



**BANQUE DE LA REPUBLIQUE
DU BURUNDI**

**MONETARY POLICY
REPORT
SECOND QUARTER 2020**

February-2021

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Acronyms

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

EXECUTIVE SUMMARY

The COVID-19 pandemic has continued to adversely impact on world economic growth. In the second quarter 2020, economic activity contracted further in advanced OECD countries (-10.5 percent) and in emerging countries such as India (-25.2 percent), Russia (- 3.2 percent) and South Africa (-16.4 percent). The containment measures taken such as lockdown and restrictions on labor mobility and travel, have helped to contain the virus and save lives, but it resulted a consumption's decline. However, economic activity picked up in China (+ 11.5 percent) despite the contraction recorded in the previous quarter (-10.0 percent), following the economic stimulus measures undertaken after the control of the COVID-19 pandemic.

The IMF World Economic Outlook (WEO) update of October 2020 show that global economic growth will decline by 4.4 percent in 2020 from 2.9 percent in 2019, mainly following disruptions in economic activity caused by the COVID-19 pandemic.

This contraction in global economic will affect the volume of trade in 2020 (-10.4 against + 1.0 percent). Headline inflation sharply decline in major advanced and emerging economies, mainly due to lower demand and lower oil prices.

In Sub-Saharan Africa, the petroleum products and commodities products exporter such as Nigeria and South Africa are severely affected by this COVID-19 pandemic due to the slowdown revenues from export.

In the East African Community, economic growth could decrease by 1.0 in the second quarter 2020 against a growth of 6.2 percent in 2019. However, this region would remain more resilient to the effects of the COVID-19 pandemic than the whole Sub-Saharan Africa countries (-3.0 percent), driven by significant investments in infrastructures, the drop of oil prices and good agricultural production.

In the national economic development, GDP growth is expected to contract by 0.3 in 2020 against a growth of 4.2 percent in 2019, driven by the decrease production in the tertiary sector (-2, 9 against + 5.8 percent), strongly affected by the COVID-19 pandemic.

The inflation rate increased by 8.4 percent in the second quarter of 2020 while there was deflation (-2.9 percent) in the corresponding quarter of 2019. This is explained by the rise food inflation (13.7 against -6.8 percent) and non-food inflation (3.2 against 1.3 percent). The macroeconomic framework forecast for October 2020 targeted an inflation rate of 6.9 percent in 2020, up from a deflation of 0.8 percent recorded in 2019.

The production of dry tea increased and the production of the 2020/2021 coffee season decreased in the second quarter 2020 compared to the same period of the previous year.

The balance of payment recorded a high deficit (current account and capital account), resulting from the worsening of the current account deficit. The fiscal deficit (grants included) eased compared to the same quarter in 2019 driven by the larger decrease of expenditure than revenue. This deficit was mainly financed by domestic debt.

Year-on-year basis, the broad money and reserve money, both increased by 18.6 and 7.0 percent, respectively, driven by the rise of net domestic and foreign assets. Official reserves fell by 24.2 percent and covered 0.7 months of imports of goods and services compared to 1.0 months recorded in the same period of the previous year. The banking sector remained sufficiently capitalized in the second quarter 2020 and complied with all regulatory and prudential standards.

I. INTERNATIONAL ECONOMIC DEVELOPMENT

1.1. Global GDP growth

Quarter-on-quarter, economic growth contracted further in the second quarter 2020 in advanced OECD countries (-10.5 percent), mainly due to the adverse effects of containment measures mitigated COVID-19 pandemic. Economic growth also contracted in emerging countries such as India (-25.2 percent), South Africa (-16.4 percent) and Russia (-3.2 percent). On the other hand, economic growth improved in China (+11.5 percent), despite the contraction recorded in the previous quarter (-10.0 percent).

Table 1: Quarterly GDP growth of main advanced countries

	Quarter to quarter			Year on year		
	Q2-2019	Q1-2020	Q2-2020	Q2-2019	Q1-2020	Q2-2020
USA	0.4	-1.3	-9.0	2.0	0.3	-9.0
Japan	0.4	-0.6	-7.9	0.9	-1.9	-10.1
Germany	-0.5	-2.0	-9.7	0.1	-2.2	-11.3
France	0.2	-5.9	-13.8	1.8	-5.7	-18.9
United Kingdom	0.0	-2.5	-19.8	1.3	-2.1	-21.5
Euro zone	0.1	-3.7	-11.8	1.2	-3.2	-14.7
OECD - Total	0.4	-1.9	-10.5	-0.9	-0.9	-11.7
China	1.2	-10.0	11.5	6.2	-6.8	3.2
India	0.9	0.7	-25.2	5.0	3.3	-23.5
Russia	2.4	-0.9	-3.2	2.7	-0.1	-5.6
South Africa	0.8	-0.5	-16.4	1.0	-0.2	-17.2

Source: OECD, main economic indicators, September 2020

Year –on- year, economic growth has been strongly affected by the COVID-19 pandemic in both advanced and emerging countries. In the United States, economic growth contracted by 9.0 percent against a growth of 2.0 percent recorded in the same period in 2019. In the euro Zone, GDP fell by 14.7 percent against an increase of 1.2 percent in the corresponding period in 2019. Japan recorded an economic recession (-10.1 percent against growth of 0.9 percent).

According to IMF forecasts, the global economy growth could contract by 4.4 percent in 2020 against a growth rate of 2.8 percent in 2019, mainly driven by disruptions caused by the COVID-19 pandemic on economy.

Table 2: World economic growth

	2018	2019	2020(p)
World GDP	3.6	2.9	-4.9
Advanced economies	2.2	1.7	-8.0
USA	2.9	2.3	-8.0
Euro zone	1.9	1.3	-10.2
Japan	0.3	0.7	-5.8
United Kingdom	1.3	1.4	-10.2
Emerging and Developing Economies	4.5	3.7	-3.0
China	6.7	6.1	1.0
India	6.1	4.2	-4.5
Subsaharan Africa	3.2	3.1	-3.2
<i>Nigeria</i>	1.9	2.2	-5.4
<i>South Africa</i>	0.8	0.2	-8.0
(p): provisional			

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

In advanced countries, economic growth is expected to decline by 5.8 percent in 2020. In the United States, GDP is expected to decline by 4.3 percent against a growth of 2.2 percent recorded in 2019. In the Euro zone, the economy will contract by 8.3 percent against an improvement of 1.3 percent in 2019.

In emerging and developing countries, GDP growth is expected to contract by 3.3 percent against a growth of 3.7 percent in the previous year. China, the main economy in this group, is set to record a deceleration activity in 2020 (1.9 compared to 6.1 percent).

In sub-Saharan Africa, economic growth could contract (-3.0 against + 3.2 percent), following the consequences of the COVID-19 pandemic, which has led to a sharp drop in the income of oil and non-oil exporting countries. In the oil exporter countries like in Nigeria, the main oil exporter, GDP will decline by 4.3 percent while in South Africa, the main exporter of commodities products, economic growth is set to decline by 8.0 percent in 2020.

1.2. World Trade

The slowdown of global economic activity amplified the contraction of trade in the first half of 2020. IMF forecasts show that world trade could decline by 10.4 percent in 2020 against growth of 1.0 percent recorded in 2019.

Table 3: World trade growth (percent)

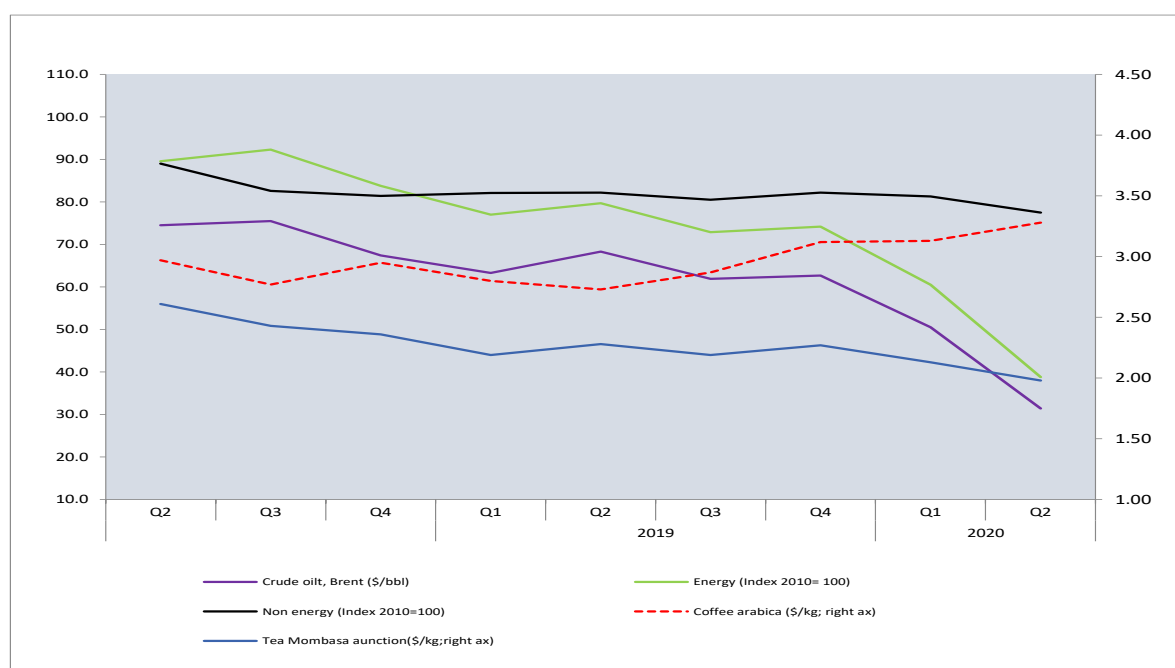
	2018	2019	2020(p)
World trade (goods and services)	3.9	1.0	-10.4
1. Importations			
Advanced Economies	3.6	1.7	-11.5
Emerging Market and Developing Economies	5.0	-0.6	-9.4
2. Exportations			
Advanced Economies	3.5	1.3	-11.6
Emerging Market and Developing Economies	4.1	0.9	-7.7

Source: IMF, World economic outlook, June 2020

1.3. Commodity prices and inflation

In the second quarter 2020, commodities prices generally continued their downward trend observed in the first quarter 2020. In fact, compared to the previous quarter, the price of crude oil (Brent) stood at 31.40 against 50.50 USD per Barrel. The energy index (38.80 against 60.50) as well as that of non-energy products (77.50 against 81.40) fell quarter -on- quarter. The price of tea, at the Mombasa auctions slightly fell to 1.98 from USD 2.13 per kilogram amidst rising production and subdued demand. On the other hand, the price of Arabica coffee slightly increased, from 3.13 to 3.28 USD per kilogram, due to the drop of world production for the 2019-2020 season, mainly in Brazil.

