



BANK of ZAMBIA

CREDIT MARKET MONITORING REPORT

2016

TABLE OF CONTENTS

Definitions.....	i
Preface.....	iii
Executive Summary	v
1 Introduction	1
2 Demand for Credit	1
3 Credit Supply	3
3.1 Overall Credit Supply.....	3
3.2 Households and Individuals.....	10
3.3 Businesses - Small.....	15
3.4 Agricultural - Small.....	18
3.5 Agriculture - Large.....	20
3.6 Business - Large	22
3.7 Government	23
3.8 Other End-Users.....	25
4 Financial Inclusion	27
4.1 Credit Supply to Women	28
4.2 Credit Supply to Youths	29
4.3 Credit Supply to Rural Areas.....	30
5 Debt Stress.....	30
5.1 Quality of Loan Book.....	31
5.2 Contracting Loan Book.....	32
5.3 Concentration of Loan Disbursements and Outstanding Loan Amount	34
6 Conclusion.....	36

LIST OF TABLES

<i>Table 1-1: Credit Providers.....</i>	<i>v</i>
<i>Table 1-1: Demand for Credit – Number of Loan Applications.....</i>	<i>1</i>
<i>Table 2-1: Credit Supply – Number of Loan Disbursements.....</i>	<i>4</i>
<i>Table 2-2: Credit Supply - Disbursements by Product (Kwacha).....</i>	<i>4</i>
<i>Table 2-3: Credit Supply - Number of Loan Disbursements by Credit Products.....</i>	<i>4</i>
<i>Table 2-4: Proportion of Disbursements by Institution Type (Value).....</i>	<i>6</i>
<i>Table 2-5: Proportion of Disbursements by Institution Type (Number).....</i>	<i>6</i>
<i>Table 2-6: Total Disbursements by End-User (Value).....</i>	<i>6</i>
<i>Table 2-7: Total Disbursements by End-User (Number).....</i>	<i>7</i>
<i>Table 2-8: Total Disbursements by Province (Value).....</i>	<i>7</i>
<i>Table 2-9: Total Disbursements by Province (Number).....</i>	<i>8</i>
<i>Table 2-10: Total Disbursements by Rural/Urban (Value).....</i>	<i>8</i>
<i>Table 2-11: Total Disbursements by Rural/Urban (Number).....</i>	<i>8</i>
<i>Table 2-12: Access by Women (Value).....</i>	<i>9</i>
<i>Table 2-13: Access by Women (Number).....</i>	<i>9</i>
<i>Table 2-14: Access by Youth (Value).....</i>	<i>9</i>
<i>Table 2-15: Access by Youth (Number).....</i>	<i>9</i>
<i>Table 2-16: Disbursement by Income Category (Value).....</i>	<i>10</i>
<i>Table 2-17: Disbursement by Income Category (Number).....</i>	<i>10</i>
<i>Table 2-18: Disbursements of Unsecured Credit by Loan Tenure (Value).....</i>	<i>11</i>
<i>Table 2-19: Disbursements of Unsecured Credit by Loan Tenure (Number).....</i>	<i>11</i>
<i>Table 2-20: Disbursement by Product Type (Value).....</i>	<i>12</i>
<i>Table 2-21: Disbursement by Product Type (Number).....</i>	<i>12</i>
<i>Table 2-22: Disbursement by Collection Method (Value).....</i>	<i>13</i>
<i>Table 2-23: Disbursements of Unsecured Credit—Purpose of Borrowing (Value).....</i>	<i>13</i>
<i>Table 2-24: Disbursement of Unsecured Credit —Purpose of Borrowing (Number).....</i>	<i>14</i>
<i>Table 2-25: Disbursements of Unsecured Credit by loan size (Value).....</i>	<i>14</i>
<i>Table 2-26: Disbursements of Unsecured Credit by loan size (Number).....</i>	<i>14</i>
<i>Table 2-27: Disbursements of Unsecured Credit by Loan Tenure (Value).....</i>	<i>15</i>
<i>Table 2-28: Disbursements of Unsecured Credit by Loan Tenure (Number).....</i>	<i>15</i>
<i>Table 2-29 - Disbursements by Enterprise Size (Value).....</i>	<i>16</i>
<i>Table 2-30 - Disbursements by Enterprise Size (Number).....</i>	<i>17</i>
<i>Table 2-31 - Disbursement by Product Type (Value).....</i>	<i>17</i>
<i>Table 2-32: - Disbursement by Product Type (Number).....</i>	<i>17</i>
<i>Table 2-33 - Disbursement by Farm Size (Value).....</i>	<i>18</i>
<i>Table 2-34 - Disbursement by Farm Size (Number).....</i>	<i>19</i>
<i>Table 2-35 - Disbursement by Product Type (Value).....</i>	<i>19</i>
<i>Table 2-36 - Disbursement by Product Type (Number).....</i>	<i>19</i>
<i>Table 2-37 - Disbursement by Farm Size (Value).....</i>	<i>20</i>
<i>Table 2-38 - Disbursement by Farm Size (Number).....</i>	<i>20</i>
<i>Table 2-39 - Disbursement by Product Type (Value).....</i>	<i>21</i>
<i>Table 2-40 - Disbursement by Product Type (Number).....</i>	<i>21</i>
<i>Table 2-41: Disbursement by Business Size (Value).....</i>	<i>22</i>
<i>Table 2-42: Disbursement by Business Size (Number).....</i>	<i>23</i>
<i>Table 2-43: Disbursement by Product Type (Value).....</i>	<i>23</i>

<i>Table 2-44: Disbursement by Product Type (Number)</i>	23
<i>Table 2-45: Disbursement to Government (Value)</i>	24
<i>Table 2-46: Disbursement to Government (Number)</i>	24
<i>Table 2-47: Disbursement by Product Type (Value)</i>	24
<i>Table 2-48: Disbursement by Product Type (Number)</i>	25
<i>Table 2-49: Disbursement to Other End-Users (Value)</i>	26
<i>Table 2-50: Disbursement to Other End-Users (Number)</i>	27
<i>Table 2-51: Disbursement by Product Type (Value)</i>	27
<i>Table 2-52: Disbursement by Product Type (Number)</i>	27
<i>Table 3-1: Access by Women (Value)</i>	28
<i>Table 3-2: Access by Women (Number)</i>	28
<i>Table 3-3: Access by Women (Number)</i>	29
<i>Table 3-4: Access by Youth (Value)</i>	29
<i>Table 3-5: Access by Youth (Number)</i>	29
<i>Table 3-6: Access by Youth as a portion of End-User Types</i>	30
<i>Table 3-7: Total Disbursements by Rural/Urban (Value)</i>	30
<i>Table 3-8: Total Disbursements by Rural/Urban (Number)</i>	30
<i>Table 4-1: Age Analysis</i>	31
<i>Table 4-2: Non-Performing Loans according to Credit End-User Categories (90 days late or more)</i>	31
<i>Table 4-3: Non-performing loans according to Credit Products</i>	32
<i>Table 4-4: Total Book by Product (Value)</i>	33
<i>Table 4-5: Total Book by Product (Number)</i>	34
<i>Table 4-6: Credit Supply - Number of Loan Disbursements by Credit Products</i>	34
<i>Table 4-7: Credit Supply - Value of Loan Disbursements by Credit Products</i>	34
<i>Table 4-8: Total Disbursements by End-User (Number)</i>	35
<i>Table 4-9: Total Disbursements by End-User (Value)</i>	35
<i>Table 4-10: Total Outstanding Loans by End-User (Number)</i>	35
<i>Table 4-11: Total Outstanding Loans by End-User (Value)</i>	36

LIST OF FIGURES

<i>Figure 1-1: Share of Credit Market by Financial Intermediaries.....</i>	<i>vi</i>
<i>Figure 1-2 - Indicators of Zambia's Financial Development.....</i>	<i>vi</i>
<i>Figure 1-3 - Disbursements by end-user</i>	<i>vii</i>
<i>Figure 1-4 - Gross loan book by end-user.....</i>	<i>viii</i>
<i>Figure 1-1: Demand for Credit – Households.....</i>	<i>2</i>
<i>Figure 1-2: Demand for Credit – Business Large.....</i>	<i>2</i>
<i>Figure 1-3: Demand for Credit – Business Small</i>	<i>2</i>
<i>Figure 1-4: Demand for Credit – Agriculture Large.....</i>	<i>3</i>
<i>Figure 1-5: Demand for Credit – Agriculture Small.....</i>	<i>3</i>
<i>Figure 2-1: Disbursements Value by Product Type</i>	<i>5</i>
<i>Figure 2-2: Disbursements Number by Product Type.....</i>	<i>5</i>
<i>Figure 2-3: Average Loan Size by Income</i>	<i>11</i>
<i>Figure 2-4: Disbursements by product type</i>	<i>12</i>
<i>Figure 2-5: Disbursements by Product.....</i>	<i>16</i>
<i>Figure 2-6: Disbursements by product type</i>	<i>21</i>
<i>Figure 2-7: Disbursements by product type</i>	<i>22</i>
<i>Figure 2-8: Disbursements by product type</i>	<i>25</i>
<i>Figure 2-9: Disbursements by product type</i>	<i>26</i>
<i>Figure 4-1: Total Value of Credit Book by Product.....</i>	<i>32</i>
<i>Figure 4-2: Total Number of Loans in Credit Book by Product.....</i>	<i>33</i>

LIST OF APPENDICES

<i>Appendix 1 - overall Credit Market Data</i>	<i>38</i>
<i>Appendix 2 - overall Credit Market Data</i>	<i>39</i>
<i>Appendix 3 - Credit Market Data – Households and Individuals</i>	<i>40</i>
<i>Appendix 4 - Credit Market Data – Households and Individuals</i>	<i>41</i>
<i>Appendix 5 - Credit Market Data – Small and Medium Businesses.....</i>	<i>42</i>
<i>Appendix 6 - Credit Market Data – Large Businesses</i>	<i>43</i>
<i>Appendix 7 - Credit Market Data – Small Agriculture.....</i>	<i>44</i>
<i>Appendix 8 - Credit Market Data – Large Agriculture</i>	<i>45</i>
<i>Appendix 9 - Credit Market Data – Government.....</i>	<i>46</i>
<i>Appendix 10 - Credit Market Data – Other Credit Services End-Users</i>	<i>47</i>
<i>Appendix 11 - Credit Market Data – Debt Performance (Debt Stress statistics).....</i>	<i>48</i>
<i>Appendix 12 - Credit Market Data – Financial Inclusion Statistics</i>	<i>49</i>
<i>Appendix 13 - Rural and Urban Classification (List of Districts).....</i>	<i>50</i>

Definitions

1. Small Agriculture	Smallholder up to 5 hectares Small emergent farmer - Between 5-20 hectares Large emergent farmer - Between 20-50 hectares
2. Large Agriculture	Medium farms to Extra Large Farms (50+hectares) Large Farms owned by foreign investors/non Zambian citizens.
3. Small Businesses	Single person business (may have 1 or more unpaid employees) Business with 1– 100 paid employees apart from owner
4. Large Businesses	Business with 101+ employees
5. Households and Individuals	The Households and Individuals segment relates to all households and individuals, engaged in personal and household activities.
6. Government	The Government segment refers to Government bodies such as Central government, Local government, Parastatals and Statutory bodies.
7. Other End-Users	The Other End-Users segment refers to all other end-users not accounted for in the above segments, and includes Banking institutions, Non-bank financial institutions, Embassies, Affiliated companies, Non-resident individuals and entities.
8. Mortgage agreements	Mortgage agreements refer to credit transactions secured by a pledge of immovable property (i.e. titled land, house, building, or permanent structure).
9. Leases and Asset-backed credit	Leases and asset-backed credit products refer to credit transactions secured by movable property or assets i.e. vehicle, equipment, or any other asset.
11. Revolving credit facilities	Revolving credit facilities refer to facilities where a borrower may access a credit line up to a pre-approved limit. Payment is made periodically, and may include a minimum instalment.

12. Unsecured loans	Unsecured loans refer to term loans which are not secured by a pledge of immovable or movable property, or assets. Example, a loan granted to a household for building a house incrementally or for improving a structure is deemed an unsecured loan if it is granted without an asset that is on hold as security should the borrower default on payment.
14. Youth	For the purposes of this report, youth refers to individuals aged between 18 and 35 years at time of entering into a credit agreement
15. Banks	Registered banks on the Bank of Zambia Registry
16. Building Societies	NBFIs largely involved in providing housing finance
17. Micro Finance Institutions (Small business development)	Microfinance institutions whose loan book is 80% or more in SMEs
18. Micro Finance Institutions – other	Microfinance institutions whose loan book is 80% or more in consumer loans
19. Other	NBFIs that are not part of the above categorization
20. Rural/Urban	<p>For the purposes of this return, please report credit granted to entities resident in rural and urban areas by province. The rural and urban classification is in Appendix xiii</p> <p>Rural and urban classifications based on areas according to the address of the borrower. If this information is not available, classification of credit granted according to the location of the credit-granting branch.</p>

Preface

1. The Credit Market Monitoring Report (CMMR) presents an overview of Zambia's credit market with particular focus on access to credit and debt stress. It analyses the level of credit disbursement, the size of the credit book and debt performance according to credit services end-users. The objective of the report is to provide the credit market with aggregated credit data to promote market development. It is based on quarterly credit returns submitted by the credit providers operating under Bank of Zambia's (BoZ) supervisory ambit. The report provides credit information for the four quarters to 31 December 2016. The formal Zambian credit market comprises the banking and the non-bank financial institutions (NBFIs) sectors. As at 31 December 2016, the banking sector comprised 18 banks, while the NBFIs sector comprised 47 credit providers, 13 of which were deposit-taking.

2. The BoZ has been collecting credit returns from its licensed credit providers since the first quarter of 2016. The returns contain data on the number and value of credit disbursements within a quarter, as well as on the number of loans and the value of the loan book at the end of each quarter¹. Data on credit agreement size, credit performance, and credit maturity are also collected. The returns are then aggregated across the market. The purpose of this report is to:

- (i) Disseminate qualitative and quantitative credit data to stakeholders in the credit market;
- (ii) Track and measure credit activity;
- (iii) Assist the BoZ and credit providers to monitor credit trends and identify financial distress for specific sectors and end-users.
- (iv) Inform the formulation of regulatory interventions that could support effective and appropriate credit policy; and
- (v) Assist credit providers perform peer and sector analysis, update their borrower and market risk models, and design new products, which should result in improved decision-making and market functioning;

3. The report analyses the credit market across three main dimensions by:

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

4. The report also provides an overview of credit performance in Zambia, examining credit performance across three dimensions: by credit provider, by credit product type, and by credit end-

¹ Disbursements are the cumulative flow of new loans in the quarter, while the loan book is the stock of loans measured at the end of the quarter

user. In addition, an overview of the financial inclusion data collected as part of the credit return, focusing on access for women, and youth is also given in the report.

Executive Summary

Introduction

1. The Credit Market Monitoring Report (CMMR) presents an overview of Zambia's credit market with particular focus on access to credit and debt stress. It analyses the level of credit disbursement, the size of the credit book and debt performance according to credit services end-users. The objective of the report is to provide the credit market with aggregated credit data to promote market development. It is based on quarterly credit returns submitted by the credit providers operating under Bank of Zambia's (BoZ) supervisory ambit. The report provides credit information for the four quarters to 31 December 2016.

Credit Service Providers in the Market

2. The formal Zambian credit market comprise the banking and the non-bank financial institutions (NBFIs) sectors. As at 31 December 2016, the banking sector comprised 18 banks while the NBFi sector comprised 47 financial institutions, 13 of which were deposit-taking (Table 0-1).

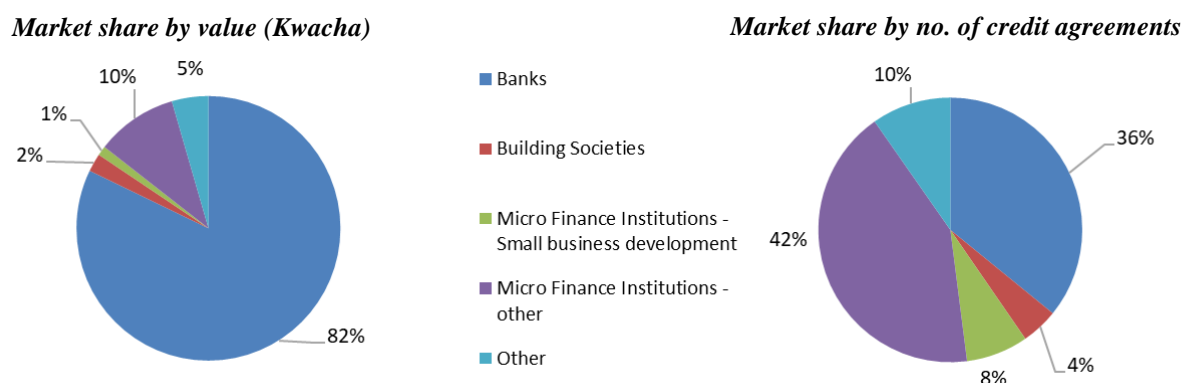
Table 0-1: Credit Providers

Type of Institution	Number of Institutions			
	Q1	Q2	Q3	Q4
Commercial Banks	19	19	19	18
Non-Bank Financial Institutions				
Leasing Finance Institutions	4	4	4	4
Building Societies	4	3	3	3
Savings and Credit Institutions	1	1	1	1
Microfinance Institutions	37	37	36	34
Development Finance Institutions	1	1	1	1
Financial Businesses	4	4	4	4
Sub-total	51	50	49	47
Grand Total	70	69	68	65

Source: Bank of Zambia

3. Commercial banks accounted for 82.2% of gross total assets of financial service providers under the supervision of the BoZ and provided most of Zambia's credit. Although most credit (by value) was provided by commercial banks, other financial intermediaries extended a significant portion of credit to some market segments. For example, households and small businesses relied heavily on microfinance institutions. Compared to credit extension by value, credit extension by volume measured by the number of credit agreements in the market was spread more evenly across sectors; other financial and microfinance institutions provided 64.0% of the total number of credit agreements in the market while banks provided 36.0%. Figure 0-1 shows this supply-by-value versus supply-by-number disparity.

Figure 0-1: Share of Credit Market by Financial Intermediaries

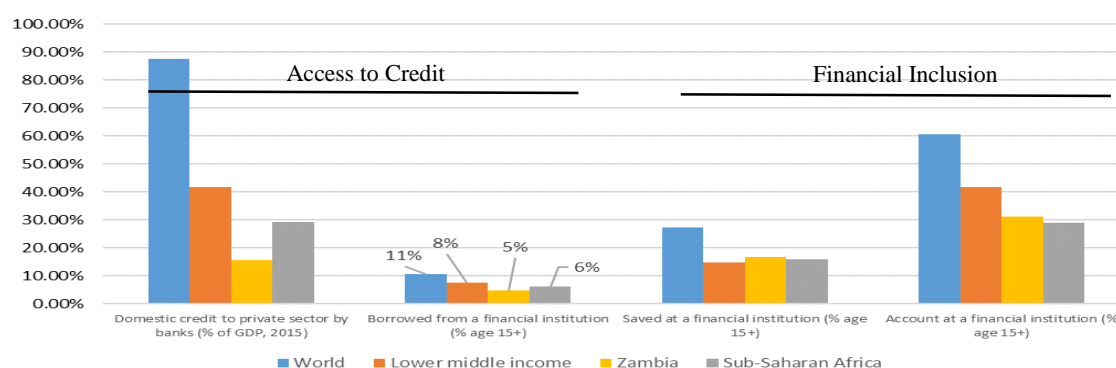


Source: Bank of Zambia

4. Compared to other countries, the amount of credit in the Zambian economy is low, with credit to the private sector comprising only 15.7% of GDP (compared to the Sub-Saharan Africa (SSA) average of 29.3% and the world average of 87.7%). In 2015, only 4.8% of Zambians borrowed from financial institutions, which was significantly lower than the SSA average (6.3%) and the world average (10.7%). Considering that credit plays an important role in facilitating both economic growth and reducing poverty, the analysis of credit market trends creates a basis upon which to design appropriate credit policy interventions aimed at spurring the supply of credit to desired levels.

