2	5.3	8.8	4.2	-4.3
Total	139.5	100.0	174.1	100.0	211.0	100.0	21.2

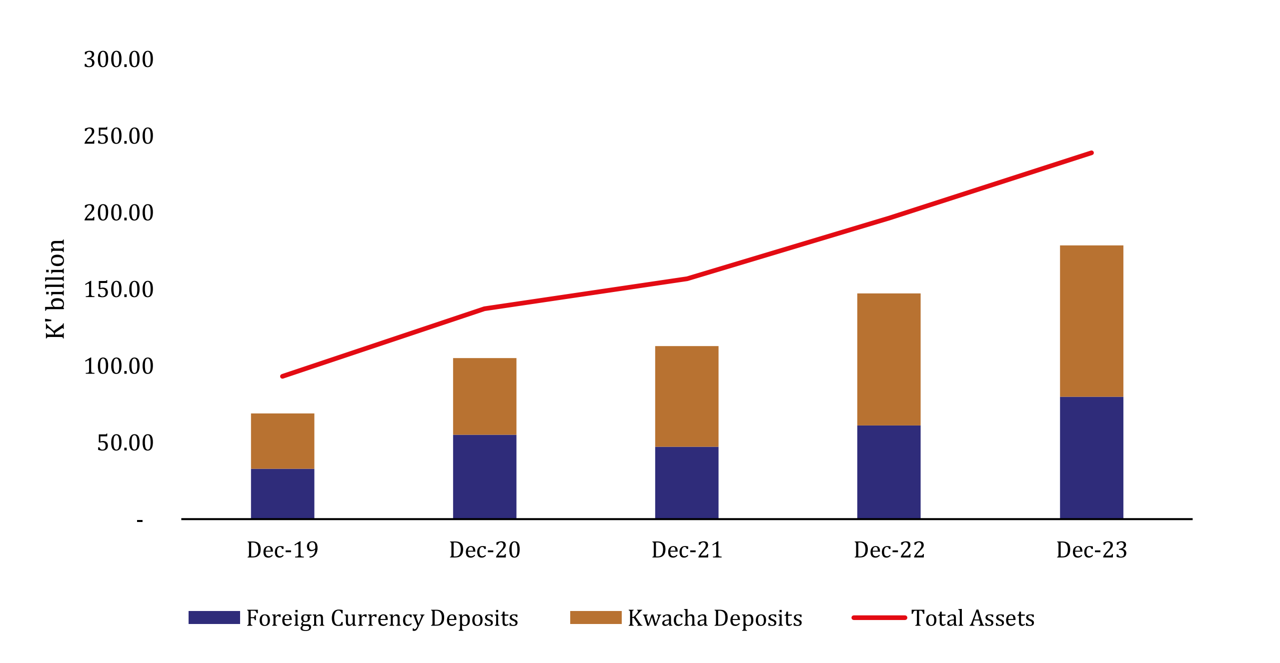
Source: Bank of Zambia

Table 9.7: Banking Sector Funding of Assets (percent of total assets), 2021-2023

	2021	2022	2023
Customer deposits	72.0	74.9	74.7
Borrowings	10.7	8.3	8.0
Shareholders' funds	11.1	11.3	11.7
All other liabilities	6.2	5.4	5.7
Total funding	100.0	100.0	100.0

Source: Bank of Zambia

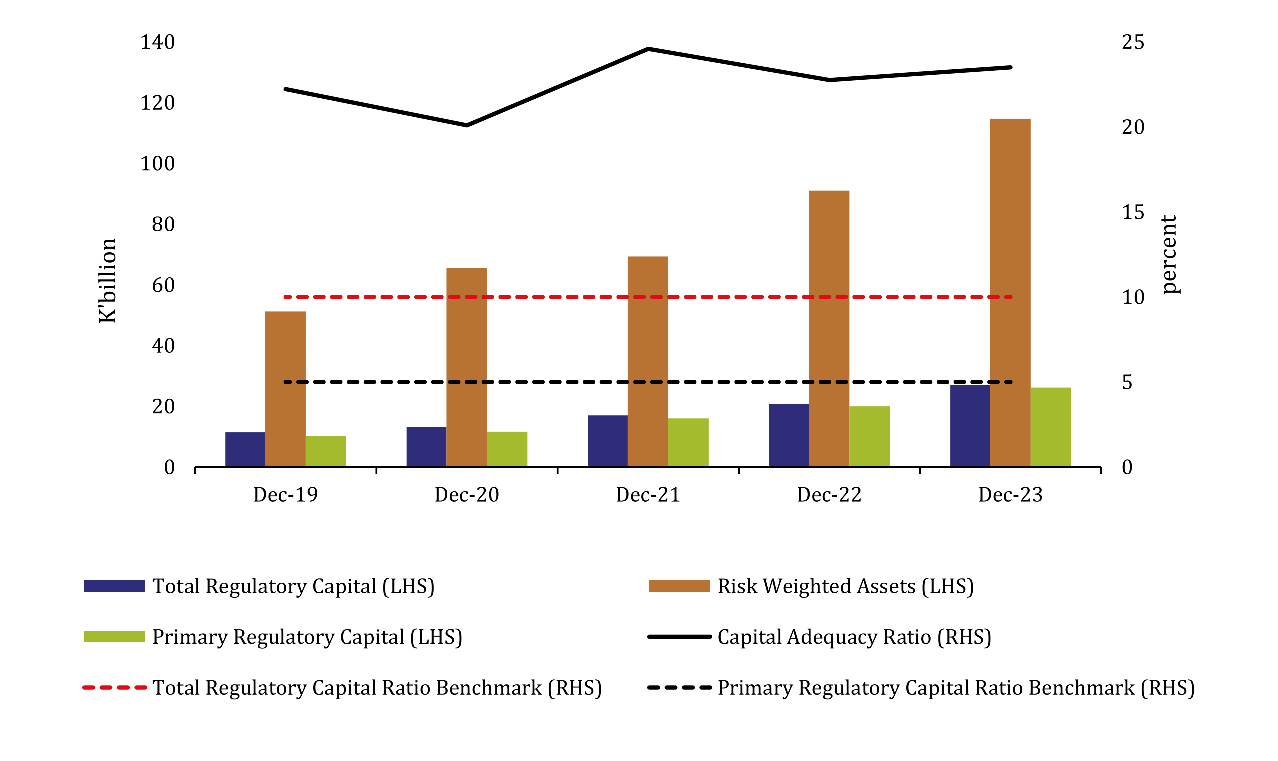
Chart 9.1: Total Assets and Deposit Liabilities (K' billion), 2019–2023



Source: Bank of Zambia

The sector was adequately capitalised with primary and total regulatory capital adequacy ratios remaining above the minimum regulatory requirements of 5.0 percent and 10.0 percent, respectively (Table 9.2). Following an increase in retained earnings by 55.2 percent to K17.1 billion, primary and total regulatory capital rose by 30.8 percent and 29.9 percent to K26.1 billion and K27.0 billion, respectively (Chart 9.2).

Chart 9.2: Regulatory Capital, Risk Weighted Assets and Capital Adequacy Ratio, 2019–2023



Source: Bank of Zambia

Asset quality remained satisfactory. This was due to the decrease in the ratio of non-performing loans to total loans (NPL ratio), which stood at 4.2 percent at end-December 2023 from 5.0 percent at end-December 2022 (Table 9.8). The drop in the NPL ratio was mostly attributed to the increase in gross loans and advances by 35.4 percent to K71.0 billion.

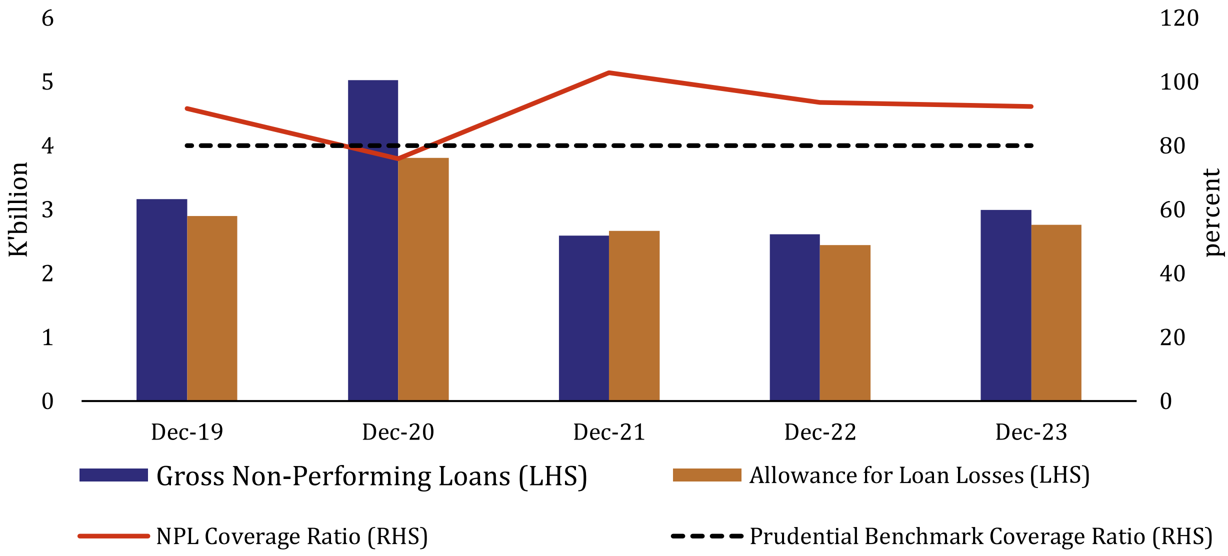
Table 9.8: Gross Loans and Non-Performing Loans, 2021-2023

	2021	2022	2023
Gross loans (K' billion)	44.5	52.5	71.0
NPLs (K 'billion)	2.6	2.6	3.0
Substandard (K' billion)	0.0	0.1	0.4
Doubtful (K' billion)	0.2	0.5	0.4
Loss (K' billion)	2.0	1.8	2.2
NPL ratio (percent)	5.8	5.0	4.2
Prudential benchmark	10.0	10.0	10.0
percentage of total gross loans			
Substandard	0.1	0.1	0.6
Doubtful	0.4	0.9	0.5
Loss	4.6	3.4	3.1

Source: Bank of Zambia

The NPL coverage ratio marginally fell to 92.2 percent in 2023 from 93.4 percent in 2022 due to the increase in NPLs but remained above the prudential benchmark of 80.0 (Chart 9.3). This was largely due to a higher percentage increase in NPLs by 14.6 percent compared to the 13.2 percent rise in the allowance for loan losses (ALL). However, the ratio of specific provisions to gross non-performing loans improved because of the use of eligible collateral values that reduced loan loss provisions on secured facilities.

Chart 9.3: Non-Performing Loans, Provisions and NPL Coverage Ratio, 2019-2023



Source: Bank of Zambia

Credit to the manufacturing sector accounted for the highest proportion of total loans followed by households (personal loans), wholesale and retail trade, as well as transport, storage and communication sectors (Table 9.9).

Table 9.9: Sectoral Distribution of Loans (percent), 2021–2023

	2021	2022	2023
Manufacturing	11.3	18.3	21.2
Households (personal loans)	16.3	18.3	17.4
Wholesale and retail trade	8.9	9.4	10.9
Transport, storage and communication	8.4	9.3	9.8
Agriculture, forestry, fishing and hunting	11.5	9.5	9.6
Electricity, gas, water and energy	4.3	3.6	9.2
Mining and quarrying	3.8	7.2	7.7
Financial services	1.3	1.6	2.2
Construction	1.8	1.3	1.5
Restaurants and hotels	0.6	0.5	0.5
Other sectors	31.9	21.0	10.0
Total	100	100	100

Source: Bank of Zambia

The manufacturing sector also accounted for the largest portion of NPLs followed by wholesale and retail trade sector (Table 9.10).

Table 9.10: Sectoral Distribution of NPLs (percent), 2021–2023

	2021	2022	2023
Manufacturing	11.7	26.2	23.6
Wholesale and retail trade	5.2	5.8	19.2
Agriculture, forestry, fishing and hunting	24.6	15.8	15.2
Households (personal loans)	17.8	17.0	11.9
Transport, storage and communication	6.9	6.5	8.4
Mining and quarrying	12.4	11.4	4.8
Construction	6.1	3.8	3.5
Restaurants and hotels	2.5	2.6	3.1
Financial services	1.0	1.0	1.6
Electricity, gas, water and energy	0.8	1.4	0.6
Other sectors	11.0	8.5	8.1
Total	100	100	100

Source: Bank of Zambia

In terms of intra-sector NPL[21], the highest default rate was in the restaurants and hotels as well as construction sectors (Table 9.11). However, the banking system exposure to the two sectors was minimal, at 2.0 percent.

Table 9.11: Intra-Sector NPL Ratios (percent), 2021–2023

	2021	2022	2023
Restaurants and hotels	23.8	27.9	28.9
Construction	19.3	14.2	10.0
Wholesale and retail trade	3.4	3.1	7.4
Agriculture, forestry, fishing and hunting	12.5	8.3	6.7
Manufacturing	6.0	7.1	4.7
Transport, storage and communication	4.8	3.5	3.6
Financial services	4.4	3.1	3.1
Mining and quarrying	19.2	7.9	2.6
Households (personal loans)	6.4	4.6	0.7
Electricity, gas, water and energy	1.2	2.0	0.3

Source: Bank of Zambia

In 2023, the profit before tax of K12.3 billion was 44.7 percent higher than the previous year (Table 9.12). Sustained profitability was attributed to interest income from loans/advances and Government securities as well as lower loan loss provisions.

The efficiency ratio—cost-to-income ratio—increased to 50.0 percent in 2023 from 44.8 percent in 2022, but remained below the prudential threshold of 60.0 percent (Chart 9.4). A higher percentage growth in overhead costs relative to net operating income underlies the rise in the efficiency ratio. Return on assets and return on equity were higher than in the previous year at 5.9 percent and 33.8 percent and remained above prudential benchmarks of 4.0 percent and 20.0 percent, respectively (Table 9.2).

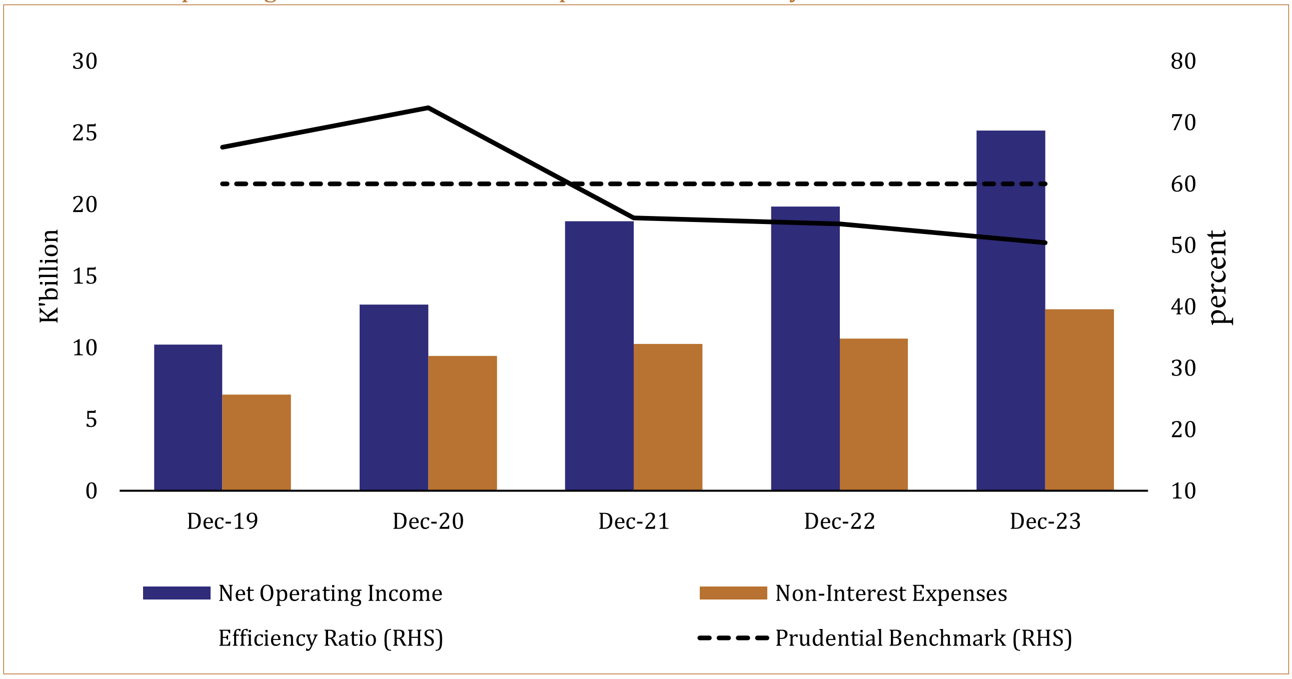
[21]Intra-sector NPLs refer to the non-performing loans within a sector.

Table 9.12: Summary Income Statement (K' billion), 2021–2023

	2021	2022	2023
Interest Income	17.0	17.7	21.9
Interest Expenses	4.8	4.5	5.5
Net Interest Income	12.2	13.2	16.4
Non-Interest Income	6.6	6.6	8.7
Net Operating Income	18.8	19.8	25.1
Non-Interest Expenses	10.2	10.6	12.7
Pre-Provision Operating Profit (PPP)	8.6	9.2	12.5
Loan Loss Provisions	0.5	0.7	0.2
Profit Before Tax	8.1	8.5	12.3
Tax	2.9	2.8	3.9
Net Profit	5.1	5.7	8.3

Source: Bank of Zambia

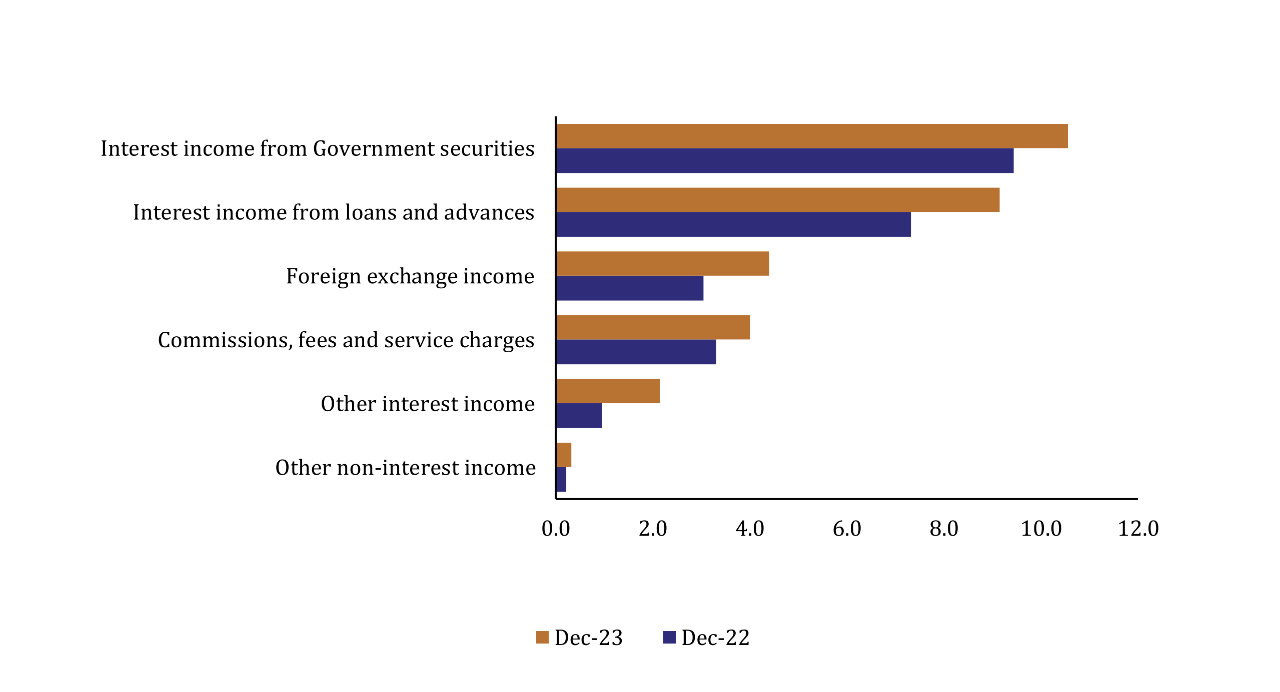
Chart 9.4: Net Operating Income, Non-Interest Expenses and Efficiency Ratio, 2019–2023



Source: Bank of Zambia

The bulk of the operating income came from Government securities (42.0 percent) and loans/ advances (36.4 percent) as shown in Chart 9.5.

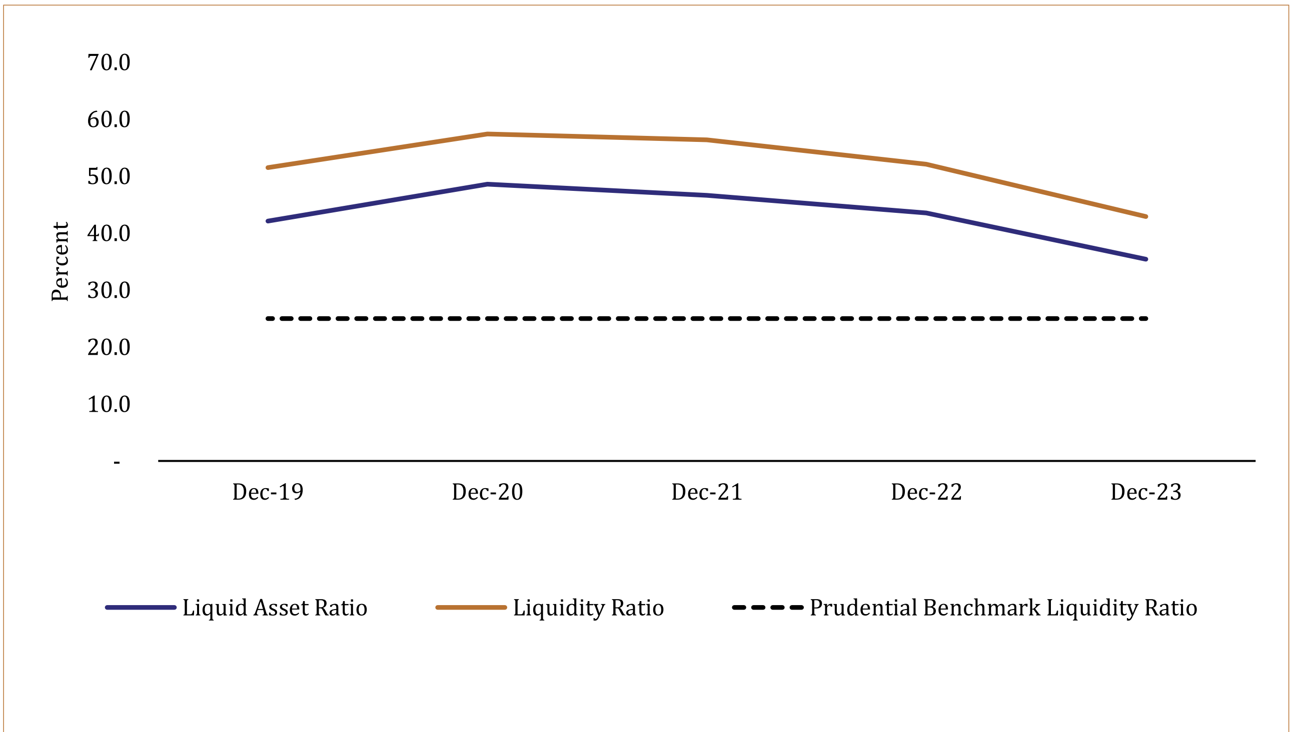
Chart 9.5: Sources of Operating Income (K'billion), 2022– 2023



Source: Bank of Zambia

In 2023, liquidity conditions remained favourable as the liquid asset to total deposits and short-term liabilities ratio of 42.9 percent remained above the prudential benchmark of 25.0 percent (Chart 9.6). The liquid asset ratio was relatively high at 35.4 percent. This was despite banks restructuring their balance sheets to meet the adjusted statutory reserve requirements[22]. Despite the loan-to-deposit ratio increasing to 39.8 percent from 35.7 percent, it remained below the acceptable threshold of 70.0 percent (Chart 9.7).

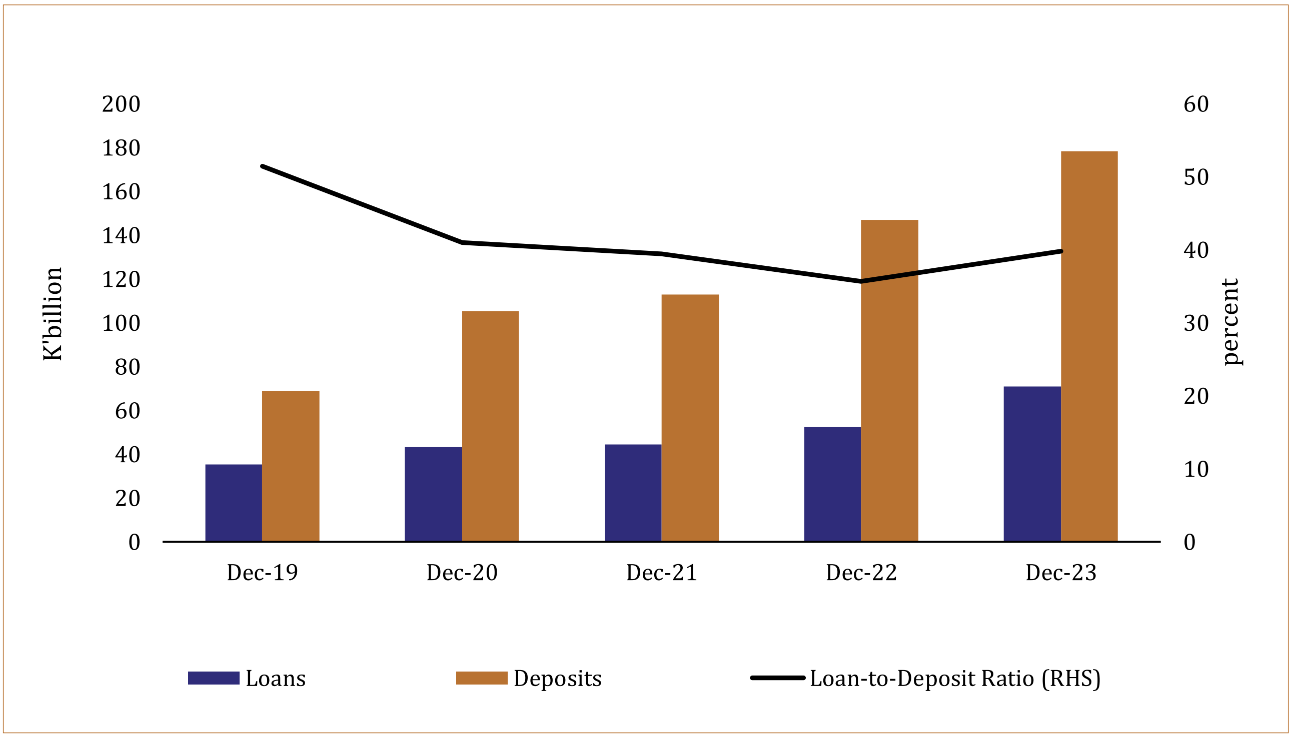
Chart 9.6: Liquid Asset Ratio and Liquidity Ratio (percent), 2019-2023



Source: Bank of Zambia

[22]Statutory reserves are not included in the computation of liquid assets due to daily compliance requirement.

Chart 9.7: Loans, Deposits and Loan-to-Deposit Ratio, 2019-2023



Source: Bank of Zambia

9.2 Non-Bank Financial Institutions Sector

The number of licensed non-bank financial institutions (NBFIs) reduced in 2023 to 114 from 121 in 2022 (Table 9.13). This was due to the cancellation of licences, mostly for bureaux de change, on account of changes in business opportunities and failure to comply with the requirements of the Banking and Financial Services Act, 2017 (Table 9.14). Two licences were issued to a financial business and a bureau de change (Table 9.15).

Table 9.13 Structure of NBFIs, 2021-2023

Type of Institution	Number of Institutions		
	2021	2022	2023
Bureaux de Change	74	72	67
Consumer Lending Microfinance Institutions	29	30	28
Enterprise Lending Microfinance Institutions	9	7	7
Leasing and Finance Companies	8	7	7
Building Societies	2	2	2
Credit Reference Bureau	1	1	1
Savings and Credit Institutions	1	1	1
Development Finance Institutions	1	1	1
Total	125	121	114

Source: Bank of Zambia

Table 9.14: Licences Cancelled in 2023

Bureaux de Change	Date Cancelled
Saints Bureau de Change	January 20, 2023
Esna Bureau De Change	March 23, 2023
Big Deal Bureau De Change	March 23, 2023
FS Bureau De Change	May 5, 2023
ACE FX Bureau de Change	June 27, 2023
Beckys Bureau de Change	December 27, 2023
Microfinance Institutions	
Sigma Financial Services Limited	January 11, 2023
Easy Cash Financial Services	March 23, 2023
Financial Business	
ZCF Golden Lotus Finance Limited	September 26, 2023

Source: Bank of Zambia

Table 9.15: Licences Issued in 2023

Financial Business	
ZedFin Financial Services Limited	May 19, 2023
Bureau de Change	
Orbit Bureau de Change	March 20, 2023

Source: Bank of Zambia

The overall financial performance and condition of the NBFIs sector[23] was rated satisfactory at end-December 2023. Regulatory capital, asset quality, earnings performance, liquidity management, and sensitivity to market risk were rated satisfactory (Tables 9.16 and 9.17). Out of the 38 credit providers, 9 were rated strong, 18 satisfactory, 6 fair, 1 marginal, and 4 unsatisfactory.

Table 9.16: Financial Performance Indicators of the NBFI Sector (percent), 2021-2023

	Benchmark	2021	2022	2023
Primary capital adequacy ratio	5.0 or higher	36.8	38.7	34.8
Total regulatory capital adequacy ratio	10.0 or higher	35.8	37.7	34.3
Net NPLs to regulatory capital	10.0 or lower	4.1	2.0	(0.5)
Gross non-performing loans to total loans	10.0 or lower	17.2	13.7	7.5
Net non-performing loans to total loans	2.5 or lower	0.9	0.8	(0.2)
Net non-performing loans to net loans	2.5 or lower	1.0	1.0	(0.2)
Provisions to non-performing loans	80.0 or higher	94.9	94.4	102.6
Earning assets to total assets	80.0 or higher	78.9	88.2	87.7
Provision for loan losses to total assets	80.0 or higher	10.6	9.7	5.6
Net interest income to total assets	10.0*or higher	1.7	21.7	23.8
Return on assets	4.0 or higher	11.1	9.0	14.7
Return on equity	20.0 or higher	8.6	29.6	36.4
Efficiency ratio	60.0 or lower	61.0	70.2	57.4
Liquid assets to total assets	15.0 or higher	30.8	24.5	23.6
Liquid assets to deposits and short-term liabilities	15.0 or higher	60.5	48.8	42.1

Source: Bank of Zambia

[23]Out of 114 licensed NBFIs, 67 were bureaux de change and one was a credit reference bureau and are not subject to prudential assessment. The other 46 NBFIs were credit providers out of which 38 were assessed. The credit providers that were not assessed included four microfinance institutions that did not submit returns and one leasing company and one Micro Finance Institution whose licences were suspended. Two institutions were under possession of the BoZ and were, therefore, not submitting returns.

Table 9.17: Performance and Financial Condition of the NBFIs Sector, 2021–2023

Performance Rating	Licence Type	Number of Institutions			2023
		2021	2022	2023	Total Assets (percent)
Strong	Deposit-taking	0	0	0	0.0
	Non-Deposit-taking	3	3	9	20.8
Satisfactory	Deposit-taking	3	5	5	44.4
	Non-Deposit-taking	7	19	13	10.8
Fair	Deposit-taking	6	2	2	3.6
	Non-Deposit-taking	10	4	4	1.8
Marginal	Deposit-taking	0	2	0	0.0
	Non-Deposit-taking	6	4	1	0.6
Unsatisfactory	Deposit-taking	1	1	3	18.0
	Non-Deposit-taking	4	2	1	0.0
Total		40	42	38	100

Source: Bank of Zambia

Total assets grew by 26.0 percent to K19.5 billion at end-December 2023. This was mainly driven by the increase in net loans and mortgages, which rose by 28.3 percent and accounted for 66.8 percent of the total sector assets (Table 9.18). Assets were largely funded by borrowings, deposits and equity, which increased by 97.0 percent, 36.4 percent and 16.5 percent, respectively.

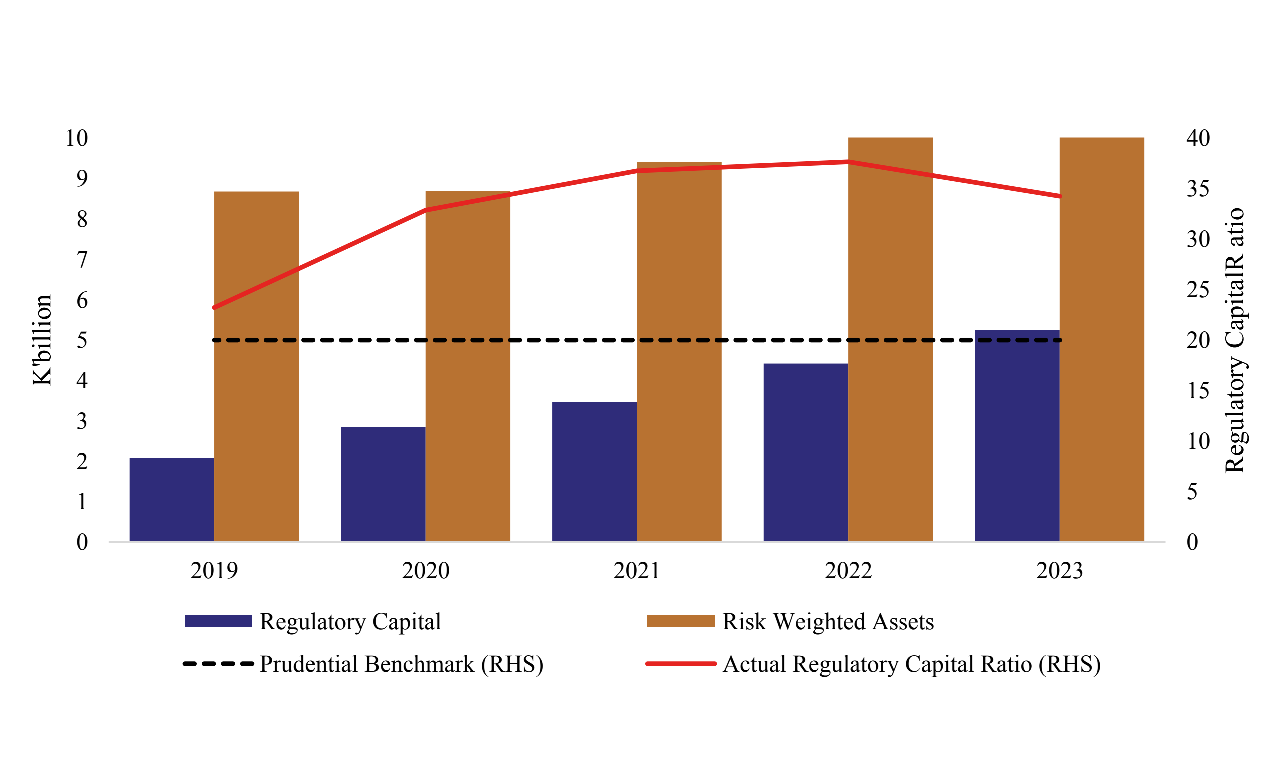
Table 9.18: Asset Structure (K'billion), 2021-2023

Asset Class	2021		2022		2023	
	K'billion	Percent Share of Total Assets	K'billion	Percent Share of Total Assets	K'billion	Percent Share of Total Assets
Net mortgages and loans	7.4	54.4	10.2	65.6	13.1	66.8
Balances with domestic institutions	2.1	15.9	1.9	12.5	2.3	12.0
Investments in Government securities	1.9	13.8	1.6	10.1	1.7	8.8
Other assets	1.4	10.0	0.9	6.1	1.4	7.1
Fixed assets	0.7	4.9	0.7	4.7	0.8	4.4
Notes and coin	0.1	1.0	0.2	1.0	0.2	0.9
Total	13.5	100.0	15.5	100.0	19.5	100.0

Source: Bank of Zambia

At end-December 2023, regulatory capital was rated *satisfactory*. The capital adequacy ratio was 34.3 percent and remained above the minimum regulatory capital ratio of 10.0 percent (Chart 9.8). Total regulatory capital increased by 18.6 percent to K5.2 billion, largely driven by the growth in retained earnings of 106.6 percent to K2.7 billion. Similarly, risk weighted assets rose by 30.3 percent to K15.3 billion mainly on account of the growth in net loans and mortgages. Capital at risk, measured as a ratio of net non-performing loans to regulatory capital, improved to negative 0.5 percent at end-December 2023 from 2.0 percent at end-December 2022 due to a 33.1 percent reduction in NPLs.

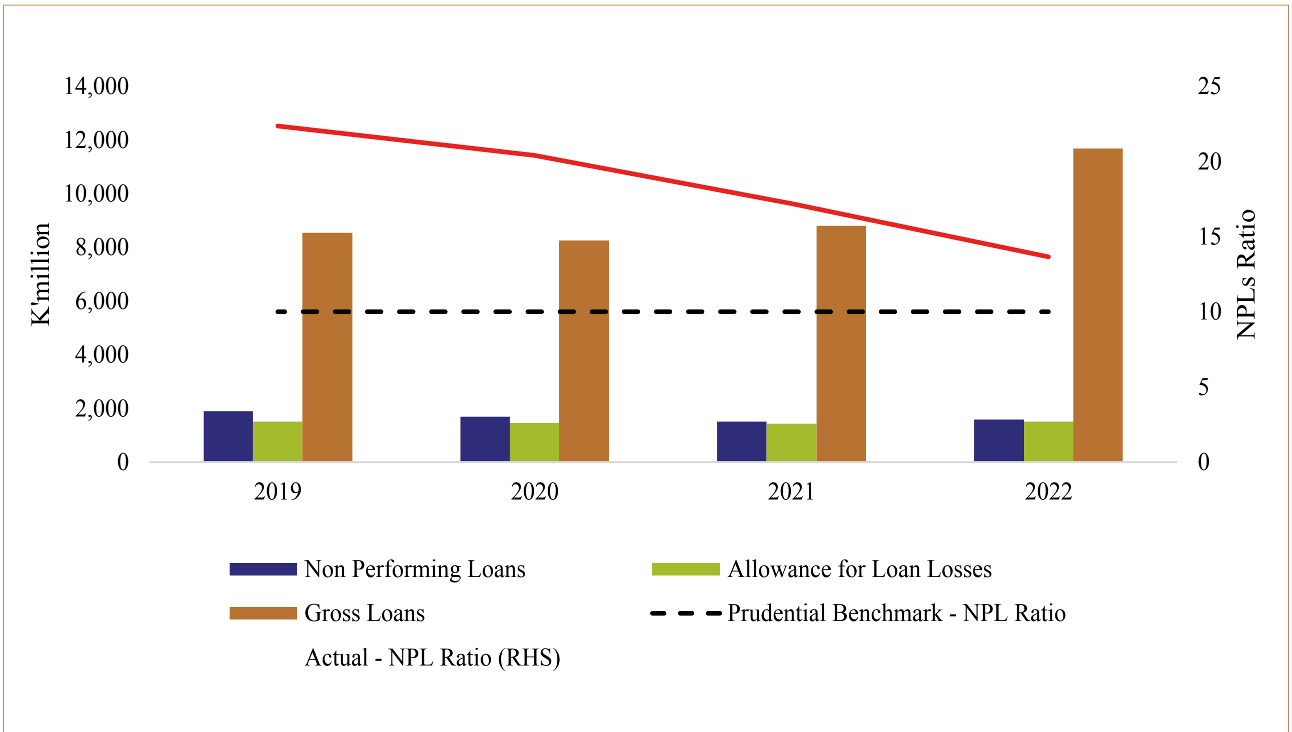
Chart 9.8: Trend in Total Regulatory Capital of the NBFIs, 2019–2023



Source: Bank of Zambia

The quality of assets in the NBFIs sector was rated *satisfactory* on account of the improvement in the NPL ratio to 7.5 percent from 13.7 percent in 2022, falling below the prudential benchmark of 10 percent (Chart 9.9). The growth in gross loans and reduction in NPLs mostly explain the improvement. Sustained lending to civil servants, following new recruitments, mainly account for the growth in gross loans. The possession of the Development Bank of Zambia and Betternow Finance Limited by the Bank of Zambia on July 21, 2023 contributed to the reduction in NPLs.

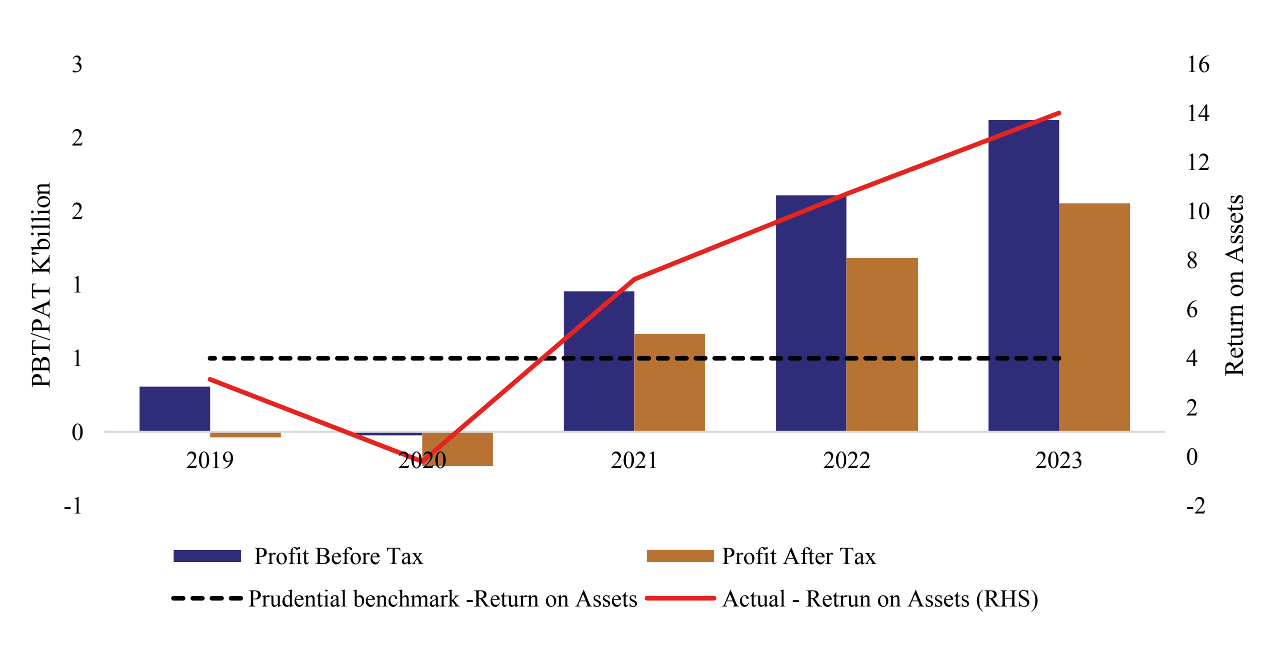
Chart 9.9: Trend in Total Loans and Non-Performing Loans of Non-Bank Financial Institutions, 2019-2023



Source: Bank of Zambia

The NBFIs sector earnings performance was rated *satisfactory* primarily due to a higher profit before tax (PBT) of K2.5 billion than K1.6 billion recorded in 2022 (Chart 9.10). Consequently, the sector reported a return on assets of 14.7 percent, and was sustained above the prudential benchmark of 4.0 percent. The increase in profitability was due to the growth in both interest and non-interest income.

Chart 9.10: Trend in Earnings of the Non-Bank Financial Institutions, 2019-2023



Source: Bank of Zambia

In 2023, liquidity was rated *satisfactory,* reflected in a higher ratio of liquid assets to total deposits and short-term liabilities of 42.1 percent at end-December 2023. This was above the prudential minimum of 25.0 percent for deposit-taking NBFIs and 15.0 percent for non-deposit taking NBFIs.

The foreign exchange risk exposure of the NBFIs sector was rated *satisfactory,* underpinned by improvements in foreign currency risk management practices. The ratio of overall foreign currency exposure to regulatory capital was 5.7 percent at end-December 2023, and remained below the minimum prudential limit of 25.0 percent.