Chart 1: Commodity prices



Source: World Bank, Commodity prices, September 2020

Compared to the previous quarter, headline inflation sharply fell in the main advanced and emerging economies, mainly due to lower demand and lower oil prices which offset upward pressures from the increased procurement costs.

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

Year on year			
	Q2-2019	Q1-2020	Q2-2020
USA	1.8	2.1	0.4
Japan	0.8	0.5	0.1
United Kingdom	2.0	1.7	0.8
Euro zone	1.4	1.1	0.2
OECD - Total	2.3	2.1	0.9
China	2.6	5.0	2.7
India	8.5	6.6	5.2

Source: OECD, Economic Outlook, September 2020

Inflation in the OECD stood at 0.9 compared to 2.1 percent recorded in the previous quarter. On the other hand, it slightly decelerated in emerging countries such as India (5.2 against 6.6 percent) and China (2.7 against 5.0 percent).

1.4. Monetary policy in developed countries

In the second quarter 2020, the central banks of the main advanced countries strengthened their accommodative monetary policies to support economic growth severely affected by the COVID-19 pandemic. They have taken measures designed to offer credit institutions better financing conditions to boost their economies in a context of generalized decline in demand.

In the United States, the Federal Reserve Bank kept the target range of interest rates between 0 and 0.25 percent and will keep it there until the economy has overcome the effects of the COVID-19 pandemic and the objectives of employment growth and price stability are achieved. It increased the level of repurchase of Treasury securities and mortgage-backed securities to support the flow of credit to households and corporate state.

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 facility and the deposits facility,

respectively 0.00 percent, 0, 25 percent and -0.50 percent. It continued to buy back assets and reinvest repayments to maintain favorable liquidity conditions for banks.

The Bank of Japan renewed a negative interest rate on deposits facilities (-0.1 percent) and continued its Treasury bond buyback program with a view to reach and maintain the target level of inflation close to 2,0 percent.

1.5. Main macroeconomic indicators in EAC countries

According to IMF forecasts of October 2020, the EAC's economic growth could decelerate by 1.0 percent in 2020 against a growth of 6.2 percent in 2019. However, this region would remain more resilient to the COVID-19 pandemic and the drop in commodities prices in sub-Saharan Africa region (-3.0 compared to + 3.2 percent in 2019), mainly due to significant investments in infrastructures, lower oil prices and good agriculture production.

Table 5: GDP growth in EAC¹ countries (in percent)

	2017	2018	2019 (p)	2020(p)
Burundi	3,8	4,2	4,2	-0,3
Kenya	4,8	6,3	5,4	1,0
Uganda	7,3	6,1	6,7	-0,3
Rwanda	4,0	8,6	9,4	2,0
Tanzania	6,8	7,0	7,0	1,9
EAC	5,7	6,5	6,2	1,0
SSAF	3,1	3,3	3,2	-3,0

Source: IMF, Regional economic outlook, October 2020

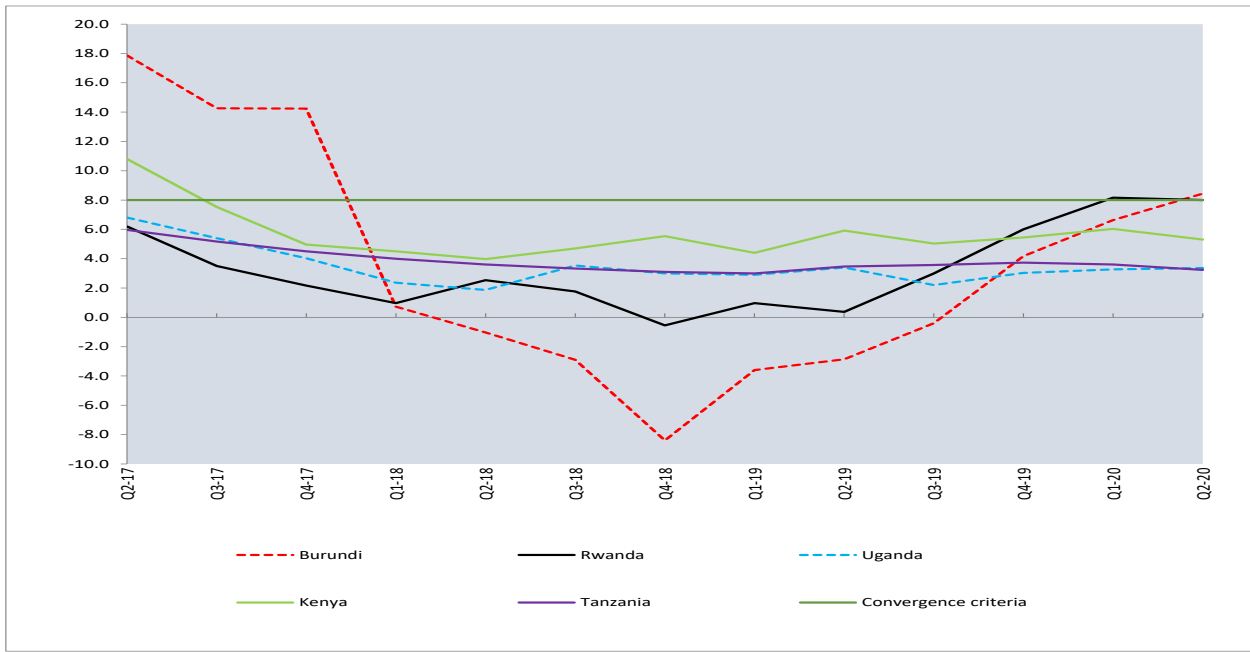
In the second quarter 2020, inflation rates developed a contrasting trend in the EAC countries. It practically stabilized and remained below the 8.0 percent convergence criterion for most countries, with the exception of Burundi.

¹ Southern Sudan data are not available

¹ Data for Burundi are taken from the Burundi Macroeconomic Framework, October 2020

Compared to the previous quarter, inflation fell in Kenya (5.3 against 6.0 percent), Tanzania (3.2 against 3.6 percent) and Rwanda (8.0 against 8.2 percent). It almost stabilized in Uganda (3.4 against 3.3 percent) while it increased in Burundi (8.4 against 6.6 percent).

Chart 2: Inflation in EAC countries (in percent)

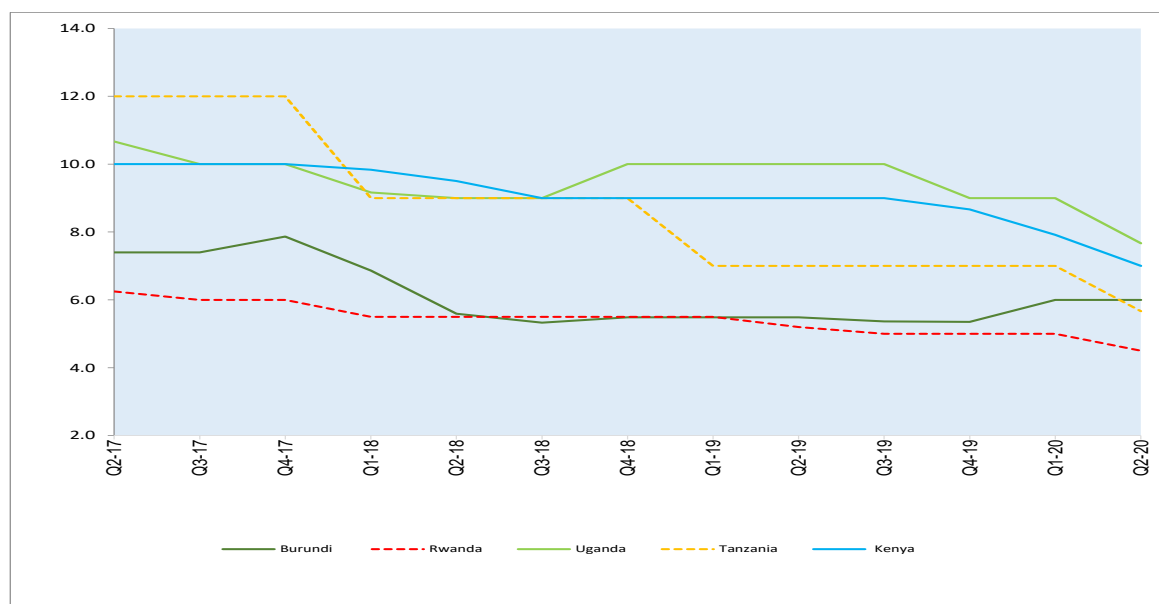


Source: EAC Central Banks web sites

Inflation is expected to remain moderate in 2020 due to good agriculture production driven by the favorable weather conditions, lower oil prices and low pressure on demand.

In order to mitigate the impact of the slowdown economic growth caused by the COVID-19 pandemic, central banks have strengthened their accommodative monetary policies through very large injections of liquidity to allow the banking sector to finance the economy under favorable conditions.

Chart 3: Central bank interest rates (in percent)



Source: EAC Central Banks web sites

Compared to the previous quarter, the average interest rates of the central banks of Rwanda (4.5 against 5.0 percent), Tanzania (5.7 against 7.0 percent), Uganda (7.7 against 9.0 percent) and Kenya (7.0 against 7.9 percent) declined in the second quarter 2020. In Burundi, the average rate of the marginal lending facility remained unchanged, standing at 6.0 percent as in the previous quarter.

Year-on-year basis, the exchange rates of the currencies of the ECA countries fluctuated below the margin of 5.0 percent agreed between member countries as part of maintaining the stability of the exchange rate.

