



**BANQUE DE LA REPUBLIQUE
DU BURUNDI**

**MONETARY POLICY
COMMITTEE REPORT**

September 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

The global economic growth broadly slowdown in the third quarter 2018. Economic activity in major OECD countries declined whether in quarterly basis (0.5% against 0.7%) and year-on-year (2.4% against 2.8%), mainly driven by the negative effect of trade protectionist measures adopted by the United States of America on imports from China and other advanced and emerging countries.

According to the IMF's October 2018 projections, the global economic growth rate has been reviewed downwards to 3.7 % against 3.9 % initially forecasted, on account of the slowdown in economic activity recorded at the beginning of the year and the expected negative impact of US protectionist measures adopted on imports from China and other Asian emerging countries. Hence, the world trade volume may fall (4.2% against 5.2 in 2017).

In Sub-Saharan Africa, economic growth could reach 3.1 % in 2018 compared to 2.7% recorded in 2017, as a result of large capital inflows and the rising commodity prices.

Inflation rose in the third quarter 2018 in major advanced and emerging countries, especially in the Euro area (2.08 against 1.70 %) and in China (2.3 against 1.83 %), mainly on account of the rebound of oil price and other energetic products. However, it declined in United States of America (2.64 against 2.71 %).

In the East African Community, the economic growth could improve (5.9% in 2018 against 5.3 % in 2017) and may widely exceed the sub-Saharan African's (3.1%).

In Burundi, the main productions of the primary sector, the secondary sector and the tertiary sector increased in the third quarter 2018 compared to the same quarter in 2017. The inflation significant dropped (-2.9% against 14.3% in the same quarter 2017). For the all year 2018, the economic growth is expected to improve, the expected growth rate could attain 4.0 against 2.8 recorded in 2017, mainly due to improvement in all sectors. Inflation may decrease in 2018, following the decline in food product prices.

In third quarter 2018, the balance of payment recorded a lower net borrowing compared to the same quarter in 2017 (BIF 140,240.2 million against BIF 190,701.7 million).

This improvement is linked to decrease of the current account deficit coupled with the growth of capital account surplus. Official foreign exchange reserves decreased by 40.6% year-on-year, covering 0.8 against 1.6 months of imports of goods and services in the same quarter in 2017.

The Government Financial Operations recorded a lower fiscal deficit than in the corresponding quarter in 2017 (BIF 22,635.7 against BIF 45,238.1 million).

Commercial banks' reserves decreased in the third quarter 2018, consequently, they increase the central bank refinancing. The reserve money and the extended broad money rose in yearly and quarterly basis, mainly driven by the increase of net domestic assets.

The banking sector remained sufficiently capitalized in the third quarter 2018 and complied with all regulatory and prudential standards. All indicators of soundness and profitability have improved.

1. INTERNATIONAL ECONOMIC ENVIRONMENT

1.1. Global GDP growth

Compared to the previous quarter, the economic growth rate in the main OECD countries decelerated in the third quarter of 2018 (0.5 against 0.7%). Likewise, the growth rate slow down year-on-year (2.4 against 2.8%).

Table 1: Quarterly GDP growth of main advanced countries

	Quarter to quarter		Year on year	
	Q2-2018	Q3-2018	Q3-2017	Q3-2018
USA	1.0	0.9	2.3	3.0
Japan	0.8	-0.3	2.0	0.4
United Kingdom	0.4	0.6	1.8	1.5
Euro zone	0.5	0.2	2.8	1.7
OECD-Total	0.7	0.5	2.8	2.4
China	1.7	1.6	6.8	6.5
India	2.0	n.d.	6.4	n.d.

Source: OECD (2018), Quarterly GDB

In the United States, GDP growth declined quarter on quarter (0.9 against 1.0%) whilst it increased year-on- year basis (3.0 against 2.3%). In Japan, economic growth sharply fell quarter on quarter basis (-0.3 against 0.8%) and significantly slowdown year-on-year basis (0.4 against 2.0%). In United Kingdom, economic growth slightly improved (0.6 against 0.4%) quarter on quarter basis whilst it slowed down year -on- year (1.5 against 1.8%).

