



**BANQUE DE LA REPUBLIQUE
DU BURUNDI**

**MONETARY POLICY
COMMITTEE REPORT**

End of June 2018

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ACRONYMS

AIN	: Net Domestic Assets
BOFI	: Banks and Other Financial Institutions
BIF	: Burundi Franc
BRARUDI	: Brasserie et Limonaderie du Burundi
BRB	: Banque de la République du Burundi
EAC	: East African Community
ECB	: European Central Bank
IFEM	: Interbank Foreign Exchange Market
GDP	: Gross Domestic Product
IMF	: International Monetary Fund
ISTEEBU	: Institut des Statistiques et des Etudes Economiques du Burundi
KES	: Kenyan Shilling
M2, M3	: Broad Money
MFBCDE	: Ministère des Finances, du Budget et de la Coopération au Développement Economique
MW	: Megawatt
NFA	: Net Foreign Assets
NPL	: Non-performing loans
OECD	: Organization for Economic Co-operation and Development
OPPC	: Organization of Petroleum Producing Countries
REGIDESO	: Régie de Distribution de l'Eau et d'Electricité du Burundi
ROA	: Return On Assets
ROE	: Return On Equity
RWF	: Rwandese Franc
SSA	: Sub-Saharan Africa
TZS	: Tanzanian Shilling
UGX	: Ugandan Shilling
USD	: American Dollar
WTO	: World Trade Organization

EXECUTIVE SUMMARY

World economic growth slightly improved in the second quarter of 2018. The economic growth rate was 0.6 in Advanced Economies against 0.5% in the same period of the last year. The inflation increased due to the rise of oil prices on the international market.

According to IMF forecasts for July 2018, the global growth rate in 2018 would remain at 3.9% compared to 3.7% in 2017, linked to the good financial conditions and positive effects expected from the expansionary Fiscal Policy adopted in United States of America. Sub-Saharan Africa economic activity is expected to establish at 3.4 % in 2018 compared to 2.8 % in 2017, particularly driven by the economic activity recovery linked to the high prices of raw material.

In the EAC countries, the economic activity would improve in 2018 (5.8 against 5.2% in 2017) and would be much higher than in Sub-Saharan Africa (3.4%), reflecting the macroeconomic stability in this region.

In sub-Saharan Africa, the economic activity should accelerate in 2018, rising from 2.8% to 3.4% year on year, supported by the good performances of commodity prices on the international market, particularly the oil price.

In Burundi, the main production of the primary sector, such as food and tea, improved in the second quarter 2018. As results, the inflation significantly fell, dropping from 17.8% to -1.1% on yearly average.

The forecasts for 2018 show that the economic growth would further improve (4.0 against 2.8% in 2017), reflecting the recovery in all sectors. The inflation could also fall to 4.4% compared to 16.1% recorded in 2017.

For the second quarter 2018, the balance of payment recorded (current account and capital) a higher deficit than in the same quarter in 2017 (-BIF 129,368.3 against -BIF 81,874.7 million). This decline resulted from the increase of current account deficit. The official foreign exchange reserves decreased by 29.1% year-on-year and covered 1.2 against 1.7 months of imports.

Government's financial operations recorded a high fiscal deficit than in the corresponding quarter in 2017 (–BIF -95,881.7 against – BIF 65,466.8 million). This deficit was mainly financed by domestic resources.

The reserves of commercial banks decreased in the second quarter in 2018. Following this decline, commercial banks increased the refinancing towards Central Bank, which amounted to BIF 237,869 .0 million, on a weekly average, against BIF 165,029.0 million in the same period in 2017. The reserve money and the money supply increased by 6.7% and 4.5% respectively quarter-on-quarter basis, by 18.3% and 15.5% year-on-year basis, mainly due to the increase of net domestic assets.

The banking sector remained sufficiently capitalized and all regulatory and prudential standards were respected. All major indicators of financial soundness and profitability improved at the end of June 2018.

I. INTERNATIONAL ECONOMIC ENVIRONMENT

1.1. World GDP growth

Compared to the previous quarter, the economic activity slightly improved in the second quarter 2018 in most OECD countries (0.6 against 0.5%). However, on a year on year basis, the growth stabilized at 2.5%.

Table 1: Economic growth in main advanced and emerging countries (in %).

	Quarter to quarter		Year on year	
	Q1-2018	Q2-2018	Q2-2017	Q2-2018
OECD - Total	0,5	0,6	2,5	2,5
Euro zone	0,4	0,4	2,5	2,2
Group of Seven(G7)	0,4	0,7	2,1	2,1
Germany	0,3	0,5	2,2	1,9
Canada	0,3	n.d.	3,8	n.d.
USA	0,5	1,0	2,1	2,8
French	0,2	0,2	2,3	1,7
Italia	0,3	0,2	1,6	1,1
Japan	-0,2	0,5	1,6	1,0
United Kingdom	0,2	0,4	1,8	1,3

Source: OECD (2018), Quarterly GDB

GDP growth gradually accelerated in United States (1.0 against 0.5%) and Japan (0.5 against -0.2%). It moderately increased in Germany (0.5 against 0.3%) and United Kingdom (0.4 against 0.2%) while it remained stable in France (0.2%).

According to the IMF forecast made in July 2018, the global economic growth rate would remain at 3.9 percent in 2018 as initially projected, compared to 3.7 percent in 2017. In advanced economies, the economic growth is expected to remain at 2.4% in 2018 as in 2017, mainly explained by the favorable financial conditions and the expected positive effects of the more expansionary fiscal policy adopted in United States of America, where the economic growth is expected to attain 2.9% compared to 2.3% recorded in 2017.

Table 2: World economic growth

	2016	2017	2018(p)
World output	3,2	3,7	3,9
Advanced economies	1,7	2,4	2,4
United States	1,5	2,3	2,9
Euro Area	1,8	2,4	2,2
Japan	1,0	1,7	1,0
United Kingdom	1,8	1,7	1,4
Emerging Market and Developping Economies	4,4	4,7	4,9
China	6,7	6,9	6,6
India	7,1	6,7	7,3
Sub-Saharan Africa	1,5	2,8	3,4
Nigeria	-1,6	0,8	2,1
South Africa	0,6	1,3	1,5

Source: IMF, World economic outlook, July 2018

In emerging and developing countries, the economic activity is projected to increase by 4.9% in 2018 compared to 4.7% in 2017, mainly driven by strong growth in Asian emerging countries, particularly India (7.3% against 6.7% in 2017) despite a slight deceleration in China (6.6 against 6.9% in 2017).

In sub-Saharan Africa, the economic growth is expected to reach 3.4 percent in 2018 compared to 2.8 percent in 2017, reflecting the improvement of economic activity in oil and other commodity-producing countries.

1.2. World Trade

In 2018, the volume of world trade is expected to increase by 4.8% against 5.1% in 2017. This slowdown is particularly attributable to the trade conflicts between United States and its main trade partner states due to the increase of customs duties on various imports from United States of America.

Table 3: World trade outlook

	2016	2017	2018(p)
World trade (goods and services)	2,2	5,1	4,8
Advanced Economies	2,2	4,2	4,3
Emerging Market and Developing Economies	2,2	6,7	5,7

Source: IMF, World economic outlook, July 2018

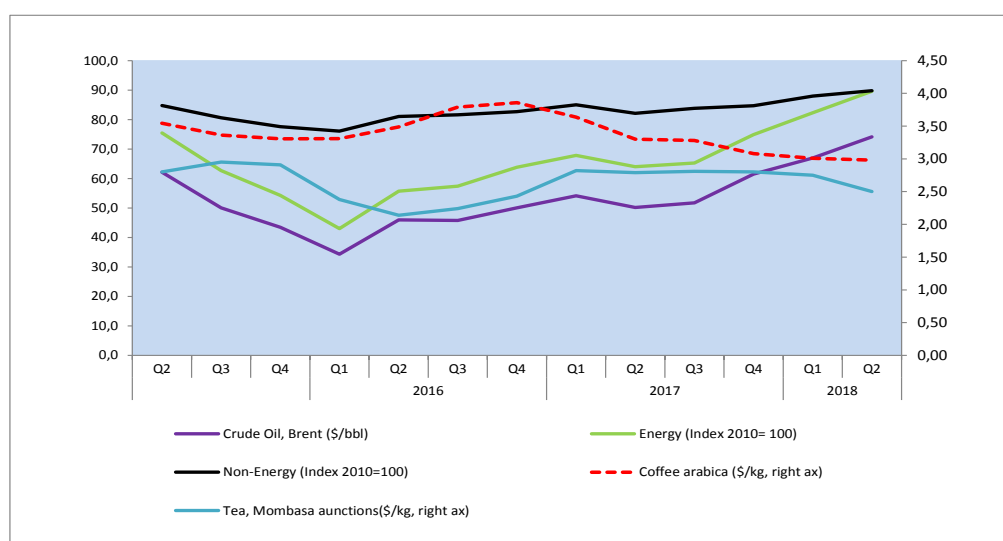
In advanced economies, the volume of trade would slightly increase by 0.1 percentage point compared to 2017 while in emerging and developing countries, trade would slow by 1 percentage point.

1.3. Prices evolution in the world

In the second quarter 2018, commodity prices continued to rise, except for Arabica coffee and tea, whose prices fell. Indeed, the price of crude oil (Brent) rose from USD 66.95 to USD 74.14/ bbl quarter –on- quarter basis. The price of Arabica coffee was 2.98 compared to USD 3.01 / kg and that of Mombasa auction tea was 2.50 against 2.75 USD / kg.

The index of the main product groups increased. The energy index rose quarter –on- quarter, rising from 82.32 to 89.60 and that of non-energy products grew from 87.95 to 89.76.

Chart 1: Commodity prices



Source: World Bank, Commodity prices, May 2018

Following the rebound of oil and other commodity prices, the headline inflation accelerated in the second quarter 2018 in most major advanced and emerging economies.

Table 2: Inflation in main advanced and emerging countries (in %)

	Q2-2017	Q1-2018	Q2-2018
China	1,40	2,17	1,83
United States	1,90	2,21	2,71
Japan	0,37	1,30	0,63
Euro Area	1,52	1,26	1,70
OECD-Total	2,14	2,22	2,53

Source: OECD (2018), Inflation

Compared to the previous quarter, the inflation increased in United States of America (2.71 against 2.21%) and in the Euro Zone (1.70 against 1.26%) but it declined in Japan (0.63 against 1, 30%) and in major emerging countries, especially in China (1.83 against 2.17%).

1.4. Monetary policy in developed countries

In the second quarter 2018, the central banks of the advanced countries kept their accommodative monetary policies but at diverse degrees.

In United States, in response of the improvement of labor market conditions and the rising inflation, the Federal Reserve rose its policy rate target, setting it in the band between 1.75% and 2.0%. Nevertheless, the overall position of US monetary policy remained accommodative, aiming to support and strengthen the labor market conditions in order to return to the sustained inflation rate close to 2%.

In the Euro area, the ECB kept unchanged its interest rate on the main refinancing operations, the marginal lending facility and the deposit facility at 0.00%, 0.25% and -0.40% respectively.