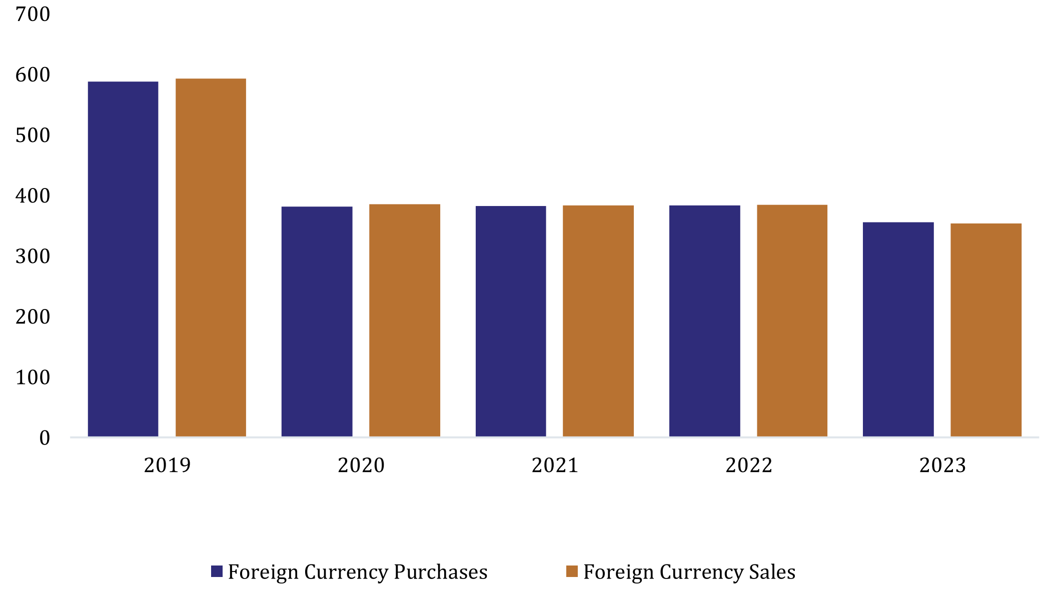
Performance of the Bureaux de Change Sub-Sector

As at end-December 2023, the bureaux de change sub-sector was assessed to be adequately capitalised. However, one of them failed to meet the required minimum paid-up capital of K250,000 and was, therefore, directed to recapitalise within the prescribed timeline.

Aggregate capital and reserves declined by 10.0 percent to K81.5 million. This was on account of the reduction in retained earnings occasioned by the suspension of operations by two bureaux de change, losses recorded by 15 of them and the exit of one from the market.

The profitability of the sub-sector improved. PBT increased by 32.2 percent to K25.9 million in 2023 on account of higher transaction volumes (in Kwacha) occasioned by the depreciation of the exchange rate. Nonetheless, foreign currency sales and purchases went down by 6.7 percent and 4.1 percent to US$366.9 million and US$369.7 million, respectively due to limited supply of foreign currency (Chart 9.11).

Chart 9.11: Bureaux De Change Transactions (US$ million), 2019–2023



Source: Bank of Zambia

9.3 Consumer Protection and Market Conduct

The Bank continued to raise public awareness on consumer protection matters and complaints handling procedures through country-wide campaigns. The number of customer complaints reported through commercial banks increased in 2023 by 10.4 percent to 80,519 (Table 9.19). Most of the complaints related to mobile banking services and automated teller machine (ATMs) services.

Table 9.19: Consumer Complaints

	Number of Complaints					Percentage
	Q1	Q2	Q3	Q4	2023	
Mobile Banking	9,261	7,108	10,204	10,834	37,407	46.5
ATMs	2,917	4,527	4,603	5,096	17,143	21.3
Poor Service Delivery	1,035	1,137	2,539	1,788	6,499	8.1
Point of Sale	1,713	997	675	2,981	6,366	7.9
Loan Administration	774	1,109	850	1,725	4,458	5.5
Internet Banking	883	642	1,027	1,368	3,920	4.9
Swift Transfers	173	412	487	536	1,608	2.0
Unwarranted Charges	149	88	270	716	1,223	1.5
Frauds	127	127	274	181	709	0.9
Dormant Accounts	586	30	43	25	684	0.8
KYC	35	61	122	74	292	0.4
Bancassurance	7	24	40	71	142	0.2
Treasury	7	-	35	18	60	0.1
CRB	4	-	3	1	8	0.0
Total	17,671	16,262	21,172	25,414	80,519	100.0

Source: Bank of Zambia

Complaints reported directly to the Bank related to over-deduction of loan repayments, fraud, and non-adherence to the terms as well as conditions of loan agreements.

As part of market conduct supervision, onsite examinations were conducted on consumer protection and market conduct (CPMC). The findings revealed inadequate board oversight of consumer protection risks and staff training on CPMC as well as application of unauthorised penal interest on loans. In addition, thematic reviews revealed opaque terms and conditions, unfair contract terms, failure to disclose reasons for loan rejection and non-adherence to the Key Facts Statement requirements. Consequently, supervisory recommendations and directives were duly communicated to the affected financial service providers.

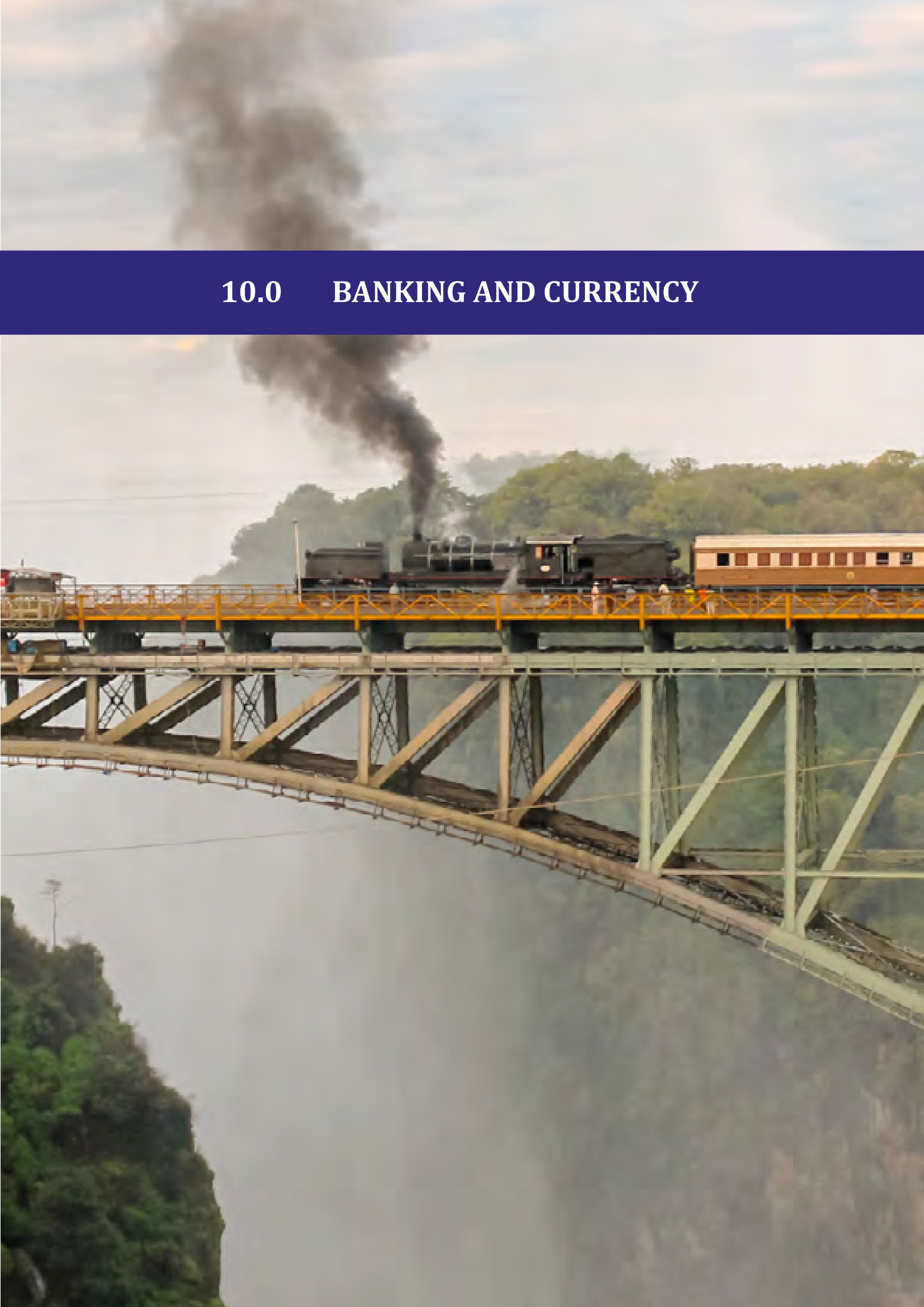
9.4 Collaboration with Other Financial Sector Regulators

The Bank of Zambia continued to collaborate with other financial sector regulators and Cooperating Partners to promote financial inclusion and financial literacy. This was achieved through various activities, which included the Financial Literacy Week in March, Essay Writing Competitions on financial inclusion-related topics in September/October, World Savings Day in November and 'Go Cashless' Campaign throughout the year.

As a member of the Alliance for Financial Inclusion, the Bank of Zambia endorsed the Manila Manifesto in September. The Manifesto represents a commitment to coordinate, collaborate, and engage with Global Standard Setting Bodies on various areas of policy dialogue, such as, artificial intelligence and digital platforms, climate risks and green finance as well as proportionate and risk-based implementation of global financial standards.

In November, The Banking and Financial Services (Green Loans) Guidelines, 2023 were gazetted and the Bank of Zambia issued the Green Finance Framework. The Guidelines are intended to raise awareness and foster an enabling regulatory environment for financial service providers to adopt green finance products and contribute to the mitigation of environmental and climate change risks in the financial sector. The Framework provides for a roadmap for the Bank to implement green finance initiatives and incorporate principles of environmental sustainability into its monetary, regulatory, and supervisory policies. It also signals the intention of the Bank to foster an enabling regulatory environment for financial service providers to incorporate Environmental, Social, and Governance (ESG) in their lending, risk management and other business operations, adopt green finance as one of their mainstream product offerings, and take environmental-and-climate action.

10.0 BANKING AND CURRENCY



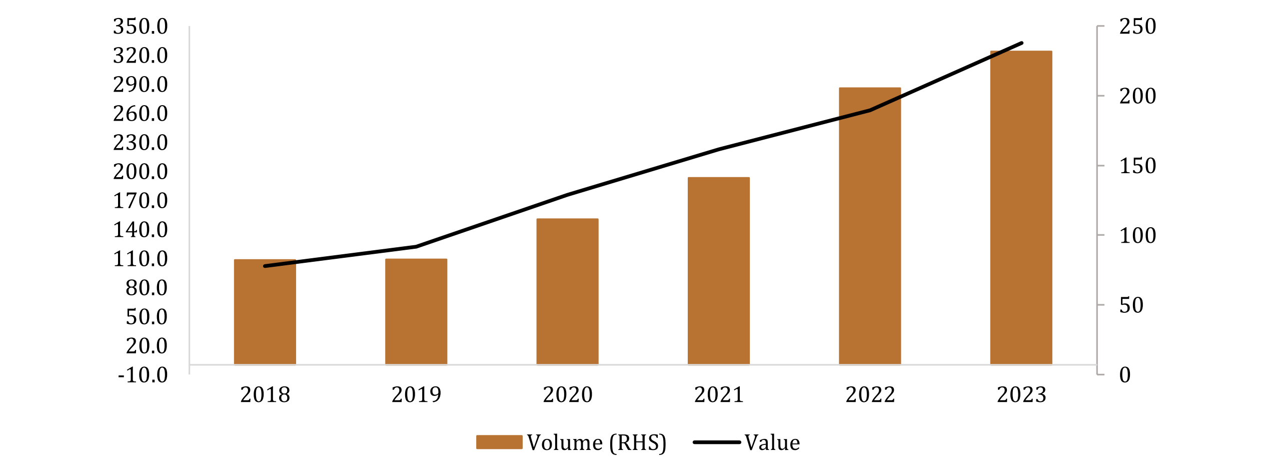
10.0 BANKING AND CURRENCY

10.1 Banking Services

In 2023, the Bank continued to provide banking services to Government, quasi-Government institutions and commercial banks. These included receipt of revenue and payments to various beneficiaries as well as funding of Line Ministries, Provinces and Agencies through the Treasury Single Account (TSA). Further, the Bank maintained accounts of commercial banks as well as provided audit confirmations and other client services.

The value of transactions processed through the TSA increased in 2023 by 25.7 percent to K237.7 billion (Chart 10.1). The volume of transactions also increased by 13.3 percent to 323,654 to facilitate various payments. A cumulative total of 66 accounts were migrated to the TSA from 59 in 2022.

Chart 10.1: Treasury Single Account Transactions, 2018-2023

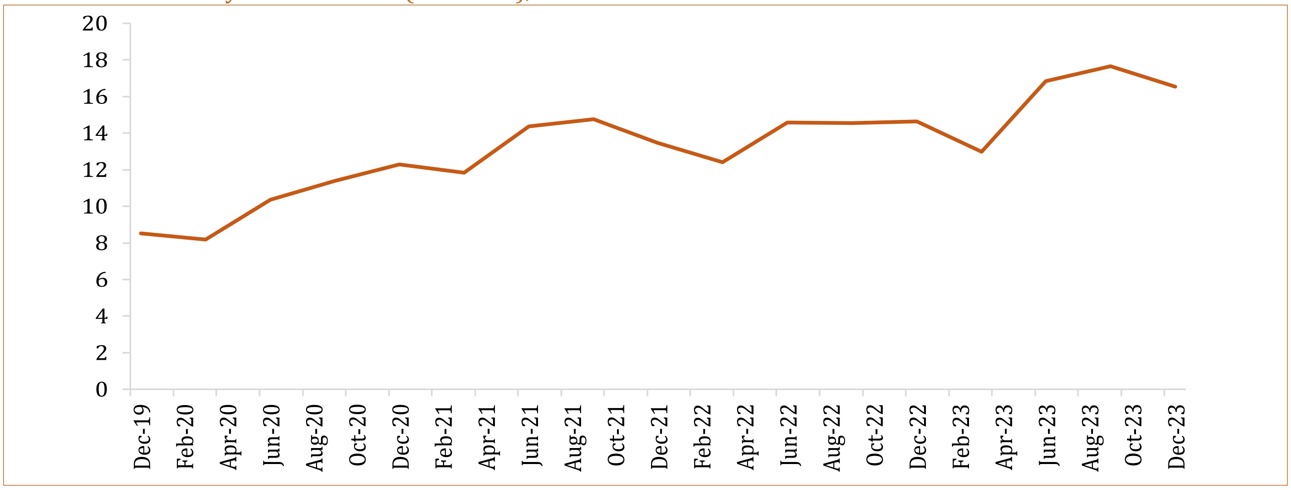


Source: Bank of Zambia

10.2 Currency Management

In 2023, currency demand was mostly driven by the need to meet crop marketing and social benefit payments. Consequently, currency in circulation grew by 13.0 percent to K16.5 billion (Chart 10.2). The bulk of the currency in circulation continued to be in banknotes (98.4 percent or K16.3 billion) as shown in Table 10.1.

Chart 10.2: Currency in Circulation (K 'billion), Dec 2019–Dec 2023



Source: Bank of Zambia

Table 10.1: Total Currency in Circulation, 2021–2023

	Value (ZMW)			Pieces		
	2021	2022	2023	2021	2022	2023
Banknotes						
K100	8,679,596,100	9,851,003,950	11,746,750,500	86,795,961	98,510,039	117,467,505
K50	3,447,834,550	3,541,433,550	3,617,322,750	68,956,691	70,828,671	72,346,455
K20	719,089,420	613,346,780	471,362,460	35,954,471	30,667,339	23,568,123
K10	214,661,580	206,088,030	230,185,590	21,466,158	20,608,803	23,018,559
K5	122,235,765	148,614,770	156,434,830	24,447,153	29,722,954	31,286,966
K2	64,088,208	51,406,212	63,146,218	32,044,104	25,702,606	31,573,109
Coins						
KI	122,786,488	140,361,992	165,835,503	122,786,488	140,361,992	165,835,503
50N	70,279,428	79,874,429	82,914,232	140,558,856	159,748,858	165,828,464
10N	8,685,472	8,688,072	8,685,972	86,854,723	86,880,724	86,859,720
5N	3,723,059	3,737,759	3,737,759	74,461,189	74,755,189	74,755,180
Total	13,452,980,070	14,644,554,544	16,546,375,814	694,325,794	737,787,175	792,539,584

Source: Bank of Zambia

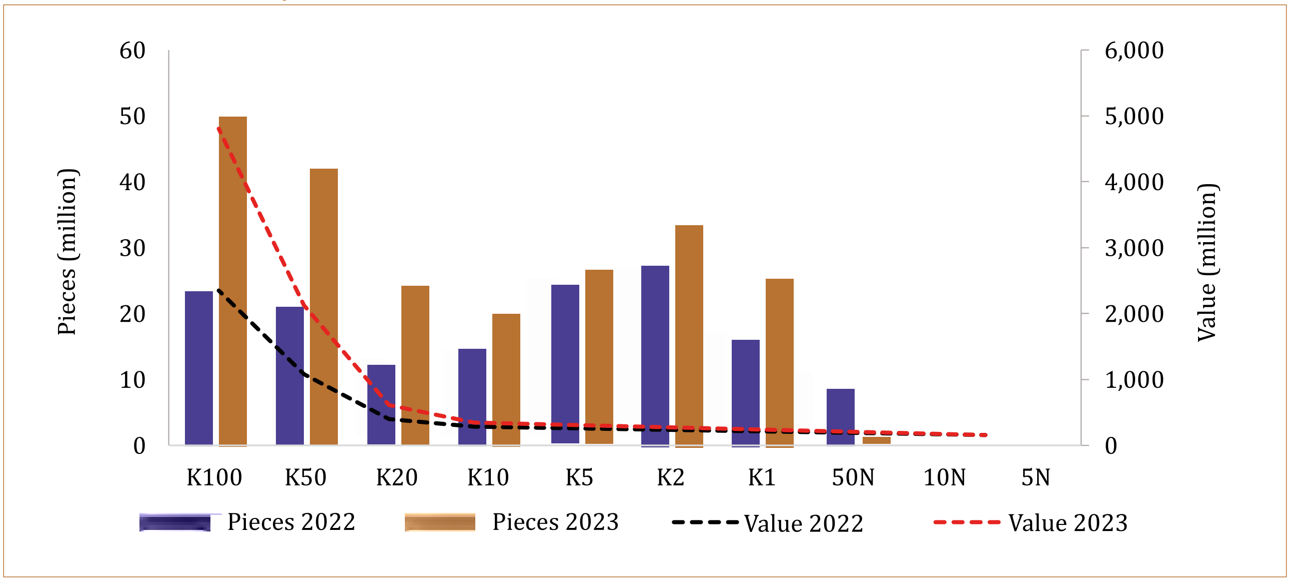
The Bank issued 223.0 million pieces of mint banknotes and coins into circulation valued at K8.0 billion. This was more than the 150.5 million pieces valued at K3.9 billion issued in 2022 (Table 10.2 and Chart 10.3). Most of the currency issued was in high value banknotes: K100 (62.3 percent) and K50 (26.3 percent). The middle value (K20 and K10) and low value (K5 and K2) banknotes accounted for 11.1 percent while coins constituted 0.3 percent of the currency issued.

Table 10.2: Mint Currency Issued into Circulation, 2021-2023

	Value (ZMW)			Pieces		
	2021	2022	2023	2021	2022	2023
K100	1,713,000,000	2,348,900,000	4,978,800,000	17,130,000	23,489,000	49,788,000
K50	2,537,400,000	990,550,000	2,106,250,000	50,748,000	19,811,000	42,125,000
K20	831,500,000	256,120,000	485,700,000	41,575,000	12,806,000	24,285,000
K10	224,270,000	140,100,000	200,610,000	22,427,000	14,010,000	20,061,000
K5	101,060,000	128,805,000	133,365,000	20,212,000	25,761,000	26,673,000
K2	60,434,000	54,462,000	66,392,000	30,217,000	27,231,000	33,196,000
K1	6,638,000	17,052,000	25,559,000	6,638,000	17,052,000	25,559,000
50N	2,214,000	5,171,000	625,000	4,428,000	10,342,000	1,250,000
10N	0	2,800	0	0	28,000	0
5N	0	800	950	0	16,000	19,000
Total	5,476,516,000	3,941,163,600	7,997,301,950	193,375,000	150,546,000	222,956,000

Source: Bank of Zambia

Chart 10.3: New Currency Issued into Circulation, 2022–2023



Source: Bank of Zambia

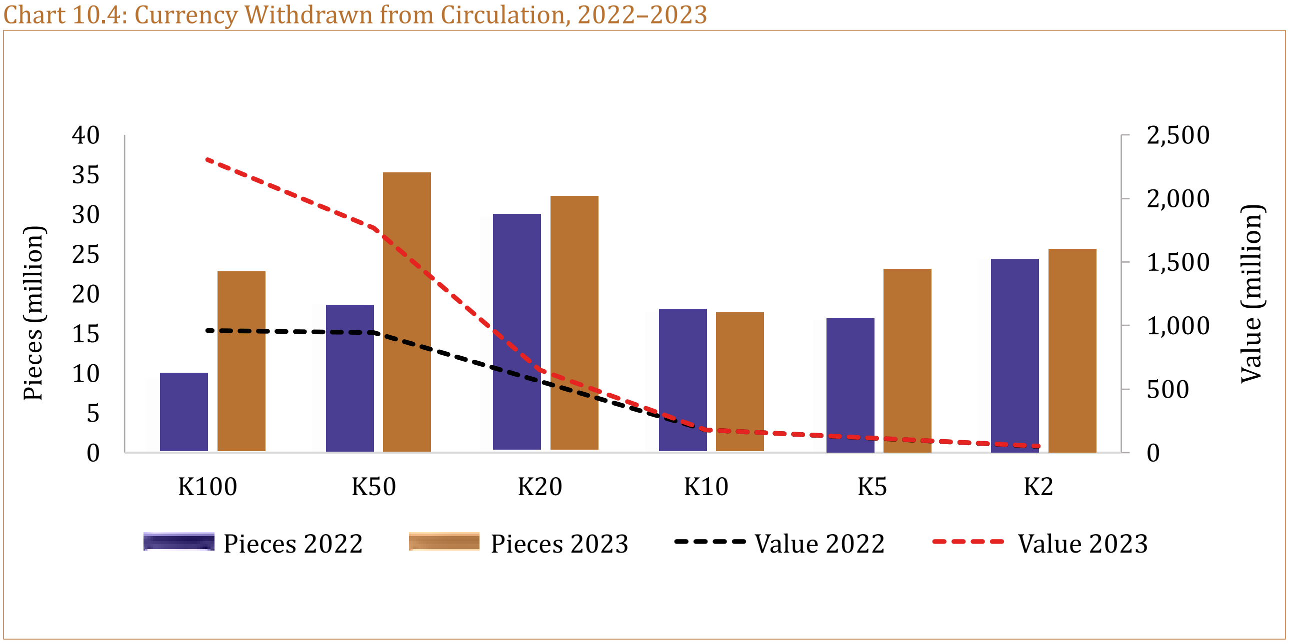
A total of 157.7 million pieces of unfit banknotes, valued at K5.1 billion, were withdrawn from circulation compared to 118.1 million pieces valued at K2.8 billion in 2022 (Table 10.3 and Chart 10.4). The bulk of the currency withdrawn (in pieces) was in K50, K20 and K2 denominations.

Table 10.3: Currency Withdrawn from Circulation, 2021–2023

	Value (ZMW)			Pieces		
	2021	2022	2023	2021	2022	2023
K100	1,012,193,700	960,400,000	2,304,252,500	10,121,937	9,604,000	23,042,525
K50	935,440,025	946,500,000	1,765,350,275	18,708,801	18,930,000	35,307,006
K20	446,550,260	600,590,000	650,290,040	22,327,513	30,029,500	32,514,502
K10	149,650,050	180,280,000	176,546,030	14,965,005	18,028,000	17,654,503
K5	78,662,500	84,550,000	116,795,015	15,732,500	16,910,000	23,359,003
K2	41,654,006	49,290,000	51,580,007	20,827,003	24,645,000	25,790,004
Total	2,664,150,541	2,821,610,000	5,064,813,868	102,682,759	118,146,500	157,667,543

Source: Bank of Zambia

Chart 10.4: Currency Withdrawn from Circulation, 2022–2023



Source: Bank of Zambia

The Bank, in collaboration with Law Enforcement Agencies (LEAs), continued to sensitise the public on the identification of genuine banknotes. In 2023, counterfeit notes reported by the Bank, commercial banks and LEAs reduced to 7,001 from 8,773 in 2022 (Tables 10.4 and 10.5).

Table 10.4: Counterfeit Notes Detected, 2021–2023

Denomination	2021	2022	2023
K100	18,325	7,698	5,636
K50	160	911	759
K20	34	164	586
K10	0	0	20
K5	0	0	0
K2	0	0	0
Total	18,519	8,773	7,001

Source: Bank of Zambia

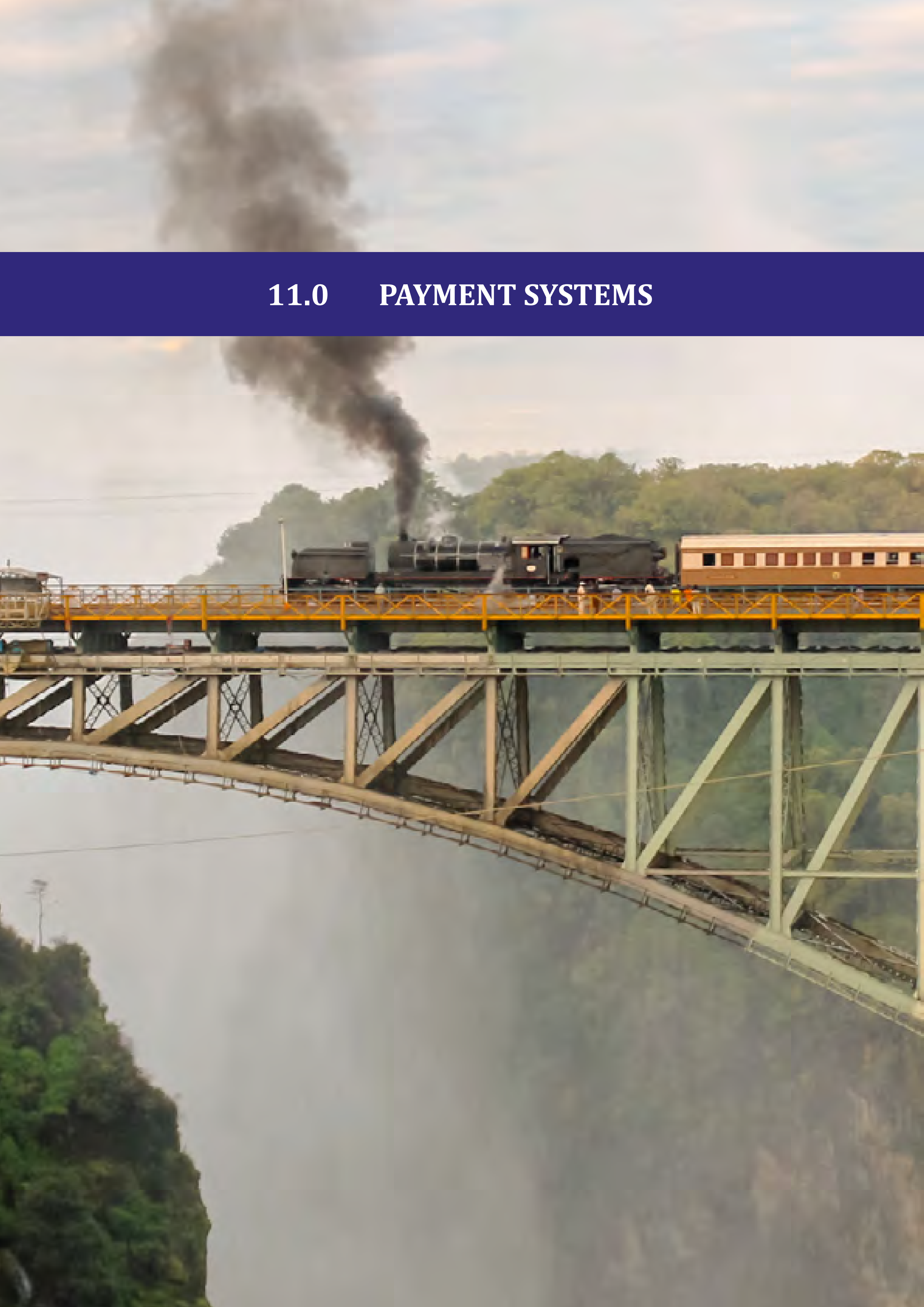
Table 10.5: Counterfeit Notes Reported by Organisation, 2023

	BoZ	CBs	DEC and ZP	Others	Total
K100	26	247	5,347	16	5,636
K50	4	30	703	22	759
K20	95	337	144	10	586
K10	4	5	6	5	20
K5	0	0	0	0	0
K2	0	0	0	0	0
Total	129	619	6,200	53	7,001

Source: Bank of Zambia

CBs=Commercial Banks; DEC= Drug Enforcement Commission; ZP= Zambia Police

11.0 PAYMENT SYSTEMS



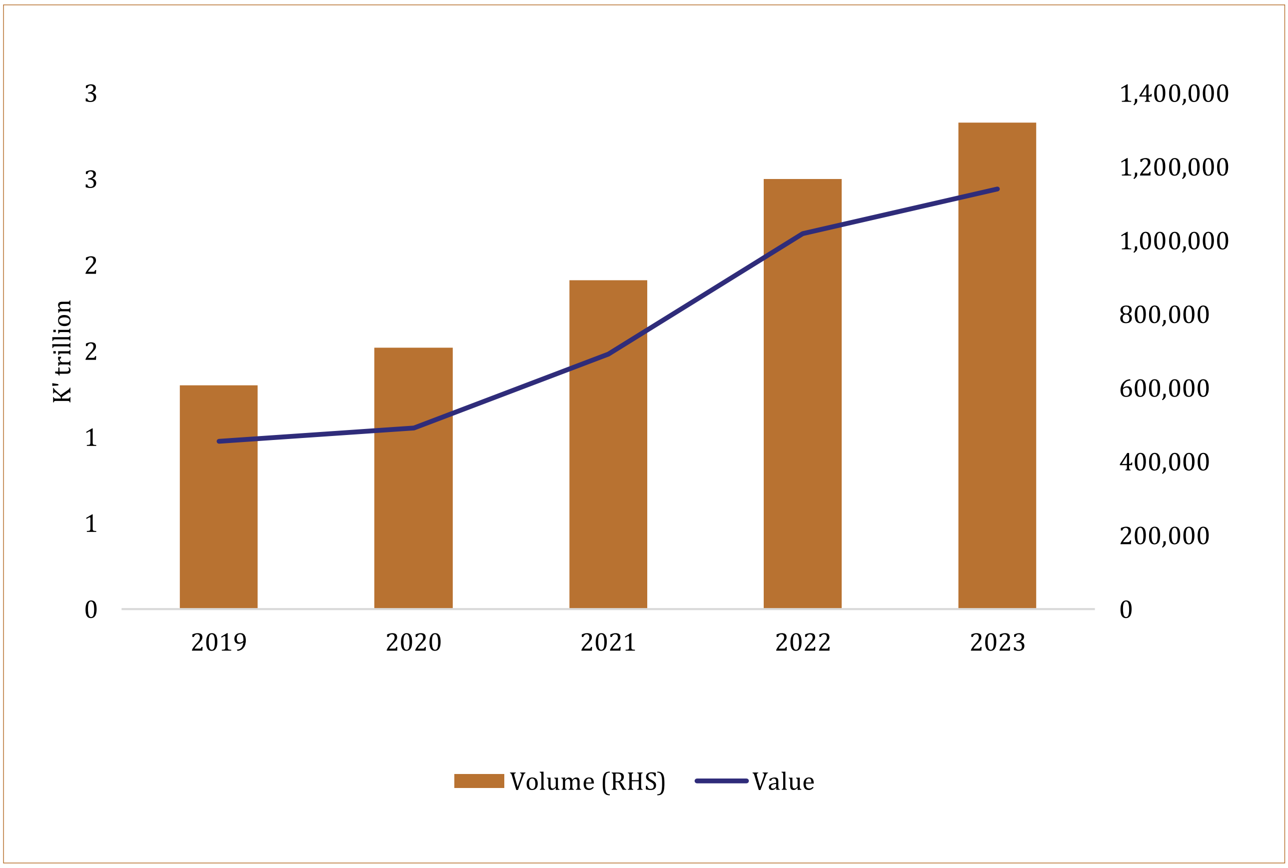
11.0 PAYMENT SYSTEMS

The performance of the national payment system was satisfactory in 2023. This was reflected in high availability levels of the systemically important payment systems.

Zambia Interbank Payment and Settlement System

The Zambia Interbank Payment and Settlement System (ZIPSS) recorded an availability level of 98.3 percent in 2023 against the target of 99.9 percent. This was attributed to technical challenges on the support infrastructure. The volume and value of transactions processed on ZIPSS increased by 11.8 percent and 13.2 percent to 1,320,445 and K2.4 trillion, respectively (Chart 11.1). This was mostly on account of the increase in Government payments and money market transactions.

Chart 11.1: ZIPSS Transaction Volumes and Values, 2019–2023

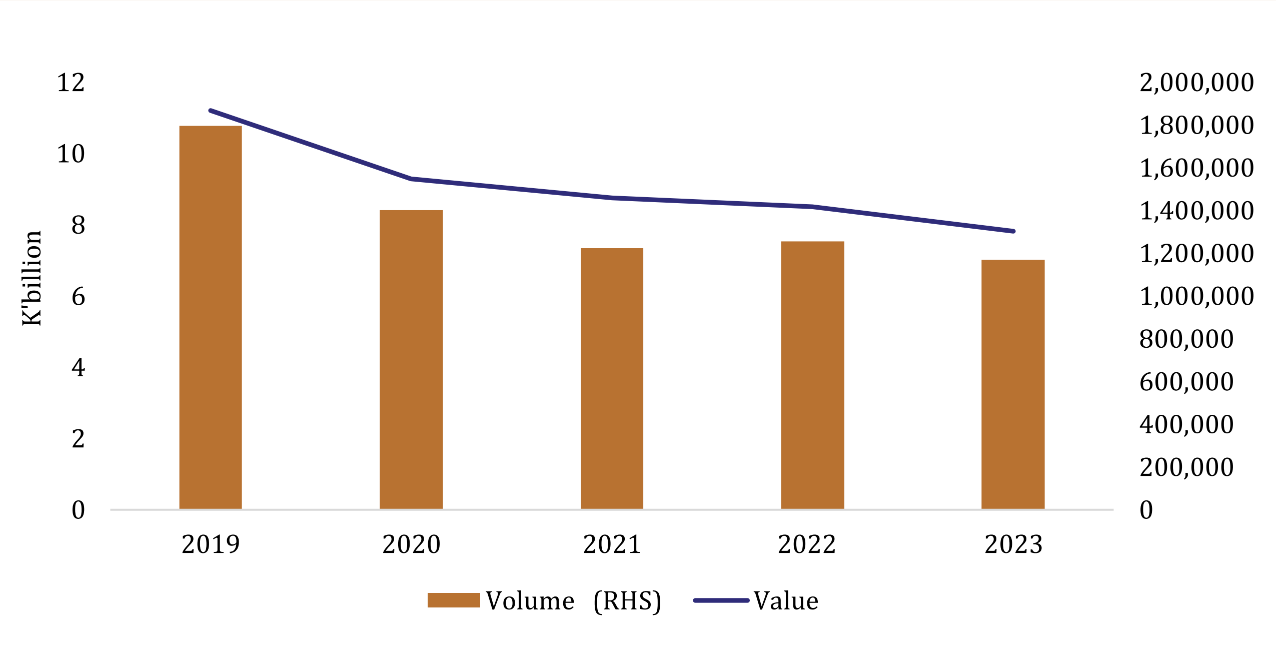


Source: Bank of Zambia

Cheque Image Clearing System

The utilisation of cheques continued to decline in 2023 as the usage of digital financial services (electronic funds transfer, point of sale, automated teller machines, mobile money platform and national financial switch) maintained an upward trend. The volume and value of cleared cheques reduced further by 6.9 percent and 8.0 percent to 1,169,132 and K7.8 billion, respectively (Chart 11.2).

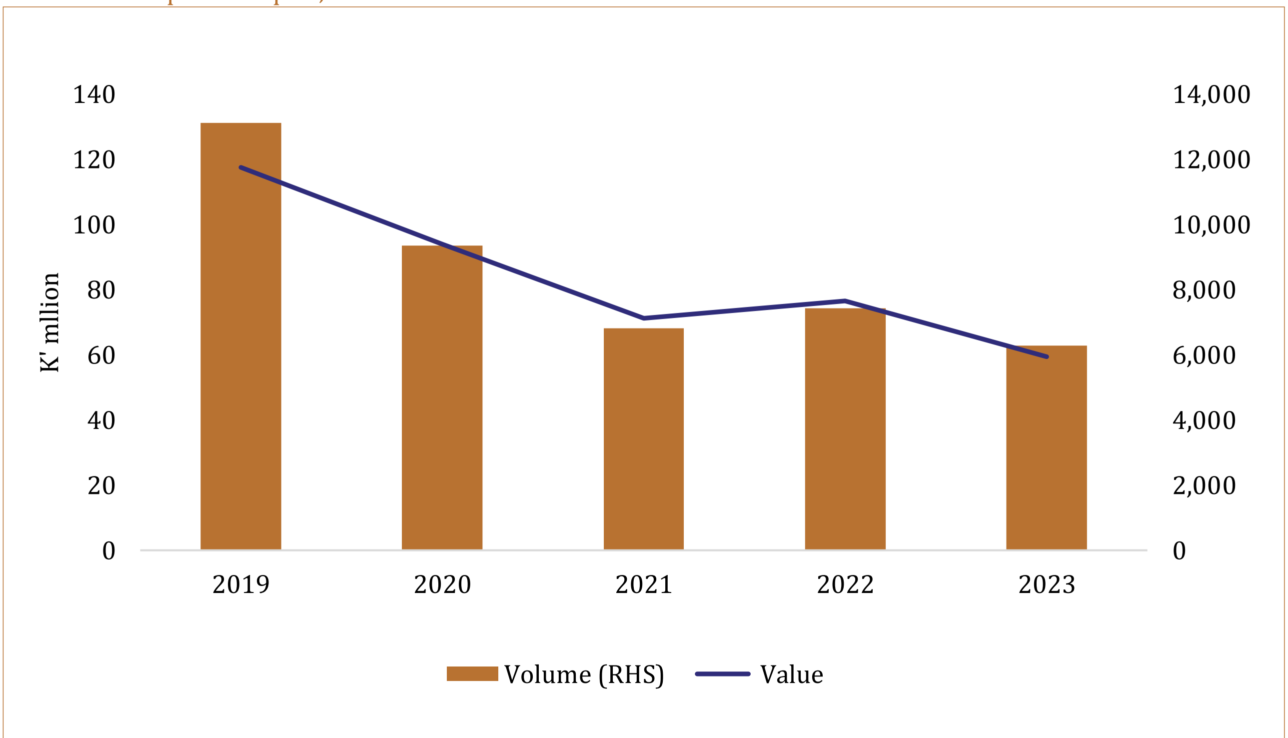
Chart 11.2: Cheque Images Cleared, 2019–2023



Source: Zambia Electronic Clearing House Limited

The volume and value of cheques returned unpaid on account of insufficient funds declined by 15.5 percent and 22.5 percent to 6,276 and K59.4 million, respectively (Chart 11.3).

Chart 11.3: Unpaid Cheques, 2019–2023

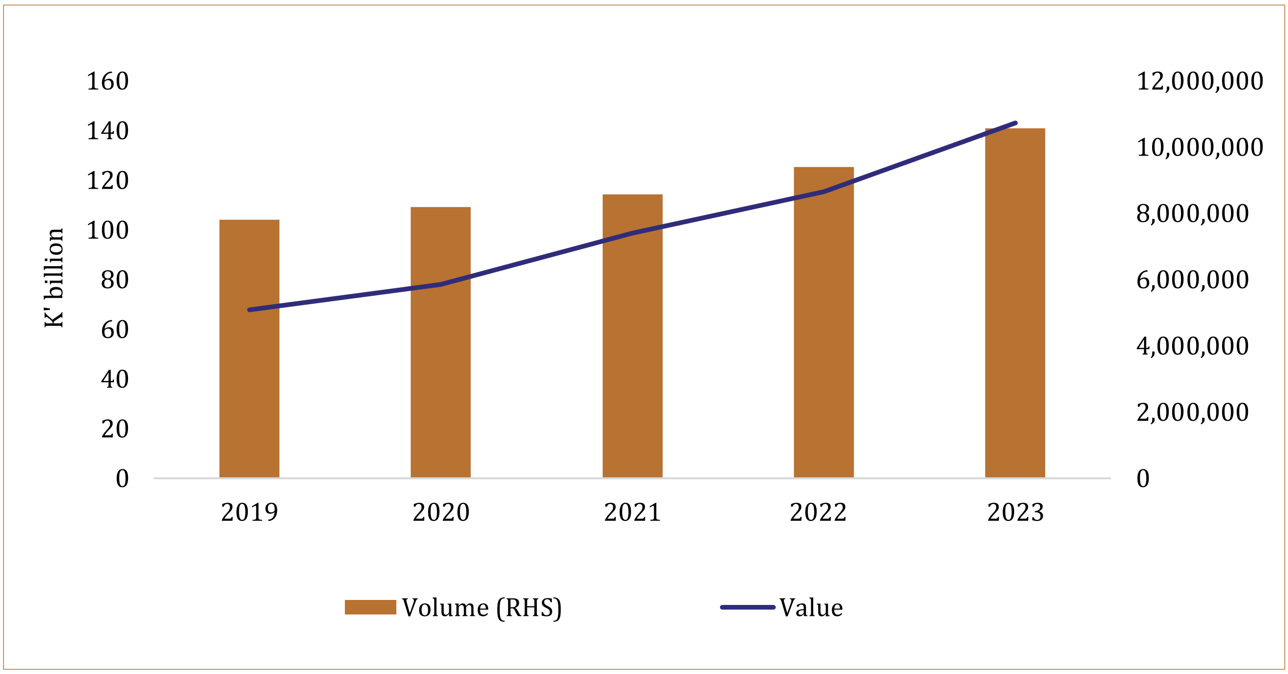


Source: Zambia Electronic Clearing House Limited

Electronic Funds Transfer Clearing System

The volume of transactions processed on the Electronic Funds Transfer clearing system grew by 12.3 percent in 2023 to 10,558,090 while the value of transactions increased by 24.1 percent to K143.1 billion (Chart 11.4).

Chart 11.4: Electronic Funds Transfer Processed, 2019–2023

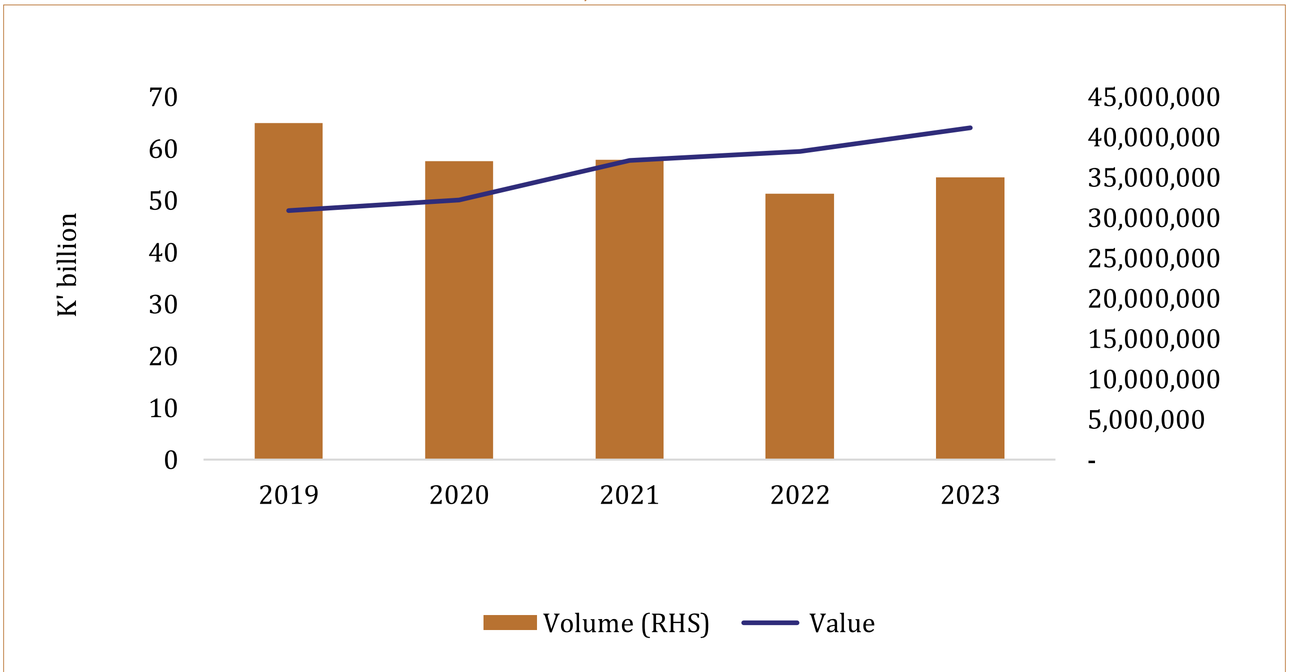


Source: Zambia Electronic Clearing House Limited

Automated Teller Machines

The volume and value of transactions processed through Automated Teller Machines (ATMs) increased by 5.9 percent and 7.7 percent to 34,957,449 and K63.9 billion, respectively (Chart 11.5).