5. Figure 0-2 shows statistics on financial access, comparing Zambia to the SSA, low middle income and world averages.

Figure 0-2: Indicators of Zambia's Financial Development



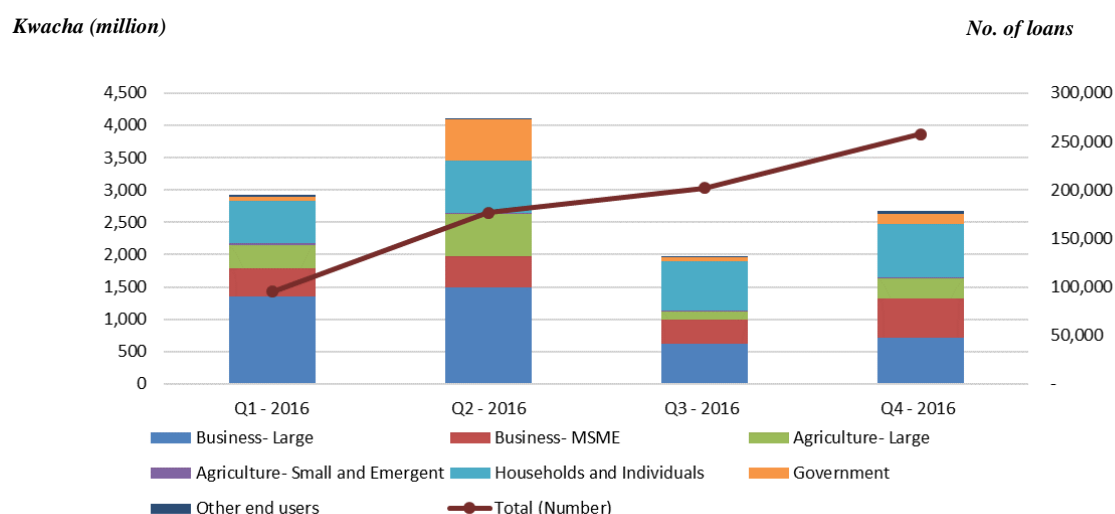
Source: Global Financial Inclusion Database – World Bank

Overview of the Credit Market

Credit Disbursements

6. Overall, credit disbursements rose in 2016 in terms of number of loans disbursed. The increase in the number of credit disbursement was attributed to a rise in unsecured loans, arising from a new product (high-volume, low-value and short-term mobile credit product) in the NBFIs sector. This product allowed the flow of credit to the rural areas through agents of mobile network operators. This was made possible through developments in mobile telephone technology and the penetration of mobile phones into the rural areas. Figure 0-3 gives the total disbursements in the market for 2016, both by the total value of credit and the number of credit agreements.

Figure 0-3: Disbursements by end-user



End-User and Credit Product Disbursement Concentration

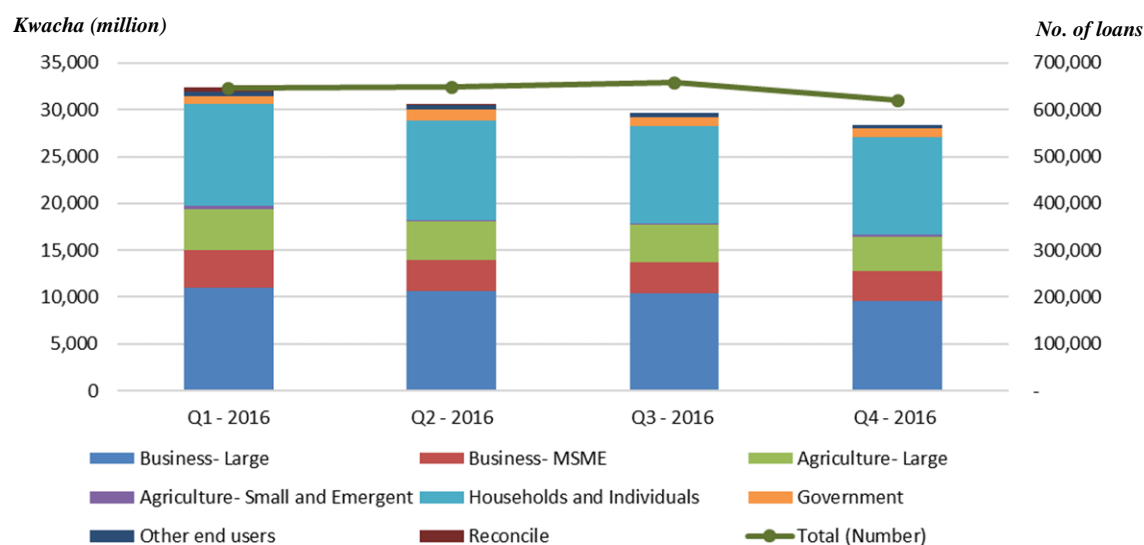
7. In terms of credit end-user categories, the household and individuals' end-user category accounted for the largest proportion of credit disbursement at 92.0% and 31.0% in terms of number and value of credit disbursed. A review of data collected on the usage of the credit obtained under the category indicated that 18.0% was utilized to pay school fees, 17.0% on living expenses, 40.0% on unspecified purposes while the rest was for purposes spread amongst medicals, vehicle acquisition, home improvement, land acquisition, business and farming.

8. The credit data obtained also showed that unsecured loans accounted for the highest proportion of credit disbursed both by value and number of loans with a significant rise during the year. The increase in credit disbursement of unsecured loans was attributed to a new high-volume, low-value credit product (mobile credit lending transactions) in the NBFIs sector.

Outstanding Loan Book

9. Despite the increase in credit disbursements, the value of the loan book² declined at end-December 2016. This was partly explained by the absence of liquidity in the market as the central bank implemented a relatively tight monetary policy stance from November 2015 in order to stem foreign exchange pressure. Figure 0-4 shows the trend in the gross loan book 2016.

Figure 0-4: Gross loan book by end-user



Debt Stress Indicators

10. Debt stress indicators showed a deteriorating trend. Non-performing loans as a proportion of the total gross loans increased to 10.7% in the fourth quarter from 9.4% in the first quarter of 2016. Most institutions recorded an increase in non-performing loans ratios on account of tight liquidity conditions and non-compliance to loan underwriting procedures by institutions in some cases. Aggregated across the market, allowances for loan and lease losses³ as a percentage of the gross loan book increased to 7.4% in the fourth quarter from 6.6% in the first quarter of 2016.

Financial Inclusion

11. The financial inclusion data collected as part of the credit return focused on access to credit for women, youth and borrowers in the rural parts of the country, as these categories of end-users usually have lower access to financial services. The Zambia FinScope survey of 2015 revealed

² Gross value of the loan book is the value of outstanding loans as at a particular date before deducting allowances for loan and lease losses while the net value the loan book is the outstanding loan amount after deducting allowances for loan and lease losses.

³ Allowance for Loan and Lease Losses (ALLL) is an accumulated amount of provisions for loans and lease losses as at particular date. When lenders add to ALLL each quarter (through Loan Loss Provisions) this indicates an expectation of more losses in their portfolio. When the lender takes away from ALLL (through negative Loan Loss Provisions) this is an indication that the lender is more optimistic about their portfolio and expects few loss loan accounts

that the level of financially excluded female adults was higher at 42.5% compared to the male counterparts which stood at 38.8%. Similarly, the FinScope survey showed that 56.5% of youths were financially excluded compared to 43.5% for adults. The survey also revealed that financial exclusion in rural parts of Zambia was 49.8% compared 29.7% in urban areas. Collection and analysis of credit data on these end-user categories therefore allows for evidence-based policy formulation and subsequent evaluation of the impact of policy implementation. Overall, access to credit by these end-user categories improved in 2016.

Access by Women

12. Out of the total value of credit disbursements in 2016, 10.5% was to women. A review of quarter by quarter movements showed an increasing trend, save in the fourth quarter when the total value of credit disbursements to women declined to 14.8% from 17.0% in the third quarter. As a proportion of the value of credit provided to households and individuals, women received 32.0% of the total credit in the fourth quarter. As a proportion of small agricultural lending in the fourth quarter, women received 15.4% while in small business lending, they received 20.8%.

Access by Youths

13. Out of the total value of credit disbursements in 2016, 12.5% was to youths. Quarter by quarter basis, the value of credit disbursements to youths declined in the fourth quarter to 14.7% from 18.9% in the third quarter. However, as a proportion of the total number of credit agreements, the proportion of loans received by youth increased by 1.4 percentage points to 46.7% in the fourth quarter from 45.3% in the third quarter. By value, the youth received 35.7% of the total value of household disbursements in the fourth quarter compared to 38.0% in the third quarter.

Access by Small Medium Enterprises

14. Access by SMEs in the year on average showed a rising trajectory. Out of the total value of credit disbursements in 2016, 23.0% was to SMEs while in terms of number of disbursements, SMEs accounted for 9.5%. On a quarter-by-quarter basis, the value of credit disbursements to SMEs increased in the fourth quarter to 23.0% from 18.7% in the third quarter while the of number of loans disbursed declined to 7.6% of loans disbursed in fourth quarter from 8.7% in the third quarter.

Geographical Distribution of Credit

15. Credit disbursements were concentrated in Lusaka and Copperbelt provinces. In the fourth quarter for example, these two provinces accounted for 73.9% of total disbursements by value and 50.6% by number of loans.

16. The credit disbursements by value to rural end-users decreased by 32.0% between the third quarter and the fourth quarter, falling from 15.7% in quarter three to 10.6% in quarter four. Yet in terms of the number of credit agreements, disbursements to rural districts increased from 20.6% in quarter three to 32.3% in quarter four. The increase in the proportion of credit to rural areas was attributed to a new high-volume, low-value mobile credit product that allowed the flow of credit to the rural areas through agents of mobile network operators, a development that was made

possible through developments in mobile telephone technology and the penetration of mobile phones into the rural areas.

Introduction

1. The Credit Market Monitoring Report (CMMR) presents an overview of Zambia's credit market with particular focus on access to credit and debt stress. It analyses the level of credit disbursement, the size of the credit book and debt performance according to credit services end-users. The objective of the report is to provide the credit market with aggregated credit data to promote market development. It is based on quarterly credit returns submitted by the credit providers operating under Bank of Zambia's (BoZ) supervisory ambit. The formal Zambian credit market comprises the banking and the non-bank financial institutions (NBFIs) sectors. As at 31 December 2016, the banking sector comprised 18 banks, while the NBFI sector comprised 47 credit providers, 13 of which were deposit-taking.

2. The BoZ has been collecting credit returns from its licensed credit providers since the first quarter of 2016. The returns contain data on the number and value of credit disbursements within a quarter, as well as on the number of loans and the value of the loan book at the end of each quarter⁴. Data on credit agreement size, credit performance, and credit maturity are also collected. The returns are then aggregated across the market. The report provides credit information for the four quarters to 31 December 2016.

1 Demand for Credit

3. Demand for credit in 2016 was on a rising trajectory, with the number of applications for loans increasing to 619,329 in the fourth quarter from 69,117 in the first quarter, driven by applications for unsecured loans. The demand for credit, in terms of applications, was mainly driven by households and individuals which accounted for 96.8% in the fourth quarter (Table 1-1).

Table 1-1: Demand for Credit – Number of Loan Applications

	Households & Individual	Business Large	Business Small	Agriculture Large	Agriculture Small	Totals
Q1 – 2016	49,744	237	18,344	53	739	69,117
Q2 – 2016	179,646	242	16,295	93	463	196,739
Q3 – 2016	339,841	245	17,214	67	384	357,751
Q4 – 2016	599,923	210	18,098	193	905	619,329
Totals	1,169,154	934	69,951	406	2,491	1,242,936

4. The demand for credit by households was mainly in the form of unsecured loans (Figure 1-1). This was particularly driven by a new short-term loan product offered in connection with mobile network operators called mobile credit transactions in the second quarter of the year.

⁴ Disbursements are the cumulative flow of new loans in the quarter, while the loan book is the stock of loans measured at the end of the quarter

5. With regard to small and large businesses, in 2016 most of the applications were in the form of revolving credit facilities as well as leases and other asset-backed secured loans. In the fourth quarter, there was an increase in demand for leases and other asset-backed loans as well as for unsecured loans (Figures 1-2 and 1-3).

Figure 1-1: Demand for Credit – Households

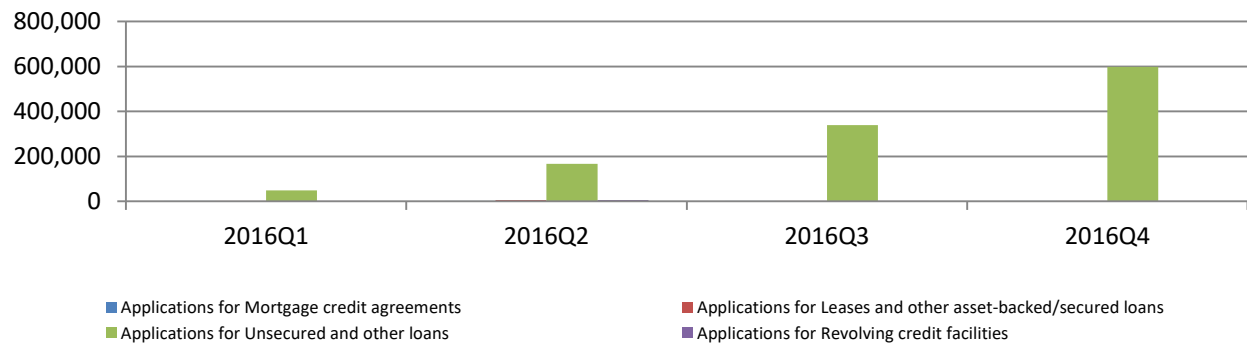


Figure 1-2: Demand for Credit – Business Large

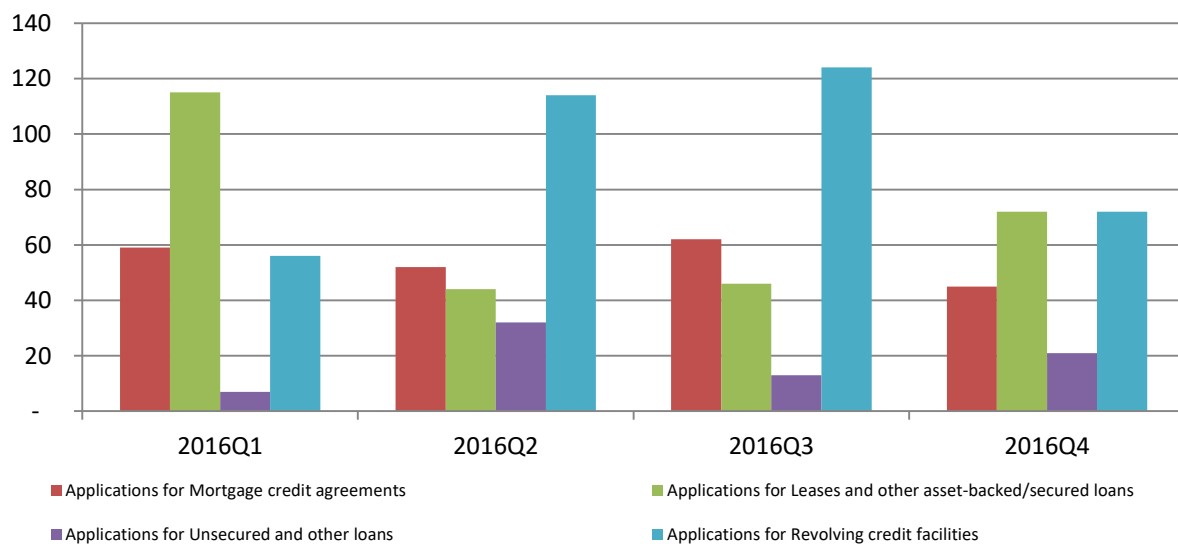
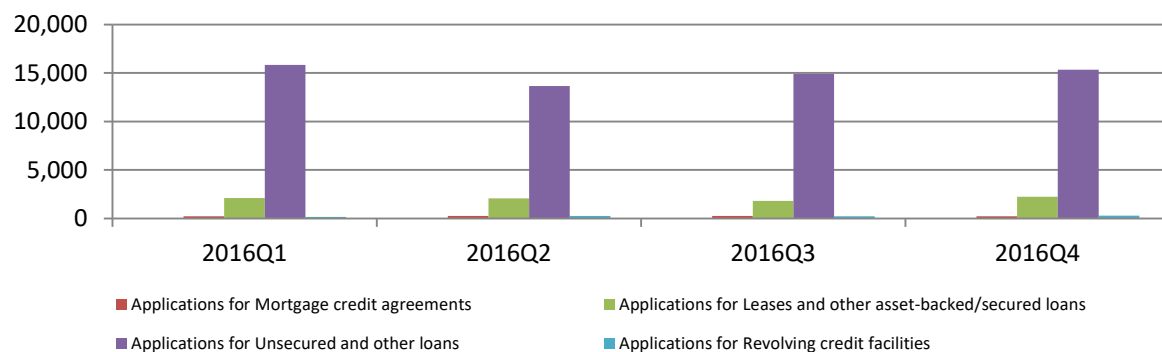


Figure 1-3: Demand for Credit – Business Small



6. In the small and large agriculture end-user categories, credit applications were, concentrated in the leases and other asset-backed loans. Due to the risky nature of lending to the agriculture end-user category, credit providers preferred extending credit in form of leases and asset-backed loans which had in-built credit risk mitigants (Figure 1- 4 and Figure 1- 5).

Figure 1-4: Demand for Credit – Agriculture Large

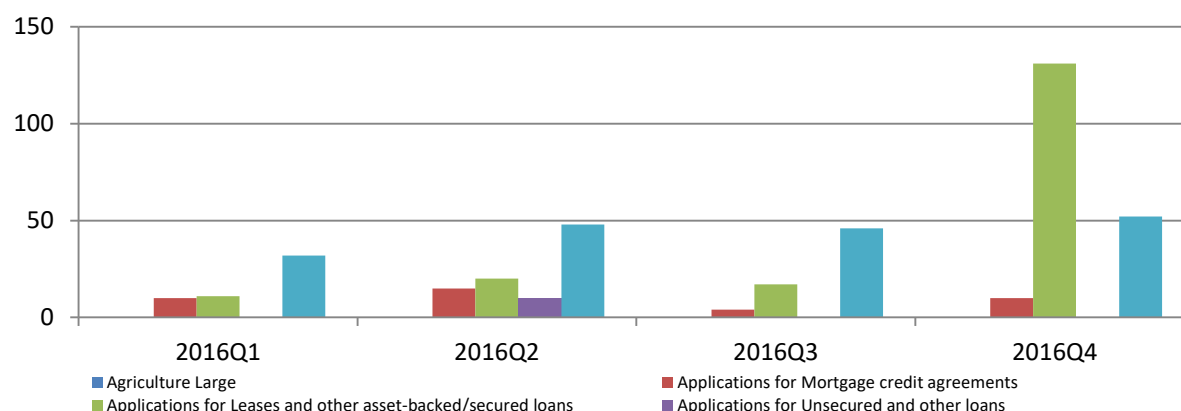
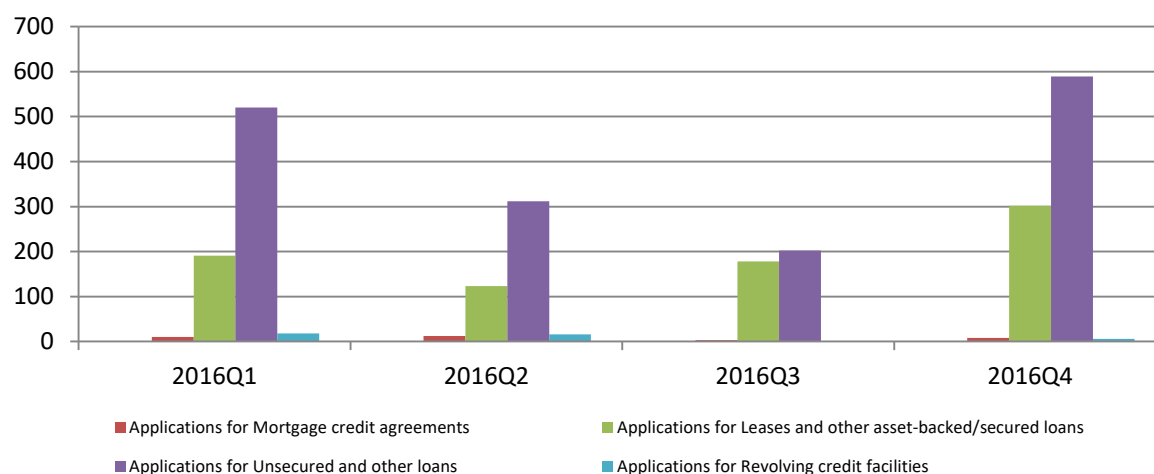


Figure 1-5: Demand for Credit – Agriculture Small



2 Credit Supply

2.1 Overall Credit Supply

7. Total credit disbursements during 2016 also exhibited an upward trend, similar to the trend observed in demand. Total number of disbursements rose to 257,318 from 97,112 in the first quarter (Table 2-1 and Table 2-2). In line with demand, most of the disbursements related to unsecured loans which accounted for 93.7%, followed by leases and other asset-backed loans at 4.8%. In terms of value, leases and other asset-backed loans accounted for 32.0% of the total credit disbursed during the year (Table 2-3). The relatively higher proportion of leases and asset-backed loans, by value, compared to their proportion of number disbursed is explained by the preference

of the credit providers to underwrite these more secure, larger and fewer credit products as a risk management strategy.