The Bank of Japan (BoJ) has not changed its monetary policy, since the economic expansion remained moderate and the inflation target of 2% was far from being achieved. The Bank kept its negative rate (-0.1%) and renewed its extensive program of asset purchase.

1.5. Main macroeconomic indicators of EAC countries

In the second quarter of 2018, the economic activity increased in all EAC countries due to good agricultural production, investment in infrastructure and oil exploration. According to the IMF's forecast made in April 2018, the EAC's economic activity would improve by 5.8% in 2018 compared 5.2% recorded in 2017, largely above the average of Sub-Saharan Africa (3.4%).

Table 4: GDP growth in EAC countries (in %)

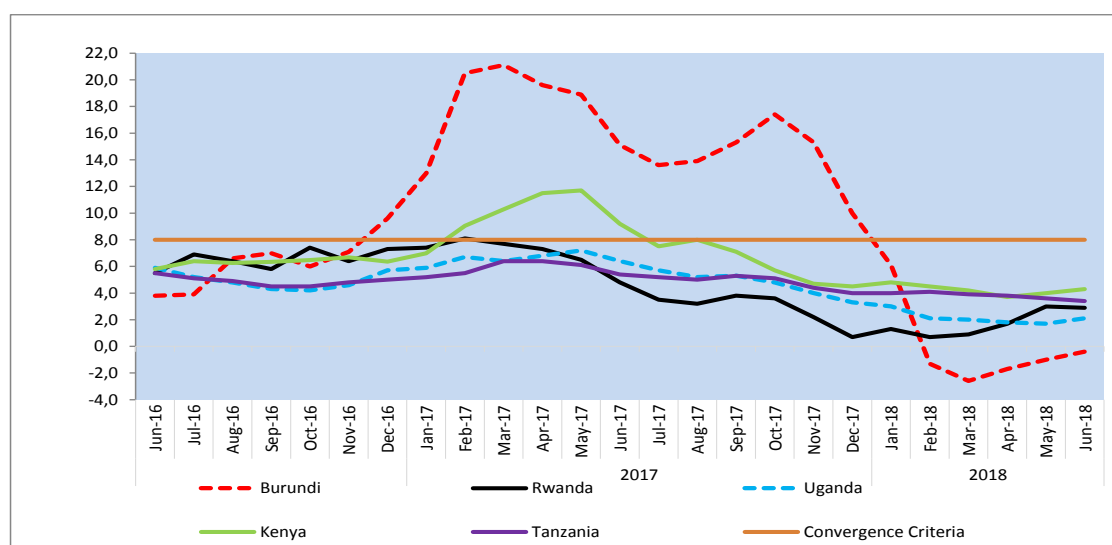
	2015	2016	2017	2018 (proj.)
Burundi*	-0,4	2,8	2,8	4,0
Rwanda	8,9	6,0	6,1	7,2
Tanzania	7,0	6,6	6,0	6,4
Uganda	5,7	2,3	4,5	5,2
Kenya	5,7	5,8	4,8	5,5
EAC	6,1	5,4	5,2	5,8
SSA	3,4	1,4	2,8	3,4

Source: IMF, *Regional economic outlook: Sub-Saharan Africa, April 2018*

* For Burundi, the data provide from the *Macroeconomic Framework, March 2018*

The downwards trend in prices observed during the first quarter reversed in the second quarter 2018 in all EAC countries, with the exception of Tanzania which recorded a decline of 3.6 against 4.0%. However, it remained below the convergence criterion of 8%.

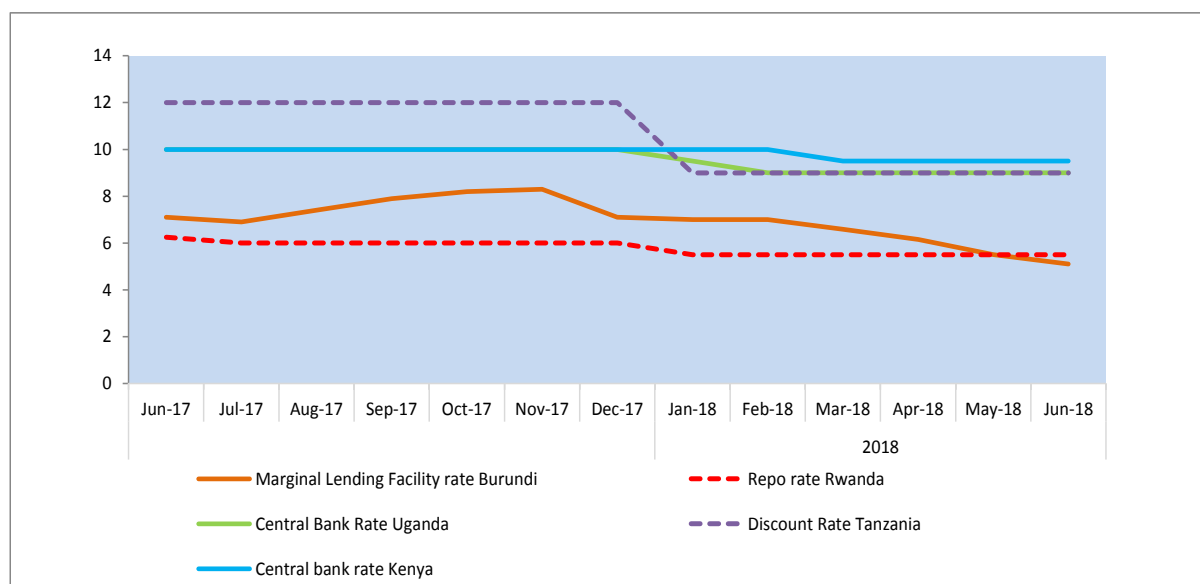
Chart 2: Inflation in EAC countries (in %)



Source: EAC Central Banks web sites

Despite the prices recovery in most of EAC countries observed in the first quarter of 2018, the central banks continued their accommodative monetary policies to further stimulate the economic growth.

Chart 3: Central bank interest rates (in %)



Source: EAC Central banks websites

All EAC Central Banks kept unchanged their refinancing rates : the National Bank of Rwanda (5.5%) and Kenya (9.5%), Uganda (9.0%) and Tanzania (9.5%), except the Bank of the Republic of Burundi, where the marginal lending facility rate averaged 5.58 % compared with 6.86 % recorded in the previous quarter.

Quarter-on-quarter, the exchange rates of the EAC countries' currencies broadly stabilized against the US dollar, except Ugandan shilling which depreciated by 5.2%.

Table 5: USD exchange rate against EAC currencies (end of period)

	USD/TZS	USD/RWF	USD/UGX	USD/KSH	USD/BIF
Jun-17	2 230,14	830,20	3 590,90	103,71	1 720,80
Mar-18	2 248,62	852,68	3 686,89	100,85	1 775,59
Jun-18	2 266,43	859,76	3 879,54	101,05	1 779,29
Annual change jun-18/Jun-17 (%)	1,6	3,6	8,0	-2,6	3,4
Quarterly change Jun-18/mar-18 (%)	0,8	0,8	5,2	0,2	0,2

Source: EAC Countries Central Banks websites

Year-on-year basis, Ugandan shilling depreciated sharply (+ 8.0%) while Burundi franc (+ 3.4%), Rwandan franc (+ 3.6%) and Tanzanian shilling (+1, 6%) slightly depreciated against US dollar. Kenyan shilling appreciated by 2.6%.

II. LOCAL ECONOMIC AND FINANCIAL DEVELOPMENT

2.1. Production and Prices

In the second quarter 2018, primary sector production, especially food production, coffee and tea increased. In the tertiary sector, goods transiting at the port of Bujumbura also increased, while in the secondary sector, industrial production declined.

Green coffee production rose by 1,079 T in the second quarter 2018 amounted to 2,086 from 1,007 T recorded in the same period in 2017. Likewise, dry tea production rose by 7.5% over the same period, from 3.180 to 3.417 T due to the good rainfall.

Industrial production fell compared to the same quarter in the previous year, the average index of industrial production decreased by 4.9%, mainly due to the drop of the food industries production (-4,8%), especially sugar production (-90.2%) and cigarettes (-8.1%). Chemical industries branch production also fell (-7.3%), mainly linked to paint's production (-16.2%) and soaps (-9.4%). Compared to the previous quarter, the weighted average industrial production index slightly rose by 0.6%, from 117.9 to 118.6.

Electricity production increased by 58.1% compared to the same quarter 2017, from 37,826 to 59,815 megawatt due to the good rainfall and the renting of a thermal power station. Also, the production grew by 7.6% compared to the previous quarter.

The volume of goods transiting at Bujumbura port increased by 12.9% compared to the corresponding quarter in 2017. Similarly, compared to the previous quarter, it increased by 19.9%, mainly due to the rise of imports of cement and clinker.

At Bujumbura International Airport, the number of passengers rose by 31.7 % year-on-year and by 4.4 % compared to the previous quarter. Aircraft traffic rose by 15.6% year-on-year and slowdown by 4.1% compared to the previous quarter.

The GDP growth rate is expected at 4.0% in 2018 against 2.8% recorded in 2017 due to the improvement of activity in all sectors.

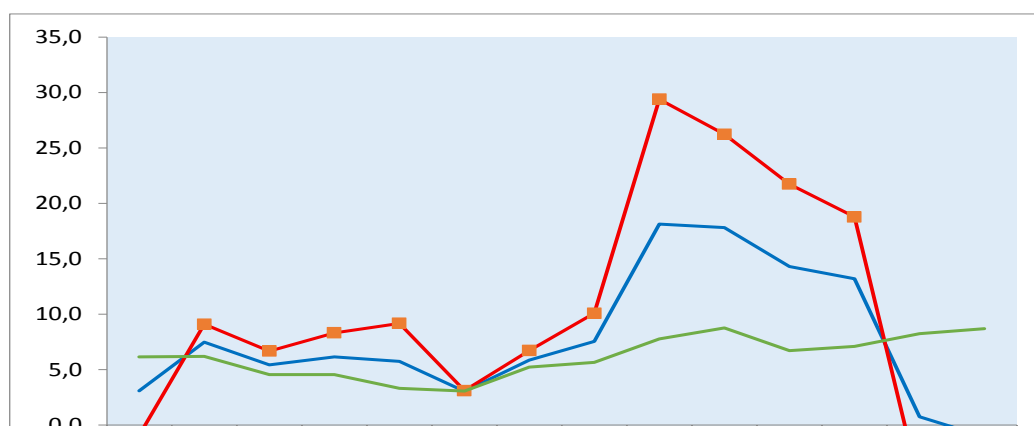
Table 6: Real GDP growth and inflation (in %)

	2014	2015	2016	2017 (p.)	2018 (prov.)
1. Growth of real GDP	4,2	-0,4	2,8	2,8	4,0
Primary Sector	-3,6	-2,0	1,5	-1,1	3,6
Secondary Sector	6,2	-8,1	1,8	-1,9	3,9
Tertiary Sector	8,8	5,7	4,6	3,8	4,3
2. Inflation	4,4	5,5	5,6	16,1	4,4

Source: Macroeconomic framework of Burundi, March 2018

Compared to the second quarter of 2017, headline inflation significantly dropped (-1.1 against 17.8%), mainly due to the decrease of food inflation (-8.7 against 26.2%), the non-food inflation almost stabilized (8.7 against 8.8%). Similarly, the inflation declined quarter -on- quarter (-1.1 against 0.7%), following the decrease of food inflation (-8.7 against -5.5%), the non-food inflation slightly increased (8.7 against 8.2%).

