



**BANQUE DE LA REPUBLIQUE  
DU BURUNDI**

**MONETARY POLICY  
REPORT  
FIRST QUARTER 2020**

**May-2020**

## TABLE OF CONTENTS

<b>Acronyms.....</b>	<b>2</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>3</b>
<b>1. INTERNATIONAL ECONOMIC DEVELOPMENT .....</b>	<b>5</b>
1.1. Global GDP growth.....	5
1.2. World Trade .....	5
1.3. Commodity prices and inflation.....	6
1.4. Monetary policy in developed countries .....	7
1.5. Main macroeconomic indicators in EAC countries .....	8
<b>II. LOCAL ECONOMIC AND FINANCIAL DEVELOPMENT .....</b>	<b>11</b>
2.1. Production and Prices .....	11
2.2. External sector .....	12
2.2.1. External trade .....	12
2.2.2. Balance of payments .....	14
2.2.3. Foreign Assets.....	15
2.3. Public finance .....	16
2.4. Monetary sector.....	18
2.4.1. Bank reserves and interest rates .....	18
2.4.2. Reserve money.....	20
2.4.3. Broad money and counterparts .....	21
2.5. Banking sector development and financial stability .....	23
2.5.1. Banking activities .....	24
2.5.2. Loans portfolio quality .....	25
2.5.3. Capital adequacy.....	27
2.5.4. Banking sector's profitability .....	29
<b>3. CONCLUSION AND MONETARY POLICY MEASURES .....</b>	<b>29</b>
<b>ANNEXES .....</b>	<b>31</b>

## Acronyms

<b>NDA</b>	: Net Domestic Assets
<b>BIF</b>	: Burundi Franc
<b>BoJ</b>	: Bank of Japan
<b>BRB</b>	: Banque de la République du Burundi
<b>EAC</b>	: East African Community
<b>ECB</b>	: European Central Bank
<b>GDP</b>	: Gross Domestic Product
<b>IMF</b>	: International Monetary Fund
<b>ISTEEBU</b>	: Institut de Statistiques et d'Etudes Economiques du Burundi
<b>M3</b>	: Broad Money
<b>MFBCDE</b>	: Ministère des Finances, du Budget et de la Coopération au Développement Economique
<b>OECD</b>	: Organization for Economic Co-operation and Development
<b>ROA</b>	: Return on Assets
<b>ROE</b>	: Return on Equity
<b>SSA</b>	: Sub-Saharan Africa
<b>UGX</b>	: Ugandan Shilling
<b>USD</b>	: United States Dollar
<b>YoY</b>	: Year on year
<b>QoQ</b>	: Quarter on quarter

## EXECUTIVE SUMMARY

The COVID-19 pandemic and measures put in place to mitigate its spread has continued to adversely impact on economies all over the World. The containment efforts involving quarantines, lockdowns and widespread restrictions on labor mobility and travel, have helped to contain the virus and save lives, but have resulted in declines in consumption, sharp cutbacks in most service sector activities, increased risk aversion and elevated capital outflows especially from Emerging Markets and Developing Economies (EMDEs). These negative effects led to sharp and sudden declines in output (-1.8 percent), spending and employment in the first quarter 2020.

The IMF World Economic Outlook (WEO) update of June 2020 projected that global economic growth will decline to minus 4.9 percent in 2020 from 2.9 percent in 2019 and recovery is predicted to be gradual.

Economic growth in EMEs is projected at minus 3.0 percent in 2020 from 3.7 percent in the previous year while growth in Advanced Economies (AEs) is projected at minus 8.0 percent in 2020 from 1.7 percent in 2019.

In Sub-Saharan Africa (SSA), growth is projected to decline to minus 3.2 percent in 2020, down from 3.1 percent in 2019 specifically due to, elevated capital outflows and severely reduced external demand. Moreover commodity exporters such as Nigeria are affected by the collapse in commodity prices.

Economic growth in East African Community decelerated in 2020 (1.0 percent compared to 5.7 percent) in 2019. However, this region would remain resilient to the crisis linked to COVID-19 pandemic following the positive effects of the fall in the price of oil, the significant investments in infrastructure and the improvement of agricultural production.

Economic data from Burundi have continued to be consistent with a sudden and very marked drop in global activity. The production of dry tea increased and the production of the 2020/2021 coffee season decreased in the first quarter compared to the same period of the previous year. After a long period of deflation, inflation rose in the first quarter of 2020, following the higher food prices.

In the same context, the balance of payments, the deficit increased (current account and capital account), resulting from the worsening of the current account deficit. In terms of public finances, the budget deficit (including grants) has been released due to the increase of revenue than expenditure. This deficit was mainly financed by net domestic debt.

The fiscal deficit worsened compared to the same quarter in 2019 driven by the larger increase of expenses than revenues. This deficit was financed by domestic and external debt.

Year-on-year basis, the Broad money and reserve money, both increased respectively 17.2 percent and 6.1 percent, in line with the increase in net domestic and foreign assets. Official reserves increased and covered 0.9 months of imports of goods and services compared to 0.7 months in the same period in 2019. The banking sector remained sufficiently capitalized in the first quarter 2020 and complied with all regulatory and prudential standards.

## I. INTERNATIONAL ECONOMIC DEVELOPMENT

### 1.1. Global GDP growth

Quarter-on-quarter, global economic activity contracted in the first quarter of 2020, particularly in advanced OECD countries (-1.8%), following the adverse effects of COVID-19. For emerging countries, only India (+ 0.7%) and Turkey (+ 0.6%) experienced positive growth rates while China recorded the sharpest contraction in economic activity (- 9.8%).

**Table 1: Quarterly GDP growth of main advanced countries**

	Quarter to quarter			Year on year		
	Q1-2019	Q4-2019	Q1-2020	Q1-2019	Q4-2019	Q1-2020
USA	0.8	0.5	-1.3	2.7	2.3	0.3
Japan	0.6	-1.9	-0.6	0.8	-0.7	-1.9
United Kingdom	0.7	0.0	-2.0	2.0	1.1	-1.6
Euro zone	0.5	0.1	-3.6	1.5	1.0	-3.1
<b>OECD - Total</b>	<b>0.6</b>	<b>0.2</b>	<b>-1.8</b>	<b>1.8</b>	<b>1.6</b>	<b>-0.8</b>
China	1.4	1.5	-9.8	6.4	6.0	-6.8
Turkey	2.1	1.9	0.6	-2.1	5.9	4.4
India	1.4	0.9	0.7	5.4	4.1	3.3

Source: OECD, Economic Outlook, June 2020

In advanced countries, only the United States recorded a positive GDP growth rate of 0.3% year-on-year. However, economic activity contracted 1.3% quarter on quarter. In the Eurozone, the UK and Japan, GDP contracted both quarterly and year-on-year.

According to IMF forecasts, the world economy will decline 4.9% in 2020 against growth of 2.9% in 2019, mainly due to disruptions in economic activity caused by the COVID-19 pandemic).

**Table 2: World economic growth**

	2017	2018	2019	2020(p)
<b>World GDP</b>	<b>3.8</b>	<b>3.6</b>	<b>2.9</b>	<b>-4.9</b>
<b>Advanced economies</b>	<b>2.4</b>	<b>2.2</b>	<b>1.7</b>	<b>-8.0</b>
USA	2.2	2.9	2.3	-8.0
Euro zone	2.4	1.9	1.3	-10.2
Japan	1.9	0.8	0.7	-5.8
United Kingdom	1.8	1.4	1.4	-10.2
<b>Emerging and Developing Economies</b>	<b>4.8</b>	<b>4.5</b>	<b>3.7</b>	<b>-3.0</b>
China	6.8	6.6	6.1	1.0
India	7.2	6.8	4.2	-4.5
Subsaharan Africa	2.9	3.1	3.1	-3.2
Nigeria	0.8	1.9	2.2	-5.4
South Africa	1.4	0.8	0.2	-8.0

Source: IMF, World economic outlook, June 2020

In advanced countries, economic activity is expected to decline by 8.0% in 2020. In the United States, a decrease of 8.0% is expected against a growth of 2.3% recorded in 2019. In the Euro zone, the economy is likely to contract by 10.2% against growth of 1.3% in 2019.

For emerging and developing countries, GDP would contract by 1.0% in 2020 against a growth of 3.7% in 2019. Growth in China, the group's main growth engine, should decelerate considerably (1.2 compared to 6.1% in 2019).

In sub-Saharan Africa, economic activity could decline (-3.2 compared to + 3.1%), following the consequences of COVID-19 and the sharp drop in income in oil-exporting countries following the fall in prices. In Nigeria, GDP is forecast to contract 5.4% in 2020, as activity slows 8.0% in South Africa, the main commodity exporter.

## 1.2. World Trade

In 2019, world trade slowed (+ 0.9 compared to + 3.8%), mainly due to the persistence of trade tensions between the United States and China. In 2020, global trade could decline by 11.9%, due to the widespread economic slowdown around the world, amplified by the disruption caused by COVID-19.

**Table 3: World trade growth (percent)**

	2018	2019	2020(p)
<b>World trade (goods and services)</b>	<b>3.8</b>	<b>0.9</b>	<b>-11.9</b>
Advanced Economies	3.4	1.5	-13.4
Emerging Market and Developing Economies	4.5	0.1	-9.4

*Source: IMF, World economic outlook, June 2020*

## 1.3. Commodity prices and inflation

Compared to the previous quarter, commodity prices fell overall during the first quarter of 2020. Indeed, the price of crude oil (Brent) stood at 50.50 against 62.70 dollars per barrel. The price of Arabica coffee has almost stabilized from \$ 3.12 to \$ 3.13/kg and the price of tea at Mombasa auction stood at 2.13 against \$ 2.27/kg in the previous quarter. The energy index (60.50 versus 74.20) as well as that of non-energy products (81.40 versus 82.0) fell quarter over quarter.

**Chart 1: Commodity prices**



**Source: World Bank, Commodity prices, June 2020**

Quarter over quarter, inflation edged up in major advanced and emerging economies except India, mainly due to higher food prices following COVID-19 which disrupted food supplies.

**Table 4: Inflation in main advanced and emerging countries (in percent)**

	Year on year		
	Q1-2019	Q4-2019	Q1-2020
USA	1.64	2.03	2.12
Japan	0.30	0.49	0.53
United Kingdom	1.80	1.40	1.70
Euro zone	1.43	1.00	1.11
<b>OECD - Total</b>	<b>2.16</b>	<b>1.90</b>	<b>2.13</b>
China	1.83	4.27	4.97
India	7.08	8.62	6.61

**Source: OECD, Economic Outlook, June 2020**

Compared to the same period of 2019, headline inflation almost stabilized (2.13 against 2.16%) in all OECD countries in the first quarter of 2020 and increased in the main emerging countries, especially in China (4.97 against 1.83%). On the other hand, it decelerated in India (6.61 against 7.08%).



#### **1.4. Monetary policy in developed countries**

During the first quarter of 2020, the central banks of most advanced countries maintained their accommodative monetary policies. The decline in aggregate demand following the COVID-19 pandemic has motivated central banks to take targeted measures to support their economies.

In the United States, the Federal Reserve lowered the key rate twice in March 2020, successively by 50 points and 100 basis points. The target range which was 1.50 to 1.75% at the end of 2019 has been established between 1.00 to 1.25% on March 3, 2020 and from 0.0 to 0.25% on March 15, 2020.

In the Euro zone, the European Central Bank (ECB) kept unchanged the interest rates of the main refinancing operations as well as those of the marginal lending and the deposit facilities respectively 0.00%, 0.25 % and -0.50%. It continued to buy back assets and reinvest repayments to maintain liquidity conditions favourable to banks.

The Bank of Japan continued to apply a negative interest rate on the deposit facilities (-0.1%) and continued its Treasury bond buyback program for as long as necessary to reach and maintain the target level of inflation of 2%.

