

Zambia Banking Sector Report 2023

Executive Summary

The Zambian banking sector showed resilience and adaptability in 2023, growing amidst challenging economic conditions influenced by global market volatility and local fiscal policies. The sector demonstrated robust capital adequacy, profitability, and effective liquidity management, highlighting its strength and stability in the African banking landscape.

Economic and Regulatory Context

The economic backdrop of Zambia in 2023 was marked by moderate GDP growth and persistent inflationary pressures, influenced by external debt restructuring and fluctuations in commodity prices. The regulatory environment remained stringent, with banks maintaining compliance with both local regulations and international Basel III standards.

Financial Performance Analysis

This section provides detailed quantitative insights into the key financial metrics of the top banks in Zambia, illustrating their performance in terms of capital adequacy, profitability, asset quality, and more.

Table 1: Capital Adequacy Ratios

Rank	Bank Name	Capital Adequacy Ratio (%)
1	First Capital Bank	21.5
2	Standard Chartered Bank	20.9
3	Zanaco	19.3
4	Stanbic Bank Zambia	19.3
5	Absa Bank Zambia	18.2

Table 2: Profit After Tax (K million)

Rank	Bank Name	Profit After Tax (K million)
1	Zanaco	1,770
2	Stanbic Bank Zambia	1,360
3	First National Bank Zambia	844
4	Standard Chartered Bank	600
5	Absa Bank Zambia	500

Table 3: Net Interest Income (K million)

Rank	Bank Name	Net Interest Income (K million)
1	Zanaco	3,487.5

Rank	Bank Name	Net Interest Income (K million)
2	Stanbic Bank Zambia	2,600
3	First National Bank Zambia	1,697
4	Standard Chartered Bank	1,400
5	Absa Bank Zambia	1,200

Table 4: Total Assets (K billion)

Rank	Bank Name	Total Assets (K billion)
1	Zanaco	44.88
2	Stanbic Bank Zambia	38.4
3	Absa Bank Zambia	20.3
4	Standard Chartered Bank	16.95
5	First National Bank Zambia	10.1

Table 5: Customer Deposits (K billion)

Rank	Bank Name	Customer Deposits (K billion)
1	Zanaco	33.86
2	Stanbic Bank Zambia	25.95
3	Absa Bank Zambia	22.1
4	First National Bank Zambia	15.49
5	Standard Chartered Bank	10.5

Table 6: Non-Performing Loans (NPL) Ratio (%)

Rank	Bank Name	NPL Ratio (%)
1	Zanaco	1.5
2	First National Bank Zambia	1.5
3	Stanbic Bank Zambia	1.7
4	Standard Chartered Bank	1.9
3	Absa Bank Zambia	2.1

Challenges and Opportunities

- **Challenges:** The sector faces challenges such as high inflation, exchange rate volatility, and increasing operational costs which may impact loan repayment capabilities and overall profitability.

- **Opportunities:** There is significant potential for growth through digital banking, expansion into underbanked regions, and development of new financial products tailored to the needs of the Zambian population.

Strategic Outlook

Strategic recommendations for the banking sector include leveraging technology to improve service delivery, enhancing customer experience, and adopting sustainable banking practices to attract international investment.

Conclusion

The Zambian banking sector is poised for continued growth with robust fundamentals and strong regulatory oversight. It remains an attractive sector for investment with potential for high returns on equity, especially for investors looking at long-term growth in emerging markets.

This detailed report provides a comprehensive analysis of the Zambian banking sector, useful for both current and potential investors to make informed decisions.

Consolidated Financial Performance Table for Zambian Banks (2023)

Rank	Bank Name	Total Assets (K billion)	Customer Deposits (K billion)	Profit After Tax (K million)	Net Interest Income (K million)	Capital Adequacy Ratio (%)	NPL Ratio (%)
1	Zanaco	44.88	33.86	1,770	3,487.5	19.3	1.5
2	Stanbic Bank Zambia	38.4	25.95	1,360	2,600	19.0	1.7
3	Absa Bank Zambia	20.3	22.1	500	1,200	18.2	2.1
4	Standard Chartered Bank Zambia	16.95	10.5	600	1,400	20.92	1.9
5	Indo Zambia Bank	16.99	10.05	604	732.91	18.0	1.8
6	First National Bank Zambia	10.1	15.49	844	1,697	21.5	1.5
7	Bank of China Zambia	9.15	7.8	67.7	294	19.0	2.6
8	First Capital Bank	5.5	7.0	200	300	21.5	2.0
9	Access Bank Zambia	5.869	4.325	164.339	386.899	37.7	1.7
10	Ecobank Zambia	6.05	4.06	90.5	276	17.0	2.0
11	First Alliance Bank	6.05	4.1	134.2	276	18.0	1.9

Rank	Bank Name	Total Assets (K billion)	Customer Deposits (K billion)	Profit After Tax (K million)	Net Interest Income (K million)	Capital Adequacy Ratio (%)	NPL Ratio (%)
12	Zambia Industrial Commercial Bank	1.12	2.56	12	269	19.0	3.2
13	AB Bank Zambia	0.642	413.733	16.977	170.662	26.34	2.84

Notes:

- The ranking is based on Total Assets for the year 2023.
- Banks with missing financial metrics in certain categories are due to unavailable data for those specific figures.
- Customer Deposits indicate the level of customer trust and liquidity base of the bank.
- Profit After Tax and Net Interest Income provides insight into the profitability and core earnings from the bank's lending activities.
- Capital Adequacy Ratio illustrates the financial stability and strength of the bank as it reflects the capital held against potential risks.
- The Non-Performing Loan (NPL) Ratio is a critical measure of asset quality; a lower ratio indicates healthier credit conditions.

This table helps in understanding the comparative scale and performance of banks in Zambia's banking sector, which is essential for investment and regulatory analysis.

Note: UBA Zambia, and Citibank Zambia data were not available for the analysis and a few banks have not uploaded the latest data. Analysis was conducted based on the latest data from all banks.