Chart 11.5: Automated Teller Machine Transactions, 2019–2023



Source: Bank of Zambia

The number of ATMs increased by 17 to 1,006 in 2023, but the distribution remained broadly unchanged (Table 11.1).

Table 11.1: Distribution of ATMs by Province, 2022–2023

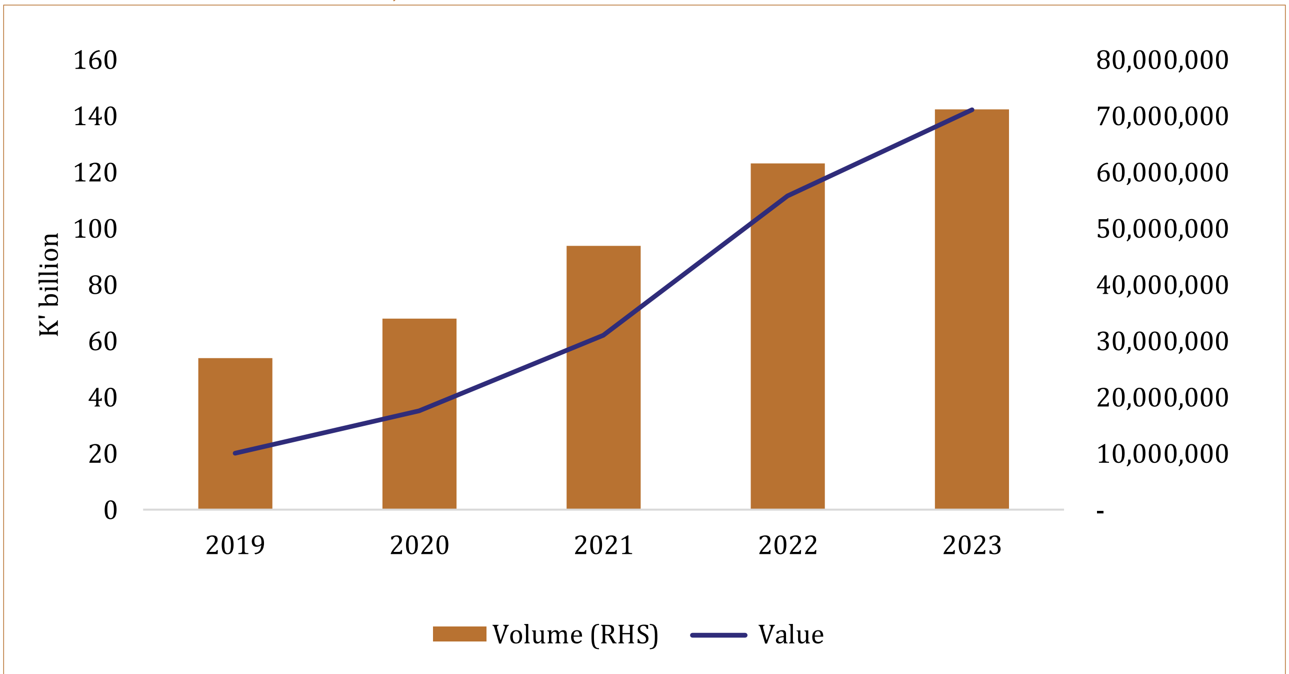
Province	2022	2023
Lusaka	479	494
Copperbelt	224	220
Southern	72	70
Northwestern	54	57
Central	46	49
Eastern	38	38
Northern	20	20
Muchinga	19	20
Western	19	20
Luapula	18	18
Total	989	1,006

Source: Bank of Zambia

Point of Sale Terminals

The volume of transactions processed on the Point of Sale (PoS) terminals increased by 15.6 percent to 71,141,569 in 2023 while the value rose by 27.5 percent to K142.2 billion (Chart 11.6). The number of PoS terminals went up by 16.3 percent to 45,531 at end-2023, but the distribution across the country remained broadly unchanged (Table 11.2).

Chart 11.6: Point of Sale Terminals, 2019–2023



Source: Bank of Zambia

Table 11.2: Distribution of Point of Sale Terminals by Province, 2022–2023

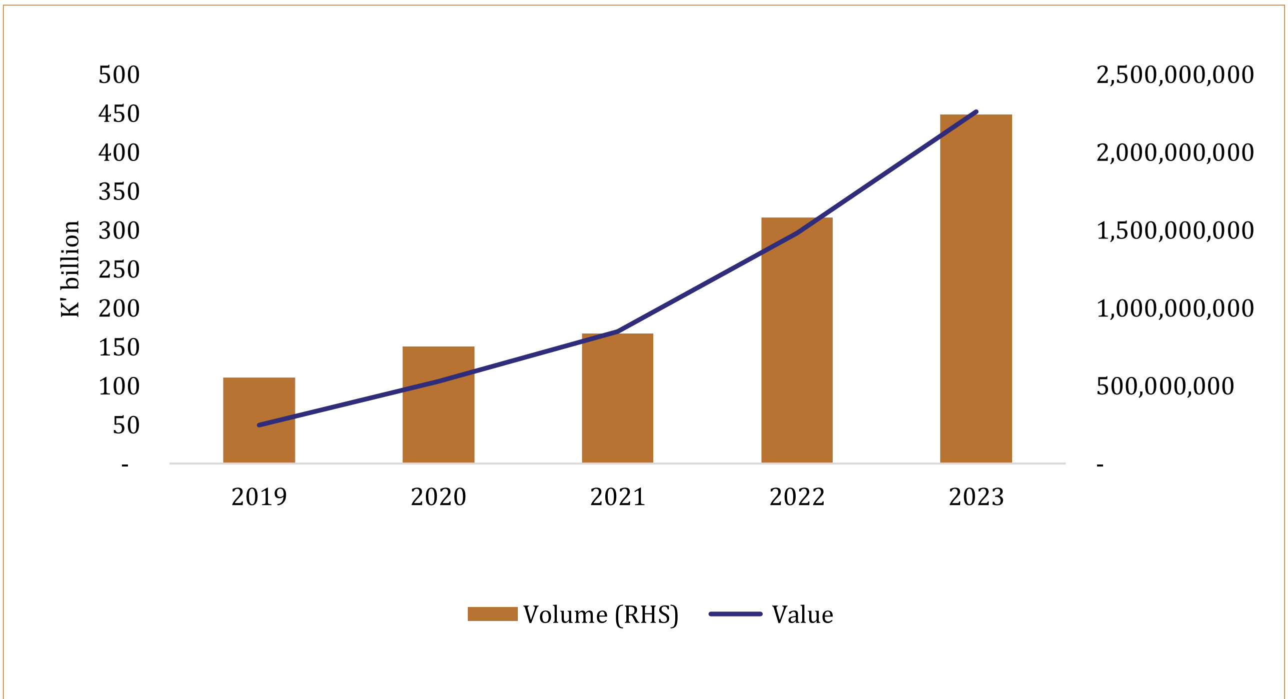
Province	2022	2023
Lusaka	18,163	20,956
Copperbelt	7,788	8,702
Southern	3,379	4,051
Central	2,676	3,370
Eastern	2,570	3,117
Northern	1,205	1,363
Luapula	905	1,176
Northwestern	938	1,018
Western	847	935
Muchinga	688	843
Total	39,159	45,531

Source: Bank of Zambia

Mobile Money Transactions

In 2023, the volume of transactions processed on mobile money platforms grew by 52.8 percent to 2,242,443,898 while the value went up by 41.8 percent to K452.0 billion (Chart 11.7).

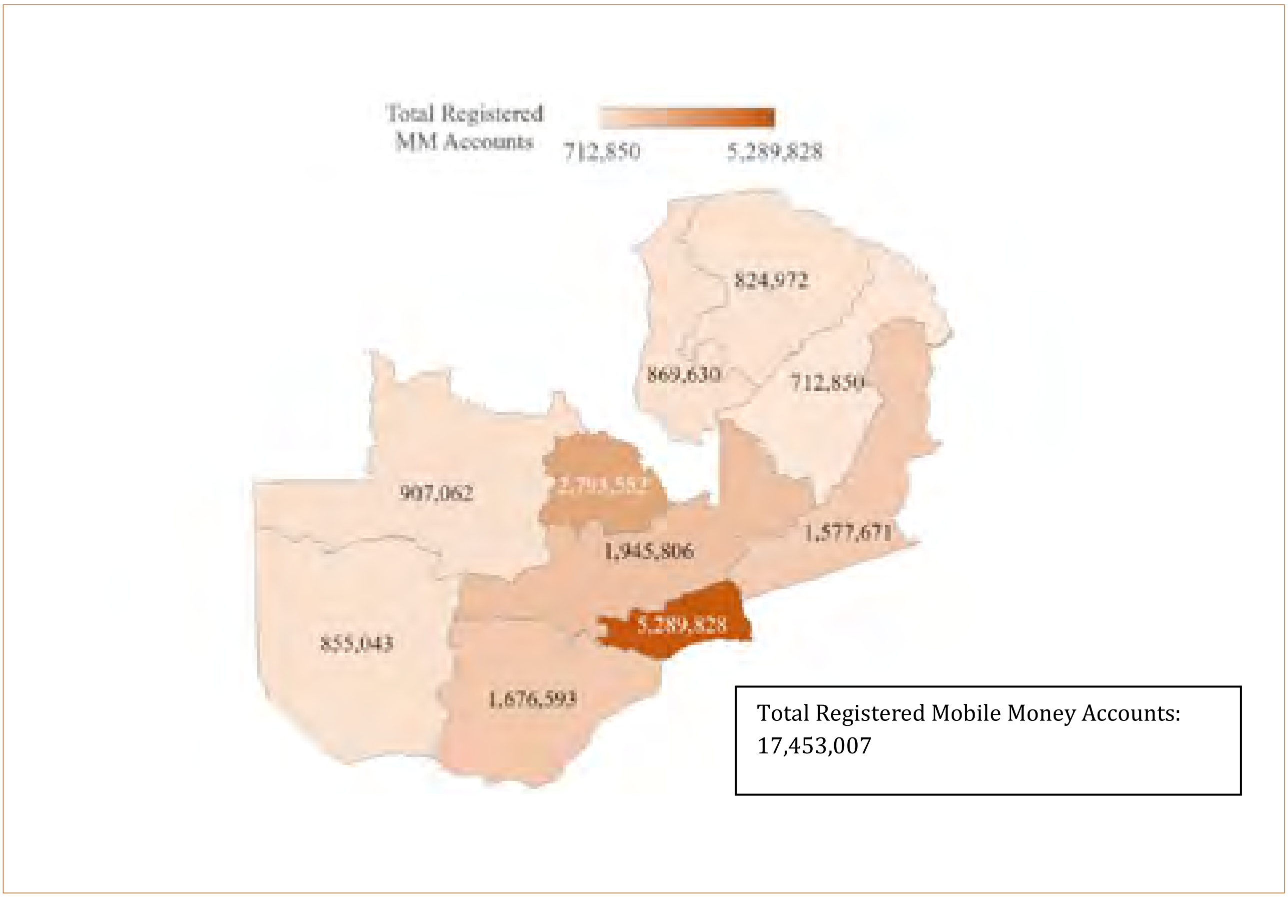
Chart 11.7: Mobile Money Transactions, 2019–2023



Source: Bank of Zambia

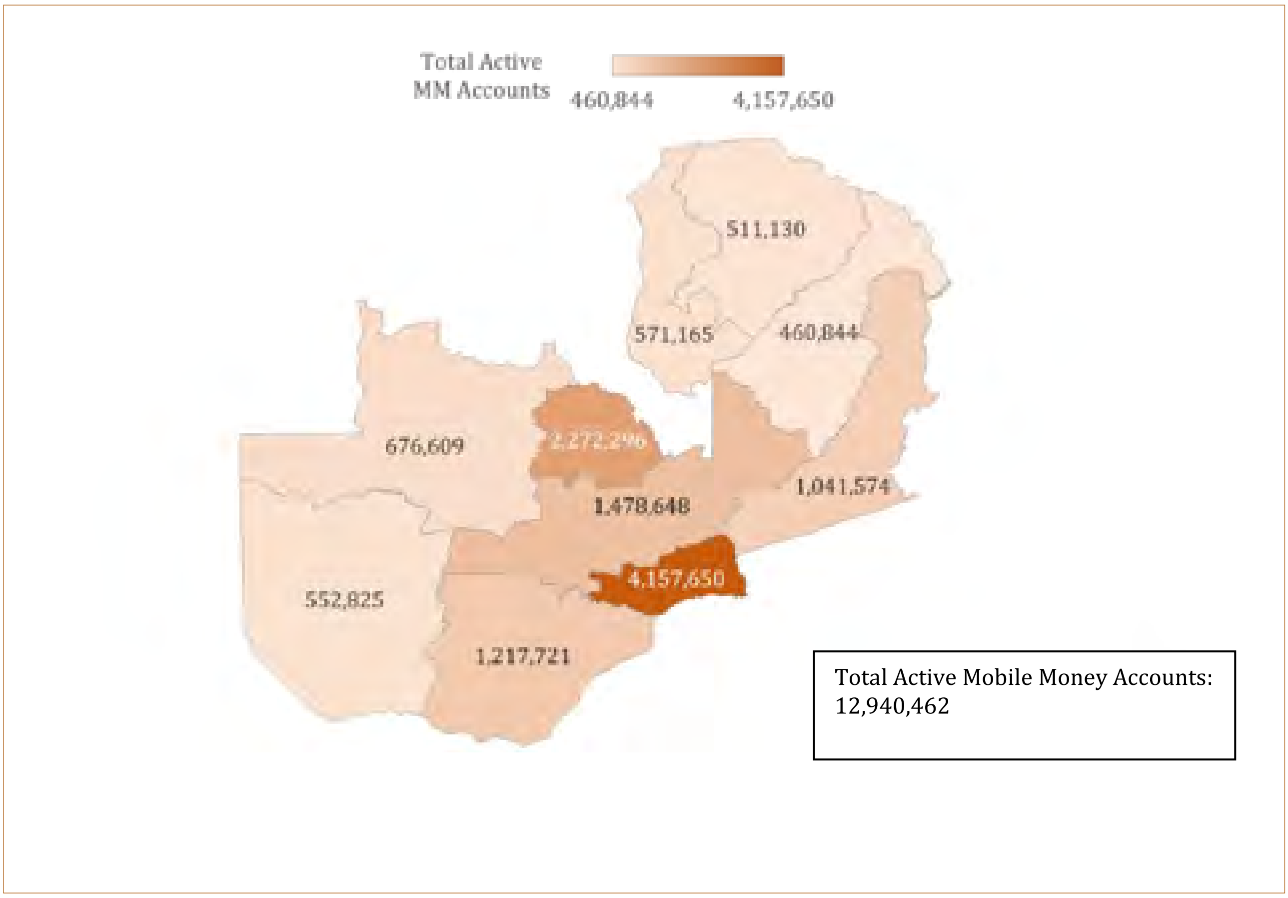
Lusaka and Copperbelt Provinces continued to have the highest number of registered and active mobile money accounts while Muchinga Province remained with the least in both categories (Charts 11.8 and 11.9).

Chart 11.8: Registered Mobile Money Account Holders by Province



Source: Bank of Zambia

Chart 11.9: Active Mobile Money Account Holders by Province



Source: Bank of Zambia

National Financial Switch

The active participants on the National Financial Switch (NFS) remained unchanged in 2023 at 28 with 18 on ATM, 17 on PoS and 23 on e-Money. The participation on e-Money use cases on the NFS is as shown in Table 11.3.

Table 11.3: Status of National Financial Switch e-Money Use Cases as at December 31, 2023

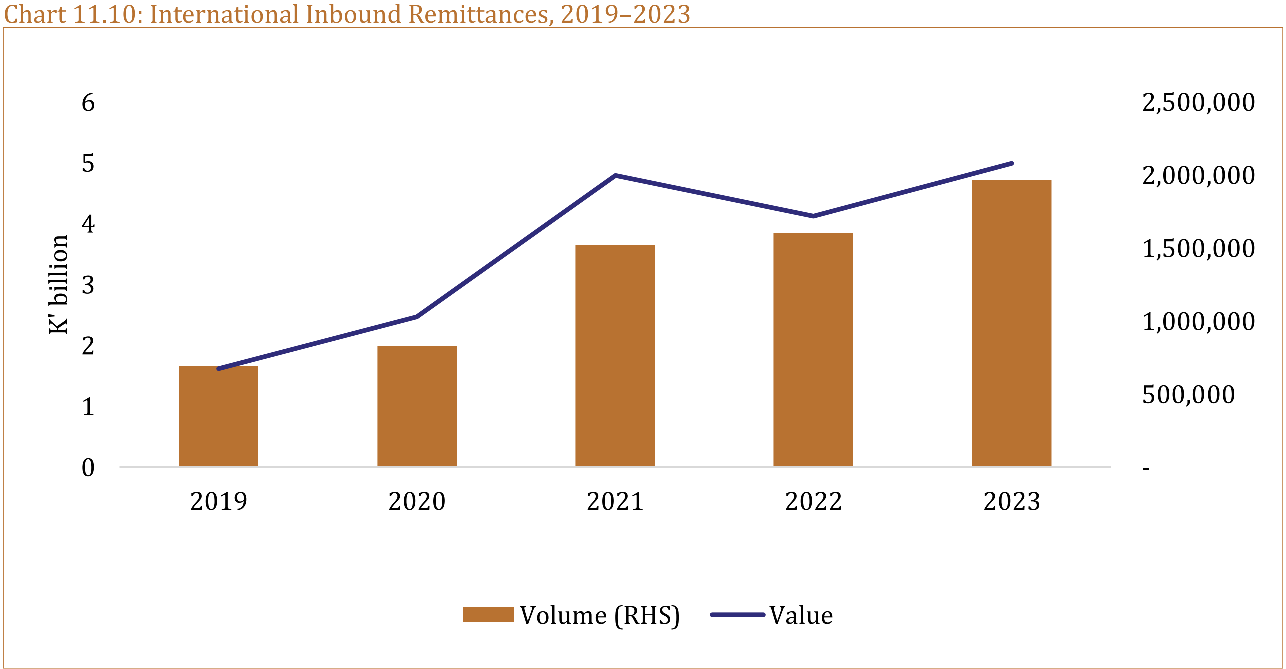
Use Case	Production	Pilot	UAT*	Total
Wallet to Bank	21	5	1	27
KYC**	23	3	0	26
Cash In	15	9	1	25
Bank to Wallet	21	2	1	24
ATM Cash Out	16	2	1	19
Bank to Bank	16	0	1	17
Wallet to Wallet	11	4	0	15
Agent Cash Out	11	0	1	12

Source: Zambia Electronic Clearing House Limited
* = User Acceptance Testing
** = Know Your Customer

International Remittances

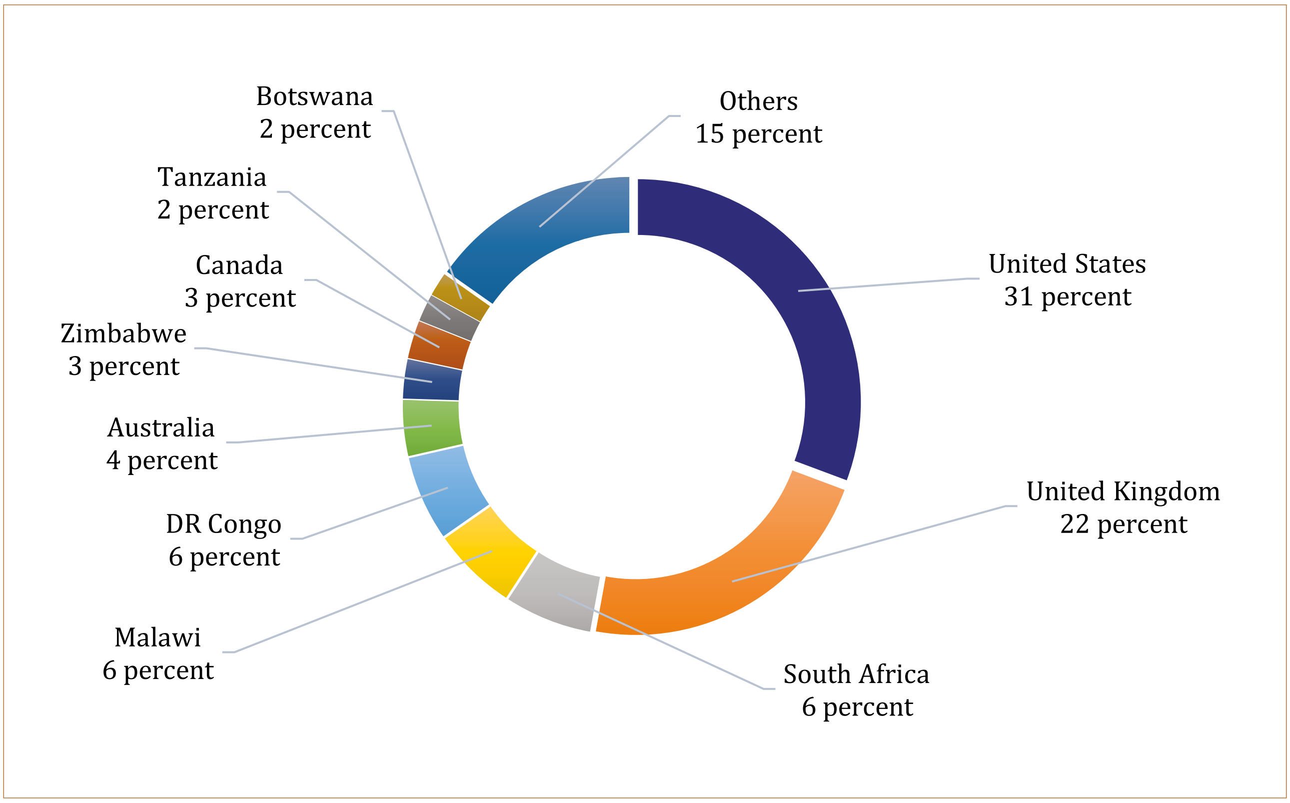
The volume and value of inbound international remittances through money transfer operators rose by 22.5 percent and 21.2 percent to 1,963,698 and K5.0 billion, respectively (Chart 11.10). The main source countries continued to be the United States of America and United Kingdom, representing 53.0 percent of the total inbound remittances (Chart 11.11).

Chart 11.10: International Inbound Remittances, 2019–2023



Source: Bank of Zambia

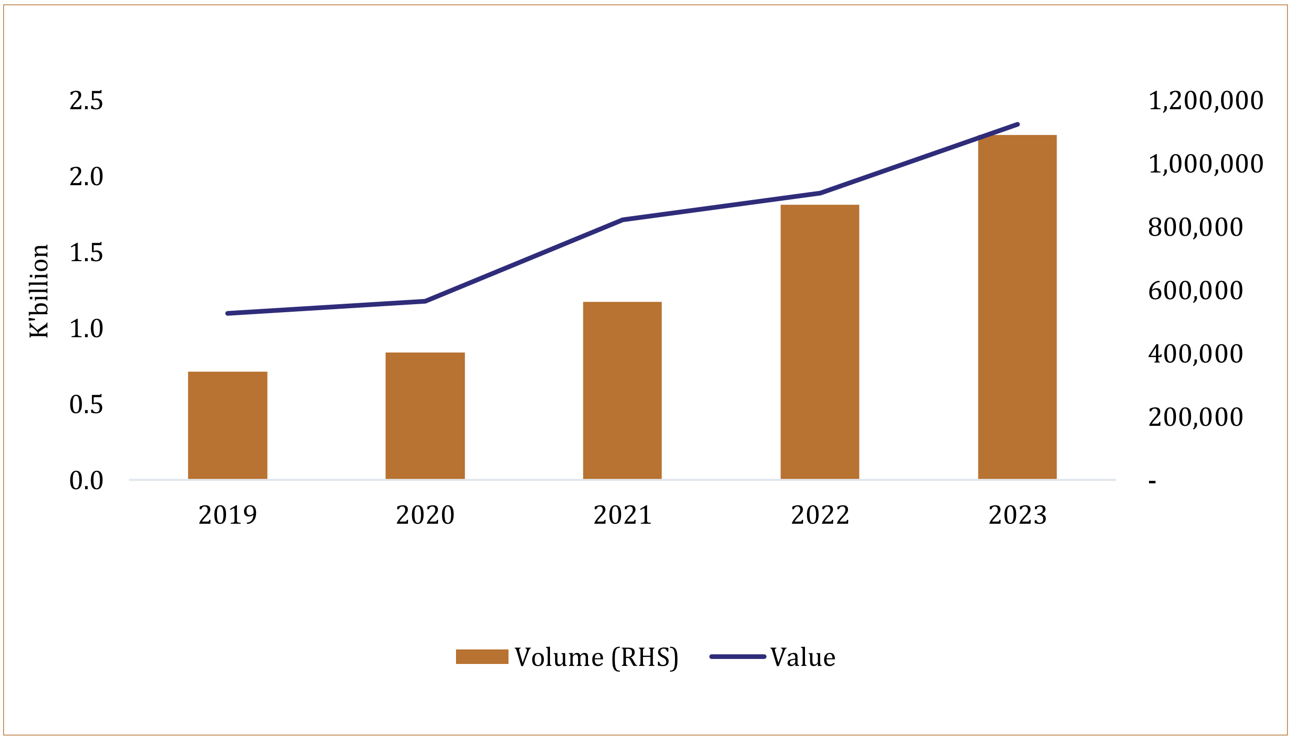
Chart 11.11: Inbound Remittances by Country, 2023



Source: Bank of Zambia

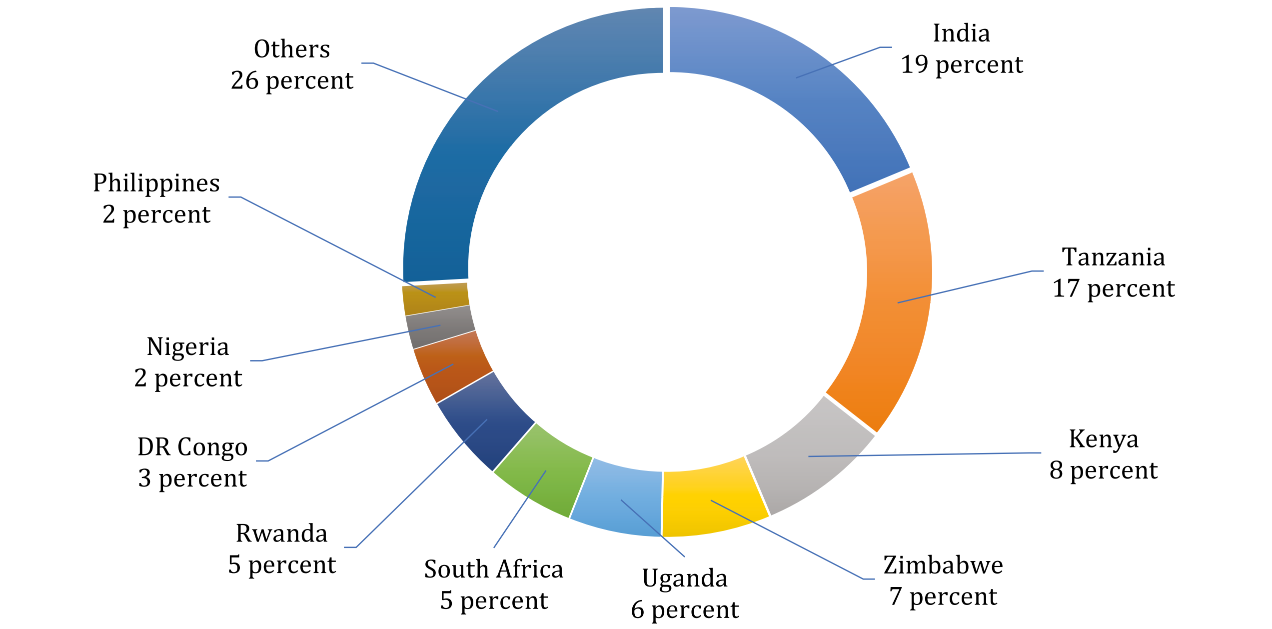
The volume of outbound international remittances transactions increased by 25.2 percent to 1,088,480 while the value rose by 23.8 percent to K2.3 billion (Chart 11.12). India and Tanzania remained the main recipient countries for remittances, accounting for 36.0 percent (Chart 11.13). Overall, the net value of international remittances increased to K2.6 billion from K2.2 billion in 2022 (Chart 11.14).

Chart 11.12: International Outbound Remittances, 2019–2023



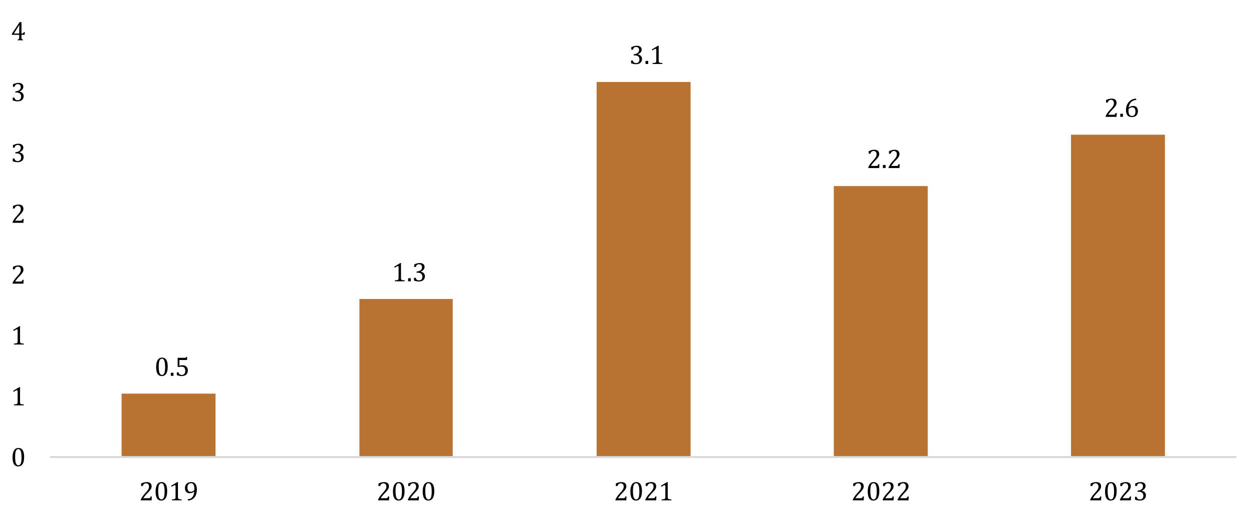
Source: Bank of Zambia

Chart 11.13: Outbound Remittances by Country, 2023



Source: Bank of Zambia

Chart 11.14: Net International Remittances (K'billion), 2019–2023

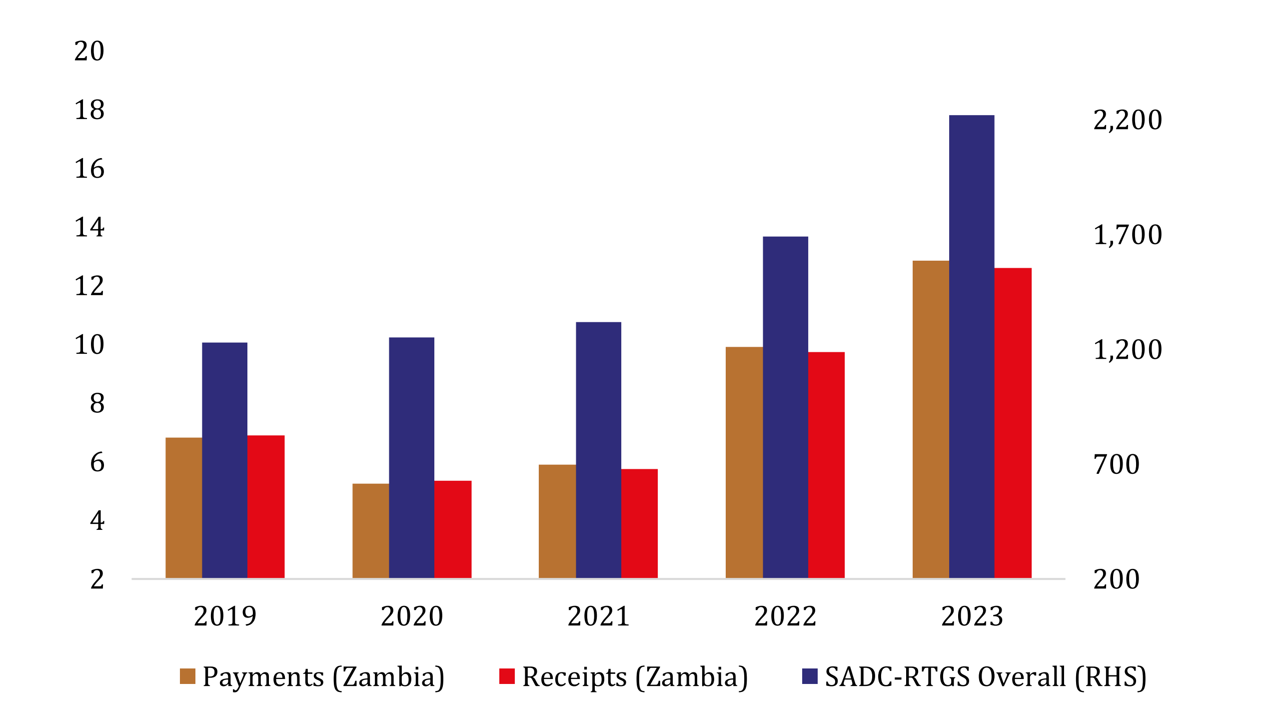


Source: Bank of Zambia

Regional Cross-Border Payment Systems

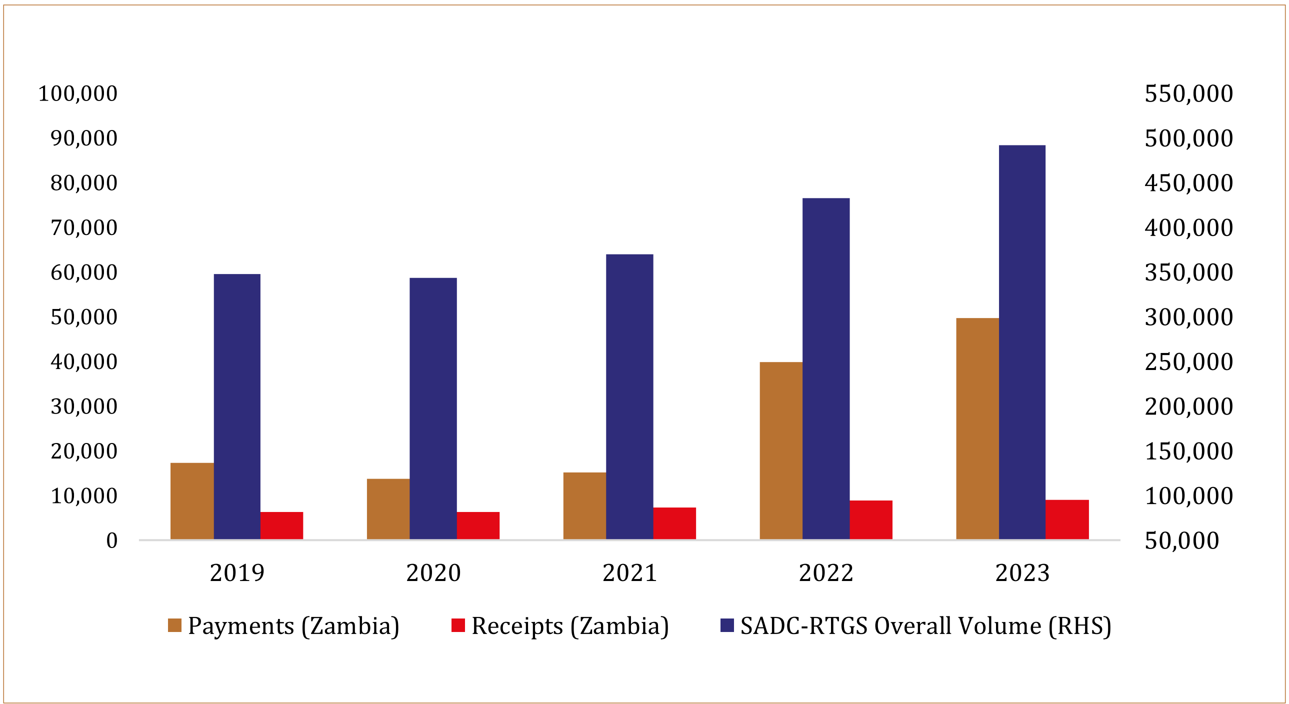
In 2023, the volume and value of payments processed on the SADC Real Time Gross Settlement System (SADC-RTGS) by Zambian commercial banks increased further by 24.7 percent and 29.6 percent to 49,652 transactions and ZAR12.9 billion, respectively (Charts 11.15 and 11.16).

Chart 11.15: Volumes of SADC-RTGS Transactions



Source: Bank of Zambia

Chart 11.16: Value of SADC-RTGS Transactions



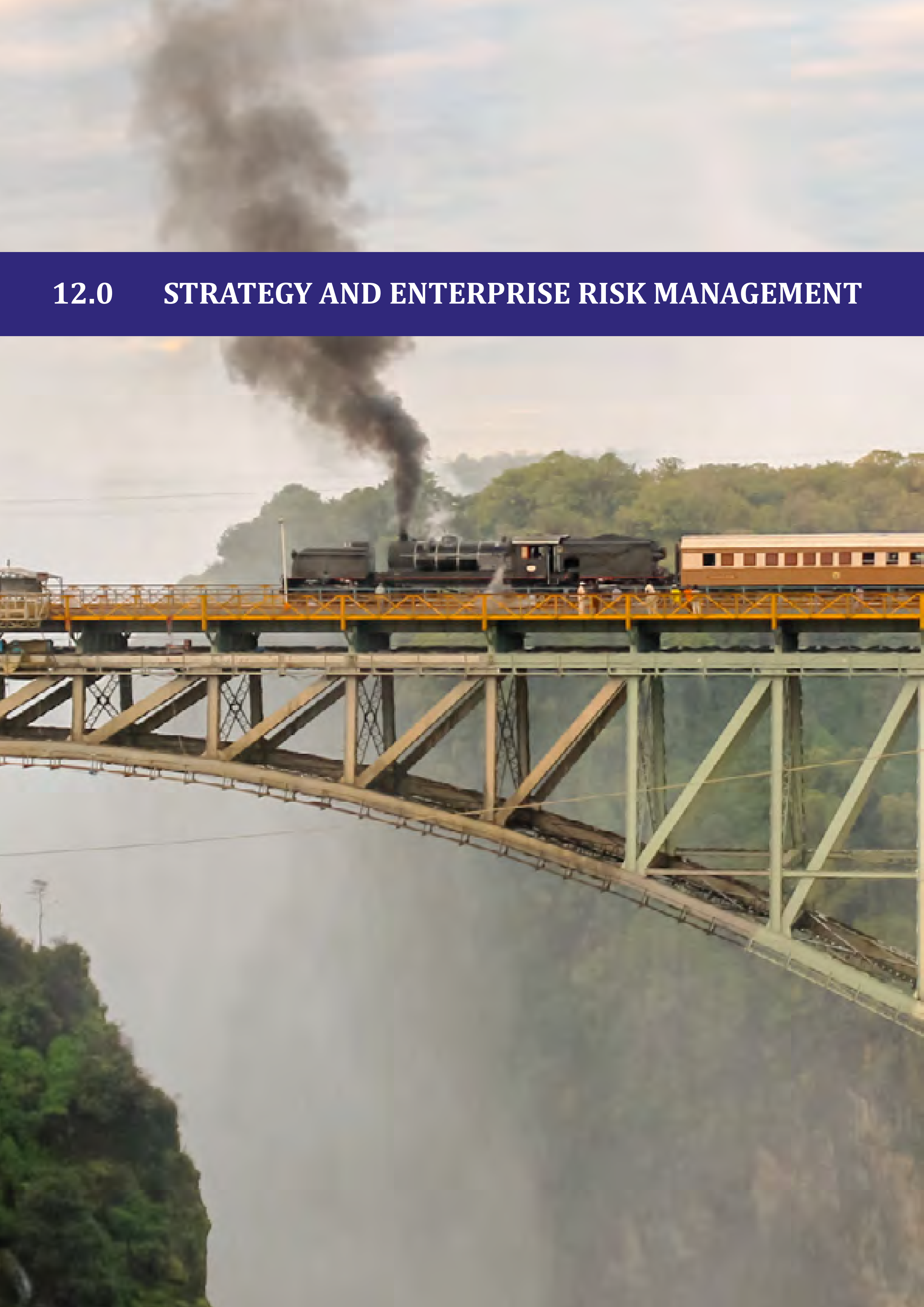
Source: Bank of Zambia

However, the volume and value of receipts on the COMESA Regional Electronic Payments and Settlement System (REPSS) reduced to 87 transactions and US$8.4 million, respectively. There were no payments made from Zambia on this platform.

Zambia Interbank Payment and Settlement System and ISO 20022 Migration

The Zambia Interbank Payment and Settlement System was upgraded and successfully migrated to ISO 20022 messaging standard on October 14, 2023. Zambia completed the migration ahead of the November 2025 deadline for cross-border payments and was among the 10.0 percent of central banks that had completed the migration.

12.0 STRATEGY AND ENTERPRISE RISK MANAGEMENT



12.0 STRATEGY AND ENTERPRISE RISK MANAGEMENT

12.1 Performance of the 2020-2023 Strategic Plan

The 2020-2023 Strategic Plan ended in December 2023. An overall completion rate of 89.1 percent was achieved as shown in the table below. Notable achievements were realised in the macroprudential regulation and supervision, gender mainstreaming in the financial sector, as well as development and strengthening of financial market infrastructure and oversight initiatives. The key challenges encountered during implementation of the Plan included the COVID-19 pandemic and delayed enactment of supporting legislation.

Performance against Strategic Objectives as at end-2023

	Strategic Initiatives	2023	
		Expected Percent on Target (Percent)	Actual Percent on Target (Percent)
1.1	Strengthen Microprudential Regulations and Supervision.	100	90.4
1.2	Strengthen Macroprudential Regulation and Supervision	100	97.1
1.3	Develop and strengthen financial market infrastructure and oversight	100	92.1
1.4	Enhance Data Collection, Management, and Application	100	79.3
2.1	Formulate and implement a financial inclusion Strategy for the Bank	100	83.5
2.2	Mainstream gender in the financial sector	100	92.3
	Overall Performance	100	89.1

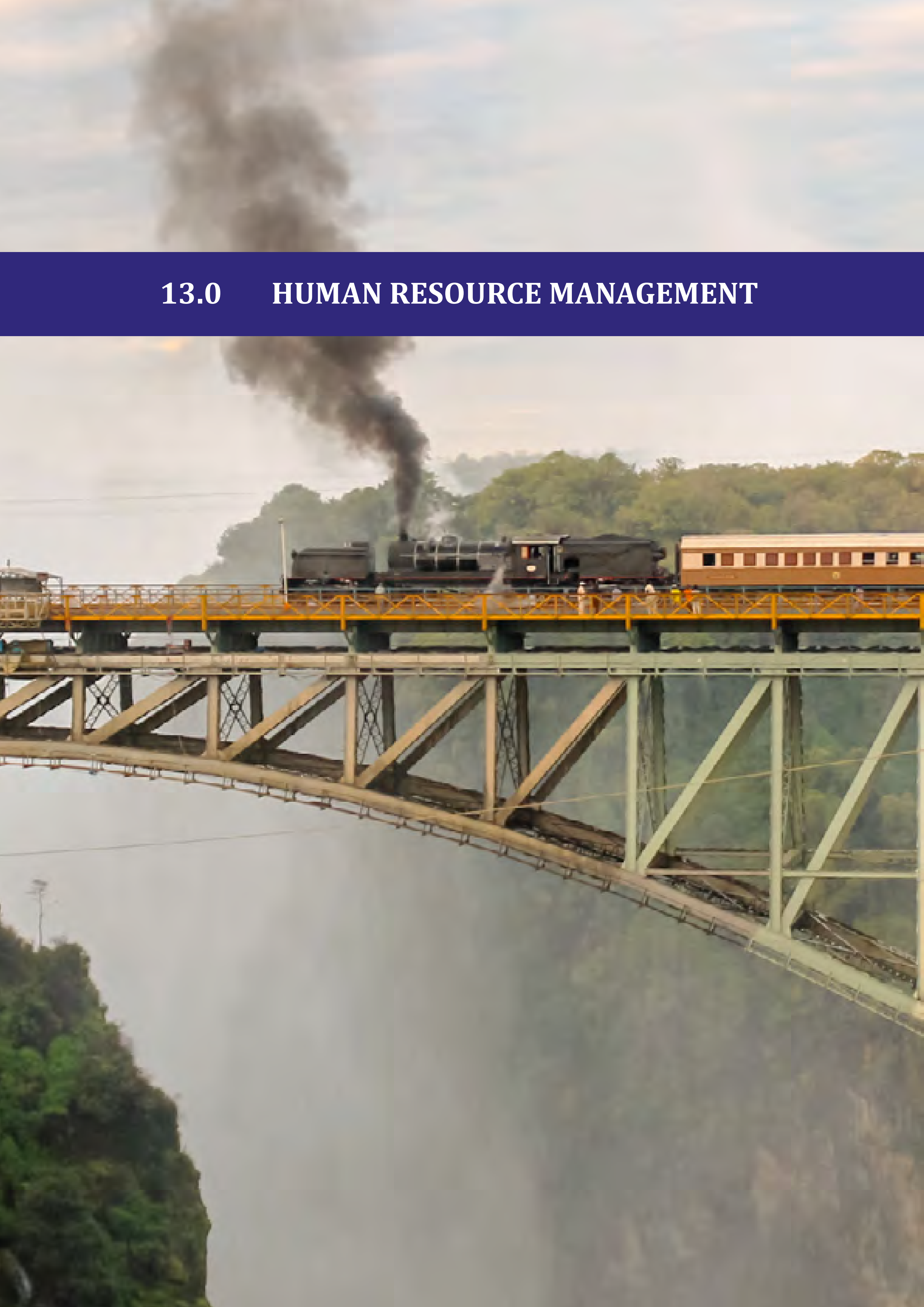
Source: Bank of Zambia

Note: The theme for the 2020-2023 Strategic Plan was "*Building an Inclusive* and *Resilient Financial Sector.*" *Financial Stability* and *Financial Inclusion* were the two focus areas of the Plan supported by six Strategic Initiatives.