Table 2-1: Credit Supply – Number of Loan Disbursements

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	Total
Households	77,043	158,806	183,219	236,793	655,861
Business Large	353	404	231	237	1,225
Business Small	16,385	16,358	17,506	18,937	69,186
Agriculture Large	91	134	115	101	441
Agriculture Small	771	587	773	1,026	3,157
Government	107	165	91	38	401
Other End-Users	160	320	181	186	847
Total	94,910	176,774	202,116	257,318	731,118

8. Credit disbursements to all credit product types increased during the fourth quarter, with unsecured lending reporting the highest rise by 36.5% to K1,104 million from K809 million (Table 2-2 and Figures 2-1 and 2-2). In part, this significant lending growth reflected a recovery from the large drop in lending witnessed in the third quarter. The recovery arose largely from improved credit conditions. There were high value disbursements to the agriculture-large and Government end-user categories during the fourth quarter which resulted into high value of credit compared to other quarters.

Table 2-2: Credit Supply - Disbursements by Product (Kwacha)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	Total
Mortgages	771,433,128	1,140,343,051	325,701,654	502,690,791	2,740,168,624
Leases & Asset-backed Loans	877,389,440	1,620,765,849	587,049,168	622,216,151	3,707,420,608
Unsecured Loans	600,768,518	637,769,974	808,914,732	1,104,027,786	3,151,481,010
Revolving Credit Facilities	682,377,736	693,649,875	256,255,733	442,451,776	2,074,735,120
Total	2,931,968,823	4,092,528,749	1,977,921,287	2,671,386,504	11,673,805,362

Table 2-3: Credit Supply - Number of Loan Disbursements by Credit Products

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	Total
Mortgages	1,021	2,325	448	501	4,295
Leases & Asset-backed Loans	9,929	10,424	6,918	7,962	35,233
Unsecured Loans	80,838	160,578	194,276	248,463	684,155
Revolving Credit Facilities	3,122	3,447	466	392	7,427
Total	94,910	176,774	202,108	257,318	731,110

Figure 2-1: Disbursements Value by Product Type

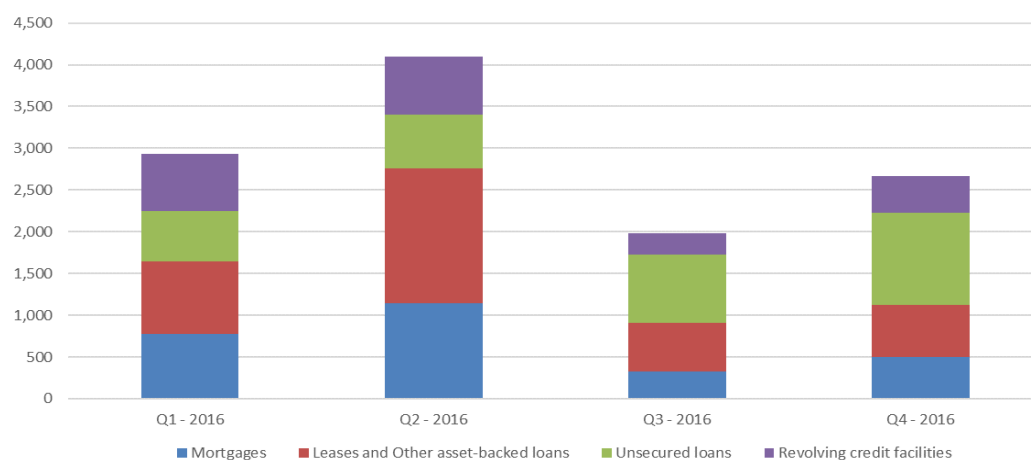
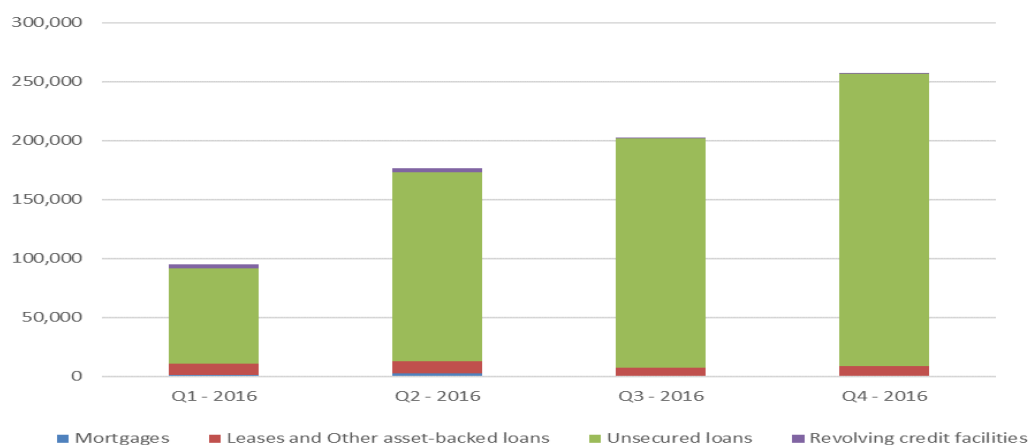


Figure 2-2: Disbursements Number by Product Type



9. Commercial banks dominated the disbursements of credit in value terms, accounting for 73.4% of the proportion of disbursements against 26.6% for NBFIs. The NBFIs on the other hand accounted for the largest proportion of disbursements in terms of the number of disbursement, accounting for 95.7% of all credit agreements in the fourth quarter (Table 2-4 and Table 2-5). Characteristically, commercial banks provide fewer but higher-value credit facilities, whereas NBFIs grant many but low value credit facilities. This difference is explained by the fact that commercial banks have high operating costs because of their relatively larger sizes and therefore require a higher revenue per loan in order to be profitable. In the case of NBFIs (especially microfinance institutions) their level of operating cost is lower because they are smaller and are therefore able to disburse more loans (in some cases through group loan guarantee schemes) which allows them to be profitable even with a lower revenue per loan.

Table 2-4: Proportion of Disbursements by Institution Type (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016
Banks	81.5%	81.8%	71.9%	73.4%
Building Societies	2.1%	2.0%	4.0%	3.3%
Enterprise lending MFIs	2.7%	2.4%	5.2%	4.4%
Consumer lending MFIs	11.4%	10.2%	15.5%	12.2%
Other NBFIs	2.3%	3.6%	3.3%	6.7%

Table 2-5: Proportion of Disbursements by Institution Type (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016
Banks	11.0%	6.4%	4.9%	4.3%
Building Societies	6.0%	3.2%	3.0%	2.7%
Enterprise lending MFIs	12.9%	6.6%	6.6%	5.4%
Consumer lending MFIs	34.3%	33.2%	27.9%	24.0%
Other NBFIs	35.8%	50.5%	57.7%	63.6%

10. In terms of end-user categories, credit disbursements to households and individuals accounted for the largest proportion by both number of loans and value of loans disbursed in the year under review. Households and individuals accounted for 31.0% of the value of loans and 92.0% of the number of loans disbursed in the fourth quarter (Table 2-6 and Table 2-7). It should be noted that while borrowers contract credit under this end-user category, a sizeable number and amount of these loans are applied in other categories such as agriculture, small businesses and home construction and improvement. The total value of disbursements declined in the third quarter but recovered during the fourth quarter as credit conditions improved. There were more small value loans disbursed in the third quarter such that the increase in number of loans could not have a corresponding increasing effect on the value of loans

Table 2-6: Total Disbursements by End-User (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Business - Large	1,360,354,150	1,494,784,366	626,790,836	709,209,748	26.5%
Business - MSME	432,540,412	477,302,663	369,454,883	613,910,793	23.0%
Agriculture - Large	346,592,972	662,817,191	126,479,888	310,122,632	11.6%
Agriculture – Small	34,145,508	17,404,231	18,678,949	18,118,840	0.7%
Households & Individuals	658,384,860	805,657,471	762,630,722	828,905,222	31.0%
Government	59,432,129	632,576,482	56,653,833	143,486,245	5.4%
Other end-users	40,518,790	5,342,400	17,334,227	47,633,023	1.8%
Total (Kwacha)	2,931,968,821	4,095,884,805	1,977,518,273	2,671,386,504	100.0%

Table 2-7: Total Disbursements by End-User (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Business - Large	353	404	231	237	0.1%
Business - MSME	16,385	16,358	17,506	18,937	7.4%
Agriculture - Large	91	134	115	101	0.0%
Agriculture – Small	771	587	773	1,026	0.4%
Households & Individuals	77,043	158,806	183,219	236,793	92.0%
Government	107	165	91	38	0.0%
Other end-users	160	320	181	186	0.1%
Total (Kwacha)	94,910	176,774	202,108	257,318	100.0%

11. In terms of geographical distribution, credit disbursements were concentrated in Lusaka and Copperbelt Provinces. In the fourth quarter, these two provinces together accounted for 73.9% of disbursements by value and 50.6% by number of loans (Tables 2-8 and 2-9). This distribution of credit is in line with the geographical distribution of the commercial banks and NBFIs branches in the country. The existence of economic activities, road and other facilitative infrastructure generally play a role in attracting credit providers to an area. Greater parts of the eight provinces that have low proportions of credit disbursement are rural areas which do not have infrastructure to draw the credit service providers. The increase in the value of disbursements in Northwestern Province was driven two commercial loans disbursed by two commercial banks amounting to K53.9 million while the number of loans was influenced by the mobile credit loan product.

Table 2-8: Total Disbursements by Province (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Lusaka	1,995,730,363	2,792,099,325	1,035,348,349	1,621,024,260	60.7%
Central	176,209,300	176,726,373	133,567,658	174,224,236	6.5%
Copperbelt	433,169,835	559,942,971	380,092,633	352,296,836	13.2%
Eastern	39,377,406	50,647,169	53,322,539	54,554,076	2.0%
Luapula	34,223,261	37,245,517	30,093,216	37,263,916	1.4%
Muchinga	13,211,582	17,472,631	21,343,862	36,898,091	1.4%
Northern	32,331,501	49,551,712	43,411,051	47,162,938	1.8%
North-Western	49,509,119	53,662,199	52,223,654	114,044,566	4.3%
Southern	131,236,006	325,163,599	195,906,714	195,955,830	7.3%
Western	26,970,449	33,373,308	32,208,918	37,961,755	1.4%
Total	2,931,968,821	4,095,884,805	1,977,518,592	2,671,386,504	100.0%

12. Except for Lusaka, credit disbursements by number of loans increased substantially for each province over the year. This was attributed to new high-volume, low-value lending in the NBFIs sector that has not been geographically concentrated to the main commercial centres (Lusaka and Copperbelt).

Table 2-9: Total Disbursements by Province (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Lusaka	23,012	41,390	46,019	29,137	11.3%
Central	10,205	12,861	17,640	20,331	7.9%
Copperbelt	32,639	66,255	77,012	101,087	39.3%
Eastern	3,598	5,157	5,651	6,808	2.6%
Luapula	3,155	5,044	5,182	37,559	14.6%
Muchinga	3,581	9,897	11,593	13,061	5.1%
Northern	4,517	9,312	9,783	12,194	4.7%
North-Western	4,033	9,680	10,698	15,022	5.8%
Southern	7,351	13,341	13,136	16,353	6.4%
Western	2,820	3,839	5,401	5,762	2.2%
TOTAL	94,910	176,774	202,115	257,314	100.0%

13. The proportion of credit disbursements by value to borrowers in rural areas marginally rose to 11.5% in the fourth quarter from 10.3% in the first quarter. In terms of the number of credit disbursements, credit disbursements to borrowers in the rural districts increased to 32.3% from 12.4% in the first quarter of 2016 (Table 2-10 and 2-11).

Table 2-10: Total Disbursements by Rural/Urban (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Rural	302,454,043	353,718,967	309,996,596	307,422,864	11.5%
Urban	2,629,514,821	3,739,264,341	1,667,521,966	2,363,963,640	88.5%
TOTAL (Kwacha)	2,931,968,821	4,092,983,341	1,977,518,592	2,671,386,504	100%

Table 2-11: Total Disbursements by Rural/Urban (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Rural	11,792	17,249	41,678	83,052	32.3%
Urban	83,118	159,525	160,437	174,262	67.7%
TOTAL (Number)	94,910	176,774	202,115	257,314	100%

14. Out of the total value of credit disbursements in 2016, 10.5% was to women. A review of the quarter by quarter movement showed an increase in the fourth quarter to 14.8% from 7.2% in the first quarter, though it was lower than the proportion of total credit disbursements in the third quarter. The proportion of the total number of credit disbursements to women went up to 22.7% in the fourth quarter from 20.3% in the first quarter (Table 2-12 and Table 2-13). These

developments were attributed to special credit services dedicated to women⁵ offered by two credit providers (a commercial bank and a building society).

Table 2-12: Access by Women (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	Total
Total Disbursement	2,931,968,821	4,095,884,805	1,977,518,276	2,671,386,504	11,676,758,405
Disbursement to Women	209,857,298	281,430,480	335,524,028	395,553,631	1,222,365,437
Portion of disbursement accessed by women	7.16%	6.87%	16.97%	14.81%	10.5%

Table 2-13: Access by Women (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	Total
Total Disbursement	94,910	176,783	202,114	257,318	731,262
Disbursement to Women	19,306	25,519	45,606	58,471	148,962
Portion of disbursement accessed by women	20.34%	14.44%	22.56%	22.72%	20.4%

15. Out of the total value of credit disbursements in 2016, 12.5% was to youths. A review of the quarter by quarter movement showed a decline in the fourth quarter in which 14.7% credit disbursements were to youths, compared to 18.9% in the third quarter. As a proportion of the total number of credit agreements, the volume of loans received by youths increased by 1.4 percentage points to 46.7% in fourth quarter from 45.3% in the third quarter (Table 2-14 and Table 2-15).

Table 2-14: Access by Youth (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	Total
Total Disbursement	2,931,968,821	4,095,884,805	1,977,518,273	2,671,386,504	11,676,758,406
Disbursement to Youths	336,970,325	354,546,998	373,919,330	393,054,382	1,458,491
Portion of disbursement accessed by Youths	11.5%	8.7%	18.9%	14.7%	12.5%

Table 2-15: Access by Youth (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	Total
Total Disbursement	94,910	176,783	202,114	257,318	731,262
Disbursement to Youths	20,210	33,210	92,420	120,204	266,044
Portion of disbursement accessed by Youths	21.3%	18.8%	45.7%	46.7%	36.4%

⁵ Anakazi banking and mortgage product tailored to women)

2.2 Households and Individuals

16. Credit disbursements to households and individuals accounted for the largest proportion of disbursements during the year by both value and number of disbursements, accounting for 31.0% and 92.0%, respectively. This was attributed to the fact that the majority of borrowers in this end-user category are employed and obtained salary-backed credit which is perceived by credit providers to be almost risk-free.

17. Disbursements by value increased by 8.7% in the fourth quarter to K828.9 million. Lending to households and individuals largely increased in the medium income bracket (K2,000-K4,000), primarily through unsecured credit products (Table 2-16 and Table 2-17). Similarly, the number of loans rose in the fourth quarter and was also attributed to an increase in the volume of unsecured credit products. The increase was largely driven by new mobile credit transactions.

Table 2-16: Disbursement by Income Category (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Income ZMW 0 - ZMW 2000	38,150,636	62,236,390	80,646,180	79,586,715	9.6%
Income ZMW 2001 - ZMW 4000	191,724,594	181,307,365	120,398,331	166,827,674	20.1%
Income ZMW 4001 - ZMW 6000	168,237,049	148,275,979	145,549,514	167,747,306	20.2%
Income above ZMW 6000	255,998,307	413,231,683	416,036,384	414,743,527	50.0%
Total (Kwacha)	654,110,586	805,051,416	762,630,409	828,905,222	100%

Table 2-17: Disbursement by Income Category (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Income ZMW0 - ZMW 2000	6,968	21,663	124,640	158,035	66.7%
Income ZMW 2001 - ZMW 4000	46,782	104,077	29,374	39,337	16.6%
Income ZMW 4001 - ZMW 6000	11,439	15,100	14,698	19,031	8.0%
Income above ZMW 6000	11,861	17,651	14,528	20,396	8.6%
Total (Number)	77,050	158,491	183,240	236,799	100%

18. In terms of value, longer tenure credit increased in the third and fourth quarter of the year, particularly the unsecured loans with a tenure of over one year (Tables 2-18 and 2-19). However, by number, the proportion of short-term loans increased because of the significant increase in the number of short term mobile credit agreements.

Table 2-18: Disbursements of Unsecured Credit by Loan Tenure (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
0 to 3 months	51,910,860	62,203,936	70,630,385	88,913,695	12.0%
4 - 6 months	12,355,518	11,837,773	11,399,447	16,701,294	2.3%
7 - 12 months	46,137,257	40,376,898	40,122,494	35,313,129	4.8%
13 - 48 months	205,477,983	288,514,431	258,584,572	300,454,788	40.6%
More than 48 months	220,540,844	293,107,876	280,227,131	298,045,200	40.3%
Total (Kwacha)	536,422,462	696,040,913	660,964,029	739,428,107	100%

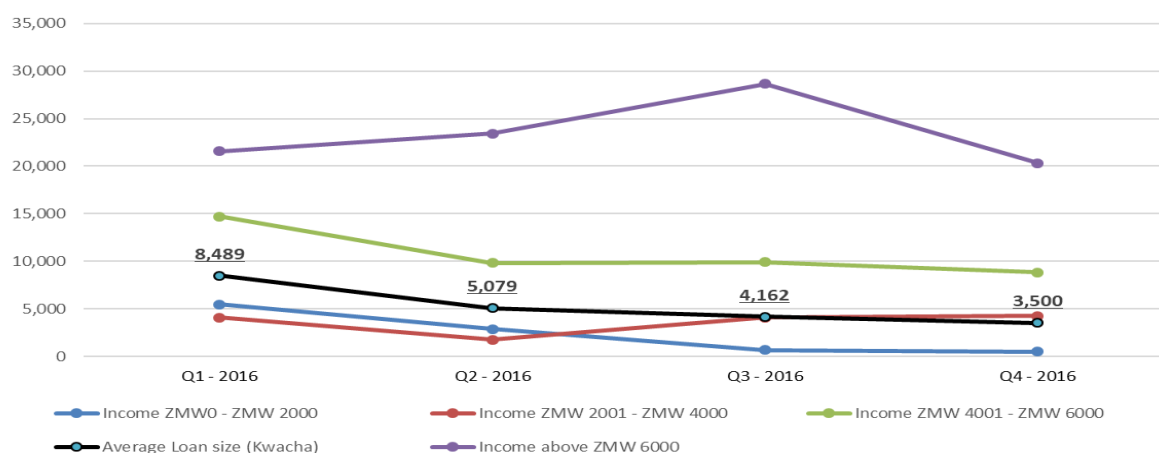
Table 2-19: Disbursements of Unsecured Credit by Loan Tenure (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
0 to 3 months	42,120	121,984	151,184	202,436	85.8%
4 - 6 months	2,391	2,384	2,580	2,829	1.2%
7 - 12 months	7,360	5,006	4,682	4,714	2.0%
13 - 48 months	13,632	18,924	16,630	18,551	7.9%
More than 48 months	6,279	9,055	7,431	7,310	3.0%
Total (Number)	71,782	157,353	182,507	235,840	100%

19. The average size of loans to households and individuals reduced during the year, with the average loan size dropping from K8,489 in the first quarter to K3,500 in the fourth quarter. The reduction in the average size of loans was attributed to growth in the number of low value loans at the low-income end of the market, as shown in Figure 2-3.

Figure 2-3: Average Loan Size by Income

Kwacha



20. Credit disbursements in the household and individuals' end-user category was concentrated in the unsecured loan product which accounted for 89.2% and 99.7% in terms of value and numbers, respectively (Table 2-20, Table 2-21 and Figure 2-4). Most of the unsecured loans were payroll-based which are generally perceived to carry less credit risk.