Table 6: USD exchange rate against EAC currencies

	End of period				
	USD/TZS	USD/RWF	USD/UGX	USD/KSH	USD/BIF
June-19	2,289.50	898.28	3,694.76	102.30	1,845.14
March-20	2,289.90	930.70	3,784.80	104.70	1,898.90
June-20	2,296.50	937.08	3,730.14	106.42	1,909.40
Annual change June-20/june-19(%)	0.3	4.3	1.0	4.0	3.5
Quarterly change June-20/march-20 (%)	0.29	0.69	-1.44	1.64	0.55

Source: EAC Countries Central Banks websites

II. LOCAL ECONOMIC AND FINANCIAL DEVELOPMENT

2.1. *Production and Prices*

The average index of industrial production rose by 9.7 percent compared to the same quarter of 2019, mainly due to the increase food production (7.8 percent) and chemical industries (31.6 percent). Compared to the previous quarter, this index increased by 2.5 percent, from 122.0 to 125.1, mainly driven by the BRARUDI beverages (3.9 percent) and soaps (19.2 percent).

REGIDESO's electricity production increased by 4.3 percent year-on-year, from 65,917 to 68,776 Megawatts, due to the good rainfall. Likewise, it rose by 4.3 percent from the previous quarter.

The volume of goods transiting through the Port of Bujumbura rose by 9.0 percent compared to the corresponding quarter in 2019, driven by the increase of cement imports and sugar. Compared to the previous quarter, this volume fell by 18.2 percent.

Activity dropped at Melchior NDADAYE International Airport. The number of passengers fell year on year (-99.6 percent), in line with the measures taken to reduce aircraft flights to avoid the spread of COVID-19 pandemic. Likewise, the number of passengers fell compared to the previous quarter (-99.5 percent). Aircraft traffic declined both year-on-year (-74.5 percent) and quarter-on-quarter (-75.0 percent).

For the year 2020, a contraction of economic growth of 0.3 percent is expected against a growth of 4.2 percent the previous year, driven by the decrease production of the tertiary sector (-2, 9 against 5.8 percent), strongly affected by the COVID-19 pandemic. Inflation could reach 6.9 percent compared to -0.8 percent recorded in 2019.

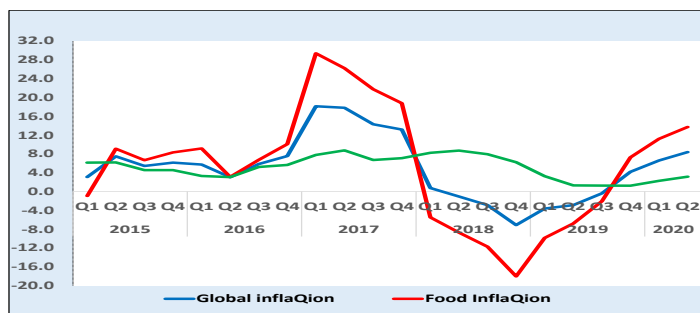
Table 7: Real GDP growth and inflation (in percent)

	2017	2018	2019	2020 (Prov.)
1. Growth of real GDP	3.8	4.2	4.2	-0.3
Primary sector	0.2	5.2	1.9	3.3
Secondary sector	7.6	-0.3	2.9	2.4
Tertiary sector	4.0	6.4	5.8	-2.9
2. Inflation	16.6	-2.6	-0.8	6.9

Source: Macroeconomic framework of Burundi, October 2020

The headline inflation increased in the second quarter 2020, standing at 8.4 percent while there was deflation of 2.9 percent in the corresponding quarter in 2019. This increase is related to the rise of food inflation (13.7 against -6.8 percent) and non-food inflation (3.2 against 1.3 percent).

Chart 4: Inflation by major components (in percent)



Source: BRB based on data provided by ISTEERU

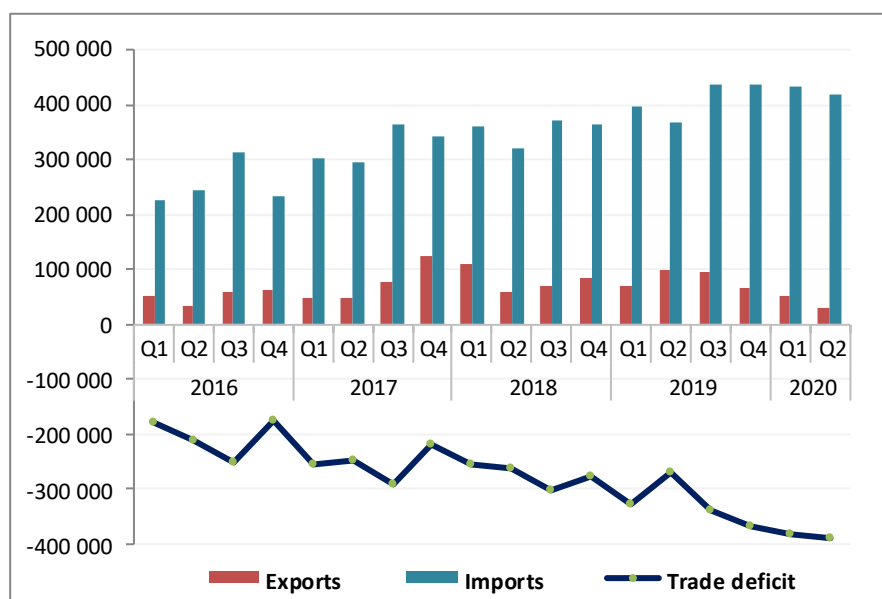
Likewise, compared to the previous quarter, inflation also increased (8.4 against 6.6 percent), following the rise of food inflation (13.7 against 11.2 percent) and non-food inflation (3.2 against 2.3 percent).

2.2. External sector

2.2.1. External trade

The trade deficit worsened in the second quarter 2020 compared to the corresponding period in 2019, amounting to BIF -387,137.1 million from BIF -269,381.2 million, on account of the decrease of exports CIF (-70.5 percent) and the increase of imports CIF (+13.0 percent).

Chart 5: Trade balance (in BIF million)



Source: Database, tripartite committee for foreign trade statistics (BRB, OBR, ISTEERU)

This decrease of exports concerned the two categories of exported products; primary products (12,718.1 against BIF 78,824.9 million) and manufactured products (16,542.8 against BIF 20,289.3 million).

The decreasing of primary products concerned non-monetary gold where there were no exports in the second quarter 2020 while in the same period of 2019, exports of this product reached BIF 47,797.1 million. Likewise, coffee exports declined to BIF 1,963.1 million from BIF 14,516.2 million. The decline of manufactured products exports is attributable to wheat flour (-BIF 1,616.5 million) and re-export of Kerosene (-BIF 2,193.0 million).

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

	Q1-2019	Q2-2019	Q3-2019	Q4-2019	Q1-2020	Q2-2020
Coffee	36.0	14.6	12.4	27.3	16.3	6.7
Gold	9.0	48.2	60.3	16.4	0.0	0.0
Tea	14.8	11.4	10.5	13.4	23.6	33.7
Others	40.1	25.7	16.8	42.9	60.1	59.6
Total	100.0	100.0	100.0	100.0	100.0	100.0
Total exports (in millions of BIF)	68,789.1	99,114.2	96,740.8	67,525.9	51,059.0	29,260.9

Source: Database, tripartite committee for foreign trade statistics (BRB, OBR, ISTEERU)

Imports picked up by 13.0 percent year-on-year basis, following the increase of imports of capital goods, to BIF 107,709.3 million from 67,664.0 million, and intermediate goods, to BIF 174,125.6

million from 159,483.4 million. However, imports of consumer goods reduced, to BIF 134,563.1 from 141,347.9 million).

The rise of capital goods imports mainly concerned electrical equipment (+BIF 28,729.8 million), boilers and mechanical devices (+BIF 10,974.7 million) and parts and tools (+BIF 3,411,4 million).

The increase of capital goods, it mainly concerned metallurgy goods (+BIF 14,720.6 million) and goods intended for agriculture and livestock (+BIF 7,273.2 million). On the other hand, imports of mineral oils decreased by BIF 9,377.2 million.

2.2.2. Balance of payments

The balance of payments for the second quarter of 2020 recorded the largest net borrowing (balance from current and capital accounts) compared to the corresponding quarter in 2019, amounting to BIF -181,754.8 million from -95,294.0 million.

This deterioration is due to the worsening of the current account deficit, which amounted to -BIF 181,754.8 million from -95,294.0 million and to the reduce surplus balance of the capital account, which fell to BIF 57,930.9 million from BIF 71,430.3 million.

Table 6: Balance of payments (in BIF million)

	Q2-2019	Q2-2020
CURRENT ACCOUNT	-166,724.3	-239,685.8
Credit	284,486.5	239,961.2
Debit	451,210.8	479,647.0
Goods	-195,001.0	-332,528.6
Exports FOB	118,965.5	30,827.7
Imports FOB	313,966.5	363,356.3
Services	-97,008.5	-86,533.5
Credit	19,350.9	16,405.3
Debit	116,359.4	102,938.8
Primary income	-596.8	6,634.1
Credit	6,080.0	14,013.9
Debit	6,676.7	7,379.7
Secondary income	125,882.0	172,742.2
Credit	140,090.1	178,714.4
Debit	14,208.1	5,972.1
CAPITAL ACCOUNT	71,430.3	57,930.9
Credit	71,658.1	58,026.8
Debit	227.8	95.9
Net lending (+)/ Net borrowing (-) from current and capital accounts	-95,294.0	-181,754.8
FINANCIAL ACCOUNT		
Net lending (+)/ Net borrowing (-) from financial account	-110,034.2	-165,576.7
Direct investments	0.0	-3,152.7
Net acquisition of financial assets	0.0	447.7
Net incurrence of liabilities	0.0	3,600.4
Portfolio investments	0.0	0.0
Net acquisition of financial assets	0.0	0.0
Net incurrence of liabilities	0.0	0.0
Financial derivatives	0.0	0.0
Net acquisition of financial assets	0.0	0.0
Net incurrence of liabilities	0.0	0.0
Others investments	-148,787.7	-131,104.6
Net acquisition of financial assets	11,378.4	-29,364.3
Net incurrence of liabilities	160,166.1	101,740.3
Reserve assets	38,753.5	-31,319.5
NET ERRORS AND OMISSIONS	-14,740.2	16,178.1

Source: BRB

The deterioration of the current account balance is on account of the large deficit of goods, amounted to -BIF 332,528.6 million from -BIF 195,001.0 million, due to the decrease of exports FOB (-74.1 percent) and the increase of imports FOB (+15.7 percent). The deficit on services account slightly improved, to -BIF 86,533.5 million from -BIF 97,008.5 million, mainly due to decrease services of construction, to - BIF 5,222.9 million from -13,799.7 million.