12.2 Enterprise Risk Management

The overall risk profile of the Bank improved further in 2023. Considerable progress was made in the implementation of risk mitigation measures, monitoring of risk action plans, validation of Bank-wide risk registers, as well as awareness programmes to protect employees and Bank infrastructure from emerging threats. As part of the Business Continuity Management Programme, several business continuity simulation exercises were undertaken to assess the overall effectiveness of the Bank's business capabilities and implementation of appropriate response strategies to build organisational resilience.

13.0 HUMAN RESOURCE MANAGEMENT



13.0 HUMAN RESOURCE MANAGEMENT

There were 550 employees (331 male and 219 female) at end-2023 out of the establishment of 680. Of these, 480[24] (87.3 percent) were on permanent and pensionable service while 70 (12.7 percent) were on fixed-term employment contracts (Tables 13.1 and 13.2).

Table 13.1: Staffing Levels

Functions	2021			2022			2023		
	Estab.	Actual	Var	Estab.	Actual	Var	Estab.	Actual	Var
Executive Department									
Executive	33	18	-15	33	18	-15	32	17	-15
Strategy & Change Management	10	8	-2	10	9	-1	10	9	-1
Risk & Compliance	7	6	-1	7	8	1	7	7	0
Security	59	41	-18	59	46	-13	59	47	-12
Subtotal	109	73	-36	109	81	-28	108	80	-28
Core Departments									
Bank Supervision	58	44	-14	58	42	-16	58	42	-16
Banking and Currency	75	59	-16	75	55	-20	75	60	-15
Economics	56	51	-5	56	52	-4	56	48	-8
Financial Markets	39	34	-5	39	36	-3	39	38	-1
Non-Banks Financial Institution Supervision	43	33	-10	43	31	-12	43	32	-11
Payment Systems	22	14	-8	22	20	-2	22	21	-1
Subtotal	293	235	-58	293	236	-57	293	241	-52
Support Services									
Bank Secretariat	17	17	0	17	16	-1	18	18	0
Finance	37	30	-7	37	32	-5	37	32	-5
Human Resource	26	19	-7	26	17	-9	26	17	-9
Information & Communications Technology	34	30	-4	34	30	-4	34	31	-3
Internal Audit	17	16	-1	17	16	-1	17	17	0
Procurement & Maintenance Services	83	63	-20	83	62	-21	83	60	-23
Subtotal	214	175	-39	214	173	-41	215	175	-40
Regional Office	64	51	-13	64	51	-13	64	54	-10
Subtotal	64	51	-13	64	51	-13	64	54	-10
Total	680	534	-146	680	541	-139	680	550	-130

Source: Bank of Zambia

Note: Estab= Establishment, Var = Variance

Table13.2: Distribution of Staff by Location, Gender and Employment Type

	Permanent and Pensionable	Fixed Term Contract	Gender		Total
			Male	Female	
Lusaka	429	67	301	195	496
Ndola	51	3	30	24	54
Total	480	70	331	219	550
Percent share	87.3	12.7	60.2	39.8	

Source: Bank of Zambia

In 2023, the Bank recruited 25 employees while 19 separated due to statutory retirement, resignation, medical discharge, dismissal, and contract expiration (Tables 13.3 and 13.4).

[24] 182 employees were converted from fixed-term contract to permanent and pensionable employment in 2023.

Table 13.3: Staff Recruitment in 2023

	Number
Bank Secretariat	1
Banking and Currency	6
Regional Office	6
Financial Markets	2
Human Resource	3
Information and Communications Technology	2
Internal Audit	1
Procurement and Maintenance Services	3
Security	1
Total	25

Source: Bank of Zambia

Table 13.4: Staff Separation in 2023

	Number
Contract Expiration	4
Dismissal	4
Medical Discharge	3
Resignation	2
Statutory Retirement	6
Total	19

Source: Bank of Zambia

In collaboration with medical teams from affiliated hospitals, the Bank facilitated awareness talks and health screening exercises on critical health issues that included HIV/AIDS; malaria; hepatitis B; diabetes; hypertension; mental health; as well as breast, cervical and prostate cancer disease.

The Bank sponsored several local and international capacity building programmes through virtual and physical workshops and seminars. Staff continued to receive support in various training programmes to upgrade qualifications (Table 13.5).

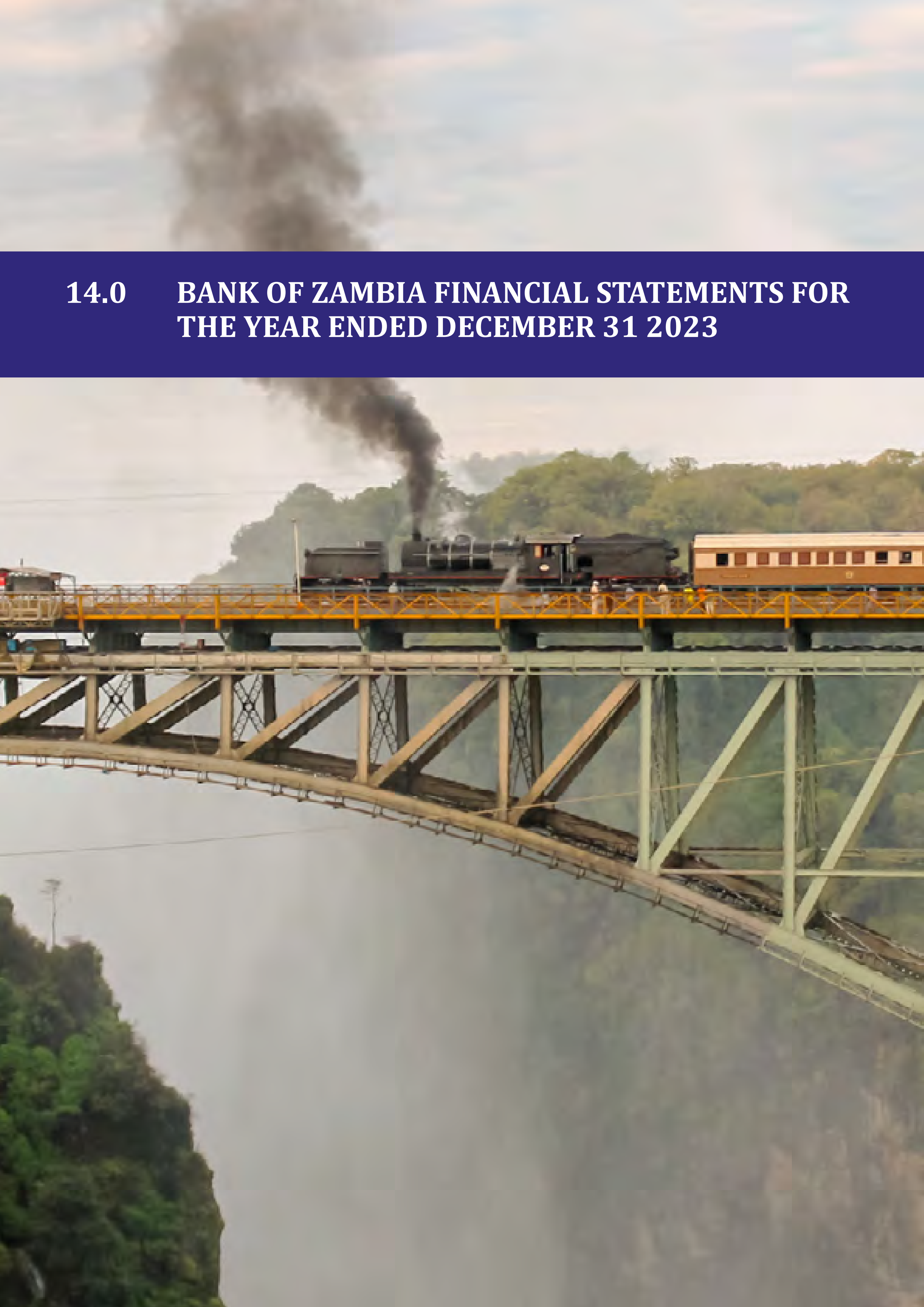
Table 13.5: Number of Students Pursuing Study Programmes, 2021–2023

	2021	2022	2023
PhD/DBA	12	6	9
Master's Degrees	1	0	3
Bachelor's Degrees	0	0	0
Professional Qualifications	4	12	12
Total	17	18	24

Source: Bank of Zambia

The Bank continued to hold monthly and quarterly consultative meetings with the Bank of Zambia branch of the Zambia Union of Financial Institutions and Allied Workers (ZUFIAW) to maintain a friendly workplace environment. Further, the Bank observed the World Labour Day on May 1 under the theme "*Accelerating Job Creation for Economic Growth*" and honoured accomplishments of a number of employees.

14.0 BANK OF ZAMBIA FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31 2023



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Bank of Zambia Act, No.5 of 2022 requires the Directors to keep proper books of accounts and other records relating to its accounts and to prepare financial statements for each financial year, which present fairly the state of affairs of the Bank of Zambia and of its profit or loss for the period.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Bank of Zambia Act, No.5 of 2022. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and of its financial performance in accordance with IFRS. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, and for such internal controls as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Nothing has come to the attention of the Directors to indicate that the Bank will not remain a going concern for at least twelve months from the date of this statement.

Approval of the financial statements

The financial statements of the Bank set out on pages 90 to 161 were approved by the Board of Directors on **28 March 2024** and signed on their behalf by:

Governor

Director

Grant Thornton

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Metropolitan House
2nd Floor, West wing
Off Kelvin Siwale Road
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REPORT OF THE INDEPENDENT AUDITOR

TO THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bank of Zambia, which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Bank of Zambia as of 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the Bank of Zambia Act No 5 of 2022.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA code) together with the ethical requirements that are relevant to our audit of the financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

REPORT OF THE INDEPENDENT AUDITOR

TO THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA (CONTINUED)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of matter	How matter was addressed
Classification, measurement and impairment of financial assets	
When applying the international financial reporting standards, the directors are required to review the classifications of assets and align the classifications to the requirements of the reporting standards. The directors also reviewed the fair valuations and impairment models.	We reviewed the classification of the financial assets to ensure compliance with the reporting standards. We reviewed the valuation and verified the calculation of the fair values. We also verified the inputs used in the valuations.
Due to the complex and subjective judgements required in estimating the timing and valuation of impairment and in estimating the fair value of assets, this was considered a key audit matter.	In considering the reasonableness of the impairment provision, we reviewed the assumptions used in impairment calculations. We further assessed their recoverability through testing of current year and subsequent receipts. Based on the procedures performed, we are satisfied that the impairment provision is reasonable and the financial assets were properly classified and valued.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Bank's annual report which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITOR

TO THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA (CONTINUED)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high-level assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements of Bank of Zambia as of 31 December 2023 have been properly prepared in accordance with the Bank of Zambia Act No.5 of 2022, and the accounting and other records and registers have been properly kept in accordance with the Act.

Chartered Accountants

Wesley M. Beene (F/000465)
Name of Partner signing on behalf of the Firm

Lusaka

Date: 28 March 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023	2022
		K'000	K'000
Interest income	*5*	**6,172,810**	5,574,121
Interest expense	*5*	**(539,213)**	(165,793)
Net interest income		**5,633,597**	5,408,328
Fees and commission income	*6*	**549,762**	448,158
Fees and commission expense	*6*	**(10,805)**	(14,829)
Net fees and commission income		**538,957**	433,329
Trading gains/(losses)	*44*	**283,946**	(78,054)
Other operating gains	*7*	**3,569,595**	1,556,229
		3,853,541	1,478,175
Total operating income		**10,026,095**	7,319,832
Depreciation and amortisation	*24,25*	**(47,701)**	(44,969)
Impairment (charge)/credit	*8*	**(11,312)**	134,554
Personnel expenses	*9*	**(717,294)**	(645,829)
Operating expenses	*10*	**(1,088,598)**	(3,103,237)
Net expense		**(1,864,905)**	(3,659,481)
Profit for the year		**8,161,190**	3,660,351
Other comprehensive income			
Items that will not be classified to profit or loss			
Changes in fair value of equity investment at FVOCI	*21*	**39,443**	93,252
Transfer to reserves	*42*	**(39,443)**	-
Total comprehensive income for the year		**8,161,190**	3,753,603

Notes to the financial statements on pages 94 to 161 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	2023	2022
Assets		**K'000**	K'000
Domestic cash in hand		**5,964**	4,874
Foreign currency cash and bank accounts	*12*	**81,965,402**	53,652,629
Monetary gold	*13*	**3,756,078**	1,582,962
Items in course of settlement	*14*	**-**	7
Loans and advances	*15*	**2,002,612**	99,815
Government securities at amortised cost	*16*	**22,067,383**	21,052,087
Prepayments and other assets	*17*	**113,205**	1,213,904
Financial derivative asset	*19*	**443,995**	6,800
Targeted medium-term refinancing facility (TMTRF)	*20*	**8,802,722**	10,660,719
Equity investments at FVOCI	*21*	**1,244,766**	838,056
Funds receivable from Government	*22*	**9,980,488**	6,106,973
IMF subscriptions	*23,35*	**23,389,018**	22,388,259
Property, plant and equipment	*24*	**854,870**	639,380
Intangible assets	*25*	**139,787**	79,280
Non refined gold	*27*	**127,984**	127,984
Total assets		**154,894,274**	118,453,729
Liabilities			
Deposits from Government of the Republic of Zambia	*28*	**6,642,500**	20,449,211
Deposits from financial institutions	*29*	**39,862,595**	22,158,835
Foreign currency liabilities to other institutions	*30*	**54,800**	38,446
Other deposits	*31*	**2,714,347**	159,764
Items in course of settlement	*14*	**24**	-
Notes and coins in circulation	*32*	**16,646,798**	14,744,976
Other liabilities	*33*	**6,528,549**	8,805,215
Provisions	*34*	**3,808,590**	2,690,645
Domestic currency liabilities to IMF	*23,35*	**23,389,018**	22,388,259
Foreign currency liabilities to IMF	*36*	**337,304**	155,410
Extended credit facility	*37*	**7,239,143**	1,683,190
Financial derivative liability	*39*	**810,220**	-
SDR allocation	*40*	**16,190,663**	11,290,357
Total liabilities		**124,224,551**	104,564,308
Equity			
Capital	*41*	**500,020**	500,020
General reserve fund	*42*	**3,757,909**	3,391,874
Property revaluation reserves	*42*	**475,609**	296,887
Foreign revaluation reserves	*42*	**10,968,426**	-
TMTRF reserves	*42*	**751,856**	-
Retained earnings	*42*	**14,215,903**	9,700,640
Total equity		**30,669,723**	13,889,421
Total liabilities and equity		**154,894,274**	118,453,729

Notes to the financial statements on pages 94 to 161 form an integral part of the financial statements.

The financial statements on pages 90 to 161 were approved for issue by the Board of Directors on **28 March 2024** and signed on its behalf by:

Governor

Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Share capital	General reserve fund	Property revaluation reserve	Foreign Exchange Unrealised reserve	TMTRF reserve	Retained earnings	Total equity
		K'000	K'000	K'000	K'000	K'000	K'000	K'000
Balance at 1 January 2022		500,020	3,247,412	311,311	-	-	7,377,229	11,435,972
Profit for the year		-	-	-	-	-	3,660,351	3,660,351
Fair value - equity at FVOCI		-	-	-	-	-	93,252	93,252
Revaluation surplus amortisation		-	-	(14,424)	-	-	14,424	-
Total comprehensive income		-	-	(14,424)	-	-	3,768,027	3,753,603
Transactions with owners:								
Dividend to Government		-	-	-	-	-	(1,300,154)	(1,300,154)
Transfer to general reserves		-	144,462	-	-	-	(144,462)	-
Total transactions with owners		-	144,462	-	-	-	(1,444,616)	(1,300,154)
Balance at 31 December 2022		500,020	3,391,874	296,887	-	-	9,700,640	13,889,421
Balance at 1 January 2023		**500,020**	**3,391,874**	**296,887**	**-**	**-**	**9,700,640**	**13,889,421**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**8,161,190**	**8,161,190**
Fair value - equity at FVOCI		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Revaluation surplus amortisation		**-**	**-**	**(14,424)**	**-**	**-**	**14,424**	**-**
Revaluation increase	*42*	**-**	**-**	**193,146**	**-**	**-**	**-**	**193,146**
Transfer to forex unrealised reserves	*42*	**-**	**-**	**-**	**10,968,426**	**-**	**-**	**10,968,426**
Transfer to TMTRF reserves	*42*	**-**	**-**	**-**	**-**	**751,856**	**-**	**751,856**
Total comprehensive income		**-**	**-**	**178,722**	**10,968,426**	**751,856**	**8,175,614**	**20,074,618**
Transactions with owners:								
Dividend to Government	*42*	**-**	**-**	**-**	**-**	**-**	**(3,294,316)**	**(3,294,316)**
Transfer to general reserves	*42*	**-**	**366,035**	**-**	**-**	**-**	**(366,035)**	**-**
Total transactions with owners		**-**	**366,035**	**-**	**-**	**-**	**3,660,351**	**(3,294,316)**
Balance at 31 December 2023		**500,020**	**3,757,909**	**475,609**	**10,968,426**	**751,856**	**14,215,903**	**30,669,723**
Notes		*41*	*42*	*42*	*42*	*42*		

Notes to the financial statements on pages 94 to 161 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023	2022
Cash flows from operating activities		**K'000**	K'000
Profit for the year		**8,161,190**	3,660,351
Adjustment for:			
Depreciation/amortisation	*24,25*	**47,701**	44,969
Dividends received	7	**(10,106)**	(7,435)
Gain on disposal of plant and equipment		**55**	(1,219)
Effects of exchange rate changes on cash and cash equivalents	*7*	**(584,716)**	(1,532,796)
Provisions made during the year	34	**1,117,944**	2,510,423
		8,732,068	4,674,293
Changes in operating assets and liabilities			
Change in Monetary gold	*13*	**(2,173,116)**	(894,996)
Change in items in course of settlement	*14*	**31**	3
Change in financial assets at FVOCI		**-**	88,191
Change in loans and advances	*15*	**(747,923)**	1,803,535
Change in amortised financial assets	*16*	**(1,015,296)**	2,186,787
Change in prepayments and other assets	*17*	**(54,176)**	(1,187,253)
Change in financial asset derivative	*19*	**(437,195)**	223,271
Change in TMTRF	*20*	**1,857,997**	(888,071)
Change in equity investments at FVOCI	*21*	**(406,709)**	(83,120)
Change in funds receivable from Government	*22*	**(3,873,515)**	(441,028)
Change in deposits from Government of the Republic of Zambia	*28*	**(13,806,710)**	12,599,725
Change in deposits from financial institutions	*29*	**17,703,760**	4,688,076
Change in foreign currency liabilities to other institutions	*30*	**16,355**	(18,037)
Change in other deposits	*31*	**2,554,583**	6,331
Change in notes and coins in circulation	*32*	**1,901,821**	1,189,638
Change in other liabilities	*33*	**(2,276,666)**	3,512,148
Change in financial derivative liability	*39*	**810,220**	-
Change in foreign currency liabilities to IMF	*36*	**181,895**	152,547
Change in extended credit facility liability	*37*	**5,555,953**	1,683,190
Change in SDR allocation	*40*	**4,900,306**	(21,536,071)
Net cash generated from operating activities		**19,423,683**	7,759,159
Cash flow from financing activities			
Credit to reserves	42	**11,720,282**	-
Dividends paid to shareholders	42	**(3,294,316)**	(1,300,154)
Net cash in/(out) flows from financing activities		**8,425,966**	(1,300,154)
Cash flows from investing activities			
Dividends received	7	**10,106**	7,435
Purchase of property, plant and equipment and intangible assets	*24,25*	**(131,339)**	(100,768)
Proceeds from sale of property, plant and equipment		**731**	1,244
Net cash out flows from investing activities		**(120,502)**	(92,089)
Net change in cash and cash equivalents		**27,729,147**	6,366,916
Cash and cash equivalents at the beginning of the year		**53,657,503**	45,757,791
Effects of exchange rate changes on cash and cash equivalents		**584,716**	1,532,796
Cash and cash equivalents at the end of the year		**81,971,366**	53,657,503
Cash and cash equivalents at the end of the year comprise of:			
Domestic cash in hand		**5,964**	4,874
Foreign currency cash and bank accounts		**81,965,402**	53,652,629
		81,971,366	53,657,503

Notes to the financial statements on pages 94 to 161 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1.0 Principal activity

The Bank of Zambia is the Central Bank of the Republic of Zambia, which is governed by the provisions of the Bank of Zambia Act No.5 of 2022. The Bank's principal place of business is at Bank Square, Cairo Road, Lusaka.

In these financial statements, the Bank of Zambia is also referred to as the "Bank" or "BoZ". The Bank is 100 per cent owned by the Government of the Republic of Zambia.

The Board of Directors approved these financial statements for issue on **28 March 2024.**

2.0 Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated:

2.1 Basis of preparation

The Bank's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the Bank of Zambia Act No.5 of 2022. The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(a) New Standards and amendments that are effective at 1 January 2023 and are applicable to the Bank

Amendments to IAS 1 and IFRS Practice Statement 2 on applying the concept of materiality to disclosures of accounting policies. The amendment requires preparers of financial statements to disclose material accounting policies, rather than general disclosures in the financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The IASB made a clarification on how entities should be able to make distinction between the changes in accounting policies from changes in accounting estimates. The term 'accounting estimates' has been defined and clarified that it applies prospectively unlike accounting policies that can be applied retrospectively.

Some accounting pronouncements that have become effective from 1 January 2023 and have therefore been adopted do not have a significant impact on the Bank's financial statement.

2.0 Principal accounting policies (continued)

2.1 Basis of preparation (continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Bank

At the date of authorisation of these financial statements, several new, but not yet effective, standards, amendments to existing standards, and interpretations have been published by the IASB. None of these standards, amendments or interpretations have been adopted early by the Bank, which include:

Amendment to IFRS 16 – Leases on sale and leaseback
The amendments requires an entity that sells an asset and later leases it back, to disclose how it accounts for the variable lease payments when measuring a lease liability arising from a sale and leaseback transaction that does not depend on an index or a rate as detailed under paragraph 15.155.1 of the IFRS manual.

Amendment to IAS 1 – Non-current liabilities with covenants
These amendments clarify how an entity's classification of a liability is affected by certain conditions, such as the removal of the requirement 'not to have an unconditional right to defer settlement for at least 12 months after the reporting date' and aim to improve information provided that relating to such liabilities upon fulfilling such conditions.

Amendment to IAS 7 and IFRS 7 - Supplier finance
These amendments are aimed at enhancing the transparency, by introducing additional information disclosures, relating to supplier finance arrangements that may have an impact on an entity's liabilities and cash flows, and exposure to liquidity risk. Some entities do not sufficiently disclose supplier financing arrangements.

The above amendments are effective for accounting periods beginning on or after 1 January 2024.

Amendments to IAS 21 - Lack of Exchangeability
These amendments impact entities that have transactions or operations in a foreign currency that is not exchangeable into another currency at a time of the transaction. In some jurisdictions, there is no spot rate available for certain currencies and such a currency cannot be exchanged into another currency. These amendments provide guidance on how an entity should estimate a spot rate where the currency lacks exchangeability and provide additional disclosures for users to assess the impact of using an estimated exchange rate on the financial statements.

This amendment is effective for accounting periods beginning on or after 1 January 2025

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Bank's financial statements.

2.0 Principal accounting policies (continued)

(c) Functional and presentation currency

These financial statements are presented in Zambian Kwacha, the currency of the primary economic environment in which the Bank operates. The Zambian Kwacha is both the Bank's functional and presentation currency. Except where indicated, financial information presented in Kwacha has been rounded to the nearest thousand.

(d) Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised in the profit or loss within 'interest income' and 'interest expense' respectively using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts the estimated future receipts and cash payments through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the profit or loss include:

- Interest on financial assets and liabilities at amortised cost calculated on an effective interest basis; and
- Interest on financial assets at FVOCI calculated on an effective interest basis.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(e) Fees and commission income

Fees and commissions, including account servicing fees, supervision fees, licensing and registration fees, are generally recognised on an accrual basis when the related service has been performed reflecting the consideration to which the Bank expects to be entitled to in exchange for providing the services.

2.0 Principal accounting policies (continued)

(e) Fees and commission income (continued)

The Bank in line with the provisions of IFRS 15, Revenue from Contracts with Customers employs the five-step process in recognising revenue as follows:

- Identifying contracts with customers (financial institutions and others);
- Identifying the separate performance obligation;
- Determining the transaction price for each contract;
- Allocating the transaction price to each of the separate performance obligations; and
- Recognising the revenue as each performance obligation is satisfied.

(f) Dividends

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Bank and the amount of revenue can be measured reliably).

(g) Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(h) Foreign currency reserves, cash and bank balances

In preparing the financial statements of the Bank, transactions in foreign currencies are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

Foreign exchange differences arising on translation that were previously recognised in the profit or loss, except for differences arising on the translation of equity instruments at FVOCI that were recognised directly in other comprehensive income are now recognised in a revaluation reserve account under equity. This is in line with the Bank of Zambia Act No.5 of 2022 section 11(1) that requires recognition of any net unrealised gains in any financial year of the Bank arising from changes in the valuation of its assets or liabilities in, or denominated in, gold, Special Drawing Rights, foreign currencies, or other financial instruments a revaluation reserve account".

2.0 Principal accounting policies (continued)

(i) Financial instruments

Financial assets and financial liabilities are recognised when the Bank becomes a party to the contractual provisions of the instrument.

(a) Financial assets

All financial assets are recognised on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

Classification

The Bank classifies its financial assets into the following categories as required by IFRS 9 namely, amortised cost (AC), fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI).

Business model assessment

The classification of financial assets is based on the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Classification of a financial instrument into a category occurs at the time of initial recognition. The Bank assesses the business model for newly originated or purchased financial assets at portfolio level because this best reflects the way the financial instruments are managed and how information is provided to Management.

The features assessed may include:

- In case of variable interest instruments, determination of the significance of impact of a rate reset on cash flows;
- Extent to which contractual terms, such as prepayment callable or extension, could change the timing or amount of cash flows;
- For asset backed securities, to assess underlying assets to determine if they are classified as SPPI.

Assessment of whether contractual cash flows are Solely Payments of Principal and Interest (SPPI)

The Bank assesses whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding and that the cash flows are consistent with the basic lending arrangement. Principal here refers to, the fair value of the financial asset at initial recognition. Interest includes the consideration for the time value of money, the credit risk associated with the principal amount outstanding and other basic lending risks and costs (e.g. liquidity risk, administrative costs and profit margin). Further, in assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the subject financial asset to determine if there are any contractual terms that change the timing or amount of cash

2.0 Principal accounting policies (continued)

(i) Financial instruments (continued)

flows such that the conditions for the SPPI test are not met. In assessing the contractual terms, the Bank considers:

- That contractual cash flows are consistent with the basic lending arrangement; and
- Assesses nature and effect of complex features to determine if they are 'de minimis' or not genuine.

The Bank has classified the following as financial assets at amortised cost:

- GRZ consolidated bond;
- Other GRZ securities;
- Staff saving securities; and
- Loans and receivables, transaction fees receivable, Targeted Medium-Term Refinancing Facility (TMTRF), credit to banks and staff loans.

Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets held within a business model that is achieved by both collecting contractual cash flows and selling the asset and also contain contractual terms that give rise on specified dates to cash flows that solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVOCI). The Bank has irrevocably designated at FVOCI, equity investments in Africa Export and Import Bank (Afreximbank), Society for Worldwide Interbank Financial Telecommunication Services (SWIFT), Zambia Electronic Clearing House Limited (ZECHL) and other domestic securities. The Bank chose this classification alternative because these investments were made for strategic purposes rather than with a view to profit or gain on subsequent sale. There are no plans to dispose of these investments in the short or medium term.

Financial assets at fair value through profit or loss (FVTPL)

All other financial assets not classified as measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss (FVTPL).

i. Subsequent measurement of financial asset

Subsequent measurement, gains, and losses applicable in respect of financial assets are as follows:

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

2.0 Principal accounting policies (continued)

(i) Financial instruments (continued)

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognised in profit or loss.

Debt Investments at FVOCI

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

ii. Derecognition of financial assets

The Bank derecognises a financial asset or a portion of it when the contractual rights to the cash flows from the financial asset expire or when it transfers the contractual rights to receive the cash flows in a way that transfers substantially all the risks and rewards of ownership of the financial asset.

If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

iii. Impairment

IFRS 9 requires impairment assessment of all financial instruments that are not measured at FVTPL under the Expected Credit Loss (ECL) model. The standards require Management to make a number of judgements, assumptions and estimates and these may result in the introduction of measurement uncertainty to the ECL allowance. In determining ECL, Management is required to exercise judgement in defining what is considered to be a significant increase in credit risk (SICR) and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. The recognition and measurement of impairment is intended to be more forward-looking. All financial assets should be assessed for at least 12-month ECL and the population of financial assets to which lifetime ECL applies is larger than the population for which there is objective evidence of impairment.

2.0 Principal accounting policies (continued)

(i) Financial instruments (continued)

Measurement of ECL

IFRS 9 establishes a three-stage impairment model, based on whether there has been a SICR of a financial asset since its initial recognition. These three-stages then determine the amount of impairment to be recognised as expected credit losses at each reporting date as well as the amount of interest revenue to be recorded in future periods:

- Stage 1: Credit risk has not increased significantly since initial recognition – recognise 12 month ECL, and recognise interest on a gross basis;
- Stage 2: Credit risk has increased significantly since initial recognition – recognise lifetime ECL, and recognise interest on a gross basis; and
- Stage 3: Financial asset is credit impaired, recognise interest on a net carrying amount.

The Bank's financial assets are classified in stage 1, stage 2 or stage 3 according to their absolute or relative credit quality with respect to initial disbursement.

Calculation of ECL

ECLs are a probability-weighted estimate of credit losses and are determined by computing the product of the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD).

When an ECL is determined, the carrying amounts of an asset is adjusted by the impairment allowance, which is recognised in income statement.

As at 31 December 2023, the Bank recognised an ECL of **K152 million**.

Determining whether there is significant increase in credit risk

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and informed credit assessment and including forward-looking information. Some of the qualitative factors the Bank uses in determining whether there has been a significant increase in credit risk include modifications to the contractual arrangements, credit ratings, liquidity/ cashflow challenges, delays in meeting contractual obligations and significant changes in external market. The model is aligned with the Bank's internal policies.

Definition of default

The Bank considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held); or

2.0 Principal accounting policies (continued)

(i) Financial instruments (continued)

- There is information that the counterparty is in breach of regulatory requirements that impact its operations or is about to be liquidated; or
- The financial asset is more than 90 days past due.

The Bank considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. In determining low credit risk, the Bank uses its internal ratings and other methodologies as well as market perspective of the financial instrument being assessed.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of lifetime ECLs that represent the expected credit losses that result from default events on a financial instrument that are possible within 12 months after the reporting date.

b. Financial liabilities

All financial liabilities are recognised when the Bank becomes party to the contractual provisions of the instrument.

Classification

The Bank classifies its financial liabilities into either fair value through profit or loss (FVTPL) or amortised cost (AC).

Financial liabilities at fair value through profit or loss

Financial liabilities are classified at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL at initial recognition.

A financial liability is classified as held for trading if:
- It has been acquired principally for the purpose of repurchasing it in the near term; or
- On initial recognition, it is part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:
- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

2.0 Principal accounting policies (continued)

(i) Financial instruments (continued)

- It forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Subsequent measurement of financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except those that, at initial recognition, are irrevocably designated as measured at fair value through profit or loss.

Derecognition of financial liabilities

A financial liability is de-recognised when the Bank's contractual obligations have been discharged, cancelled or expired.

(j) Determination of fair value

Fair value, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When a quoted price is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument.

If a market for a financial instrument is not active, the Bank establishes fair value using appropriate valuation techniques. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Bank, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Bank calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

(k) Offsetting

The Bank offsets financial assets and liabilities and presents the net amount in the statement of financial position when and only when, there is a legally enforceable right to offset the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards or for gains and losses, arising from a group of similar transactions such as the Bank's trading activity.

2.0 Principal accounting policies (continued)

(l) Property, plant and equipment

An item is recognised as property, plant and equipment (fixed asset) when it is probable that, the future economic benefits associated with the fixed asset shall flow to the Bank, the cost of the fixed asset can be measured reliably, the asset has a useful life of more than 1 year and its cost is above the Bank's minimum capitalisation threshold. Items falling below the threshold are not capitalised unless they form an integral and essential part of a functional group or structure considered to be a fixed asset or a part of a capital project. All items that qualify for recognition as an asset are initially measured at historical cost. Property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Special assets are not depreciated, as they, by their nature, tend to appreciate with time and also because they have unlimited useful life like land.

i. Property

Properties held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The Bank revalues its property, plant and equipment every five years. Any revaluation increase arising on the revaluation of such property is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case, the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

ii. Plant and equipment

Items of plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses.

iii. Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the item's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are charged to the profit or loss during the financial period in which they are incurred. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

2.0 Principal accounting policies (continued)

(l) Property, plant and equipment (continued)

iv. Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment to write off the depreciable amount of the various assets over the period of their expected useful lives.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings. A portion of the surplus equal to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred as the asset is used by the Bank. The transfers from revaluation surplus to retained earnings are not made through profit or loss. Other assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciation rates for the current and comparative period are as follows:

Asset	**2023**	2022
Buildings	**2%**	2%
Fixtures and fittings	**4%**	4%
Plant and machinery	**5%**	5%
Furniture	**10%**	10%
Security systems and other equipment	**10-20%**	10-20%
Motor vehicles	**25%**	25%
Armoured bullion vehicles	**10%**	10%
Armoured escort vehicles	**16.70%**	16.70%
Computer equipment - hardware	**25%**	25%
Office equipment	**33.30%**	33.30%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

v. De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

vi. Capital work-in-progress

Capital work-in-progress represents assets in the course of development, which at the reporting date have not been brought into use. No depreciation is charged on capital work-in-progress.

2.0 Principal accounting policies (continued)

(m) Intangible assets

Intangible assets are identifiable, non-monetary assets that do not have a physical existence and are expected to be used for more than 1 year. An intangible asset may be contained within an asset having a physical presence, such as, computer software contained on compact discs, hard-drives or tape media.

Purchased intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Item	Amortisation method	Average useful life
Purchased software	Straight-line basis	3 years
Internally generated	Straight-line basis	3 years
Work in progress	No amortisation charged	-

(n) Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets that are subject to depreciation and amortisation are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in profit or loss otherwise in equity if the revalued properties are impaired to the extent that an equity reserve is available.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation if no impairment loss had been recognised.

2.0 Principal accounting policies (continued)

(o) Employee benefits

i. Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

In line with the above defined scheme:

- the Bank contributes to the Statutory Pension Scheme in Zambia, National Pension Scheme Authority (NAPSA) where the Bank pays an amount equal to the employees' contributions; and
- the Bank also contributes to the defined contribution pension scheme. The defined contribution pension scheme was established in 2020, following Board approval to convert eligible employees from Fixed Term Contracts to Permanent and Pensionable. The conversion of the eligible staff to the defined contribution pension scheme commenced in 2021 and the Bank's contribution to this scheme is 15.76% of employees basic pay.

ii. Defined benefit plan

The Bank provides for retirement benefits (i.e. a defined benefit plan) for all permanent and pensionable employees in accordance with established pension scheme rules as well as the provisions of Pension Scheme Regulation Act No. 255 of the Laws of Zambia. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The cost of providing the defined benefit plan is determined annually using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. The discount rate is required to be determined with reference to the corporate bond yield, however, due to the non-availability of an active developed market for corporate bonds the discount rate applicable is the yield at the reporting date on the GRZ bonds that have maturity dates approximating the terms of the Bank's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The defined benefit obligation recognised by the Bank, in respect of its defined benefit pension plan, is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods and discounting that benefit to determine its present value, then deducting the fair value of any plan assets.

When the calculations above result in a benefit to the Bank, the recognised asset is limited to the lower of any surplus in the fund and the 'asset ceiling' (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

2.0 Principal accounting policies (continued)

(o) Employee benefits (continued)

Actuarial gains and losses arising from changes in actuarial assumptions are charged or credited to other comprehensive income when they arise. These gains or losses are recognised in full in the year they occur. Past-service costs are recognised immediately in the profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

iii. Termination benefits

Termination benefits are recognised as an expense when the Bank is demonstrably committed, without realistic possibility of withdrawal to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the Bank has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

iv. Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus, gratuity or leave days if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

v. Other staff benefits

The Bank also operates a Staff Loans Scheme for its employees for the provision of facilities such as house, car and other personal loans. From time to time, the Bank determines the terms and conditions for granting of the above loans with reference to the prevailing market interest rates and may determine different rates for different classes of transactions and maturities.

In cases where the interest rates on staff loans are below market rates, a fair value calculation is performed using appropriate market rates. The Bank recognises, a deferred benefit to reflect the staff loan benefit arising as a result of this mark to market adjustment. This benefit is subsequently amortised to the profit or loss on a straight-line basis over the remaining period to maturity (see Note 16).

(p) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include notes and coins on hand, unrestricted balances held with other central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the bank in the management of its short-term commitments.

2.0 Principal accounting policies (continued)

(q) Transactions with the International Monetary Fund (IMF)

The Bank is the GRZ's authorised agent for all transactions with the IMF and is required to record all transactions between the IMF and the GRZ in its books as per guidelines from the IMF. The Bank therefore maintains different accounts of the IMF: the IMF Subscriptions, Securities Account, and IMF No. 1 and No. 2 accounts.

The Bank revalue IMF accounts in its statement of financial position in accordance with the practices of the IMF's Treasury Department. In general, the revaluation is effected annually. Any increase in value is paid by the issue of securities as stated above while any decrease in value is affected by the cancellation of securities already in issue. These securities are lodged with the Bank acting as custodian and are kept in physical form as certificates at the Bank and they form part of the records of the GRZ.

The IMF Subscriptions account represents GRZ's subscription to the IMF Quota and is reported as an asset under the heading IMF Subscription. This Quota is represented by the IMF Securities, IMF No.1 and No. 2 accounts which appear in the books of the Bank under the heading "Domestic currency liabilities to IMF".

The Quota is fixed in Special Drawing Rights and may be increased by the IMF. Any increase in the quota is subscribed in local currency by way of non-negotiable, non-interest-bearing securities issued by GRZ in favour of the IMF, which are repayable on demand. There is also a possibility that the increase in the quota may be subscribed in any freely convertible currency, of which the value of the portion payable would be debited to the account of GRZ maintained with the Bank.

(r) Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events for which it is probable that an out-flow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(s) Currency in circulation

Currency issued by the Bank represents a claim on the Bank in favour of the holder. The liability for currency in circulation is recorded at face value in the financial statements. Currency in circulation represents the face value of bank notes and coins issued to commercial banks and Bank of Zambia cashiers.

2.0 Principal accounting policies (continued)

(t) Currency printing and minting expenses

Notes printing and coins minting expenses which include ordering, printing, minting, freight, insurance and handling costs are expensed in the period the cost is incurred.

(u) Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') are classified in the financial statements as pledged assets with the counterparty liability included in Term deposits from financial institutions. Securities purchased under agreements to resell ('reverse repos') are recorded as loans and advances to commercial banks.

The Bank from time to time withdraws money from the market ('repos') or injects money into the economy ('reverse repos'), through transactions with commercial banks, to serve its monetary objectives or deal with temporary liquidity shortages in the market. In the event of the Bank providing overnight loans ('reverse repos') to commercial banks, the banks pledge eligible securities in the form of treasury bills and GRZ bonds as collateral for this facility.

A 'repo' is an arrangement involving the sale for cash, of securities at a specified price with a commitment to repurchase the same or similar securities at a fixed price either at a specific future date or at maturity.

(v) Financial derivatives

The Bank uses fair value on initial recognition of the derivative financial instrument when the contract is entered into. Subsequently, derivative financial instrument contracts are remeasured at their fair value. In order to obtain the fair value, recent market transactions between market participants for similar contracts are noted and or, where available, quoted market prices in active markets are used.

The Bank uses FX Swaps to manage the US dollar liquidity needed for FX market support. Currencies to be exchanged in the swap transaction is the Kwacha (ZMW) and the United States dollar (USD). To operationalise the Swap, both counterparties must agree to initially enter into an International Swaps and Derivatives Association Inc. (ISDA) agreement or any other Swap agreement agreed to by both parties. The US dollar proceeds of the Swap is used by the Bank in discharging its mandate of promoting an efficient and stable foreign exchange market.

The spot rate is the interbank mid-rate of ZMW/USD rate, derived from the bid/ask rates quoted on the BoZ website on the start date of the Swap. For the Kwacha proceeds that a commercial bank is expected to receive in the Swap, the Bank provides an option to the bank to invest the Kwacha in a fixed term deposit. Placing the Kwacha receipts on the Bank fixed term deposit is not mandatory. The return on the Kwacha facility is based on the determined rate at the time the investment is made.

The Bank does not use hedge accounting rules of IFRS 9.

2.0 Principal accounting policies (continued)

(w) Monetary gold and non-refined gold

The Bank is holding the gold for strategic purposes to enhance the foreign reserves. The Bank holds non-interest gold account with the Bank for International Settlements, BIS Basle while gold custody is held at the Bank of England.

i Monetary gold

Gold designated as monetary gold is recognised when the Bank acquires the contractual rights to the economic risks and rewards of ownership of the Gold and upon receipt of a credit balance of refined ounces of gold deposit on the account at BIS. The Bank initially measures monetary gold at cost. Subsequently, monetary gold is measured at fair value with any realised gains or losses reported in the income statement while unrealised revaluation gains or losses reported in the revaluation reserve account in line with section 11(1) of the Bank of Zambia Act No.5 of 2022. Monetary gold forms part of the foreign reserves position at the prevailing market gold price.

ii Non-refined gold

On acquisition of non-refined gold (Dore gold), the gold is accounted for as inventory (non-monetary gold) and only converted to monetary gold upon receipt of a credit balance of the refined ounces of gold deposit on the account statement from BIS and consequently form part of the foreign reserves position at the prevailing market gold price.

Initial measurement is at fair value. Where fair value is not available cost is considered as an acceptable proxy, based on cost of getting gold to market. Therefore, the following cost-based adjustments are applicable:

- Refining costs; Costs that are essential to bringing the gold to the desired level for classification as monetary gold; and
- Transport costs; are costs necessary to deliver the gold to a recognised market location.

Both costs cited above, form part of the value of the gold and as such is not considered as being recurrent expenditure. Subsequent measurement is at fair value.

Any unrealised revaluations is not considered for determining annual profits or loss, but is reported in the revaluation reserve account in line with section 11(1) of the Bank of Zambia Act No.5 of 2022.

2.0 Principal accounting policies (continued)

(x) Targeted Medium-Term Refinancing Facility (TMTRF)

The Bank introduced the Targeted Medium-Term Refinancing Facility (TMTRF) whose objective is to strengthen and enhance financial sector resilience, particularly in the wake of the Coronavirus pandemic (Covid-19) 2020 outbreak. The interest rate applicable on the TMTRF is the prevailing Bank of Zambia Monetary Policy Rate (MPR) at the time of granting the Advance.

This facility is made available to Financial Service Providers (FSP) that meet the eligibility criteria as defined under the facility's terms and conditions. TMTRF aims at providing liquidity support to qualifying FSPs for onward lending/refinancing to borrowers in the priority sectors identified as key drivers of economic growth and development.

Following the operationalisation of the Bank of Zambia Act No.5 of 2022, all income from the TMTRF is reported in a special reserve account as it does not form part of the distributable profit.