Chart 4: Inflation by major components (in %)



Source: BRB based on data of ISTEERU

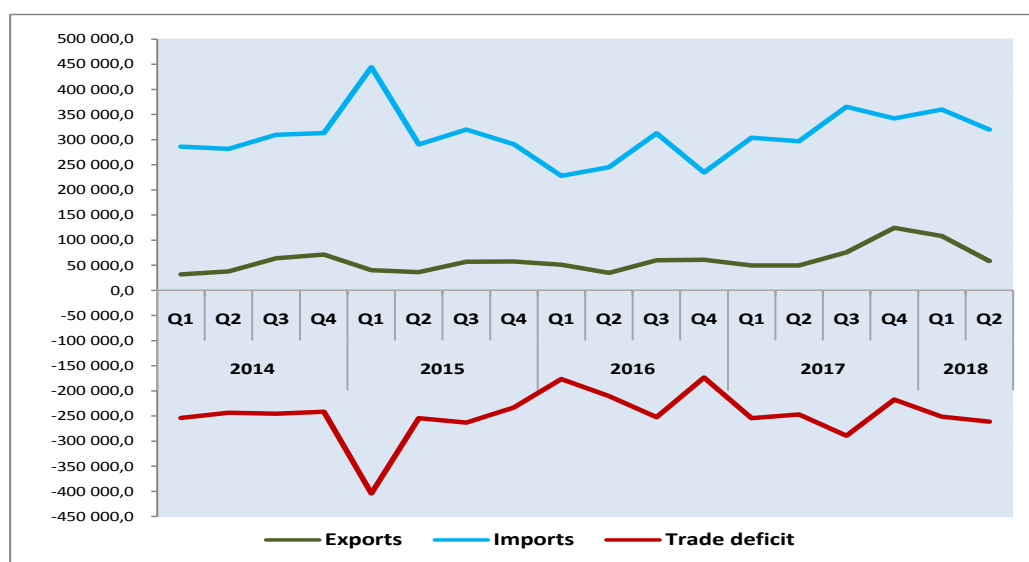
On an annual average, the inflation could fall to 4.4% in 2018 against 16.1% recorded in the previous year, mainly driven by the decrease of food prices.

2.2. External sector

2.2.1. External trade

The trade deficit widened in the second quarter 2018 compared to the same period in 2017, amounting to -BIF 261,222.7 against -BIF 247,214.6 million, following a larger increase of imports (+BIF 22,981.0 million) than exports (+BIF 8,972.9 million).

Chart 5: Trade balance (in BIF million)



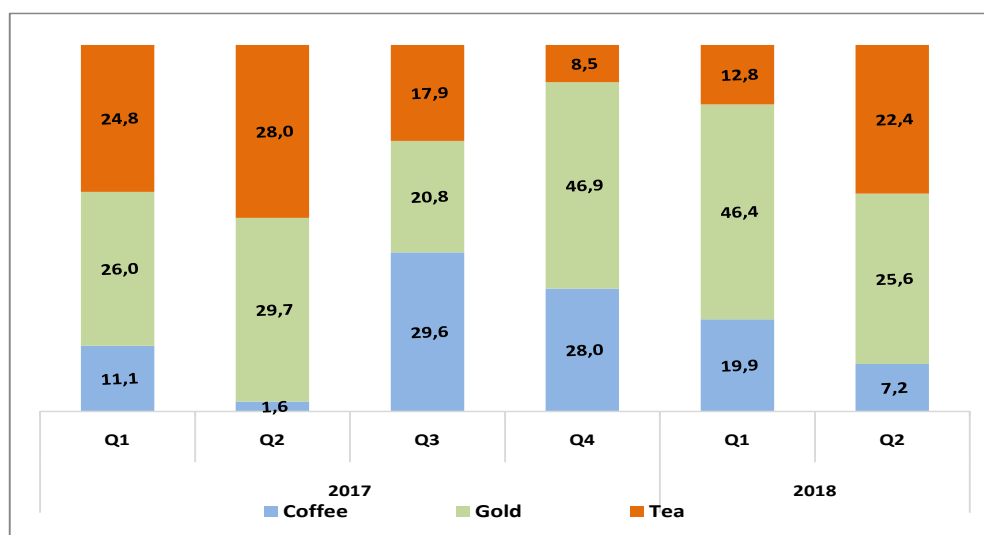
Source: BRB

Imports increased by 7.7% in the second quarter 2018, from BIF 296,652 to BIF 319,633 million, as a result of the imports growth, especially intermediate goods (BIF 137,777 million against BIF 107,177 million) and capital goods (BIF 65,363 million against BIF 43,975 million). On the other hand, imports of consumer goods decreased; from BIF 145,550 to 116,493 million.

The increase of intermediate goods mainly concerned mineral oils (+BIF 21,830 million) and the goods for metallurgy (+BIF 9,282 million). The rise of capital goods concerned all categories of goods; especially boilers and mechanical machines (+BIF 9,680 million), tractors, vehicles and transport vehicles (+BIF 6,654 million). On the other hand, the decline of consumer goods concerned pharmaceutical products (-BIF 14,129 million), textiles (-BIF 9,379 million) and food goods (-BIF 5,340 million).

Exports increased by 18.2% in the second quarter 2018, reaching BIF 58,410.3 million against 49,437.4 million recorded in the corresponding period in 2018, driven by exports of primary products (BIF 41.729.6 against 34.125.7 million) and, to a less extent of manufactured product (BIF 16,680.7 against 15,311.7 million).

Chart 6 : Major export products (In BIF million)



Source: BRB

The increase of primary products exports mainly concerned niobium ores (+BIF 5,009.2 million) and coffee (+BIF 3,382.2 million).

2.2.2. Balance of payments

The balance of payments deficit worsened in second quarter 2018 compared to the previous quarter (-BIF 129,368.3 million against -BIF 81,874.7 million). This increase is driven by the deterioration of the current account deficit (-BIF 196,736.2 million against -BIF 122,611.9 million) that offset the improvement of the capital account surplus (BIF 67,367.9 against 40,737.2 MBIF).

Tab 7: Balance of Payments in the second quarter 2018 (in BIF million)

	Q2-2017	Q2-2018
CURRENT ACCOUNT (a+b+c+d)	-122 611,9	-196 736,2
credit	242 554,6	195 478,8
debit	365 166,5	392 215,0
a) Goods	-203 929,8	-212 905,9
credit	49 437,4	58 410,3
debit	253 367,2	271 316,2
b) Services	-71 252,5	-80 403,7
credit	24 208,8	19 488,7
debit	95 461,3	99 892,5
c) Primary incomes	1 876,3	-513,4
credit	7 543,8	7 516,4
debit	5 667,6	8 029,8
d) Secondary incomes	150 694,1	97 086,8
credit	161 364,6	110 063,3
debit	10 670,5	12 976,5
CAPITAL ACCOUNT	40 737,2	67 367,9
credit	40 942,7	67 777,9
debit	205,4	410,0
Net lending (+) / Net borrowong (-) of the current and capital account	-81 874,7	-129 368,3
FINANCIAL ACCOUNT (i+ii+iii+iv+v)		
Net lending (+) / Net borrowing(-) of financial account	-24 394,0	-94 108,5
i) Direct investments	17,2	0,0
net acquisition of financial assets	17,2	0,0
net incurrence of liabilities	0,0	0,0
ii) Portfolio investments	0,0	0,0
net acquisition of financial assets	0,0	0,0
net incurrence of liabilities	0,0	0,0
iii) Financial Derivatives and stock options (net)	0,0	0,0
net acquisition of financial assets	0,0	0,0
net incurrence of liabilities	0,0	0,0
iv) Other investments	-29 151,2	-95 581,1
net acquisition of financial assets	68 853,7	28 019,3
net incurrence of liabilities	98 004,9	123 600,4
<i>One of which: Special Drawing Rights (SDRs)</i>	6 348,1	-6 007,9
v) Reserve assets	4 740,0	1 472,6
NET ERRORS AND OMISSIONS	57 480,7	35 259,9

Source: BRB

The current account deficit widened following the decrease of secondary income, from BIF 150,694.1 million to BIF 97,086.8 million due to a less extent deficit of services (-BIF 212,905.9 against -BIF 203,929.8 million) and goods (-BIF 80,403.7 million against -BIF 71,252.5 million).

The decline of secondary incomes resulted from the fall of public sector transfers (BIF 9,620.6 million against BIF 65,534.9 million, whereas the increase of services deficit is mainly related to the transport services (-BIF 68,436.9 against -BIF 61,114.4 million).

The financial account deficit worsened in the second quarter 2018, reaching BIF 94,108.5 million against BIF 24,394.0 million in the same period in 2017, resulting to the drop of other investments (-BIF 95,581.1 million against -BIF 29,151.2 million).

2.2.3. Foreign assets

At the end of the second quarter 2018, foreign assets decreased by 0.8% compared to the previous quarter (180.5 against 182.0 MUSD), and by 12.0% on a year-on-year basis.

Tab 8: Foreign assets evolution (in millions USD)

	End of period in USD million			Change in %	
	June-17	March-18	June-18	Quarter	Annual
Foreign assets held by BRB	116,20	86,50	83,70	-3,2	-28,0
O/w: official Reserves	103,80	72,90	73,60	1,0	-29,1
Foreign assets held by commercial banks	89,00	95,50	96,80	1,4	8,8
Total foreign assets	205,20	182,00	180,50	-0,8	-12,0

Source: BRB

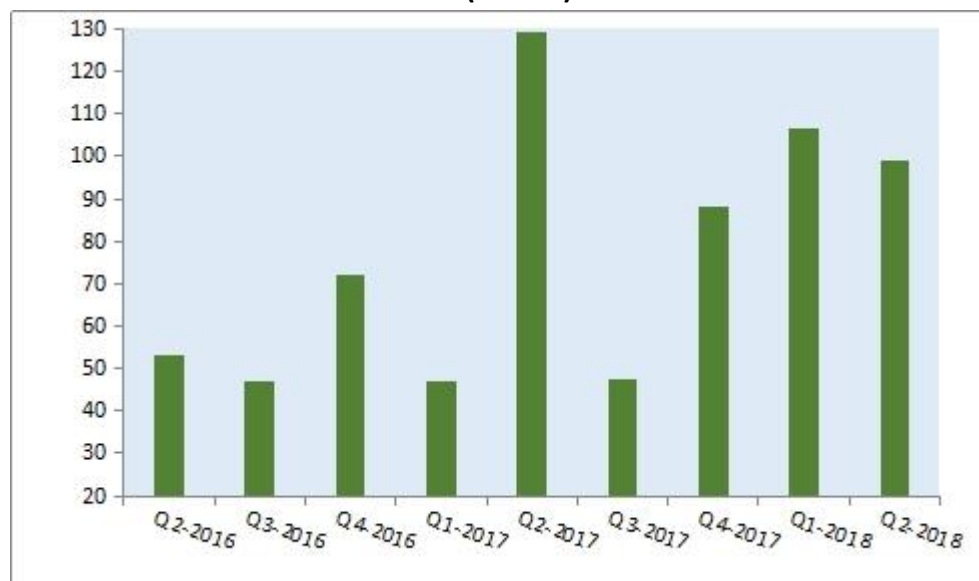
Central bank foreign assets declined by 3.2%, amounted to USD 83.7 million at the end of June 2018 and by 28.0% on year-on-year basis. In contrast, foreign assets held by commercial banks progressed by 1.4% quarter on quarter, from USD 82.76 million to USD 95.48 million and by 8.8% compared to the corresponding period in 2017.