According to the IMF's October 2018, the global economic growth rate has been revised downwards, standing at 3.7% in 2018 compared to the initially forecast of 3.9%, particularly due to the negative effects of the protectionist measures and policies adopted by the United States of America towards its main trading partners, as well as the tightening financial conditions related to the US dollar appreciation.

Table 2: World economic growth

	2016	2017	2018(p)
World GDP	3.2	3.7	3.7
Advanced economies	1.7	2.4	2.4
USA	1.5	2.3	2.9
Euro zone	1.8	2.4	2.0
Japan	1.0	1.7	1.1
United Kingdom	1.8	1.7	1.4
Emerging and Developing Economies	4.4	4.7	4.7
China	6.7	6.9	6.6
India	7.1	6.7	7.3
Subsaharan Africa	1.5	2.7	3.1
Nigeria	-1.6	0.8	1.9
South Africa	0.6	1.3	0.8

Source: IMF, World economic outlook, October 2018

In advanced economies, economic growth is expected to stabilize at 2.4% in 2018 as in 2017, reflecting a slowdown of exports in the euro area and the drop of demand in major energy-importing countries. However, economic growth in the United States of America would remain robust (2.9 against 2.3% in 2017) and may be stimulated by the expansionary fiscal policy.

In emerging and developing countries, economic growth would stabilize at 4.7% in 2018 as in 2017, mainly as a result of the expected negative impact of the United States of America protectionist trade measures on imports from China and other Asian emerging countries. However, economic growth in India would remain strong (7.3 against 6.7% in 2017), mainly due to the positive effects of structural reforms.

In sub-Saharan Africa, economic growth may reach 3.1% in 2018 compared to 2.7% recorded in 2017, mainly driven by the large capital inflows and rising commodity prices.

1.2. World Trade

In 2018, the volume of world trade is expected to increase by 4.2% against 5.2% in 2017. This downturn is particularly due to the increase in tariffs applied by the United States of America on various imports from its main trading partners.

Table 3: World trade growth (%)

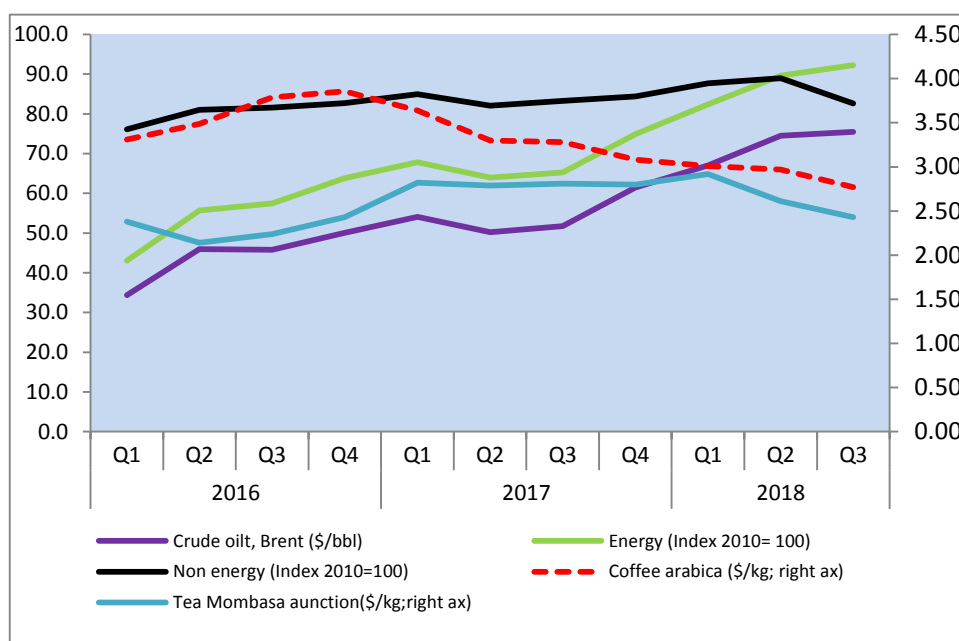
	2016	2017	2018 (p)
World trade (goods and services)	1.3	5.2	4.2
Importations			
Advanced economies	2.3	4.2	3.7
Emerging and Developing Economies	1.3	7.0	6.0
Exportations			
Advanced economies	3.0	4.4	3.4
Emerging and Developing Economies	0.2	4.7	4.8

Source: IMF, World economic outlook, October 2018

1.3. Commodity Prices evolution and inflation

In the third quarter 2018, overall commodity prices declined, except oil for which price continued to increase. Crude oil prices (Brent) went up from \$ 74.5 to \$ 75.5 / bbl quarter on quarter. On the other hand, the price of Arabica coffee was 2.77 against 2.97 \$ / kg and that of tea at Mombasa auctions was 2.43 against 2.61 \$ / kg. The energy index rose quarter on quarter, from 89.60 to 92.30, while the non-energy index fell to 82.60 from 89.00.

