



Bank Of Zambia

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NB Circular No: 01/2015

To: All Non-banks Financial Institutions

MAXIMUM EFFECTIVE ANNUAL LENDING INTEREST RATES

Further to NB Circular No. 05/2012, the Bank of Zambia wishes to advise all Non-Bank Financial Institutions (NBFIs) that following the increase in the Bank of Zambia Policy Rate to 12.50%, the maximum lending rates for NBFIs have consequently also revised as demonstrated in Table below.

Computation of the Maximum Lending Rates for Non-Bank Financial Institutions

	Maximum Effective Lending Rate Commercial Banks				Maximum Effective Lending Rate for NBFIs	
	Factor A	Margin B	Policy Rate C	Maximum Rate (A x B)+C = (D)	NBFIs Factor E	Maximum Rate D x E
Enterprise-Lending	1	12%	12.50%	24.5%	2.302	56.40%
Microfinance Institutions						
All other NBFIs	1	12%	12.50%	24.5%	1.644	40.28%

Please be advised that the maximum effective annual lending rates for NBFIs are linked to the maximum effective annual lending rate for commercial banks which changes from time to time depending on the movement in the Policy Rate which the Bank of Zambia announces every month.


PETER BANDA
SENIOR DIRECTOR – MONETARY POLICY

cc: Governor
Deputy Governor – Administration
Senior Director – Supervisory Policy