The loans under the TMTRF are held at amortised cost and are assessed annually for impairment in line with IFRS 9. As at 31 December 2023, the Bank recognised an ECL of **K4.6 million** on the TMTRF.

(y) Loans and advances

The Bank provides loans and advances to staff. Loans carry varying repayment periods based on the type of loan. All loans to staff are at concessional interest rates determined by the Bank. The internal assessment criteria is stipulated in the Bank's Staff Loans and Advances Policy.

After initial recognition, interest-bearing loans are subsequently measured at amortised cost using the effective interest rate method.

3.0 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Bank's accounting policies, which are described in note 2 -'significant accounting policies', the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant and reasonable under the circumstances. Actual results may differ from these estimates.

The Bank is also aware of the uncertainties that surround these assumptions and estimates and that these uncertainties could lead to outcomes that may require a material adjustment to the carrying amounts of assets and liabilities in future periods. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Summarised below are areas where the Directors applied critical accounting judgements and estimates that may have the most significant effect on the amounts recognised in the financial statements.

3.1 Property, plant and equipment

Management uses judgement in determining, the appropriate depreciation method, depreciation rate and the appropriate useful life for the various categories of property, plant and equipment, which reflects the best use and duration of these assets. Judgement is also exercised in determining the residual values for assets as well as the recoverable amount of any impaired assets.

3.2 Defined benefit obligation

The Bank's defined benefit obligation is discounted at a rate set by reference to market yields at the end of the reporting period on high quality government bonds (Refer to note 38 for discount rate used). Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the government bonds, quality of the bonds and the identification of outliers which are excluded.

3.3 Measurement of the expected credit loss (ECL) allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of default and the resulting losses).

3.0 Critical accounting judgements and key sources of estimation uncertainty (continued)

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increases in credit risk;
- Forward looking information that may have an impact on the financial assets, and
- Choosing appropriate models and assumptions for measuring of ECL.

Significant in the measurement of credit loss is the probability of default. Changes to the probability of default may result in significant changes in the ECLs recognised.

1.1 Fair value measurement

Management uses valuation techniques to determine the fair value (where active market quotes are not available) of financial instruments and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible and available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

The Bank offers loans to its members of staff at concessional rates and these are marked to market at the inception date and subsequently measured at amortised cost. The discount rate for fair valuation purposes is generally constructed from a risk-free curve and a spread in the policy rate during the reported period. The risk-free rate is obtained from financial markets department. The spread is to reflect the credit risk in the market.

Market prices are critical in the measurement of fair value, significant changes to market prices or lack of them may result in significant changes to values adopted as fair values.

4.0 Risk management policies

4.1 Overview and risk management framework

The Bank has exposure to the following risks from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk, which include interest rate risk, currency risk and other price risks.

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing the risks, and the Bank's management of capital.

In its ordinary operations, the Bank is exposed to various financial risks, which if not managed may have adverse effects on the attainment of the Bank's strategic objectives. The identified risks are monitored and managed according to an existing and elaborate internal control framework. To underscore the importance of risk management in the Bank, Risk and Compliance Department, co-ordinates the Bank-wide framework for risk management and establishes risk standards and strategies for the management and mitigation of risks.

The Audit and Finance Committee and the Governance and Risk Management Committee oversees how management monitor compliance with the Bank's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Bank. The Audit and Finance Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board through Audit and Finance Committee.

The Board of Directors has ultimate responsibility for ensuring that sound risk management practices are in place that enable the Bank to efficiently and effectively meet its objectives. The approach of the Board is to ensure the following conditions are enhanced:

i. Management oversight, that maintains an interest in the operations and ensures appropriate intervention is available for identified risks.

ii. Implementation of adequate policies, guidelines and procedures. The existing policies, procedures and guidelines are reviewed and communicated to relevant users to maintain their relevance.

iii. Maintain risk identification, measurement, treatment and monitoring as well as control systems. Management reviews risk management strategies and ensures that they remain relevant.

iv. Adequate internal controls. Improved internal control structures and culture emphasising the highest level of ethical conduct have been implemented to ensure safe and sound practices.

v. Correction of deficiencies. The Bank has implemented a transparent system of reporting control weaknesses and following up on corrective measures.

4.0 Risk management policies (continued)

4.1 Overview and risk management framework (continued)

a. Credit risk

Credit risk is the risk of financial loss to the Bank if a counterparty to a financial instrument fails to meet its obligations and arises principally from the Bank's receivables from staff, GRZ, commercial banks, foreign exchange deposits and investment securities.

The Bank has two main committees that deal with credit risk. The International Reserves Management Committee deals with risk arising from foreign currency denominated deposits while the Budget and Finance Committee handles risks arising from all other assets. The details of policy and guidelines are passed on to relevant heads of departments to implement on a day-to-day basis.

The major issues covered in the credit risk assessment include establishing criteria to determine choice of counter parties to deal with, limiting exposure to a single counter party, reviewing collectability of receivables and determining appropriate credit policies.

The key principle the Bank enforces in the management of credit risk is the minimising of default probabilities of the counterparties and the financial loss in case of default. As such, the Bank carefully considers the credit and sovereign risk profiles in its choice of depository banks for deposit placements. Currently, the Bank's choice of depository banks is restricted to international banks that meet the set eligibility criteria of financial soundness on long-term credit rating, short-term credit rating, composite rating and capital adequacy.

The current approved depository banks holding the Bank's deposits have their performance reviewed periodically, based on performance ratings provided by international rating agencies. The Bank's counterparties, that comprises mostly central banks, maintain the minimum balances that are needed to meet operational and strategic objectives. These counterparties continued to meet the Bank's minimum accepted credit rating criteria of A- except for Deutsche Bundesbank, the South African Reserve Bank and the Bank of Mauritius (see table below).

Counterparty ratings

Counterparty		Rating Agencies		BoZ Minimum Acceptable Rating
	Moody's	S&P	Fitch	
Federal Reserve Bank	Aaa	AA+	AA+	A-
Citi Bank New York	A2	A+	A	A-
Bank of New York Mellon (BNY)	Aa2	AA-	AA	A-
Deutsche Bundesbank	Baa2	BBB+	AAA	A-
Bank of England (BOE)	Aa3	AA	AA-	A-
South African Reserve Bank	Ba2	BB-	BB-	A-
Bank of Mauritius	Baa3	N/A	N/A	A-
World Bank		Not Rated		A-
Bank for International Settlements (BIS)		Not Rated		A-

4.0 Risk management policies (continued)

4.1 Overview and risk management framework (continued)

i. Exposure to credit risk

The Bank is exposed to credit risk on all its balances with foreign banks, investments and its loans and advances portfolios. The credit risk on balances with foreign banks and investments arise from direct exposure on account of deposit placements, direct issuer exposure with respect to investments including sovereigns, counterparty exposure arising from repurchase transactions, and settlement exposure on foreign exchange or securities counterparties because of time zone differences or because securities transactions are not settled on a delivery versus payment basis.

The Bank invests its reserves in assets that are deemed to have the low credit risk such as balances at other central banks, or balances at highly rated supranational institutions/ bodies such as the Bank for International Settlement (BIS) and other counterparties meeting the minimum accepted ratings criteria.

The table below shows the credit ratings of foreign financial assets. The ratings were obtained from Moody's.

Financial asset	**Ratings - 2023**							
	Aaa	**Aa2**	**Aa3**	**A2**	**Baa2**	**Ba2**	**Baa3**	**Total**
	K'000	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**
Cash balances	**7,921,492**	**135,124**	**31,719**	**8,947**	**16,621**	**6,751**	**8,796**	**8,129,450**
Monetary gold	**3,756,078**	**-**	**-**	**-**	**-**	**-**	**-**	**3,756,078**
Deposits	**12,256,384**	**-**	**-**	**-**	**-**	**-**	**-**	**12,256,384**
Securities	**10,212,674**	**-**	**-**	**-**	**-**	**-**	**-**	**10,212,674**
Special drawing rights	**51,366,894**	**-**	**-**	**-**	**-**	**-**	**-**	**51,366,894**
Total	**85,513,522**	**135,124**	**31,719**	**8,947**	**16,621**	**6,751**	**8,796**	**85,721,480**

Financial asset	Ratings-2022				
	Aaa	Aa3	Ba2	Baa3	Total
	K'000	K'000	K'000	K'000	K'000
Cash balances	9,591,913	36,293	4,288	5,821	9,638,315
Monetary gold	1,582,962	-	-	-	1,582,962
Deposits	7,966,466	-	-	-	7,966,466
Securities	6,920,163	-	-	-	6,920,163
Special drawing rights	29,127,684	-	-	-	29,127,684
Total	55,189,188	36,293	4,288	5,821	55,235,590

ii. GRZ bonds and treasury bills

Having full visibility of the Government's debt obligations and its assets the Directors are satisfied with the Government of the Republic of Zambia's ability to settle outstanding obligations. Therefore, advances to Government are classified as low risk.

4.0 Risk management policies (continued)

4.1 Overview and risk management framework (continued)

iii. Advances to Financial Service Providers (FSP)

Advances extended to FSPs (banks and non-banks financial institutions) mainly consisted of open market operations, term deposits and Targeted Medium-Term Refinancing Facility (TMTRF) which were fully collateralised. Advances made to banks and non-banks financial institutions under the TMTRF are well collateralised and takes into account applicable haircuts. For TMTRF, credit risk is further mitigated by:

- Floating Charge: For loans pledged as collateral, the Bank has created a floating charge over the loan book and therefore collateral is based on the category of loans classified as "Pass" at any point in time.
- Periodic assessment: The Bank conducts periodic assessment of the valuation of all collateral and the performance of the facilities are monitored on a quarterly basis through offsite surveillance, assessment of shareholder guarantor's management accounts and review of the audited financial statements.
- Review of Returns: FSPs are required to submit to the Bank returns on a monthly basis for the first three (3) months after disbursement of funds and thereafter on a quarterly basis.

iv. Staff loans and advances

Staff loans and advances are debt facilities extended to qualifying members of staff in line with the Bank's loans and advances policy. The loan facilities include house loan (mortgage), car loan, multi-purpose loan, personal loan and other advances. A thorough internal assessment is conducted before providing any credit facility to a member of staff. The internal assessment, which include determining the ability to repay the facility, is designed to reduce the credit risk on staff loans/advances. Other advances are backed by salaries.

Further, the Bank holds collateral against certain staff loans and advances to former and serving staff in form of mortgage interest over property and endorsement of the Bank's interest in motor vehicle documents of title. The Bank assesses the fair value and impairment of the facility at each balance sheet date.

4.0 Risk management policies (continued)

4.1 Overview and risk management framework (continued)

An estimate of the fair value of collateral held against financial assets is shown below:

Loans and advances	**2023**	2022
	K'000	K'000
Fair value		
Property	**30,302**	22,462
Gratuity and leave days	**24,319**	58,780
Motor vehicles	**58,918**	29,344
	113,539	110,586

Loans and advances (see Note 15)	**2023**	2022
	K'000	K'000
Carrying value		
Staff loans	**161,306**	106,774
Staff advances	**3,076**	2,336
	164,382	109,110

	2023	2022
Concentration by nature	**K'000**	K'000
Multi-purpose loans	**83,516**	46,998
Motor vehicle loans	**39,648**	29,344
House loans	**23,088**	22,462
Personal loans	**7,777**	5,721
Staff advances	**3,076**	2,336
Other	**7,277**	2,249
	164,382	109,110

v. Collateral and other credit enhancements

The Bank employs a range of policies to mitigate credit risk. The most common of these are insurance, mortgage interest over property and endorsement of the Bank's interest in motor vehicle documents of title. Advances to FSPs are secured by Government securities, floating charge over the loan book classified as "Pass" and shareholder guarantee.

Amounts due from Government through debt securities are unsecured. The Bank's policies regarding collateral have not significantly changed during the period, neither has there been significant change in the overall quality of collateral held by the Bank since the prior period.

4.0 Risk management policies (continued)

4.1 Overview and risk management framework (continued)

Collateral table	2023		2022	
	Asset	**Collateral**	Asset	Collateral
	K'000	**K'000**	K'000	K'000
Secured				
Targeted Medium Term Refinancing	**8,807,295**	**18,963,729**	10,665,637	34,026,496
Loans and advances	**2,030,108**	**2,030,108**	109,306	109,306
Unsecured				
Government Securities	**22,175,139**	**-**	21,159,119	-
Funds recoverable from GRZ	**10,020,408**	**-**	6,136,007	-
Total	**43,032,950**	**20,993,837**	38,070,069	34,135,802

vi. Impairment assessment

The Bank follows IFRS 9 guidelines in assessing the impairment of its financial assets. In assessing the impairment, the Bank considers historical, current and available forward-looking information, which is both qualitative and quantitative. The objective of this assessment is to determine whether there has been significant increase in credit risk of a financial asset since its initial recognition. The Bank conducts either an individual or a collective assessment on an asset's portfolio based on the risk profile of the financial assets.

Some of the qualitative factors the Bank uses in determining whether there has been a significant increase in credit risk include, capacity of the counterparty to pay, taking into account the historical payment profiles as well as the changes in the economic conditions, the currency denomination of the financial assets, modifications to the contractual arrangements, credit ratings, liquidity/cashflow challenges, delays in meeting contractual obligations and significant changes in external market.

Internal rating of financial assets

The Bank uses an internal rating scale to assign financial assets into one of the following stages:

	Stage 1	Stage 2	Stage 3
The Bank considers all financial instruments with an investment grade rating to be classified as low credit risk. These include:			
• Funds receivable from Government	X		
• Investments in Government securities	X		
• Targeted Medium-Term Refinancing Facility	X		
• Loans and advances to banks	X		
Exposures for which credit risk has not significantly deteriorated since initial recognition			
Loans and advances to staff	X		
Newly issued or acquired credit exposures	X		
Credit exposures that, although performing, have seen their credit risk significantly deteriorating since initial recognition		X	
Impaired credit exposures (more than 90 days past due)			X

4.0 Risk management policies (continued)

4.1 Overview and risk management framework (continued)

Probability of default estimation

The Bank uses available information to estimate the probability of default (PD) for all its financial assets. To arrive at the PD, the Bank employs a number of techniques including conditional probability, sensitivity analysis and analysis of past performance, among other factors.

Loss given default

The loss given default (LGD) represents the amount of loss that the Bank may suffer in the event of a default. The Banks assesses various macro-economic factors that may impact the financial asset's performance and utilises information from other banking jurisdictions for the LGD calculations, such as the guidelines from the European Banking Authority (EBA) on capital requirements regulation.

Exposure at default

This represents the carrying amount of the financial asset at the reporting date.

The table below contains an internal analysis of the credit risk exposure of the financial instruments for which an ECL allowance has been recognised.

2023	**Stage 1**	**Stage 2**	**Stage 3**	**ECL**	**Total**
	K'000	**K'000**	**K'000**	**K'000**	**K'000**
Government Securities at amortised cost	**22,175,139**	-	-	(107,756)	**22,067,383**
Targeted Medium-Term Refinancing Facility	**8,804,319**	-	**2,976**	(4,573)	**8,802,722**
Funds Recoverable from Government	**10,020,408**	-	-	(39,920)	**9,980,488**
Loans and advances	**161,306**	-	-	(171)	**161,135**
	41,161,172	-	**2,976**	**(152,420)**	**41,011,728**

2022	Stage 1	Stage 2	Stage 3	ECL	Total
	K'000	K'000	K'000	K'000	K'000
Government Securities at amortised cost	21,159,118	-	-	(107,031)	21,052,087
Targeted Medium-Term Refinancing Facility	10,665,637	-	-	(4,918)	10,660,719
Funds Recoverable from Government	6,136,007	-	-	(29,034)	6,106,973
Loans and advances	99,940	-	-	(125)	99,815
	38,060,702	-	-	(141,108)	37,919,594

4.0 Risk management policies (continued)

4.1 Overview and risk management framework (continued)

vii. Write-off policy

The Bank writes off financial assets, in whole or in part, when the Bank's Board determines that all practical recovery efforts have been exhausted and has concluded that there is no reasonable expectation of recovery. This determination is reached after considering information such as the occurrence of significant changes in the borrower's/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

The following table breaks down the Bank's credits risk exposure at carrying amounts (without taking into account any collateral held or other credit support), as categorised by the nature of the Bank's counterparties.

Concentration of risks of financial assets with credit risk exposure.

31 December 2023	**Financial Institutions**	**Government**	**Individuals**	**Total**
	K'000	**K'000**	**K'000**	**K'000**
Foreign currency cash and bank accounts	**81,965,402**	**-**	**-**	**81,965,402**
Monetary gold	**3,756,078**	**-**	**-**	**3,756,078**
Loans and advances	**1,866,108**	**-**	**136,504**	**2,002,612**
Government securities at amortised cost	**-**	**22,067,383**	**-**	**22,067,383**
Targeted Medium Term Refinancing Facility	**8,802,722**	**-**	**-**	**8,802,722**
Funds Recoverable from Government	**9,980,488**	**-**	**-**	**9,980,488**
IMF subscriptions	**23,389,018**	**-**	**-**	**23,389,018**
	129,759,816	**22,067,383**	**136,504**	**151,963,703**

31 December 2022	Financial Institutions	Government	Individuals	Total
	K'000	K'000	K'000	K'000
Foreign currency cash and bank accounts	53,652,629	-	-	53,652,629
Monetary gold	1,582,962	-	-	1,582,962
Items in course of settlement	7	-	-	7
Loans and Advances	196	-	99,619	99,815
Government securities at amortised cost	-	21,052,087	-	21,052,087
Targeted Medium Term Refinancing Facility	10,660,719	-	-	10,660,719
Funds Recoverable from Government	-	6,106,973	-	6,106,973
IMF subscriptions	22,388,259	-	-	22,388,259
	88,284,772	27,159,060	99,619	115,543,451

4.0 Risk management policies (continued)

4.1 Overview and risk management framework (continued)

b. Liquidity risk

This is the risk of being unable to meet financial commitments or payments at the correct time, place and in the required currency.

The Bank as a central bank does not face Zambian Kwacha liquidity risks.

In the context of foreign reserves management, the Bank's investment strategy ensures the portfolio of foreign reserves is sufficiently liquid to meet external debt financing, GRZ imports and interventions in the foreign exchange market when need arises. The Bank maintains a portfolio of highly marketable foreign currency assets that can easily be liquidated in the event of unforeseen interruption or unusual demand for cash flows.

The following table provides an analysis of the financial assets held for managing liquidity risk and liabilities of the Bank into relevant maturity groups based on the remaining period to repayment from 31 December 2023.

31 December, 2023	On demand K'000	Due within 3 months K'000	Due between 3 - 12 months K'000	Due Over 1 year K'000	Total K'000
Assets held for managing liquidity risk					
Domestic cash in hand	5,964	-	-	-	5,964
Foreign currency cash and bank accounts	71,672,222	32,919	10,260,261	-	81,965,402
Monetary gold	3,756,078	-	-	-	3,756,078
Targeted Medium Term Refinancing Facility	-	-	2,316,940	6,485,782	8,802,722
Government securities at amortised cost	-	-	3,131,381	18,936,002	22,067,383
Loans and advances	1,865,725	-	3,459	133,428	2,002,612
Funds Recoverable from Government	9,980,488	-	-	-	9,980,488
IMF subscription	23,389,018	-	-	-	23,389,018
Total assets held	110,669,495	32,919	15,712,041	25,555,212	151,969,667
Notes and coins in circulation	(16,646,798)	-	-	-	(16,646,798)
Foreign currency liabilities to other institutions	(54,800)	-	-	-	(54,800)
Foreign currency liabilities to IMF	(337,304)	-	-	-	(337,304)
Domestic currency liabilities to IMF	(23,389,018)	-	-	-	(23,389,018)
Deposits from the Government	(6,642,500)	-	-	-	(6,642,500)
Deposits from financial institutions	(39,862,595)	-	-	-	(39,862,595)
Other deposits	(2,868,659)	-	-	-	(2,868,659)
Extended Credit Facility	-	-	-	(7,239,143)	(7,239,143)
Financial derivative liability	(810,220)	-	-	-	(810,220)
Other liabilities	(6,528,549)	-	-	-	(6,528,549)
Total liabilities	(97,140,443)	-	-	(7,239,143)	(104,379,586)
Net exposure	13,529,052	32,919	15,712,041	18,316,069	47,590,081

4.0 Risk management policies (continued)

4.1 Overview and risk management framework (continued)

31 December, 2022	On demand	Due within 3 months	Due between 3 - 12 months	Due Over 1 year	Total
	K'000	K'000	K'000	K'000	K'000
Assets held for managing liquidity risk					
Domestic cash in hand					
Foreign currency cash and bank accounts	4,874	-	-	-	4,874
Monetary gold	37,323,607	11,660,091	4,668,931	-	53,652,629
Targeted Medium Term Refinancing Facility	1,582,962	-	-	-	1,582,962
Government securities at amortised cost	-	-	-	10,660,719	10,660,719
Government securities at FVOCI	-	730,577	230,474	20,091,036	21,052,087
Loans and advances	196	-	-	99,619	99,815
Funds Recoverable from Government	6,106,973	-	-	-	6,106,973
IMF subscription	22,388,259	-	-	-	22,388,259
Total assets held	67,406,871	12,390,668	4,899,405	30,851,374	115,548,318
Notes and coins in circulation	(14,744,976)	-	-	-	(14,744,976)
Foreign currency liabilities to other institutions	(38,446)	-	-	-	(38,446)
Foreign currency liabilities to IMF	(155,410)	-	-	-	(155,410)
Domestic currency liabilities to IMF	(22,388,259)	-	-	-	(22,388,259)
Deposits from the Government	(20,449,211)	-	-	-	(20,449,211)
Deposits from financial institutions	(22,158,835)	-	-	-	(22,158,835)
Other deposits	(159,764)	-	-	-	(159,764)
Extended Credit Facility	-	-	-	(1,683,190)	(1,683,190)
Other liabilities	(8,382,797)	(135,470)	-	(286,948)	(8,805,215)
Total liabilities	(88,477,698)	(135,470)	-	(1,970,138)	(90,583,306)
Net exposure	(21,070,827)	12,255,198	4,899,405	28,881,236	24,965,012

Assets held for managing liquidity risk

The Bank holds a diversified portfolio of cash and high quality highly liquid balances to support payment obligations and contingent funding in a stressed market environment. The Bank's assets held for managing liquidity risk comprise:

- GRZ bonds and other securities that are readily acceptable in repurchase agreements with commercial banks;
- Cash and foreign currency balances with central banks and other foreign counterparties; and
- Targeted Medium-Term Refinancing Facility (TMTRF) as an exceptional advance available to Financial Service Providers.

4.0 Risk management policies (continued)

4.1 Overview and risk management framework (continued)

Sources of liquidity are regularly reviewed by the Investment Committee to maintain a wide diversification by currency, geography, provider, product and term.

c. Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices and foreign exchange rates and credit spreads will affect the Bank's income or the value of its holding of financial instruments.

The Bank sets its strategy and tactics on the level of market risk that is acceptable and how it would be managed through the Investment Committee. The major thrust of the strategy has been to achieve a sufficiently diversified portfolio of foreign currency investments to reduce currency risk and induce adequate returns.

i. Exposure to currency risk

Currency risk is the risk of adverse movements in exchange rates that will result in a decrease in the value of foreign exchange assets or an increase in the value of foreign currency liabilities.

The Bank's liabilities are predominately held in Kwacha, while the foreign currency assets have been increasing in kwacha terms on account of foreign exchange rate movements, resulting in large exposure to foreign exchange risk. This position coupled with substantial exchange rate fluctuations is primarily responsible for the Bank recording large realised and unrealised exchange gains/(losses) over the years. The Bank is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar, SDR, British Pound and Euro. The Investment Committee is responsible for making investment decisions that ensure maximum utilisation of foreign reserves at minimal risk.

The Bank as a central bank by nature holds a net asset position in its foreign currency balances. The Directors have mandated the Investment Committee to employ appropriate strategies and methods to minimise the imminent currency risk. Notable among useful tools used by the Investment Committee is the currency mix benchmark, which ensures that the foreign currency assets that are held correspond to currencies that are frequently used for settlement of GRZ and other foreign denominated obligations. All benchmarks set by the Committee are reviewed regularly to ensure that they remain relevant.

4.0 Risk management policies (continued)

4.1 Overview and risk management framework (continued)

The Bank takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows and the net exposure expressed in Kwacha as at 31 December 2023 was as shown in the table below:

At 31 December 2023	**USD**	**GBP**	**EUR**	**SDR**	**Other**	**Total**
Foreign currency assets	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**	**Kwacha**
Foreign currency cash and bank accounts	**29,028,120**	**39,187**	**16,621**	**51,366,894**	**1,514,580**	**81,965,402**
Monetary gold	**3,756,078**	**-**	**-**	**-**	**-**	**3,756,078**
IMF subscriptions	**-**	**-**	**-**	**23,389,018**	**-**	**23,389,018**
Total foreign currency assets	**32,784,198**	**39,187**	**16,621**	**74,755,912**	**1,514,580**	**109,110,498**
Foreign currency liabilities						
Foreign currency liabilities to other institutions	**(48,402)**	**(6,311)**	**(88)**	**-**	**-**	**(54,800)**
Foreign currency liabilities to IMF	**-**	**-**	**-**	**(337,304)**	**-**	**(337,304)**
SDR allocation	**-**	**-**	**-**	**(23,389,018)**	**-**	**(23,389,018)**
Total foreign currency liabilities	**(48,402)**	**(6,311)**	**(88)**	**(23,726,322)**	**-**	**(23,781,123)**
Net exposure	**32,735,796**	**32,876**	**16,533**	**51,029,590**	**1,514,580**	**85,329,375**

At 31 December 2022	USD	GBP	EUR	SDR	Other	Total
Foreign currency assets	K'000	K'000	K'000	K'000	K'000	Kwacha
Foreign currency cash and bank accounts	23,440,490	21,526	933	29,127,684	1,061,996	53,652,629
Monetary gold	1,582,962	-	-	-	-	1,582,962
IMF subscriptions	-	-	-	22,388,259	-	22,388,259
Total foreign currency assets	25,023,452	21,526	933	51,515,943	1,061,996	77,623,850
Foreign currency liabilities						
Foreign currency liabilities to other institutions	(34,027)	(4,359)	(60)	-	-	(38,446)
Foreign currency liabilities to IMF	-	-	-	(155,410)	-	(155,410)
SDR allocation	-	-	-	(22,388,259)	-	(22,388,259)
Total foreign currency liabilities	(34,027)	(4,359)	(60)	(22,543,669)	-	(22,582,115)
Net exposure	24,989,425	17,167	873	28,972,274	1,061,996	55,041,735

4.0 Risk management policies (continued)

4.1 Overview and risk management framework (continued)

The following are exchange rates for the significant currencies applied as at the end of the reporting period:

Spot rate	**2023**	2022
	K	K
XDR 1	**34.51**	24.07
GBP 1	**32.75**	21.82
EUR 1	**28.35**	19.21
USD 1	**25.72**	18.08

Foreign currency sensitivity

The following table illustrates the impact of a 18 percent weakening of the Kwacha against the relevant foreign currencies. The 18 percent is based on long-term observable trends, presented to key management personnel, in the value of Kwacha to major foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items outstanding at reporting date and adjusts their translation for a 18 percent change in foreign currency rates. This analysis assumes all other variables, in particular interest rates remain constant.

Effect in Kwacha	**Equity**	**Profit or (loss)**
	K'000	**K'000**
31 December 2023		
XDR	**9,244,667**	**9,244,667**
USD	**5,956**	**5,956**
EUR	**2,995**	**2,995**
GBP	**5,935,774**	**5,935,774**
31 December 2022		
XDR	892,086	892,086
USD	743,626	743,626
EUR	35	35
GBP	687	687

An 18 percent strengthening of the Kwacha against the above currencies at 31 December would have had an equal but opposite effect to the amounts shown above.

ii. Exposure to interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument or the future cash flows will fluctuate due to changes in market interest rates.

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Board of Directors approves levels of borrowing and lending that are appropriate for the Bank to meet its objective of maintaining price stability.

4.0 Risk management policies (continued)

4.1 Overview and risk management framework (continued)

Foreign currency balances are subject to floating interest rates. Interest rate changes threaten levels of income and expected cash flows. The Bank holds a net asset position of foreign exchange reserves and interest income far outweighs interest charges on domestic borrowing and staff savings. Substantial liabilities including currency in circulation and balances for commercial banks and GRZ ministries attract no interest.

Foreign currency deposits are the major source of interest rate risk for the Bank. The Directors have established information systems that assist in monitoring changes in the interest variables and other related information to ensure the Bank is in a better position to respond or take proactive action to meet challenges or opportunities as they arise. The Directors have also set performance benchmarks for income arising from investments with foreign banks, that are evaluated monthly through the Budget and Finance Committee, Investment Committee and the Executive Committee. The Board reviews the performance against budget on a quarterly basis.

Whilst adhering to the key objectives of capital preservation and liquidity, the Bank continued to posture itself towards implementing return enhancing strategies which has seen a careful management of the distribution of reserves in terms of liquidity, invested and working capital tranches to obtain optimum balance that enhances returns while assuring security.

The table below shows the extent to which the Bank's interest rate exposures on assets and liabilities are matched. Items are allocated to time bands by reference to the earlier of the next contractual interest rate repricing date or maturity date. This effectively shows when the interest rate earned or charged on assets and liabilities are expected to change. The table can therefore be used as the basis for an assessment of the sensitivity of the Bank's net income to interest rate movements. Due to the short-term nature of most of the financial assets, the Bank retains flexibility in shifting investment horizons resulting in reduced impact on interest rate changes on the Bank's financial performance.

4.0 Risk management policies (continued)

4.1 Overview and risk management framework (continued)

31 December 2023	On demand	Due within 3 months	Due between 3 - 12 months	Due between 1 – 5 years	Non-interest bearing	Total
	K'000	K'000	K'000	K'000	K'000	K'000
Assets						
Domestic cash in hand	-	-	-	-	5,964	5,964
Foreign currency cash and bank accounts	81,958,634	-	-	-	6,768	81,965,402
Monetary gold	3,756,078	-	-	-	-	3,756,078
Items in course of settlement	-	-	-	-	-	-
Loans and advances	1,865,725	-	14,015	119,413	3,459	2,002,612
Targeted Medium Term Refinancing Facility	-	-	2,316,940	6,485,782	-	8,802,722
Government securities at amortised cost	-	-	-	22,067,383	-	22,067,383
Other assets	-	-	-	-	113,205	113,205
Funds receivable from GRZ	-	-	-	-	9,980,488	9,980,488
IMF subscription	-	-	-	-	23,389,018	23,389,018
Total financial assets	87,580,437	-	2,330,955	28,672,578	33,498,902	152,082,872
Liabilities						
Deposits from the GRZ	-	-	-	-	(6,642,500)	(6,642,500)
Deposits from financial institutions	-	-	-	-	(39,862,595)	(39,862,595)
Foreign currency liabilities to other institutions	-	-	-	-	(54,800)	(54,800)
Other deposits	(559,578)	-	-	-	(2,154,769)	(2,714,347)
Notes and coins in circulation	-	-	-	-	(16,646,798)	(16,646,798)
Other liabilities	-	-	(5,509,064)	-	(1,019,485)	(6,528,549)
Domestic currency liabilities to IMF	-	-	-	-	(23,389,018)	(23,389,018)
Foreign currency liabilities to IMF	-	-	-	-	(337,304)	(337,304)
Total financial liabilities	(559,578)	-	(5,509,064)	-	(90,107,269)	(96,175,911)
Net exposure	87,020,859	-	(3,178,109)	28,672,578	(56,608,367)	55,906,961

4.0 Risk management policies (continued)

4.1 Overview and risk management framework (continued)

31 December 2022	On demand	Due within 3 months	Due between 3 - 12 months	Due between 1 – 5 years	Non-interest bearing	Total
	K'000	K'000	K'000	K'000	K'000	K'000
Assets						
Domestic cash in hand	-	-	-	-	4,874	4,874
Foreign currency cash and bank accounts	53,645,415	-	-	-	7,214	53,652,629
Monetary gold	1,582,962	-	-	-	-	1,582,962
Items in course of settlement	-	-	-	-	7	7
Loans and advances	-	-	-	99,619	196	99,815
Targeted Medium Term Refinancing Facility	-	-	-	10,660,719	-	10,660,719
Government securities at amortised cost	-	730,577	230,474	20,091,036	-	21,052,087
Other assets	-	-	-	-	1,213,904	1,213,904
Funds receivable from GRZ	-	-	-	-	6,106,973	6,106,973
IMF subscription	-	-	-	-	22,388,259	22,388,259
Total financial assets	55,228,377	730,577	230,474	30,851,374	29,721,427	116,762,229
Liabilities						
Deposits from the GRZ	-	-	-	-	(20,449,211)	(20,449,211)
Deposits from financial institutions	-	-	-	-	(22,158,835)	(22,158,835)
Foreign currency liabilities to other institutions	-	-	-	-	(38,446)	(38,446)
Other deposits	(159,764)	-	-	-	-	(159,764)
Notes and coins in circulation	-	-	-	-	(14,744,976)	(14,744,976)
Other liabilities	-	-	(8,236,532)	-	(568,683)	(8,805,215)
Domestic currency liabilities to IMF	-	-	-	-	(22,388,259)	(22,388,259)
Foreign currency liabilities to IMF	-	-	-	-	(155,410)	(155,410)
Total financial liabilities	(159,764)	-	(8,236,532)	-	(80,503,820)	(88,900,116)
Net exposure	55,068,613	730,577	(8,006,058)	30,851,374	(50,782,393)	27,862,113

4.0 Risk management policies (continued)

4.1 Overview and risk management framework (continued)

Interest rate risk sensitivity

As at 31 December 2023, an increase of 175 basis points would have resulted in an increase or decrease in profit and equity of **K56,885.37 million** (2022: K27,931.8 million).

d. Fair values

The table below sets out fair values of financial assets and liabilities, together with their carrying amounts as shown in the statement of financial position. The Directors believe that the carrying amounts of the Bank's financial assets and liabilities provide a reasonable estimate of fair value due to their nature. The financial assets are subject to regular valuations while the liabilities are short term in nature, often repayable on demand.

	Carrying amount 2023 K'000	**Fair value 2023 K'000**	Carrying amount 2022 K'000	Fair value 2022 K'000
Assets				
Monetary gold	**3,756,078**	**3,756,078**	1,582,962	1,582,962
Equity investments at FVOCI	**1,244,766**	**1,244,766**	838,056	838,056
Total financial assets	**5,000,844**	**5,000,844**	2,421,018	2,421,018

Fair value hierarchy

IFRS13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the bank market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, Lusaka Stock Exchange) and exchanges traded derivatives like futures (for example, NASDAQ, S&P 500).

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the swaps and forwards. The sources of input parameters like LIBOR yield curve or counterparty credit risk are Bloomberg and Reuters.
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

4.0 Risk management policies (continued)

4.1 Overview and risk management framework (continued)

This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

Transfers between levels in the fair value hierarchy

There were no transfers made between levels in the fair value hierarchy.

Valuation techniques used to derive level 2 fair values

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques that uses both observable and non-observable data. The valuation technique used to value the financial instruments in this level include the quoted share price and yield price for similar financial instruments.

Valuation techniques used to derive level 3 fair values

The fair value of the financial instruments in this category have been derived at by using valuation techniques that employed significant unobservable inputs. For these instruments, the determination of fair value requires subjective assessment and judgment depending on pricing assumptions, market prices at the valuation date, and other risks affecting this asset class.

For financial assets in level 2, the valuation techniques employed include quoted share prices that are observable/unobservable and discounted cash flow valuation. For buildings, which are in level 3, the fair values are determined by independent valuation surveyor engaged by the Bank. The valuation is conducted every five years.

31 December 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	K'000	**K'000**	**K'000**	**K'000**
ASSETS				
Monetary gold	**3,756,078**	**-**	**-**	**3,756,078**
Building	**-**	**-**	**528,328**	**528,328**
Equity investment at FVOCI	**-**	**1,233,839**	**10,927**	**1,244,766**
	3,756,078	**1,233,839**	**539,255**	**5,529,172**

31 December 2022	Level 1	Level 2	Level 3	Total
	K'000	K'000	K'000	K'000
ASSETS				
Monetary gold	1,582,962	-	-	1,582,962
Building	-	-	350,575	350,575
Equity investment at FVOCI	-	834,506	3,550	838,056
	1,582,962	834,506	354,125	2,771,593

4.0 Risk management policies (continued)

4.1 Overview and risk management framework (continued)

Level 3 fair value measurement (Reconciliations)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy. The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

Level 3 fair value reconciliation	**Equity investment at FVOCI**	**Buildings**	**Total**
2023	**K'000**	**K'000**	**K'000**
Balance as at 1 January	-	**350,575**	**350,575**
Revaluation	-	**193,146**	**193,146**
Additions and disposals	-	**(363)**	**(363)**
Depreciation and disposals	-	**(15,030)**	**(15,030)**
Balance as at 31 December	-	**528,328**	**528,328**
2022			
Balance as at 1 January	-	359,649	359,649
Additions and disposals	-	6,055	6,055
Depreciation and disposals	-	(15,129)	(15,129)
Balance as at 31 December	-	350,575	350,575

e. Management of capital

The Bank's authorised capital is set and maintained in accordance with the provisions of the Bank of Zambia Act No.5 of 2022. The Act provides a framework, which enables sufficient safeguards to preserve the capital of the Bank from impairment (Section 10(5) of the Bank of Zambia Act No.5 of 2022). The Government of the Republic of Zambia is the sole subscriber to the paid up capital of the Bank and its holding is not transferable in whole or in part nor is it subject to any encumbrance.

The scope of the Bank's capital management framework covers the Bank's total equity reported in its financial statements. The major drivers of the total equity are the reported financial results and profit distribution policies described below.

The Bank's primary capital management objective is to have sufficient capital to carry out its statutory responsibilities effectively. Therefore, in managing the Bank's capital the Board's policy is to implement a sound financial strategy that ensures financial independence and maintains adequate capital to sustain the long-term objectives of the Bank and to meet its operational and capital budget without recourse to external funding.

4.0 Risk management policies (continued)

4.1 Overview and risk management framework (continued)

Distributable profits as described in the provisions of Sections 9 and 11 of the Bank of Zambia Act No.5 of 2022 are exclusive of unrealised foreign exchange gains.

Following the operationalisation of the Bank of Zambia Act No.5 of 2022 in August 2023, unrealised foreign exchange gains and losses, as well income from Targeted Medium-Term Refinancing Facility are now accounted for in separate reserve accounts under capital and equity.

The Bank's capital position as at 31 December was as follows

	Note	**2023**	2022
		K'000	K'000
Capital	41	**500,020**	500,020
Retained earnings	42	**13,101,774**	9,700,640
General reserve fund	42	**3,757,909**	3,391,874
Foreign revaluation reserve	42	**12,082,555**	-
TMTRF reserve	42	**751,856**	-
Property revaluation reserve	42	**475,609**	296,887
Total		**30,669,723**	13,889,421

The capital structure of the Bank does not include debt. As detailed above the Bank's equity comprises issued capital, general reserves, foreign revaluation reserves, Targeted Medium-Term Refinancing Facility reserves, property revaluation reserve and the retained earnings. The Bank's Management Committee periodically reviews the capital structure of the Bank to ensure the Bank maintains its ability to meet its objectives.

f. Classification of financial assets

The Bank has classified its financial assets as detailed in the table below:

Financial assets 2023	**FVOCI**	**Amortised cost**	**FVTPL**	**Total**
	K'000	**K'000**	**K'000**	**K'000**
Domestic cash in hand	-	5,964	-	5,964
Foreign currency cash and bank accounts	-	81,965,402	-	81,965,402
Monetary Gold	3,756,078	-	-	3,756,078
Sundry receivables	-	-	113,205	113,205
Loans and advances	-	1,995,694	6,918	2,002,612
Government securities at amortised cost	-	22,067,383	-	22,067,383
Targeted Medium-Term Refinancing Facility	-	8,802,722	-	8,802,722
Equity investments at FVOCI	1,244,766	-	-	1,244,766
Financial derivative asset	-	-	443,995	443,995
Funds recoverable from GRZ	-	9,980,488	-	9,980,488
IMF Subscriptions	-	23,389,018	-	23,389,018
	5,000,844	148,206,671	564,118	153,771,633

4.0 Risk management policies (continued)

4.1 Overview and risk management framework (continued)

Financial asset 2022	**FVOCI**	**Amortised cost**	**FVTPL**	**Total**
	K'000	K'000	K'000	K'000
Domestic cash in hand	-	4,874	-	4,874
Foreign currency cash and bank accounts	-	53,652,629	-	53,652,629
Monetary Gold	1,582,962	-	-	1,582,962
Items in course of settlement	-	7	-	7
Sundry receivables	-	1,213,904	-	1,213,904
Loans and advances	-	99,815	-	99,815
Financial assets at amortised cost	-	21,052,087	-	21,052,087
Targeted Medium-Term Refinancing Facility	-	10,660,719	-	10,660,719
Equity investments at FVOCI	838,056	-	-	838,056
Financial derivative asset	-	-	6,800	6,800
Funds recoverable from GRZ	-	6,106,973	-	6,106,973
IMF Subscriptions	-	22,388,259	-	22,388,259
	2,421,018	115,179,267	6,800	117,607,085

5.0 Net interest income

	2023	2022
	K'000	K'000
Interest income calculated using the effective interest method		
Interest on Government securities	**3,905,913**	4,121,667
Interest on loans and advances	**94,787**	55,449
Interest on Targeted Medium Term Refinancing Facility	**-**	786,592
Interest on foreign currency investments and deposits	**2,172,110**	603,613
	6,172,810	5,567,321
Interest income on financial derivative	**-**	6,800
Total interest income	**6,172,810**	5,574,121
Interest expense		
Interest paid on open market operations	**531,481**	159,468
Interest paid on staff savings	**7,732**	6,325
Total interest expense	**539,213**	165,793

6.0 Fees and commission income

	2023	2022
Fees and commission income	K'000	K'000
Fees and commission income on Government transactions	**265,152**	203,236
Supervision fees	**271,867**	232,072
Penalties	**2,841**	3,346
Licences and registration fees	**890**	843
Other	**9,012**	8,661
Fees and commission income	**549,762**	448,158
Fees and commission expense		
Fees and commission paid on foreign exchange transactions	**(10,805)**	(14,829)
Net fees and commission income	**538,957**	433,329

7.0 Other operating gains

	2023	2022
	K'000	K'000
Dividend on equity investment at FVOCI	**10,106**	7,435
Realised foreign exchange gains	**2,972,336**	4,235
Unrealised foreign exchange gains	**584,716**	1,532,796
Rental income	**1,549**	1,499
(Loss)/profit on disposal of property, plant and equipment	**(55)**	1,219
Other income	**943**	9,045
	3,569,595	1,556,229

The net realised gains reported in 2023 were mainly as a result of the depreciation of the Kwacha against major trading currencies. The Kwacha depreciated against the US dollar by 42.26% from K18.08 to K25.72, against the Euro by 47.58% from K19.21 to K 28.35 and the SDR by 43.37% from K24.07 to K34.51 between December 2022 and December 2023.

The reduction in unrealised foreign exchange gains was mainly on account of the transfer of the portion of unrealised foreign exchange gains from the income statement to foreign revaluation reserve in line with section 9(2) of the Bank of Zambia Act No.5 of 2022.

8.0 Impairment (charge)/credit

	2023	2022
	K'000	K'000
Opening balance	**(141,108)**	(275,662)
(Charge)/credit for the year	**(11,312)**	134,554
Closing balance	**(152,420)**	(141,108)

Impairment per asset category	**2023**	2022
	K'000	K'000
Impairment on loans and advances	**171**	125
Impairment on targeted medium term refinancing facility	**4,573**	4,918
Impairment on poverty reduction growth facility	**39,920**	29,034
Impairment on Government securities	**107,756**	107,031
Total impairment	**152,420**	141,108

The increase in the expected credit loss of **K11.3 million** (2022: K134.6 million reduction) follows the Bank's re-assessment of its financial assets, in line with IFRS 9.

9.0 Personnel expenses

	2023	2022
	K'000	K'000
Wages and salaries	**340,212**	307,411
Other employee costs	**203,705**	158,763
Leave costs	**70,213**	82,168
Staff benefit costs	**35,033**	43,406
Employer's pension contributions	**39,150**	28,243
Employee welfare costs	**16,848**	15,038
Employer's NAPSA contributions	**8,888**	7,846
Employer's NHI contributions	**3,245**	2,954
	717,294	645,829

10.0 Operating expenses

	2023	2022
	K'000	K'000
Administrative expenses	**517,818**	2,787,493
Expenses for bank note production	**20,045**	207,361
Repairs, maintenance and other costs	**550,738**	108,383
	1,088,598	3,103,237

The reduction in operating expenses was mainly on account of legal costs under administrative expenses following disposal of some cases. Further, in line with the requirement of the Bank of Zambia Act No.5 of 2022, movements in respect of foreign denominated provisions have been accounted for in the foreign currency revaluation reserve resulting in a reduction under administrative expenses – refer to Note 34

11.0 Income tax

The Bank is exempt from income tax under section 56 of the Bank of Zambia Act, No.5 of 2022.