Chart 1: Commodity prices



Source: World Bank, Commodity prices, October 2018

Global inflation accelerated in the third quarter of 2018 in major advanced and emerging economies, mainly as a result of the rebound in oil and other energy prices.

Table 4: Inflation Year -on-year in main advanced and emerging countries (in %)

En glissement annuel			
	Q3-2017	Q2-2018	Q3-2018
China	1.60	1.83	2.30
United States	1.97	2.71	2.64
Japan	0.60	0.63	1.13
Euro Area	1.45	1.70	2.08
OECD-Total	2.17	2.53	2.87

Source: OECD (2018), Inflation

Compared to the previous quarter, inflation increased in the Euro Area (2.08 against 1.70%), in Japan (1.13 against 0.63%) and in China (2.30 vs. 1.83%). However, inflation fell in the United States of America (2.64 against 2.71%).

1.4. Monetary policy in developed countries

In the third quarter 2018, central banks in some advanced countries' maintained their accommodative monetary policies while the US Federal Reserve started to gradually normalize its monetary policy.

In the United States of America, the Federal Reserve started a gradual increase in the target range of federal rates consistent with a sustained expansion of economic activity and favorable labor market conditions. The new target range was between 2.0 and 2.25% compared to the range of 1.75 and 2.0% decided in the previous quarter.

In the euro area, the European Central Bank (ECB) kept unchanged its interest rates on the main refinancing operations, the marginal lending facility and the deposits facility remain respectively at 0.00%, 0.25% and -0.40%. However, the ECB reduced the amount of purchases of financial assets from Euros 30 to 15 billion per month.

The Bank of Japan (BoJ) maintained unchanged its monetary policy due to the moderate economic growth and the difficult to achieve the target inflation of 2%. The Bank of Japan maintained the negative interest rate (-0.1%) on deposits facilities and pursued its Treasury bond buyback program.

1.5. Main macroeconomic indicators of EAC countries

According to the IMF's forecasts made in October 2018, economic growth in EAC may improve by 5.9% in 2018 compared to 5.3% recorded in 2017. The growth rates expected is between 4.0 and 7.2%, largely above that of sub-Saharan Africa (3.1%).

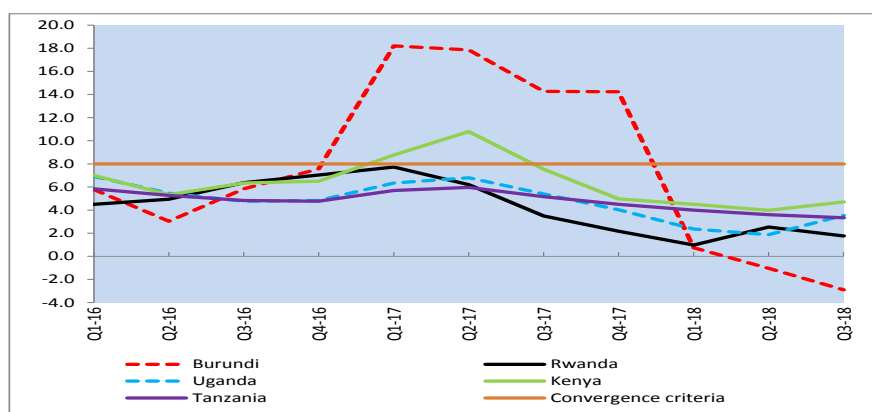
Table 5: GDP growth in EAC¹ countries (in %)

	2016	2017	2018 (proj.)
Burundi	2.8	2.8	4.0
Rwanda	6.0	6.1	7.2
Tanzania	7.0	6.0	5.8
Uganda	2.3	4.8	5.9
Kenya	5.9	4.9	6.0
EAC	5.4	5.3	5.9
SSAF	1.4	2.7	3.1

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

Although it remained below EAC's macroeconomic convergence criterion, the inflation rate recorded a mixed trend. It increased in Kenya (3.97 to 4.70%), Uganda (1.86 to 3.50%), while it decreased in Burundi (-2.9 against -1.0%), Rwanda (1.8 against 2.5%) and Tanzania (3.3 against 3.6%).