However, the surplus of secondary incomes account increased, to BIF 172,742.2 million from 125,882.0 million, due to the transfers of private sector (+BIF 38,823.8 million) and public sector (+BIF 8,036.5 million).

The financial account balance worsened in the first quarter 2020, to -BIF165,576.7 from -110,104.6 million, driven by the deficit of other investments, to -BIF 131,104.6 million from -BIF 148,787.7 million and the decline of BIF 31.319 million of reserve assets while they increased by BIF 38,753.2 during the same period of the previous year.

2.2.3. Foreign Assets

At the end of June 2020, foreign assets fell by 11.5 percent quarter on quarter and by 4.6 percent year on year basis.

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

	End of period in USD million			Change in %	
	June-2019	March -2019	June-2020	Quarterly	Annual
Foreign assets held by BRB	96.0	102.3	90.2	-11.8	-6.1
O/w: official Reserves	75.6	73.0	57.3	-21.5	-24.2
Foreign assets held by commercial banks	68.9	75.5	67.1	-11.1	-2.6
Total foreign assets	164.9	177.8	157.3	-11.5	-4.6

Source: BRB

The foreign assets of the BRB decreased by 11.8 percent from the end of the previous quarter and by 6.1 percent year on year. Those of the commercial banks fell by 11.1 percent on quarterly basis and 2.6 percent on year-on-year basis.

The official reserves contracted by 21.5 percent from the previous quarter, to USD 57.3 million from USD 73.0 million. They fell by 24.2 percent year-on-year, and covered 0.7 month of imports of goods and services, compared to 1.0 month recorded in the same period of the previous year, when the floor level is set at 4.5 months in the EAC convergence criteria.

2.3. Public finance

In the second quarter 2020, the fiscal deficit (including grants) eased compared to the same quarter of the previous year, amounting to BIF 17,075.7 million against BIF 81,267.1 million, following the decrease of expenditure. This deficit was mainly financed by a domestic debt of BIF 139,561.0 million.

Table 8: Government Financial Operations (in BIF Million)

	Q2-2019	Q1-2020	Q2-2020
A. REVENUE AND GRANT	316,168.1	319,712.7	307,343.6
a. Revenue	244,636.0	259,401.3	250,434.8
Current Revenue	244,636.0	259,401.3	250,434.8
Exceptional Revenue	0.0	0.0	0.0
b. Grant	71,532.1	60,311.4	56,908.8
current	0.0	0.0	0.0
Capital	71,532.1	60,311.4	56,908.8
B. EXPENDITURE	397,435.2	342,449.7	324,419.3
a. Current Expenditure	216,707.6	251,480.8	244,154.9
Salaries	108,632.3	117,166.4	118,451.9
b. Investment Expenditure	180,727.6	90,968.9	80,264.3
On Internal resources	41,343.1	13,823.7	18,140.9
On foreign borrowing and grants	139,384.5	77,145.3	62,123.4
OVERALL BALANCE including grants(basis comr	-81,267.1	-22,736.0	-17,075.7
C. NET FINANCING	81,267.1	22,737.0	17,075.7
1. External	65,430.6	12,258.6	-171.0
2. Domestic	80,000.4	61,751.4	139,561.0
D. ERRORS AND OMISSIONS	-64,163.8	-51,273.1	-122,314.2

Source: MFBPE

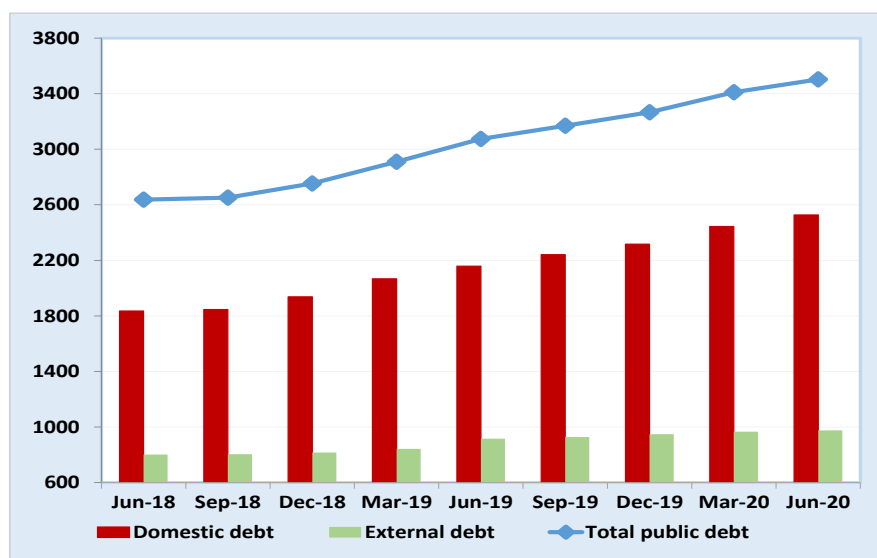
Capital grants decreased by 20.4 percent in the second quarter 2020, standing to BIF 56,908.8 million against BIF 71,532.1 million in the same quarter in 2019. On the other hand, revenue slightly increased (+ 2.4 percent), from BIF 244,636.0 million to BIF 250,434.8 million.

On an annual basis, expenditure fell by 18.4 percent at the second quarter 2020, amounting to BIF 324,419.3 million against BIF 397,435.2 million, driven by the decrease of capital expenditure (-55.6 percent); while current expenditure increased by 12.7 percent.

The outstanding public debt increased by 13.9 percent at the end of the second quarter 2020, standing at 3,503.0 against BIF 3.074.6 billion in the same period of 2019. Compared to the previous quarter, the debt increased by 2.7 percent. Domestic debt rose 17.1 percent year-on-year, from 2.158.6 to BIF 2.526.9 billion and by 3.4 percent quarter-on quarter.

By component, the domestic debt, the Treasury securities and advances from the Central Bank are the main component, with shares of 72.1 and 37.9 percent, respectively.

Chart 7: Public debt (in BIF million)



Source: BRB

Year-on-year basis, the external debt increased by 6.6 percent, from 916,027.0 to BIF 976,111.1 million. This increase is linked to drawings (BIF 49,948.3 million) and revaluation gains (BIF 30,299.4 million) which offset the repayment of the principal (BIF 20,163.6 million).

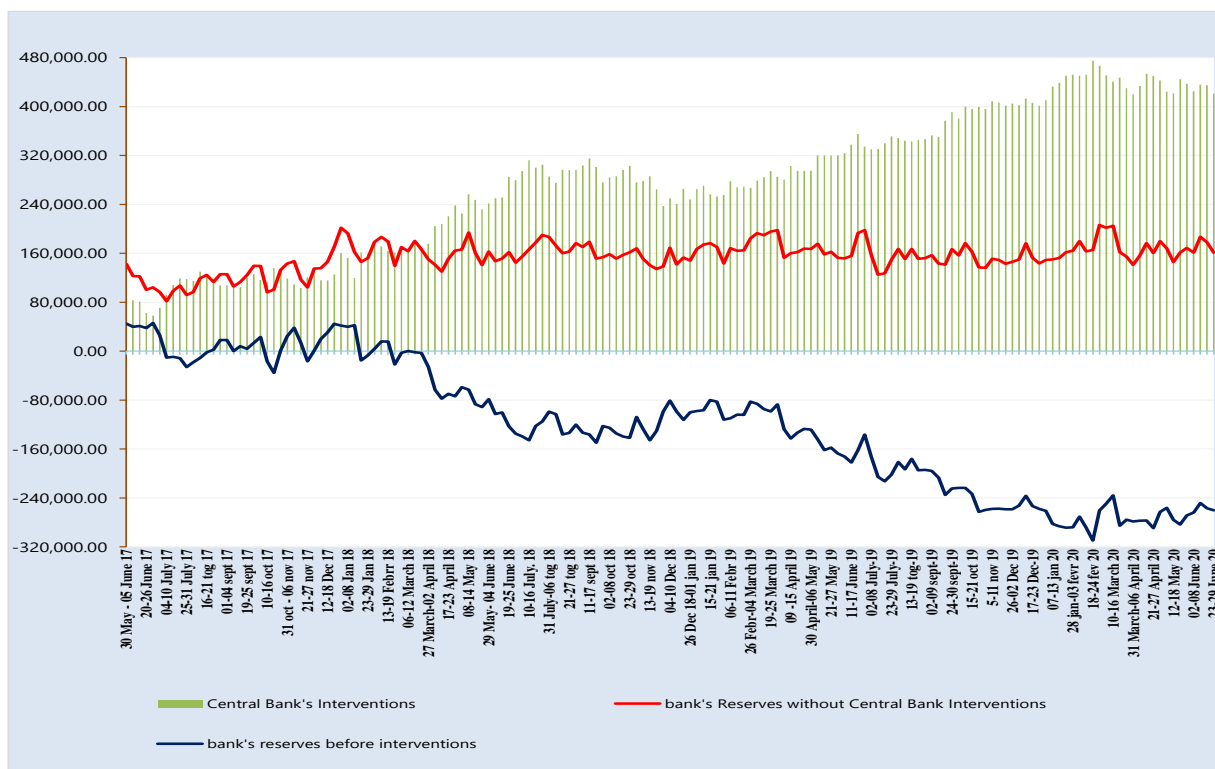
2.4. Monetary sector

2.4.1. Bank reserves and interest rates

Without Central Bank interventions, commercial banks reserves increased in the second quarter 2020. On weekly average, they are amounted to BIF -268,506 against -275,114 million in the previous quarter and BIF -146,697 million in the same period in 2019.