The official reserves slightly increased by 1% compared to the previous quarter (73.6 from 72.9 MUSD) whilst they decreased by 29.1% compared to the corresponding quarter in 2017. Those reserves covered 1.2 months of imports against 1.7 months covered in the same period in 2017.

2.1.1. Operations on the Interbank Foreign Exchange Market(IFEM).

The BRB's interventions on the interbank foreign exchange market decreased in the second quarter of 2018, standing at USD 99.0 million compared to USD 106.4 million recorded in the previous quarter. In the same period in 2017, such interventions amounted to 53.3 MUSD.

Chart 7: Transactions on the FIEM (in USD)



Source: BRB

2.3. Public finance

For the second quarter 2018, the budget deficit (excluding grants) worsened compared to the corresponding quarter in 2017 due to the larger increase of expenditures than revenues.

Table 9: Government Financial Operations (in BIF Million)

	2017	2018	
	Q-2	Q-1	Q-2
A. REVENUE and GRANT	211 580,0	264 499,1	271 109,8
1. Revenue	170 754,7	212 518,0	203 485,7
Current revenue	170 754,7	212 518,0	203 485,7
Exptional revenue	0,0	0,0	0,0
2. Grants	40 825,3	51 981,0	67 624,1
Current	0,0	0,0	0,0
Capital	40 825,3	51 981,0	67 624,1
B. EXPENDITURES	277 046,9	313 619,4	366 991,5
1. Current expenditures	211 266,2	230 798,1	238 149,9
Salaries	96 191,4	102 164,1	100 063,2
2. Investment expenditure	65 780,7	82 821,3	128 841,6
On internal ressources	22 104,7	25 156,1	49 121,8
On foreign borrowing and grants	43 676,0	57 665,2	79 719,8
OVERALL BALANCE including grants(basis commitmen	-65 466,8	-49 120,3	-95 881,7
C. FINANCING	65 466,8	49 120,3	95 881,7
Net external borrowing	833,9	2 274,2	8 149,7
Net domestic borrowing	64 479,4	14 948,4	69 250,8
D. ERRORS AND OMISSIONS	153,5	31 897,7	18 481,2

Source: MFBCDE

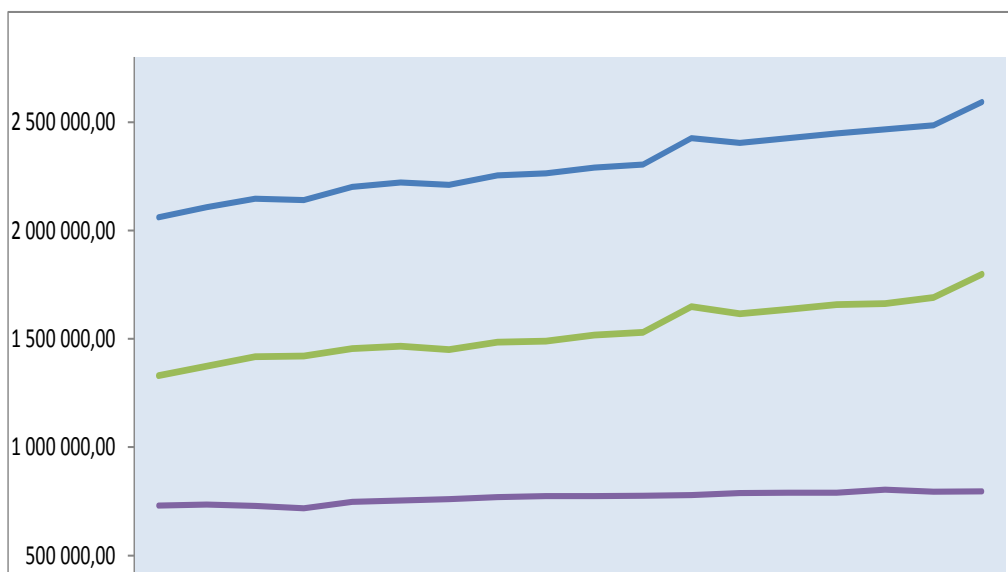
The revenue increased by 19.2% compared to those recorded in the same period in 2017, from BIF 170, 754.7 to BIF 203,485.7 million whereas they decreased by 4.3% compared to the previous quarter. The capital grants amounted to BIF 67,624.1 against BIF 40,825.3 million in the second quarter in 2017. Likewise, they increased by 30.1% quarter -on-quarter.

On a year-on-year basis, the expenditures rose by 32.5%, from BIF 277,046.9 to BIF 366,991.5 million in the second quarter. This growth was driven by the current expenditures (+BIF 26,883.7 million) and capital expenditures (+BIF 63,060.9 million). Compared to the previous quarter, the expenditures increased by 17.0%.

The budget deficit worsened at the end of the second quarter 2018, standing at BIF -95.881, 7 against BIF -65,466.8 million in the corresponding quarter in 2017. This deficit was mainly financed by net domestic debt of BIF 69,250.8 million.

Public debt grew by 16.8 % year-on-year, from 2,221.3 to BIF 2,593.6 billion, and increased by 5.7 percent compared to the previous quarter. The outstanding domestic debt increased by 22.6 percent year-on-year, from 1,466.6 to BIF 1,798.1 billion, and increased by 8.5 percent quarter-on-quarter. The domestic debt represented 69.3% of the total debt and was mainly dominated by the Treasury Securities and the central bank's overdrafts.

Chart 8: Trend of public debt (in BIF million)



Source : BRB

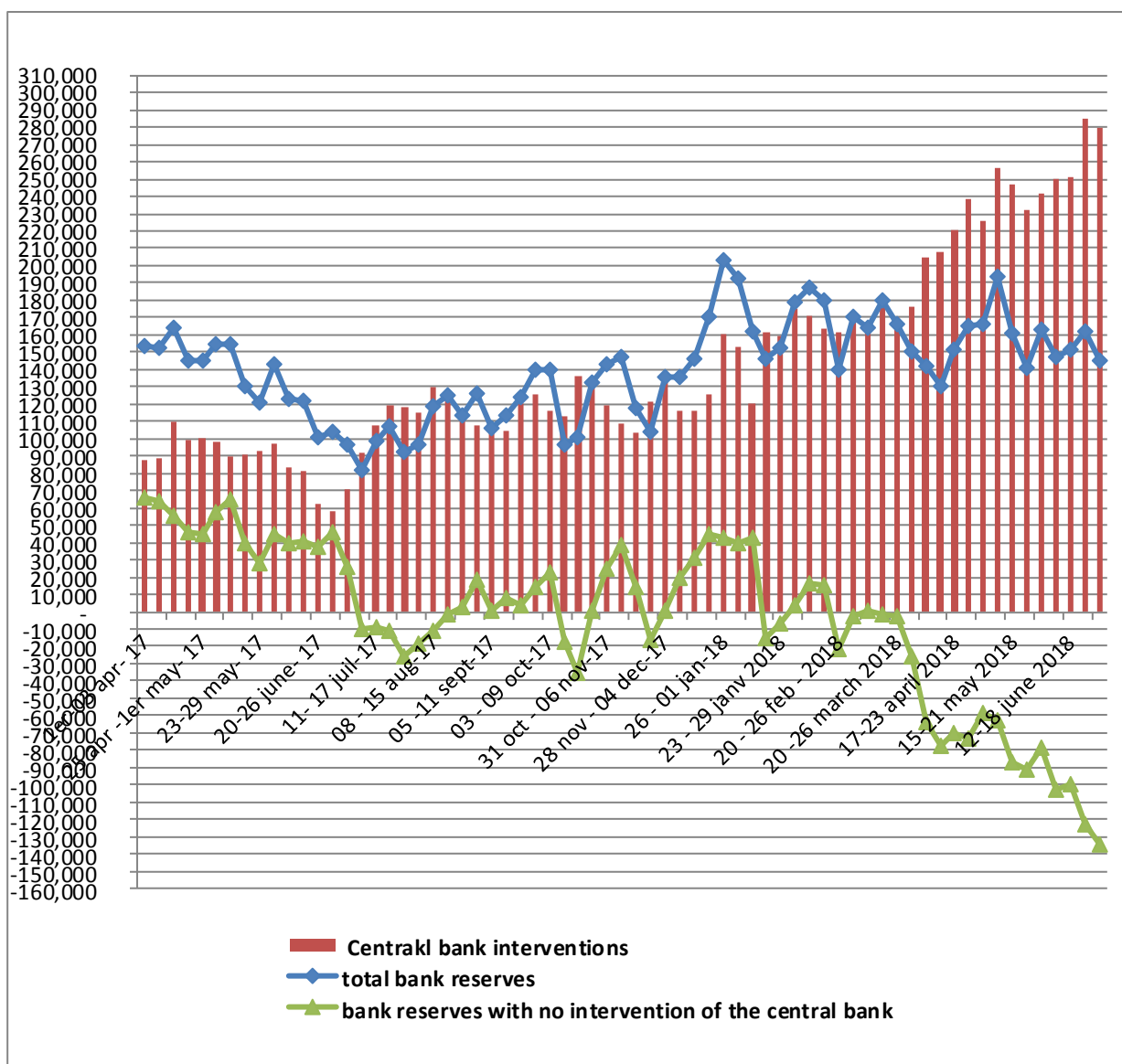
External debt also increased year-on-year (+5.4%), from 754.4 to 795.4 billion BIF due to the new drawings (+25,294.3 MBIF) and the revaluation gains (+33.653.4 MBIF) partially offset by the amortization of the principal (17.995.9 MBIF). By component, the multilateral debt represented 77.5%, bilateral debt 13.2% and other creditors 9.3% respectively.

2.4. Monetary sector

2.4.1. Bank reserves and interest rates

Bank reserves decreased in the second quarter 2018 compared to the first quarter. Excluded the central bank's interventions, bank reserves fell from BIF 5,226 to –83,869 billion, on weekly average, while they reached BIF 47,831 billion in the same quarter in 2017.