Chart 2: Inflation in EAC countries (in %)

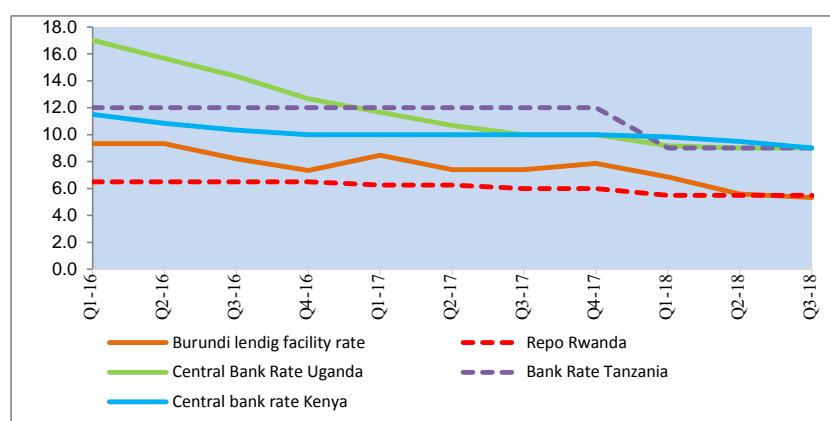


Source: EAC Central Banks web sites

Despite the rising prices in some EAC countries in the third quarter 2018, all central banks maintained the accommodative monetary policies to further stimulate economic activity.

¹ Burundi provided from the Macroeconomic Framework of Burundi, March 2018

Chart 3: Central bank interest rates (in %)



Source: EAC Central Banks web sites

Indeed, the policy rates of the central banks of Rwanda (5.5%), Uganda (9.0%) and Tanzania (9.0%) remained unchanged while the Central Bank of Kenya reduced its policy rate to 9.0 compared to 9.5% recorded in the previous quarter. In Burundi, the average rate of the marginal lending facility was 5.3 compared to 5.6% in the previous quarter.

On a year-on-year basis, except for the Ugandan Shilling, the currencies of the EAC countries fluctuated within the 5% corridor agreed in the context of exchange rate stability indicators in EAC countries.

Table 6: US Dollar exchange rate against EAC currencies

	End of period				
	USD/TZS	USD/RWF	USD/UGX	USD/KSH	USD/BIF
Sep-17	2,237.77	837.71	3,603.10	103.15	1,750.79
Jun-18	2,277.70	859.76	3,879.54	101.05	1,779.29
Sep-18	2,288.80	869.25	3,822.14	100.86	1,789.59
Annual change Sept-18/Sept-17 (%)	2.3	3.8	6.1	-2.2	2.2
Quarterly change Sept-18/Juin-18 (%)	0.5	1.1	-1.5	-0.2	0.6

Source: EAC Member states Central Banks websites

II. LOCAL ECONOMIC AND FINANCIAL DEVELOPMENT

2.1. *Production and Prices*

Industrial production slightly increased in the third quarter of 2018 compared to the corresponding quarter in 2017. The average industrial production index increased by 0.8%, mainly due to the improvement production in chemical industries (+ 13.3%) and building materials (+ 6.5%). Compared to the previous quarter, this index rose by 51.2%, from 118.6 to 179.2 driven by an increase of production in food industries (+ 53.6%) attributed to the beginning of the sugar production season and the growing production in the chemical industries (+ 26.4%).

REGIDESO's electricity production increased by 45.0% compared to the same quarter in 2017, rising from 40,124 to 58,181 megawatts. However, it fell by 2.7% compared to the previous quarter.

The volume of goods transiting to Bujumbura Port decreased by 5.0% compared to the same quarter in 2017. However, it slightly increased by 1.5% compared to the previous quarter. Concerning activity in Bujumbura International Airport, the number of passengers increased by 2.9% year-on-year and by 2.2% compared to the previous quarter. However, aircraft traffic decreased by 12.9% year-on-year and by 12.8% compared to the previous quarter.