12.0 Foreign currency cash and bank accounts

	2023	2022
	K'000	K'000
Current account balances with non-resident banks	**9,483,685**	11,097,240
Clearing correspondent accounts with other central banks	**8,774,061**	5,907,235
Foreign currency cash with banking office	**6,768**	7,215
Deposits with non-resident banks	**12,333,994**	7,513,255
Special Drawing Rights (XDR's) (*See Note 12.1 below*)	**51,366,894**	29,127,684
	81,965,402	53,652,629

12.1 Special Drawings Rights

	2023	2022
	K'000	K'000
Opening balance	**29,127,684**	24,902,183
Net interest/(charges)	**328,782**	133,103
Exchange rate gain	**12,255,910**	1,291,958
Extended Credit Facility loan	**9,654,518**	2,800,440
Closing balance	**51,366,894**	29,127,684

The foreign currency cash and bank accounts represents the balances held mainly with other central banks and are held at amortised cost. The foreign currency cash and bank accounts are current assets.

The increase in Special Drawings Rights (XDR), was on account of receipt of **XDR279.88 million** (equivalent to **K9,654.5 million**) in respect of the Extended Credit Facility (ECF), refer to note 28. The total ECF loan received stands at **XDR419.6 million** as at 31 December 2023.

13.0 Monetary gold

	2023	2022
	K'000	K'000
Opening balance	1,582,962	687,966
Purchases in the year	874,384	766,838
Fair value movement	(4,176)	15,727
Exchange gain	1,302,908	112,431
Closing balance	3,756,078	1,582,962

Monetary gold consists of **70,800 ounces** equivalent to **USD147.2 million** of gold at the market price of **USD2,078.40** per ounce (2022: 48,300 ounces, equivalent to USD87.5 million at USD1,812.35 per ounce).

14.0 Items in course of settlement

	2023	2022
	K'000	K'000
Asset		
Items in course of settlement	-	7
Liability		
Items in course of settlement	24	-

Items in the course of settlement represent claims on credit institutions in respect of cheques lodged with the Bank by its customers on the last business day of the year and presented to the Bank on or after the first business day following the financial year-end. There were no items in course of settlement owing to the Bank, however there were items in course of settlement owed to financial institutions on the last business day of 2023.

15.0 Loans and advances

	2023	2022
	K'000	K'000
Current		
Staff loans	14,015	7,971
Transaction fees	383	1,174
Credit to banks and non-bank institutions	1,865,725	196
Staff advances	3,076	2,336
	1,883,199	11,677
Non-current		
Staff loans	147,291	98,803
Total staff loans and advances	2,030,490	110,480
Mark to market adjustment - staff loans	(27,707)	(10,540)
	2,002,783	99,940
Impairment allowance (Note 8)	(171)	(125)
	2,002,612	99,815

15.0 Loans and advances (continued)

a. Staff loans benefit

Movement in staff loans benefit	2023	2022
	K'000	K'000
Balance at 1 January	**10,540**	7,691
Current year fair value adjustment of new loans	**(1,581)**	(4,963)
	8,959	2,728
Amortised to statement of profit or loss	**18,748**	7,812
Balance at 31 December	**27,707**	10,540

Loans and advances to staff are made at concessionary rates. At the end of each year, the fair value of the loans and advances is computed based on market rates and presented as a mark to market adjustment shown above. Loans and advances are assessed for impairment in line with IFRS 9. Most of the staff loans are collateralised, by way of insurance or other collateral demanded, as a way of improving their credit quality. Other collateral is generally in the form of property or motor vehicle.

During the year, the Emoluments Commission (EC), a statutory body that determines the emoluments of Government institutions, revised the Bank's interest rates on Multi-purpose loans to 10% from 12.5%, therefore aligning all loans to 10%.

The prevailing interest rates on staff loans were as follows:

	2023	2022
House loan	**10%**	10%
Personal loan	**10%**	10%
Multi-purpose loan	**10%**	12.5%
Construction loan	**10%**	-

16.0 Government securities at amortised cost

	2023	2022
	K'000	K'000
Current		
Treasury bills (273 days)	**76,182**	54,620
GRZ consolidated securities	**106,536**	-
Other GRZ securities	**2,948,662**	1,236,669
	3,131,380	1,291,289
Non-current		
GRZ consolidated securities	**9,023,207**	7,814,013
Other GRZ securities	**10,020,552**	12,053,816
	22,175,139	21,159,118
Impairment allowance (Note 8)	**(107,756)**	(107,031)
	22,067,383	21,052,087

16.0 Government securities at amortised cost (continued)

GRZ consolidated securities	2023	2022
	K'000	K'000
3 Year 10% Consolidated bond	**106,536**	97,299
7 Year Zero-Coupon bond	**3,495,523**	3,309,999
10 Year 6% Consolidated bond	**1,120,968**	-
10 Year 10% Consolidated bond	**4,406,715**	4,406,715
	9,129,742	7,814,013

In December 2018, the Government and the Bank of Zambia entered into an agreement to convert the outstanding bridge loan from the Government to the Bank of Zambia into two consolidated bonds in respect to the outstanding principal and accrued interest amounts.

Consolidated bond No. 2 being the outstanding principal amount was issued on 28 August 2019 at par, with a face value of K4,406.7 million with a coupon interest rate of 10 percent being the average inflation rate for the previous twelve (12) months prior to the issuance plus two (2) percentage points per annum, whose coupon interest is payable every six months. Consolidated bond No. 2 may be rolled over for another 10 years on such terms as may be agreed by the parties.

Consolidated bond No. 3 being the outstanding accrued interest was issued on 12 December 2019 with a face value of K4,104.4 million with interest rate of 6 percent per annum. The Bond is a zero-coupon bond with a tenor to maturity of 7 years with effect from the date of issue.

The first consolidated bond was issued on 27 February 2003 as a 10-year long-term bond with a face value of K1,646.7 million and a coupon interest rate of 6 percent. This reduced to K1,121.0 million effective on 1 December 2007 after a portion of the consolidated bond was converted to treasury bills. This created a portfolio of marketable securities, for the purpose of enhancing the range of instruments available for implementing monetary policy and to support the Bank's strategic objective of maintaining price stability.

Both the marketable securities and the reduced portion of the 10-year consolidated bond were rolled over on 2 January 2013 for an additional period of 10 years. In accordance with the conversion agreement between the GRZ and Bank of Zambia, the marketable securities may be rolled over upon maturity at yield rates prevailing in the market on the dates of rollover, while the K1,121.0 million would be rolled over for another 10 years at a coupon rate of 6 percent. The K1,121.0 million consolidated bond matured on 31 December 2022, and subsequently rolled over at a coupon rate of 6 percent for another 10-year period and will mature in 2032.

The treasury bills are renewable in the short term and the rolled over values will reflect fair values. Both the consolidated bonds and the treasury bills are measured at amortised cost at their respective effective interest rates. However, where objective evidence of impairment exists, a measurement of the impairment loss will be determined and recorded in profit or loss.

	2023	2022
	K'000	K'000
Other government securities	**12,969,214**	13,290,485

16.0 Government securities at amortised cost (continued)

The Bank implemented the GRZ Bond Purchase Programme for the Backstop Repo Facility to enhance secondary market development. The **K12,969.2 million** represents securities holdings as at 31 December 2023 following the purchase of bonds by the Bank for secondary market operations.

17.0 Prepayments and other assets

	2023	2022
	K'000	K'000
Current assets		
Prepayments	**88,013**	38,392
Stationery and office consumables	**8,717**	6,521
Sundry receivables	**16,475**	14,117
10 Year 6 percent Consolidated bond receivable	**-**	1,154,874
	113,205	1,213,904

The reduction in prepayments and other assets, was mainly account of the rolling over of the 10 Year 6 percent Consolidated bond that was due on 31 December 2022. The principal amount of **K1,121.0 million** was rolled over (see note 16) for another ten years.

18.0 Amounts due from closed banks

	2023	2022
	K'000	K'000
Overdrawn current accounts	**89,756**	89,756
Movement during the year	**-**	-
Impairment allowance	**89,756**	89,756
	-	-

The amounts consist of various expenditures that the Bank settled on behalf of the closed banks and are fully provided for.

19.0 Financial derivative asset

	2023	2022
	K'000	K'000
Current asset		
Margin call receivable	**145,591**	-
SWAP receivable	**298,404**	6,800
Financial derivative asset	**443,995**	6,800

The financial derivative asset represents the fair value gain and the margin call on the currency swaps that the Bank entered into in 2023.

20.0 Targeted Medium Term Refinancing Facility

	2023	2022
	K'000	K'000
Current - Targeted Medium Term Refinancing Facility	**2,405,764**	2,574,374
Non-current - Targeted Medium Term Refinancing Facility	**6,401,531**	8,091,263
	8,807,295	10,665,637
Impairment allowance (Note 8)	**(4,573)**	(4,918)
	8,802,722	10,660,719

The **K8,802.7 million** comprises **K8,451.1 million** in principal amounts disbursed and **K351.6 million** in accrued interest. The interest rate applicable on the TMTRF is the prevailing BOZ Monetary Policy Rate (MPR) at the time of granting the facility, with a 12 months moratorium on both principal and interest. The Facility became effective on 15 April 2020.

21.0 Equity investments at FVOCI

	2023	2022
	K'000	K'000
Zambia Electronic Clearing House Limited	**3,550**	3,550
Society for Worldwide Interbank Financial Telecommunication	**7,377**	4,999
African Export-Import Bank	**1,233,839**	829,507
	1,244,766	838,056

Zambia Electronic Clearing House Limited (ZECHL)

The investment in ZECHL represents the Bank's contribution of **K3.6 million**, for the establishment of the National Switch to enhance ZECHL functionality, more specifically to support electronic point of sale transactions to help minimise cash based transactions and their attendant costs and risks. The principal activity of ZECHL is the electronic clearing of cheques and direct debits and credits in Zambia for its member banks, including the Bank of Zambia. ZECHL is funded by contributions from member banks. ZECHL is considered an equity investment at FVOCI. As there is no reliable measure of the fair value of this investment, it is carried at cost, which is the fair value. ZECHL has a unique feature of being set up as a non-profit making concern whose members contribute monthly to its operating expenses and other additional requirements. In 2023 the Bank made a contribution, towards the operations of ZECHL, of **K0.034 million** (2022: K0.034 million) which costs are included in administrative expenses. In line with the agreement, no dividend is expected from ZECHL.

Society for Worldwide Interbank Financial Telecommunication (SWIFT)

The Bank of Zambia as a member of SWIFT currently holds 44 shares worth **K7.4 million**. SWIFT is a worldwide community of financial institutions providing global financial messaging and communication solutions which enables interoperability between its members, their market infrastructures and their end-user communities moving value for payments around the world reliably and securely.

21.0 Equity investments at FVOCI (continued)

SWIFT re-allocates shares every three years in proportion to its member's participation. The present re-allocation is based on the financial contribution to SWIFT for network-based services in 2020. The amount in the statement of financial position is based on the fair value (market price) of the shares.

African Export-Import Bank (Afreximbank)

The Bank of Zambia holds an investment in the equity of Afreximbank. Afreximbank is a pan-African supranational multilateral financial institution created in 1993 under the auspices of the African Development Bank designed to facilitate intra and extra African trade.

The Bank's holding in Afreximbank increased from 793 shares in 2022 to 820 shares in 2023. The increase was on account of the acquisition of 27 additional shares at a concessional price of US$20,824.34 per share using the 2022 dividend proceeds of **USD577,511.17**. The price per share was **USD58,495.80** based on the Net Asset Value.

Equity investments at FVOCI – Movements	**2023**	2022
	K'000	K'000
Opening balance	**834,506**	658,134
Additions in the year	**13,328**	-
Fair value gain	**39,443**	93,252
Exchange gain	**353,939**	83,120
Closing balance	**1,241,216**	834,506

22.0 Funds recoverable from the Government of the Republic of Zambia

Funds recoverable from Government of the Republic of Zambia represents IMF funds settled on behalf of the Government of the Republic of Zambia by the Bank in respect of IMF Poverty Reduction and Growth Facility.

	2023	2022
	K'000	K'000
Poverty Reduction and Growth Facility (PRGF)	**8,226,234**	5,736,588
Accrued charges - SDR Allocation	**1,794,174**	399,419
	10,020,408	6,136,007
Impairment allowance (Note 8)	**(39,920)**	(29,034)
	9,980,488	6,106,973

23.0 IMF Subscriptions

The IMF subscription represents membership quota assigned to the GRZ by the IMF and forms the basis for the GRZ's financial and organisational relationship with the IMF. The financial liability relating to the IMF subscription is reflected under note 35. The realisation of the asset will result in simultaneous settlement of the liability. The IMF Quota subscription and the related liability carry the same value. The movement on IMF subscription was on account of currency valuation adjustments in 2023. The valuation is conducted annually, every 30 April by the IMF and advised to member countries to effect the necessary adjustments.

24.0 Property, plant and equipment

	Buildings	Furniture fittings computers, plant, machinery and equipment	Motor vehicles, bullion trucks and escort vehicles	Capital work-in progress	Total
Cost or valuation	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**
As at 1 January 2022	403,622	342,840	59,093	69,691	875,246
Additions	-	14,936	-	61,536	76,472
Transfers	6,055	5,412	-	(11,467)	-
Disposals	-	(1,109)	-	-	(1,109)
As at 31 December 2022	409,677	362,079	59,093	119,760	950,609
As at 1 January 2023	**409,677**	**362,079**	**59,093**	**119,760**	**950,609**
Additions	**-**	**29,749**	**986**	**34,084**	**64,819**
Transfers	**587**	**42,384**	**-**	**(42,971)**	**-**
Revaluation	**118,998**	**-**	**-**	**-**	**118,998**
Disposals	**(934)**	**(232)**	**-**	**-**	**(1,166)**
As at 31 December 2023	**528,328**	**433,980**	**60,079**	**110,873**	**1,133,260**
Accumulated depreciation					
As at 1 January 2022	(43,973)	(181,389)	(46,474)	-	(271,836)
Charge for the year	(15,237)	(20,870)	(4,479)	-	(40,478)
Disposals	-	1,085	-	-	1,085
As at 31 December 2022	(59,102)	(201,174)	(50,953)	-	(311,229)
As at 1 January 2023	**(59,102)**	**(201,174)**	**(50,953)**	**-**	**(311,229)**
Charge for the year	**(15,237)**	**(22,989)**	**(3,462)**	**-**	**(41,688)**
Depreciation writeback	**74,148**	**-**	**-**	**-**	**74,148**
Disposals	**191**	**188**	**-**	**-**	**379**
As at 31 December 2023	**-**	**(223,975)**	**(54,415)**	**-**	**(278,390)**
Carrying amounts					
As at 31 December 2023	**528,328**	**210,005**	**5,664**	**110,873**	**854,870**
As at 31 December 2022	350,575	160,905	8,140	119,760	639,380

24.0 Property, plant and equipment (continued)

a. The fair value measurement of the leasehold buildings as at 31 December 2023 were performed by an independent valuer.

The valuation was conducted in accordance with the current new edition of the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, as recognised by the Surveyors Institute of Zambia, Valuation Chapter. To determine the fair value of business buildings, the valuer employed both the direct comparison and the Cost Approach methods of valuation to reflect the market value of the buildings. The valuation techniques are consistent with those applied in the past. The carrying amount of the revalued properties if carried under cost model would be **K37.4 million** (2022: K37.1 million). The net movement resulted from the capitalisation of refurbishment works on properties.

	2023	2022
	K'000	K'000
Opening balance	**37,071**	31,511
Net movement	**319**	5,560
Closing balance	**37,390**	37,071

b. Capital work-in-progress in property plant and equipment and intangible assets represents the expenditure to date on office refurbishment and software upgrade projects.

25.0 Intangible assets

	Computer software	Capital work-in progress	Total
	K'000	K'000	K'000
Cost			
As at 1 January 2022	69,135	54,557	123,692
Additions	456	23,840	24,296
Transfers	15,171	(15,171)	-
As at 31 December 2022	84,762	63,226	147,988
As at 1 January 2023	**84,762**	**63,226**	**147,988**
Additions	**7,936**	**58,584**	**66,520**
As at 31 December 2023	**92,698**	**121,810**	**214,508**
Accumulated amortisation and impairment			
As at 1 January 2022	(64,217)	-	(64,217)
Charge for the year	(4,491)	-	(4,491)
As at 31 December 2022	(68,708)	-	(68,708)
As at 1 January 2023	**(68,708)**	**-**	**(68,708)**
Charge for the year	**(6,013)**	**-**	**(6,013)**
As at 31 December 2023	**(74,721)**	**-**	**(74,721)**
Carrying amounts			
As at 31 December 2023	**17,977**	**121,810**	**139,787**
As at 31 December 2022	16,054	63,226	79,280

26.0 Capital expenditure commitments

	2023	2022
	K'000	K'000
Authorised by the directors and contracted for	**205,340**	85,596

The funds to meet the capital expenditure commitments are sourced from internally generated funds.

27.0 Non refined gold

	2023	2022
	K'000	K'000
Opening balance	**127,984**	127,984
Closing balance	**127,984**	127,984

The **K128.0 million** represents 3,535 ounces of non-refined gold (2022: K128.0 million representing 3,535 ounces).

28.0 Deposits from the Government of the Republic of Zambia

	2023	2022
	K'000	K'000
Deposits from the Government of the Republic of Zambia (a.)	**6,642,500**	17,122,976
GRZ 2021 XDR Allocation (b.)	**-**	3,303,613
Extended Credit Facility – Budget support (c.)	**-**	22,622
	6,642,500	20,449,211

a. The deposits from the Government of the Republic of Zambia are non-interest bearing and are payable on demand.

b. The GRZ 2021 Special Drawing Rights Allocation amount represented the balance of the 2021 Special Drawing Rights Allocation from the IMF. In August 2021, the IMF allocated **XDR 937.56 million** to Zambia to help foster economic recovery following the Covid-19 pandemic (**refer to note 40**).

c. In 2023 the Government received XDR139.88 million being 50% Extended Credit Facility (ECF) loan towards budget support.

The International Monetary Fund (IMF) considered an ECF Arrangement to the Government of the Republic of Zambia (GRZ), for a period of thirty-eight (38) months from 2022 to 2025. The ECF amount is the equivalent of Nine Hundred and Seventy-Eight Million, Two Hundred thousand Special Drawing Rights (**XDR978.2 million**), being one hundred (100) percent of Zambia's IMF quota. Fifty (50) percent of the ECF Programme Funds are for direct budget financing to the Government while the other fifty (50) percent is for the augmentation of the country's Foreign International Reserve position. Financing under the ECF carries a zero interest rate (with a grace period of 5½ years, and a final maturity of 10 years).

In 2023, Zambia received the second and third tranche of ECF funds amounting to **XDR279.88 million** (equivalent to **K9,654.5 million**), 50 percent towards budget support and the other 50 percent for Foreign International Reserve augmentation. The Bank of Zambia and the Government through the Ministry of Finance and National Planning (MoFNP) implemented the MoU on the management of the Extended Credit Facility loan.

29.0 Deposits from financial institutions

	2023	2022
	K'000	K'000
Commercial banks current accounts	**6,248,315**	4,839,190
Minimum statutory reserve	**31,120,899**	14,114,882
Term deposits from financial institutions	**2,393**	1,672
Deposits of other international financial institutions	**3,026**	3,026
Deposits of other central banks	**2,487,962**	3,200,065
	39,862,595	22,158,835

All deposits, except for term deposits, are non-interest bearing and are payable on demand. Term deposits from financial institutions are held at amortised cost and arise from Open Market Operations (OMO). These are short-term instruments with maximum maturity of up to 364 days and are used as a means of implementing monetary policy. The instruments bear interest at rates fixed in advance for periods up to maturity.

Minimum statutory reserve relates to commercial banks' holdings with the Bank. In November 2023, the Bank adjusted upwards the statutory reserve ratio from 11.5 percent to 14.5 percent

30.0 Foreign currency liabilities to other institutions

	2023	2022
	K'000	K'000
Donor funds	**54,800**	38,446

These are deposits by foreign governments and institutions, which are non-interest bearing and are repayable on demand. Balances at end of year relate mainly to funds provided by foreign institutions in respect of project support. The increase between 2022 and 2023 was mainly on account of effects of foreign exchange rate movements following the depreciation of the Kwacha against major trading currencies in 2023.

31.0 Other deposits

	2023	2022
	K'000	K'000
Staff savings, deposits and clearing accounts	**2,714,347**	159,764

Staff savings bear floating-interest rates compounded on a daily basis and paid at the end of the month. They are repayable on demand. The increase between 2022 and 2023 was mainly on account of outstanding transactions on the ZIPPS clearing account.

32.0 Notes and coins in circulation

	2023	2022
	K'000	K'000
Bank notes issued by denomination		
K100	**11,746,751**	9,851,004
K50	**3,617,323**	3,541,434
K20	**471,362**	613,347
K10	**230,186**	206,088
K5	**156,435**	148,615
K2	**63,146**	51,405
Bank notes issued	**16,285,203**	14,411,893
Coins issued	**261,173**	232,661
Unrebased notes	**100,422**	100,422
	16,646,798	14,744,976

33.0 Other liabilities

	2023	2022
	K'000	K'000
Accrued expenses payable	**213,762**	139,265
OMO liability	**5,532,379**	8,232,569
TMTRF Interest (deferred income)	**120**	168
Accounts payable	**782,288**	89,565
	6,528,549	8,461,567
Defined benefit deficit	**-**	343,648
	6,528,549	8,805,215

The reduction as at 31 December 2023, was mainly on account of the Bank having fully settled the defined benefit deficit.

34.0 Provisions

	2023	2022
	K'000	K'000
Balance at 1 January	**2,690,645**	180,222
Provisions made during the year	**1,117,945**	2,510,423
Balance at 31 December	**3,808,590**	2,690,645

The provisions are in respect of various claims brought against the Bank in the courts of law and other creditors on which it is probable that an outflow of financial resources will be required to settle the claims. The increase in the provision was mainly on account of the effects of the exchange rate movements in the year which have been accounted for under foreign currency revaluation reserves as required under the Bank of Zambia Act No.5 of 2022 – **refer to Note 42.**

35.0 Domestic currency liabilities to IMF

	2023	2022
	K'000	K'000
International Monetary Fund:		
Securities account	**23,326,443**	22,328,361
No. 1 account	**62,106**	59,449
No. 2 account	**469**	449
	23,389,018	22,388,259

The above liability arises from IMF Quota subscriptions (see Note 23) and has no repayment terms and bears no interest. The increase in value is on account of the currency valuation adjustments in 2023, as advised by the IMF.

36.0 Foreign currency liabilities to IMF

	2023	2022
	K'000	K'000
Due to the International Monetary Fund:		
Charges on XDR allocation	**337,304**	155,410
	337,304	155,410

The charges on the XDR allocation are levied by the IMF and repaid quarterly.

37.0 Extended credit facility

	2023	2022
	K'000	K'000
Extended Credit Facility (ECF) – Foreign International Reserve	**7,239,143**	1,683,190

The amount represents **XDR139.9 million** being 50 percent of the ECF loan towards Foreign International Reserve augmentation. In 2023, Zambia received the second and third tranche of ECF funds amounting to **XDR139.9 million** (equivalent to **K4,827.9 million**), 50 percent towards budget support and the other 50 percent for Foreign International Reserve augmentation (**refer to Note 28**).

The Bank of Zambia and the Government through the Ministry of Finance and National Planning (MoFNP) implemented the MoU on the management of the Extended Credit Facility.

38.0 Employee benefits

38.1 Defined Benefit Plan

The Bank provides a pension scheme for eligible employees administered by a Board of Trustees who retain responsibility for the governance of the plan including investment decisions and setting contribution levels. The assets of this scheme are held in administered trust funds separate from the Bank's assets and are governed by the Pension Scheme Regulation Act, No. 26 of 1996.

The plan is a final salary pension plan, which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

38.0 Employee benefits (continued)

Contributions to the defined benefit fund are charged against income based upon actuarial advice. The Bank is currently contributing at a rate of 15.76 percent of members' basic salary. Any deficits that may arise, are funded to ensure the on-going financial soundness of the fund.

Valuation for funding purposes

The statutory actuarial valuation for the fund is done at intervals of not more than three years by an independent qualified actuary, with interim reviews in the intervening years using the attained age method. The statutory actuarial valuation is prepared to comply with the requirements of the Pension Scheme Regulations Act ('the Act') and as required in the terms of the Trust Deed and Rules of the Fund.

A statutory actuarial valuation of the Fund performed in 2019 revealed a funding deficit of K507.6 million. To address the net defined benefit liability resulting from this actuarial valuation, the Board approved that the Bank should fund the net defined benefit liability of K507.6 million by making monthly contributions of K6.3 million over a ten-year period commencing November 2020 and subject to funding plan review at the subsequent actuarial valuation.

As at 31 December 2022, the fund was still underfunded as per interim statutory valuation report which revealed a statutory deficit of **K420.9 million**. In view of this underfunding, the Board in 2023, approved that the Bank should fund the outstanding actuarial deficit arising from the interim statutory valuation in full.

Accounting Treatment for the defined benefit liability

In recognising the net defined benefit liability, the Bank took into consideration the interpretations of the International Financial Reporting Standards Interpretation Committee (IFRIC 14) in relation to the limit on a defined benefit asset, the minimum funding requirements and their interaction. Where the Fund records a net defined benefit asset, the Bank is not entitled to any refunds or reductions in future contributions due to the minimum funding requirement.

In terms of the Fund rules, an obligation is created whereby the Employer is required to fund the deficit and return the Fund to a sound financial condition. This is in line with paragraph 20 of the Fund rules, which state that "If the report of the Actuary shows a deficiency in the Fund, the Employer shall pay the Trustees such sum or sums as shall be certified by the actuary to make good such deficiency".

Furthermore, paragraph 20 states that, "If the report of the Actuary shows a surplus in the Fund such surplus shall be credited to the Fund for the purpose of reducing the Employer's cost of funding, or to increase the benefits to Members or Pensioners". This means that the surplus may be used to benefit the Employer or Members and Pensioners, or both groups. There is therefore no certainty that the Employer will benefit from any surplus in the Fund. Based on the above and in line with IFRIC 14 pages 23 and 24, a net liability was recognised in the annual financial statements.

38 .0 Employee benefits (continued)

38.2 Accounting valuation

The 2023 accounting valuation as per IAS 19 revealed an actuarial surplus of **K493.6 million** (2022: K32.8 million actuarial surplus) due to the actuarial assumptions made (discount rate, salary adjustments, demographic assumptions) based on market expectations at the end of the reporting period.

Contributions made to the fund is as detailed:

	2023	2022
	K'000	K'000
Employer contribution - 15.76 percent of Employee's basic pay	**12,174**	13,565
Employee contribution - 5 peercent of Employee's basic pay	**3,862**	4,304
	16,036	17,869

The Fund is exposed to a number of risks, the main ones being:

a. Changes in bond yields

The Fund liabilities are calculated using a discount rate set with reference to Zambian government bond yields. A decrease in government bond yields will increase the plan liabilities and hence affect the Financial position of the fund.

b. Changes in salaries

The Fund benefits are calculated with reference to employees' salaries, an increase in salaries will increase the Fund liabilities. This risk becomes higher as the expectations of short-term inflation increase, due to the fluctuations of the Zambian Kwacha against other currencies.

c. Cost of benefit provision

The Fund is a balance of cost scheme, therefore, the Employer is required to make the additional contributions required to ensure that the benefit promise to members is met. Therefore, the Bank bears the investment risk, longevity risk and risk of increase in expenses of managing the scheme. This results in a volatility of cost of benefit provision for the Bank.

Plan assets for the fund comprised:	**2023**	2022
	K'000	K'000
Investment properties and equity	**217,443**	223,362
Government securities	**263,248**	216,926
Fixed assets and corporate bonds	**34,072**	16,492
Other assets	**85,327**	51,000
Net current assets/liabilities	**406,471**	830
Total plan assets	**1,006,561**	508,610

38 .0 Employee benefits (continued

Summary of significant actuarial assumptions:

The significant actuarial assumptions used by the independent actuary to compute the Fund's liabilities on an accounting valuation basis were:

	2023	2022
	percent	percent
Discount rate (p.a)	**26.70**	27.75
Salary increase (p.a)	**13.10**	12.00
Return on plan asset	**27.70**	27.75
Future pension increase	**10.00**	10.00
General Inflation	**13.10**	9.9

The demographic assumptions used in the valuation are as follows:

	2023	2022
Pre-retirement mortality (males)	**A24/29**	A24/29
Pre-retirement mortality (females)	**A24/29**	A24/29
Post-retirement mortality (males)	**a (55)**	a (55)

With no further mortality improvements.

	2023	2022
Post-retirement mortality (females)	**a (55)**	a (55)
Expected retirement age (males)	**60 years**	60 years
Expected retirement age (females)	**60 years**	60 years
Percentage married at retirement	**100**	100

With no further mortality improvements.

38.0 Employee benefits (continued)

Sensitivity of defined benefit obligation to actuarial assumptions

The assumed retirement age is 60 years. The weighted average duration of the defined benefit obligation was 6.6 years.

The sensitivity analysis has been computed using the projected unit credit method used in determining the pension liability. The following shows the sensitivity of the present value of the defined benefit obligation to changes in key actuarial assumptions:

Assumption	Percentage Change	**2023** **K'000**	2022 K'000
Discount rate	+1	**(7,184)**	(27,445)
	-1	**7,639**	30,589
Salary increase	+1	**7,826**	8,152
	-1	**(7,445)**	(7,750)
Pension increase	+1	**55,491**	26,085
	-1	**(53,483)**	(23,857)

The sensitivity analyses are based on a change in one assumption, while holding all other assumptions constant.

No net defined benefit liability has been recognised in 2022, this is because there was no increase in the net defined benefit liability.

Amounts recognised in the Statement of Financial Position

There was no net defined benefit liability as at 31 December 2023. The Bank settled the actuarial deficit in full.

Amounts recognised in Statement of Financial Position	**2023** **K'000**	2022 K'000
Net defined benefit liability	**343,648**	419,248
Additional annual contribution	**(69,300)**	(75,600)
	274,348	343,648
Settlement of actuarial deficit	**(274,348)**	-
Net defined benefit liability	**-**	343,648

38.0 Employee benefits (continued)

38.3 Defined contribution scheme

The Bank also contributes to the defined contribution pension scheme. The defined contribution pension scheme was established in 2020, following Board approval to convert eligible employees from Fixed Term Contracts to Permanent and Pensionable. The conversion of the eligible staff to the defined contribution pension scheme commenced in 2021 and the Bank's contribution to this scheme is 15.76 percent The amount recognised in the income statement is **K15.7 million** (2022: K14.6 million).

39.0 Financial derivative liability

Financial derivative liability represents fair value loss recognised on the revaluation of the SWAP that the Bank entered into during the year.

	2023	2022
	K'000	K'000
SWAP payable	**810,220**	-

40.0 Special Drawing Rights allocation

This represents Special Drawing Rights allocated by the IMF amounting to **XDR469.1 million** (2022: XDR469.1 million).

The purpose of the allocation is to improve an IMF member country's foreign exchange reserve assets. The amount is not repayable to IMF except in the event that (a) the allocation is withdrawn or cancelled; (b) the member country leaves the IMF; or (c) the Special Drawing Rights department of the IMF is liquidated. The translation rate for end of year was **K34.51** per XDR (2022: K24.07).

In July 2021, the IMF approved the allocation of XDR to its member countries. Zambia received Special Drawing Rights general allocation of **XDR937.56 million** equivalent to **K22,174.7 million**, which was included as part of the SDR Allocation.

However, following the implementation of the MoU in 2022, between the Bank of Zambia and the Government through the Ministry of Finance and National Planning (MoFNP) on the management of the 2021 SDR general allocation, the Bank transferred the 2021 SDR allocation to the Government.

SDR Allocation	**2023**	2022
	K'000	K'000
Opening balance	**11,290,357**	32,826,428
Exchange gain	**4,900,306**	638,646
GRZ 2021 SDR General Allocation	**-**	(22,174,717)
Closing balance	**16,190,663**	11,290,357

41.0 Capital

	2023 K'000	2022 K'000
Authorised capital	**500,020**	500,020
Issued and fully paid-up capital	**500,020**	500,020

The GRZ is the sole subscriber to the paid-up capital of the Bank and its holding is not transferable in whole or in part nor is it subject to any encumbrance.

42.0 Reserves

General reserve fund

The general reserve fund represents the appropriations of profit in terms of the First Schedule Section 10(1) of the Bank of Zambia Act, No.5 of 2022.

Under the First Schedule Section 10(2) of the Bank of Zambia Act, No.5 of 2022, if the Bank of Zambia Board of Directors certifies that the assets of the Bank are not, or after such transfer, will not be less than the sum of its capital and other liabilities, then the following appropriation is required to be made to the general reserve fund:

a. thirty-five per centum of the net profits of the Bank, when the balance in the general reserve fund is less than three times the Bank's authorised capital; or

b. twenty per centum of the net profit of the Bank, when the balance in the general reserve fund is equal to or greater than three times the Bank's authorised capital.

The balance of the net profits after the above transfers should be applied to the redemption of any outstanding GRZ securities issued against losses incurred by the Bank.

Section 10(5) of the First Schedule of the Bank of Zambia Act No.5 of 2022, provides that the remainder of the profits after the above transfers should be paid to the GRZ as soon as practical after the completion of the financial audit at the end of the financial year.

Property revaluation reserve

This represents effects from the periodic fair value measurement of the Bank's properties. Any gains or losses are not recognised in the profit or loss until the property has been sold or impaired. On derecognition of an item of property, the revaluation surplus included in equity is transferred directly to retained earnings. A portion of the revaluation surplus representing the difference between depreciation based on the revalued carrying amount of the property and depreciation based on the asset's original cost as the property is used by the Bank is transferred to retained earnings.

Following the revaluation exercise conducted during the year, a property revaluation increase of **K193.1 million** was recorded.

General reserve fund (Continued)

Foreign exchange revaluation reserve

In accordance with First Schedule Section 11(1) of the Bank of Zambia Act No.5 of 2022, the Act requires the Bank to record unrealised gains or losses on certain assets or liabilities to a revaluation reserve account.

A total of **K10,968.4 million** was credited to the Foreign Revaluation Reserve account during the year.

Targeted Medium-Term Refinancing Facility (TMTRF) reserve

In line with section 8 (o) of the Bank of Zambia Act No.5 of 2022, the Board authorised the creation of a TMTRF reserve account that facilitates for the recording of income from the TMTRF.

A total of **K751.9 million** was credited to the TMTRF Reserve account during the year.

Retained earnings

Retained earnings or losses are the carried forward income net of expenses of the Bank plus current year profit or loss attributable to equity holders. This is a holding account before the residual income is remitted to GRZ.

Appropriation of profits

In accordance with First Schedule Section 10 (2) of the Bank of Zambia Act No.5 of 2022 Management has proposed appropriation of profits resulting in a transfer of **K1,632.2 million** to the general reserve fund and declaration of a dividend of **K6,528.9 million** to Government in respect of the performance recorded in the Bank of Zambia Financial Statements for the 2023 financial year.

43.0 Related party transactions

The Bank is owned by the Government of the Republic of Zambia. In the context of the Bank, related party transactions include any transactions entered into with any of the following:

- The Government of the Republic of Zambia and related Agencies;
- Kwacha Pension Trust Fund;
- Zambia Electronic Clearing House;
- Afreximbank;
- Members of the Board of Directors including the Governor and key management staff; and
- Close family members of both key management staff and the Board of Directors.

The main services provided during the year to 31 December 2023 were:

- Provision of banking services including holding the principal accounts of GRZ;
- Provision and issuance of notes and coins;
- Holding and maintaining the register of Government securities;
- Formulation and implementation of monetary policy; and
- Supervision of financial institutions.

43 Related party transactions (continued)

i Transactions and balances with the GRZ

During the year, the nature of dealings with GRZ included: banking services, sale of foreign currency and agency services for the issuance of securities culminating in the income and balances stated in (a) and (b) below:

a. Detailed below was income earned in respect of interest, charges or fees on the transactions with GRZ for the year up to 31 December:

	2023	2022
	K'000	K'000
Interest on GRZ securities at amortised cost	**3,905,913**	4,121,667
Fees and commission income on GRZ transactions	**265,152**	203,236
Gains/(losses) on foreign exchange transactions with GRZ	**81,999**	292,523
	4,253,064	4,617,426

All transactions with related parties were made on an arm's length basis.

b. Listed below were outstanding balances at close of business on 31 December:

	2023	2022
	K'000	K'000
GRZ - year end balances		
Deposits from GRZ Institutions	**(6,642,500)**	(22,132,401)
Holdings of GRZ securities	**22,067,396**	21,052,087
Transaction fees receivable	**383**	1,174
10 Year 6% Consolidated bond receivable	**-**	1,154,874

The GRZ securities holdings comprise of various balances outstanding from GRZ (see note 17) secured by predetermined payments based on securities issued by the Government of the Republic of Zambia. Deposits from GRZ Institutions are unremunerated and attract no interest expense.

ii Transactions and balances with Directors and key management personnel

Remuneration paid to Directors' and key management personnel during the year was as follows:

a. Short-term benefits	2023	2022
	K'000	K'000
Directors' fees	**3,745**	3,392
Remuneration for key management personnel		
Salaries and allowances	**62,220**	59,135
Pension contributions	**2,380**	2,418
	64,600	61,553
Loans and advances to key management personnel		
Balance as at 31 December	**4,735**	5,599

43 Related party transactions (continued)

The terms and conditions on loans and advances to key management personnel are determined by the Board of Directors, and approved by the Emoluments Commission.

No impairment has been recognised in respect of balances due from key management personnel.

b. Post-employment pension benefits	**2023**	2022
	K'000	K'000
Benefits paid in the year	**13,984**	10,364

44.0 Trading gains/(losses)

	2023	2022
	K'000	K'000
Gains on forex transactions with commercial banks	**367,165**	436,708
Losses on forex transactions with Government	**(81,999)**	(292,522)
Losses on other forex transactions	**(1,220)**	(222,240)
Net trading gains/(losses)	**283,946**	(78,054)

45.0 Trading assets at Fair Value through Other Comprehensive Income (FVOCI)

	2023	2022
	K'000	K'000
Opening balance	-	88,986
Repayment in the year	-	(88,986)
Impairment writeback/(allowance) (Note 8)	-	(795)
	-	-

There were no financial assets at fair value through other comprehensive income during the year. The financial assets at fair value through other comprehensive income that related to an amount advanced to the Government of the Republic of Zambia, was fully settled in 2022.

46.0 Contingent liabilities

The Bank is party to various litigation cases, whose ultimate resolution, in the opinion of the Directors, is not expected to materially impact the financial statements.

47.0 Climate change

The effects of climate-related risks on financial statements can be widespread while being entity specific. Risks induced by climate change may have future adverse effects on the Bank's business activities. These risks include:

- Physical risks (even though the risk of physical damage is low due to the nature of the Bank's activities and geographical locations)
- Transition risks (e.g. regulatory changes and reputational risks). How the Bank operates may be affected by new regulatory constraints on the CO2 emissions it generates.

Assumptions related to climate related risks could change in the future in response to forthcoming environmental regulations, new commitments taken and changing consumer demand. These changes, if not anticipated, could have an impact on the Bank's future cash flows, financial performance, and financial position.

The Bank has not identified significant risks induced by climate changes that could negatively and materially affect the Bank's financial statements. Management continuously assesses the impact of climate related matters.

48.0 Events after the reporting date

Pursuant to Section 64 of the Banking and Financial Services Act No. 7 of 2017 (BFSA), the Bank took possession of INVESTRUST BANK PLC with effect from April 2, 2024. The possession of the bank was necessitated by its insolvency. This has no material impact on the financial position of the Bank.