Chart 9: Bank Reserves and BRB interventions (in MBIF)



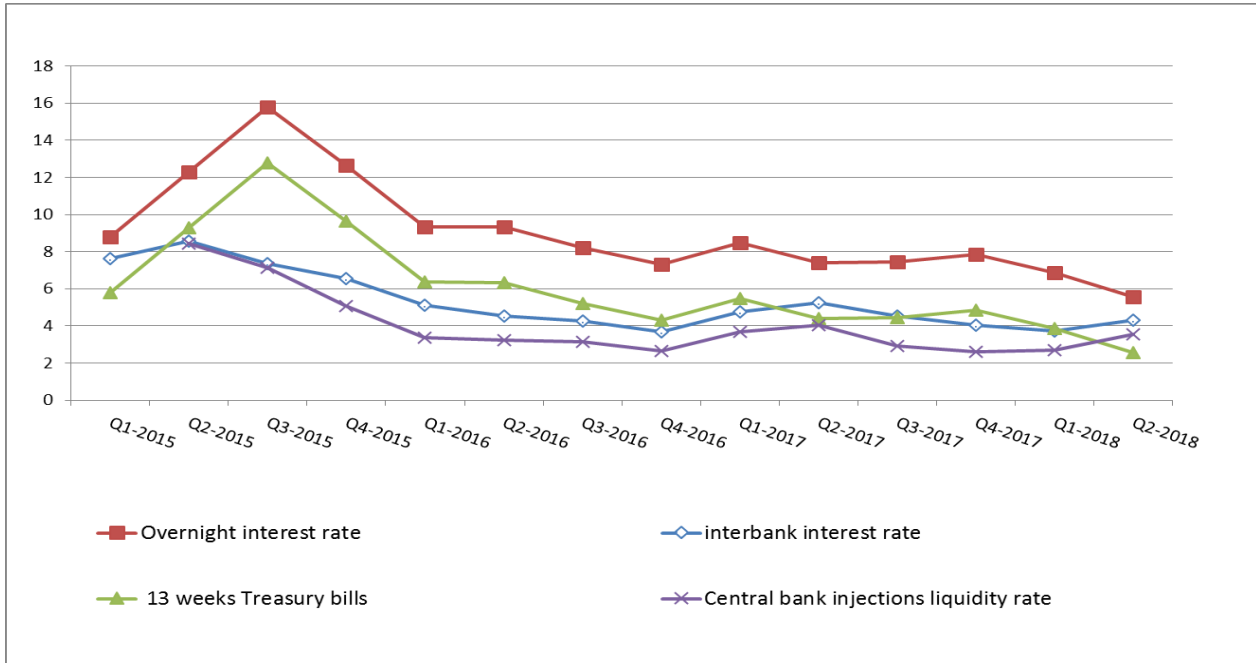
Source: BRB

Following the decrease of their reserves, commercial banks increased the central bank’s refinancing. Indeed, the outstanding refinancing amounted to BIF 237,869 billion, on weekly average, against BIF 165,029 billion recorded in the previous quarter and BIF 89,470 billion in the same period in 2017.

In the second quarter 2018, the money market interest rates increased. The average interbank interest rate increased, from 3.71 to 4.31% and the average interest rate on liquidity injection was 3.53 against 2.71% in the previous quarter. On the other hand, the average interest rate on

the overnight lending facility lowered, from 6.86 to 5.58 %, due to the decrease of 13 weeks-Treasury bill's interest rate on which the overnight lending facility is indexed (2.58 against 3.86%).

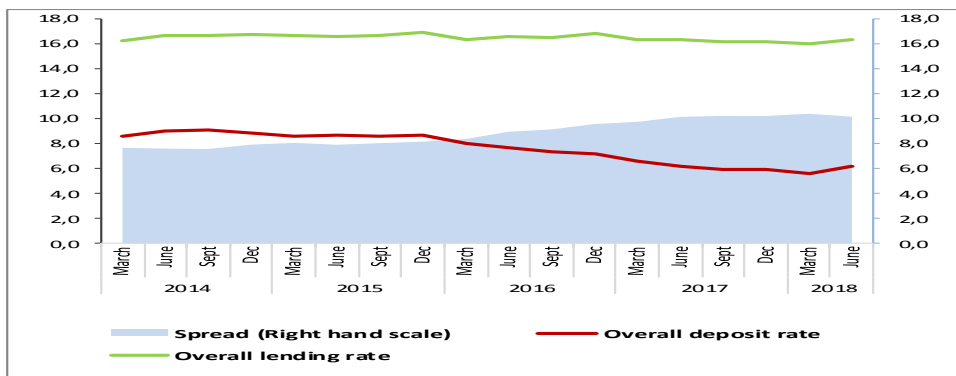
Chart 10: Money market interest rate (in %)



Source: BRB

The average interest rate on the outstanding loans slightly increased, standing at 16.31% in June 2018 compared to 15.97 recorded in the previous quarter. This rate was 16.3% in the same period in 2017. In opposite, the average interest rate on the loans issued during the second quarter 2018 decreased, reaching 15.32 % against 17.32% recorded in the previous quarter and 16.75% in the same period in 2017.

Chart 11: Lending and deposit interest rate average (in %)



Source: BRB

Quarter-on-quarter basis, the average deposit rate slightly rose (6.17 against 5.59%). This improvement is linked to the increase of interest rates on savings and term deposits (6.94 against 6.51%), sight deposits (3.54 against 3.11%), passbook saving accounts (5.46 against 4.62%) and on saving cash notes (4.8 against 4.34%). The overall deposit interest rate averaged at 6.17% as for the corresponding period in 2017.

2.4.2. Reserve money

The reserve money increased by 6.7% in the second quarter 2018, from BIF 518,671.2 to BIF 553,180.1 million, as a result of the growth of net domestic assets (+4.1%) and net foreign assets (+3.2%). By components, the increase of reserve money was mainly driven by the currency in circulation (+10.7%).

Table 10: Reserve money and its counterparts (in BIF million)

	June_17	March_18	June_18	change (in %)	
				Quarter	Annual
Currency in circulation	301 775,5	302 042,8	334 282,7	10,7	10,8
Bank and microfinance deposits	114 345,2	164 348,2	165 422,9	0,7	44,7
Other financial corporation deposits	2 615,4	1 222,4	1 303,4	6,6	-50,2
Othr deposits	48 889,4	51 057,8	52 171,1	2,2	6,7
Total	467 625,5	518 671,2	553 180,1	6,7	18,3
Net foreign assets	-140 477,0	-180 504,6	-174 715,9	3,2	-24,4
Net domestic assets	608 102,5	699 175,8	727 896,0	4,1	19,7
Net claims on the Government	542 983,6	484 199,4	412 542,6	-14,8	-24,0
Other items , net	65 118,9	214 976,4	315 353,4	46,7	384,3

Source: BRB

On a year-over-year basis, the reserve money grew by 18.3%, following the increase of net domestic assets (+19.7%) which outweighed the decrease in net foreign assets (-11.4%).

The analysis in terms of contribution to the changes of reserve money indicates that the rise was both domestic (5.5 percentage points) and external origin (1.1 percentage points) quarter-on quarter. On a year-over-year basis, the growth was mainly of domestic origin (+25.6 percentage points).

Table 11: Source of change of reserve money at the end June 2018

	Change from March 2018	Change from June 2017
NFA	1,1	-7,3
NDA	5,5	25,6
Net claims on the Government	-13,8	-27,9
Other items , net	19,3	53,5
Base money	6,7	18,3

Source : BRB

2.4.3. Broad money and its counterparts

The money supply (M3) rose by 4.5% at the end of June 2018, standing at BIF 1,637.0 billion compared to BIF 1,566.2 billion recorded in the previous quarter. This increase concerned the currency in circulation outside banks (+13.2%), demand deposits (+4.1%), while the deposits of resident in foreign currency (-5.3%).

The increase of M3 during the second quarter 2018 resulted from the progress of net domestic assets (+ BIF 101,855.2 million, or 5.9%) which exceeded the decrease of net foreign assets (-BIF 31,002.4 million, or 18.3%). The net domestic assets growth was driven by all its counterparts; net claims on the government (+4.9%), claims on the economy (+5.7%) and other items net (+1.9%).

Table 12: Quarterly development of broad money and its counterparts (in BIF million).

	June 17	Dec.17	March 18	June 18	change (in %)	
					Quarter	Annual
M3	1,417,053.1	1,501,336.1	1,566,158.0	1,637,010.8	4.5	15.5
NFA	-153,117.4	-149,085.4	-169,690.1	-200,692.5	18.3	31.1
NDA	1,570,170.5	1,650,421.5	1,735,848.1	1,837,703.3	5.9	17.0
Domestic credit	1,881,479.3	2,007,146.0	2,045,580.1	2,153,298.1	5.3	14.4
Net claims on the Government	1,010,411.0	1,114,204.4	1,136,698.3	1,192,798.1	4.9	18.1
Claims on the economy	871,068.3	892,941.6	908,881.8	960,500.0	5.7	10.3
Other items , net	-311,308.8	-356,724.5	-309,732.0	-315,594.8	1.9	1.4

Source: BRB

On a year-on-year basis, the money supply increased by 15.5% as a result of the expansion of domestic credit (+ 16.9%). Regarding the components, demand deposits (+14.9%), currency outside banks (+8.0%), term and savings deposits (+23.5%) and the deposits of resident in foreign currency (+15.2%) increased.

Table 13: Change of broad money and its counterpart at the end June 2018

	change from March 2018	Change from June 2017
Net foreign assets (NFA)	-2.0	-3.4
Net domestic assets (NDA)	6.5	8.9
o/w: - Domestic credit	6.9	19.2
- Other Items net	-0.4	-0.3
Broad money (M3)	4.5	15.5

Source: BRB

The quarterly increase of the money supply was of domestic origin (+6.5 percentage points). Similarly, the annual growth of M3 was of domestic origin (+15.5 percentage points).

2.5. Main indicators of banking sector and financial soundness

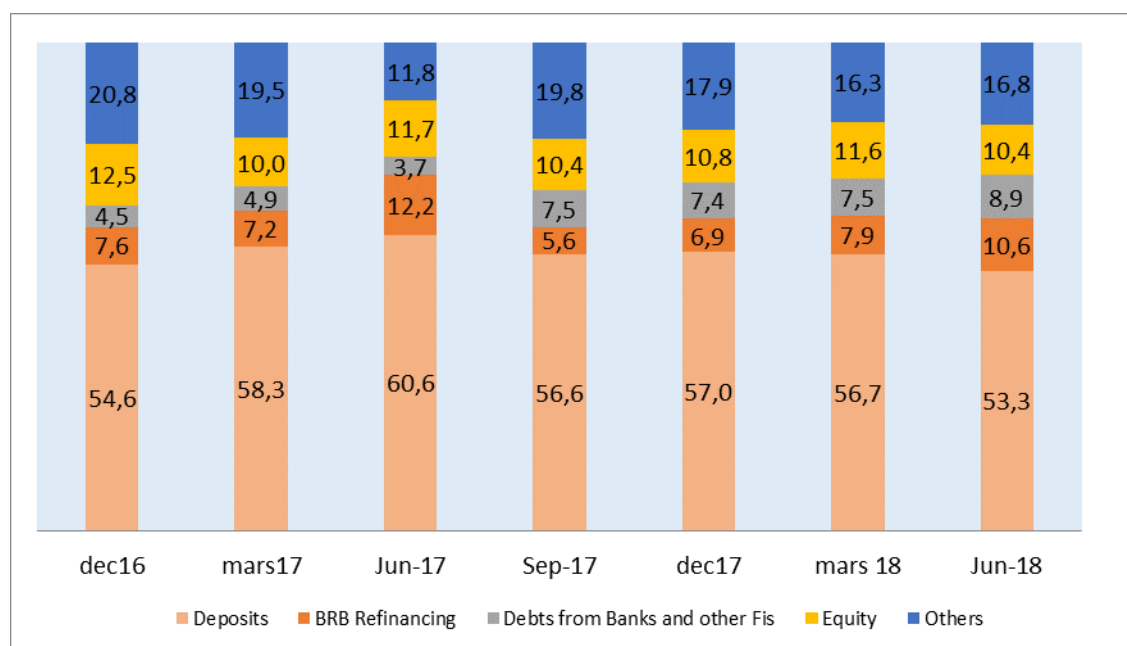
2.5.1. Banking activity

At the end of June 2018, the total banking sector balance sheet increased by 21.4% on year-on-year basis and by 7.2% on a quarterly basis. The deposits and loans portfolio also increased. The banking sector remained sufficiently capitalized and all regulatory and prudential standards were above the threshold. All sector's main profitability indicators improved.