#### **1.5. Main macroeconomic indicators in EAC countries**

According to the June 2020 IMF forecasts, the EAC's economic activity could decelerate to 1.0% in 2020 against 5.7% of growth in 2019. However, this region would remain more resilient to the crisis linked to the COVID-19 pandemic and lower commodity prices than the whole of sub-Saharan Africa (-3.2 against + 3.1%). This resilience of the EAC region to the COVID-19 pandemic is linked to the positive effects of the fall in the price of oil, significant investments in infrastructure and improved agricultural production in some countries.

**Table 5: GDP growth in EAC<sup>1</sup> countries (in percent)**

	2017	2018	2019 (p)	2020(p)
Burundi	3.8	4.2	4.1	4.3
Kenya	4.9	6.3	5.4	-0.3
Uganda	5.0	6.3	4.5	1.8
Rwanda	6.1	8.6	10.1	2.0
Tanzania	6.8	7.0	6.3	1.9
EAC	5.4	6.6	5.7	1.0
SSAF	3.0	3.2	3.1	-3.2

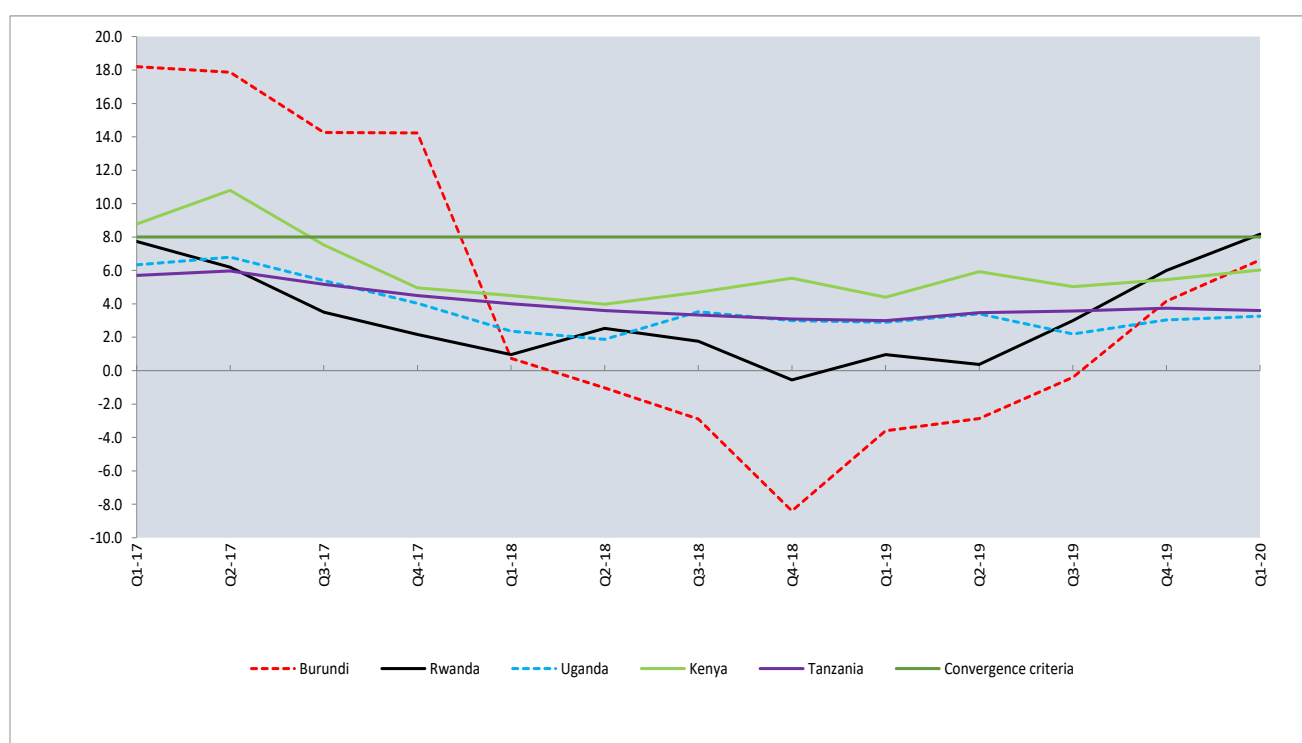
Source: IMF, <https://www.imf.org/external/datamapper>, June 2020

\* For Burundi, the data are taken from the macroeconomic framework of April 2020

During the first quarter of 2020, inflation rose slightly in the EAC countries, except Tanzania, but remained below the convergence criterion of 8.0% for most member countries.

On a quarterly average, inflation fell from 5.5% to 6.0% in Kenya, from 3.0% to 3.3% in Uganda, from 4.4% to 6.6% in Burundi and from 6.0% to 8.2% in Rwanda. It stabilized at 3.6% in Tanzania.

**Graph 2: Inflation in EAC countries (in percent)**

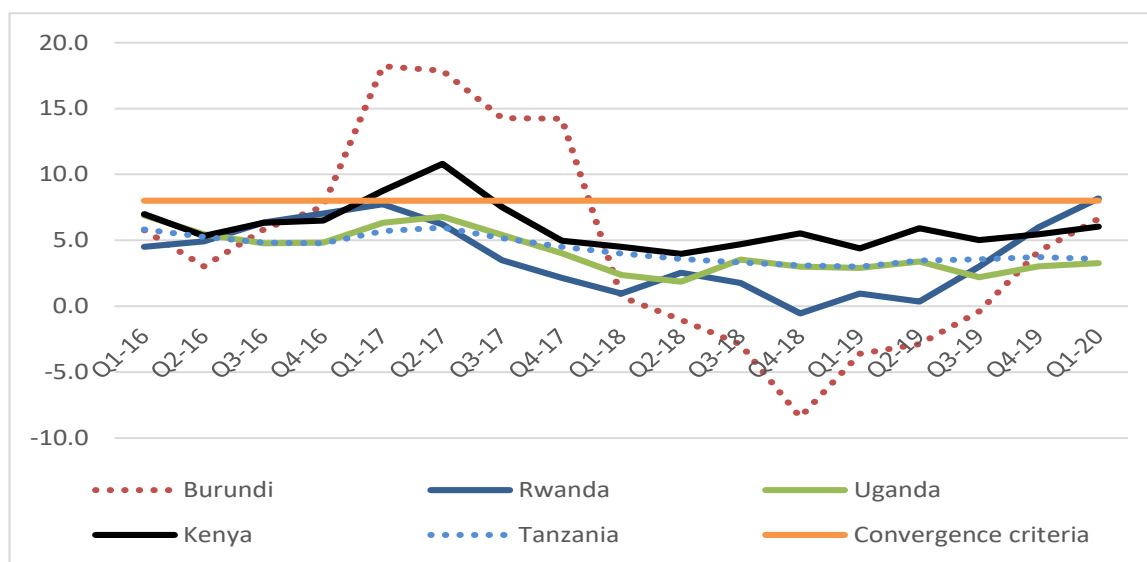


Source: EAC Central Banks web sites

<sup>1</sup> For Burundi, the IMF regional outlook taking COVID-19 into account forecasts a growth rate of -5.5%.

The EAC' central banks maintained their accommodative monetary policies to support the economy. Other financial sector stabilization measures have been maintained following COVID-19 pandemic, including reducing the reserve requirement coefficient, easing conditions on loans and restructuring current loan repayment plans.

**Chart 3: Central bank interest rates (in percent)**



Source: EAC Central Banks web sites

Indeed, the key rates of the central banks of Rwanda (5.0 percent), Tanzania (7.0 percent), in Uganda (9.0 against 10.0 percent) and Burundi (6.0 percent) remained unchanged while they fell in Kenya (7.9 against 8.7 percent).

Year-on-year, the currencies of the EAC countries have fluctuated within the plus or minus 5.0 percent margin agreed in the context of maintaining exchange rate stability.

**Table 6: USD exchange rate against EAC currencies**

	End of period				
	USD/TZS	USD/RWF	USD/UGX	USD/KSH	USD/BIF
march-19	2,289.50	888.86	3,715.13	100.75	1,828.30
dec-19	2,287.90	922.52	3,665.20	101.50	1,881.60
march-20	2,289.90	930.70	3,784.80	104.70	1,898.90
Annual change March-20/march-19(%)	0.0	4.7	1.9	3.9	3.9
Quarterly change march-20/dec-19 (%)	0.09	0.89	3.26	3.15	0.92

Source: EAC Countries Central Banks websites

## II. LOCAL ECONOMIC AND FINANCIAL DEVELOPMENT

### 2.1. *Production and Prices*

The average index of industrial production fell by 8.2 percent compared to the first quarter of 2019, mainly due to the decline in production in the food industries (-11.9 percent), especially the production of beverages in BRARUDI (-6.9 percent) and cigarettes (-30.9 percent). Compared to the previous quarter, this index fell by 15.6 percent, from 144.7 to 122.0, mainly in connection with the decline in the production of beverages by BRARUDI (-2.0 percent) and the end of the sugar campaign.

REGIDESO's electricity production increased by 6.9 percent compared to the corresponding quarter of 2019, going from 61,689 to 65,933 Megawatts, in connection with the good rainfall. Likewise, it increased by 4.8 percent compared to the previous quarter.

The volume of goods passing through the port of Bujumbura increased by 15.0 percent compared to the same quarter of 2019 and by 20.1 percent compared to the previous quarter, in connection with the increase in imports of cement, clinker and sugar.

Activity declined at Melchior NDADAYE International Airport in the first quarter of 2020. Passenger numbers declined 9.2 percent year-on-year, related to measures taken to reduce aircraft flights to cope with the spread of COVID-19. Likewise, the number of passengers fell by 24.8 percent compared to the previous quarter. Aircraft traffic grew 24.5 percent year-on-year while it was down 4.8 percent quarter-on-quarter.

For the year 2020, the growth rate of real GDP, which was initially projected at 4.3 percent before the outbreak of the COVID-19 pandemic, could be negative. Inflation could reach 8.0 from -0.7 percent in 2019.

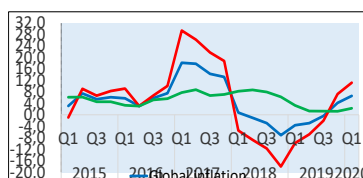
**Table 7: Real GDP growth and inflation (in percent)**

	2017	2018	2019	2020 (Prov.)
<b>Real GDP Growth</b>	<b>3,8</b>	<b>4,2</b>	<b>4,1</b>	<b>4,3</b>
Primary sector	0,2	5,2	3,8	4,3
Secondary sector	7,6	-0,3	-0,6	3,3
Tertiary sector	4,0	6,4	5,8	4,7
<b>2. Inflation</b>	<b>16,6</b>	<b>-2,8</b>	<b>-0,7</b>	<b>8,0</b>

*Source: Macroeconomic framework of Burundi, March 2020*

The inflation rate increased in the first quarter of 2020 and stood at 6.6 percent compared to -3.6 percent in the corresponding quarter of 2019. This increase is explained by the increase in prices of food products (11.2 against -9.9 percent), non-food inflation having decelerated (2.3 against 3.3 percent).

**Chart 4: Inflation by major components (in percent)**



*Source: BRB based on data provided by ISTEERU*

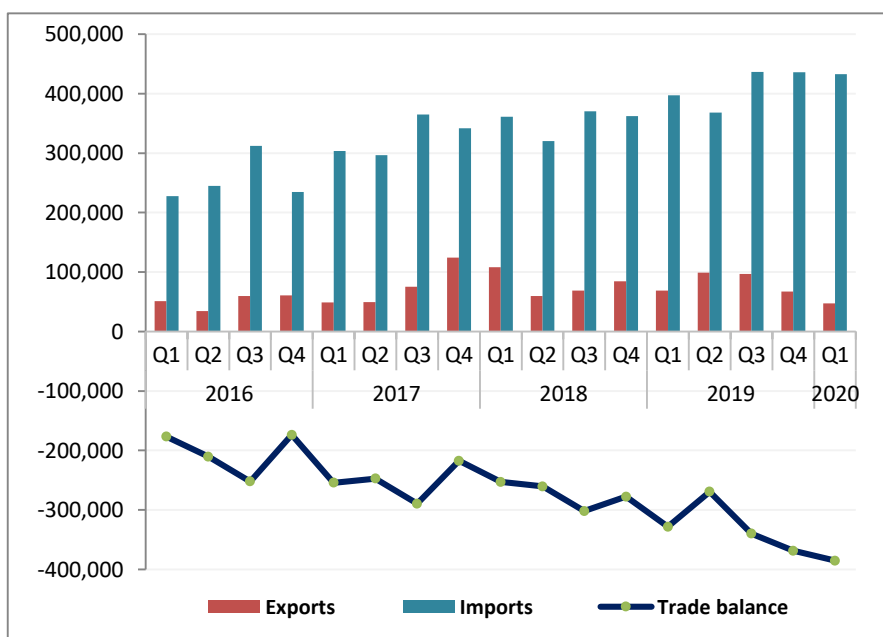
On the other hand, compared to the previous quarter, the inflation rate also increased (6.6 against 4.2 percent), following the increase of both food inflation (11.2 against 7.3 percent) and non-food (2.3 against 1.2 percent).