The outstanding refinancing slightly decreased, on weekly average, to BIF 434,219 million in the second quarter of 2020 from BIF 443,542 million in the previous quarter. In the same quarter in 2019, the outstanding refinancing was amounted to BIF 313,876 million.

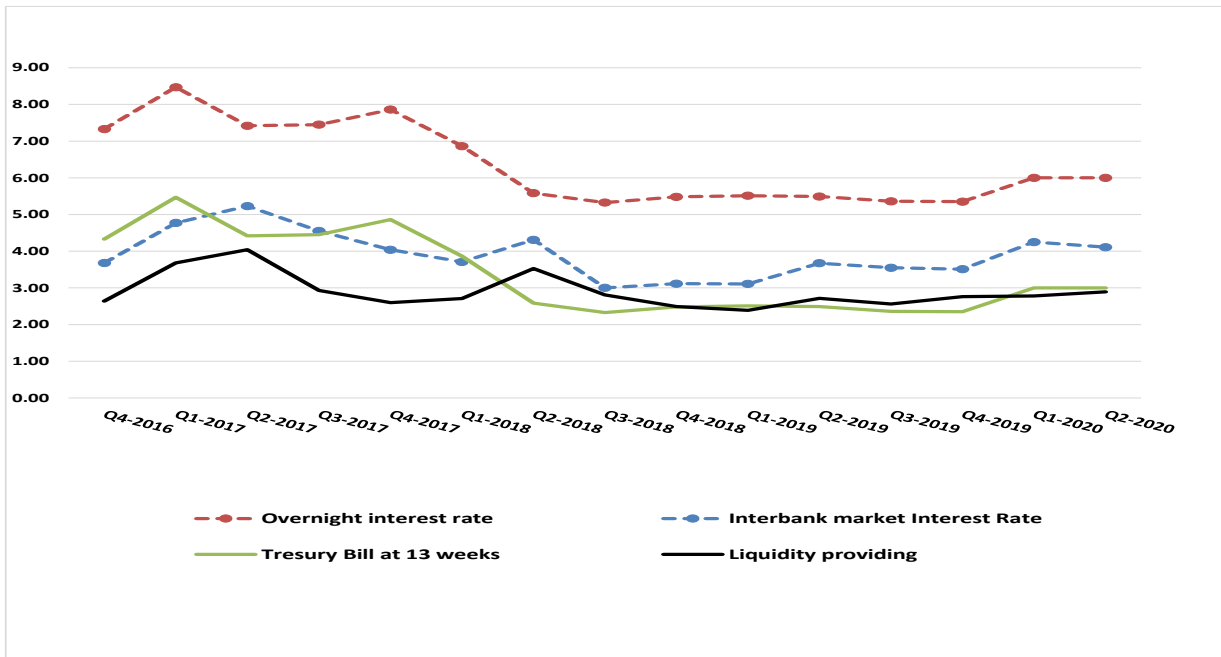
Chart 8: Commercial banks' reserves and BRB's interventions



Source: BRB

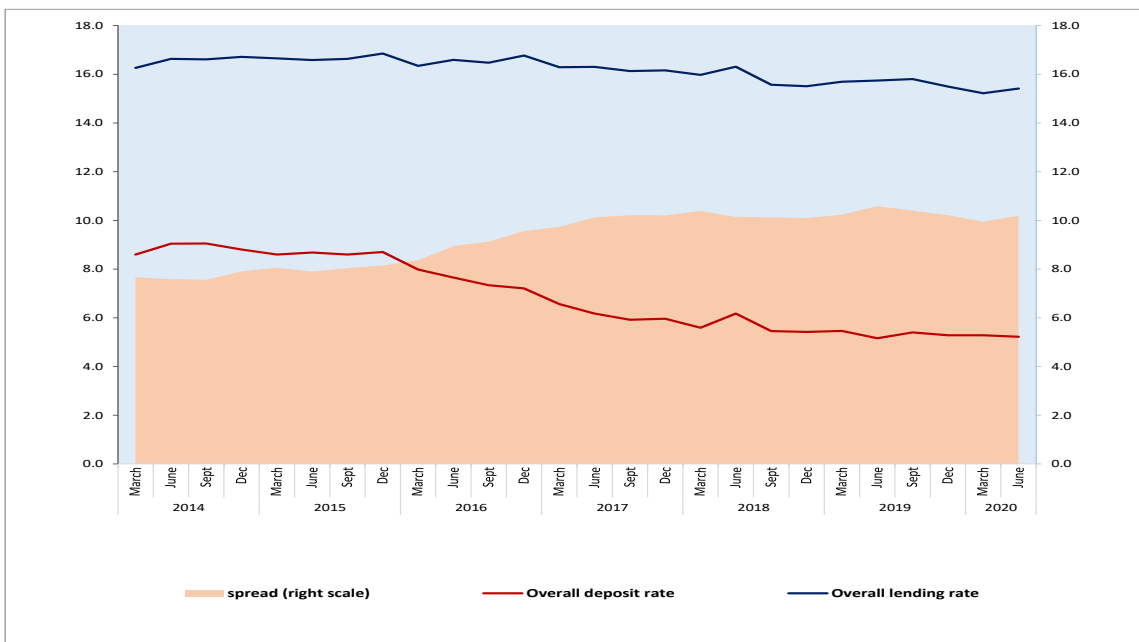
Interest rates on money market increased in the second quarter 2020. In fact, the average interest rate on liquidity injection slightly increased from 2.78 to 2.89 percent. The interbank rate decreased, from 4.25 percent to 4.11 percent quarter -on- quarter basis. Moreover, the interest rate of the overnight lending facility kept at 6.0 percent.

Chart 9: Money market interest rates (percent)



Source: BRB

The average interest rate on outstanding loans slightly increased at the end of June 2020, to 15.41 percent compared to 15.22 percent in the previous quarter and decreased from 15.74 percent recorded in the same period 2019. Likewise, the interest on loans authorized in the same quarter 2020 lightly picked up, standing at 15.41 percent compared to 15.13 percent in the previous quarter and decreased from 15.65 percent recorded in the same period in 2019.



Source: BRB

The overall deposit interest rate slightly increased at the end of June 2020 compared to the end of March 2020 and the same period of 2019, standing at 5.32 percent, from 5.28 and 5.16 percent, respectively.

2.4.2. Reserve money

Quarter-on-quarter basis, the reserve money rose by 9.3 percent at the end of June 2020, amounted to BIF 703,931.1 million from BIF 643,970.4 million at the end of March 2020, driven by the increase of 9.6 percent of net domestic assets while net foreign assets decreased by 10.5 percent.

By components, the increase of the reserve money concerned currency outside the Central Bank (12.4 percent) and deposits from other depository institutions (7.3 percent). However, the deposits of other financial institutions and those classified as other deposits fell by 37.2 and 1.2 percent, respectively.

Table 9: Reserve Money and its counterparts at the end of March 2019 (in BIF million)

	June.19	Mar.20	June.20	change (in %)	
				Quarterly	Annual
Currency in circulation	383,003.4	386,208.7	434,272.9	12.4	13.4
Other depository institutions deposits	225,728.0	199,229.7	213,802.7	7.3	-5.3
Other financial corporation deposits	3,359.1	5,434.3	3,411.8	-37.2	1.6
Other deposits	45,870.0	53,097.7	52,443.7	-1.2	14.3
Base money = Counterparts	657,960.5	643,970.4	703,931.1	9.3	7.0
Net foreign assets	-121,713.1	-167,019.5	-184,618.6	-10.5	-51.7
Net domestic assets	779,673.6	810,989.9	888,549.7	9.6	14.0
Net claims on the Government	377,197.7	290,112.4	303,340.5	4.6	-19.6
Other items , net	402,475.9	520,877.5	585,209.2	12.4	45.4

Source: BRB

The reserve money recorded a year- on- year growth of 7.0 percent at the end of June 2020, due to the increase of net domestic assets (+14.0 percent), while net foreign assets declined (-51.7 percent).

Table 11: Source of change of reserve money at the end of December 2019

	Change from March 2020	Change from June 2019
Net foreign assets (NFA)	-2.7	-9.6
Net domestic assets (NDA)	12.0	16.6
Net claims on the Government	2.0	-11.2
Other items , net	10.0	27.8
Base money	9.3	7.0

Source: BRB

The analysis in terms of the source of the change of the reserve money showed that the quarterly increase was of internal origin both quarter -on- quarter (12.0 percentage points) and year -on- year (16.6 percentage points).

2.4.3. Broad money and counterparts

Compared to the previous quarter, the broad money (M3) increased by 8.9 percent at the end of June 2020, amounting to BIF 2,407.3 million against BIF 2,210.4 billion. This increase concerned demand deposits (10.1 percent), time and savings deposits (4.6 percent), deposits of residents denominated in foreign currencies (5.4 percent) and currency outside banks (15.0 percent).

The quarterly increase of the money supply resulted from the rise of net domestic assets (+9.8 percent), while net foreign assets fell (-17.0 percent). The increase of net domestic assets concerned net claims on the government (+ 6.3 percent), net other items (+15.4 percent) and the claims on the economy (+ 3.9 percent).

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

	June.19	Mar.20	June.20	change (in %)	
				Quarterly	Annual
Currency outside Central Bank	318,404.6	330,660.2	380,309.3	15.0	19.4
Demand deposits	1,074,559.1	1,080,218.0	1,189,265.9	10.1	10.7
Time and savings deposits	458,268.4	608,864.9	636,790.0	4.6	39.0
Foreign currencies deposits of residents	178,256.6	190,685.1	200,919.0	5.4	12.7
M3= counterparts	2,029,488.7	2,210,428.2	2,407,284.2	8.9	18.6
NFA	-194,252.9	-284,837.5	-333,131.6	-17.0	-71.5
NDA	2,223,741.6	2,495,265.7	2,740,415.8	9.8	23.2
Domestic credit	2,578,326.0	2,906,538.2	3,088,216.6	6.3	19.8
Net claims on the Government	1,474,620.4	1,661,490.0	1,794,533.1	8.0	21.7
Claims on the economy	1,103,705.6	1,245,048.2	1,293,683.5	3.9	17.2
Net other items	-354,584.4	-411,272.5	-347,800.8	15.4	1.9

Source: BRB

Year-on-year, the broad money (M3) grew by 18.6 percent. This progress was driven by demand deposits (10.7 percent), time and savings deposits (39.0 percent), deposits of residents denominated in foreign currencies (12.7 percent) and currency outside banks (19.4 percent).