2.5.1.1. Liabilities

Total deposits increased by 0.7% at the end of June 2018, standing at BIF 1,294.05 against BIF 1,284.5 billion at the end of March 2018. Compared with the same period in 2017, the total deposits increased by 8.9%. Despite this increase, the outstanding central bank's refinancing increased; from 170,466.8 to 258,387.0 MBIF quarter-on-quarter. In the same period in 2017, the outstanding refinancing amounted to 75,531.6 MBIF.

Chart 12: Breakdown of resources (in % of total)

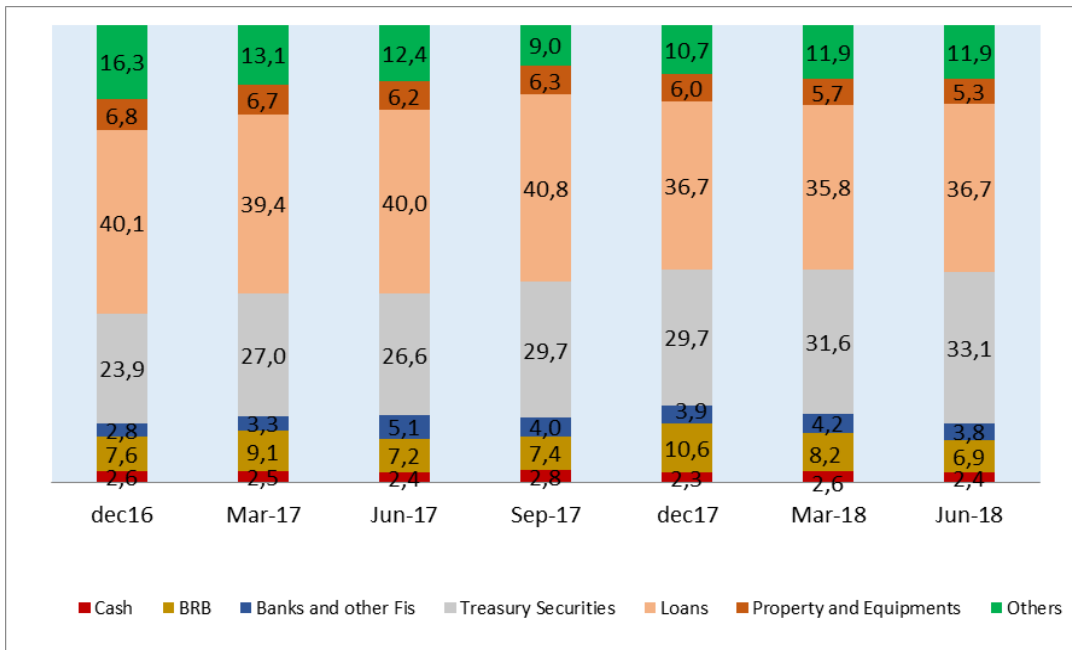


Source: BRB

2.5.1.2. Main assets

The banking sector assets are mainly made by loans to the economy and Treasury securities that represented respectively 36.7% and 33.1% of the total assets. The outstanding amount of Treasury securities held by banks increased by 12.1% quarter-on-quarter (802,706.2 against 716,145.6 MBIF). On a year-to-year basis, the outstanding Treasury securities increased by 54.3%. Loans to the economy increased by 10.0% on quarter-on-quarter basis, from 810,756.2 to BIF 892,120.2 million and 10.5% in the same period in 2017.

Chart 13: Breakdown of Assets (in % of total)



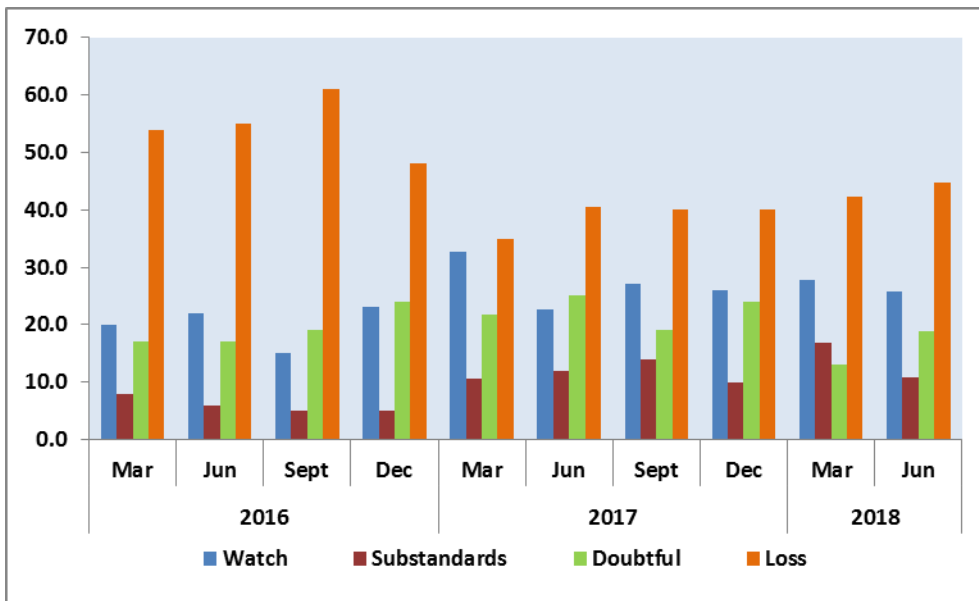
3.

Source: BRB

2.5.2. Loans portfolio quality

The overdue loans ratio decreased by 4.2 percentage points, standing at 17.8 from 22.0% in the previous quarter. However, it slightly increased compared to the same period in the previous year (17.3%).

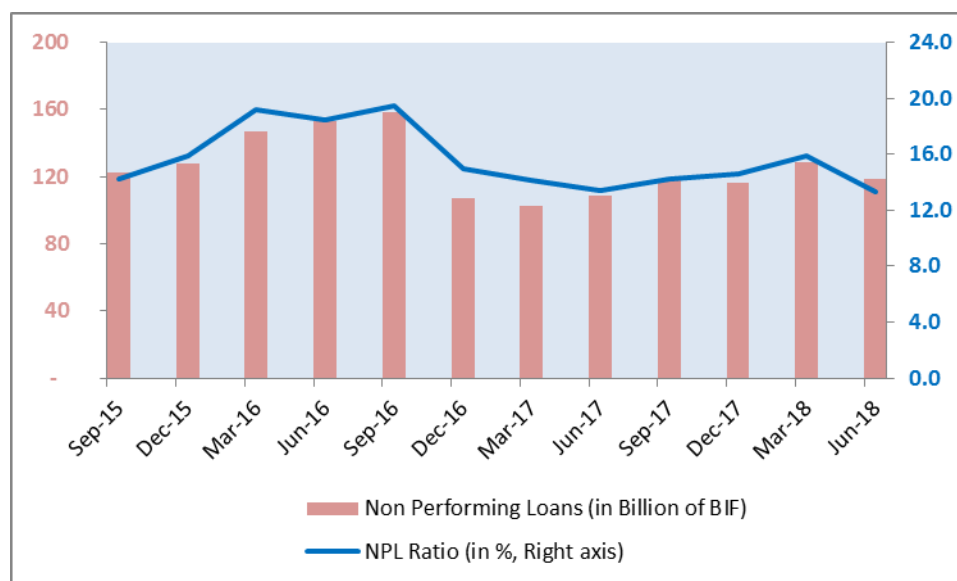
Chart 14: Overdue loans per class (in %)



Source: BRB

An analysis of loans by class indicates that, at the end of June 2018, watch and loss loans accounted respectively to 25.7% and 44.7% of overdue loans against 27.9% and 42.3% at the end of March 2018, while they were respectively at 22.6% and 40.6% in the same period of the previous year. Compared to the same period in 2017, the non-performing loans ratio almost stabilized (13.3% against 13.4%) due to the decrease of doubtful loans.

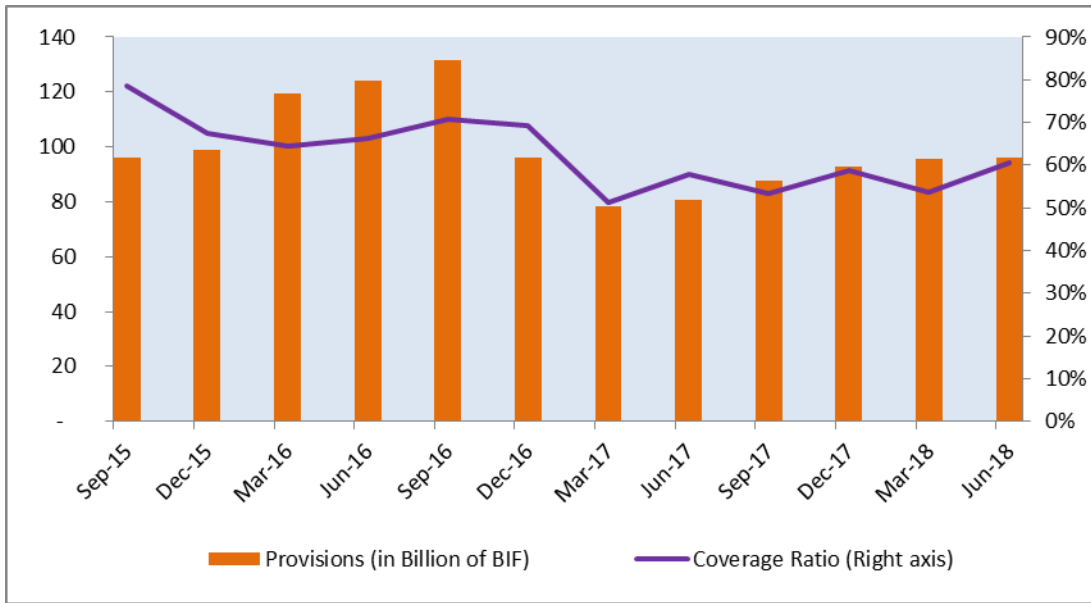
Chart 15: Non-performing loans



Source: BRB

Consecutively to the increase of overdue loans, banks made provisions to covered credit risk; they increased by 18.8% year-on-year basis (96,109.0 against BIF 80,874.3 million) and 0.7 % compared to the previous quarter.