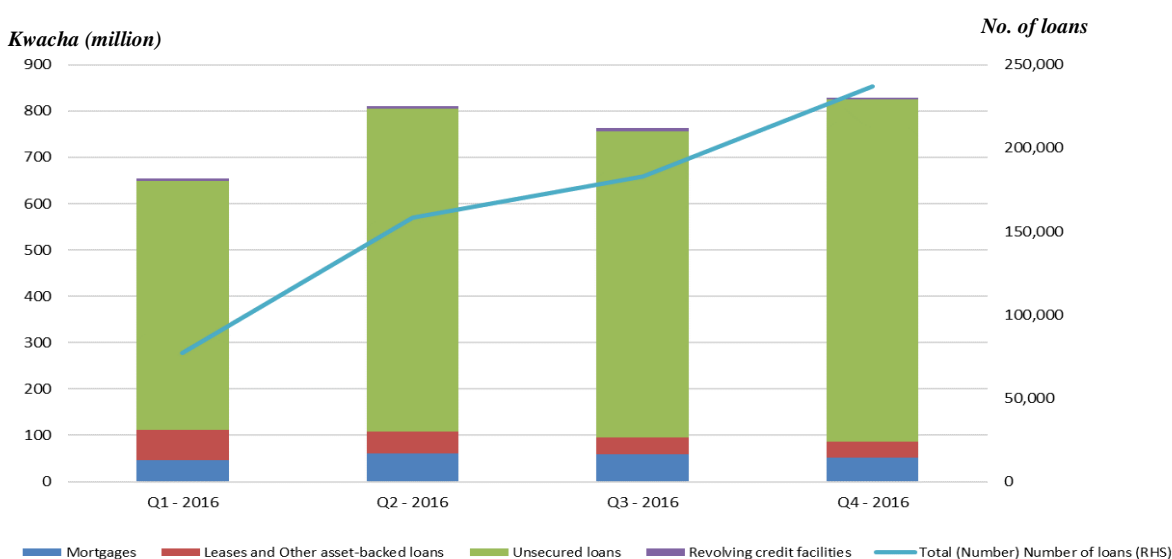
Table 2-20: Disbursement by Product Type (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Mortgages	47,087,183	60,257,942	59,647,192	52,567,351	6.3%
Leases and Other asset-backed loans	65,147,472	47,985,234	35,111,430	33,925,437	4.1%
Unsecured loans	536,422,462	696,040,913	660,964,029	739,428,107	89.2%
Revolving credit facilities	5,453,469	5,851,668	6,907,758	2,984,327	0.4%
Total (Kwacha)	654,110,586	810,135,757	762,630,409	828,905,222	100%

Table 2-21: Disbursement by Product Type (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Mortgages	341	410	175	178	0.1%
Leases and Other asset-backed loans	3,859	494	373	337	0.1%
Unsecured loans	71,782	157,358	182,507	236,179	99.7%
Revolving credit facilities	1,068	248	185	105	0.01%
Total (Number)	77,050	158,510	183,240	236,799	100%

Figure 2-4: Disbursements by product type



21. Credit supply according to collection methods, showed that payroll lending accounted for the highest proportion over the year by both value and number. Payroll credit accounted for 66% of disbursements by value to household and individuals in the fourth quarter. Payroll-based lending is largely considered almost risk free and less costly to administer and, consequently, was the most preferred collection method amongst credit service providers (Tables 2-22).

Table 2-22: Disbursement by Collection Method (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
From employer payroll	444,060,962	580,027,740	501,762,676	546,483,001	65.9%
From salary receiving bank account	149,186,064	202,815,549	233,340,595	241,241,294	29.1%
Other means of collection	60,863,561	27,342,419	26,622,980	41,180,927	5.0%
Total (Kwacha)	654,110,586	810,135,757	762,630,409	828,905,222	100%

22. Tables 2-23 and 2-24 show disbursements of unsecured loans in terms of both value and number according to purpose for which credit was obtained. The data shows that on average, the living expenses and other purposes accounted for the highest proportion of credit disbursements over the year. Loans were largely obtained for ‘other reasons’ not specified which accounted for 40.0%. Education fees accounted (18.0%), living expenses (17.0%), home improvement and construction (13.0%) were also given as reasons for obtaining credit.

Table 2-23: Disbursements of Unsecured Credit—Purpose of Borrowing (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Home improvement/construction	72,009,973	141,333,156	114,096,465	96,882,011	13.1%
Purchase of land	5,502,100	5,951,900	4,951,700	8,107,851	1.1%
Purchase of vehicle	3,383,147	4,199,000	3,916,050	7,064,323	1.0%
Education fees	42,993,777	167,232,636	110,991,458	131,666,071	17.8%
Business	6,469,537	18,370,361	14,245,032	15,980,095	2.2%
Farming	2,928,200	6,474,302	7,534,603	14,166,052	1.9%
Medical or funeral exp.	37,479,149	8,370,173	33,775,778	45,374,352	6.1%
Living expenses	3,862,007	61,945,229	114,566,923	127,571,780	17.3%
Other purpose	361,794,572	282,164,155	256,886,021	292,615,571	39.6%
Total (Kwacha)	536,422,462	696,040,913	660,964,029	739,428,107	100.0%

Table 2-24: Disbursement of Unsecured Credit —Purpose of Borrowing (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Home improvement/construction	1,822	5,986	5,381	4,656	2.0%
Purchase of land	133	135	133	233	0.1%
Purchase of vehicle	83	171	177	284	0.1%
Education fees	6,304	22,619	20,952	25,887	11.0%
Business	3,097	8,475	10,161	13,961	5.9%
Farming	166	462	572	1,111	0.5%
Medical or funeral exp.	4,829	7,897	11,824	16,321	6.9%
Living expenses	14,406	69,366	65,276	79,988	33.9%
Other purpose	40,941	42,247	68,032	93,738	39.7%
Total (Number)	71,782	157,358	182,507	236,179	100%

23. Unsecured credit disbursements by value were concentrated in loans of between K10,000 and K50,000, accounting for an average of 41% over the year while in terms of number of loans disbursed, the loan size category of below K2,000 accounted for the highest percentage at 83.0% (Tables 2-25 and 2-26)

Table 2-25: Disbursements of Unsecured Credit by loan size (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
ZMW 0 - ZMW 2,000	35,351,038	38,983,637	46,515,425	63,288,459	8.6%
ZMW 2,000 - 5,000	42,716,115	42,352,053	41,524,669	40,280,838	5.4%
ZMW 5,000 -10,000	58,208,549	74,024,231	60,103,437	62,412,843	8.4%
ZMW 10,000 - 50,000	229,023,819	328,793,010	281,543,097	306,153,359	41.4%
Above ZMW 50,000	171,122,942	211,887,981	231,277,400	267,292,608	36.1%
Total (Kwacha)	536,422,462	696,040,913	660,964,029	739,428,107	100.0%

Table 2-26: Disbursements of Unsecured Credit by loan size (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
ZMW 0 - ZMW 2,000	42,937	115,549	145,242	194,970	82.6%
ZMW 2,000 - 5,000	7,851	13,010	11,980	12,729	5.4%
ZMW 5,000 -10,000	9,044	10,243	8,261	9,101	3.9%
ZMW 10,000 - 50,000	10,123	15,923	14,126	15,498	6.6%
Above ZMW 50,000	1,827	2,633	2,898	3,881	1.6%
Total (Number)	71,782	157,358	182,507	236,179	100.0%

24. Unsecured credit disbursements by value were concentrated in loan tenures of 13 – 48 months and over 48 months. These accounted for an average of 41% and 40%, respectively over

the year while in terms of number of loans disbursed, the loan tenure of below 3 months accounted for the highest percentage at 86% (Tables 2-27 and 2-28)

Table 2-27: Disbursements of Unsecured Credit by Loan Tenure (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
0 to 3 months	51,910,860	62,203,936	70,630,385	88,913,695	12.0%
4 - 6 months	12,355,518	11,837,773	11,399,447	16,701,294	2.3%
7 - 12 months	46,137,257	40,376,898	40,122,494	35,313,129	4.8%
13 - 48 months	205,477,983	288,514,431	258,584,572	300,454,788	40.6%
More than 48 months	220,540,844	293,107,876	280,227,131	298,045,200	40.3%
Total (Kwacha)	536,422,462	696,040,913	660,964,029	739,428,107	100.0%

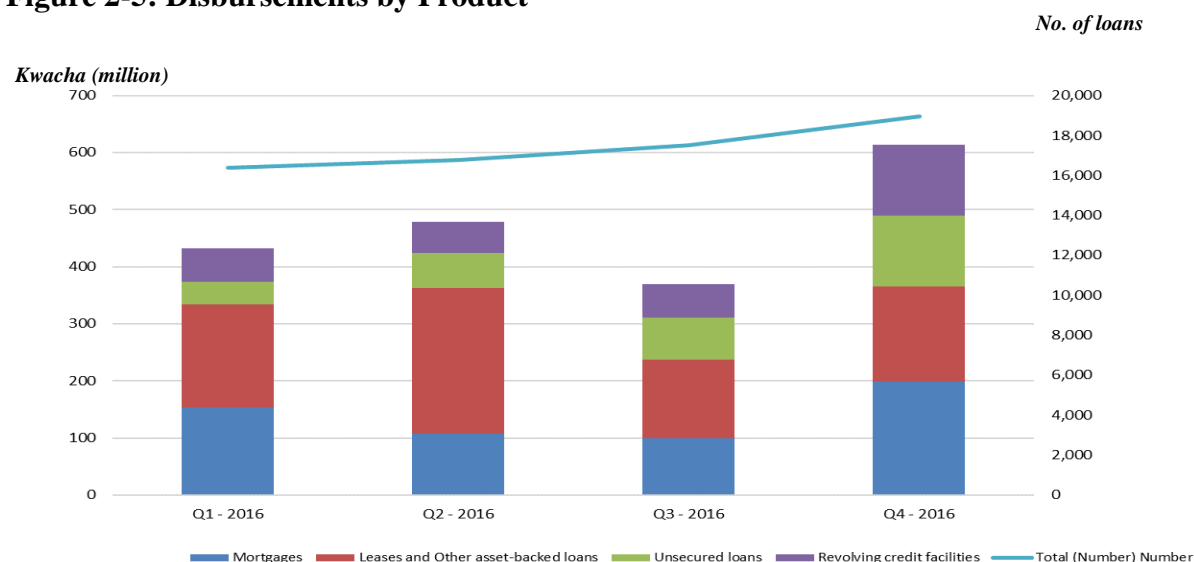
Table 2-28: Disbursements of Unsecured Credit by Loan Tenure (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
0 to 3 months	42,120	121,984	151,184	202,436	85.7%
4 - 6 months	2,391	2,384	2,580	2,829	1.2%
7 - 12 months	7,360	5,006	4,682	4,714	2.0%
13 - 48 months	13,632	18,924	16,630	18,551	7.9%
More than 48 months	6,279	9,055	7,431	7,310	3.1%
Total (Number)	71,782	157,353	182,507	236,179	100.0%

2.3 Businesses - Small

25. Small and medium-size businesses are single person businesses with 1 to 100 paid employees apart from the owner. Loan disbursements to this segment of borrowers increased by 66.2% to K613.9 million in the fourth quarter from K432.5 million in the first quarter of the year (Figure 2-5 and Table 2-30). The rise was consistent with improvements in the credit conditions coupled with improved supply of electricity during the third and fourth quarters of the year. The stable supply of electric power resulted in businesses returning to normal operating capacities.

Figure 2-5: Disbursements by Product



26. Credit disbursements increased across all the firm size categories. Firms with 11-20 employees received 32.2% of total lending to small businesses in quarter four, indicating significant growth from earlier quarters. However, there was no consistent pattern in the business size that received the largest portion of lending. As an example, firms with 51-100 employees received the most credit in the first quarter, while it was firms with 11-20 employees which received the highest proportion of disbursements in the second quarter. In the third quarter, it was firms with 21-50 employees which received the highest proportion of credit disbursements (Table 2-29).

Table 2-29: Disbursements by Enterprise Size (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Group loan	39,769,068	70,712,811	57,023,735	76,776,526	12.5%
Single person MSME	53,288,958	63,556,655	58,072,256	72,548,732	11.8%
1-4 People employed	41,655,439	39,939,355	33,202,987	38,726,940	6.3%
5-10 People employed	93,010,132	43,898,233	41,302,169	71,392,723	11.6%
11-20 People employed	32,236,058	134,441,986	43,269,063	197,961,698	32.2%
21-50 People employed	67,514,337	94,080,998	116,018,973	84,401,414	13.7%
51-100 People employed	105,066,419	31,618,078	20,565,699	72,102,761	11.7%
Total (Kwacha)	432,540,412	478,248,117	369,454,883	613,910,793	100.0%

27. The group loans and single person MSME accounted for the highest proportions in terms of the number of credit disbursement under this end-user category, accounting for an average of 61.0% and 21.4%, respectively (Table 2-30).

Table 2-30: Disbursements by Enterprise Size (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Group loan	10,335	9,727	11,159	11,549	61.0%
Single person MSME	3,335	3,726	3,535	4,056	21.4%
1-4 People employed	2,323	2,465	2,098	2,404	12.7%
5-10 People employed	299	500	393	656	3.5%
11-20 People employed	46	306	263	168	0.9%
21-50 People employed	24	103	34	63	0.3%
51-100 People employed	21	37	24	42	0.2%
Total (Number)	16,383	16,864	17,506	18,938	100.0%

28. Mortgages and leases accounted for the highest proportions in terms of value of credit disbursement by product type at 32.4% and 27.2%, respectively, in the fourth quarter of the year, a trend also observed in the other three quarters. In terms of the number of disbursements, the proportion of unsecured loans was the highest throughout the year (Tables 2-31 and 2-32).

Table 2-31: Disbursement by Product Type (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Mortgages	153,531,218	108,200,211	99,202,532	198,613,332	32.4%
Leases and Other asset-backed loans	179,913,619	254,107,395	137,923,115	166,700,177	27.2%
Unsecured loans	39,698,841	62,198,727	73,316,335	124,054,802	20.2%
Revolving credit facilities	59,396,735	53,741,813	59,012,900	124,542,483	20.3%
Total (Kwacha)	432,540,413	478,248,146	369,454,883	613,910,793	100%

Table 2-32: Disbursement by Product Type (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Mortgages	235	223	235	245	1.3%
Leases and Other asset-backed loans	5,820	6,668	5,904	6,860	36.2%
Unsecured loans	10,119	9,770	11,194	11,604	61.3%
Revolving credit facilities	209	129	173	229	1.2%
Total (Number)	16,383	16,790	17,506	18,938	100%

29. Although access by SMEs in the year on average showed a rising trajectory, the SME access to credit was generally low. The two major challenges that credit providers faced in lending to small and medium-size businesses were how to deal with their high levels of informality and their inability to provide traditional collateral for loans. This underscores the need for the utilisation of the moveable property collateral registry, increased financial education and good record keeping. The challenges faced by credit providers in lending to small and medium-size

businesses were exacerbated by high real interest rates and to some extent the crowding out of the private sector by Government borrowing during 2016.

2.4 Agricultural - Small

30. The small agriculture end-user category comprises emergent farmers with farm sizes of up to 50 hectares.

31. Credit disbursements to the small agriculture end-user category accounted for an average of 1.1% of total disbursements in value and 0.4% in number of credit disbursements during the year. In terms of trajectory, credit disbursements to small agriculture borrowers fell by 3.0% in the fourth quarter in absolute value terms, with only K18.7 million and K18.1 million disbursed in the third and fourth quarter, respectively (Table 2-34), a trend which was also exhibited during the first half of the year.

32. However, credit disbursement numbers maintained a growth trajectory in the year. In the last quarter of the year, disbursements grew by 32.7%, with all farm size categories receiving more loans, indicating that smaller value loans were disbursed as the year progressed (Table 2-35).

33. Credit disbursements to farmers with farm sizes of 20 to 50 hectares accounted for the highest proportion in terms of value of loans disbursed while small holder farmers with farm sizes of up to 5 hectares accounted for the highest number of loan disbursed (Table 2-33 and 2-34).

Table 2-33: Disbursement by Farm Size (Value)

	Q1 - 2016	Q2 – 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Group loan to farmer group	15,647,757	687,371	1,858,139	100,887	0.6%
Smallholder up to 5 hectares	2,136,200	9,063,097	4,661,888	4,270,158	23.6%
Small emergent farmer - Between 5-20 hectares	7,069,818	6,843,902	3,618,049	5,547,197	30.6%
Large emergent farmer - Between 20-50 hectares	9,291,733	962,245	8,540,873	8,200,598	45.3%
Total (Kwacha)	34,145,508	17,556,615	18,678,949	18,118,840	100%

Table 2-34: Disbursement by Farm Size (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Group loan to farmer group	15	15	22	44	4.3%
Smallholder up to 5 hectares	645	450	568	737	71.8%
Small emergent farmer - Between 5-20 hectares	101	117	170	226	22.0%
Large emergent farmer - Between 20-50 hectares	9	5	13	19	1.9%
Total (Kwacha)	770	587	773	1,026	100.0%

34. In terms of credit product type, mortgages accounted for the highest amount in value while leases and other assets backed loans and unsecured loans accounted for the highest proportion of disbursements by number of loans disbursed (Table 2-35 and Table 2-36). This is because mortgages characteristically have high values and these high value credits are usually accessed by few borrowers.

Table 2-35: Disbursement by Product Type (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Mortgages	6,475,134	6,228,875	10,970,928	11,832,223	65.3%
Leases and Other asset-backed loans	25,548,985	8,767,486	3,727,700	3,971,561	21.9%
Unsecured loans	1,657,686	2,410,254	3,980,321	1,087,000	6.0%
Revolving credit facilities	463,703	150,000	0	1,228,056	6.8%
Total (Kwacha)	34,145,508	17,556,615	18,678,949	18,118,840	100.0%

Table 2-36: Disbursement by Product Type (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Mortgages	27	17	24	42	4.1%
Leases and Other asset-backed loans	222	257	345	487	47.5%
Unsecured loans	520	310	404	491	47.9%
Revolving credit facilities	2	3	0	6	0.6%
Total (Number)	771	587	773	1,026	100.0%

2.5 Agriculture - Large

35. The large agriculture end-user category includes farmers with farm sizes larger than 50 hectares.

36. Credit disbursements to the large agriculture end-user category accounted for an average of 23.6% of total disbursements in value and 0.01% in number of credit disbursements during the year. The value of disbursements to the large agricultural end-user category increased significantly in the fourth quarter, recovering from a significant drop in lending observed in third quarter. The increase was noticeable in disbursements to large and extra-large farms. However, the number of credit disbursements fell by 12.2% in the fourth quarter (Table 2-37 and 2-38).

37. Large agricultural borrowers tend to be characteristically few in number, but with very large credit exposures. For example, the average size of the credit disbursed in the quarter was K3.1 million (Tables 2-37 and 2-38).

Table 2-37: Disbursement by Farm Size (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Medium farms (51 - 200 hectares)	3,920,000	132,214,707	51,355,744	3,168,074	1.0%
Large farms (201 - 500 hectares)	130,142,165	98,725,020	54,667,458	126,097,216	40.7%
Extra Large farms (above 500 hectares)	185,305,159	423,846,144	19,972,397	180,857,342	58.3%
Farms owned by foreign investors/non Zambian citizens.	27,225,649	8,031,320	484,289	0	0.0%
Total (Kwacha)	346,592,972	662,817,191	126,479,888	310,122,632	100.0%

Table 2-38: Disbursement by Farm Size (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Medium farms (51 - 200 hectares)	4	40	41	11	10.8%
Large farms (201 - 500 hectares)	60	53	65	60	59.4%
Extra Large farms (above 500 hectares)	21	39	8	30	29.8%
Farms owned by foreign investors/non Zambian citizens.	6	2	1	0	0.0%
Total (Number)	91	134	115	101	100.0%

38. Credit disbursements to the large agriculture end-user category was concentrated in mortgages, revolving credit facilities and leases and other asset-backed loans by value, accounting for an average of 30.0%, 29.1% and 25.2%, respectively during 2016. This is in view of the large credit amounts accessed by large farmers, for which credit providers would always require collateral for risk management purposes.

Table 2-39: Disbursement by Product Type (Value)

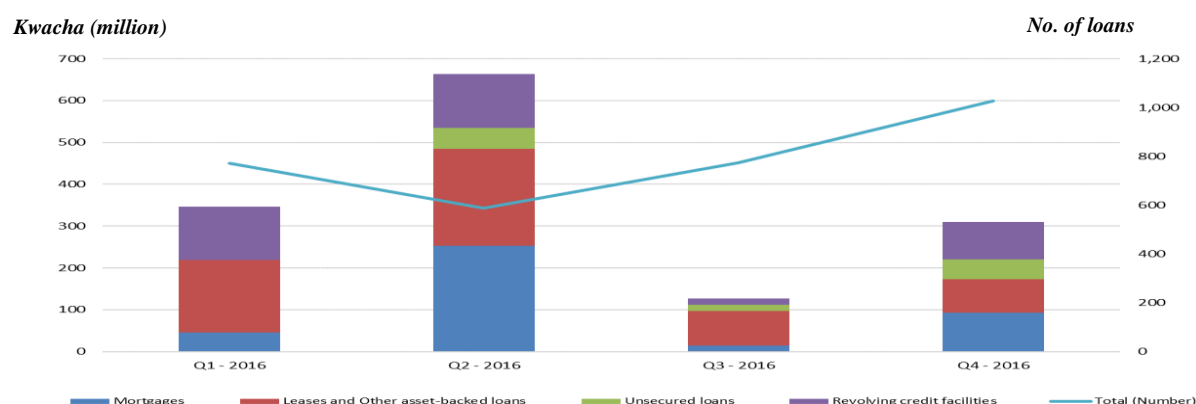
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Mortgages	45,966,256	252,423,355	14,837,620	93,459,541	30.1%
Leases and Other asset-backed loans	173,614,648	231,789,965	82,126,592	78,975,416	25.5%
Unsecured loans	0	51,053,458	14,746,945	48,170,860	15.5%
Revolving credit facilities	127,012,068	127,550,413	14,768,730	89,516,815	28.9%
Total (Kwacha)	346,592,972	662,817,191	126,479,888	310,122,632	100.0%

39. Similarly, credit disbursements by product type was skewed towards mortgages and leases and other assets backed loans by number of disbursements, accounting for an average of 17.8% and 64.3%, respectively during 2016 (Table 2-40).