## 2.2. External sector

### 2.2.1. External trade

The trade deficit increased in the first quarter of 2020 compared to the corresponding period in 2019, amounted BIF 385,663.4 million from BIF 328,318.8 million, on account of the increase in imports CIF (BIF 433,016.8 against 397,107.9 million) and of the decrease in exports CIF (BIF 47,353.4 million against 68,789.1 million). The coverage rate of imports by exports declined to 10.9% from 17.3% in the first quarter of 2019.

**Chart 5: Trade balance (in BIF million)**

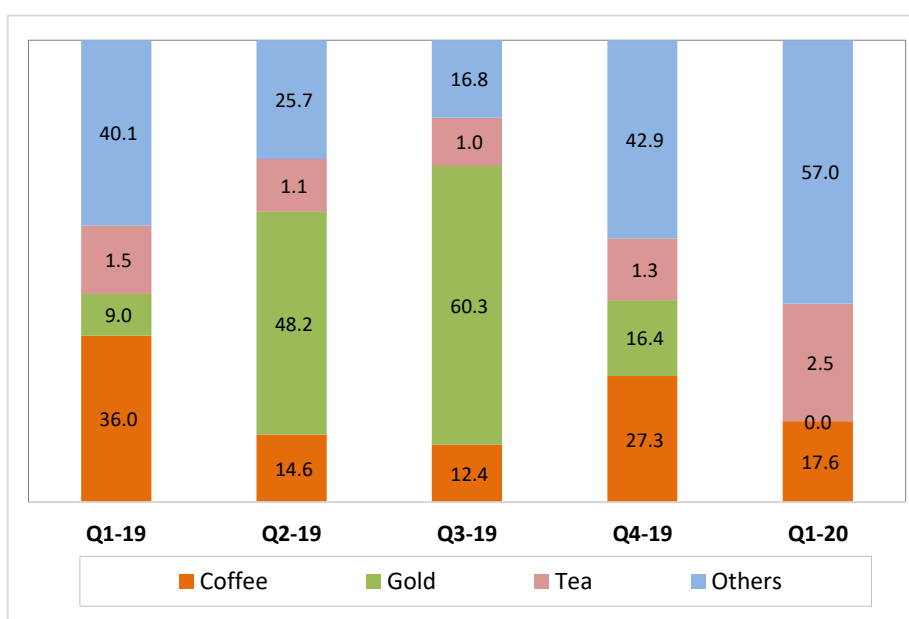


Source: BRB

Exports decreased by 31.2% at the first quarter of 2020, on account of the decrease in exports of primary products to 28,300.8 from 49,967.1 million of BIF). Exports of manufactured products have almost stabilized, to 18,807.5 from 18,822.0 million of BIF.

The decline in primary products exports affected mainly coffee (-66.5%), non-monetary gold (-100%) and niobium ores (-34.6%).

**Chart 6: Key exported products (in percent of the total exports)**



Source: BRB

Imports increased by 9.0% year-on-year, following the increase in imports of intermediate goods, to 211,239.2 from 173,010.1 million of BIF, and in a lesser extent in imports of capital goods, to 76,683.3 from 72,301.0 million of BIF. However, imports of consumer goods decreased, to 145,094.3 from 151,796.8 million of BIF).

The increase in imports of intermediate goods is attributable to metallurgy goods (+BIF 18,277.7 million), mineral oils (+BIF 15,829.7 million), chemical products (+BIF 4,778.2 million) and to goods intended for construction (+BIF 4,423.7 million).

About imports of capital goods, their increase concerned mainly tractors, vehicles and transport equipment (+BIF 3,411.4 million).

Thus, the drop in imports of consumer goods, it concerned non-durable consumer goods (-BIF 26,733.1 million), mainly pharmaceutical products. However, imports of durable consumer goods increased (+BIF 20,030.6 million).

### **2.2.2. Balance of payments**

The balance of payments for the first quarter of 2020 recorded the largest net borrowing (balance from current and capital accounts) compared to that of the corresponding quarter of 2019 (-177,085.7 against -123,742.8 million of BIF).

This result is explained by the worsening of the current account deficit; to -BIF 239,705.6 million from -BIF 180,711.7 million, despite the increase in surplus balance of the capital account, which stood à BIF 62,620.0 million from BIF 56,968.9 million.

**Table 6: Balance of payments (in BIF million)**

	<b>Q1-2019</b>	<b>Q1-2020</b>
<b>CURRENT ACCOUNT</b>	<b>-180,711.7</b>	<b>-239,705.6</b>
Credit	291,907.6	279,255.1
Debit	472,619.3	518,960.7
<b>Goods</b>	<b>-255,358.5</b>	<b>-308,641.4</b>
Exports FOB	83,713.4	61,926.9
Imports FOB	339,071.9	370,568.3
<b>Services</b>	<b>-67,199.6</b>	<b>-103,033.4</b>
Credit	51,643.7	24,347.0
Debit	118,843.2	127,380.4
<b>Primary income</b>	<b>3,236.3</b>	<b>6,542.4</b>
Credit	6,588.9	14,932.7
Debit	3,352.6	8,390.3
<b>Secondary income</b>	<b>138,610.0</b>	<b>165,426.8</b>
Credit	149,961.6	178,048.4
Debit	11,351.6	12,621.7
<b>CAPITAL ACCOUNT</b>	<b>56,968.9</b>	<b>62,620.0</b>
Credit	57,863.9	63,082.6
Debit	895.0	462.7
<b>Net lending (+)/ Net borrowing (-) from current and capital accounts</b>	<b>-123,742.8</b>	<b>-177,085.7</b>
<b>FINANCIAL ACCOUNT</b>		
<b>Net lending (+)/ Net borrowing (-) from financial account</b>	<b>-135,980.5</b>	<b>-170,104.7</b>
<b>Direct investments</b>	<b>0.0</b>	<b>382.4</b>
Net acquisition of financial assets	0.0	1,166.0
Net incurrence of liabilities	0.0	783.6
<b>Portfolio investments</b>	<b>0.0</b>	<b>0.0</b>
Net acquisition of financial assets	0.0	0.0
Net incurrence of liabilities	0.0	0.0
<b>Financial derivatives</b>	<b>0.0</b>	<b>0.0</b>
Net acquisition of financial assets	0.0	0.0
Net incurrence of liabilities	0.0	0.0
<b>Others investments</b>	<b>-110,734.7</b>	<b>-93,116.4</b>
Net acquisition of financial assets	19,366.4	54,886.3
Net incurrence of liabilities	130,101.1	148,002.7
<b>Reserve assets</b>	<b>-25,245.8</b>	<b>-77,370.7</b>
<b>NET ERRORS AND OMISSIONS</b>	<b>-12,237.7</b>	<b>6,980.9</b>

Source: BRB

The balance of goods worsened further, to -BIF 308,641.4 million from -BIF 255,358.5 million, on account of the increase in imports FOB (+BIF 31,496.4 million) and of the reduction in exports FOB (-BIF 21,786.6 million). The deficit balance of services established to -BIF 103,033.4 million from -BIF 67,199.6 million, mainly due to decrease in public administration services, to BIF 1,592.1 million from BIF 38,668.4 million).

However, the surplus of secondary incomes account increased, to BIF 165,426.8 million from BIF 138,610.0 million, due to the transfers of private sector (+BIF 38,989.0 million) which outweighs



the decline in public sector (-BIF 12,172.3 million). The increase in private sector transfers focused on personal transfers (to BIF 55,994.8 from BIF 12,711.3 million); others secondary incomes have decreased to BIF 94,599.7 from BIF 100,894.1 million).

The deficit of financial account worsened in the first quarter of 2020 (-BIF 170,104.7 from -BIF 135,980.5 million) of the corresponding quarter of 2019. This result is driven by the deficit of other investments, although having decreased, (-BIF 93,116.4 million from -BIF 110,734.7 million). Regarding reserve assets, they continue to decline as in the same period of the previous year (-77,380.7 against -25,245.8 million of BIF).

### 2.2.3. Foreign Assets

At the end of March 2020, foreign assets fell 12.3% quarter on quarter, while they increased by 22.0% on year on year basis.

**Table 7: Evolution of foreign assets (in USD million)**

	End of period in USD million			Change in %	
	Marc-2019	Dec -2019	Marc-2020	Quarterly	Annual
Foreign assets held by BRB	72.2	128.5	102.3	-20.4	41.7
O/w: official Reserves	56.1	113.5	73.0	-35.7	30.1
Foreign assets held by commercial banks	73.5	74.3	75.5	1.6	2.7
<b>Total foreign assets</b>	<b>145.7</b>	<b>202.8</b>	<b>177.8</b>	<b>-12.3</b>	<b>22.0</b>

**Source: BRB**

The foreign exchange reserves of the BRB decreased by 20.4% compared to the end of the previous quarter, while they picked up 41.7% compared to the same period of 2019. Those of the commercial banks increased slightly by 1.6% on quarterly basis and 2.7% on year-on-year basis.

The official reserves decreased by 35.7% from the previous quarter, to USD 73.0 million from USD 113.5 million. On the other hand, they increased by 30.1% year-on-year, and covered 0.9 months of imports of goods and services, against 0.7 months in the same period of 2019, when the floor level is set at 4.5 months in the CEA convergence criteria.

### 2.3. Public finance

In the first quarter of 2020, the fiscal deficit (including grants) eased compared to that of the same quarter of 2019, dropping from BIF 74,618.5 million to BIF 22,737.0 million, in connection with the increase in revenue and the fall in expenditure. This deficit was financed by net domestic debt (BIF 61,916.1 million) and net external debt (BIF 12,258.6 million).

**Table 8: Government Financial Operations (in BIF Million)**

	2019		2020
	Q1	Q4	Q1
<b>A. REVENUE AND GRANT</b>	<b>289,557.5</b>	<b>321,040.5</b>	<b>312,273.4</b>
<b>1. Revenue</b>	231,759.7	261,238.5	259,401.3
Current revenue	231,759.7	261,238.5	259,401.3
Exceptional revenue	-	-	-
<b>2. Grants</b>	57,797.8	59,802.0	52,872.0
Current	-	-	-
Capital	57,797.8	59,802.0	52,872.0
<b>B. EXPENDITURE</b>	<b>364,176.0</b>	<b>372,222.4</b>	<b>335,010.3</b>
<b>1. Current Expenditure</b>	241,718.0	227,276.8	251,480.8
Salaries	109,514.5	112,859.3	117,166.4
<b>2. Investment expenditure</b>	122,457.9	144,945.6	83,529.5
On internal resources	45,179.0	77,916.3	13,823.7
On foreign borrowing and grants	77,278.9	67,029.3	69,705.9
<b>OVERALL BALANCE including grants (basis commitment)</b>	- 74,618.5	-51,181.9	-22,737.0
<b>C. NET FINANCING</b>	74,618.5	51,181.8	22,737.0
1. External	14,838.3	2,980.0	12,258.6
2. Domestic	49,749.1	85,276.5	61,916.1
<b>D. ERRORS AND OMISSIONS</b>	10,031.1	-37,074.7	-51,437.8

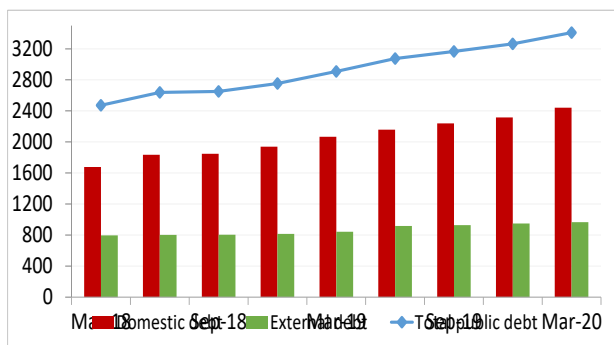
Source: MFBPE

Current revenue increased by 11.9 percent in the first quarter of 2020, reaching to BIF 259,401.3 million against BIF 231,759.7 million of the same period of 2019. On the other hand, compared to the previous quarter, current revenue slightly fell by 0.7 percent.