Regarding counterparts of the broad money, the increase concerned net domestic assets (23.2 percent), while net foreign assets fell (-71.5 percent). The increase of net domestic assets was attributable on net claims on the government (21.7 percent) and claims on the economy (17.2 percent).

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

	Change from Mar.2020	Change from June 2019
Net foreign assets (NFA)	-2.2	-6.8
Net domestic assets (NDA)	11.1	25.4
o/w: - Domestic credit	8.2	25.1
- Other Items net	2.9	0.3
Broad money (M3)	8.9	18.6

Source: BRB

The increase of money supply was of internal origin at the end of June 2020, both on quarter-on-quarter (11.1 percentage points) and year-on-year basis (25.4 percentage points).

2.4.4. Gross foreign assets

At the end of March 2020, foreign assets fell by 11.5 percent quarter –on- quarter and by 4.6 percent year –on- year basis.

Table 14: External reserves (in millions USD)

	End of period in USD million			Change in %	
	June-2019	March -2019	June-2020	Quarterly	Annual
Foreign assets held by BRB	96.0	102.3	90.2	-11.8	-6.1
O/w: official Reserves	75.6	73.0	57.3	-21.5	-24.2
Foreign assets held by commercial banks	68.9	75.5	67.1	-11.1	-2.6
Total foreign assets	164.9	177.8	157.3	-11.5	-4.6

Source: BRB

The foreign assets of the BRB decreased by 11.8 percent compared to the end of the previous quarter and by 6.1 percent year –on- year. Those of the commercial banks fell by 11.1 percent on quarterly basis and 2.6 percent on year-on -year basis.

The official reserves contracted by 21.5 percent compared to the previous quarter, to USD 57.3 million from USD 73.0 million. They fell by 24.2 percent year-on-year, and covered 0.7 month of imports of goods and services, compared to 1.0 month recorded in the same period in 2019, while the floor level is set at 4.5 months in the EAC convergence criteria.

2.5. Banking sector development and financial stability

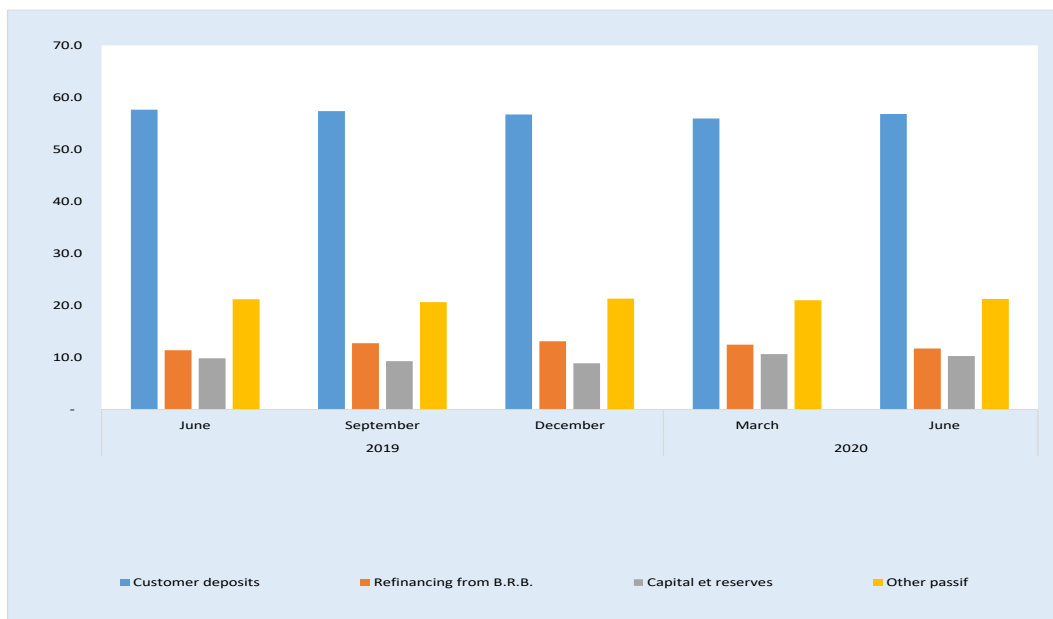
The total banking sector balance sheets increased by 19.1 percent in the second quarter of 2020, amounting to BIF 3,509.4 billion from BIF 2,946.6 billion in the corresponding quarter in 2019, and grew by 4.0 percent from the preceding quarter. In assets, this increase was on account of loans to the government and to the economy. In liabilities, this increase concerned mainly concerned customer deposits. The solvency ratios remained within the regulatory thresholds while the profitability ratios declined compared to the corresponding quarter in 2019.

2.5.1. Banking activities

2.5.1.1. Main Ressources

Yearly, the customer deposits increased by 17.6 percent in the quarter ending June 2020, amounting to BIF 1,992.8 billion from BIF 1,694.5 billion in the second quarter in 2019. They increased by 5.5 percent quarterly. The refinancing from the Central Bank increased by 22.9 percent, to BIF 411.3 billion from BIF 334.7 billion in June 2019. In contrast, they slightly declined by 2.1 percent from March 2020.

Chart 11: Liabilities structure (in percent)

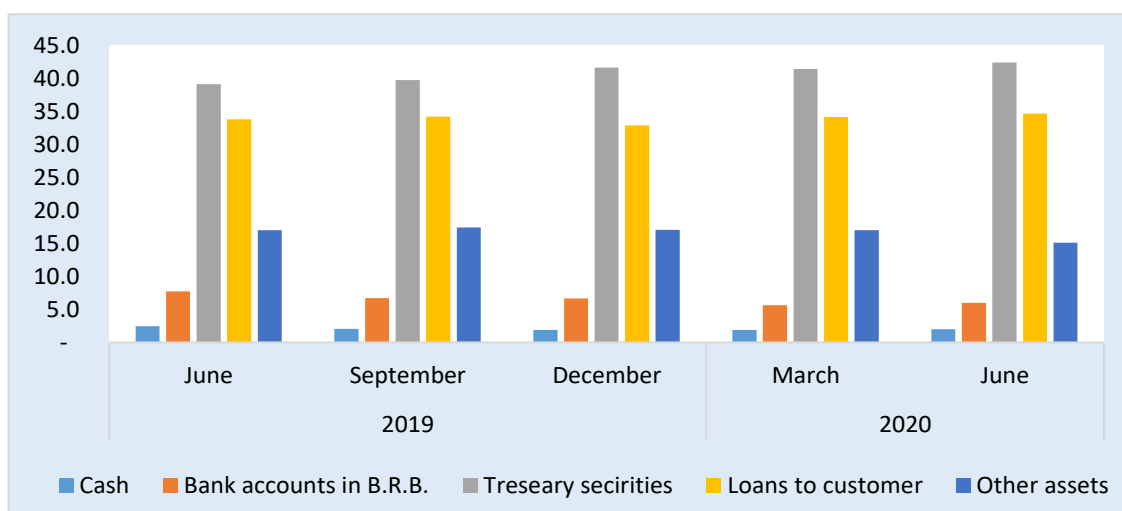


Source: BRB

2.5.1.2. Main Assets

The loans to the economy rose by 22.4 percent year-on-year and by 5.4 percent quarter on quarter, amounting to BIF 1,215.2 billion in June 2020 from BIF 993.0 billion in June 2019. The outstanding Treasury securities increased by 29.3 percent yearly and by 6.3 percent on a quarterly basis, standing to BIF 1,487.1 billion in June 2020 from BIF 1,151.2 billion in June 2019 and BIF 1.399.1 billion in March 2020.

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



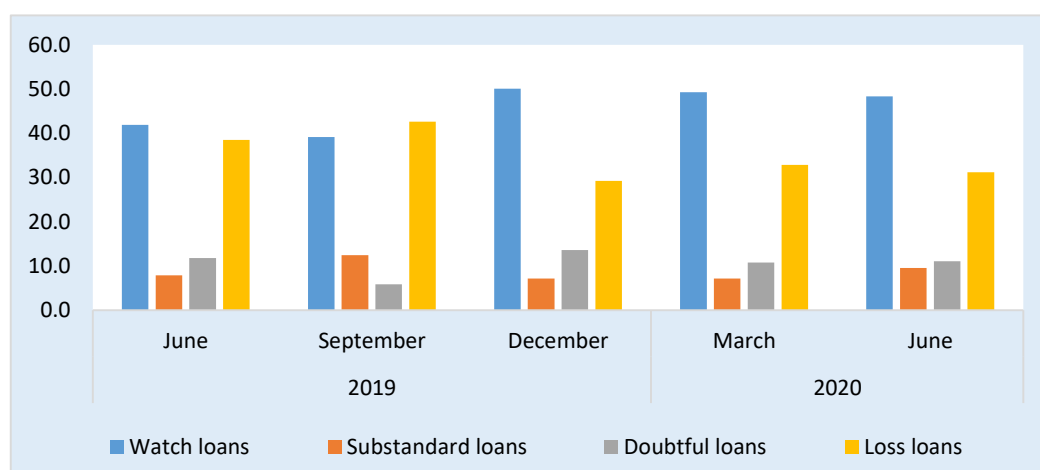
Source: BRB

2.5.2. Loans portfolio quality

The quality of the loans portfolio improved by end of June 2020. The deterioration rate declined to 6.2 percent from 9.3 percent in June 2019 driven by the decline of overdue loans by 8.7 percent, from BIF 159,678.5 million to BIF 14,846.5 billion.

Year-on-year, the proportions of special mention and substandard loans in the total overdue loans increased respectively to 48.3 percent and 9.5 percent in the second quarter of 2020 from 41.9 percent and 7.8 percent in the corresponding quarter in 2019. However, the proportions of doubtful and loss loans fell, standing respectively to 11.0 percent and 31.2 percent in the second quarter of 2020 from 11.8 percent and 38.5 percent in the corresponding quarter of 2019.