Table 2-40: Disbursement by Product Type (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Mortgages	6	16	4	18	17.8%
Leases and Other asset-backed loans	61	90	105	65	64.4%
Unsecured loans	0	16	4	6	5.9%
Revolving credit facilities	24	12	2	12	11.9%
Total (Number)	91	134	115	101	100.0%

Figure 2-6: Disbursements by product type



2.6 Business - Large

40. The large business end-user category represents non-agricultural enterprises with over 100 employees (although the end-user does capture businesses processing agricultural output). Like large agricultural borrowers, large business borrowers also tended to be few in number, but receive a large portion of the total credit (Tables 2-42 and 2-43) in value terms. Credit disbursements to the large businesses accounted for an average of 26.7% of total disbursements in value and 0.1% in number of credit disbursements during the year. Credit disbursements by value increased by 13.1% to K709.3 million in the fourth quarter from K626.7 million in the third quarter (Table 2-42), recovering from low levels recorded in the first and second quarters of the year.

Figure 2-7: Disbursements by product

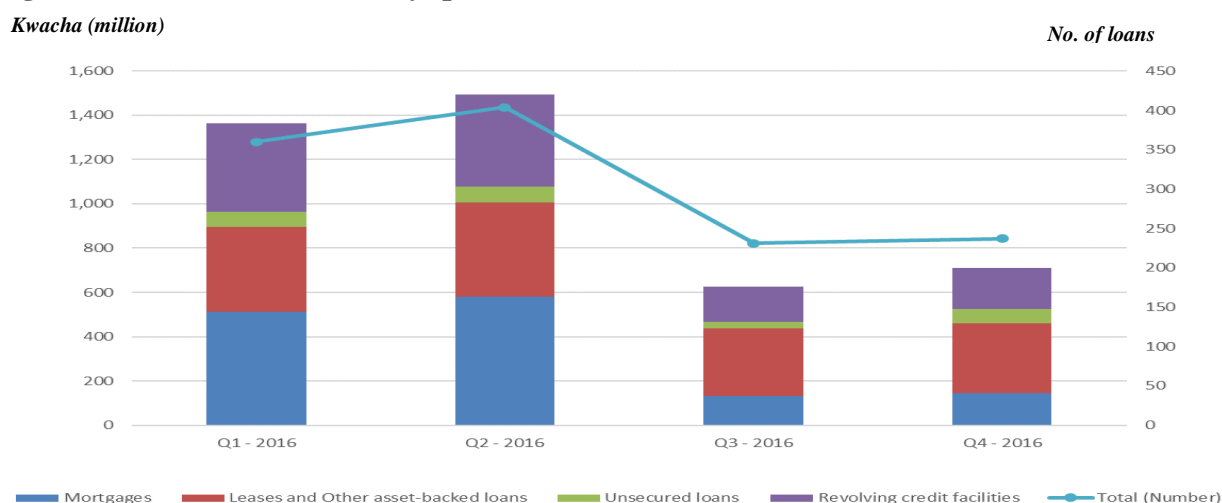


Table 2-41: Disbursement by Business Size (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Businesses with 101-300 employees	614,116,067	617,421,405	427,134,009	152,774,468	21.5%
Businesses with 300 to 500 employees	282,681,622	290,066,101	35,854,253	298,078,616	42.0%
Businesses with more than 500 employees	466,762,461	472,224,327	163,802,574	258,356,665	36.4%
Total (Kwacha)	1,363,560,150	1,379,711,834	626,790,836	709,209,748	100.0%

Table 2-42: Disbursement by Business Size (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Businesses with 101-300 employees	154	176	133	46	19.4%
Businesses with 300 to 500 employees	42	21	16	54	22.8%
Businesses with more than 500 employees	164	119	82	137	57.8%
Total (Number)	360	316	231	237	100.0%

41. Large businesses mainly borrow in structured credit products such as secured loans and leases, mortgages, and revolving credit (Table 2-43, Table 2-44).

Table 2-43: Disbursement by Product Type (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Mortgages	513,089,624	579,130,217	132,198,041	145,021,318	20.4%
Leases and Other asset-backed loans	384,008,041	427,970,822	306,080,637	315,700,753	44.5%
Unsecured loans	65,439,136	69,198,699	29,718,025	65,258,044	9.2%
Revolving credit facilities	401,023,348	418,484,628	158,794,132	183,229,633	25.8%
Total (Kwacha)	1,363,560,150	1,494,784,366	626,790,836	709,209,748	100.0%

Table 2-44: Disbursement by Product Type (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Mortgages	74	63	21	16	6.8%
Leases and Other asset-backed loans	188	240	100	189	79.7%
Unsecured loans	7	11	15	6	2.5%
Revolving credit facilities	91	90	95	26	11.0%
Total (Number)	360	404	231	237	100.0%

2.7 Government

42. The Government end-user category captures credit extension to the Central Government, Local Government, parastatals, and statutory bodies but excludes Government securities. Lending to the Government is often driven by a small number of large credit agreements.

43. Credit disbursements to the Government end-users accounted for an average of 4.6% of total disbursements in value and 0.04% in number of credit disbursements during the year.

44. Credit disbursements fell in the third quarter of 2016, but increased considerably in the fourth quarter to K143 million from K56 million in third quarter. A large unsecured loan of K125 million to the Central Government made up 87.1% of lending in the fourth quarter (Table 2-45). The Government end-user category comprises risk-free borrowers and hence credit providers are willing to disburse large amounts of unsecured credit.

Table 2-45: Disbursement to Government (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Central Government	0	544,050,000	0	125,000,000	87.1%
Local Government	45,666,062	68,909,843	51,937,350	15,795,120	11.0%
Parastatals	12,103,882	14,518,588	4,079,240	159,945	0.1%
Statutory Bodies	1,662,185	5,098,051	637,243	2,531,180	1.8%
Total (Kwacha)	59,432,129	632,576,482	56,653,833	143,486,245	100.0%

Table 2-46: Disbursement to Government (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Central Government	0	5	0	1	2.6%
Local Government	100	149	87	30	78.9%
Parastatals	3	5	3	4	10.6%
Statutory Bodies	4	6	1	3	7.9%
Total (Number)	107	165	91	38	100.0%

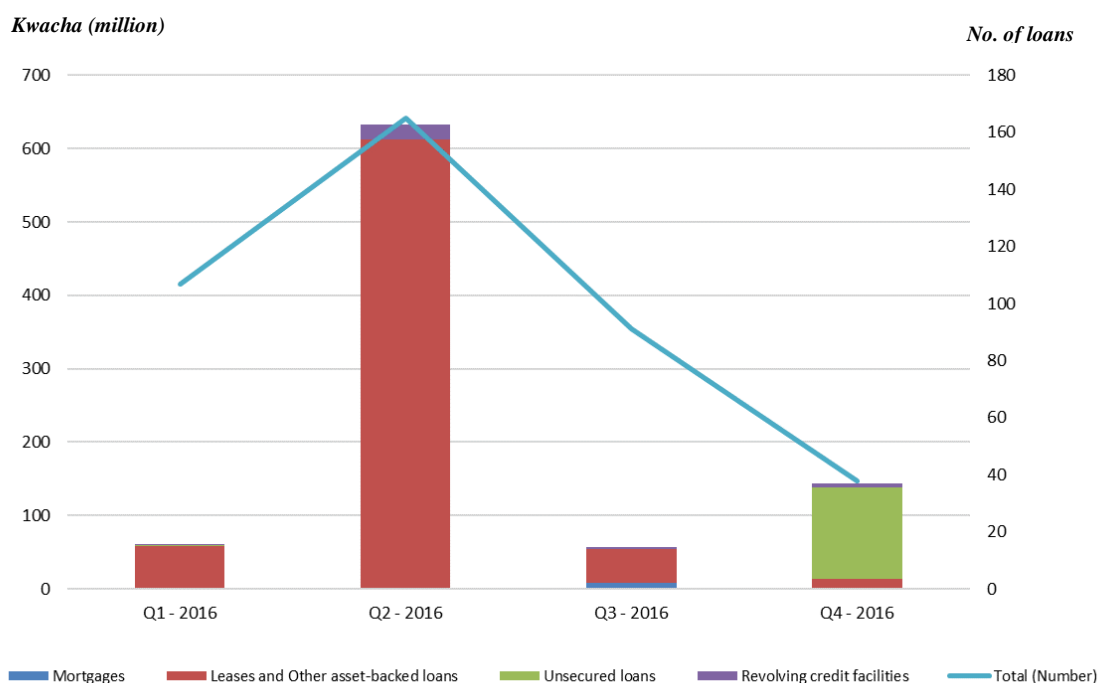
45. Credit disbursements to the Government end-user category were predominantly in the form of leases and other assets backed loans in terms of both value of loans and number of loans disbursed, except in the fourth quarter when unsecured loans by value accounted for the largest proportion in terms of value of loans disbursed (Table 2-47 and Table 2.48 and Figure 2-8).

Table 2-47: Disbursement by Product Type (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Mortgages	0	0	8,885,341	1,100,666	0.8%
Leases and Other asset-backed loans	58,806,104	612,934,819	45,168,492	12,498,826	8.7%
Unsecured loans	326,025	0	0	125,064,985	87.2%
Revolving credit facilities	300,000	19,641,663	2,600,000	4,821,768	3.4%
Total (Kwacha)	59,432,129	632,576,482	56,653,833	143,486,245	100.0%

Table 2-48: Disbursement by Product Type (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Mortgages	0	0	2	2	5.3%
Leases and Other asset-backed loans	105	157	85	25	65.8%
Unsecured loans	1	0	0	4	10.5%
Revolving credit facilities	1	8	4	7	18.4%
Total (Number)	107	165	91	38	100.4%

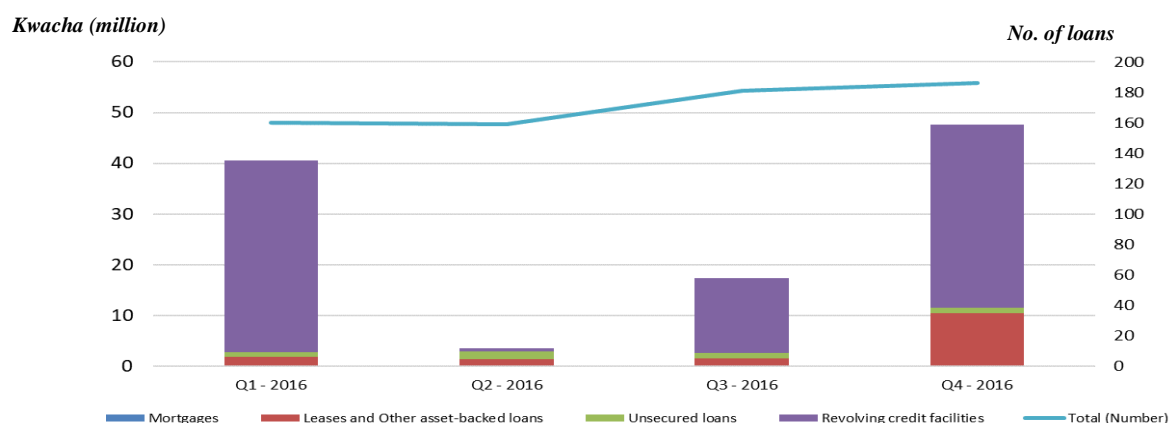
Figure 2-8: Disbursements by product type

2.8 Other End-Users

46. This end-user category captures all other borrowers that do not fit into any specific end-user category. Credit disbursements to this end-user category accounted for an average of 2.0% of total disbursements in value and 0.1% in number of credit disbursements during the year.

47. Credit disbursements to the other end-user category showed an increasing trend in terms of value during the year as a result of improvements in credit conditions towards the third quarter (Figure 2-9).

Figure 2-9: Disbursements by product type



48. In the fourth quarter, credit disbursements grew by 174.8% to K47.6 million from K17.3 million in the third quarter (Table 2-50). This increase was a result of a few large inter-bank revolving credit facilities (K36.1 million, or 75.8% of total other end-user lending in the quarter). Leases and other asset-backed lending made up most of the remainder (K10.4 million, or 21.9% of disbursements).

49. Table 2-49 and Table 2-50 show that disbursements to the other end-user category according to the type of institutions to which this credit was supplied in terms of value of loans and number of loans disbursed, respectively.

Table 2-49: Disbursement to Other End-Users (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist-Q4.
Non-profit organisations	70,000	213,255	9,347,484	1,548,520	3.3%
Other banking institutions	37,000,000	22,032	0	39,610,335	83.2%
Non-bank financial institutions	1,526	580,000	2,500,000	4,713,681	9.9%
Embassies and international org.	106,001	0	0	1,357	0.0%
Affiliated companies	0	0	0	0	0.0%
Non-resident individuals	0	0	0	0	0.0%
All others	3,341,263	2,703,810	5,486,742	1,759,130	3.7%
Total (Kwacha)	40,518,790	3,519,098	17,334,227	47,633,023	100.0%

Table 2-50: Disbursement to Other End-Users (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist – Q4.
Non-profit organisations	1	7	8	14	7.5%
Other banking institutions	1	1	0	4	2.2%
Non-bank financial institutions	3	3	2	6	3.2%
Embassies and international Org.	2	0	0	1	0.5%
Affiliated companies	0	0	0	0	0%
Non-resident individuals	0	0	0	0	0%
All others	153	148	171	161	86.6%
Total (Number)	160	159	181	186	100.0%

50. On average, revolving credits facilities accounted for the largest proportion of disbursement in terms of value while the unsecured loans had the highest proportion according to number of disbursements. Table 2-51 and Table 2-52 show that disbursements to the other end-user category in terms of the value and number of loans disbursed, respectively.

Table 2-51: Disbursement by Product Type (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist- Q4.
Mortgages	0	0	0	0	0%
Leases and Other asset-backed loans	1,810,808	1,392,487	1,532,341	10,443,982	21.9%
Unsecured loans	956,456	1,501,611	1,124,928	1,060,348	2.2%
Revolving credit facilities	37,751,526	625,000	14,676,958	36,128,693	75.9%
Total (Kwacha)	40,518,790	3,519,098	17,334,227	47,633,023	100.0%

Table 2-52: Disbursement by Product Type (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist- Q4.
Mortgages	0	0	0	0	0%
Leases and Other asset-backed loans	7	14	5	6	3.2%
Unsecured loans	147	142	168	173	93.0%
Revolving credit facilities	6	3	8	7	3.8%
Total (Number)	160	159	181	186	100.0%

3 Financial Inclusion

51. The financial inclusion data collected as part of the credit return, focused on access for women, youth and borrowers in the rural parts of the country, which usually have lower access to

financial services. The Zambia FinScope survey of 2015 revealed that the level of financially excluded female adults was higher at 42.5% compared to the male counterparts which stood at 38.8%. Similarly, the survey showed that 56.5% of youths were financially excluded compared to 43.5% for adults. The survey also revealed that financial exclusion in rural parts of Zambia was 49.8%, compared to 29.7% for urban areas. Collection and analysis of credit data on these end-user categories therefore allows for evidence-based policy formulation and subsequent evaluation of the impact of policy implementation. Overall access to credit by these end-user categories improved, in 2016, as evidenced by the increased value and number of credit disbursements.

3.1 Credit Supply to Women

52. Credit disbursement to women on average increased during the year under review, largely on account of women-tailored credit products that were offered by some commercial banks and NBFIs. The value of credit disbursements rose to 14.8% in the fourth quarter from 7.2% in the first quarter while the number of credit disbursements increased to 22.7% from 20.3% over the same period.

53. Out of the total value of credit disbursements in 2016, 10.5% was to women. A review of the quarter by quarter movements showed a decline in the fourth quarter in which 14.8% credit disbursements were to women, compared to 17.0% in the third quarter. In the fourth quarter, women received 22.7% of the total number of disbursements made in the market (Tables 3-1 and 3-2).

Table 3-1: Access by Women (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	Total
Total Disbursement	2,931,968,821	4,095,884,805	1,977,518,276	2,671,386,504	11,676,758,405
Disbursement to Women	209,857,298	281,430,480	335,524,028	395,553,631	1,222,365,437
Portion of disbursement accessed by women	7.2%	6.9%	17.0%	14.8%	10.5%

Table 3-2: Access by Women (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	Total
Total Disbursement	94,910	176,783	202,114	257,318	731,262
Disbursement to Women	19,306	25,519	45,606	58,471	148,962
Portion of disbursement accessed by women	20.3%	14.4%	22.6%	22.7%	20.4%

54. As a proportion of credit provided to households and individuals, women received 32.0%. As a proportion of small agricultural lending and small business lending, women received 15.4% and 20.8% respectively, (Table 3-3).

Table 3-3: Access by Women (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016
Portion of total agriculture accessed by women	5.1%	26.2%	26.1%	15.4%
Portion total business credit accessed by women	13.3%	19.4%	20.5%	20.8%
Portion of total households accessed by women	26.3%	28.0%	29.3%	32.0%

3.2 Credit Supply to Youths

55. Credit disbursement to youths on average showed an increasing trend during the year under review. Out of the total value of credit disbursements in 2016, 13.4% was to youths. In terms of proportion based on value, credit disbursements rose to 14.8% in fourth quarter compared to 11.5% in the first quarter while in terms of numbers, credit disbursements increased to 46.7% from 21.3% in the first quarter (Tables 3-4 and 3-5).

Table 3-4: Access by Youth (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	Total
Total Disbursement	2,931,968,821	4,095,884,805	1,977,518,273	2,671,386,504	11,676,758,406
Disbursement to Youths	336,970,325	354,546,998	373,919,330	393,054,382	1,458,491
Portion of disbursement accessed by Youths	11.5%	8.7%	18.9%	14.7%	12.5%

Table 3-5: Access by Youth (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	Total
Total Disbursement	94,910	176,783	202,114	257,318	731,262
Disbursement to Youths	20,210	33,210	92,420	120,204	266,044
Portion of disbursement accessed by Youths	21.3%	18.8%	45.7%	46.7%	36.4%

56. As a proportion of credit provided to households and individuals, youths received an average of 35.7%, while youths received 17.3% and 14.2% of total credit extended in the small agricultural and small business end-user categories, respectively (Table 3-6). In terms of trajectory, the proportions of lending to youths showed some stability, with a skew towards an increase.

Table 3-6: Access by Youth as a portion of End-User Types

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016
Portion of total agriculture accessed by youths	4.8%	8.8%	15.7%	17.3%
Portion total business credit accessed by youths	8.6%	11.7%	12.8%	14.2%
Portion of total households accessed by youths	46.2%	38.5%	38.0%	35.7%

3.3 Credit Supply to Rural Areas

57. The proportion of credit disbursements by value to borrowers in rural areas marginally rose to 10.6% in the fourth quarter from 10.3% in the first quarter. Similarly, in terms of the number of credit disbursements, credit disbursements to borrowers in the rural districts rose to 32.3% from 12.4% in the first quarter of 2016 (Table 3-7 and 3-8).

Table 3-7: Total Disbursements by Rural/Urban (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016
Rural	10.3%	8.7%	15.7%	10.6%
Urban	89.7%	91.3%	84.3%	89.4%

58. The increase in the proportion of credit to rural areas was attributed to a new high-volume, low-value credit product (mobile credit lending transactions) in the NBFIs sector which allowed the flow of credit to the rural areas through agents of mobile network operators, a development that was made possible through developments in mobile telephone technology and the penetration of mobile phones into the rural areas. Despite this development, the level of credit flow to rural areas remained low when compared to urban areas because of the existence of more economic activities, better road and other facilitative infrastructure in urban areas which played a significant role in attracting more credit providers to the urban areas compared to rural areas.

Table 3-8: Total Disbursements by Rural/Urban (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016
Rural	12.4%	9.8%	20.6%	32.3%
Urban	87.6%	90.2%	79.4%	67.7%

4 Debt Stress

59. This section presents an assessment of the debt stress with implication for the stability of the financial service providers under the supervisory ambit of the BoZ. This assessment is based on information collected through the credit returns and therefore excludes assessment of other risk categories.

4.1 Quality of Loan Book

60. The financial sector was stressed in 2016. The debt stress was evidenced by a rise in non-performing loans and a reduction in the loan book during the year. This outturn was partly due to the impact of slower economic activity, depreciation of the Kwacha, high lending rates and rising government arrears which adversely impacted on borrowers' ability to pay loans.

61. However, the financial sector generally remained resilient to credit stress on account of high loan-loss reserves and capital buffers which stood at 71.6% and 25.1%, respectively, and were all still above the regulatory minimum.