Capital grants fell by 8.5 percent standing to BIF 52,872.0 million against BIF 57,797.8 million of the same period of 2019. Compared to the previous quarter, they decreased by 11.6 percent.

Total expenditure fell by 8.0 percent in the first quarter of 2020, standing at BIF 335,010.3 million against BIF 364,176.0 million of the same period of the previous year, following the decrease in capital expenditure (-31.8 percent), while current expenditure rose (+ 4.0 percent). Compared to the previous quarter, total expenditure decreased by 10.0 percent, mainly in connection with the fall in capital expenditure (-42.4%).

**Chart 7: Public debt (in BIF million)**



**Source: BRB**

Year-on-year basis, external debt increased by 14.7 percent, from 842,605.3 to 966,321.6 million. This increase is linked to the drawings (BIF 113,873.3 million) and the revaluation gains (BIF 27,285.4 million) which offset the repayment of the principal (BIF 17,442.4 million).

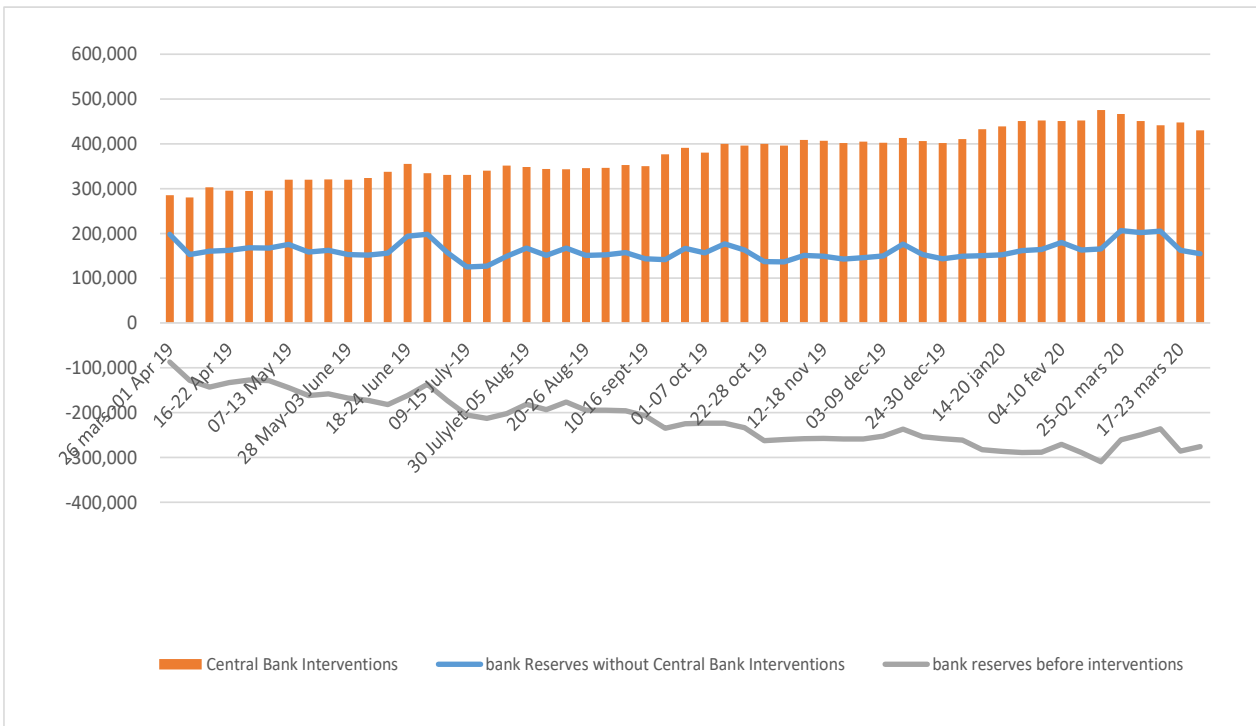
## **2.4. Monetary sector**

### **2.4.1. Bank reserves and interest rates**

Without Central Bank interventions, commercial bank reserves increased in the first quarter 2020. On weekly average, they are amounted to BIF -275,114 against -296,040 million in the previous quarter and BIF -95.661 million in the same period in 2019.

The outstanding refinancing stood, in weekly average, to BIF 443,542 million in the first quarter of 2020 against BIF 401,467 million in the previous quarter. In the same quarter in 2019, the outstanding refinancing was amounted to BIF 269.240 million.

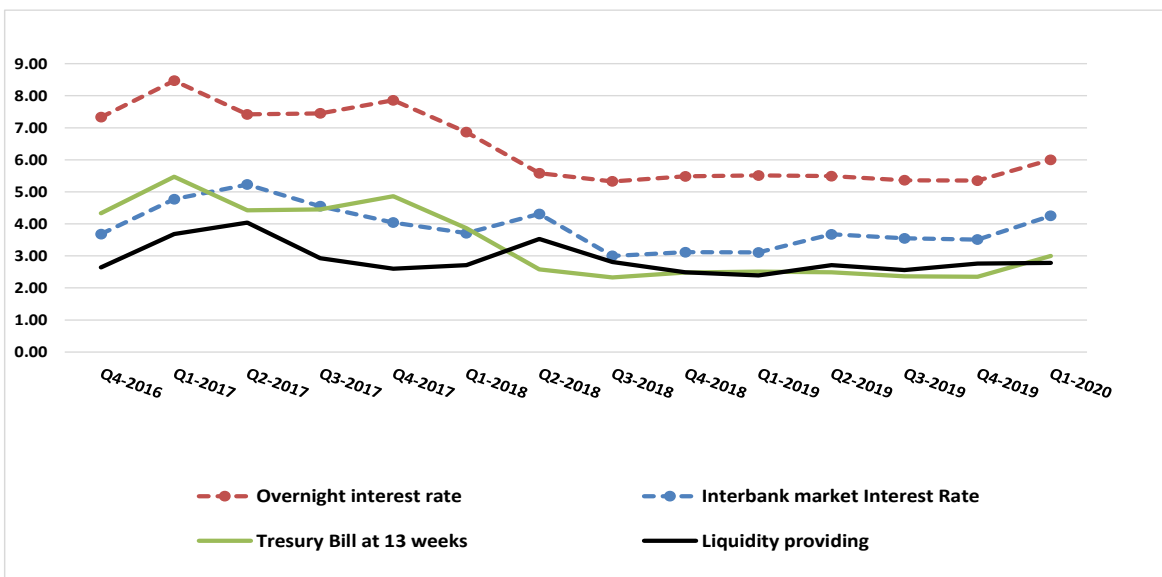
**Chart 8: Commercial banks' reserves and BRB's interventions**



Source: BRB

Interest rates on money market slightly increased in the first quarter 2020. In fact, the average interest rate on liquidity injection slightly increased from 2.76 percent to 2.78 percent. The interbank rate decreased, from 3.51 percent to 4.51 percent quarter -on- quarter. Moreover, the interest rate of the overnight lending facility increased, too (6.0 against 5.35 percent).

**Chart 9: Money market interest rates (percent)**



Source: BRB

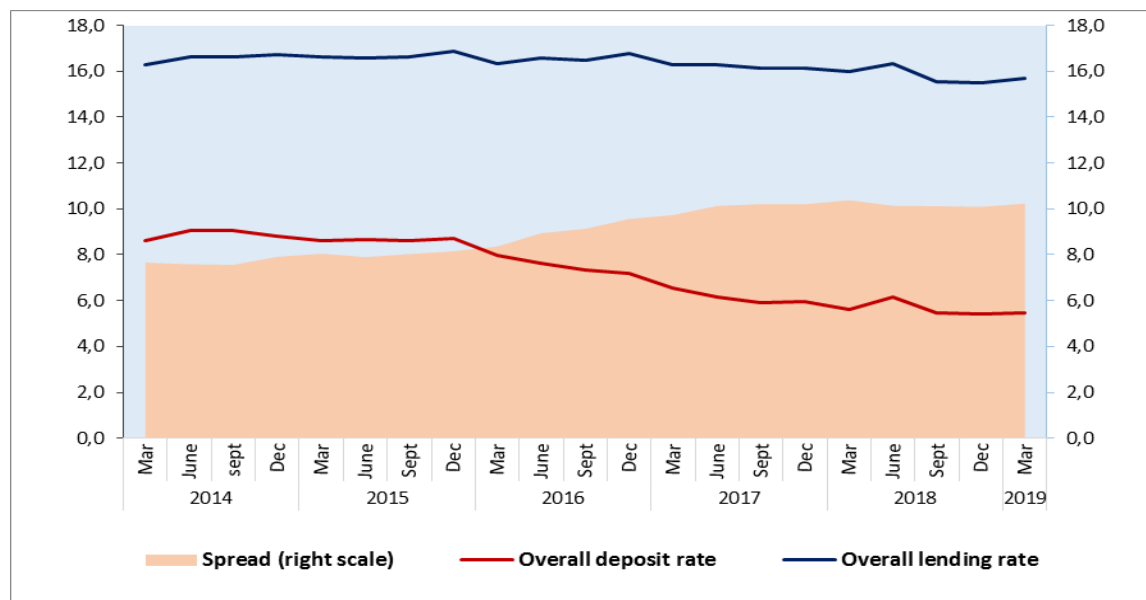
The interest rate on outstanding loans slightly decreased at the end of December 2019, to 15.49percent compared to 15.80percent at the end of September 2019 and 15.51percent at the end of December 2018. Likewise, on average, the interest on loans authorized in the fourth quarter 2019 has decreased standing at 15.12percent compared to 16.15percent in the previous quarter and 15.83percent recorded in the same period in 2018.

### Monetary sector

The average interest rate on outstanding loans decreased slightly to 15.22 percent at the end of March 2020 from 15.49 percent at the end December 2019 and 15.69 percent at the same period of 2019. Quarter to quarter , the decline concerned interest rates on long term credit (12.44 against 14.24 percent) while interest rates on short term (15,86 against 15.84 percent) and middle terms loans ( 15.34 against 15.23 percent) increased slightly.

Likewise, the average interest rate on loans authorized during the first quarter of 2020 declined slightly, standing at 14.13percent compared to 15.12 percent recorded in the preceding quarter and 14.84 percent in the same period of 2019.

**Chart 10: Average deposit, lending interest rates and spread (in percent)**



Source: BRB

The average interest rate on deposits remained at the same level as at the end of December 2019 (5.28 percent), compared to 5.46 percent recorded in the same period of 2019.

## 2.4.2. Reserve money

The base money decreased by 7.8 percent, from one quarter to another, standing at BIF 643,970.4 million at the end of March 2020 from BIF 698,151.6 million at the end of December 2019, as a result from the decline in net foreign assets (-29.1 percent) and in net domestic assets (-2.0 percent).

On the components side, the decline concerned the currency in circulation (-6.9 percent) as well as deposits of banks and microfinances (-13.8 percent). On the other hand, deposits of other financial institutions and other deposits increased by 25.2 percent and 10.8 percent, respectively.