15.0 2023 ANNUAL STATISTICAL ANNEXURES

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Depository Corporations Survey (K'Million), Dec. 2022 - Dec. 2023 Table 1

	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Net foreign assets	50,468.6	49,674.4	53,028.2	54,903.6	47,606.9	49,120.2	38,263.4	42,280.2	44,826.9	47,161.0	49,814.2	49,269.3	56,457.3
Claims on non-residents	99,118.5	102,393.7	105,724.7	113,297.9	96,202.8	101,428.5	85,136.4	94,810.7	100,602.3	104,537.9	109,243.4	114,027.1	131,570.5
Liabilities to non-residents	-48,649.9	-52,719.3	-52,696.5	-58,394.4	-48,596.0	-52,308.3	-46,873.1	-52,530.5	-55,775.4	-57,376.9	-59,429.2	-64,757.8	-75,113.2
Domestic claims	100,946.1	102,928.7	107,900.1	111,982.7	107,407.0	119,562.1	118,414.0	119,471.4	126,356.7	130,037.5	128,833.1	135,967.9	140,474.0
Net claims on central government	48,461.8	48,111.4	50,862.7	54,427.6	52,177.9	62,219.9	59,411.5	57,267.7	60,197.1	61,729.2	58,219.9	62,937.6	63,231.6
Claims on central government	98,633.9	100,531.3	99,420.7	98,827.3	97,524.3	99,353.5	97,903.6	98,526.1	96,754.8	96,744.1	100,410.0	100,311.8	101,129.9
Liabilities to central government	-50,172.1	-52,419.9	-48,557.9	-44,399.7	-45,346.4	-37,133.6	-38,492.1	-41,258.4	-36,557.6	-35,014.9	-42,190.1	-37,374.2	-37,898.4
Claims on other sectors	52,484.3	54,817.3	57,037.4	57,555.1	55,229.2	57,342.2	59,002.4	62,203.7	66,159.5	68,308.3	70,613.3	73,030.3	77,242.4
Claims on other financial corporations	521.4	560.9	584.9	571.3	592.1	577.7	607.7	545.1	752.0	780.3	925.2	978.2	1,079.7
Claims on state and local government	41.5	36.2	42.8	50.2	44.3	42.5	39.3	37.7	27.0	25.6	24.5	23.3	14.8
Claims on public non-financial corporations	1,358.2	1,355.6	1,479.0	1,576.1	1,725.9	1,710.3	3,164.6	3,499.1	4,258.2	4,275.4	4,747.7	4,775.0	4,726.7
Claims on private sector	50,563.3	52,864.7	54,930.7	55,357.5	52,866.9	55,011.7	55,190.8	58,121.9	61,122.3	63,227.0	64,915.8	67,253.8	71,421.3
Broad money liabilities	133,998.3	133,417.6	140,523.2	144,162.1	135,358.0	148,774.3	136,236.1	141,258.3	149,839.9	153,696.2	153,958.8	156,295.1	166,935.0
Currency outside depository corporations	12,265.5	11,180.5	11,264.8	10,846.6	11,796.6	12,757.8	14,087.9	14,378.5	15,128.4	15,423.1	14,610.7	13,640.2	14,668.8
Transferable deposits	78,515.7	79,003.0	81,826.0	83,536.1	77,394.1	87,506.5	76,422.1	78,942.2	85,719.2	88,956.8	88,717.0	90,338.8	98,292.3
Other deposits	43,217.1	43,234.0	47,432.4	49,779.3	46,167.4	48,509.9	45,726.1	47,937.5	48,992.2	49,316.2	50,631.1	52,316.1	53,973.8
Securities other than shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits excluded from broad money	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2
Securities other than shares excluded from broad money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	2,371.7	3,107.8	3,193.1	3,383.8	2,866.3	2,786.9	2,748.5	2,908.0	2,937.6	2,935.5	3,061.4	2,926.5	3,325.2
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Insurance technical reserves	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shares and other equity	38,697.5	41,689.3	44,103.3	46,672.5	41,774.9	42,479.9	40,336.9	43,233.2	46,824.1	49,230.7	52,370.4	57,988.5	62,651.9
Other items (net)	-23,689.0	-25,647.8	-26,927.4	-27,368.3	-25,021.6	-25,395.0	-22,680.3	-25,684.0	-28,454.2	-28,700.1	-30,779.5	-32,009.0	-36,017.0

Source: Bank of Zambia

Central Bank Survey (K'Million), Dec. 2022 - Dec. 2023

Table 2

	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Net foreign assets	15,379.6	15,559.4	16,851.8	15,427.7	12,458.8	12,912.9	8,934.1	8,755.9	10,821.8	12,688.6	13,428.9	17,237.8	21,046.3
Claims on non-residents	55,851.8	58,635.7	60,856.3	63,162.3	52,910.8	56,636.2	47,823.6	54,227.3	58,874.6	61,899.9	64,994.8	73,548.1	86,636.6
Liabilities to non-residents	-40,472.2	-43,076.3	-44,004.5	-47,734.7	-40,452.0	-43,723.3	-38,889.6	-45,471.3	-48,052.8	-49,211.3	-51,565.9	-56,310.3	-65,590.4
Claims on other depository corporations	10,764.9	10,528.7	11,077.7	10,597.1	11,076.3	10,513.6	10,147.6	11,129.3	9,647.4	9,525.9	9,593.2	11,161.7	10,885.3
Net claims on central government	7,331.2	2,557.7	7,339.4	11,209.1	9,908.4	16,978.4	16,978.0	12,120.7	16,546.5	18,654.9	14,368.1	19,724.3	25,520.8
Claims on central government	30,685.3	29,320.7	28,818.0	28,996.2	27,931.4	28,732.9	28,184.9	28,840.1	29,257.2	29,708.7	30,354.0	31,390.6	32,740.3
Liabilities to central government	-23,354.1	-26,762.9	-21,478.6	-17,787.1	-18,023.0	-11,754.5	-11,206.9	-16,719.4	-12,710.8	-11,053.8	-15,985.9	-11,666.3	-7,219.6
Claims on other sectors	109.7	113.0	117.6	115.5	117.1	116.8	117.7	118.1	135.2	148.7	156.3	159.9	162.0
Claims on other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Claims on state and local government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Claims on public non-financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Claims on private sector	109.7	113.0	117.6	115.5	117.1	116.8	117.7	118.1	135.2	148.7	156.3	159.9	162.0
Monetary base	40,795.2	35,365.8	40,868.5	42,193.3	39,098.6	47,476.3	43,233.8	40,117.7	44,039.4	47,058.9	42,519.3	45,016.9	59,126.8
Currency in circulation	14,740.1	13,555.8	13,485.6	13,065.5	14,252.0	15,113.8	16,919.4	17,075.1	17,567.8	17,784.4	17,160.8	16,247.7	16,640.8
Liabilities to other depository corporations	25,960.4	21,698.8	27,286.7	28,999.8	24,735.9	32,264.5	26,206.6	22,953.1	26,369.4	29,177.2	25,268.0	28,688.5	42,006.3
Liabilities to other sectors	94.7	111.1	96.2	127.9	110.7	98.0	107.8	89.5	102.2	97.3	90.5	80.7	479.7
Other liabilities to other depository corporations	21.4	0.0	0.0	0.0	0.0	0.0	9.6	175.9	200.0	239.7	259.7	291.4	1,107.5
Deposits and securities other than shares excluded from monetary base	0.0	0.0	0.0	0.0	-0.0	0.0	-0.0	-0.0	0.0	0.0	-0.0	0.0	0.0
Deposits excluded in broad money	0.0	0.0	0.0	0.0	-0.0	0.0	-0.0	-0.0	0.0	0.0	-0.0	0.0	0.0
Securities other than shares included in broad money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits excluded from broad money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Securities other than shares excluded from broad money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shares and other equity	13,715.4	16,503.6	18,226.7	21,296.6	15,841.0	15,958.1	13,188.0	15,819.7	18,720.4	20,372.4	22,922.9	27,752.4	31,643.8
Other items (net)	-20,946.5	-23,110.5	-23,708.7	-26,140.4	-21,379.1	-22,912.7	-20,253.9	-23,989.2	-25,809.0	-26,652.9	-28,155.3	-24,776.9	-34,263.8

Source: Bank of Zambia

Other Depository Corporations Survey (K'Million), Dec. 2022 - Dec. 2023

Table 3

	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Net foreign assets	35,089.0	34,115.0	36,176.4	39,475.9	35,148.1	36,207.4	29,329.3	33,524.3	34,005.1	34,472.4	36,385.3	32,031.5	35,411.0
Claims on non-residents	43,266.7	43,758.0	44,868.4	50,135.6	43,292.0	44,792.4	37,312.8	40,583.5	41,727.7	42,638.1	44,248.6	40,479.0	44,933.9
Liabilities to non-residents	-8,177.7	-9,643.0	-8,692.0	-10,659.7	-8,144.0	-8,585.0	-7,983.5	-7,059.2	-7,722.6	-8,165.7	-7,863.3	-8,447.5	-9,522.9
Claims on central bank	30,970.8	25,454.8	30,013.0	32,507.3	29,641.2	35,721.2	31,691.9	27,943.2	30,354.9	32,639.7	29,282.4	38,495.9	46,879.1
Currency	2,474.6	2,375.3	2,220.8	2,218.9	2,455.4	2,356.0	2,831.5	2,696.5	2,439.4	2,361.2	2,550.1	2,607.5	1,972.0
Reserve deposits and securities other than shares	28,496.3	23,079.6	27,792.2	30,288.4	27,185.8	33,365.2	28,860.4	25,246.7	27,915.5	30,278.5	26,732.2	35,888.4	44,907.1
Other claims on central bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net claims on central government	41,130.5	45,553.6	43,523.4	43,218.5	42,269.5	45,241.4	42,433.6	45,147.0	43,650.7	43,074.3	43,851.8	43,213.3	37,710.8
Claims on central government	67,948.5	71,210.6	70,602.7	69,831.2	69,592.9	70,620.6	69,718.8	69,686.0	67,497.6	67,035.3	70,056.0	68,921.1	68,389.6
Liabilities to central government	-26,818.0	-25,657.0	-27,079.3	-26,612.7	-27,323.4	-25,379.1	-27,285.2	-24,539.0	-23,846.9	-23,961.1	-26,204.2	-25,707.9	-30,678.8
Claims on other sectors	52,374.6	54,704.3	56,919.8	57,439.6	55,112.0	57,225.4	58,884.7	62,085.6	66,024.3	68,159.6	70,456.9	72,870.5	77,080.4
Claims on other financial corporations	521.4	560.9	584.9	571.3	592.1	577.7	607.7	545.1	752.0	780.3	925.2	978.2	1,079.7
Claims on state and local government	41.5	36.2	42.8	50.2	44.3	42.5	39.3	37.7	27.0	25.6	24.5	23.3	14.8
Claims on public non-financial corporations	1,358.2	1,355.6	1,479.0	1,576.1	1,725.9	1,710.3	3,164.6	3,499.1	4,258.2	4,275.4	4,747.7	4,775.0	4,726.7
Claims on private sector	50,453.6	52,751.7	54,813.1	55,241.9	52,749.7	54,894.9	55,073.1	58,003.7	60,987.1	63,078.3	64,759.5	67,093.9	71,259.3
Liabilities to central bank	11,073.7	9,451.2	9,549.9	9,410.5	10,201.8	9,388.9	9,346.8	10,336.3	9,407.5	8,822.6	8,790.2	11,263.2	10,377.1
Transferable deposits included in broad money	78,421.0	78,891.8	81,729.8	83,408.2	77,283.4	87,408.5	76,314.3	78,852.7	85,617.0	88,859.6	88,626.6	90,258.1	97,812.6
Other deposits included in broad money	43,217.1	43,234.0	47,432.4	49,779.3	46,167.4	48,509.9	45,726.1	47,937.6	48,992.2	49,316.2	50,631.1	52,316.1	53,973.8
Securities other than shares included in broad money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits excluded from broad money	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2
Securities other than shares excluded from broad money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	2,371.7	3,107.8	3,193.1	3,383.8	2,866.3	2,786.9	2,748.5	2,908.0	2,937.6	2,935.5	3,061.4	2,926.5	3,325.2
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Insurance technical reserves	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shares and other equity	24,982.1	25,185.7	25,876.6	25,375.9	25,933.9	26,521.8	27,148.9	27,413.4	28,103.7	28,858.3	29,447.5	30,236.1	31,008.1
Other items (net)	-536.7	-79.0	-1,185.5	1,247.4	-318.2	-256.9	1,018.7	1,216.0	-1,059.1	-482.4	-616.7	-425.1	548.3

Source: Bank of Zambia

Banking System Claims on Government (K' Thousand), Dec. 2012 - Dec. 2023

Table 4

End of Period		Net Bank of Zambia Claims					Net Commercial Banks Claims					Total Claims (a+b)
		Treasury Bills	GRZ Stock	GRZ Position	Loans & Advances	Total (a)	Treasury Bills	GRZ Securities	Loans & Advances	Deposits	Total (b)	
2012	December	537,014.1	1,310,989.2	-3,535,450.0	637,000.0	-1,050,446.7	4,394,320.2	2,726,081.9	10,136.0	-1,150,579.8	5,979,958.3	4,929,511.6
2013	December	625,775.0	1,800,989.2	-3,595,675.6	1,830,539.0	661,627.6	6,566,194.6	2,653,510.9	120,597.5	-1,158,762.7	8,181,540.4	8,843,168.0
2014	December	710,825.6	1,714,917.8	-4,739,629.5	1,397,539.0	-916,347.2	6,572,940.0	2,362,441.2	661,321.2	-1,573,725.0	8,022,977.5	7,106,630.2
2015	December	1,277,345.9	1,650,173.5	-2,607,813.1	1,997,539.0	2,317,245.3	6,184,432.0	1,568,433.9	457,565.9	-1,539,557.1	6,670,874.7	8,988,120.0
2016	December	647,467.6	1,444,323.2	-1,454,842.5	5,321,014.7	5,957,963.0	5,471,394.5	2,249,459.2	819,316.9	-1,762,938.7	6,777,231.9	12,735,194.9
2017	December	625,775.0	1,314,325.2	-2,733,230.7	5,321,014.7	4,527,884.2	12,035,101.4	4,348,928.7	844,388.4	-1,631,315.0	15,597,103.5	20,124,987.8
2018	December	642,937.9	3,960,457.5	-1,302,508.7	4,406,714.7	7,707,601.3	12,117,440.3	6,202,396.3	1,576,097.0	-1,395,958.9	18,499,974.7	26,207,576.0
2019	December	1,401,554.8	10,281,610.0	-2,468,101.5	0.0	9,215,063.3	11,028,530.9	8,274,830.8	2,507,729.2	-1,713,590.3	20,097,500.6	29,312,563.9
2020	December	2,909,413.3	21,318,917.9	-1,580,774.4	0.0	22,647,556.7	18,187,177.1	11,965,000.7	7,240,374.7	-2,966,590.5	34,425,962.0	57,073,518.7
2021	December	1,932,521.8	24,176,303.1	-6,167,339.2	0.0	19,941,485.8	18,143,322.4	16,611,118.1	11,607,787.2	-4,103,088.3	42,259,139.4	62,200,625.2
2022	January	1,149,140.6	23,765,065.0	-9,595,095.9	0.0	15,319,109.7	19,313,227.4	17,243,617.9	11,065,435.1	-3,702,966.3	59,238,423.9	74,557,533.6
	February	842,945.6	23,660,443.4	-13,676,623.1	0.0	10,826,765.9	21,043,830.0	16,875,428.7	11,076,823.8	-3,868,645.6	55,954,202.8	66,780,968.7
	March	905,914.0	23,659,874.2	-10,135,437.5	0.0	14,430,350.6	21,319,892.6	16,728,713.9	10,640,015.1	-4,088,288.2	59,030,684.0	73,461,034.6
	April	672,069.6	23,316,241.6	-11,079,848.6	0.0	12,908,462.6	22,607,453.0	16,716,200.8	9,370,185.3	-3,957,789.1	46,146,133.5	59,054,596.2
	May	672,426.1	23,252,418.2	-10,552,763.5	0.0	13,372,080.8	22,225,100.8	17,922,928.7	8,343,519.5	-4,325,514.9	57,538,114.8	70,910,195.6
	June	664,097.0	22,860,468.2	-14,200,306.6	0.0	9,324,258.6	22,217,748.1	18,076,647.3	7,867,284.9	-4,375,032.1	53,110,907.0	62,435,165.6
	July	1,229,991.3	22,989,533.7	-15,992,454.5	0.0	8,227,070.6	20,197,053.3	18,341,165.8	7,664,974.7	-4,378,068.5	50,052,195.9	58,279,266.5
	August	842,025.5	22,887,688.7	-11,407,157.8	0.0	12,322,556.4	19,922,837.0	19,121,882.4	7,128,896.1	-4,486,218.2	54,009,953.7	66,332,510.1
	September	663,551.7	22,800,739.7	-11,718,993.7	0.0	11,745,297.7	21,589,339.0	19,041,882.5	7,383,538.4	-3,379,504.8	56,380,552.9	68,125,850.6
	October	967,628.9	22,664,133.4	-11,211,290.7	0.0	12,420,471.6	22,019,912.5	19,663,989.7	7,443,590.9	-5,312,518.2	56,235,446.5	68,655,918.1
	November	218,885.0	22,664,133.4	-8,527,535.1	0.0	14,355,483.2	23,321,112.6	20,590,446.5	7,136,130.5	-5,404,876.7	59,998,296.1	74,353,779.3
	December	100,130.5	22,564,133.4	-7,113,179.5	0.0	15,551,084.5	22,390,114.3	21,505,994.7	7,136,130.5	-5,404,876.7	61,178,447.2	76,729,531.7
2023	January	53,660.5	22,583,930.5	-20,954,501.3	0.0	1,683,089.7	19,728,317.2	22,880,961.8	6,830,039.1	-6,491,936.6	44,630,471.2	46,313,560.9
	February	1,016,999.1	21,991,372.8	-20,189,571.7	0.0	2,818,800.2	22,525,304.9	22,466,759.9	6,421,996.6	-6,423,635.8	47,809,225.8	50,628,026.0
	March	691,105.5	21,694,953.6	-10,953,447.3	0.0	11,432,611.8	23,153,591.9	20,712,335.4	6,421,996.6	-6,423,635.8	55,296,899.9	66,729,511.7
	April	215,034.5	21,694,953.6	-12,119,241.3	0.0	9,790,746.8	23,203,828.8	20,446,393.8	5,725,643.3	-6,527,675.8	52,638,937.0	62,429,683.9
	May	8,753.7	21,696,952.7	-10,652,583.5	0.0	11,053,122.8	23,247,287.2	22,841,217.2	4,717,786.4	-5,301,586.0	56,557,827.6	67,610,950.5
	June	8,753.7	21,644,987.1	-6,168,038.1	0.0	15,485,702.7	22,943,083.3	21,883,414.7	4,174,873.8	-5,719,564.6	58,767,509.9	74,253,212.7
	July	249,618.1	21,664,975.7	-8,328,230.0	0.0	13,586,363.8	22,553,599.7	21,730,312.0	4,195,194.1	-4,653,015.0	57,412,454.7	70,998,818.5
	August	162,034.3	21,664,685.6	-6,780,920.0	0.0	15,045,799.9	21,057,085.8	22,034,907.8	3,983,772.4	-4,998,838.5	57,122,727.4	72,168,527.3
	September	416,785.0	21,733,865.8	-4,153,134.6	0.0	17,997,516.2	20,636,342.0	19,936,477.7	3,941,331.3	-5,004,397.8	57,507,269.5	75,504,785.7
	October	20,411.9	21,682,481.6	-6,760,785.7	0.0	14,942,107.8	22,380,944.9	20,411,806.0	3,988,042.4	-5,195,622.8	56,527,278.2	71,469,386.1
	November	681,762.7	23,253,044.6	-3,644,272.2	0.0	20,290,535.1	21,356,676.3	20,260,619.8	3,536,228.7	-5,698,770.5	59,745,289.4	80,035,824.5
	December	497,918.4	23,047,835.2	547,066.9	0.0	24,092,820.5	21,584,018.7	19,181,666.9	2,688,298.3	-7,581,559.2	59,965,245.2	84,058,065.7

Source: Bank of Zambia

Currency in Circulation (K' Million), Dec. 2012 - Dec. 2023

Table 5

End of period		Issued			At banks			Outside banks		
		Total	Notes	Coin	Total	Notes	coin	Total	Notes	Coin
2012	December	3,842.9	3,842.9	0.0	800.8	800.8	0.0	3,042.1	3,042.1	0.0
2013	December	4,601.1	4,550.9	50.1	1,130.5	1,094.2	36.3	3,470.6	3,456.8	13.8
2014	December	5,727.7	5,620.4	107.3	1,507.7	1,503.6	4.2	4,220.0	4,116.9	103.1
2015	December	6,449.8	6,318.0	131.8	1,698.6	1,692.9	5.6	4,751.2	4,625.1	126.1
2016	December	6,451.5	6,292.4	159.1	1,714.2	1,705.7	8.5	4,737.3	4,586.7	150.6
2017	December	7,315.3	7,134.6	180.8	1,715.6	1,702.2	13.4	5,599.8	5,432.4	167.3
2018	December	8,194.5	7,987.0	207.5	1,757.0	1,740.4	16.6	6,437.6	6,246.6	191.0
2019	December	8,526.6	8,342.4	184.2	1,779.0	1,767.5	11.5	6,747.6	6,574.9	172.7
2020	December	12,291.5	12,096.2	195.2	2,481.8	2,469.1	12.8	9,809.6	9,627.2	182.5
2021	December	13,454.9	13,249.1	205.8	4,253.8	4,251.6	2.2	9,201.1	8,997.5	203.6
2022	January	13,871.6	13,664.4	207.3	1,948.8	1,946.0	2.8	11,922.9	11,718.4	204.5
	February	12,211.8	12,003.8	208.0	1,761.6	1,758.2	3.4	10,450.2	10,245.6	204.6
	March	12,410.7	12,201.5	209.2	1,995.2	1,988.9	6.3	10,415.5	10,212.6	202.9
	April	12,721.4	12,511.4	210.0	1,961.9	1,958.7	3.2	10,759.5	10,552.7	206.8
	May	13,512.3	13,301.1	211.2	2,025.5	2,023.2	2.3	11,486.7	11,277.9	208.9
	June	14,579.0	14,365.3	213.7	2,171.7	2,169.8	1.8	12,407.3	12,195.5	211.8
	July	14,201.9	13,985.0	217.0	1,813.6	1,811.4	2.2	12,388.4	12,173.6	214.8
	August	14,675.7	14,455.0	220.7	2,167.0	2,165.0	2.0	12,508.7	12,290.0	218.7
	September	14,550.5	14,327.0	223.5	2,077.2	2,075.0	2.3	12,473.3	12,252.1	221.2
	October	14,613.8	14,386.8	227.0	2,267.5	2,265.2	2.4	12,346.2	12,121.6	224.6
	November	14,176.0	13,946.4	229.7	2,318.7	2,315.1	3.6	11,857.3	11,631.3	226.1
	December	14,644.6	14,412.2	232.4	2,393.7	2,389.7	4.0	12,250.8	12,022.4	228.4
2023	January	13,560.3	13,326.3	234.0	2,273.8	2,268.4	5.5	11,286.5	11,058.0	228.5
	February	13,491.5	13,255.7	235.8	2,109.0	2,104.2	4.8	11,382.5	11,151.5	231.0
	March	13,072.4	12,834.8	237.6	2,120.9	2,116.3	4.7	10,951.4	10,718.5	232.9
	April	14,257.8	14,018.5	239.3	2,344.8	2,339.7	5.0	11,913.0	11,678.8	234.2
	May	15,119.0	14,877.1	241.9	2,226.5	2,222.0	4.5	12,892.5	12,655.1	237.4
	June	16,926.2	16,681.4	244.7	2,704.5	2,699.9	4.6	14,221.7	13,981.5	240.1
	July	17,078.7	16,830.9	247.7	2,546.9	2,542.3	4.6	14,531.7	14,288.6	243.1
	August	17,572.6	17,322.5	250.1	2,265.1	2,261.1	4.0	15,307.4	15,061.4	246.1
	September	17,788.6	17,535.8	252.8	2,210.9	2,206.5	4.4	15,577.7	15,329.2	248.4
	October	17,167.7	16,912.4	255.3	2,425.4	2,421.2	4.2	14,742.3	14,491.2	251.1
	November	16,253.3	15,994.3	259.0	2,463.0	2,458.1	4.8	13,790.3	13,536.2	254.1
	December	16,646.8	16,385.9	260.9	1,883.3	1,878.0	5.3	14,763.5	14,507.9	255.6

Source: Bank of Zambia

Commercial Banks' Deposits by Institution-Domestic Currency (K' Million), Jan. 2017 - Dec. 2023

Table 6A

End of period		Government	Statutory bodies	Parastatal bodies	Private corporations and partnerships	Individuals and households	Other fin. institutions	Non-resident	Total
2017	January	1,632.3	2,980.4	545.3	6,788.0	8,093.9	4,010.4	349.1	24,399.4
	February	1,694.5	2,433.8	608.4	8,291.8	7,083.2	6,230.0	259.0	26,600.7
	March	1,655.3	1,845.0	1,070.4	8,599.2	8,626.8	4,739.9	265.6	26,802.3
	April	1,497.6	2,077.4	661.7	8,156.5	8,873.6	5,130.2	288.1	26,685.1
	May	1,742.1	1,989.9	752.9	8,609.0	9,036.9	5,418.9	346.5	27,896.2
	June	1,698.2	2,113.3	821.3	8,196.4	8,577.0	6,081.8	280.2	27,768.1
	July	2,315.4	2,171.7	930.6	8,480.3	9,191.7	5,312.7	412.6	28,815.0
	August	1,945.9	1,769.1	909.7	8,828.8	9,685.6	5,428.3	362.5	28,930.0
	September	1,982.6	1,702.8	856.7	8,336.2	9,820.3	6,177.0	783.5	29,659.2
	October	1,942.7	2,210.7	879.4	8,803.3	9,248.7	6,344.0	380.1	29,809.0
	November	1,971.6	1,856.1	938.1	9,009.6	9,423.1	6,113.0	329.1	29,640.6
	December	2,250.4	1,352.6	1,102.4	9,952.9	9,591.0	5,658.6	365.3	30,273.3
2018	January	2,148.0	1,363.2	1,285.7	9,400.6	9,571.1	6,205.4	369.1	30,343.2
	February	1,964.3	1,280.6	1,174.4	9,424.5	9,182.4	5,773.4	361.0	29,160.7
	March	2,131.5	1,720.6	1,020.7	9,144.0	9,118.2	5,952.3	321.2	29,408.4
	April	1,969.8	1,600.9	1,082.5	9,560.6	9,501.0	5,551.4	236.5	29,502.6
	May	2,075.8	1,724.2	996.3	10,477.8	9,815.3	5,808.8	194.4	31,092.6
	June	2,045.3	3,097.1	813.0	10,299.8	8,388.3	5,706.5	176.2	30,526.1
	July	1,868.8	2,022.4	800.8	11,412.9	9,273.1	5,490.1	166.7	31,034.8
	August	2,617.3	1,860.8	828.5	11,811.6	9,304.8	5,170.6	322.8	31,916.4
	September	2,444.6	1,648.0	1,128.8	11,639.6	9,930.0	5,532.3	135.7	32,459.0
	October	2,845.0	2,340.4	798.0	10,049.0	9,850.3	5,125.0	148.1	31,155.6
	November	2,053.8	2,650.6	843.5	11,161.4	10,296.9	5,107.8	75.6	32,189.6
	December	1,871.5	2,766.0	834.2	11,540.5	10,328.0	5,474.9	81.8	32,897.0
2019	January	1,913.4	2,661.5	931.0	11,159.0	10,187.6	5,237.5	86.1	32,176.1
	February	1,940.9	2,719.9	893.8	11,271.8	10,143.9	5,492.5	88.0	32,550.7
	March	2,040.2	3,174.3	859.6	11,409.4	9,822.9	4,847.3	72.4	32,226.1
	April	2,171.2	2,594.4	972.0	11,603.1	10,258.5	4,751.8	181.7	32,532.9
	May	2,372.2	2,861.2	1,303.4	12,166.9	9,237.5	5,157.9	112.0	33,211.1
	June	2,222.6	2,842.3	994.5	11,615.6	9,305.2	5,676.5	97.2	32,754.0
	July	2,466.6	2,789.1	906.2	11,525.1	9,414.4	6,322.5	106.7	33,530.7
	August	2,130.1	3,358.5	873.1	11,237.3	9,690.4	6,456.3	118.6	33,864.2
	September	2,159.8	2,854.6	939.2	11,649.3	9,615.6	6,497.4	80.1	33,796.1
	October	2,815.0	3,228.4	953.9	11,703.7	9,655.3	6,429.1	93.3	34,878.7
	November	2,745.2	3,208.5	802.7	11,775.0	9,880.7	6,377.4	65.6	34,855.1
	December	2,577.4	3,359.0	809.4	12,684.7	10,145.4	6,789.9	72.9	36,438.8
2020	January	2,251.8	3,390.7	748.2	12,745.8	10,309.0	6,476.2	57.4	35,979.1
	February	2,324.8	3,537.3	1,027.3	12,206.8	10,915.9	6,276.6	75.7	36,364.2
	March	3,254.4	3,294.4	1,133.7	11,630.0	11,158.5	6,476.3	84.6	37,031.7
	April	2,443.1	3,479.7	914.0	13,826.9	11,292.7	5,980.6	97.5	38,034.5
	May	2,714.2	3,640.2	975.9	13,470.6	11,584.5	6,195.3	90.7	38,671.3
	June	2,891.9	3,784.6	982.7	14,051.2	12,042.6	6,383.7	85.5	40,222.1

Commercial Banks' Deposits by Institution-Domestic Currency (K' Million), Jan. 2017 - Dec. 2023 Continued.

Table 6A

	July	2,301.0	4,282.5	1,155.5	15,297.2	12,613.7	7,539.0	59.9	43,248.8
	August	3,421.6	4,365.8	965.5	15,365.7	12,667.3	8,142.9	101.3	45,030.1
	September	3,581.7	3,661.0	1,138.2	17,138.1	12,662.4	7,300.4	74.7	45,556.5
	October	4,471.2	5,229.8	1,135.1	18,663.5	12,012.6	7,345.9	133.1	48,991.3
	November	4,390.4	4,821.4	1,146.1	18,015.7	13,158.1	7,878.8	115.6	49,526.2
	December	5,084.9	4,027.6	950.7	17,679.4	13,831.6	9,003.3	83.4	50,660.9
2021	January	4,471.5	4,708.4	1,271.4	16,945.8	13,548.9	7,693.7	162.0	48,801.8
	February	3,964.7	5,754.0	574.5	17,586.5	13,898.4	9,633.2	135.5	51,546.8
	March	4,770.7	4,957.4	2,085.8	17,877.3	14,170.3	8,085.9	144.3	52,091.7
	April	5,531.1	5,521.2	1,614.0	18,797.6	14,481.3	8,758.6	94.8	54,798.8
	May	5,179.1	5,491.0	1,714.3	17,168.3	14,411.6	9,621.1	72.5	53,657.8
	June	5,296.9	6,123.9	1,336.5	17,745.8	15,093.9	8,754.5	216.6	54,568.1
	July	6,004.5	7,045.5	1,358.1	18,570.0	15,555.4	11,242.9	105.9	59,882.4
	August	5,615.7	7,514.2	1,073.0	20,477.8	17,118.9	11,975.9	89.1	63,864.6
	September	6,042.8	6,854.0	2,003.3	18,867.1	17,328.4	11,297.3	95.2	62,488.0
	October	6,334.5	7,418.9	1,120.9	18,878.6	16,180.2	11,097.6	104.9	61,135.6
	November	6,655.7	8,809.6	1,102.2	19,726.5	16,003.2	10,343.2	131.5	62,771.9
	December	5,918.1	7,439.4	1,620.5	22,758.5	17,126.9	10,880.6	142.2	65,886.3
2022	January	5,349.2	8,916.8	1,660.0	19,528.4	16,574.4	13,517.9	108.3	65,655.0
	February	4,395.2	9,933.9	1,765.2	19,120.6	16,641.0	14,148.3	96.2	66,100.4
	March	4,668.4	10,329.7	1,874.1	18,858.3	16,896.1	14,258.2	113.8	66,998.4
	April	4,833.7	9,976.0	2,182.4	19,821.9	16,843.7	15,042.5	93.7	68,793.9
	May	5,074.7	8,262.5	1,956.8	19,992.7	16,638.1	18,128.7	121.4	70,175.0
	June	5,123.7	9,831.6	2,089.3	20,870.3	16,673.2	15,951.2	106.0	70,645.3
	July	5,167.5	8,027.4	4,664.6	23,072.2	18,731.8	11,930.9	53.2	71,647.6
	August	6,050.0	7,392.7	4,531.3	23,773.1	18,234.3	15,306.3	79.9	75,367.6
	September	5,099.5	8,092.0	6,024.2	22,429.8	19,616.1	14,765.7	58.7	76,086.2
	October	7,061.3	9,337.6	6,770.9	23,311.2	18,474.5	12,860.6	86.4	77,902.6
	November	7,304.3	10,520.8	5,339.7	24,586.1	18,791.6	13,095.0	70.2	79,707.7
	December	8,825.8	11,636.8	4,726.8	27,151.6	19,781.4	13,527.3	87.7	85,737.4
2023	January	8,552.5	11,168.7	4,903.8	24,881.6	19,254.8	12,496.9	85.7	81,344.0
	February	8,388.0	12,380.0	5,958.6	25,235.3	19,754.5	14,011.3	73.8	85,801.6
	March	8,076.9	13,012.1	6,729.4	24,954.5	20,473.5	13,768.2	61.6	87,076.1
	April	8,906.0	12,626.0	5,618.9	26,574.9	20,050.8	13,455.4	61.0	87,293.0
	May	6,491.1	13,583.4	6,655.6	28,819.2	20,205.5	17,969.4	3.0	93,727.2
	June	6,803.2	15,088.4	5,692.3	27,020.0	21,264.1	14,324.2	4.7	90,196.8
	July	5,828.2	12,996.0	5,420.3	25,387.9	24,676.9	13,109.9	4.3	87,423.5
	August	6,010.0	11,787.9	4,479.5	28,830.8	25,534.3	13,854.1	2.8	90,499.4
	September	6,989.1	11,229.1	5,092.1	30,988.9	23,388.1	12,821.6	4.7	90,513.7
	October	7,515.2	12,224.0	4,832.9	29,044.3	26,485.6	11,021.2	5.0	91,128.1
	November	8,188.5	11,738.5	4,549.7	30,131.7	25,792.3	11,923.8	3.6	92,328.1
	December	9,958.6	12,651.3	5,309.4	31,621.3	27,322.9	11,491.5	4.1	98,359.2

Source: Bank of Zambia

Commercial Banks' Deposits by Institution-Foreign Currency (K' Million), Jan. 2017 - Dec. 2023

Table 6B

End of period		Government	Statutory Bodies	Parastatal Bodies	Private corporations and partnerships	Individuals and households	Other Fin. institutions	Non-resident	Total
2017	January	578.3	98.2	425.9	12,840.5	2,931.5	2,862.5	2,756.9	22,493.8
	February	610.5	379.8	550.3	11,650.7	2,752.4	2,503.3	2,649.2	21,096.3
	March	687.5	280.8	550.6	12,132.8	2,688.3	2,246.4	3,611.8	22,198.2
	April	666.1	123.3	503.0	12,254.1	2,591.6	2,142.3	3,558.5	21,838.9
	May	688.6	243.1	558.9	11,785.0	2,505.0	2,107.0	3,573.8	21,461.4
	June	808.7	48.7	608.1	11,775.5	2,764.3	2,064.2	3,646.7	21,716.3
	July	547.3	139.5	539.1	10,911.1	2,426.3	2,184.1	2,746.2	19,493.7
	August	479.5	177.4	642.8	12,208.1	2,434.3	2,262.4	2,911.1	21,115.6
	September	315.0	187.6	595.2	12,552.7	2,146.0	2,346.6	2,577.6	20,720.7
	October	395.4	380.2	631.0	12,851.0	2,405.7	2,319.2	2,179.1	21,161.6
	November	533.4	486.2	767.6	13,381.5	2,610.2	2,525.0	2,402.6	22,706.4
	December	847.9	491.1	645.9	14,202.0	2,701.3	2,363.7	2,389.0	23,640.9
2018	January	916.5	430.3	678.5	13,281.9	3,043.0	2,381.1	2,395.2	23,126.6
	February	645.0	209.5	582.8	14,475.2	3,307.8	2,592.8	2,555.9	24,369.0
	March	648.1	186.7	413.2	13,248.3	3,130.8	2,323.6	2,704.2	22,654.9
	April	770.2	170.2	529.7	13,679.8	3,206.6	2,834.7	2,457.0	23,648.2
	May	734.4	191.9	418.8	15,015.9	3,112.1	2,801.7	2,827.6	25,102.4
	June	849.7	325.7	381.3	14,406.2	4,522.1	2,920.5	2,424.6	25,830.1
	July	839.1	339.2	368.7	14,043.8	3,099.3	2,941.6	1,836.7	23,468.5
	August	744.4	474.5	427.2	13,836.4	3,187.3	3,282.6	1,907.3	23,859.6
	September	942.3	715.1	473.2	17,385.4	3,962.0	3,965.0	2,445.3	29,888.3
	October	880.6	880.0	402.3	15,342.3	4,214.1	3,927.0	1,929.4	27,575.7
	November	978.2	721.4	549.7	16,497.8	3,910.0	4,074.1	885.2	27,616.5
	December	1,266.4	592.6	602.0	17,482.7	3,953.4	3,966.8	698.6	28,562.6
2019	January	1,317.7	510.3	488.1	19,878.4	3,916.1	4,014.4	442.9	30,568.0
	February	1,033.7	566.8	653.3	17,698.8	3,759.7	4,255.5	535.3	28,503.1
	March	1,074.6	669.3	323.1	17,093.2	3,919.2	4,134.5	2,428.9	29,642.9
	April	1,300.1	673.6	566.2	17,660.9	4,100.4	3,978.4	2,421.3	30,701.0
	May	1,129.3	1,026.0	324.3	18,497.5	4,373.1	4,080.6	2,409.7	31,840.5
	June	1,204.2	1,122.4	474.8	17,765.1	4,290.0	3,998.2	2,184.3	31,039.0
	July	1,328.6	1,320.3	480.0	16,618.4	4,393.8	4,156.0	1,759.5	30,056.6
	August	1,234.7	1,299.0	370.4	18,502.9	4,377.0	3,860.1	2,040.7	31,684.8
	September	1,104.2	608.0	521.6	18,618.4	4,419.2	4,039.8	2,171.5	31,482.7
	October	1,141.3	640.3	462.6	17,471.3	4,642.9	3,980.6	2,119.3	30,458.3
	November	1,249.9	821.4	663.2	18,807.1	5,144.1	4,265.1	1,577.9	32,528.5
	December	1,678.6	530.3	558.7	19,630.4	4,947.4	4,480.2	890.3	32,715.8
2020	January	1,577.5	619.5	440.4	20,230.1	5,175.5	4,581.9	1,619.7	34,244.5
	February	1,541.3	675.2	399.7	22,296.6	4,990.4	4,450.7	1,039.6	35,393.4
	March	2,442.5	563.9	668.1	26,249.2	6,101.8	4,849.1	1,179.5	42,054.2
	April	1,534.5	886.3	614.7	25,430.6	6,448.1	6,154.3	1,379.1	42,447.6
	May	1,791.8	801.1	750.3	26,660.6	6,361.3	5,701.6	1,211.2	43,277.8
	June	1,865.2	1,283.8	767.3	23,537.3	6,231.3	5,350.0	1,386.6	40,421.5

Commercial Banks' Deposits by Institution-Foreign Currency (K' Million), Jan. 2017 - Dec. 2023 Continued. Table 6B

	July		1,889.7	486.2	662.0	25,939.8	6,365.9	5,592.9	1,975.8	42,912.2
	August		2,261.2	1,306.1	625.4	33,009.1	6,872.5	2,041.2	1,987.9	48,103.4
	September		2,389.4	858.6	674.2	34,915.1	7,090.7	2,322.9	2,744.5	50,995.4
	October		3,128.8	932.2	1,001.3	34,960.0	6,966.1	1,914.6	2,634.2	51,537.1
	November		2,916.8	719.3	541.6	36,103.8	7,477.7	2,462.1	3,035.5	53,256.8
	December		3,436.7	706.8	411.8	36,813.5	7,716.4	2,048.8	3,779.5	54,913.5
2021	January		3,366.7	925.0	1,446.8	39,223.3	7,942.2	3,138.3	2,530.9	58,573.3
	February		2,970.7	678.2	859.5	39,427.7	8,131.4	3,461.7	2,480.3	58,009.7
	March		2,741.5	632.8	1,544.5	39,085.5	9,106.5	3,938.9	3,622.2	60,672.0
	April		2,875.0	707.3	1,072.9	42,951.7	10,025.3	3,352.6	4,626.1	65,611.0
	May		3,183.5	996.2	1,193.3	43,310.0	10,275.1	3,171.6	3,827.6	65,957.2
	June		3,138.5	790.8	785.5	45,686.3	10,654.2	3,420.3	5,968.4	70,444.0
	July		2,852.7	784.4	1,754.8	34,328.7	9,752.8	2,377.4	5,990.1	57,840.9
	August		1,926.7	363.2	1,224.6	27,321.1	6,660.9	2,254.4	4,589.7	44,340.6
	September		2,036.7	326.2	873.6	29,513.3	7,216.5	2,029.6	5,111.1	47,106.9
	October		2,240.5	444.4	1,473.9	32,237.2	7,248.7	2,316.6	4,199.4	50,160.8
	November		1,998.6	324.9	1,477.6	34,064.4	7,891.8	2,460.9	4,928.4	53,146.6
	December		2,393.9	350.3	1,550.4	29,510.5	7,489.5	2,134.2	3,897.0	47,325.8
2022	January		1,951.4	344.3	1,754.6	31,009.2	7,631.5	2,877.2	3,910.1	50,515.3
	February		2,069.9	2,311.4	1,604.4	29,697.5	8,620.7	1,487.0	4,379.9	51,544.8
	March		2,292.4	611.6	2,122.1	31,397.3	8,118.8	2,000.8	4,692.9	52,822.8
	April		1,865.3	742.8	2,010.2	31,965.7	8,158.2	767.2	5,026.2	51,991.9
	May		2,761.1	820.1	2,332.7	30,392.2	7,860.6	2,156.2	4,579.2	52,819.6
	June		1,895.6	880.8	2,439.0	29,819.0	7,767.9	779.9	5,148.6	51,122.1
	July		1,088.5	1,511.6	1,540.2	31,453.1	8,051.8	3,909.6	4,581.4	52,136.0
	August		757.4	1,386.1	1,696.4	30,113.0	8,980.7	818.0	5,285.0	49,036.6
	September		527.0	1,262.1	1,278.4	30,956.8	8,801.6	248.2	4,792.3	47,866.4
	October		833.9	1,533.2	1,537.3	30,424.8	9,380.2	1,379.4	3,406.6	48,495.2
	November		1,946.2	1,455.4	1,576.1	33,069.3	9,366.5	2,664.0	3,084.0	53,161.5
	December		2,893.9	1,813.0	2,746.4	36,590.8	10,927.2	3,304.3	3,009.5	61,285.2
2023	January		2,203.0	2,188.8	3,809.5	38,461.5	12,098.8	2,350.0	4,328.5	65,440.0
	February		2,323.7	2,246.7	3,744.5	40,764.5	13,603.9	1,849.3	3,698.3	68,231.0
	March		1,277.9	2,330.3	4,562.4	42,738.1	11,478.8	4,497.0	5,152.8	72,037.5
	April		1,640.3	2,196.0	2,370.5	38,807.5	10,449.9	1,961.2	3,784.5	61,209.9
	May		700.5	2,612.1	2,790.3	41,565.7	11,324.1	2,328.5	4,118.4	65,439.6
	June		574.6	2,736.1	1,978.5	35,745.8	10,242.9	2,493.5	4,053.6	57,825.0
	July		804.1	2,686.1	2,395.5	37,342.9	12,488.6	3,008.4	1,990.0	60,715.5
	August		759.2	2,899.5	2,874.0	39,257.2	12,680.4	3,260.2	1,959.0	63,689.4
	September		340.7	2,577.1	2,918.1	44,254.6	12,070.1	3,314.0	2,112.7	67,587.3
	October		516.6	4,022.0	2,344.0	43,126.2	15,083.2	2,729.7	2,533.1	70,354.8
	November		504.5	3,221.1	3,392.5	43,171.0	15,722.4	3,205.7	2,546.2	71,763.3
	December		1,672.4	3,499.5	3,693.5	47,930.5	16,643.0	3,951.8	2,629.3	80,019.9

Source: Bank of Zambia

Commercial Banks' Loans and Advances - Local Currency (K' Thousand), Dec. 2022 - Dec. 2023

Table 7A

Sector	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Agriculture, forestry, fishing and hunting	4,974,376.5	5,471,752.0	5,333,061.1	5,216,978.2	4,946,301.4	5,046,368.3	5,045,501.4	5,652,086.8	6,265,293.6	6,391,227.7	6,453,569.7	6,641,424.1	6,785,381.1
Mining and quarying	3,771,580.5	4,067,438.4	4,255,970.0	4,399,882.5	3,990,564.5	4,365,347.6	4,030,388.4	4,400,280.2	4,604,876.7	4,802,713.0	4,885,826.8	4,968,018.2	5,462,152.7
Manufacturing	9,602,412.5	9,999,593.4	10,572,770.0	10,331,405.7	9,743,418.9	10,180,001.9	10,157,740.4	11,549,062.5	12,377,312.9	12,327,183.1	13,273,062.2	13,847,054.7	15,043,064.3
Electricity, gas, water and energy	1,904,627.8	1,983,375.4	2,313,915.3	2,573,458.2	2,426,089.1	2,488,685.3	4,209,440.2	4,440,476.4	5,310,630.2	5,343,562.9	5,978,299.6	6,141,878.1	6,564,192.4
Construction	692,930.2	693,254.9	885,471.3	917,549.7	625,890.9	641,777.8	510,229.6	534,579.0	532,792.5	522,390.0	863,847.6	876,724.5	1,046,824.9
Wholesale and retail trade	4,947,303.5	5,323,947.9	5,161,090.2	5,144,461.6	5,019,740.7	5,255,109.6	5,345,782.1	5,674,534.1	6,216,212.9	6,988,330.0	6,736,916.5	6,945,343.9	7,740,801.1
Restaurants and hotels	244,007.9	246,036.8	252,556.4	270,759.9	256,785.2	264,732.8	284,345.2	280,755.4	293,619.1	297,767.1	297,789.2	318,210.5	323,735.7
Transport, storage and communications	4,857,732.1	4,806,856.8	5,086,257.9	5,347,944.0	5,539,942.8	5,494,374.0	5,557,923.4	5,700,980.3	5,795,551.5	6,114,248.1	6,078,665.0	6,519,357.4	6,972,569.1
Financial services	843,574.9	887,012.7	1,011,447.0	1,061,833.9	1,083,487.6	1,037,394.3	1,137,551.6	1,039,097.6	1,305,439.1	1,294,878.6	1,433,742.5	1,467,588.9	1,588,080.5
Community, social and perconal services	8,629,089.0	8,211,291.2	7,752,833.7	7,701,294.1	7,129,363.5	6,178,360.8	5,799,376.0	5,852,044.4	5,651,893.5	5,685,744.9	5,708,686.6	5,183,739.6	4,394,981.3
Real estate	2,301,151.7	2,319,583.2	2,383,812.2	2,461,453.6	2,103,779.6	2,250,302.0	2,066,706.6	2,103,184.9	2,188,231.5	2,286,032.2	2,286,784.5	2,409,512.7	2,553,788.8
Credit/debit cards	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other sectors	9,684,886.6	9,932,756.4	10,431,579.3	10,600,602.4	10,483,774.7	10,730,705.0	10,949,513.1	11,071,389.5	11,355,113.4	11,851,381.0	11,946,795.9	12,406,752.0	12,552,219.9
Totals	52,453,673.3	53,942,899.0	55,440,764.4	56,027,623.8	53,349,138.8	53,933,159.4	55,094,497.9	58,298,471.0	61,896,966.9	63,905,458.7	65,943,986.3	67,725,604.7	71,027,791.8

Source: Bank of Zambia

Commercial Banks' Loans and Advances - Foreign Currency (US $' Thousand), Dec. 2022 - Dec. 2023

Table 7B

Sector	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Agriculture, forestry, fishing and hunting	136,458	153,335	143,150	127,103	145,907	146,304	145,391	157,618	168,941	168,357	161,404	157,934	158,780
Mining and quarying	204,640	210,109	210,207	202,958	218,127	217,972	222,834	226,572	222,947	215,413	217,009	204,160	208,714
Manufacturing	241,779	250,791	260,460	223,967	229,055	235,003	267,811	285,021	314,589	291,509	339,745	340,056	328,493
Electricity, gas, water and energy	40,478	40,479	43,710	41,712	39,531	39,270	59,923	38,349	37,938	40,052	37,863	36,736	42,860
Construction	24,435	23,331	32,651	31,179	21,444	20,635	14,255	14,323	13,470	13,870	27,056	26,722	31,700
Wholesale and retail trade	129,593	150,367	133,245	112,099	124,951	118,046	124,159	125,156	135,085	151,897	125,557	125,570	127,120
Restaurants and hotels	3,616	56,217	56,812	60,018	62,611	62,884	62,450	63,934	64,243	66,059	70,394	77,858	86,670
Transport, storage and communications	51,281	3,735	3,794	3,912	4,062	4,067	4,053	3,650	3,731	3,602	3,448	3,529	3,263
Financial services	2,968	2,923	2,873	2,826	2,774	2,740	2,686	2,637	2,838	2,675	2,505	2,534	2,563
Community, social and perconal services	226,885	83,934	83,611	80,727	78,066	77,554	76,920	73,518	73,224	73,881	73,305	73,051	72,928
Real estate	87,574	199,108	170,449	162,828	163,610	128,050	110,637	108,793	100,312	96,158	97,510	95,866	73,919
Other sectors	21,997	27,780	30,828	31,530	29,600	29,517	30,784	30,477	31,126	43,022	33,462	35,326	34,293
Totals	1,171,704	1,202,109	1,171,789	1,080,860	1,119,737	1,082,042	1,121,901	1,130,050	1,168,443	1,166,493	1,189,259	1,179,342	1,171,302

Source: Bank of Zambia

Structure of Interest Rates (Percent per Year), Dec. 2012 - Dec. 2023 **Table 8**

End of period		BoZ Policy Rate	Weighted Inter-bank Rate	Penalty Rate	Treasury bill rates				Government bond rates						Commercial banks deposit rates	
					91 days	182 days	273 days	364 days	24 months	3 year	5 year	7 year	10 year	15 year	Savings	90 day
2012	December	9.3	8.8	33.2	9.4	12.4	11.4	12.1	11.0	12.8	13.5	14.5	16.5	16.6	4.3	5.3
2013	December	9.8	9.9	36.4	8.0	14.8	15.0	15.7	14.0	15.5	16.5	16.9	18.2	18.0	3.6	6.6
2014	December	12.5	12.0	39.5	13.0	17.5	18.0	20.4	15.0	16.2	22.4	21.5	22.0	22.5	3.4	9.1
2015	December	15.5	26.1	39.8	15.0	20.3	18.7	21.5	23.0	23.5	28.0	28.0	20.0	22.5	3.3	9.2
2016	December	15.5	16.2	39.8	20.5	23.9	25.0	25.0	25.0	23.2	25.0	24.8	25.0	25.0	3.1	10.8
2017	December	10.3	10.1	39.8	9.5	9.8	13.6	16.3	16.5	18.3	18.0	19.5	20.6	18.5	2.8	6.9
2018	December	9.8	9.8	39.8	15.0	14.8	21.0	23.1	19.5	20.0	20.4	18.5	21.5	17.3	3.0	7.6
2021	December	11.5	10.7	39.8	16.5	19.3	27.0	27.5	29.5	29.8	33.0	25.0	27.0	28.0	3.0	8.8
2020	December	8.0	8.1	39.8	14.0	16.0	19.7	24.5	32.0	32.7	33.0	25.0	33.0	33.5	3.0	8.1
2021	December	9.0	7.6	39.8	9.5	9.6	10.6	14.4	18.6	19.8	22.6	23.9	24.8	26.0	2.6	5.9
2022	January	9.0	7.6	39.8	9.5	11.0	13.0	15.0	18.0	20.0	22.1	23.8	24.8	26.0	2.6	5.8
	February	9.0	8.6	39.8	9.5	11.5	12.8	14.7	18.0	20.3	22.3	24.5	25.5	26.0	2.6	5.8
	March	9.0	8.9	39.8	9.4	11.4	12.3	13.9	18.0	20.0	22.3	24.5	25.5	26.0	2.6	6.1
	April	9.0	9.0	39.8	9.3	11.0	11.5	13.6	17.9	20.0	22.3	24.5	25.4	26.0	2.6	6.1
	May	9.0	9.0	39.8	9.3	10.5	11.0	13.8	17.7	20.0	22.5	24.5	25.3	26.0	2.7	6.0
	June	9.0	9.0	39.8	9.3	10.4	11.5	14.1	17.5	22.0	23.5	24.5	25.3	27.0	2.6	5.7
	July	9.0	9.0	39.8	9.2	11.3	12.8	14.6	17.5	22.0	24.0	24.5	25.8	27.0	2.7	5.7
	August	9.0	9.0	39.8	9.9	10.6	12.9	15.0	17.5	22.0	24.0	24.5	27.8	27.8	2.7	5.6
	September	9.0	9.0	39.8	10.0	10.2	12.8	15.0	17.5	22.0	24.0	25.5	27.6	27.8	2.7	5.7
	October	9.0	9.0	39.8	10.0	10.0	13.0	15.0	17.5	22.0	24.0	25.4	27.6	27.8	2.7	5.8
	November	9.0	8.9	39.8	10.0	10.8	13.0	15.0	17.5	22.0	24.0	25.4	27.6	27.8	2.7	5.8
	December	9.0	9.0	39.8	10.0	11.5	12.5	15.0	17.5	22.0	24.0	25.4	27.6	27.8		5.8
2023	January	9.0	9.0	39.8	9.7	11.5	12.0	15.0	17.5	22.0	24.0	25.4	27.8	27.8	4.1	5.8
	February	9.3	9.2	39.8	10.0	11.5	13.5	15.5	18.0	22.0	24.0	25.4	27.8	27.8	4.1	5.9
	March	9.3	9.3	39.8	10.0	11.5	13.5	15.8	18.0	22.0	24.0	25.4	27.8	27.8	4.2	6.1
	April	9.3	9.3	39.8	10.1	11.5	13.5	15.8	18.0	22.0	24.0	25.5	27.8	27.8	3.7	6.3
	May	9.5	9.3	39.8	10.0	10.9	13.5	15.9	18.0	22.0	24.0	25.5	27.8	27.8	3.5	6.2
	June	9.5	9.4	39.8	9.8	11.0	13.1	16.1	18.0	22.0	24.5	25.3	27.8	27.8	3.5	6.1
	July	9.5	9.6	39.8	9.6	10.6	12.8	16.1	18.0	22.0	24.5	25.3	26.8	27.8	3.5	6.2
	August	10.0	9.6	39.8	9.5	10.2	12.5	15.8	18.0	22.0	24.5	25.3	26.8	27.8	3.5	6.1
	September	10.0	9.9	39.8	9.5	10.1	12.0	15.4	17.8	21.5	23.5	24.5	26.0	27.0	3.6	6.2
	October	10.0	10.0	39.8	9.5	9.8	11.6	15.0	17.0	21.0	22.0	24.0	25.5	26.5	3.5	6.2
	November	11.0	10.0	39.8	9.5	9.5	11.0	15.0	17.0	22.0	22.5	24.0	25.5	26.9	3.6	6.2
	December	11.0	11.1	39.8	9.5	9.5	10.7	15.5	17.0	22.0	22.5	23.0	25.5	26.7	3.6	6.2

Source: Bank of Zambia

Note: Penalty Rate is applied when a Bank falls short on Statutory Reserve Ratio.