62. As at end-December 2016, the non-performing loans ratio for the financial sector had risen to over 10.7% from 9.4% at end of first quarter of 2016 (Table 4-1).

Table 4-1: Age Analysis

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016
Portion of book: Current (%)	76.3%	73.6%	69.3%	70.7%
Portion of book: 1-59 days late	11.2%	13.1%	13.6%	11.5%
Portion of book: 60-89 days late (%)	3.1%	3.2%	7.1%	7.2%
Portion of book: 90-119 days late (%)	1.3%	1.1%	1.7%	1.1%
Portion of book: 120 + days late (%)	8.2%	9.1%	8.4%	9.6%
Total: 90 days or over (%)	9.4%	10.1%	10.1%	10.7%

63. In terms of end-user categories, MSMEs and small and emergent farmers accounted for the highest levels of non-performing loans (Table 4-2). All these end-user categories were affected by power shortages in most part of 2016 due to the prolonged drought. Three NBFIs, which largely lent to MSMEs consequently became insolvent and the BoZ subsequently took possession of them in the year under review.

Table 4-2: Non-Performing Loans according to Credit End-User Categories (90 days late or more)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016
Business- Large	12.4%	13.4%	18.0%	17.5%
Business- MSME	22.2%	23.6%	31.9%	32.3%
Agriculture- Large	12.2%	14.5%	16.5%	18.1%
Agriculture- Small and Emergent	22.4%	11.6%	25.9%	31.1%
Households and Individuals	9.4%	9.2%	12.2%	13.0%
Government	13.3%	0.3%	3.5%	15.9%
Other end users	13.0%	24.6%	33.7%	35.9%

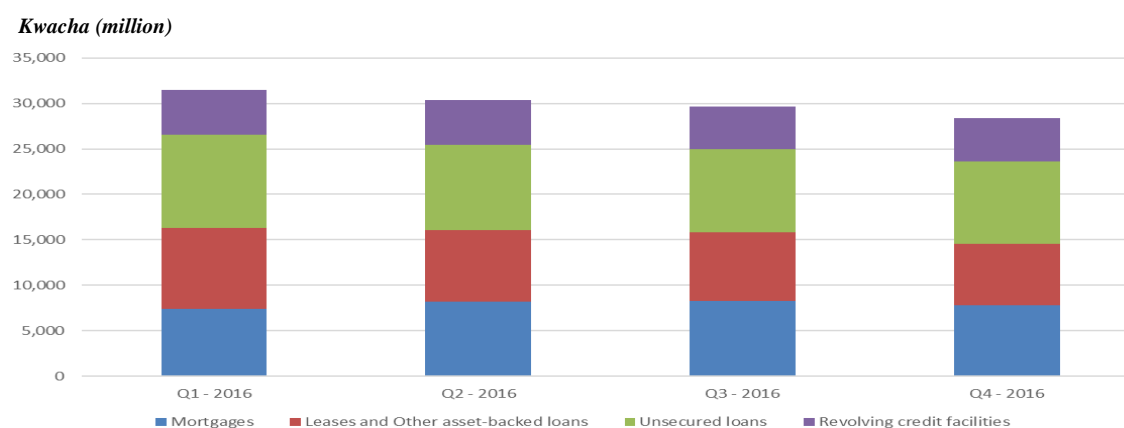
64. In terms of credit products, mortgages and unsecured loans accounted for the highest levels of non-performing loans in the year (Table 4-3).

Table 4-3: Non-performing loans according to Credit Products

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016
Mortgages	15.1%	16.8%	25.7%	28.6%
Leases and Other asset-backed loans	12.1%	10.9%	12.0%	11.1%
Unsecured loans	10.6%	12.6%	16.1%	16.1%
Revolving credit facilities	13.7%	12.7%	12.5%	13.3%

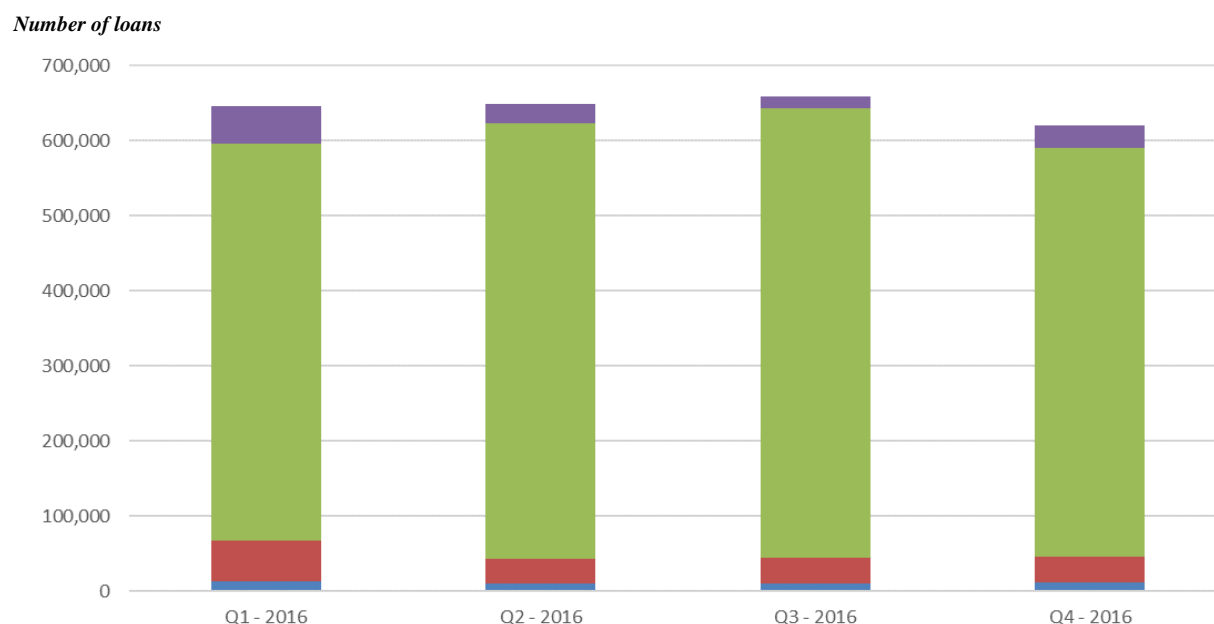
4.2 Contracting Loan Book

65. Across all quarters in 2016, the total outstanding gross loan amount declined. At the end of the fourth quarter, the loan book was K28,379 million, compared to K31,451 million at the end of the first quarter, representing a 9.8% reduction (Figure 4-1).

Figure 4-1: Total Value of Credit Book by Product

66. In terms of numbers, the number of borrowers declined to 619,945 from 646,086 in the first quarter of 2016 (Figure 4-2). The reduction in the loan book was largely a result of constricted credit conditions arising from a relatively tight monetary policy stance undertaken in November 2015.

Figure 4-2: Total Number of Loans in Credit Book by Product



67. There were significant decreases in the value of outstanding unsecured loans (from K10,244 million to K9,027 million) and leases and other asset-backed loans (from K8,909 million to K6,754 million). However, there was a slight increase in the value of outstanding mortgages (from K7,414 million to K7,793 million) while revolving credit only marginally reduced (Table 4-4).

Table 4-4: Total Book by Product (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist – Q4.
Mortgages	7,413,941,372	8,157,629,032	8,277,538,351	7,793,061,066	27.5%
Leases and Other asset-backed loans	8,909,486,684	7,908,330,554	7,549,087	6,753,875,706	23.8%
Unsecured loans	10,243,520,817	9,378,286,798	9,154,575,151	9,026,732,981	31.8%
Revolving credit facilities	4,884,370,477	4,962,904,613	4,650,880,717	4,804,921,009	16.9%
Total (Kwacha)	31,451,319,350	30,407,150,997	29,632,668,306	28,378,590,762	100%

68. The number of loans outstanding similarly declined (Table 4-5) largely because of the high proportion of credit disbursed in the third and fourth quarters of 2016 in form of short-term, high-volume and low-value (mobile credit lending transaction), mainly in the NBFIs sector. These loans therefore had a high turnover.

Table 4-5: Total Book by Product (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist – Q4.
Mortgages	13,368	10,935	10,493	11,299	1.8%
Leases and Other asset-backed loans	53,559	32,206	34,503	34,349	5.5%
Unsecured loans	528,818	580,090	598,238	544,007	87.8%
Revolving credit facilities	50,212	24,808	14,847	30,290	4.9%
Total (Number)	646,086	648,039	658,081	619,945	100%

4.3 Concentration of Loan Disbursements and Outstanding Loan Amount

69. In 2016, credit supply was generally concentrated. In terms of credit products, unsecured loans accounted for the highest proportion in terms of both the number of credit disbursements and value of disbursements. Unsecured credit accounted for 93.6% of the total number of credit disbursements and 31.8% of total value of credit disbursements (Table 4-6 and Table 4-7).

Table 4-6: Credit Supply - Number of Loan Disbursements by Credit Products

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist – Q4.
Mortgages	1,021	2,325	448	501	0.6%
Leases & Asset-backed Loans	9,929	10,424	6,918	7,962	4.8%
Unsecured Loans	80,838	160,578	194,276	248,463	93.6%
Revolving Credit Facilities	3,122	3,447	466	392	1.0%
Total (Number)	94,910	176,774	202,104	257,318	100.0%

Table 4-7: Credit Supply - Value of Loan Disbursements by Credit Products

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist - Q4.
Mortgages	771,433,128	1,140,343,051	325,701,654	502,690,791	23.5%
Leases & Asset-backed Loans	877,389,440	1,620,765,849	587,049,168	622,216,151	27.0%
Unsecured Loans	600,768,518	637,769,974	808,914,732	1,104,027,786	31.8%
Revolving Credit Facilities	682,377,736	693,649,875	256,255,733	442,451,776	17.8%
Total (Kwacha)	2,931,968,823	4,092,528,749	1,977,518,592	2,671,386,504	100

70. In terms of end-user categories, households and individuals accounted for the highest percentage at 92.0% and 31.0% for number and value of disbursements, respectively (Table 4-8 and Table 4-9).

Table 4-8: Total Disbursements by End-User (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist – Q4.
Business – Large	353	404	231	237	0.1%
Business – MSME	16,385	16,358	17,506	18,937	7.4%
Agriculture – Large	91	134	115	101	0.01%
Agriculture – Small	771	587	773	1,026	0.4%
Households & Individuals	77,043	158,806	183,219	236,793	92.0%
Government	107	165	91	38	0.0%
Other end-users	160	320	181	186	1.0%
Total (Number)	94,910	176,774	202,114	257,318	100%

Table 4-9: Total Disbursements by End-User (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist – Q4.
Business – Large	1,360,354,150	1,494,784,366	626,790,836	709,209,748	26.5%
Business – MSME	432,540,412	477,302,663	369,454,883	613,910,793	23.0%
Agriculture – Large	346,592,972	662,817,191	126,479,888	310,122,632	11.6%
Agriculture – Small	34,145,508	17,404,231	18,678,949	18,118,840	0.7%
Households & Individuals	658,384,860	805,657,471	762,630,722	828,905,222	31.0%
Government	59,432,129	632,576,482	56,653,833	143,486,245	5.4%
Other end-users	40,518,790	5,342,400	17,334,227	47,633,023	1.8%
Total (Kwacha)	2,931,968,821	4,095,884,805	1,977,518,273	2,671,386,504	100%

71. Similarly, the outstanding loan amount at end-December 2016 was concentrated in the households and individuals category, accounting for 86.4% and 36.7% in terms of number and value of outstanding loans, respectively (Table 4-10 and Table 4-11).

Table 4-10: Total Outstanding Loans by End-User (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist – Q4.
Business – Large	5,015	5,014	4,438	5,494	0.9%
Business – MSME	73,991	75,787	78,208	71,815	11.6%
Agriculture – Large	1,358	1,481	1,538	1,503	0.2%
Agriculture – Small	3,586	5,124	3,325	4,511	0.7%
Households & Individuals	557,742	558,621	568,612	534,038	86.1%
Government	561	743	840	930	0.2%
Other end-users	3,695	1,378	1,135	1,667	0.3%
Total (Number)	645,948	648,148	658,096	619,958	100%

Table 4-11: Total Outstanding Loans by End-User (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist – Q4.
Business – Large	11,016,359,216	10,623,325,724	10,411,817,274	9,550,116,822	33.7%
Business – MSME	3,952,190,140	3,348,319,578	3,356,929,428	3,185,070,263	11.2%
Agriculture – Large	4,472,623,506	4,105,578,348	3,976,340,778	3,743,127,438	13.2%
Agriculture – Small	352,743,913	165,218,005	149,731,720	164,358,401	0.6%
Households & Individuals	10,806,627,725	10,638,137,126	10,355,999,561	10,376,172,043	36.6%
Government	896,691,403	1,133,061,424	911,286,490	1,003,955,536	3.5%
Other end-users	411,214,088	436,834,560	470,551,680	354,125,672	1.2%
Total (Kwacha)	31,908,449,991	30,450,474,765	29,632,656,930	28,376,926,173	100%

72. Notwithstanding the fact that most of the unsecured loans and loans under households and individuals were salary-backed, the levels of concentration posed a huge risk to the stability of the financial system. Any adverse developments affecting the employment sector could result in significant losses with potential negative implications for soundness of the financial system.

5 Conclusion

73. Overall, credit disbursements rose during in 2016 in terms of number of loans disbursed. However, this increase in disbursements did not necessarily reflect in the value of credit at end-December 2016 as the amount declined. The decline was indicative of the short-term nature of the loans disbursed and a general deceleration in the growth rate of credit.

74. The value of credit disbursements was concentrated in the Copperbelt and Lusaka Provinces at 73.9% of total credit disbursement. Except for Lusaka, credit disbursements by number of loans increased substantially for each province during the year. This was attributed to a new high-volume, low-value mobile credit product in the NBFIs sector that opened up opportunities for lending to rural areas.

75. In terms of credit end-user categories, the household and individuals' end-user category accounted for the largest proportion of credit disbursement at 92.0% and 31.0% in terms of number and value of credit disbursed. A review of data collected on the usage of the credit obtained under the category indicated that 18% was utilized to pay school fees, 17% on living expenses, 40% on unspecified purposes while the rest was for purposes spread amongst medicals, vehicle acquisition, home improvement, land acquisition, business and farming.

76. The credit data obtained also showed that unsecured loans accounted for the highest proportion of credit disbursed both by value and number of loans with a significant rise during the year. The increase in credit disbursement of unsecured loans was attributed to a new high-volume, low-value credit product (mobile credit lending transactions) in the NBFIs sector which allowed the flow of credit to the rural areas through agents of mobile network operators, a development that was made possible through developments in mobile telephone technology and the penetration of mobile phones into the rural areas.

77. As regards the priority end-user categories, on average, 10.5% of the total loans disbursed during the year in terms of value, was disbursed to women while 12.5% was to youths, with both priority segments exhibiting growth trajectories quarter by quarter.

78. Access by SMEs in the year on average showed a rising trajectory. Out of the total value of credit disbursements in 2016, 23.0% was to SMEs while in terms of number of disbursements, SMEs accounted for 9.5%.

79. The challenges that credit providers faced in lending to small and medium-size businesses included how to deal with their high levels of informality and their inability to provide traditional collateral for loans. This was exacerbated by high real interest rates. The challenges associated with lending to small and medium-size businesses underscores the need for the utilization of the moveable property collateral registry, increased financial education and good record keeping.

80. Debt stress was high as indicated by the level of the percentage of loan outstanding for more than 90 days of 10.7%. This was partly attributed to the tight liquidity conditions that prevailed during most part the year and non-adherence to credit underwriting standards by some credit providers.

81. The BoZ will continue to collect and publish the credit information in order to facilitate credit market development.

APPENDICES

Appendix 1 - overall Credit Market Data

Table 1.1 - Total Disbursements by Product (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Mortgages	771,433,128	1,140,343,051	325,701,654	502,690,791	19%
Leases and Other asset-backed loans	877,389,440	1,620,765,849	587,046,168	622,216,151	23%
Unsecured loans	600,768,518	637,769,974	808,914,732	1,104,027,786	41%
Revolving credit facilities	682,377,736	693,649,875	256,255,733	442,451,776	17%
Total (Kwacha)	2,931,968,823	4,092,528,749	1,977,518,592	2,671,386,504	100%

Table 1.2 - Total Disbursements by Product (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Mortgages	1,021	2,325	448	501	0.2%
Leases and Other asset-backed loans	9,929	10,424	6,918	7,962	3.1%
Unsecured loans	80,838	160,578	194,276	248,463	96.6%
Revolving credit facilities	3,122	3,447	466	392	0.2%
Total (Number)	94,910	176,774	202,104	257,318	100%

Table 1.3 - Proportion of Disbursements by Institution Type (Value) [Ⓜ]

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% ΔQ4-Q3
Banks	81.47%	81.80%	71.95%	73.36%	2%
Building Societies	2.09%	2.01%	3.99%	3.33%	-16%
Micro Finance Institutions - Small business development	2.71%	2.41%	5.19%	4.41%	-15%
Micro Finance Institutions - oth	11.44%	10.21%	15.54%	12.15%	-22%
Other	2.29%	3.56%	3.33%	6.74%	102%
Total (Kwacha)	2,931,968,821	4,095,884,805	1,977,518,273	2,671,386,504	35%

Table 1.4 - Proportion of Disbursements by Institution Type (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% ΔQ4-Q3
Banks	10.98%	6.43%	4.85%	4.32%	-11%
Building Societies	5.98%	3.22%	3.00%	2.65%	-12%
Micro Finance Institutions - Small business development	12.86%	6.61%	6.55%	5.42%	-17%
Micro Finance Institutions - oth	34.25%	33.21%	27.91%	23.97%	-14%
Other	35.94%	50.53%	57.69%	63.64%	10%
Total (Number)	94,910	176,774	202,115	257,314	27%

Table 1.5 - Total Disbursements by End-User (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Business- Large	1,360,354,150	1,494,784,366	626,790,836	709,209,748	27%
Business- MSME	432,540,412	477,302,663	369,454,883	613,910,793	23%
Agriculture- Large	346,592,972	662,817,191	126,479,888	310,122,632	12%
Agriculture- Small and Emergent	34,145,508	17,404,231	18,678,949	18,118,840	1%
Households and Individuals	658,384,860	805,657,471	762,630,722	828,905,222	31%
Government	59,432,129	632,576,482	56,653,833	143,486,245	5%
Other end users	40,518,790	5,342,400	17,334,227	47,633,023	2%
Total (Kwacha)	2,931,968,821	4,095,884,805	1,977,518,273	2,671,386,504	100.0%

Table 1.6 - Total Disbursements by End-User (Number) [Ⓜ]

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Business- Large	353	404	231	237	0.1%
Business- MSME	16,385	16,358	17,506	18,937	7.4%
Agriculture- Large	91	134	115	101	0.0%
Agriculture- Small and Emergent	771	587	773	1,026	0.4%
Households and Individuals	77,043	158,806	183,219	236,793	92.0%
Government	107	165	91	38	0.0%
Other end users	160	320	181	186	0.1%
Total (Number)	94,910	176,774	202,114	257,318	100.0%

Appendix 2 - overall Credit Market Data

Table 1.7 - Total Disbursements by Province (Value) (K)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Lusaka	1,995,730,363	2,792,099,325	1,035,348,349	1,621,024,260	61%
Central	176,209,300	176,726,373	133,567,658	174,224,236	7%
Copperbelt	433,169,835	559,942,971	380,092,633	352,296,836	13%
Eastern	39,377,406	50,647,169	53,322,539	54,554,076	2%
Luapula	34,223,261	37,245,517	30,093,216	37,263,916	1%
Muchinga	13,211,582	17,472,631	21,343,862	36,898,091	1%
Northern	32,331,501	49,551,712	43,411,051	47,162,938	2%
North-Western	49,509,119	53,662,199	52,223,654	114,044,566	4%
Southern	131,236,006	325,163,599	195,906,714	195,955,830	7%
Western	26,970,449	33,373,308	32,208,918	37,961,755	1%
Total (Kwacha)	2,931,968,821	4,095,884,805	1,977,518,592	2,671,386,504	100%

Table 1.8 - Total Disbursements by Province (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Lusaka	23,012	41,390	46,019	29,137	11%
Central	10,205	12,861	17,640	20,331	8%
Copperbelt	32,639	66,255	77,012	101,087	39%
Eastern	3,598	5,157	5,651	6,808	3%
Luapula	3,155	5,044	5,182	37,559	15%
Muchinga	3,581	9,897	11,593	13,061	5%
Northern	4,517	9,312	9,783	12,194	5%
North-Western	4,033	9,680	10,698	15,022	6%
Southern	7,351	13,341	13,136	16,353	6%
Western	2,820	3,839	5,401	5,762	2%
Total (Number)	94,910	176,774	202,115	257,314	100%