**Table 9: Reserve Money and its counterparts at the end of March 2020 (in million of BIF)**

	Mar.19	Dec.19	Mar.20	change (in %)	
				Quarterly	Annual
Currency in circulation	329,231.6	414,814.9	386,208.7	-6.9	17.3
Other depository institutions deposits	225,323.6	231,085.3	199,229.7	-13.8	-11.6
Other financial corporation deposits	1,904.8	4,340.0	5,434.3	25.2	185.3
Other deposits	50,517.6	47,911.4	53,097.7	10.8	5.1
<b>Monetary base = counterparts</b>	<b>606,977.6</b>	<b>698,151.6</b>	<b>643,970.4</b>	<b>-7.8</b>	<b>6.1</b>
Net foreign assets	-166,782.4	-129,390.7	-167,019.5	-29.1	-0.1
Net domestic assets	773,760.0	827,542.3	810,989.9	-2.0	4.8
Net claims on the Government	417,991.1	324,828.0	290,112.4	-10.7	-30.6
Other items , net	355,768.9	502,714.3	520,877.5	3.6	46.4

**Source: BRB**

The reserve money recorded a year- on- year growth of 6.1percent at the end of March 2020, in line with the increase in net domestic assets (+4.8 percent) which offset the slight decline in foreign assets (-0.1 percent).

This progress concerned mainly currency outside Central Bank (+17.3 percent), deposits of other financial corporations (+185.3 percent) and deposits classified in other accounts (+5.1 percent). On the other hand, deposits of other depository institutions decreased by 11.6 percent.

**Table 11: Source of change of reserve money at the end of March 2020**

	Change from Dec. 2019	Change from Mar. 2019
<b>Net foreign assets (NFA)</b>	<b>-5,4</b>	<b>-0,1</b>
<b>Net domestic assets (NDA)</b>	<b>-2,4</b>	<b>6,2</b>
Net claims on the Government	-5,0	-21,0
Other items , net	2,6	27,2
<b>Base money</b>	<b>-7,8</b>	<b>6,1</b>

**Source: BRB**

The analysis in terms of contribution to the decrease in the monetary base reveals that the quarterly decline was of both internal (2.4 percentage points) and external (5.4 percentage points) origins. On a year-over-year basis, the increase in the monetary base was of domestic origin (6.2 percentage points).

### 2.4.3. Broad money and counterparts

Compared with the end of December 2019, the broad money (M3) increased slightly by 0.2 percent at the end of March 2020, amounting to BIF 2,209.1 million against BIF 2,205.3 billion. This increase concerned demand deposits (+ 0.9 percent), time and savings deposits (+ 2.9 percent) and deposits of residents denominated in foreign currencies (+ 1.4 percent). On the other hand, currency outside banks declined by 7.0 percent.

The quarterly increase in the broad money resulted from the increase in net domestic assets (+ 4.2 percent), while net foreign asset fell (- 47.7 percent). The increase in net domestic assets concerned the net claims on the government (+ 2.5 percent), the other net items (+ 2.2 percent) and the claims on the economy (+ 8.7 percent).

**Table 12: Broad money and counterparts (in BIF million)**

	Mar.19	Dec.19	Mar.2020	change (in %)	
				Quarterly	Annual
M3	1,885,235.2	2,205,255.7	2,209,068.4	0.2	17.2
NFA	-229,403.1	-206,340.3	-304,837.5	-47.7	-32.9
NDA	2,114,638.3	2,411,596.0	2,513,905.9	4.2	18.9
Domestic credit	2,456,444.2	2,830,022.4	2,895,923.4	2.3	17.9
Net claims on the Government	1,409,336.6	1,621,458.5	1,661,372.0	2.5	17.9
Claims on the economy	1,047,107.6	1,208,563.9	1,234,551.4	2.2	17.9
Other net items	-341,805.9	-418,426.4	-382,017.5	8.7	-11.8

**Source: BRB**

Year-on-year, the broad money (M3) grew by 17.2 percent. This progress was driven by demand deposits (+ 8.1 percent), time and savings deposits (+ 42.3 percent), deposits of residents denominated in foreign currencies (+ 2.9 percent) and currency outside banks (+ 17.3 percent).

Regarding counterparts of the broad money, the increase was in net domestic assets (+ 18.9 percent), while the net foreign assets fell (-32.9 percent). The increase in net domestic assets was focused on net claims on the Government (+ 17.9 percent) and claims on the economy (+ 17.9 percent), while other net items decreased (-11.8 percent).

**Table 13: Source of the change in broad money at end March 2020**

	Change from Dec. 2019	Change from Mar. 2019
<b>Net foreign assets (NFA)</b>	<b>-4,5</b>	<b>-4,0</b>
<b>Net domestic assets (NDA)</b>	<b>4,7</b>	<b>21,2</b>
o/w: - Domestic credit	3,0	23,3
- Other Items net	1,7	-2,1
<b>Broad money (M3)</b>	<b>0,2</b>	<b>17,2</b>

**Source: BRB**

The increase in the broad money had an internal origin, both on quarter-on- quarter (4.7 percentage points) and on year- on- year basis (21.2 percentage points).

#### 2.4.4. Gross foreign assets

At the end of March 2020, foreign assets fell 12.3percent quarter on quarter, while they increased by 22.0percent on year on year basis.

**Table 14: External reserves (in millions USD)**

	End of period in USD million			Change in %	
	Marc-2019	Dec -2019	Marc-2020	Quarterly	Annual
Foreign assets held by BRB	72,2	128,5	102,3	-20,4	41,7
O/w: official Reserves	56,1	113,5	73,0	-35,7	30,1
Foreign assets held by commercial banks	73,5	74,3	75,5	1,6	2,7
Total foreign assets	145,7	202,8	177,8	-12,3	22,0

*Source: BRB*

The foreign exchange reserves of the BRB decreased by 20.4percent compared to the end of the previous quarter, while they picked up 41.7 percent compared to the same period of 2019. Those of the commercial banks increased slightly by 1.6 percent on quarterly basis and 2.7 percent on year-on -year basis.

The official reserves decreased by 35.7 percent from the previous quarter, to USD 73.0 million from USD 113.5 million. On the other hand, they increased by 30.1 percent year-on-year, and covered 0.9 months of imports of goods and services, against 0.7 months in the same period of 2019, when the floor level is set at 4.5 months in the CEA convergence criteria

#### 2.5. Banking sector development and financial stability

The total banking sector balance sheet grew by 21.3 percent year-on-year, standing to BIF 3,376.7 billion in the quarter ending March 2020 from BIF 2,783.2 billion at the end of March 2019, and increased by 3.5 percent at the end of the preceding quarter. The increase in assets was mainly linked to higher loans to customers and central government while the liabilities increased following the rise in Central Bank refinancing. In terms of financial stability, the sector's solvency ratios remained within the regulatory standards.

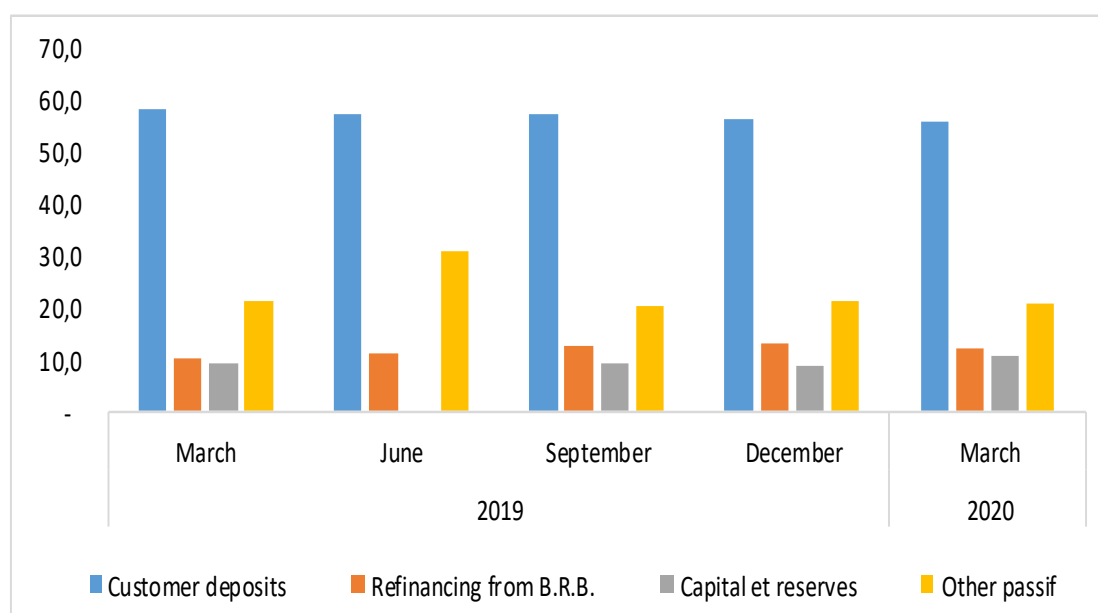


## 2.5.1. Banking activities

### 2.5.1.1. Main Ressources

At the end of March 2020, the customer deposits increased by 15.9 percent year-on-year, amounting to BIF 1,889.0 billion in March 2020 from BIF 1,630.3 billion in March 2019 and grew by 2.1 percent on a quarterly basis. Despite the increase in customer deposits, the refinancing from the Central Bank rose by 46.3 percent year-on-year, standing to BIF 420.0 billion in March 2020 against to BIF 287.1 billion at the same period of 2019, and decreased slightly by 1.7 percent in the preceding quarter.

**Chart 11 : Liabilities structure (in percent)**

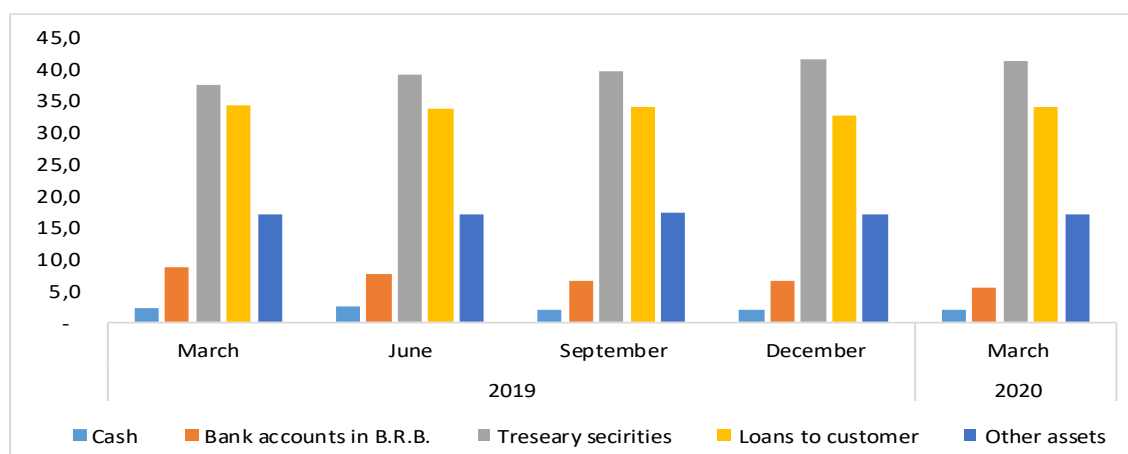


Source: BRB

### 2.5.1.2. Main Assets

The loans to the economy grew by 20.5 percent yearly, reaching BIF 1,153.3 billion at the end of March 2020 from BIF 957.1 billion at the end of March 2019 and rose by 7.6 percent on a quarterly basis. The outstanding amount of Treasury securities increased by 33.8 percent year-on-year, reaching at BIF 1.399.1 billion at the end of March 2020 from BIF 1,045.4 billion at the end of March 2019 and grew by 3.1 percent quarter-on-quarter.