Commercial Bank Interest Rates (Percent Per Year), Dec. 2012 - March. 2023

Table 9A

End of period		Average Lending Rate	Weighted Interbank Rate	Saving rates		Deposits over K20,000						
				less than K100	more than K100	24 hr call	7 day	14 day	30 day	60 day	90 day	180 day
2012	December	16.1	8.8	3.8	4.3	2.7	3.5	4.0	5.3	6.8	7.0	6.8
2013	December	16.4	10.1	2.8	3.5	1.9	3.0	4.1	5.1	6.1	6.6	8.4
2014	December	20.5	12.0	2.4	3.3	2.0	4.2	4.3	6.8	8.3	9.1	10.5
2015	December	25.8	26.1	2.5	3.3	1.9	4.0	4.2	7.2	7.9	9.2	10.8
2016	December	29.5	16.2	2.4	3.1	2.4	6.3	6.7	8.7	10.4	10.8	12.7
2017	December	24.6	10.1	1.9	2.8	2.0	3.3	3.5	5.5	6.2	6.9	8.6
2018	December	23.6	9.8	1.9	3.0	2.3	3.5	3.3	5.3	6.6	7.6	9.1
2019	December	28.0	10.7	1.7	3.0	2.6	3.4	3.3	6.8	8.4	8.8	10.1
2020	December	25.1	8.1	1.5	2.7	2.7	2.7	3.0	5.9	7.1	8.1	9.8
2021	December	25.9	7.6	1.4	2.6	2.0	1.8	2.1	4.0	5.0	5.9	7.6
2022	January	25.8	7.6	1.4	2.6	2.0	1.8	2.1	4.1	4.7	5.8	7.6
	February	25.8	8.6	1.4	2.6	2.0	1.8	2.1	4.0	4.9	5.8	7.6
	March	25.6	8.9	1.4	2.6	2.0	1.8	2.1	3.9	4.8	6.1	7.5
	April	25.2	9.0	1.4	2.6	2.0	2.0	2.3	4.0	4.8	6.1	7.1
	May	25.2	9.0	1.5	2.7	2.0	2.0	2.4	4.0	4.8	6.0	6.9
	June	25.0	9.0	1.4	2.6	2.0	2.0	2.4	3.9	4.6	5.7	6.8
	July	25.1	9.0	1.5	2.7	2.0	2.0	2.4	4.0	4.7	5.7	7.0
	August	25.1	9.0	1.5	2.7	2.0	2.0	2.4	4.0	4.6	5.6	7.0
	September	25.1	9.0	1.5	2.7	2.0	2.0	2.4	4.1	4.8	5.7	7.0
	October	25.1	9.0	1.5	2.7	2.0	2.0	2.4	4.0	4.7	5.8	6.9
	November	24.7	8.9	1.5	2.7	2.0	2.0	2.4	4.1	4.9	5.8	7.0
	December	25.0	9.0	1.4	2.7	1.9	2.0	2.3	4.1	4.9	5.8	7.0
2023	January	25.2	9.0	1.3	2.7	1.9	2.1	2.3	4.1	4.8	5.8	7.1
	February	25.2	9.2	1.4	2.7	1.9	2.5	2.3	4.1	4.9	5.9	7.1
	March	25.5	9.3	1.5	2.7	1.9	2.1	2.3	4.2	4.8	5.7	6.8

Source: Bank of Zambia

Commercial Bank Interest Rates (Percent Per Year), April. 2023 - Dec. 2023

Table 9B

Monthly average	Boz Policy Rate	Lending Base Rate	Weighted Lending Margin		Average Weighted Lending Rate		5 Day Weighted Interbank Rate	Current account		Savings	Time deposits									
											1 Month		3 Months		6 Months		9 Months		12 Months	
			Retail	Non-Retail	Retail	Non-Retail		Re-tail	Non-Retail		Retail	Non-retail	Retail	Non-retail	Retail	Non-retail	retail	Non-retail	Retail	Non-retail
2023																				
April	9.25	9.25	16.14	16.14	25.39	23.04	9.27	2.23	2.18	3.69	4.69	5.44	6.25	7.06	7.21	8.17	8.90	9.24	10.34	9.65
May	9.50	9.50	16.37	14.56	25.74	23.93	9.31	0.26	2.69	3.52	4.77	5.14	6.17	6.19	7.13	6.91	8.70	8.91	10.22	9.10
June	9.50	9.50	16.24	16.55	25.74	26.05	9.45	0.58	2.88	3.50	4.73	5.50	6.07	6.43	7.02	7.29	8.49	8.84	10.08	9.10
July	9.50	9.50	16.29	15.97	25.79	25.47	9.56	0.70	2.76	3.48	5.07	5.38	6.18	6.31	7.18	7.31	8.58	8.54	10.17	9.26
August	10.00	10.00	16.04	14.36	25.67	23.98	9.59	1.75	2.84	3.54	4.96	5.67	6.13	6.46	7.17	7.62	8.59	8.55	10.17	9.50
September	10.00	10.00	15.85	14.27	25.85	24.27	9.92	1.75	2.81	3.57	5.02	5.61	6.16	6.34	7.20	7.55	8.60	8.96	10.19	9.58
October	10.00	10.00	16.11	14.56	26.11	24.56	9.99	1.75	2.85	3.54	4.80	5.12	6.19	6.34	7.20	7.53	8.61	8.92	10.18	9.62
November	11.00	11.00	15.95	15.51	26.20	25.76	10.00	1.75	2.86	3.58	4.94	5.46	6.19	6.40	7.20	7.58	8.60	8.92	10.17	9.59
December	11.00	11.00	15.58	13.17	26.58	24.17	11.07	1.75	2.86	3.56	5.01	5.95	6.19	6.62	7.19	7.46	8.58	8.92	10.16	9.59

Source: Bank of Zambia

Notes:

1. Effective April 2023 the interest rates template was changed to reflect retail rates and non-retail rates separately for both deposits and loans
2. Effective April 3, 2012 the BoZ introduced a Policy Rate as a mechanism for signaling its monetary policy stance. The Policy Rate serves as a lending base rate.

Kwacha/US Dollar Exchange Rates, Dec. 2012 - Dec. 2023

Table 10

Monthly average		Bank of Zambia rates			Bureau rates		
		Buying	Selling	Mid	Buying	Selling	Mid
2012	December	5,198.5	5,229.0	5,208.5	5,243.3	5,323.6	5,283.5
2013	December	5.5	5.5	5.5	5.1	5.1	5.1
2014	December	6.3	6.3	6.3	6.3	6.4	6.4
2015	December	10.8	10.8	10.8	10.6	10.8	10.7
2016	December	9.8	9.9	9.8	9.8	10.0	9.9
2017	December	10.0	10.1	10.0	10.0	10.2	10.1
2018	December	11.9	11.9	11.9	11.8	12.0	11.8
2019	December	14.4	14.4	14.4	14.3	14.6	14.5
2020	December	21.1	21.1	21.1	21.1	21.4	21.2
2021	December	17.1	17.2	17.2	17.1	17.4	17.2
2022	January	17.2	17.3	17.3	17.1	17.3	17.2
	February	18.1	18.1	18.1	18.0	18.3	18.2
	March	18.0	18.0	18.0	17.9	18.2	18.1
	April	17.4	17.4	17.4	17.4	17.7	17.5
	May	17.1	17.1	17.1	17.0	17.3	17.1
	June	17.0	17.1	17.1	17.0	17.2	17.1
	July	16.4	16.4	16.4	16.4	16.7	16.5
	August	16.1	16.1	16.1	16.0	16.3	16.1
	September	15.6	15.6	15.6	15.6	15.8	15.7
	October	15.9	15.9	15.9	15.8	16.0	15.9
	November	16.2	16.6	16.5	16.2	16.5	16.4
	December	17.6	17.6	17.6	17.3	17.6	17.5
2023	January	18.5	18.5	18.5	18.0	18.3	18.2
	February	19.4	19.4	19.4	19.1	19.4	19.3
	March	20.6	20.7	20.6	20.2	20.3	20.3
	April	18.4	18.5	18.5	18.7	18.8	18.6
	May	18.6	18.6	18.6	18.3	18.5	18.3
	June	18.7	18.7	18.7	18.3	18.6	18.4
	July	18.6	18.7	18.7	18.1	18.3	18.2
	August	19.4	19.5	19.5	18.8	19.0	18.8
	September	20.8	20.8	20.8	20.2	20.4	20.2
	October	21.5	21.6	21.6	21.0	21.3	21.1
	November	23.0	23.0	23.0	22.6	22.9	22.8
	December	24.7	24.8	24.8	24.3	24.6	24.4

Source: Bank of Zambia

Notes:

1. In July 2003, the Bank of Zambia established a broad-based foreign exchange trading system as the new mechanism for determining the exchange rate in Zambia. This implies that Bank of Zambia ceased to auction foreign exchange to the market on behalf of major foreign exchange earners. Foreign exchange earners can now transact directly with commercial banks of their choice.
2. Effective 1st January, 2013 the Zambian Kwacha was rebased by K1,000.

Commercial Banks Foreign Exchange Rates, Jan. 2021 - Dec. 2023

Table 11

	Monthly average	Non-banks US$			Bureau US$ selling	Interbank US$			UK Pound			Euro			SAR		
		Buying	Selling	Mid-rate		Buying	Selling	Mid-rate	Buying	Selling	Mid-rate	Buying	Selling	Mid-rate	Buying	Selling	Mid-rate
2021	January	21.1	21.5	21.3	21.4	21.3	21.3	21.3	29.0	29.1	29.0	25.9	26.0	25.9	1.4	1.4	1.4
	February	21.4	21.8	21.6	21.7	21.6	21.6	21.6	29.9	30.0	29.9	26.1	26.2	26.1	1.5	1.5	1.5
	March	21.9	22.2	22.0	22.1	22.0	22.0	22.0	30.4	30.5	30.5	26.1	26.2	26.2	1.5	1.5	1.5
	April	22.2	22.4	22.3	22.3	22.2	22.2	22.2	30.7	30.8	30.8	26.6	26.6	26.6	1.5	1.5	1.5
	May	22.4	22.6	22.5	22.5	22.4	22.5	22.4	31.5	31.6	31.6	27.2	27.3	27.2	1.6	1.6	1.6
	June	22.6	22.8	22.7	22.8	22.6	22.6	22.6	31.6	31.7	31.7	27.2	27.2	27.2	1.6	1.6	1.6
	July	22.3	22.4	22.3	22.3	22.1	22.2	22.1	30.8	30.9	30.8	26.4	26.5	26.4	1.6	1.6	1.6
	August	18.0	18.3	18.2	18.1	18.0	18.1	18.1	24.9	25.0	24.9	21.2	21.3	21.3	1.2	1.2	1.2
	September	15.7	15.4	15.6	15.9	16.3	16.4	16.4	22.4	22.5	22.5	19.2	19.3	19.3	1.1	1.1	1.1
	October	16.4	15.7	16.1	16.5	17.0	17.1	17.0	23.3	23.4	23.3	19.7	19.8	19.8	1.1	1.1	1.1
	November	17.4	17.6	17.5	17.6	17.5	17.6	17.5	23.6	23.6	23.6	20.0	20.1	20.0	1.1	1.1	1.1
	December	16.7	16.8	16.8	16.8	16.8	16.8	16.8	22.3	22.4	22.4	18.9	19.0	19.0	1.1	1.1	1.1
2022	January	17.2	17.4	17.3	17.3	17.2	17.3	17.3	23.4	23.4	23.4	19.5	19.6	19.5	1.1	1.1	1.1
	February	18.1	18.2	18.1	18.1	18.1	18.1	18.1	24.5	24.5	24.5	20.5	20.6	20.5	1.2	1.2	1.2
	March	17.9	18.0	18.0	17.9	17.9	18.0	18.0	23.9	24.0	24.0	20.0	20.1	20.1	1.2	1.2	1.2
	April	17.4	17.5	17.4	17.4	17.4	17.4	17.4	22.5	22.6	22.5	18.8	18.9	18.8	1.2	1.2	1.2
	May	17.1	17.1	17.1	17.1	17.1	17.1	17.1	21.2	21.3	21.3	18.0	18.1	18.1	1.1	1.1	1.1
	June	17.0	17.1	17.0	17.0	17.0	17.0	17.0	20.9	21.0	21.0	17.9	18.0	18.0	1.1	1.1	1.1
	July	16.5	16.6	16.5	16.6	16.7	16.8	16.7	20.3	20.4	20.3	17.3	17.4	17.3	1.0	1.0	1.0
	August	17.0	17.1	17.1	16.0	16.1	16.1	16.1	19.2	19.3	19.3	16.3	16.3	16.3	1.0	1.0	1.0
	September	15.6	15.4	15.5	15.1	15.6	15.7	15.6	17.7	17.7	17.7	15.4	15.5	15.5	0.9	0.9	0.9
	October	15.8	15.5	15.6	15.1	15.9	15.9	15.9	17.9	18.0	18.0	15.6	15.7	15.6	0.9	0.9	0.9
	November	16.4	16.6	16.5	16.5	16.5	16.6	16.5	19.4	19.5	19.4	16.9	16.9	16.9	0.9	0.9	0.9
	December	17.3	17.5	17.4	17.6	17.6	17.6	17.6	21.4	21.5	21.4	18.6	18.7	18.6	1.0	1.0	1.0
2023	January	18.4	18.5	18.4	18.5	18.5	18.5	18.5	22.6	22.7	22.6	19.9	20.0	20.0	1.1	1.1	1.1
	February	19.2	17.9	18.5	19.1	19.4	19.4	19.4	23.5	23.5	23.5	20.8	20.8	20.8	1.1	1.1	1.1
	March	20.4	19.7	20.0	20.7	20.6	20.7	20.6	25.1	25.1	25.1	22.1	22.1	22.1	1.1	1.1	1.1
	April	18.3	17.1	17.7	18.3	18.4	18.5	18.5	22.9	23.0	23.0	20.2	20.3	20.2	1.0	1.0	1.0
	May	18.3	18.7	18.5	18.7	18.6	18.6	18.6	23.2	23.2	23.2	20.2	20.2	20.2	1.0	1.0	1.0
	June	18.7	18.9	18.8	18.8	18.7	18.7	18.7	23.6	23.7	23.6	20.3	20.3	20.3	1.0	1.0	1.0
	July	18.5	18.8	18.6	18.7	18.6	18.7	18.7	24.0	24.1	24.1	20.6	20.7	20.7	1.0	1.0	1.0
	August	19.3	19.6	19.4	19.6	19.4	19.5	19.5	24.7	24.7	24.7	21.2	21.2	21.2	1.0	1.0	1.0
	September	20.6	20.9	20.7	20.9	20.8	20.8	20.8	25.7	25.8	25.8	22.2	22.2	22.2	1.1	1.1	1.1
	October	21.3	21.6	21.5	21.6	21.5	21.6	21.6	26.2	26.3	26.2	22.7	22.8	22.8	1.1	1.1	1.1
	November	22.8	23.1	22.9	23.0	23.0	23.0	23.0	28.6	28.6	28.6	24.9	24.9	24.9	1.2	1.2	1.2
	December	24.5	24.9	24.7	24.8	24.7	24.8	24.8	31.3	31.4	31.3	27.0	27.0	27.0	1.3	1.3	1.3

Source: Bank of Zambia

Bank of Zambia Foreign Exchange Transactions (US $ Million), Dec. 2012 - Dec. 2023

Table 12

Period		Bank of Zambia Inflows				Bank of Zambia Outflows				Gross international reserves
		Mines	Other non-GRZ	Mining taxes	Donor inflows	Dealing	Other non-GRZ	GRZ Debt Servicing	GRZ other uses	
2012	December	0.0	45.6	0.0	74.2	171.0	12.3	18.4	191.5	3,069.0
2013	December	0.0	39.7	0.0	20.0	46.0	23.1	25.3	0.1	2,708.8
2014	December	0.9	40.1	0.0	4.0	0.0	44.9	4.6	1.5	3,103.2
2015	December	0.0	60.6	0.0	24.5	50.0	49.8	25.5	50.0	2,973.4
2016	December	0.0	69.4	0.0	12.8	57.3	46.1	28.3	7.8	2,366.0
2017	December	9.7	55.3	0.0	14.4	115.6	20.2	46.1	1.5	2,092.5
2018	December	0.0	44.8	0.0	8.5	0.0	11.5	74.9	2.6	1,544.2
2019	December	0.0	116.0	0.0	7.9	3.0	16.4	23.9	7.3	1,424.8
2020	December	0.0	132.1	0.0	17.2	143.4	52.5	13.8	1.2	1,178.4
2021	December	0.0	216.7	115.2	8.6	49.5	74.6	3.9	3.2	2,770.5
2022	January	0.0	282.0	227.5	17.8	53.0	117.5	3.5	14.0	2,882.2
	February	0.0	139.3	84.7	5.0	156.0	26.5	11.8	9.2	2,822.9
	March	0.0	126.0	70.6	156.6	141.0	70.9	19.7	4.5	2,869.4
	April	0.0	210.9	141.2	4.7	155.0	66.4	20.6	10.1	2,832.9
	May	0.0	144.0	84.2	14.9	104.0	22.2	21.6	6.7	2,837.5
	June	0.0	273.8	217.5	111.8	146.5	28.6	5.3	24.0	3,018.6
	July	0.0	229.2	159.0	6.7	156.0	70.0	7.3	9.7	3,011.6
	August	0.0	125.0	51.6	11.1	49.0	64.0	0.0	14.4	3,020.3
	September	0.0	320.5	67.5	5.5	137.0	91.7	7.8	63.9	3,045.9
	October	0.0	104.9	56.6	4.0	129.0	61.9	16.5	19.9	2,955.4
	November	0.0	373.1	74.0	6.7	139.5	52.9	26.6	113.2	3,002.3
	December	0.0	844.4	54.4	28.2	175.0	458.1	6.7	230.5	3,029.0
2023	January	0.0	138.2	87.8	3.2	112.0	27.3	2.5	20.7	3,007.9
	February	0.0	164.5	48.4	3.7	121.0	51.6	5.0	8.8	2,989.7
	March	0.0	105.6	46.6	63.2	129.0	8.3	11.0	102.5	2,907.7
	April	0.0	137.8	86.7	33.5	116.0	18.5	7.2	6.0	2,931.4
	May	0.0	73.2	53.8	4.8	75.0	36.2	39.3	34.6	2,824.2
	June	0.0	133.2	61.6	44.4	150.0	41.7	23.7	136.7	2,649.6
	July	0.0	322.6	90.0	2.7	82.5	11.9	7.6	68.8	2,804.1
	August	0.0	112.7	57.3	5.6	2.5	56.8	23.4	11.4	2,828.2
	September	0.0	99.6	65.3	13.3	3.0	60.1	11.8	-1.3	2,877.4
	October	0.0	121.0	86.8	3.1	45.5	26.4	24.1	16.8	2,888.9
	November	0.0	193.6	46.2	16.7	-60.0	6.3	37.3	-22.3	3,033.9
	December	0.0	249.7	51.1	5.1	110.0	31.5	12.2	4.4	3,312.7

Source: Bank of Zambia

Note:

The mines inflow column showed the Bank's direct purchases of foreign currency from the mines, which ceased in 2015. The current mining taxes which were previously included in the Other Non-GRZ are shown separetely.

Percentage Changes in the Consumer Price Indices (2009 weights - Base 2009 = 100), Jan. 2021- Dec. 2023

Table 13

	Monthly	Consumer price indices (2009=100)			Annual inflation rates			Month on month inflation rates		
		Total	Food	Non-food	Total	Food	Non-food	Total	Food	Non-food
2021	January	299.7	313.0	284.5	21.5	25.6	16.7	3.7	5.7	1.3
	February	307.3	321.4	291.2	22.2	27.3	16.2	2.5	2.7	2.3
	March	312.7	326.5	296.8	22.8	27.8	17.0	1.7	1.6	1.9
	April	319.4	333.6	303.1	22.7	27.2	17.5	2.2	2.2	2.1
	May	325.8	341.9	307.4	23.2	28.5	17.1	2.0	2.5	1.4
	June	330.1	347.0	310.7	24.6	31.2	17.1	1.3	1.5	1.1
	July	331.2	347.8	312.0	24.6	31.2	17.0	0.3	0.2	0.4
	August	332.4	351.1	310.8	24.4	31.6	16.3	0.4	0.9	-0.4
	September	330.7	348.2	310.7	22.1	29.6	13.6	-0.5	-0.8	0.0
	October	332.1	349.4	312.2	21.1	28.1	13.2	0.4	0.4	0.5
	November	344.2	352.5	131.1	19.3	25.4	12.2	0.6	0.9	0.3
	December	336.3	355.0	314.8	16.4	19.9	12.1	0.6	0.7	0.5
2022	January	344.9	366.0	320.6	15.1	16.9	12.7	2.6	3.1	1.9
	February	350.0	372.9	325.6	14.2	16.0	11.8	1.7	1.9	1.5
	March	353.6	376.4	327.4	13.1	15.3	10.3	0.8	0.9	0.6
	April	356.0	380.5	327.9	11.5	14.1	8.2	0.7	1.1	0.1
	May	359.0	384.0	330.4	10.2	12.3	7.5	0.8	0.9	0.8
	June	362.3	388.4	332.3	9.7	11.9	6.9	0.9	1.2	0.6
	July	363.9	389.5	334.5	9.9	12.0	7.2	0.4	0.3	0.7
	August	364.9	390.9	334.9	9.8	11.3	7.8	0.3	0.4	0.1
	September	363.6	390.2	333.0	9.9	12.1	7.2	-0.4	-0.2	-0.6
	October	364.3	392.0	392.0	9.7	12.2	6.5	0.2	0.4	-0.2
	November	367.3	395.4	335.0	9.8	12.1	6.7	0.7	0.9	0.5
	December	369.6	397.4	337.4	9.9	11.9	7.3	1.1	0.5	1.1
2023	January	377.3	408.3	341.5	9.4	11.6	6.4	2.1	2.8	1.1
	February	384.6	416.3	348.1	9.6	11.6	6.9	1.9	2.0	1.9
	March	388.6	421.0	351.4	9.9	11.8	7.3	1.0	1.1	0.9
	April	392.2	424.6	355.0	10.2	11.6	8.3	0.9	0.9	1.0
	May	394.5	428.3	355.7	9.9	11.6	7.6	0.6	0.9	0.2
	June	397.7	432.1	358.1	9.8	11.2	7.8	0.8	0.9	0.7
	July	401.3	436.6	360.6	10.3	12.1	7.8	0.9	1.0	0.7
	August	404.5	440.5	363.4	10.8	12.6	8.5	0.8	0.8	0.8
	September	407.1	442.3	366.6	12.0	13.4	10.1	0.7	0.5	0.9
	October	410.2	445.2	370.0	12.6	13.6	11.3	0.8	0.7	0.9
	November	414.0	449.3	373.4	12.9	13.7	11.8	0.9	0.9	0.9
	December	418.0	453.9	376.8	13.1	14.2	11.6	1.0	1.0	0.9

Source: Zambia Statistics Agency

Treasury Bill Transactions (K' Million), Dec. 2012 - Dec. 2023

Table 14

End of period		Treasury bill tender sales					Settlement value	Maturites	Special taps & off-tender sales	Re-discounts	Total Outstanding bills
		91 Days	182 Days	273 Days	364 Days	Total sales					
2012	December	53,037.0	167,296.0	172,174.5	374,891.7	767,399.2	0.0	0.0	0.0	0.0	6,840,829.8
2013	December	16,400.0	484,705.0	318,190.0	923,695.0	1,742,990.0	1,552,661.7	548,794.7	15,850.5	0.0	9,525,976.4
2014	December	144,610.0	173,153.0	102,920.0	579,915.0	1,000,598.0	871,680.8	710,943.0	0.0	0.0	10,809,484.4
2015	December	11,265.0	112,952.0	179,295.0	261,361.0	564,873.0	146,913.0	969,945.0	0.0	0.0	12,090,096.5
2016	December	291,690.0	480,261.0	555,388.8	1,128,459.0	2,455,798.8	2,077,945.7	762,489.0	0.0	0.0	13,174,213.5
2017	December	125,831.0	95,430.0	305,845.0	1,270,172.0	1,797,278.0	1,581,365.6	1,229,304.0	0.0	0.0	20,193,512.4
2018	December	208,102.0	217,886.0	408,240.0	1,504,949.6	2,339,177.6	2,089,999.5	335,975.0	0.0	0.0	17,515,488.9
2019	December	74,935.0	157,641.0	279,308.0	1,125,052.0	1,636,936.0	1,331,104.0	1,704,667.3	0.0	0.0	21,167,191.5
2020	December	425,855.0	383,766.0	478,580.0	1,509,585.0	2,797,786.0	2,391,880.4	1,739,830.0	0.0	0.0	33,009,333.0
2021	December	393,267.0	514,637.0	281,025.0	2,445,900.6	3,634,829.6	3,267,166.1	2,363,356.0	0.0	0.0	35,805,707.2
2022	January	363,995.5	1,002,029.6	761,783.8	2,301,955.8	4,429,764.7	4,000,000.0	2,336,085.7	0.0	0.0	37,187,997.3
	February	624,193.5	781,642.0	562,730.6	2,445,941.5	4,414,507.5	3,400,000.0	2,208,906.0	0.0	0.0	37,530,319.8
	March	413,105.6	473,898.1	1,036,464.9	2,500,319.9	4,423,788.4	4,000,000.0	2,722,529.0	0.0	0.0	38,371,711.2
	April	486,467.0	685,056.7	412,654.5	1,219,784.8	2,803,962.9	2,580,804.7	2,450,756.1	0.0	0.0	38,702,670.7
	May	362,685.0	927,605.0	389,183.0	2,199,975.0	3,879,448.0	3,530,328.1	2,654,655.0	0.0	0.0	38,052,101.1
	June	433,479.0	252,788.0	434,398.0	2,466,617.0	3,587,282.0	3,225,516.2	2,952,559.0	0.0	0.0	37,804,960.6
	July	715,282.0	164,964.0	299,747.0	3,674,442.4	4,854,435.4	4,333,908.8	5,300,592.6	0.0	0.0	36,558,513.7
	August	897,961.0	422,751.0	516,711.0	2,852,963.0	4,690,386.0	4,230,646.4	3,380,193.0	0.0	0.0	37,179,001.7
	September	871,106.0	215,573.0	507,334.0	3,886,506.0	5,480,519.0	4,898,311.1	1,883,045.7	0.0	0.0	40,669,514.5
	October	294,379.0	222,982.0	392,908.0	2,741,356.0	3,651,625.0	3,242,339.6	2,161,008.5	0.0	0.0	40,260,090.7
	November	562,248.0	574,498.0	557,026.0	3,299,345.0	4,993,117.0	4,471,025.8	2,744,461.3	0.0	0.0	40,860,240.3
	December	420,631.0	707,844.0	850,081.0	3,521,584.0	5,500,140.0	4,920,595.1	2,775,023.6	0.0	0.0	39,974,046.5
2023	January	308,849.0	948,146.0	305,364.0	2,967,648.4	4,530,007.4	4,060,170.5	2,390,584.8	0.0	0.0	42,418,395.9
	February	286,148.0	560,747.4	246,533.9	2,382,965.0	3,476,394.4	3,116,778.1	2,868,692.5	0.0	0.0	42,090,023.5
	March	1,074,613.0	735,450.0	708,869.0	2,596,027.0	5,114,959.0	4,631,510.1	2,715,892.9	0.0	0.0	44,006,416.6
	April	235,804.0	235,035.0	603,401.0	1,082,667.0	2,156,907.0	1,936,041.5	1,442,766.8	0.0	0.0	43,739,604.8
	May	140,998.0	16,065.0	111,477.0	2,123,310.0	2,391,850.0	2,086,705.6	2,774,473.0	0.0	0.0	43,288,563.8
	June	1,084,237.0	899,916.0	999,561.0	5,853,362.0	8,837,076.0	7,867,604.8	4,618,554.4	0.0	0.0	44,339,506.8
	July	627,451.0	596,673.0	188,333.0	1,482,846.0	2,895,303.0	2,629,325.2	3,178,495.0	0.0	0.0	45,723,430.4
	August	536,370.0	491,597.0	500,249.0	2,333,392.0	3,861,608.0	3,462,968.8	3,430,227.0	0.0	0.0	44,012,150.4
	September	705,291.0	468,128.0	943,156.0	3,557,825.2	5,674,400.2	5,083,708.1	4,621,956.0	0.0	0.0	43,917,762.6
	October	845,202.0	479,581.0	710,872.0	2,805,352.7	4,841,007.7	4,376,442.2	2,493,545.5	0.0	0.0	45,449,626.3
	November	994,149.0	294,108.0	481,428.0	3,190,051.0	4,959,736.0	3,360,612.7	2,116,144.0	0.0	0.0	44,919,021.3
	December	1,845,409.0	248,571.0	938,983.0	3,215,591.0	6,248,554.0	5,695,654.1	4,421,500.0	0.0	0.0	44,916,442.3

Source: Bank of Zambia

GRZ Bonds Outstanding (K' Million), Jan. 2021 - Dec. 2023

Table 15

End of period		By holder		Total Outstanding
		Commercial Banks	Others[1]	
2021	January	8,050,776.3	45,209,111.6	53,259,887.9
	February	8,667,121.4	45,175,244.5	53,842,365.9
	March	8,762,838.5	48,593,071.7	57,355,910.2
	April	9,312,954.0	48,678,938.5	57,991,892.5
	May	10,731,384.6	58,309,372.1	69,040,756.7
	June	12,270,983.5	61,761,427.4	74,032,410.9
	July	12,618,887.0	67,592,982.2	80,211,869.2
	August	12,350,785.1	70,722,831.8	83,073,616.9
	September	14,577,022.0	70,560,323.0	85,137,345.0
	October	14,890,413.0	68,878,396.8	83,768,809.8
	November	15,813,254.4	70,479,039.6	86,292,294.0
	December	16,717,574.4	69,909,113.7	86,626,688.1
2022	January	17,511,494.4	71,041,090.0	88,552,584.4
	February	17,519,226.9	71,482,599.1	89,001,826.1
	March	19,087,967.0	70,269,532.0	89,357,499.0
	April	18,352,561.8	70,912,497.6	89,265,059.4
	May	20,790,823.5	70,504,614.9	91,295,438.4
	June	22,243,537.3	69,026,908.7	91,270,446.0
	July	22,270,675.9	69,390,034.3	91,660,710.2
	August	22,711,031.4	69,488,765.2	92,199,796.6
	September	23,308,475.6	68,623,652.5	91,932,128.1
	October	18,972,210.8	72,959,917.4	91,932,128.2
	November	24,816,526.5	67,831,453.3	92,647,979.8
	December	25,464,007.0	67,245,807.1	92,709,814.1
2023	January	26,990,472.2	68,697,382.7	95,687,854.9
	February	27,056,369.6	66,760,477.9	93,816,847.4
	March	20,712,335.4	71,261,429.5	91,973,764.9
	April	25,864,424.2	66,863,112.8	92,727,536.9
	May	27,966,320.2	63,699,589.0	91,665,909.2
	June	21,883,414.7	71,116,984.6	93,000,399.2
	July	27,334,667.3	68,922,117.1	96,256,784.4
	August	27,332,071.7	69,853,013.5	97,185,085.2
	September	27,137,490.5	69,900,849.4	97,038,339.9
	October	29,013,870.3	73,126,073.2	102,139,943.5
	November	28,177,242.1	73,774,795.7	101,952,037.8
	December	29,270,847.3	73,975,378.7	103,246,226.0

Source: Bank of Zambia

Note: Others includes BoZ and Non-bank holdings of GRZ ordinary bonds

Metal Production and Exports (metric tonnes), 2012-2023

Table 16

Period		Copper		Cobalt	
		Exports	Production	Exports	Production
2021	January	81,100.4	63,775.6	59.1	n/a
	February	73,487.3	59,454.3	0.0	n/a
	March	73,460.1	68,921.6	0.0	n/a
	April	86,117.9	61,064.8	0.0	n/a
	May	72,762.0	67,767.4	0.0	n/a
	June	60,155.4	72,131.3	34.3	n/a
	July	62,886.5	62,843.4	0.0	n/a
	August	73,993.9	72,214.1	0.0	n/a
	September	78,353.0	65,328.1	0.0	n/a
	October	72,037.7	66,439.3	0.0	n/a
	November	85,935.3	66,951.6	0.0	n/a
	December	81,344.6	73,804.6	67.8	n/a
	Total	901,634.1	800,696.1	161.2	n/a
2022	January	81,243.8	60,698.7	0.0	n/a
	February	71,851.0	59,465.7	0.0	n/a
	March	77,389.5	56,682.2	0.0	n/a
	April	67,307.4	53,757.3	0.0	n/a
	May	77,066.1	70,269.5	0.0	n/a
	June	70,619.8	64,168.8	0.0	n/a
	July	77,148.7	69,742.9	0.0	n/a
	August	75,463.5	66,628.7	0.0	n/a
	September	71,710.4	64,393.2	0.0	n/a
	October	78,227.2	65,491.9	0.0	n/a
	November	83,360.8	62,951.6	0.0	n/a
	December	66,944.1	69,036.7	0.0	n/a
	Total	898,332.3	763,287.2	0.0	n/a
2023	January	72,552.2	47,715.5		n/a
	February	57,343.2	45,931.1		n/a
	March	62,593.0	50,806.3		n/a
	April	60,780.0	56,766.6		n/a
	May	68,221.7	58,747.6		n/a
	June	66,263.0	64,417.6		n/a
	July	73,586.2	74,176.0		n/a
	August	72,753.5	65,297.7		n/a
	September	64,105.0	60,576.3		n/a
	October	54,127.7	59,719.7		n/a
	November	62,225.9	56,513.4		n/a
	December	68,354.8	57,898.3		n/a
	Total	782,906.4	698,566.1		n/a

Source: Bank of Zambia and Zambia Statistics Agency

Note: n/a means not available

Major Export Destinations for Zambia's Exports (US$ Millions), 2019-2023

Table 17

Country	2019	2020	2021	2022	2023
Switzerland	2,905.4	3,461.7	4,722.9	4,478.2	4,328.6
China	1,502.7	1,458.6	2,059.7	2,409.4	1,862.9
Democratic Republic of Congo	911.6	976.8	1,120.0	1,599.3	1,617.8
Singapore	587.8	905.5	1,477.5	1,227.0	577.7
South Africa	295.7	198.8	285.3	268.5	384.4
Zimbabwe	99.7	101.1	197.3	267.7	288.0
Botswana	31.1	23.6	54.0	57.0	164.4
Malawi	67.0	104.7	122.3	120.7	138.8
Namibia	58.3	65.1	92.0	141.5	137.4
Tanzania, United	27.2	58.8	89.0	182.2	132.9
Hong Kong	12.9	51.5	108.0	131.6	108.3
India	40.9	40.0	100.1	38.2	96.1
United States of America	15.8	22.9	41.0	53.6	56.2
Kenya	44.2	39.2	49.8	84.8	51.0
United Arab Emirates	75.2	22.5	32.0	36.1	38.0
Pakistan	0.2	1.9	17.3	17.3	35.0
Mozambique	16.7	17.9	28.3	31.5	32.9
Luxembourg	86.2	103.5	239.7	71.1	29.2
Burundi	9.8	24.5	28.6	24.3	23.5
Netherlands	8.0	11.0	18.2	18.3	21.8
Rwanda	14.5	9.9	10.8	26.9	20.5
Republic of Thailand	0.2	0.4	0.5	18.7	18.1
Germany	24.1	13.0	22.8	27.4	16.4
United Kingdom	105.6	9.0	13.1	22.0	9.6
Korea, Republic of (South)	0.0	0.3	0.0	2.1	7.9
Belgium	0.6	12.6	21.3	22.0	6.2
France	1.2	0.9	1.1	1.8	2.0
Australia	1.0	1.2	0.9	1.0	1.7
Madagascar	2.1	2.8	0.2	0.9	1.2
Saudi Arabia	0.0	0.0	0.2	0.4	1.0
Sweden	5.7	1.5	1.5	1.9	0.8
Eswatini	0.1	2.1	2.7	3.1	0.8
Malaysia	0.5	0.6	0.8	0.8	0.6
Sudan	0.1	0.0	0.0	0.3	0.4
Egypt	0.2	0.5	2.4	4.3	0.3
Philippines	0.0	0.0	0.2	0.5	0.0
Kuwait	0.1	0.0	0.0	0.0	0.0
Other	95.3	72.0	179.9	254.2	225.6
Total	7,047.5	7,816.6	11,141.2	11,646.7	10,438.3

Source: Bank of Zambia and Zambia Statistics Agency

Major Source Countries for Zambia's Imports (US$ Millions), 2019-2023

Table 18

Country	2019	2020	2021	2022	2023
South Africa	2,222.7	1,763.2	2,235.4	2,715.7	2,586.2
China	1,020.9	895.1	736.2	1,402.4	1,677.1
United Arab Emirates	740.2	469.2	590.9	679.8	824.9
India	351.9	285.6	458.8	590.5	556.7
Japan	218.5	112.7	216.2	316.1	518.5
Singapore	55.4	18.6	29.8	58.6	371.6
Tanzania, United	204.5	73.7	63.2	62.2	281.9
United States of America	186.5	119.1	168.8	244.7	254.0
Mauritius	200.2	109.7	109.3	203.9	193.9
Namibia	105.6	85.8	138.3	144.9	178.1
Democratic Republic of Congo	232.2	71.1	325.3	654.4	175.0
United Kingdom	130.7	97.7	212.0	163.8	123.3
Germany	113.2	70.4	92.5	107.7	118.5
Mozambique	82.3	48.6	77.7	48.4	103.6
Zimbabwe	61.8	62.4	74.4	90.5	99.6
Switzerland	24.0	23.7	22.9	35.4	90.5
Malaysia	40.6	44.7	76.1	76.1	83.0
Netherlands	56.7	64.4	60.2	68.9	71.1
Belgium	40.8	29.5	41.0	118.2	70.7
Kenya	42.3	46.6	52.0	53.8	58.0
Korea, Republic of (South)	27.5	23.8	82.3	40.7	53.3
Spain	20.9	17.8	27.2	28.7	51.8
Sweden	67.5	36.8	32.8	58.1	51.1
Finland	51.2	48.1	42.2	45.1	47.5
Hong Kong	55.1	52.4	49.1	58.5	41.6
Australia	44.2	30.4	55.0	28.7	38.6
Republic of Thailand	16.9	12.7	25.1	51.8	35.8
France	28.5	35.3	37.9	54.6	35.3
Israel	30.2	11.9	14.6	3.2	33.5
Kuwait	151.0	0.0	0.0	14.6	31.2
Malawi	21.2	15.0	16.5	35.4	29.7
Indonesia	13.0	9.0	47.1	18.4	24.8
Eswatini	19.3	13.7	16.2	21.5	24.1
Botswana	17.2	17.8	19.4	65.1	23.3
Italy	58.7	27.9	25.9	46.2	22.8
Pakistan	6.7	17.9	9.0	27.7	22.1
Canada	25.2	8.4	11.4	16.2	21.7
Brazil	11.8	9.4	24.4	20.9	18.5
Egypt	15.7	14.6	13.0	16.9	16.3
Taiwan	9.9	6.9	5.9	7.8	9.1
Denmark	28.4	29.4	30.1	21.3	8.7
Lebanon	6.2	0.7	6.1	3.7	1.4
Other	364.1	385.6	723.4	521.6	1,050.2
Total	7,221.3	5,317.1	7,095.4	9,042.6	10,128.4

Source: Bank of Zambia and Zambia Statistics Agency