Chart 16: Provisions and coverage rate

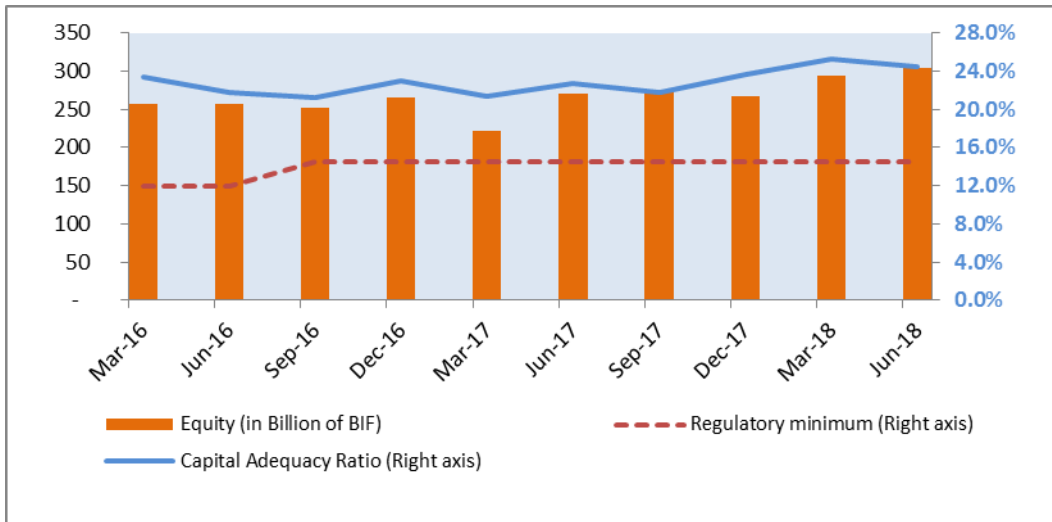


Source: BRB

2.5.3. Capital adequacy

The total equity increased at the end of June 2018, consequently the total capital adequacy ratio stood at 24.4 against 25.3% at the end of March 2018, above the regulatory minimum of 14.5%.

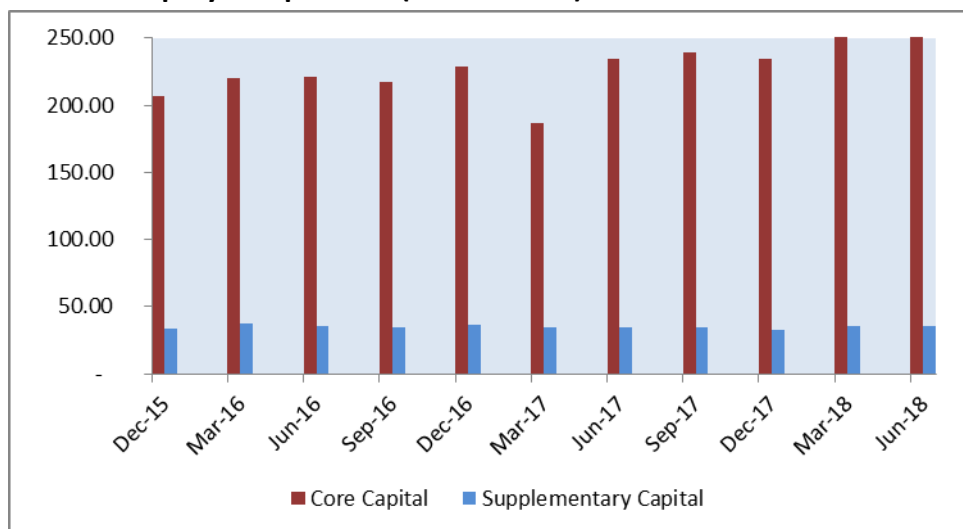
Chart 17: Equity evolution



Source: BRB

Total equity increased by 12.5% on year-on-year basis, from 269.7 billion of BIF to 303.4 billion linked to the incorporation of banks' profit at the end of 2017, and increased by 3.0 % compared to the previous quarter.

Chart 18: Equity composition (in BIF billion)



Source: BRB

On a year-to-year basis, the core capital ratio rose by 21.6 against 19.7% and is well above the regulatory standard of 12.5%. Quarter-on-quarter, it decreased by 0.6 percentage points.

2.5.4. Profitability of the banking sector

On a year-on-year basis, net banking income rose by 24.9%, from 81,264.3 to BIF 101,489.0 million recorded at the end of June 2018, mainly due to the increase of total bank commissions and interest. The net income also increased by 45% at the end of June 2018, from 21,663.0 to BIF 31,416.9 million. Likewise, the return on Assets (ROA) and the return on equity (ROE) improved at the end of June 2018 to 1.3 and 10.4%, against 1.1% and 8.0% respectively.

CONCLUSION AND MONETARY POLICY MEASURES

The economic growth slightly improved in most OECD countries in the second quarter 2018 compared to the previous quarter. However, it slightly declined compared to the same quarter of 2017 due to the protectionist trade measures adopted by United States of America against its main trading partner's states. The world trade has been significantly affected by the trade conflict between advanced economies. The inflation rose following the increase of oil prices.

According to the IMF's forecasts made in July 2018, the global economic growth would remain at 3.9% in 2018 as initially forecasted but it remained divergent between advanced countries on one hand and developing countries on the other hand, depending on the oil price's impact on the economic activity.

In East African Community, the economic growth remained robust in the second quarter 2018 linked to the good harvest, public investments in infrastructures and foreign direct investments in telecommunications and oil exploration and extraction.

In local economic environment, the main productions in the real sector improved in the first quarter 2018, especially agriculture production, coffee and tea production increased as well. This improvement led to lower inflation and moderate exchange rate depreciation. In the banking sector, the total balance sheet rose. In fact, deposits and credits to the economy increased. The main indicators of the banking sector improved and this sector remained sufficiently capitalized, solvent and profitable.

In order to stimulate commercial banks to further finance economic activity, the BRB maintained the accommodative monetary policy during the second quarter 2018. The measures taken consisted on:

1. Provide banks necessary liquidity to finance the economy;
2. Maintain maturities of 7, 14 and 28 days for liquidity injection;
3. Finance coffee campaign at a fixed rate of 2% for a maturity of 28 days;
4. Interventions on the foreign exchange market to facilitate imports of essential products.

For the upcoming period, the BRB will adjust its measures accordance with economic and financial development.

ANNEXES

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

	2014	2015	2016	2017	2018
Primary Sector	497,9	488,0	495,5	489,8	507,3
- Subsistence agriculture	442,2	427,4	435,0	424,1	436,8
- Export Agriculture	18,4	21,3	18,0	17,7	19,6
- Coffee	3,2	4,9	4,0	5,5	6,4
- The	14,2	15,4	13,2	11,4	12,3
-Other export agriculture	1,0	1,0	0,8	0,8	0,9
- Forest	11,9	13,4	15,1	16,7	18,5
- Livestock	22,4	22,5	23,4	26,9	27,5
- Fishing	3,0	3,4	3,9	4,3	4,9
Secondary sector	315,7	290,2	295,5	290,0	301,3
-Mining	8,4	7,9	7,8	8,5	10,2
- Industries	211,9	192,3	191,6	188,1	194,5
- Food Industries	155,7	143,1	141,4	142,8	144,9
- Manufacturing	56,2	49,2	50,2	45,3	49,6
- Textile Industries	4,3	3,9	3,7	3,5	3,6
- Other monifaturing industries	51,9	45,3	46,5	41,8	46,0
- Water, gas and electricity	7,9	7,5	7,3	7,1	8,5
- Construction	87,5	82,5	88,9	86,3	88,0
Tertiary sector	784,4	829,2	867,1	899,8	938,2
- Trade	79,4	68,5	67,8	69,2	71,3
- Transport and communication	67,6	73,4	62,3	66,0	70,3
- Transport	15,6	16,8	13,1	13,4	13,8
- Postes, Telecommunication and internet	52,0	56,6	49,2	52,6	56,5
- Banks and insurance	98,2	100,0	104,0	111,2	123,5
- Accommodation, Food and other Merchant S	124,9	114,0	117,5	118,3	120,6
- Public Administration	272,9	298,9	346,2	372,2	400,1
- Education	195,6	209,1	219,5	230,4	242,7
- Health and social services	13,4	14,0	17,8	21,0	23,4
- Activities of a collective or personal nature	47,1	54,4	56,4	58,4	61,3
- Domestic services	4,7	5,4	6,2	7,1	8,3
- SIFIM	-119,4	-108,7	-130,5	-154,0	-183,3
GDP at cost of factors(1+2+3)	1 598,0	1 607,4	1 658,1	1 679,6	1 746,8
Indirect taxes minus subsidies	194,0	177,5	176,4	205,4	213,6
GDP at market price	1 792,0	1 784,9	1 834,5	1 885,0	1 960,3

Source : MBGP

APPENDIX 2: INFLATION BY MAIN COMPONENTS (in %)

Period	Headline Inflation	Food inflation	Non-food inflation
Jun-16	3,8	4,0	3,7
Jul-16	4,0	4,5	3,5
Aug-16	6,6	7,7	5,8
Sep-16	7,0	8,1	6,3
Oct-16	6,0	7,0	5,3
Nov-16	7,1	9,1	5,6
Dec-16	9,5	13,9	6,0
Jan-17	12,9	20,4	7,4
Feb-17	20,5	33,3	7,4
Mar-17	21,1	34,4	8,5
Apr-17	19,6	30,2	9,0
May-17	18,9	27,8	9,0
Jun-17	15,1	20,8	8,4
Jul-17	13,6	18,8	7,1
Aug-17	13,9	22,6	5,6
Sep-17	15,4	23,9	7,4
Oct-17	17,6	28,1	9,0
Nov-17	15,4	22,2	7,8
Dec-17	10,0	9,5	8,4
Jan-18	6,1	3,2	7,9
Feb-18	-1,3	-8,7	8,5
Mar-18	-2,6	-11,0	8,3
Apr-18	-1,7	-9,6	8,5
May-18	-1,0	-8,7	8,8
Jun-18	-0,4	-7,9	8,8

Source: BRB based on data of ISTEERU

APPENDIX 3: Government Financial Operations (in BIF million)