The GDP growth rate is expected to reach 4.0% for all year 2018 against 2.8% recorded in 2017, mainly driven by improvement activity in all sectors.

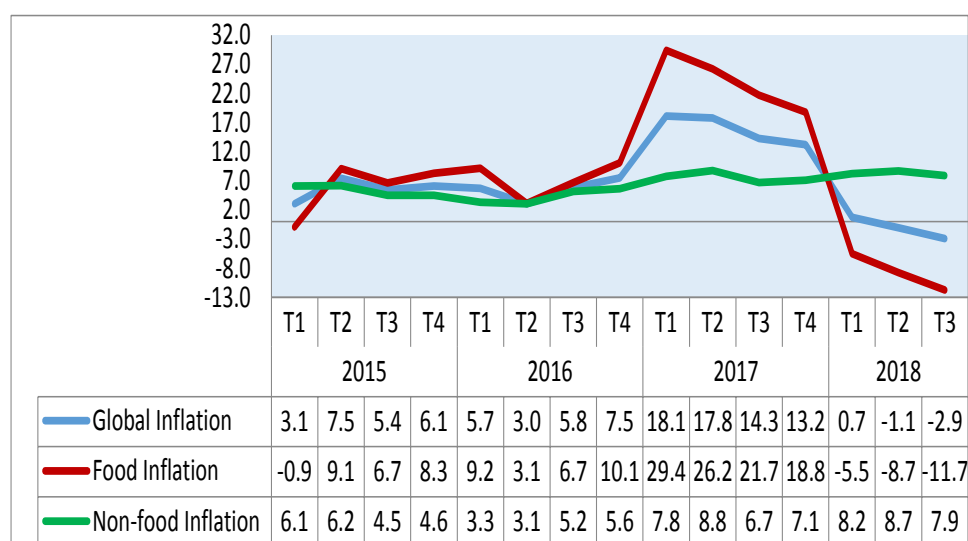
Table 5: Real GDP growth and inflation (in %)

	2014	2015	2016	2017	2018
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

Year-on-year basis, the inflation rate declined in the third quarter 2018, standing at -2.9 against 14.3% recorded in the same quarter in 2017, due to the food inflation slowdown (-11.7 against 21.7%).

Chart 4: Inflation by major components (in %)



Source: BRB based on data provided by ISTEERBU

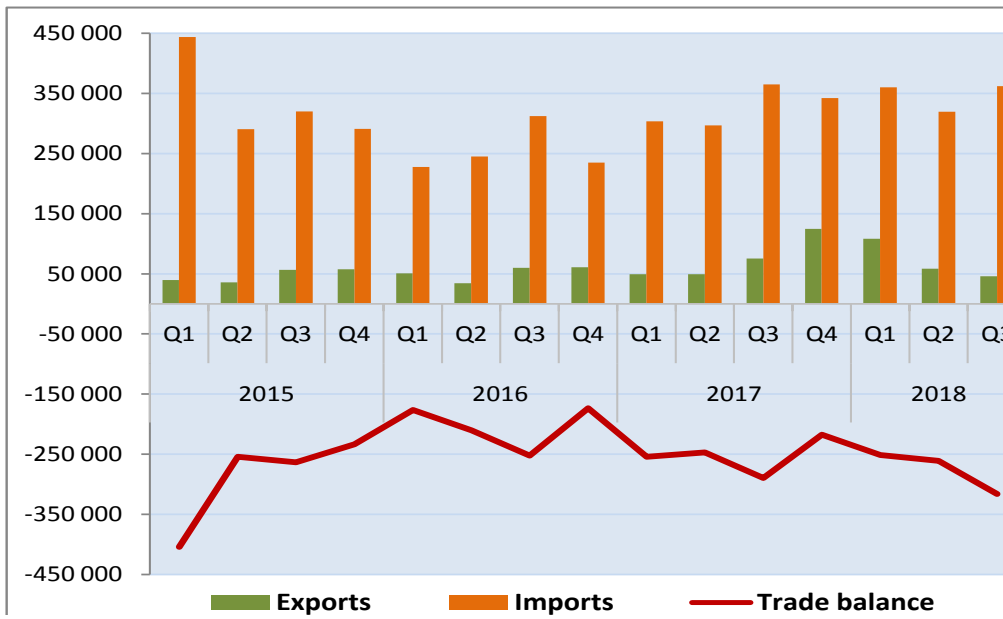
Likewise, compared to the previous quarter, inflation kept the downward trend (-2.9 against -1.1%) due to the food inflation declining (-11.7 against -8.7%). On an annual average, inflation could decrease in 2018, mainly driven by good harvest.