**Chart 12: Distribution of the banking sector assets (in percent of the total)**



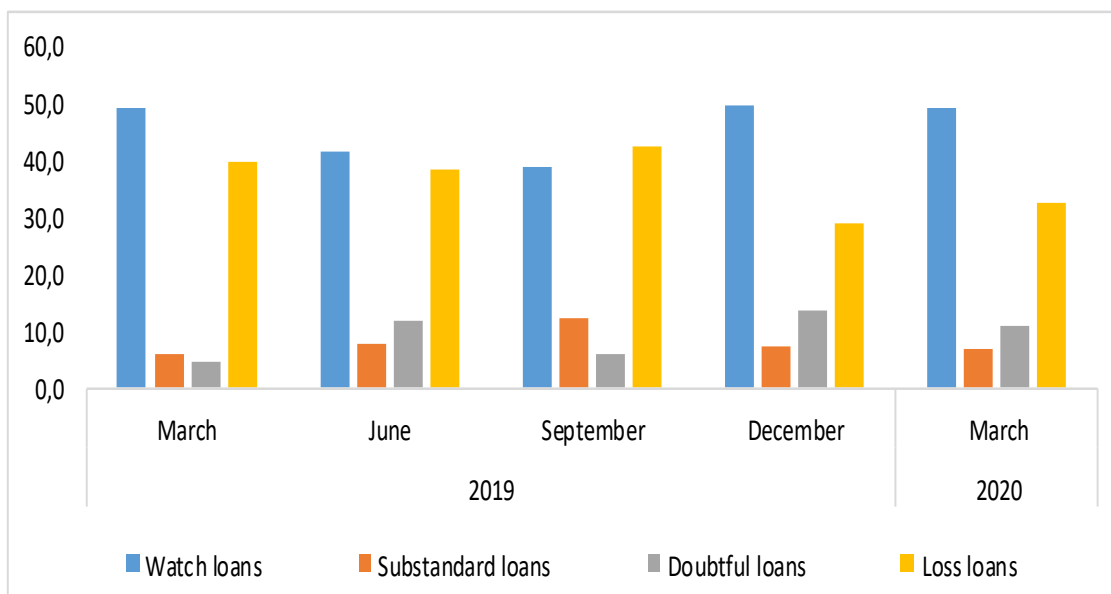
Source: BRB

### 2.5.2. Loans portfolio quality

The quality of loan portfolio improved. This improvement is linked to the decrease of 7.7 percent in unpaid loans; standing at 150,502.9 MBIF against 162,056.8 MBIF at the same period of 2019, following the write-off of the two years old loss loans from the balance sheets of all financial institutions.

The share of watch loans in the total overdue loans stabilized to 49.3 percent in March 2020 while the share of substandard and doubtful loans stood respectively to 7.1 and 10.8 percent from 5.8 and 4.8 percent in the corresponding quarter of 2019. On the other hand, the share of loss loans fell from 40.1 to 32.8 percent.

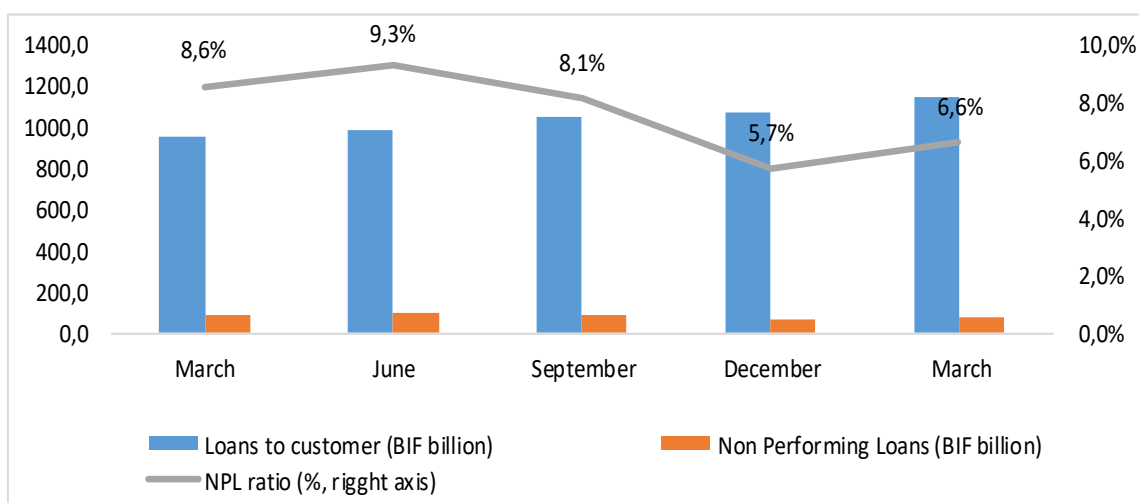
**Chart 13: Overdue loans per class (in percent)**



Source: BRB

The quality of the loan portfolio, expressed as the ratio of non-performing loans to total loans, improved and stood at 6.6percent in March 2020 from 8.6 percent in March 2019. The rate of deterioration improved in various sectors especially in the industry (0.9 from 12.8 percent), construction (6.9 from 7.5 percent) and commerce (5.2 against 10.5 percent). However, the deterioration rate related to the sector of agriculture worsened from 5.2 to 23.5 percent. Similarly, the tourism portfolio deteriorated, with a deterioration rate of 38.2 from 30.3 percent in the corresponding period of 2019.

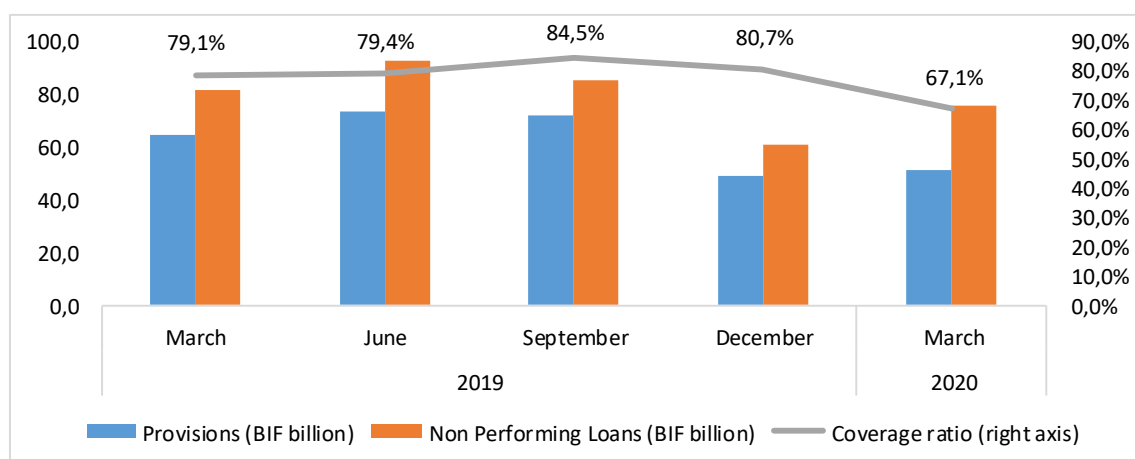
**Chart 14: Non-performing loans**



Source: BRB

The Coverage ratio of non-performing loans by provisions decreased year-on-year, standing at 67.1 percent in the quarter ending March 2020 from 79.1 percent in the corresponding quarter of 2019, and 80.7 percent in the preceding quarter, as a result of a decline in loss loans.

**Chart 15: Provisions and coverage rate**



Source: BRB

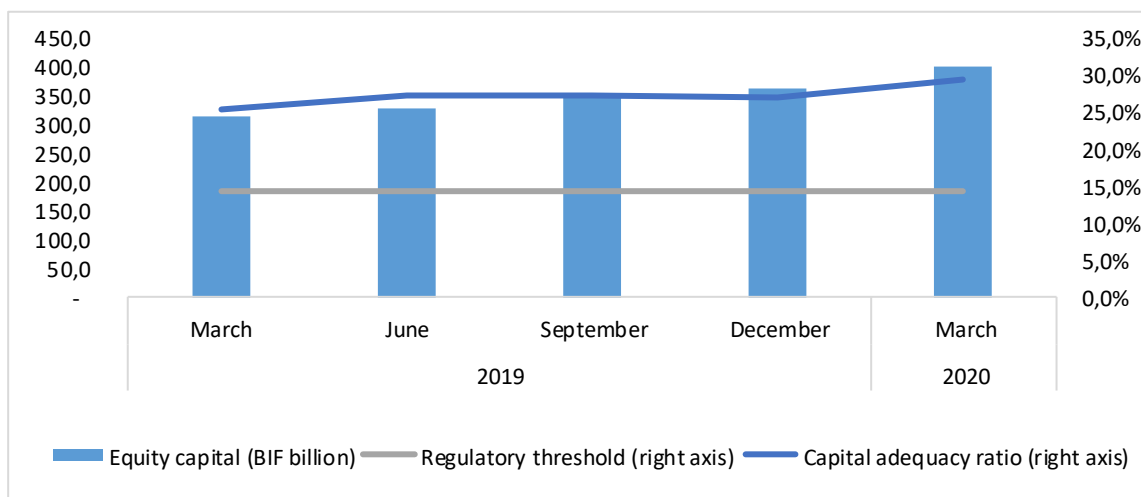
### 2.5.3. 2.5.2.3. Profitability of the banking sector

The banking sector's gross income increased by 20.1 percent year-on-year, from BIF 57,348.1 million in March 2019 to BIF 68,866.1 billion in March 2020. The Net Income rose by 27.2 percent, standing to BIF 33,071.9 million from BIF 26,008.6 million. On average, the Returns on Assets (ROA) and on Equity (ROE) stabilized respectively to 0.98 percent and 8.23 percent in March 2020 from 0.93 percent and 8.20 percent in March 2019.

### 2.5.4. Capital adequacy

The Banking sector's Equity capital increased by 27.7 percent year-on-year and by 10.3 percent quarterly, reaching BIF 403.4 billion in March 2020 from BIF 315.9 billion in March 2019 and BIF 365.7 billion in December 2019. The total capital adequacy ratio stood at 29.6 percent from 25.4 percent in March 2019 and 27.2 percent in December 2019.

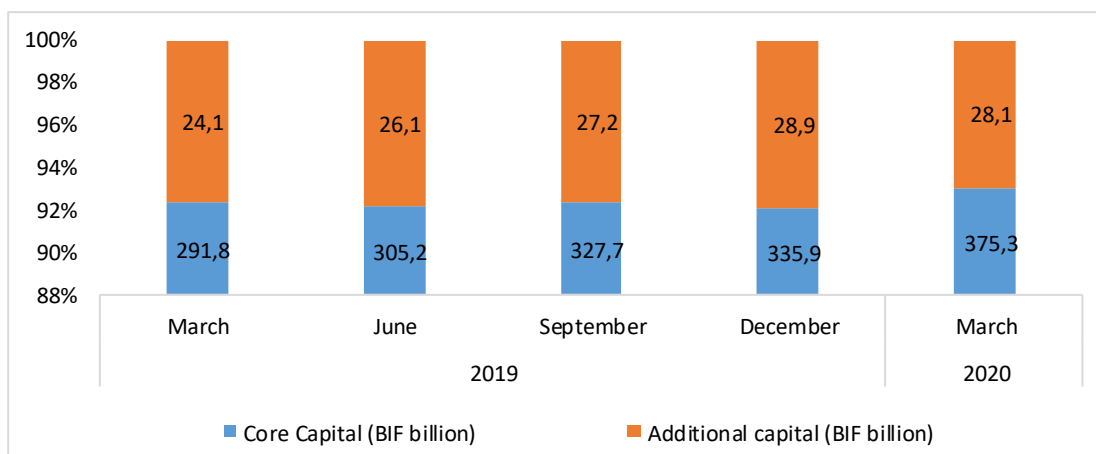
**Chart 16: Equity**



**Source: BRB**

At the end of March 2020, the core equity capital increased by 28.6 percent on a yearly basis and 11.7 percent quarter-on-quarter, standing at BIF 375.3 billion at the end of the first quarter of 2020 from BIF 291.8 billion in the corresponding quarter of 2019, following the incorporation of 65 percent of the 2019 distributable benefits into reserves.