Table 1.9 - Total Disbursements by Rural/Urban (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% ΔQ4-Q3
Rural	10.3%	8.7%	15.7%	10.6%	-32%
Urban	89.7%	91.3%	84.3%	89.4%	6%
Other (international application of funds borrowed)					
Total (Kwacha)	2,931,968,821	4,095,884,805	1,977,518,592	2,671,386,504	35%

Table 1.10 - Total Disbursements by Rural/Urban (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% ΔQ4-Q3
Rural	12.4%	9.8%	20.6%	32.3%	57%
Urban	87.6%	90.2%	79.4%	67.7%	-15%
Other (international application of funds borrowed)					
Total (Number)	94,910	176,774	202,115	257,314	27%

Table 1.11 - Total Book by Product (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Mortgages	7,413,941,372	8,157,629,032	8,277,538,351	7,793,061,066	27%
Leases and Other asset-backed loans	8,909,486,684	7,908,330,554	7,549,674,087	6,753,875,706	24%
Unsecured loans	10,243,520,817	9,378,286,798	9,154,575,151	9,026,732,981	32%
Revolving credit facilities	4,884,370,477	4,962,904,613	4,650,880,717	4,804,921,009	17%
Total (Kwacha)	31,451,319,350	30,407,150,997	29,632,668,306	28,378,590,762	100%

Table 1.12 - Total Book by Product (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Mortgages	13,368	10,935	10,493	11,299	2%
Leases and Other asset-backed loans	53,559	32,206	34,503	34,349	6%
Unsecured loans	528,818	580,090	598,238	544,007	88%
Revolving credit facilities	50,212	24,808	14,847	30,290	5%
Total (Number)	646,086	648,039	658,081	619,945	100%

Table 1.13 - Total Credit Book by Institution (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Banks	84.6%	83.4%	82.7%	82.2%	82%
Building Societies	1.9%	2.0%	2.1%	2.2%	2%
Micro Finance Institutions - Small business development	0.9%	1.1%	1.1%	1.2%	1%
Micro Finance Institutions - other	8.3%	9.3%	9.6%	10.0%	10%
Other	4.3%	4.3%	4.6%	4.5%	4%
Total (Kwacha)	31,451,319,350	30,407,150,997	29,632,668,306	28,378,590,762	100%

Table 1.14 - Total Credit Book by Institution (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Banks	39.3%	37.9%	34.4%	35.8%	36%
Building Societies	4.2%	4.2%	4.1%	4.5%	5%
Micro Finance Institutions - Small business development	7.2%	7.8%	7.6%	7.6%	8%
Micro Finance Institutions - other	41.0%	39.4%	39.8%	42.3%	42%
Other	8.2%	10.6%	14.0%	9.7%	10%
Total (Number)	646,086	648,039	658,081	619,945	100%

Table 1.15 - Total Book by End-User (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Business- Large	11,016,359,216	10,623,325,724	10,411,817,274	9,550,116,822	34%
Business- MSME	3,952,190,140	3,348,319,578	3,356,929,428	3,185,070,263	11%
Agriculture- Large	4,472,623,506	4,105,578,348	3,976,340,778	3,743,127,438	13%
Agriculture- Small and Emergent	352,743,913	165,218,005	149,731,720	164,358,401	1%
Households and Individuals	10,806,627,725	10,638,137,126	10,355,999,561	10,376,172,043	37%
Government	896,691,403	1,133,061,424	911,286,490	1,003,955,536	4%
Other end users	411,214,088	436,834,560	470,551,680	354,125,672	1%
Total (Kwacha)	31,908,449,991	30,450,474,765	29,632,656,930	28,376,926,173	100%

Table 1.16 - Total Book by End-User (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Business- Large	5,015	5,014	4,438	5,494	1%
Business- MSME	73,991	75,787	78,208	71,815	12%
Agriculture- Large	1,358	1,481	1,538	1,503	0%
Agriculture- Small and Emergent	3,586	5,124	3,325	4,511	1%
Households and Individuals	557,742	558,621	568,612	534,038	86%
Government	561	743	840	930	0%
Other end users	3,695	1,378	1,135	1,667	0%
Total (Number)	645,948	648,148	658,096	619,958	100%

Appendix 3 - Credit Market Data – Households and Individuals

Table 2.1 - Disbursement by Income Category (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Income ZMW 0 - ZMW 2000	38,150,636	62,236,390	80,646,180	79,586,715	9.6%
Income ZMW 2001 - ZMW 4000	191,724,594	181,307,365	120,398,331	166,827,674	20.1%
Income ZMW 4001 - ZMW 6000	168,237,049	148,275,979	145,549,514	167,747,306	20.2%
Income above ZMW 6000	255,998,307	413,231,683	416,036,384	414,743,527	50.0%
Total (Kwacha)	654,110,586	805,051,416	762,630,409	828,905,222	100%

Table 2.2 - Disbursement by Income Category (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Income ZMW0 - ZMW 2000	6,968	21,663	124,640	158,035	66.7%
Income ZMW 2001 - ZMW 4000	46,782	104,077	29,374	39,337	16.6%
Income ZMW 4001 - ZMW 6000	11,439	15,100	14,698	19,031	8.0%
Income above ZMW 6000	11,861	17,651	14,528	20,396	8.6%
Total (Number)	77,050	158,491	183,240	236,799	100%

Table 2.3 - Average Loan Size by Income Category

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% ΔQ4-Q3
Income ZMW0 - ZMW 2000	5,475	2,873	647	504	-22%
Income ZMW 2001 - ZMW 4000	4,098	1,742	4,099	4,241	3%
Income ZMW 4001 - ZMW 6000	14,707	9,819	9,903	8,814	-11%
Income above ZMW 6000	21,583	23,412	28,637	20,335	-29%
Average Loan size (Kwacha)	8,489	5,079	4,162	3,500	-16%

Table 2.4 - Disbursement by Product Type (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Mortgages	47,087,183	60,257,942	59,647,192	52,567,351	6.3%
Leases and Other asset-backed loans	65,147,472	47,985,234	35,111,430	33,925,437	4.1%
Unsecured loans	536,422,462	696,040,913	660,964,029	739,428,107	89.2%
Revolving credit facilities	5,453,469	5,851,668	6,907,758	2,984,327	0.4%
Total (Kwacha)	654,110,586	810,135,757	762,630,409	828,905,222	100%

Table 2.5 - Disbursement by Product Type (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Mortgages	341	410	175	178	0.1%
Leases and Other asset-backed loans	3,859	494	373	337	0.1%
Unsecured loans	71,782	157,358	182,507	236,179	99.7%
Revolving credit facilities	1,068	248	185	105	0.0%
Total (Number)	77,050	158,510	183,240	236,799	100%

Table 2.6 - Disbursement by Collection Method (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
From borrower payroll	444,060,962	580,027,740	501,762,676	546,483,001	66%
From salary receiving bank acco	149,186,064	202,815,549	233,340,595	241,241,294	29%
Other means of collection	60,863,561	27,342,419	26,622,980	41,180,927	5%
Total (Kwacha)	654,110,587	810,185,707	761,726,252	828,905,222	100%

Table 2.7 - Disbursement by Collection Method (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
From borrower payroll	29,880	35,698	31,206	37,203	16%
From salary receiving bank acco	9,214	34,023	37,342	38,558	16%
Other means of collection	37,957	88,789	114,697	161,038	68%
Total (Number)	77,050	158,510	183,245	236,799	100%

Table 2.8 - Disbursements of Unsecured Credit—Purpose of Borrowing (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Home improvement/incremental home construction	72,009,973	141,333,156	114,096,465	96,882,011	13%
Purchase of land	5,502,100	5,951,900	4,951,700	8,107,851	1%
Purchase of vehicle	3,383,147	4,199,000	3,916,050	7,064,323	1%
Education fees	42,993,777	167,232,636	110,991,458	131,666,071	18%
Business	6,469,537	18,370,361	14,245,032	15,980,095	2%
Farming	2,928,200	6,474,302	7,534,603	14,166,052	2%
Medical or funeral expenses	37,479,149	8,370,173	33,775,778	45,374,352	6%
Living expenses	3,862,007	61,945,229	114,566,923	127,571,780	17%
Other purpose	361,794,572	282,164,155	256,886,021	292,615,571	40%
Total (Kwacha)	536,422,462	696,040,913	660,964,029	739,428,107	100%

Table 2.9 - Disbursement of Unsecured Credit —Purpose of Borrowing (Product)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Home improvement/incremental home construction	1,822	5,986	5,381	4,656	2.0%
Purchase of land	133	135	133	233	0.1%
Purchase of vehicle	83	171	177	284	0.1%
Education fees	6,304	22,619	20,952	25,887	11.0%
Business	3,097	8,475	10,161	13,961	5.9%
Farming	166	462	572	1,111	0.5%
Medical or funeral expenses	4,829	7,897	11,824	16,321	6.9%
Living expenses	14,406	69,366	65,276	79,988	33.9%
Other purpose	40,941	42,247	68,032	93,738	39.7%
Total (Number)	71,782	157,358	182,507	236,179	100%

Appendix 4 - Credit Market Data – Households and Individuals

Tables 2.10 – Disbursements of Unsecured Credit by loan size (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
ZMW 0 - ZMW 2,000	35,351,038	38,983,637	46,515,425	63,288,459	9%
ZMW 2,000 - 5,000	42,716,115	42,352,053	41,524,669	40,280,838	5%
ZMW 5,000 - 10,000	58,208,549	74,024,231	60,103,437	62,412,843	8%
ZMW 10,000 - 50,000	229,023,819	328,793,010	281,543,097	306,153,359	41%
Above ZMW 50,000	171,122,942	211,887,981	231,277,400	267,292,608	36%
Total (Kwacha)	536,422,462	696,040,913	660,964,029	739,428,107	100%

Tables 2.11 – Disbursements of Unsecured Credit by loan size (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
ZMW 0 - ZMW 2,000	42,937	115,549	145,242	194,970	83%
ZMW 2,000 - 5,000	7,851	13,010	11,980	12,729	5%
ZMW 5,000 - 10,000	9,044	10,243	8,261	9,101	4%
ZMW 10,000 - 50,000	10,123	15,923	14,126	15,498	7%
Above ZMW 50,000	1,827	2,633	2,898	3,881	2%
Total (Number)	71,782	157,358	182,507	236,179	100%

Tables 2.12 – Disbursements of Unsecured Credit by Loan Tenure (Value)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
0 to 3 months	51,910,860	62,203,936	70,630,385	88,913,695	12%
4 - 6 months	12,355,518	11,837,773	11,399,447	16,701,294	2%
7 - 12 months	46,137,257	40,376,898	40,122,494	35,313,129	5%
13 - 48 months	205,477,983	288,514,431	258,584,572	300,454,788	41%
More than 48 months	220,540,844	293,107,876	280,227,131	298,045,200	40%
Total (Kwacha)	536,422,462	696,040,913	660,964,029	739,428,107	100%

Tables 2.13 – Disbursements of Unsecured Credit by Loan Tenure (Number)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
0 to 3 months	42,120	121,984	151,184	202,436	86%
4 - 6 months	2,391	2,384	2,580	2,829	1%
7 - 12 months	7,360	5,006	4,682	4,714	2%
13 - 48 months	13,632	18,924	16,630	18,551	8%
More than 48 months	6,279	9,055	7,431	7,310	3%
Total (Number)	71,782	157,353	182,507	235,840	100%

Table 2.14 - Book Value (Kwacha)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Gross Value of the debtors book	10,806,627,725	10,638,137,126	10,355,999,561	10,376,172,043	95%
Allowance for loan losses	571,979,340	685,941,566	633,364,102	585,300,980	5%
Net Value of debtors book	10,234,648,384	9,939,527,535	9,723,101,425	9,791,172,334	100%

Tables 2.15 – Book (Number of Credit Agreements)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Number in gross debtors book	557,742	558,621	568,612	534,038	79%
Number of loans with allowance:	82,174	56,950	70,512	145,427	21%

Tables 2.16 – Age Analysis (Percentage of total gross value in each age category bin)

	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% ΔQ4-Q3
Portion of book: Current	74.60%	74.21%	71.94%	69.71%	-3%
Portion of book: 1-29 days lat	13.57%	14.20%	12.43%	11.52%	-7%
Portion of book: 30-59 days la	2.47%	2.42%	3.39%	5.74%	70%
Portion of book: 60-89 days la	3.34%	2.67%	5.53%	5.84%	6%
Portion of book: 90-119 days l	0.53%	0.55%	0.63%	0.79%	24%
Portion of book: 120-179 days	0.59%	0.69%	0.57%	1.44%	153%
Portion of book: 180 and more	4.91%	5.27%	5.51%	4.96%	-10%
Total (Kwacha)	10,806,627,724	10,638,479,379	10,355,999,561	10,376,172,043	0.2%

Appendix 5 - Credit Market Data – Small and Medium Businesses

Table 3.1 - Disbursements by Enterprise Size (Value)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Group loan	39,769,068	70,712,811	57,023,735	76,776,526	12.5%
Single person MSME	53,288,958	63,556,655	58,072,256	72,548,732	11.8%
1-4 People employed	41,655,439	39,939,355	33,202,987	38,726,940	6.3%
5-10 People employed	93,010,132	43,898,233	41,302,169	71,392,723	11.6%
11-20 People employed	32,236,058	134,441,986	43,269,063	197,961,698	32.2%
21-50 People employed	67,514,337	94,080,998	116,018,973	84,401,414	13.7%
51-100 People employed	105,066,419	31,618,078	20,565,699	72,102,761	11.7%
Total (Kwacha)	432,540,412	478,248,117	369,454,883	613,910,793	100.0%
Table 3.2 - Disbursements by Enterprise Size (Number)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Group loan	10,335	9,727	11,159	11,549	61.0%
Single person MSME	3,335	3,726	3,535	4,056	21.4%
1-4 People employed	2,323	2,465	2,098	2,404	12.7%
5-10 People employed	299	500	393	656	3.5%
11-20 People employed	46	306	263	168	0.9%
21-50 People employed	24	103	34	63	0.3%
51-100 People employed	21	37	24	42	0.2%
Total (Number)	16,383	16,864	17,506	18,938	100.0%
Table 3.3 - Disbursement by Product Type (Value)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Mortgages	153,531,218	108,200,211	99,202,532	198,613,332	32.4%
Leases and Other asset-backed loans	179,913,619	254,107,395	137,923,115	166,700,177	27.2%
Unsecured loans	39,698,841	62,198,727	73,316,335	124,054,802	20.2%
Revolving credit facilities	59,396,735	53,741,813	59,012,900	124,542,483	20.3%
Total (Kwacha)	432,540,413	478,248,146	369,454,883	613,910,793	100%
Table 3.4 - Disbursement by Product Type (Number)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Mortgages	235	223	235	245	1.3%
Leases and Other asset-backed loans	5,820	6,668	5,904	6,860	36.2%
Unsecured loans	10,119	9,770	11,194	11,604	61.3%
Revolving credit facilities	209	129	173	229	1.2%
Total (Number)	16,383	16,790	17,506	18,938	100%
Tables 3.5 - Gross Book and Loss Allowances (Values)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Gross Value of the debtors book	3,952,190,140	3,348,319,578	3,356,929,428	3,185,070,263	88%
Allowance for loan losses (ZMW)	458,429,334	397,523,607	391,360,242	430,145,329	12%
Net Value of debtors book	3,493,760,806	2,950,795,970	2,965,569,186	2,754,924,933	100%
Tables 3.6 - Gross Book and Loss Allowances (Number)					
Agreements in Book	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Number in gross debtors book	73,991	75,787	78,208	71,815	74%
Number of loans with allowance	28,763	29,780	30,553	24,719	26%
Tables 3.7 - Age Analysis (Values)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% ΔQ4-Q3
Portion of book: Current	69.27%	61.57%	58.22%	59.18%	2%
Portion of book: 1-29 days late	4.57%	7.45%	7.91%	5.97%	-24%
Portion of book: 30-59 days late	3.92%	7.39%	2.01%	2.57%	28%
Portion of book: 60-89 days late	2.01%	1.29%	4.06%	5.37%	32%
Portion of book: 90-119 days late	2.51%	2.87%	7.15%	1.79%	-75%
Portion of book: 120-179 days late	7.79%	9.35%	9.68%	9.93%	3%
Portion of book: 180 + days late	9.93%	10.07%	10.98%	15.18%	38%
Total (Kwacha)	3,952,190,141	3,351,440,136	3,356,929,428	3,185,070,263	-5%

Appendix 6 - Credit Market Data – Large Businesses

Table 6.1 - Disbursement by Business Size (Value)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Businesses with 101-300 employees	614,116,067	617,421,405	427,134,009	152,774,468	22%
Businesses with 300 to 500 employees	282,681,622	290,066,101	35,854,253	298,078,616	42%
Businesses with more than 500 employees	466,762,461	472,224,327	163,802,574	258,356,665	36%
Total (Kwacha)	1,363,560,150	1,379,711,834	626,790,836	709,209,748	100%
Table 6.2 - Disbursement by Business Size (Number)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Businesses with 101-300 employees	154	176	133	46	19%
Businesses with 300 to 500 employees	42	21	16	54	23%
Businesses with more than 500 employees	164	119	82	137	58%
Total (Number)	360	316	231	237	100%
Table 6.3 - Disbursement by Product Type (Value)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Mortgages	513,089,624	579,130,217	132,198,041	145,021,318	20%
Leases and Other asset-backed loans	384,008,041	427,970,822	306,080,637	315,700,753	45%
Unsecured loans	65,439,136	69,198,699	29,718,025	65,258,044	9%
Revolving credit facilities	401,023,348	418,484,628	158,794,132	183,229,633	26%
Total (Kwacha)	1,363,560,150	1,494,784,366	626,790,836	709,209,748	100%
Table 6.4 - Disbursement by Product Type (Number)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Mortgages	74	63	21	16	7%
Leases and Other asset-backed loans	188	240	100	189	80%
Unsecured loans	7	11	15	6	3%
Revolving credit facilities	91	90	95	26	11%
Total (Number)	360	404	231	237	100%
Tables 6.5 - Gross Book and Loss Allowances (Value)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Gross Value of the debtors book (ZMW)	11,016,359,216	10,623,325,724	10,411,817,274	9,550,116,822	93%
Allowance for loan losses (ZMW)	590,813,302	795,975,350	584,348,886	693,441,432	7%
Net Value of debtors book	10,425,545,914	9,827,350,373	9,827,468,388	8,856,675,389	100%
Tables 6.6 - Gross Book and Loss Allowances (Number)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Number in gross debtors book	5,015	5,014	4,438	5,494	87%
Number of loans with allowance	374	507	390	814	13%
Tables 6.7 - Age Analysis (Values)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% ΔQ4-Q3
Portion of book: Current	79.47%	75.42%	68.11%	75.04%	10%
Portion of book: 1-29 days late	5.34%	7.48%	11.32%	4.85%	-57%
Portion of book: 30-59 days late	2.79%	3.67%	2.62%	2.58%	-2%
Portion of book: 60-89 days late	3.27%	4.94%	10.97%	9.68%	-12%
Portion of book: 90-119 days late	1.66%	0.39%	1.06%	0.94%	-11%
Portion of book: 120-179 days late	0.71%	0.89%	0.77%	0.48%	-38%
Portion of book: 180 and more days late	6.75%	7.20%	5.15%	6.43%	25%
Total (Kwacha)	11,016,359,216	10,623,325,724	10,411,817,274	9,550,116,822	-8%