2.2. External sector

2.2.1. External trade

The trade balance deficit worsened in third quarter 2018, amounted to BIF 316,057.3 million compared to BIF 289,498.6 million recorded in the corresponding period in 2017, resulting from a larger contraction of exports (- BIF 29,589.6 million) than in imports (- BIF 3,030.9 million). Likewise, the coverage rate of imports by exports decreased to 12.7 % from 20.7%.

Chart 5: Trade balance (in BIF million)



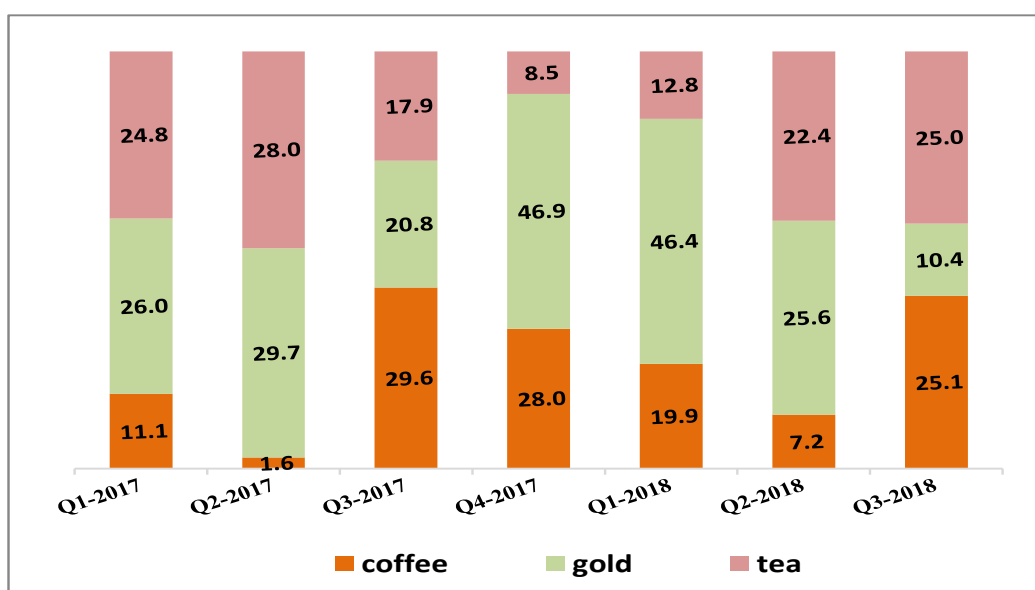
Source: BRB

Imports slightly decreased by 0.8%, from BIF 364,903.7 million to BIF 361,872.8 million, as a result of the declining of imports of consumer goods (- BIF 23,180.5 million) and capital goods (-BIF 3,998.6 million). However, intermediate goods increased (+BIF 24,148.2 million).

The decrease of consumer goods mainly concerned textiles (-BIF14, 840.8 million) while those of capital goods particularly affected tractors, vehicles and transport machinery (-6,031.8 million). The increase of intermediate goods mainly concerned mineral oils (+BIF24, 580.1 million).

Exports went up by 39.2%, dropping at BIF 45,815.4 million from BIF 75,405.0 million, driven by the decrease both of primary exports (-BIF23,163.8 million) and manufactured products (-BIF 6,425.8 million).

Chart 6: Main exports products (in % of the total exports)



Source: BRB

The contraction of primary exports mainly concerned non-monetary gold (-BIF 10,896.6 million) and coffee (- BIF 10,868.0 million). While the contraction of manufactured products affected cigarettes (-BIF 3,606.2 million), beer (-BIF 2,680.6 million) and dark glasses bottles (- BIF 2,232.3 million).