Period	Revenue and			Expenditure	Overall balance
	Revenue	Grants	grants		
Jun-16	60 148,7	11 341,8	71 490,5	76 846,7	-5 356,2
Jul-16	50 971,9	3 203,4	54 175,2	71 991,2	-17 815,9
Aug-16	55 808,9	4 202,5	60 011,4	73 289,7	-13 278,4
Sep-16	63 489,3	10 797,4	74 286,7	101 298,7	-27 012,0
Oct-16	47 249,9	12 755,9	60 005,8	102 470,2	-42 464,4
Nov-16	55 678,3	15 941,6	71 619,8	101 647,3	-30 027,5
Dec-16	59 232,6	21 314,8	80 547,4	110 352,1	-29 804,7
Jan-17	53 627,7	7 058,3	60 686,0	64 415,6	-3 729,6
Feb-17	51 656,9	10 991,7	62 648,5	84 274,1	-21 625,6
Mar-17	73 064,8	13 243,6	86 308,4	87 906,1	-1 597,8
Apr-17	51 144,7	9 769,6	60 914,3	98 016,5	-37 102,2
May-17	54 415,7	8 886,7	63 302,4	87 125,3	-23 822,9
Jun-17	65 194,3	22 169,0	87 363,3	88 592,8	-1 229,5
Jul-17	67 742,9	11 005,5	78 748,4	87 554,4	-8 806,0
Aug-17	72 246,7	9 317,2	81 563,9	113 343,3	-31 779,4
Sep-17	69 515,0	8 503,2	78 018,2	82 670,9	-4 652,7
Oct-17	60 683,3	16 279,2	76 962,5	124 142,8	-47 180,3
Nov-17	65 298,0	8 264,8	73 562,8	79 101,3	-5 538,4
Dec-17	69 552,5	13 024,2	82 576,7	131 400,0	-48 823,2
Jan-18	62 945,1	9 475,4	72 420,5	72 322,6	98,0
Feb-18	58 578,4	24 358,3	82 936,7	128 496,3	-45 559,6
Mar-18	90 994,6	18 147,3	109 141,9	107 614,4	1 527,4
Apr-18	65 134,6	17 173,8	82 308,4	96 051,6	-13 743,2
May-18	63 096,8	19 297,1	82 393,9	119 503,6	-37 109,7
Jun-18	75 254,2	31 153,2	106 407,4	151 436,3	-45 028,9

Source: MFBP

APPENDIX 4: Government debt (in BIF million)

Period	BRB	Tresury securities	Total domestic debt	External debt	Total Government debt
Jun-16	650 423,6	475 292,9	1 178 665,3	730 813,1	1 909 478,4
Jul-16	646 289,0	493 502,0	1 193 872,2	727 209,5	1 921 081,7
Aug-16	636 965,6	508 501,5	1 193 198,6	732 683,7	1 925 882,3
Sep-16	644 432,0	527 286,3	1 218 538,7	736 607,0	1 955 145,7
Oct-16	660 707,0	536 420,8	1 248 380,0	729 004,8	1 977 384,8
Nov-16	689 148,0	551 790,1	1 294 023,7	727 220,8	2 021 244,5
Dec-16	752 299,8	584 745,3	1 374 144,6	724 630,8	2 098 775,4
Jan-17	708 968,9	583 970,9	1 329 880,3	730 756,4	2 060 636,7
Feb-17	720 858,9	613 931,0	1 373 318,0	734 769,9	2 108 087,9
Mar-17	741 269,6	627 821,5	1 417 624,4	729 097,9	2 146 722,2
Apr-17	733 398,9	643 307,1	1 421 358,6	718 755,2	2 140 113,7
May-17	748 696,4	660 063,7	1 454 777,5	747 209,9	2 201 987,3
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	788 053,9	2 404 409,3
Feb-18	745 661,6	860 401,8	1 635 451,4	789 926,2	2 425 377,6
Mar-18	737 539,1	890 327,3	1 657 190,3	790 412,4	2 447 602,7
Apr-18	715 697,6	916 907,0	1 662 527,3	803 786,0	2 466 313,3
May-18	714 813,1	944 719,0	1 690 761,6	794 721,6	2 485 483,2
Jun-18	780 458,1	986 452,3	1 798 139,9	795 420,4	2 593 560,3

Source: BRB and MFBP

APPENDIX 5: Bank reserves (in BIF million)

Period	Total banking sector reserves	Central Bank Interventions
Jun-16	93,245.7	92,597.1
Jul-16	86,858.2	108,221.7
Aug-16	91,506.9	107,836.1
Sep-16	87,837.5	113,432.6
Oct-16	109,620.6	105,761.6
Nov-16	107,733.7	98,571.3
Dec-16	128,013.2	100,522.7
Jan-17	128,121.5	85,130.5
Feb-17	128,818.8	89,580.0
Mar-17	133,496.9	93,971.8
Apr-17	152,138.5	97,130.4
May-17	141,232.6	94,778.2
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

Source: BRB

APPENDIX 6: Money market interest rate (in %)

Month	Interbank market	Marginal lending facility	Liquidity providing	Tresury Bill at 13 weeks
Dec-15	5,00	9,82	3,40	6,82
Jan-16	5,00	9,44	3,46	6,44
Feb-16	5,00	9,41	3,38	6,41
Mar-16	5,40	9,21	3,27	6,21
Apr-16	-	9,58	3,32	6,58
May-16	4,56	9,45	3,30	6,45
Jun-16	-	8,92	3,14	5,92
Jul-16	5,00	8,84	3,18	5,84
Aug-16	-	7,98	3,14	4,98
Sep-16	3,50	7,79	3,09	4,79
Oct-16	3,50	7,55	2,98	4,55
Nov-16	3,85	6,80	2,55	3,80
Dec-16	-	7,64	2,38	4,64
Jan-17	3,12	7,91	2,40	4,91
Feb-17	5,18	8,50	3,72	5,50
Mar-17	6,00	9,01	4,92	6,01
Apr-17	6,00	7,96	5,36	4,96
May-17	5,50	7,17	3,85	4,165
Jun-17	4,20	7,14	2,92	4,135
Jul-17	5,14	6,98	3,34	3,98
Aug-17	4,32	7,45	2,70	4,45
Sep-17	4,21	7,92	2,73	4,92
Oct-17	-	8,19	2,52	5,19
Nov-17	4,08	8,25	2,50	5,25
Dec-17	4,00	7,13	2,79	4,13
Jan-18	3,77	7,02	2,75	4,02
Feb-18	3,64	6,98	2,54	3,98
Mar-18	-	6,59	2,84	3,59
Apr-18	-	6,16	3,19	3,16
May-18	4,45	5,51	3,57	2,51
Jun-18	4,17	5,07	3,82	2,07

Source: BRB

APPENDIX 7: Main indicators of the banking sector at the end June 2018 (in BIF Million)

	Jun-17	Mar-18	Jun-18 quarterly variation	Annual variation	
I. ASSETS	2 000 480,2	2 265 051,8	2 428 233,5	7,2	21,4
MAIN ASSETS	1 624 237,9	1 865 769,4	2 010 428,8	7,8	23,8
A. Liquid assets	817 112,3	1 055 013,2	1 118 308,6	6,0	36,9
. Cash	49 187,5	59 286,9	57 500,1	(3,0)	16,9
. B.R.B.	144 820,7	187 058,4	166 804,2	(10,8)	15,2
. Banks and other Fis	102 938,7	92 522,3	91 298,1	-1,3	-11,3
. Treasury Bills and bonds	520 165,4	716 145,6	802 706,2	12,1	54,3
B. Loans	807 125,6	810 756,2	892 120,2	10,0	10,5
. Short term	444 937,1	435 752,3	461 142,0	5,8	3,6
. Medium term	228 781,0	211 194,6	266 801,0	26,3	16,6
. Long term	133 407,5	163 809,3	164 177,2	0,2	23,1
. Leasing	-	-	-	-	-
. Other loans	-	-	-	-	-
Property and Equipments	140 668,2	178 278,1	129 758,3	-27,2	-7,8
C. Others	235 574,1	128 110,4	288 046,4	124,8	22,3
II. LIABILITIES	2 000 480,2	2 265 051,8	2 428 233,5	7,2	21,4
Main liabilities	1 495 723,0	1 634 156,8	1 768 767,9	8,2	18,3
. Customer Deposits	1 187 802,3	1 284 518,8	1 294 049,2	0,7	8,9
<i>of which: ten large deposits</i>	339 317,7	533 274,0	524 560,1	(1,6)	54,6
. BRB refinancing	75 531,6	170 466,8	258 387,0	51,6	242,1
. Others	-	-	-	-	-
. Debts towards banks and other Fis	232 389,1	179 171,2	216 331,7	20,7	-6,9
<i>of which : Residents</i>	171 493,8	111 208,4	113 294,8	1,9	-33,9
Capital and reserves	250 480,4	251 128,9	252 261,3	0,5	0,7
Others	254 276,8	379 766,1	407 204,3	7,2	60,1
III. BANKING SECTORS INDICATORS					
Capital adequacy					
. Core capital (in MBIF)	234 882,3	258 896,3	268 378,9	3,7	14,3
. Total capital (in MBIF)	269 701,5	294 535,5	303 401,4	3,0	12,5
. Risk weighted assets	1 189 912,0	1 164 506,9	1 244 866,2	6,9	4,6
. Core Capital Adequacy Ratio (standard 12,5%)	19,7	22,2	21,6		
. Total Capital Adequacy Ratio (standard 14,5%)	22,7	25,3	24,4		
. Leverage Ratio (standard 7%)	12,8	13,3	12,0		
Loans quality and concentration					
. Large exposures	147 134,7	141 112,4	155 091,0	9,9	5,4
. Watch loans	31 019,3	49 674,4	40 841,4	- 17,8	31,7
. Non performing loans	108 470,3	128 603,7	118 250,8	- 8,1	9,0
. Overdue loans	139 489,6	178 278,1	159 092,2	- 10,8	14,1
. Depreciations	80 874,3	95 465,5	96 109,0	0,7	18,8
. Total Gross loans/Total Gross assets (in %)	40,3	35,8	36,7	2,6	(8,9)
. Loans to the Government/Total Gross loans (*)	28,1	34,0	35,3		25,7
. Loans to the Government/Core capital (*)	249,2	303,8	331,7		33,1
. Non Performing loans rate	13,4	15,9	13,3		
. Impairment rate	17,3	22,0	17,8		
. Provisioning rate (in %)	74,6	74,2	81,3		
. Large exposures/Total Gross loans (in %)	18,2	17,4	17,4		
Liquidity					
. Liquidity Coefficient in BIF	52,7	61,1	60,2		
. Liquidity Coefficient in foreign currency	112,8	99,2	124,7		
. Total loans/total deposits	68,0	63,1	68,9		
. Stable resources over long term assets	166,1	142,4	149,1		
. Ten large deposits/Total deposits	28,6	41,5	40,5		
Profitability and performance					
. Income before tax	24 522,2	17 743,1	34 538,8	94,7	40,8
. Net income	21 663,0	16 019,1	31 416,9	96,1	45,0
. Banking net income	81 264,3	49 277,5	101 489,0	106,0	24,9
. ROA	1,1	0,7	1,3		
. ROE	8,0	5,4	10,4		
. Watch loans	32 418,1	49 674,4	40 841,3	-17,8	26,0
. Sub standards loans	16 740,7	29 990,2	17 230,2	-42,5	2,9
. Doubtful loans	35 140,9	23 098,0	29 880,1	29,4	-15,0
. Loss loans	56 589,2	75 515,4	71 140,4	-5,8	25,7

Source: BRB