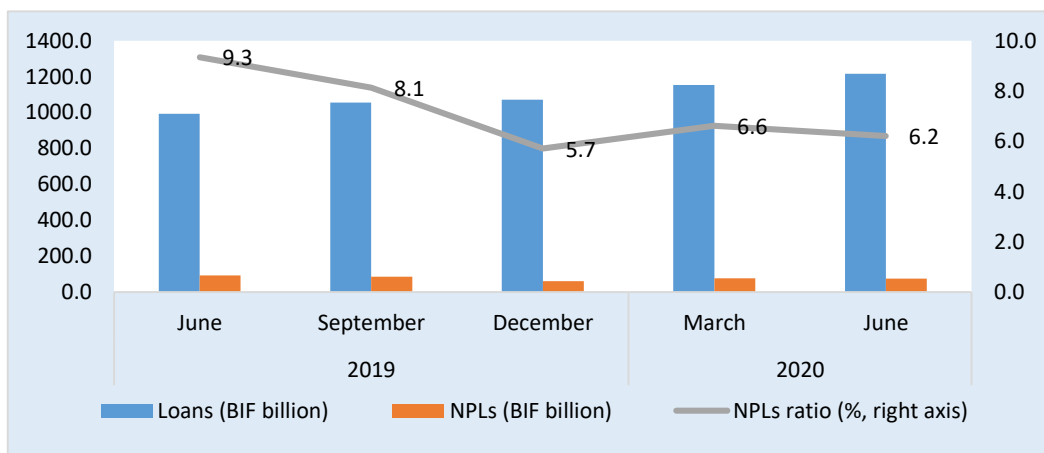
Chart 13: Overdue loans per class (in percent)



Source: BRB

The loans portfolios allocated in agriculture and tourism deteriorated year-on-year. The agriculture sector's deterioration rate increased to 14.7 percent in June 2020 from 6.7 percent in June 2019. Likewise, the deterioration rate established to 38.7 percent in June 2020 from 37.4 percent in June 2019 in tourism. In contrast, the loans portfolios improved in industry (0.9 percent from 19.1 percent), construction (6.4 percent from 9.1 percent) and trade (4.9 percent from 11.3 percent).

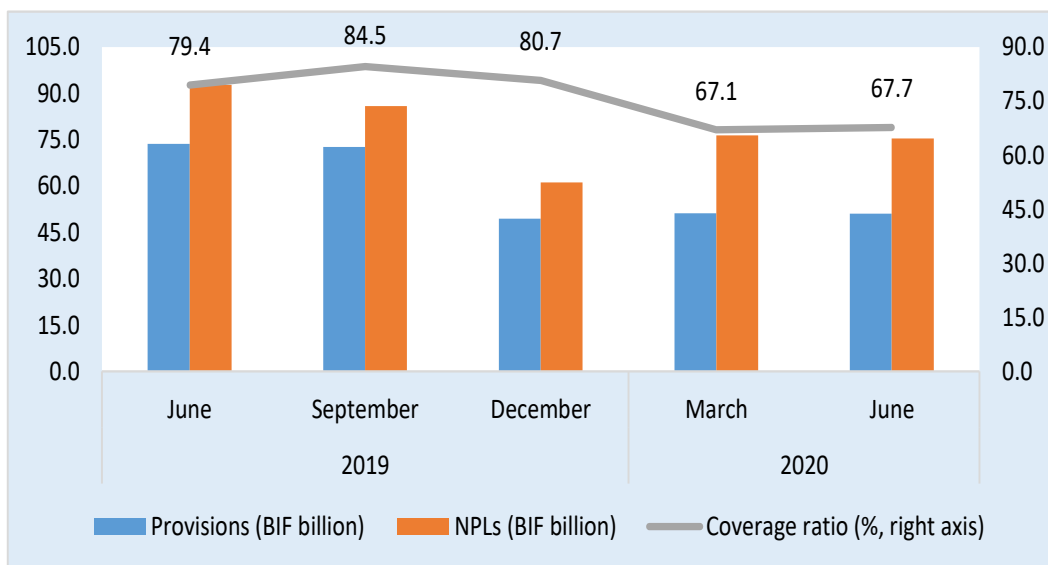
Chart 14: Non-performing loans ratio (in percent)



Source: BRB

The provisions coverage ratio for non-performing loans fell yearly to 67.7 percent in June 2020 from 79.4 percent in June 2019, following a drop in loss loans.

Chart 15: Provisions and coverage rate

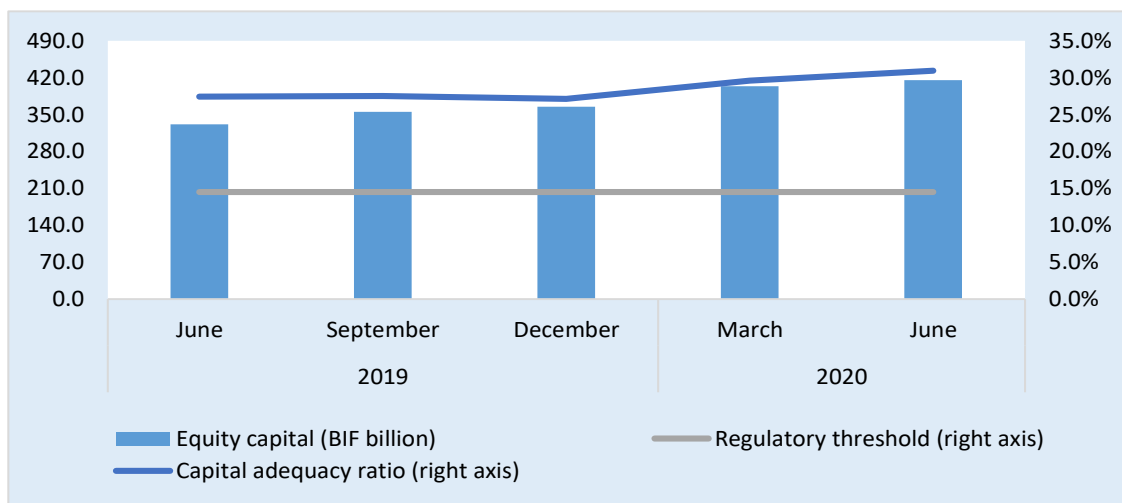


Source: BRB

2.5.3. Capital adequacy

The banking sector's total equity grew by 25.2 percent year-on-year and by 2.8 percent quarter-on-quarter, amounting to BIF 414.8 billion in June 2020, from BIF 331.3 billion in June 2019 and, BIF 403.4 billion in March 2020. The total capital adequacy ratio established to 30.9 percent from 27.4 percent in June 2019 and 29.65 percent in March 2019.

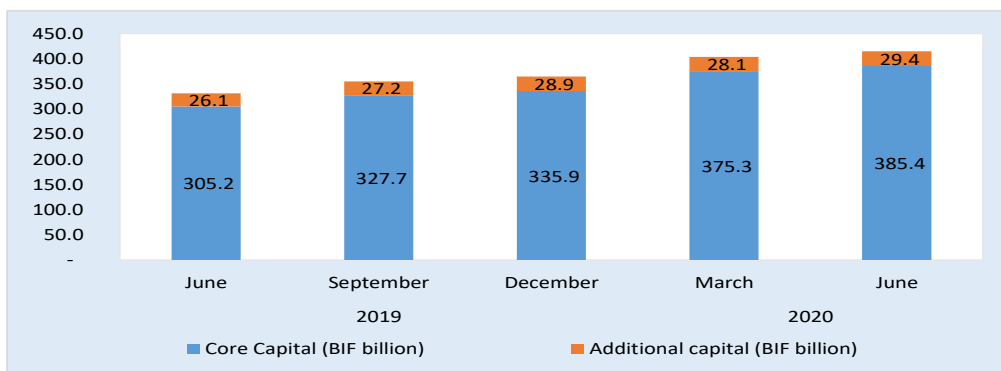
Chart 16: Equity



Source: BRB

The core capital ratio increased by 26.3 percent year-on-year and by 2.7 percent quarter-on-quarter, amounting to BIF 385.4 billion in June 2020 from BIF 305.2 billion in the corresponding quarter in 2019 and BIF 375.3 billion from the previous quarter, driven by the strengthening of equity by incorporating 65 percent of the 2019 sharable profits.

Chart 17: Composition of equity (in BIF billion)



Source: BRB

2.5.4. Banking sector's profitability

The Gross Income rose by 17.6 percent year-on-year, amounting to BIF 139,776.9 million from BIF 118,819.3 million. The Net Profit increased by 17.6 percent, from BIF 57,243.2 million to BIF 67,340.6 million. The average Returns on assets (ROA) and on Equity (ROE) improved, standing respectively to 1.92 percent and 16.23 percent in the second quarter 2020 from 1.95 percent and 17.30 percent recorded in the corresponding quarter in 2019.

CONCLUSION AND MONETARY POLICY MEASURES

In the second quarter 2020, Economic growth persisted in suffering from the COVID-19 pandemic effects. The economic recession worsened in the main advanced OECD countries (-10.5 compared to -1.9 percent in the previous quarter). Likewise, the contraction of economic activity has been observed in emerging countries, exceptionally China where economic activity has resumed thanks to the measures undertaken to counteract the COVID-pandemic. 19.

In Sub-Saharan Africa, the main exporting countries of petroleum products and basic products are strongly affected by this COVID-19 pandemic through the drop in their export revenues following the drop in prices on the international market; which explains the expected contraction of GDP for the year 2020 (-3.0 against 3.2 percent).

The East African Community remains more resilient to the COVID-19 pandemic than other economic blocks in Africa, following the performance of some economies, in particular Tanzania, Rwanda and Kenya, which could relatively resist and their real GDP growth would decelerate in 2020 compared to their rates in previous years.

According to the local economic development, based on revised macroeconomic framework data for October 2020; economic activity is expected to contract (-0.3 compared to 4.2 percent in 2020). This contraction is mainly explained by the decrease in activity in the tertiary sector (-2.9 against + 5.8 percent), particularly tourism branches (-40.0 against + 0.1 percent) and trade (-8.0 against + 6.5 percent). The primary (3.3 against 1.9 percent) and secondary (2.4 against 2.9 percent) sectors less dependent on the international economic environment will be relatively affected by the adverse consequences of COVID-19.