2.2.2. Balance of payments

In the third quarter 2018, the balance of payments recorded a net borrowing of BIF 140,240.2 million compared to a net borrowing of BIF 190,701.7 million in the corresponding period in 2017. This improvement is linked to the declining of current account deficit (BIF 181,425.7 million against BIF 219,458.2 million) coupled with an increase of capital account surplus (BIF 41,185.6 million against BIF 28,756.5 million).

Table 6: Balance of payments (in BIF million)

	Q3-2017	Q3-2018
CURRENT ACCOUNT	-219,458.2	-181,425.7
Credit	209,789.6	240,194.4
Debit	429,247.8	421,620.2
Goods	-236,409.2	-262,877.7
Exports FOB	75,405.0	45,815.4
Imports FOB	311,814.2	308,693.1
Services	-78,528.3	-28,887.5
Credit	22,611.9	64,025.2
Debit	101,140.1	92,912.7
Primary income	-549.8	5,101.3
Credit	3,176.8	8,947.2
Debit	3,726.6	3,845.9
Secondary income	96,029.1	105,238.2
Credit	108,596.0	121,406.7
Debit	12,566.9	16,168.5
CAPITAL ACCOUNT	28,756.5	41,185.6
Credit	29,044.9	41,282.8
Debit	288.3	97.3
Net lending (+)/Net borrowing (-) (from current and capital accounts)	-190,701.7	-140,240.2
FINANCIAL ACCOUNT		
Net lending (+)/Net borrowing (-) (from the financial account)	-140,262.8	-80,362.2
Direct investments	-34.8	0.0
net acquisition of financial assets	0.0	0.0
net incurrence of liabilities	34.8	0.0
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 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
Other investments	-135,494.6	-51,013.9
net acquisition of financial assets	29,998.8	-12,329.2
net incurrence of liabilities	165,493.4	38,684.6
<i>of which: Special Drawing Rights (SDRs)</i>	5,015.5	689.9
Reserve assets	-4,733.3	-29,348.3
NET ERRORS AND OMISSIONS	50,438.9	59,878.0

Source: BRB

The decrease of current account deficit is mainly driven by the decline of services deficit, from 78,528.3 million to BIF 28,887.5 million, especially general government services, and, to a lesser extent, by the increase of secondary incomes balance, from BIF +96,029.1 million to BIF 105,238.2 million and primary incomes, from BIF -549.8 million to BIF +5,101.3 million.

In the contrast, the deficit of goods widened, amounting to BIF 262.877,7 million from BIF 236.409,2 million, due to a large lowering of exports (-BIF29,589.6 million) than in imports (-BIF3,121.1 million).

Financial account recorded a deficit of BIF 80,362.2 million in third quarter 2018 against BIF 140,262.8 million recorded in the corresponding period in 2017, following a contraction of other investments deficit (BIF 51,013.9 million against BIF 135,494.6 million), due to a decrease of trade credits (BIF 66,700.7 million against BIF 114,474.5 million). Commercial banks' foreign assets increased by BIF 13,281.3 million compared to a decrease of BIF 21,157.2 million recorded at the same period of the previous year.

2.2.3. Evolution of foreign reserves

At the end of the third quarter 2018, the foreign assets decreased by 16.1% compared to the previous quarter and by 22.1% year-on-year basis.

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

	End of period in USD million			Change in %	
	Sep-17	Jun-18	Sep-18	Quarterly	Annual
Foreign assets held by BRB	113.50	83.70	70.10	-16.2	-38.2
O/w: official Reserves	99.80	73.60	59.30	-19.4	-40.6
Foreign assets held by commercial banks	81.00	96.80	81.40	-15.9	0.5
Total foreign assets	194.50	180.50	151.50	-16.1	-22.1

Source: BRB

The central bank's foreign assets fell by 16.2 % at the end of September 2018 compared to the previous quarter and by 38.2% compared to the same period in 2017. Those of the commercial banks decreased by 15.9% quarter-over-quarter, while they slightly increased year-on-year (+ 0.5%).

The official reserves decreased by 19.4 % compared to the previous quarter, to USD 59.3 million from USD 73.6 million. They decreased by 40.6% year-on-year and covered 0.8 month of imports of goods and services compared to 1.6 month recorded in the same quarter in 2017.