**Chart 17: Composition of equity (in BIF billion)**



**Source: BRB**

The Tier 1 capital adequacy ratio improved by 28.6 percent yearly and by 11.7 percent quarterly, amounting to 375.3 billion in March 2020 from BIF 291.8 billion at the end of the same quarter 2019, linked to 65.0 percent of the profit incorporated in capital and reserves.

### **2.5.5. Banking sector's profitability**

The banking sector's gross income grew by 21.2 percent yearly and by 35.8 percent quarterly, reaching BIF 256.0 billion in December 2019 from BIF 211.2 billion in December 2018 and BIF 188.6 billion in September 2019. The Net Income rose by 83.4 percent yearly and by 35.8 percent on a quarterly basis, from BIF 65,079.6 million in December 2018 and BIF 92,461.4 million in September 2019 to BIF 119,359, 3 million in December 2019. Thus, the returns on assets (ROA) and on equity (ROE) stood to 3.7 and 32.7percent respectively from 2.5percent and 20, 8percent in the corresponding period of 2018.

## **CONCLUSION AND MONETARY POLICY MEASURES**

In the first quarter of 2020, global economic activity contracted especially in advanced OECD countries, following the adverse effects of containment measures linked to COVID-19. Likewise, world trade has been affected and worsened by the persistence of trade and technological tensions between the United States and China.

Inflation has generally declined in the main advanced and emerging countries, in line with the drop in aggregate demand following the containment measures which led to the decline in household and business consumption.

According to IMF forecasts for June 2020, the world economy could contract by 4.9% in 2020 against growth of 2.9% in 2019. Similarly, economic activity could decline in sub-Saharan Africa (- 3.2% against + 3.1%).

In ECA countries, a contraction of economic activity of 1.0% against a growth of 5.7% is expected in 2019. This region would remain more resilient to the crisis linked to the COVID-19 pandemic, compared to the whole Sub-Saharan Africa following the positive effects of the fall in the price of oil, the significant investments in infrastructure and the improvement of agricultural production in certain ECA countries.

According to national economic development, the main productions of the primary sector, in particular the production of dry tea increased while the production of green coffee decreased. The industrial production index fell as a result of lower production of BRARUDI drinks and cigarettes. After a long period of deflation, the rate of inflation increased as a result of rising food prices.

Year-on-year basis, the base money and broad money increased in the first quarter of 2020, mainly driven by the increase in net domestic assets. The banking sector has remained sufficiently capitalized and profitable, and all solvency ratios have remained above regulatory minima

The reserve money and the money supply enhanced both on annual and quarterly basis, in connection with the rise in net domestic and foreign assets. The banking sector remained sufficiently capitalized in the first quarter in 2020 and complied with all regulatory and prudential standards.

In the first quarter 2020, the BRB implemented the new monetary policy measures to allow banks and financial institutions to finance economic growth. These new measures will allow commercial banks and financial institutions to increase credit to economy.

## ANNEXES

### ANNEXE1 : GDP BY BRANCH (At price of 2005) in BIF billion

	2015	2016	2017	2018	2019
<b>Primary Sector</b>	<b>488.0</b>	<b>497.1</b>	<b>490.9</b>	<b>502.9</b>	<b>528.9</b>
- Subsistence agriculture	427.4	431.8	428.5	437.5	459.7
- Export Agriculture	21.3	17.6	17.5	18.3	19.8
- Coffee	4.9	4.2	4.6	4.7	5.1
- The	15.4	12.3	12.1	12.7	13.8
-Other export agriculture	1.0	1.1	0.8	0.9	1.0
- Forest	13.4	12.2	16.7	18.5	20.1
- Livestock	22.5	31.6	24.6	24.8	25.4
- Fishing	3.4	3.8	3.5	3.7	3.9
<b>Secondary sector</b>	<b>290.2</b>	<b>322.6</b>	<b>323.4</b>	<b>334.4</b>	<b>354.9</b>
-Mining	7.9	7.7	8.3	10.0	12.5
- Industries	192.3	220.8	214.2	219.1	231.6
- Food Industries	143.1	168.4	162.8	165.2	174.5
- Manufacturing	49.2	52.4	51.4	53.9	57.1
- <i>Textile Industries</i>	3.9	9.5	3.5	3.6	3.8
- <i>Other manufacturing industries</i>	45.3	42.9	47.9	50.3	53.3
- Water, gas and electricity	7.5	7.7	9.1	10.5	11.1
- Construction	82.5	86.3	91.8	94.8	99.7
<b>Tertiary sector</b>	<b>828.9</b>	<b>821.4</b>	<b>897.9</b>	<b>940.4</b>	<b>966.9</b>
- Trade	68.5	62.0	69.7	71.8	76.1
- Transport and communication	73.4	66.7	64.7	67.7	73.1
- Transport	16.8	17.6	13.5	13.9	14.8
- Postes, Telecommunication and internet	56.6	49.2	51.2	53.8	58.3
- Banks and insurance	100.0	102.8	112.4	122.5	135.7
- Accommodation, Food and other Merchant Services	114.0	108.7	126.4	128.9	132.3
- Public Administration	298.9	316.7	340.9	366.5	391.7
- Education	209.1	211.7	227.2	239.3	250.8
- Health and social services	14.0	14.4	18.0	20.0	21.0
- Activities of a collective or personal nature	54.4	45.6	51.9	54.5	57.2
- Domestic services	5.4	4.6	5.7	6.0	6.3
- SIFIM	-108.9	-111.8	-118.9	-136.8	-177.2
<b>GDP at cost of factors(1+2+3)</b>	<b>1,607.1</b>	<b>1,641.1</b>	<b>1,712.2</b>	<b>1,777.6</b>	<b>1,850.7</b>
Indirect taxes minus subsidies	177.5	200.6	195.9	203.4	211.8
<b>GDP at market price</b>	<b>1,784.6</b>	<b>1,841.7</b>	<b>1,908.1</b>	<b>1,981.0</b>	<b>2,062.4</b>

Source: MBGP



**ANNEX 2: INFLATION BY MAIN COMPONENTS (in percent)**

<b>Period</b>	<b>Headline Inflation</b>	<b>Food inflation</b>	<b>Non-food inflation</b>
Jun-17	15.10	20.80	8.40
Jul-17	13.60	18.80	7.10
Aug-17	13.90	22.60	5.60
Sep-17	15.40	23.90	7.40
Oct-17	17.60	28.10	9.00
Nov-17	15.40	22.20	7.80
Dec-17	10.00	9.50	8.40
Jan-18	6.10	3.20	7.90
Feb-18	-1.30	-8.70	8.50
Mar-18	-2.60	-11.00	8.30
Apr-18	-1.70	-9.60	8.50
May-18	-1.00	-8.70	8.80
Jun-18	-0.40	-7.90	8.80
Jul-18	-0.80	-8.50	8.80
Aug-18	-2.30	-10.90	8.20
Sep-18	-5.60	-15.80	6.80
Oct-18	-8.40	-20.20	6.20
Nov-18	-7.30	-18.70	6.60
Dec-18	-5.60	-15.20	5.90
Jan-19	-3.80	-10.90	4.40
Feb-19	-4.10	-10.90	3.10
Mar-19	-2.90	-7.80	2.30
Apr-19	-2.20	-6.10	1.90
May-19	-2.40	-5.70	1.20
Jun-19	-4.00	-8.60	0.90
Jul-19	-2.60	-6.20	1.10
Aug-19	-0.60	-2.90	1.60
Sep-19	2.01	2.90	1.10
Oct-19	4.00	6.40	1.80
Nov-19	3.58	6.50	0.80
Dec-19	4.95	8.90	1.10
Dec-19	4.95	8.90	1.10
Jan-20	5.10	8.60	1.80
Feb-20	7.60	13.00	2.60
Mar-20	7.10	12.00	2.40

Source: *ISTEEBU*

### Annex 3: Government Financial Operations (in MBIF)

	Revenue			Expenditures	Overall Balance
	Fiscal Revenue	Grant	Total		
Jun-17	65,194.30	22,169.00	87,363.30	88,592.80	-1,229.50
Jul-17	67,742.90	11,005.50	78,748.40	87,554.40	-8,806.00
Aug-17	72,246.70	9,317.20	81,563.90	113,343.30	-31,779.40
Sep-17	69,515.00	8,503.20	78,018.20	82,670.90	-4,652.70
Oct-17	60,683.30	16,279.20	76,962.50	124,142.80	-47,180.30
Nov-17	65,298.00	8,264.80	73,562.80	79,101.30	-5,538.40
Dec-17	69,552.50	13,024.20	82,576.70	131,400.00	-48,823.20
Jan-18	62,945.10	9,475.40	72,420.50	72,255.80	164.8
Feb-18	58,578.40	24,358.30	82,936.70	128,496.30	-45,559.60
Mar-18	90,994.60	18,147.30	109,141.90	112,356.80	-3,215.00
Apr-18	65,134.60	17,173.80	82,308.40	102,753.10	-20,444.70
May-18	63,096.80	19,297.10	82,393.90	119,669.80	-37,275.80
Jun-18	75,254.20	31,153.20	106,407.40	162,729.20	-56,321.80
Jul-18	60,554.70	11,601.30	72,156.00	79,153.40	-6,997.30
Aug-18	75,622.20	12,063.40	87,685.60	102,781.40	-15,095.90
Sep-18	73,977.30	17,554.90	91,532.20	97,407.00	-5,874.80
Oct-18	70,957.30	13,169.40	84,126.70	121,865.50	-37,738.80
Nov-18	61,412.20	8,713.80	70,126.00	85,930.70	-15,804.70
Dec-18	78,361.60	28,541.40	106,903.00	126,953.20	-20,050.20
Jan-19	66,765.74	14,412.40	81,178.14	130,266.34	-49,088.20
Feb-19	67,427.71	24,367.44	91,795.16	116,847.05	-25,051.89
Mar-19	97,566.21	19,018.00	116,584.21	99,644.02	16,940.19
Apr-19	76,198.11	19,259.45	95,457.56	130,649.64	-35,192.08
May-19	69,221.83	20,060.20	89,282.03	129,261.73	-39,979.71
Jun-19	99,216.12	32,212.40	131,428.52	115,908.89	15,519.62
Jul-19	70,893.23	18,882.46	89,775.68	130,255.85	-40,480.17
Aug-19	91,851.64	11,589.11	103,440.75	104,347.77	-907.02
Sep-19	89,691.65	23,581.07	113,272.72	144,925.37	-31,652.65
Oct-19	96,140.47	23,253.33	119,393.80	151,672.93	-32,279.13
Nov-19	78,123.50	25,896.32	104,019.82	133,010.26	-28,990.44
Dec-19	86,974.57	21,300.56	108,275.13	129,575.69	-21,300.56
Jan-20	84,602.42	17,625.88	102,228.30	119,854.18	-17,625.88
Feb-20	70,437.11	22,283.66	92,720.77	115,004.43	-22,283.66
Mar-20	104,361.79	20,401.87	124,763.67	145,165.54	-20,401.87