Furthermore, the Bank of the Republic of Burundi had implemented the new monetary policy measures to allow the financial sector and real sector remain firm. The BRB has already made a large amounts of refinancing available to credit institutions and the microfinance sector to support these institutions already identified as priorities. To support the hospitality and tourism sector severely affected by the consequences of COVID-19, the Bank has extended the new monetary policy measures to this sector. Likewise, these new measures have been also extended to the infrastructure and social housing sector which is of paramount importance for the national economy.

ANNEXES

ANNEX 1: GDP BY BRANCH (At price of 2005) in BIF billion

	2016	2017	2018	2019	2020 (p.)
Primary Sector	497.1	498.2	524.2	534.1	551.9
- Subsistence agriculture	431.8	431.5	449.2	464.9	478.9
- Export Agriculture	17.6	20.4	19.7	19.0	20.6
- Coffee	4.2	6.5	4.6	3.6	5.0
- The	12.3	12.1	13.8	14.2	14.2
-Other export agriculture	1.1	1.8	1.3	1.3	1.4
- Forest	12.2	13.7	14.9	16.4	17.0
- Livestock	31.6	28.5	36.0	28.8	30.2
- Fishing	3.8	4.1	4.4	4.9	5.2
Secondary sector	322.6	347.2	346.0	356.0	364.4
-Mining	7.7	10.7	12.8	12.5	14.9
- Industries	220.8	238.6	231.0	237.1	241.2
- Food Industries	168.4	186.7	178.8	180.6	183.3
- Manufacturing	52.4	51.9	52.2	56.5	57.9
- <i>Textile Industries</i>	9.5	9.2	9.4	9.4	10.6
- <i>Other manufacturing industries</i>	42.9	42.7	42.8	47.1	47.3
- Water, gas and electricity	7.7	9.1	10.5	11.1	12.2
- Construction	86.3	88.8	91.7	95.4	96.1
Tertiary sector	821.4	853.9	908.7	961.4	933.6
- Trade	62.0	65.5	65.6	69.9	64.3
- Transport and communication	66.7	70.2	75.2	78.5	77.4
- Transport	17.6	18.5	19.0	19.8	18.1
- Postes, Telecommunication and internet	49.2	51.7	56.2	58.7	59.3
- Banks and insurance	102.8	111.6	132.5	145.8	160.3
- Accommodation, Food and other Merchant Serv	108.7	111.9	114.3	114.4	68.6
- Public Administration	316.7	334.0	356.3	380.5	395.7
- Education	211.7	219.7	238.6	250.5	259.3
- Health and social services	14.4	15.1	17.1	19.0	20.0
- Activities of a collective or personal nature	45.6	45.9	52.3	56.1	57.0
- Domestic services	4.6	4.6	5.2	5.6	5.6
- SIFIM	-111.8	-124.7	-148.4	-158.8	-174.7
GDP at cost of factors(1+2+3)	1,641.1	1,699.3	1,778.9	1,851.5	1,849.9
Indirect taxes minus subsidies	200.6	213.1	214.6	226.4	221.2
GDP at market price	1,841.7	1,912.4	1,993.5	2,077.9	2,071.1

Source: MBGP

ANNEX 2: INFLATION BY MAIN COMPONENTS (in percent)

Period	Headline Inflation	Food inflation	Non-food inflation
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
Apr-20	7.60	12.50	2.80
May-20	9.04	14.73	3.26
Jun-20	8.50	13.90	3.40

Source: *ISTEEBU*

Annex 3: Government Financial Operations (in BIF Million)

	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
Apr-20	81,088.28	13,690.36	94,778.64	108,469.01	-13,690.36
May-20	64,196.98	20,930.27	85,127.25	106,057.52	-20,930.27
Jun-20	105,149.52	22,288.15	127,437.67	149,725.82	-22,288.15

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
Apr-20	736,069.6	1,569,510.9	2,428,316.5	961,727.1	3,390,043.6
May-20	737,921.8	1,622,178.8	2,476,317.6	965,285.1	3,441,602.7
Jun-20	736,222.2	1,673,669.6	2,526,886.1	976,111.1	3,502,997.2

Source: BRB and MFBP

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
Apr-20	161,386.0	439,302.0
May-20	162,923.0	434,219.0
Jun-20	171,658.0	429,154.0

Source: BRB

ANNEX 6: Money market interest rate (in percent)

Month	Interbank market	Overnight interest rate at 13 weeks	Tresury Bill	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
Q2-2020	4.11	6.00	2.96	3.00

Source: BRB

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

	6/30/2019	3/31/2020	6/30/2020	Var ann. (%)	Var trim. (%)
I. ASSETS	2,940,947.3	3,376,712.9	3,509,440.9	19.3	3.9
I.1. Main assets	2,502,326.7	2,905,448.8	3,047,218.1	21.8	4.9
A. Liquid assets	1,509,280.1	1,752,128.5	1,831,992.1	21.4	4.6
. Cash	71,025.3	62,933.5	69,154.8	-2.6	9.9
. Balance in B.R.B.	227,247.8	188,969.2	209,160.6	-8.0	10.7
. Interbank claims	60,961.9	101,154.8	66,625.3	9.3	-34.1
Financial corporations	4,991.4	24,853.2	5,542.4	11.0	-77.7
Microfinance	1,416.2	0.1	0.1	-100.0	2.6
Foreign correspondents	52,553.8	78,693.7	58,582.9	11.5	-25.6
Other financial corporations	2,000.0	1.1	2,500.0	25.0	227,172.7
. Treasury securities	1,150,045.2	1,399,070.9	1,487,051.3	29.3	6.3
. Other securities					
B. Loans	993,046.5	1,153,320.4	1,215,226.1	22.4	5.4
. Short term	451,851.5	523,048.7	587,902.9	30.1	12.4
. Medium term	345,808.0	346,209.4	332,893.3	-3.7	-3.8
. Long term	195,387.1	284,062.3	294,429.9	50.7	3.6
. Leasing	0.0	0.0	0.0	0.0	0.0
I.2. Fixed assets	142,685.1	162,455.8	166,601.2	16.8	2.6
I.3. Others assets	295,935.5	308,808.3	295,621.6	-0.1	-4.3
II. LIABILITIES	2,940,947.3	3,376,712.9	3,509,440.9	19.3	3.9
II.1. Main liabilities	2,507,658.6	2,958,416.4	3,004,512.5	19.8	1.6
. Customer deposits	1,694,514.5	1,888,950.6	1,992,806.3	17.6	5.5
<i>amongst: Ten large deposits</i>	<i>761,213.5</i>	<i>863,697.4</i>	<i>882,033.1</i>	<i>15.9</i>	<i>2.1</i>
. Borrowing from B.R.B. (Refinancing)	334,675.3	420,000.0	411,332.1	22.9	-2.1
. Interbank liabilities	189,385.5	290,835.2	240,280.4	26.9	-17.4
Financial corporations	5,349.3	9,007.9	12,199.3	128.1	35.4
Microfinance	32,403.2	40,092.5	39,686.8	22.5	-1.0
Foreign correspondents	9,875.5	27,214.3	9,572.4	-3.1	-64.8
Other financial corporations	141,757.4	214,520.5	178,821.9	26.1	-16.6
Capital and reserves	289,083.2	358,630.6	360,093.8	24.6	0.4
II.2. Other liabilities	433,288.7	418,296.5	504,928.4	16.5	20.7
III. MAIN INDICATORS OF THE BANKING SECTOR					
Capital adequacy					
. Tier 1 capital (in BIF billion)	305,208.4	375,270.2	385,414.5	26.3	2.7
. Total regulatory capital (in BIF billion)	331,307.8	403,391.3	414,848.7	25.2	2.8
. Risk weighted assets	1,209,017.2	1,363,397.9	1,341,637.0	11.0	-1.6
. Tier 1 capital adequacy ratio (threshold 12.5%)	25.2	27.5	28.7	0.0	0.0
. Total regulatory capital adequacy ratio (threshold 14,5)	27.4	29.6	30.9	0.0	0.0
. Leverage Ratio (threshold 7%)	10.4	11.1	11.0	0.0	0.0
Loans quality and concentration					
. Large exposures	277,699.3	364,882.0	403,183.0	45.2	10.5
. Watch loans	66,887.8	74,152.5	70,444.6	5.3	-5.0
. Substandard loans	12,530.4	10,693.5	13,849.5	10.5	29.5
. Doubtful loans	18,807.6	16,232.1	16,099.4	-14.4	-0.8
. Loss loans	61,452.7	49,424.8	45,452.9	-26.0	-8.0
. Non-performing loans	92,790.7	76,350.5	75,401.9	-18.7	-1.2
. Overdue loans	159,678.5	150,502.9	145,846.5	-8.7	-3.1
. Provisions on loans	73,671.1	51,208.7	51,040.6	-30.7	-0.3
. Loans/Assets (in %)	33.8	34.2	34.6	0.0	0.0
. Government Loans/Assets ratio	39.1	41.4	42.4	0.0	0.0
. Government Loans/Tier 1 capital	376.8	372.8	385.8	0.0	0.0
. Non-performing loans ratio	9.3	6.6	6.2	0.0	0.0
. Overdue loans ratio	16.1	13.0	12.0	0.0	0.0
. Coverage ratio (in %)	79.4	67.1	67.7	0.0	0.0
. Large exposures to Loans ratio (in %)	28.0	31.6	33.2	0.0	0.0
Liquidity					
. LCR* in BIF (threshold 100%)	235.8	232.0	242.8	0.0	0.0
. LCR in f.c.** (threshold 100%)	114.1	171.1	192.5	0.0	0.0
. Loans/Customer deposits	58.6	61.1	61.0	0.0	0.0
. Ten large deposits/Customer deposits	44.9	45.7	44.3	0.0	0.0
Profitability and performance					
. Income before tax	60,574.6	34,940.8	71,052.7	17.3	103.4
. Net income after tax	57,243.2	33,071.9	67,340.6	17.6	103.6
. Gross Income	119,261.8	68,866.1	139,776.9	17.2	103.0
. ROA	1.9	1.0	1.9	0.0	0.0
. ROE	17.3	8.2	16.2	0.0	0.0

Source : BRB