Appendix 7 - Credit Market Data – Small Agriculture

Table 4.1 - Disbursement by Farm Size (Value)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Group loan to farmer group	15,647,757	687,371	1,858,139	100,887	0.6%
Smallholder up to 5 hectares	2,136,200	9,063,097	4,661,888	4,270,158	23.6%
Small emergent farmer - Between 5-20 hectares	7,069,818	6,843,902	3,618,049	5,547,197	30.6%
Large emergent farmer - Between 20-50 hectares	9,291,733	962,245	8,540,873	8,200,598	45.3%
Total (Kwacha)	34,145,508	17,556,615	18,678,949	18,118,840	100%
Table 4.2 - Disbursement by Farm Size (Number)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Group loan to farmer group	15	15	22	44	4.3%
Smallholder up to 5 hectares	645	450	568	737	71.8%
Small emergent farmer - Between 5-20 hectares	101	117	170	226	22.0%
Large emergent farmer - Between 20-50 hectares	9	5	13	19	1.9%
Total (Number)	770	587	773	1,026	100%
Table 4.3 - Disbursement by Product Type (Value)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Mortgages	6,475,134	6,228,875	10,970,928	11,832,223	65.3%
Leases and Other asset- backed loans	25,548,985	8,767,486	3,727,700	3,971,561	21.9%
Unsecured loans	1,657,686	2,410,254	3,980,321	1,087,000	6.0%
Revolving credit facilities	463,703	150,000	0	1,228,056	6.8%
Total (Kwacha)	34,145,508	17,556,615	18,678,949	18,118,840	100%
Table 4.4 - Disbursement by Product Type (Number)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Mortgages	27	17	24	42	4.1%
Leases and Other asset- backed loans	222	257	345	487	47.5%
Unsecured loans	520	310	404	491	47.9%
Revolving credit facilities	2	3	0	6	0.6%
Total (Number)	771	587	773	1,026	100%
Tables 4.5 - Gross Book and Loss Allowances (Value)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Gross Value of the debtors book (ZMW)	352,743,913	165,218,005	149,731,720	164,358,401	80%
Allowance for loan losses (ZMW)	28,040,941	14,971,846	27,604,631	40,742,947	20%
Net Value of debtors book	324,702,972	150,246,159	122,127,089	123,615,454	100%
Tables 4.6 - Gross Book and Loss Allowances (Number)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Number in gross debtors book	3,586	5,124	3,325	4,511	75%
Number of loans with allowance	3,027	967	1,266	1,477	25%
Tables 4.7 - Age Analysis (Value)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% ΔQ4-Q3
Portion of book: Current	63.36%	60.97%	62.30%	47.22%	-24%
Portion of book: 1-29 days late	12.37%	23.81%	10.16%	16.62%	64%
Portion of book: 30-59 days late	1.86%	3.63%	1.69%	5.02%	196%
Portion of book: 60-89 days late	11.85%	1.40%	3.79%	3.93%	4%
Portion of book: 90-119 days late	0.81%	1.12%	4.96%	6.10%	23%
Portion of book: 120-179 days late	2.96%	1.13%	1.14%	3.57%	212%
Portion of book: 180+ days late	6.79%	7.94%	15.96%	17.54%	10%
Total (Kwacha)	352,743,909	165,635,632	149,731,720	164,358,401	10%

Appendix 8 - Credit Market Data – Large Agriculture

Table 5.1 - Disbursement by Farm Size (Value)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Medium farms (51 - 200 hectares)	3,920,000	132,214,707	51,355,744	3,168,074	1%
Large farms (201 - 500 hectares)	130,142,165	98,725,020	54,667,458	126,097,216	41%
Extra Large farms (above 500 hectares)	185,305,159	423,846,144	19,972,397	180,857,342	58%
Farms owned by foreign investors/non Zambian citizens (any size).	27,225,649	8,031,320	484,289	0	0%
Total (Kwacha)	346,592,972	662,817,191	126,479,888	310,122,632	100%
Table 5.2 - Disbursement by Farm Size (Number)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Medium farms (51 - 200 hectares)	4	40	41	11	11%
Large farms (201 - 500 hectares)	60	53	65	60	59%
Extra Large farms (above 500 hectares)	21	39	8	30	30%
Farms owned by foreign investors/non Zambian citizens (any size).	6	2	1	0	0%
Total (Number)	91	134	115	101	100%
Table 5.3 - Disbursement by Product Type (Value)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Mortgages	45,966,256	252,423,355	14,837,620	93,459,541	30%
Leases and Other asset-backed loans	173,614,648	231,789,965	82,126,592	78,975,416	25%
Unsecured loans	0	51,053,458	14,746,945	48,170,860	16%
Revolving credit facilities	127,012,068	127,550,413	14,768,730	89,516,815	29%
Total (Kwacha)	346,592,972	662,817,191	126,479,888	310,122,632	100%
Table 5.4 - Disbursement by Product Type (Number)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Mortgages	6	16	4	18	18%
Leases and Other asset-backed loans	61	90	105	65	64%
Unsecured loans	0	16	4	6	6%
Revolving credit facilities	24	12	2	12	12%
Total (Number)	91	134	115	101	100%
Tables 5.5 - Gross Book and Loss Allowances (Value)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Gross Value of the debtors book	4,472,623,506	4,105,578,348	3,976,340,778	3,743,127,438	92%
Allowance for loan losses	362,041,586	320,100,466	312,804,170	328,113,759	8%
Net Value of debtors book	4,110,581,920	3,785,477,882	3,663,536,607	3,415,013,679	100%
Tables 5.6 - Gross Book and Loss Allowances (Number)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Number in gross debtors book	1,358	1,481	1,538	1,503	89%
Number of loans with allowance	76	95	113	178	11%
Tables 5.7 - Age Analysis (Values)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% ΔQ4-Q3
Portion of book: Current	76.84%	75.90%	74.75%	72.80%	-3%
Portion of book: 1-29 days late	10.40%	7.28%	7.98%	6.31%	-21%
Portion of book: 30-59 days late	0.53%	2.32%	0.81%	2.76%	240%
Portion of book: 60-89 days late	2.57%	0.54%	2.00%	2.23%	11%
Portion of book: 90-119 days late	1.27%	1.58%	1.67%	1.48%	-11%
Portion of book: 120-179 days late	0.37%	0.93%	0.41%	0.12%	-71%
Portion of book: 180 and more days late	8.01%	11.46%	12.37%	14.29%	16%
Total (Kwacha)	4,472,623,506	4,105,578,348	3,976,340,778	3,743,127,438	-6%

Appendix 9 - Credit Market Data – Government

Table 7.1 - Disbursement by Government (Value)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Central Government	0	544,050,000	0	125,000,000	87%
Local Government	45,666,062	68,909,843	51,937,350	15,795,120	11%
Parastatals	12,103,882	14,518,588	4,079,240	159,945	0%
Statutory Bodies	1,662,185	5,098,051	637,243	2,531,180	2%
Total (Kwacha)	59,432,129	632,576,482	56,653,833	143,486,245	100%
Table 7.2 - Disbursement by Government (Number)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Central Government	0	5	0	1	3%
Local Government	100	149	87	30	79%
Parastatals	3	5	3	4	11%
Statutory Bodies	4	6	1	3	8%
Total (Number)	107	165	91	38	100%
Table 7.3 - Disbursement by Product Type (Value)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Mortgages	0	0	8,885,341	1,100,666	1%
Leases and Other asset-backed loans	58,806,104	612,934,819	45,168,492	12,498,826	9%
Unsecured loans	326,025	0	0	125,064,985	87%
Revolving credit facilities	300,000	19,641,663	2,600,000	4,821,768	3%
Total (Kwacha)	59,432,129	632,576,482	56,653,833	143,486,245	100%
Table 7.4 - Disbursement by Product Type (Number)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Mortgages	0	0	2	2	5%
Leases and Other asset-backed loans	105	157	85	25	66%
Unsecured loans	1	0	0	4	11%
Revolving credit facilities	1	8	4	7	18%
Total (Number)	107	165	91	38	100%
Tables 7.5 - Gross Book and Loss Allowances (Value)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Gross Value of the debtors book	896,691,403	1,133,061,424	911,286,490	1,003,955,536	100%
Allowance for loan losses	1,963,973	1,151,348	2,315,229	866,626	0%
Net Value of debtors book	894,727,431	1,131,910,075	908,971,261	1,003,088,910	100%
Tables 7.6 - Gross Book and Loss Allowances (Number)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Number in gross debtors book	561	743	840	930	88%
Number of loans with allowance	13	124	130	125	12%
Tables 7.7 - Age Analysis (Values)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% ΔQ4-Q3
Portion of book: Current	69.70%	81.80%	80.36%	80.23%	0%
Portion of book: 1-29 days late	15.61%	17.02%	15.61%	3.88%	-75%
Portion of book: 30-59 days late	1.36%	0.90%	0.52%	0.02%	-96%
Portion of book: 60-89 days late	1.01%	0.10%	2.25%	14.98%	565%
Portion of book: 90-119 days late	0.03%	0.00%	0.62%	0.42%	-33%
Portion of book: 120-179 days late	0.00%	0.00%	0.40%	0.34%	-16%
Portion of book: 180 and more days late	12.29%	0.19%	0.25%	0.14%	-42%
Total (Kwacha)	1,019,967,573	1,133,061,424	911,286,490	1,003,955,536	10%

Appendix 10 - Credit Market Data – Other Credit Services End-Users

Table 8.1 - Disbursement by Other End Users (Value)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Non-profit organisations	70,000	213,255	9,347,484	1,548,520	3%
Other banking institutions	37,000,000	22,032	0	39,610,335	83%
Non-bank financial institutions	1,526	580,000	2,500,000	4,713,681	10%
Embassies and international organ	106,001	0	0	1,357	0%
Affiliated companies	0	0	0	0	0%
Non-resident individuals and entit	0	0	0	0	0%
All others	3,341,263	2,703,810	5,486,742	1,759,130	4%
Total (Kwacha)	40,518,790	3,519,098	17,334,227	47,633,023	100%
Table 8.2 - Disbursement by Other End Users (Number)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Non-profit organisations	1	7	8	14	8%
Other banking institutions	1	1	0	4	2%
Non-bank financial institutions	3	3	2	6	3%
Embassies and international org	2	0	0	1	1%
Affiliated companies	0	0	0	0	0%
Non-resident individuals and ent	0	0	0	0	0%
All others	153	148	171	161	87%
Total (Number)	160	159	181	186	100%
Table 8.3 - Disbursement by Product Type (Value)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Mortgages	0	0	0	0	0%
Leases and Other asset-backed loans	1,810,808	1,392,487	1,532,341	10,443,982	22%
Unsecured loans	956,456	1,501,611	1,124,928	1,060,348	2%
Revolving credit facilities	37,751,526	625,000	14,676,958	36,128,693	76%
Total (Kwacha)	40,518,790	3,519,098	17,334,227	47,633,023	100%
Table 8.4 - Disbursement by Product Type (Number)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Mortgages	0	0	0	0	0%
Leases and Other asset-backed loans	7	14	5	6	3%
Unsecured loans	147	142	168	173	93%
Revolving credit facilities	6	3	8	7	4%
Total (Number)	160	159	181	186	100%
Tables 8.5 - Gross Book and Loss Allowances (Value)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Gross Value of the debtors book	411,214,088	436,834,560	470,551,680	354,125,672	94%
Allowance for loan losses	43,906,625	57,335,602	11,373,389	22,275,711	6%
Net Value of debtors book	367,307,463	379,498,957	459,178,291	331,849,962	100%
Tables 8.6 - Gross Book and Loss Allowances (Number)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% Dist
Number in gross debtors book	3,695	1,378	1,135	1,667	88%
Number of loans with allowance	196	320	196	227	12%
Tables 8.7 - Age Analysis (Values)					
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016	% ΔQ4-Q3
Portion of book: Current	78.24%	58.46%	49.01%	45.55%	-7%
Portion of book: 1-29 days lat	6.71%	14.66%	6.15%	15.59%	153%
Portion of book: 30-59 days la	2.04%	2.25%	11.14%	3.00%	-73%
Portion of book: 60-89 days la	0.15%	13.55%	30.75%	26.03%	-15%
Portion of book: 90-119 days	0.17%	0.29%	0.03%	0.78%	2855%
Portion of book: 120-179 days	0.35%	0.10%	0.15%	0.26%	72%
Portion of book: 180 and more	12.33%	10.68%	2.77%	8.79%	218%
Total (Kwacha)	411,214,088	436,834,560	470,551,680	354,125,672	-25%

Appendix 11 - Credit Market Data – Debt Performance (Debt Stress statistics)

Table 9.1 - Non-performing loans (by Value)				
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016
Portion of book: Current (%)	76.28%	73.57%	69.26%	70.65%
Portion of book: 1- 59 Days late	11.17%	13.12%	13.56%	11.47%
Portion of book: 60-89 Days late	3.12%	3.15%	7.09%	7.17%
Portion of book: 90-119 days late	1.28%	1.07%	1.67%	1.07%
Portion of book: 120 + days late	8.15%	9.08%	8.41%	9.63%
Total: 90 days or over	9.43%	10.14%	10.08%	10.70%
Table 9.2—Gross Book and Loss Allowance by Institution Type				
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016
Banks				
Gross debtors book (Kwacha)	26,605,752,955	25,362,105,283	24,509,815,647	23,318,786,130
Allowance for loan losses (Kwacha)	1,923,203,139	1,882,131,801	1,485,800,319	1,611,223,516
Allowance as a percentage of Gross Book (%)	7.23%	7.42%	6.06%	6.91%
Building Societies				
Gross debtors book (Kwacha)	589,205,294	603,592,284	616,761,743	630,592,852
Allowance for loan losses (Kwacha)	21,198,460	52,120,557	62,207,401	68,869,917
Allowance as a percentage of Gross Book (%)	3.60%	8.64%	10.09%	10.92%
Micro Finance Institutions - Small business development				
Gross debtors book (Kwacha)	277,968,478	327,465,355	323,838,976	327,449,564
Allowance for loan losses (Kwacha)	13,835,356	18,121,992	22,424,845	17,397,591
Allowance as a percentage of Gross Book (%)	4.98%	5.53%	6.92%	5.31%
Micro Finance Institutions - other				
Gross debtors book (Kwacha)	2,619,385,102	2,816,397,292	2,832,442,634	2,828,808,664
Allowance for loan losses (Kwacha)	162,302,178	205,846,589	226,191,267	234,077,528
Allowance as a percentage of Gross Book (%)	6.20%	7.31%	7.99%	8.27%
Other Institutions				
Gross debtors book (Kwacha)	1,359,007,520	1,297,590,782	1,349,809,307	1,272,953,552
Allowance for loan losses (Kwacha)	122,421,450	105,054,534	167,670,760	168,985,851
Allowance as a percentage of Gross Book (%)	9.01%	8.10%	12.42%	13.28%
Total Gross Value of debtors book	31,451,319,350	30,407,150,997	29,632,668,306	28,378,590,762
Total Allowance for loan losses	2,242,960,584	2,263,275,474	1,964,294,593	2,100,554,404
Total Net Book	29,208,358,766	28,143,875,523	27,668,373,714	26,278,036,358
Allowance as a percentage of Gross Book (%)	7.13%	7.44%	6.63%	7.40%
Table 9.3 - Loss Allowance as a Percentages of Gross Book by Product				
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016
Mortgages	11.22%	8.45%	8.92%	10.94%
Leases and Other asset-backed loans	5.14%	5.01%	5.07%	5.68%
Unsecured loans	5.50%	6.44%	6.99%	6.47%
Revolving credit facilities	8.00%	11.55%	4.38%	5.84%
Table 9.4 - Age Analysis of Non-Performing Loans, Mortgages				
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016
Portion of book: Current	76.12%	70.22%	66.54%	62.07%
Portion of book: 1- 59 Days late	8.76%	12.96%	7.73%	9.35%
Portion of book: 60-119 days late	4.62%	5.88%	14.12%	12.31%
Portion of book: 120 + days late	10.49%	10.94%	11.61%	16.27%
Total (Kwacha)	7,409,663,956	8,160,609,153	8,276,200,351	7,792,481,892
Table 9.5 - Age Analysis of Non-Performing Loans, Leases and Other Asset-Backed Loans				
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016
Portion of book: Current	77.62%	77.76%	76.21%	66.22%
Portion of book: 1- 59 Days late	10.30%	11.31%	8.09%	11.28%
Portion of book: 60-119 days late	6.28%	4.70%	5.93%	5.30%
Portion of book: 120 + days late	5.80%	6.23%	6.03%	5.80%
Total (Kwacha)	8,913,765,843	7,916,932,598	7,546,027,249	6,754,026,534
Table 9.6 - Age Analysis of Non-Performing Loans, Unsecured Loans				
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016
Portion of book: Current	75.64%	70.46%	66.23%	68.38%
Portion of book: 1- 59 Days late	13.81%	16.99%	17.64%	15.51%
Portion of book: 60-119 days late	2.66%	3.94%	7.06%	7.19%
Portion of book: 120 + days late	7.90%	8.61%	9.07%	8.92%
Total (Kwacha)	10,243,521,076	9,370,131,228	9,159,559,994	9,026,578,685
Table 9.7 - Age Analysis of Non-Performing Loans, Revolving Credit				
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016
Portion of book: Current	75.42%	78.32%	62.73%	79.07%
Portion of book: 1- 59 Days late	10.88%	9.00%	24.78%	7.60%
Portion of book: 60-119 days late	4.28%	1.25%	7.19%	7.71%
Portion of book: 120 + days late	9.42%	11.43%	5.30%	5.62%
Total (Kwacha)	4,884,368,466	4,956,292,585	4,650,880,717	4,804,930,891
Table 9.4 - Loss Allowance as a Percentages of Gross Book (by Product)				
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016
Business- Large	5.36%	7.49%	5.61%	7.26%
Business- MSME	11.60%	11.86%	11.66%	13.51%
Agriculture- Large	8.09%	7.80%	7.87%	8.77%
Agriculture- Small and Emergent	7.95%	9.04%	18.44%	24.79%
Households and Individuals	5.29%	6.45%	6.12%	5.64%
Government	0.19%	0.10%	0.25%	0.09%
Other end users	10.68%	13.13%	2.42%	6.29%

Appendix 12 - Credit Market Data – Financial Inclusion Statistics

Tables 10.1—Access by Women (Value)				
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016
Total disbursements (Kwacha)	2,931,968,821	4,095,884,805	1,977,518,273	2,671,386,504
Disbursements to women (Kwacha)	209,857,298	281,430,480	335,524,028	395,553,631
Portion of total disbursements accessed by women (%)	7.16%	6.87%	16.97%	14.81%
Tables 10.2—Access by Women (Number)				
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016
Total disbursements (Number)	94,910	176,783	202,114	257,318
Disbursements to women (Number)	19,306	25,519	45,606	58,471
Portion of total disbursements accessed by women (%)	20.34%	14.44%	22.56%	22.72%
Tables 10.3—Access by Women as a portion of End-User Types				
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016
Small Agricultural Operators (ZMW)	1,752,428	4,554,642	4,878,732	2,794,802
Portion of total agriculture accessed by women (%)	5.13%	26.17%	26.12%	15.42%
Small businesses	57,682,758	92,770,714	75,871,929	127,699,203
Portion of total small business credit accessed by women (%)	13.34%	19.44%	20.54%	20.80%
Households/Individuals	172,966,152	225,783,637	223,773,726	265,082,871
Portion of total household credit accessed by women (%)	26.27%	28.02%	29.34%	31.98%
Tables 10.4—Access by Youth (Value)				
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016
Total disbursements (Kwacha)	2,931,968,821	4,095,884,805	1,977,518,273	2,671,386,504
Disbursements to youth (Kwacha)	336,970,325	354,546,998	373,919,330	393,054,382
Portion of total disbursements accessed by youth (%)	11.49%	8.66%	18.91%	14.71%
Tables 10.5—Access by Youth (Number)				
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016
Total disbursements (Number)	94,910	176,783	202,114	257,318
Disbursements to youth (Number)	20,210	33,210	92,420	120,204
Portion of total disbursements accessed by Youth	21.29%	18.79%	45.73%	46.71%
Tables 10.6—Access by Youth as a portion of End-User Types				
	Q1 - 2016	Q2 - 2016	Q3 - 2016	Q4 - 2016
Small Agricultural Operators	1,652,814	1,529,145	2,932,110	3,128,480
Portion of small total agriculture accessed (%)	4.84%	8.79%	15.70%	17.27%
Small businesses	36,976,094	55,714,051	47,172,428	86,895,788
Portion of total small business credit accessed (%)	8.55%	11.67%	12.77%	14.15%
Households/Individuals	304,441,029	310,527,144	289,983,823	296,234,953
Portion of total household credit accessed (%)	46.24%	38.54%	38.02%	35.74%
Other	260,703	292,171	765,603	804,386
Portion of total other credit accessed (%)	0.64%	5.47%	4.42%	1.69%

Appendix 13 - Rural and Urban Classification (List of Districts)

(Used to classify credit granted to rural and urban areas in the return pages to follow).

Rural	Urban
<i>Central Province</i>	
Chibombo Kapiri Mposhi Mkushi Mumbwa Serenje	Kabwe
<i>Copperbelt Province</i>	
Lufwanyama Masaiti Mpongwe	Chililabombwe Chingola Kalulushi Kitwe Luanshya Mufulira Ndola
<i>Eastern Province</i>	
Chadiza Katete Lundazi Mambwe Nyimba Petauke	Chipata
<i>Luapula Province</i>	
Chiengi Kawambwa Milenge Mwense Nchelenge Samfya	Mansa
<i>Lusaka Province</i>	
Chongwe Kafue Luangwa	Lusaka
<i>Muchinga Province</i>	
Chama Chinsali Isoka Mpika Nakonde	Mafinga

Rural	Urban
<i>Northern Province</i>	
Chilubi Kaputa Luwingu Mbala Mporokoso Mpulungu Mungwi	Kasama
<i>North-Western Province</i>	
Chavuma Ikelenge Kabompo Kasempa Mufumbwe Mwinilunga Zambezi	Solwezi
<i>Southern Province</i>	
Gwembe Itezhi Tezhi Kalomo Kazungula Mazabuka Monze Namwala Siavonga Sinazongwe	Choma Livingstone
<i>Western Province</i>	
Kalabo Kaoma Lukulu Senanga Sesheke Shang'ombo	Mongu