Source: MFBP

**ANNEX 4: Government debt (in BIF million)**

Period	BRB	Tresury securities	Total domestic debt	External debt	Total Government debt
Jun-17	748,813.6	676,889.0	1,466,639.3	754,428.4	2,221,067.7
Jul-17	732,104.3	676,920.9	1,449,886.8	760,152.9	2,210,039.7
Aug-17	730,342.1	709,627.0	1,484,285.3	770,343.8	2,254,629.1
Sep-17	713,443.5	731,279.5	1,488,664.1	774,953.0	2,263,617.1
Oct-17	741,876.6	735,555.4	1,517,163.4	773,687.4	2,290,850.8
Nov-17	747,014.0	750,243.2	1,529,783.7	775,221.7	2,305,005.3
Dec-17	787,208.1	829,763.9	1,647,833.5	778,292.4	2,426,125.9
Jan-18	745,506.8	839,987.2	1,616,355.3	787,987.1	2,404,342.4
Feb-18	745,661.6	860,401.8	1,635,451.4	789,859.3	2,425,310.7
Mar-18	737,539.1	890,327.3	1,657,190.3	795,087.8	2,452,278.1
Apr-18	715,697.6	916,907.0	1,662,527.3	809,971.8	2,472,499.1
May-18	714,813.1	944,719.0	1,690,761.6	800,922.3	2,491,683.9
Jun-18	780,458.1	986,452.3	1,798,139.9	801,839.6	2,599,979.6
Jul-18	739,553.0	992,658.3	1,794,338.5	803,941.0	2,598,279.5
Aug-18	722,760.6	1,030,022.1	1,815,208.1	802,130.7	2,617,338.8
Sep-18	723,876.1	1,053,468.6	1,840,988.4	804,250.5	2,645,238.9
Oct-18	750,952.9	1,074,283.1	1,888,931.0	804,808.3	2,693,739.3
Nov-18	749,761.5	1,099,486.2	1,912,869.3	810,165.1	2,723,034.4
Dec-18	772,108.5	1,106,829.2	1,937,821.9	815,659.1	2,753,481.0
Jan-19	735,898.0	1,170,456.8	1,965,632.6	839,143.1	2,787,450.6
Feb-19	754,785.4	1,203,007.7	2,017,332.5	839,115.7	2,838,728.6
Mar-19	776,260.3	1,230,561.3	2,066,815.1	841,910.7	2,890,839.0
Apr-19	749,554.5	1,264,065.9	2,073,957.4	867,316.3	2,941,273.7
May-19	741,946.8	1,309,285.8	2,110,469.8	907,214.9	3,017,684.7
Jun-19	762,094.0	1,339,778.2	2,158,605.5	913,648.7	3,072,254.2
Jul-19	702,399.9	1,357,433.8	2,116,921.2	927,530.4	3,044,451.6
Aug-19	759,491.5	1,393,116.1	2,210,025.2	929,375.3	3,139,400.5
Sep-19	756,889.1	1,417,542.6	2,238,502.3	924,353.6	3,162,855.9
Oct-19	751,684.2	1,450,627.6	2,278,359.7	934,482.8	3,212,842.5
Nov-19	749,081.8	1,485,146.4	2,307,188.9	936,300.8	3,243,489.7
Dec-19	746,479.4	1,497,630.9	2,314,985.5	948,429.4	3,263,414.9
Jan-20	746,479.3	1,570,926.4	2,435,719.4	958,521.7	3,394,241.1
Feb-20	743,876.9	1,549,530.0	2,412,313.3	960,861.3	3,373,174.6
Mar-20	738,672.0	1,583,438.6	2,441,696.6	966,321.6	3,408,018.2

Source: BRB and MFBB

**ANNEX 5: Bank reserves (in BIF million)**

Period	Total banking sector reserves	Central Bank Interventions
Jun-17	118,531.9	76,500.5
Jul-17	95,342.0	101,518.0
Aug-17	115,927.0	118,005.0
Sep-17	121,733.0	113,145.0
Oct-17	125,576.0	123,451.0
Nov-17	129,441.0	117,240.0
Dec-17	157,967.0	130,194.0
Jan-18	172,260.0	154,539.0
Feb-18	170,882.0	168,632.0
Mar-18	167,621.0	171,915.0
Apr-18	143,711.0	211,263.0
May-18	164,888.0	240,642.0
Jun-18	153,401.0	261,700.0
Jul-18	170,178.0	296,208.0
Aug-18	171,713.0	290,076.0
Sep-18	166,234.0	298,588.0
Oct-18	158,419.7	286,968.9
Nov-18	146,545.8	268,534.4
Dec-18	150,236.7	248,369.8
Jan-19	163,427.1	258,199.2
Feb-19	165,113.6	267,533.8
Mar-19	192,194.0	281,986.0
Apr-19	167,995.0	292,282.0
May-19	163,240.0	315,130.0
Jun-19	170,302.0	334,215.0
Jul-19	153,993.0	339,205.0
Aug-19	157,630.0	345,488.0
Sep-19	152,207.0	363,439.0
Oct-19	156,012.0	394,511.0
Nov-19	146,124.0	403,814.0
Dec-19	155,224.0	406,075.0
Jan-20	154,268.0	436,181.0
Feb-20	174,541.0	459,837.0
Mar-20	182,136.0	442,928.0

**Source: BRB**

**ANNEX 6: Money market interest rate (in percent)**

Month	Interbank market	Overnight interest rate	Tresury Bill at 13 weeks	Liquidity providing
Q1-2016	5.13	9.35	6.35	3.37
Q2-2016	4.56	9.32	6.32	3.25
Q3-2016	4.25	8.20	5.20	3.14
Q4-2016	3.68	7.33	4.33	2.64
Q1-2017	4.77	8.47	5.47	3.68
Q2-2017	5.23	7.42	4.42	4.04
Q3-2017	4.55	7.45	4.45	2.93
Q4-2017	4.04	7.86	4.86	2.60
Q1-2018	3.71	6.86	3.86	2.71
Q2-2018	4.31	5.58	2.58	3.53
Q3-2018	3.00	5.33	2.33	2.81
Q4-2018	3.11	5.48	2.48	2.49
Q1-2019	3.11	5.51	2.51	2.39
Q2-2019	3.69	5.50	2.82	2.50
Q3-2019	3.40	5.29	2.59	2.29
Q4-2019	3.56	5.63	2.99	2.63
Q1-2020	3,97	6,00	2,58	3,00

Source: BRB

## ANNEX 7: Main activity indicators of the banking sector in March 2020 (in BIF Million)

	Total banking sector				
	3/31/2019	12/31/2019	3/31/2020	Change in % 03/2019-03/2020	Change in % 12/2019-03/2020
<b>I. ASSETS</b>	<b>2,783,179.1</b>	<b>3,262,128.0</b>	<b>3,376,712.9</b>	<b>3.5</b>	<b>21.3</b>
<b>I.1. Main assets</b>	<b>2,365,600.9</b>	<b>2,790,509.6</b>	<b>2,905,448.8</b>	<b>4.1</b>	<b>22.8</b>
<b>A. Liquid assets</b>	<b>1,408,517.8</b>	<b>1,718,999.2</b>	<b>1,752,128.4</b>	<b>1.9</b>	<b>24.4</b>
. Cash	62,071.9	61,950.0	62,933.5	1.6	1.4
. Balance in B.R.B.	241,497.2	216,492.4	188,969.2	-	21.8
. Interbank claims	59,542.6	83,580.5	101,154.8	21.0	69.9
Financial corporations	4,853.1	5,324.4	24,853.2	366.8	412.1
Microfinance	3,206.1	50.3	0.1	-	100.0
Foreign correspondents	51,455.6	69,705.7	78,693.7	12.9	52.9
Other financial corporations	27.8	8,500.0	1.1	-	-
. Treasury securities	1,045,406.1	1,301,811.2	1,339,229.4	2.9	28.1
. Other securities	-	55,165.1	59,841.5	8.5	-
<b>B. Loans</b>	<b>957,083.1</b>	<b>1,071,510.4</b>	<b>1,153,320.4</b>	<b>7.6</b>	<b>20.5</b>
. Short term	448,388.0	508,545.1	523,048.7	2.9	16.7
. Medium term	322,092.0	337,969.4	346,209.4	2.4	7.5
. Long term	186,603.1	224,996.0	284,062.3	26.3	52.2
. Leasing	-	-	-	-	-
<b>I.2. Fixed assets</b>	<b>139,318.3</b>	<b>160,123.8</b>	<b>162,455.8</b>	<b>1.5</b>	<b>16.6</b>
<b>I.3. Others assets</b>	<b>278,259.9</b>	<b>311,494.7</b>	<b>308,808.3</b>	<b>0.9</b>	<b>11.0</b>
<b>II. LIABILITIES</b>	<b>2,783,179.1</b>	<b>3,262,128.0</b>	<b>3,376,712.9</b>	<b>3.5</b>	<b>21.3</b>
<b>II.1. Main liabilities</b>	<b>2,370,690.4</b>	<b>2,477,330.3</b>	<b>2,958,416.4</b>	<b>19.4</b>	<b>24.8</b>
. Customer deposits	1,630,331.1	1,850,092.3	1,888,950.6	2.1	15.9
<i>amongst: Ten large deposits</i>	756,859.1	839,538.5	863,697.4	2.9	14.1
. Borrowing from B.R.B. (Refinancing)	287,105.3	427,469.4	420,000.0	-	46.3
. Interbank liabilities	-	-	-	-	-
Financial corporations	188,055.6	199,768.6	290,835.2	45.6	54.7
Microfinance	5,256.8	5,997.6	9,007.9	50.2	71.4
Foreign correspondents	42,900.6	44,117.4	40,092.5	-	6.5
Other financial corporations	10,998.6	6,168.8	27,214.3	341.2	147.4
<b>II.2. Capital and reserves</b>	<b>128,899.7</b>	<b>143,484.9</b>	<b>214,520.5</b>	<b>49.5</b>	<b>66.4</b>
<b>II.3. Other liabilities</b>	<b>265,198.4</b>	<b>289,608.3</b>	<b>358,630.6</b>	<b>23.8</b>	<b>35.2</b>
<b>MAIN INDICATORS OF THE BANKING SECTOR</b>	<b>412,488.7</b>	<b>495,189.5</b>	<b>418,296.5</b>	<b>15.5</b>	<b>1.4</b>
<b>MAIN INDICATORS OF THE BANKING SECTOR</b>					
<b>Capital adequacy</b>					
. Tier 1 capital (in BIF billion)	291,795.4	336,110.0	375,270.2	11.7	28.6
. Total regulatory capital (in BIF billion)	315,906.8	365,741.8	403,391.3	10.3	27.7
. Risk weighted assets	1,242,385.9	1,346,811.1	1,363,397.9	1.2	9.7
. Tier 1 capital adequacy ratio (threshold 12,5%)	23.5	25.0	27.5	-	-
. Total regulatory capital adequacy ratio (threshold 14,5%)	25.4	27.2	29.6	-	-
. Leverage Ratio (threshold 7%)	10.5	10.3	11.1	-	-
<b>Loans quality and concentration</b>					
. Large exposures	175,773.1	336,299.3	364,882.0	8.5	107.6
. Watch loans	79,832.2	61,324.9	74,152.5	20.9	7.1
. Substandard loans	9,401.0	8,776.1	10,693.5	21.8	13.7
. Doubtful loans	7,819.7	16,658.4	16,232.1	-	107.6
. Loss loans	65,004.0	35,774.0	49,424.8	38.2	24.0
. Non-performing loans	82,224.7	61,208.4	76,350.5	24.7	7.1
. Overdue loans	162,056.8	122,533.3	150,502.9	22.8	7.1
. Provisions on loans	65,004.1	49,419.6	51,208.7	3.6	21.2
. Loans/Assets (in %)	34.4	32.8	34.2	-	-
. Government Loans/Assets ratio	39.9	42.1	41.8	-	-
. Government Loans/Tier 1 capital	328.0	318.8	356.9	-	-
. Non-performing loans ratio	8.6	5.7	6.6	-	-
. Overdue loans ratio	16.9	11.4	13.0	-	-
. Coverage ratio (in %)	79.1	80.7	67.1	-	-
. Large exposures to Loans ratio (in %)	18.4	31.4	31.6	-	-
<b>Liquidity</b>					
. LCR* in BIF (threshold 100%)	276.6	226.1	232.0	-	-
. LCR in f.c.** (threshold 100%)	97.7	133.4	171.1	-	-
. Loans/Customer deposits	58.7	57.9	61.1	-	-
. Stable funds /Fixed Assets (threshold 60%)	125.5	-	118.6	-	-
. Ten large deposits/Customer deposits	46.4	45.4	45.7	-	-
<b>Profitability and performance</b>					
. Income before tax	29,148.4	126,805.3	34,940.8	-	19.9
. Net income after tax	26,008.6	119,260.3	33,071.9	-	27.2
. Gross Income	57,348.1	256,013.6	68,866.1	-	20.1
. ROA	0.93	3.66	0.98	-	-
. ROE	8.23	32.61	8.20	-	-

Source : BRB