The BRB's interventions on the Interbank Foreign Exchange Market significantly increased in the third quarter 2018 compared to the previous quarter, amounted to USD 60.7 million against USD 1.5 million while they were USD 47.4 million at the same period of 2017.

2.3. Public finance

In the third quarter 2018, the fiscal deficit (including grants) slowdown compared to the corresponding quarter of the previous year, dropping from BIF 45,238.1 to BIF 22,635.7 million, mainly due to the increase of revenue and the decrease of current expenditures. This deficit was financed by a net domestic debt.

Table 8: Financial Government Operations (in BIF million)

	3rd Quarter 2017	2nd Quarter 2018	3rd Quarter 2018
A. REVENUE AND GRANT	238,330.5	271,109.8	250,025.2
1. Revenue	209,504.6	203,485.7	210,154.2
Current revenue	209,504.6	203,485.7	210,154.2
Special revenue	-	-	-
2. Grants	28,825.9	67,624.1	39,871.0
Current	-	-	-
In Capital	28,825.9	67,624.1	39,871.0
B. EXPENDITURE	283,568.6	376,436.3	272,660.9
1. Current Expenditure	227,061.5	238,149.9	208,114.2
Salaries	96,271.4	100,063.2	101,920.8
2. Capital Expenditure	56,507.1	138,286.4	64,546.7
On local resources	24,965.6	60,414.7	21,490.0
On external borrowing and grants	31,541.6	77,871.7	43,056.7
OVERALL BALANCE INCLUDING GRANTS (Commitment basis)	-45,238.1	-105,326.5	-22,635.7
C. FINANCING	45,238.1	105,326.5	22,635.7
External borrowing, net	-190.5	6,301.6	-728.5
Local financing, net	10,302.2	65,166.8	58,530.4
D. Error et omission	35,126.5	33,858.1	-35,166.2

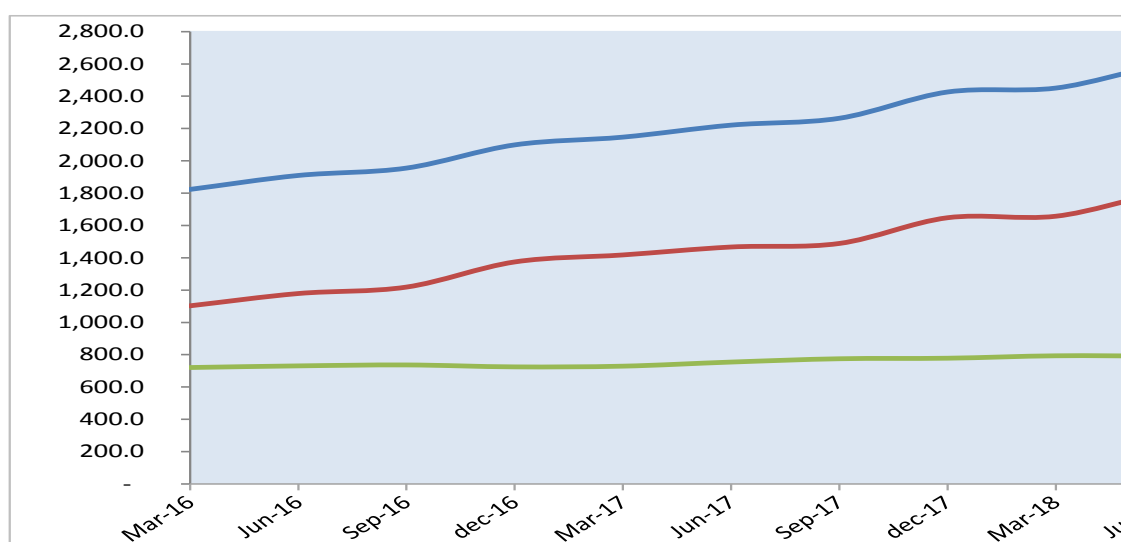
Source: MFBCDE

The revenues collected in the third quarter slightly increased, amounted to BIF 210,154.2 million compared to BIF 209,504.6 recorded in the same quarter in 2017. Likewise, grants amounted to BIF 39,871.0 against BIF 28,825.9 million recorded in the third quarter in 2017. Compared to the previous quarter, they fell by 41%.

Year-on-year, expenditures decreased by 3.8%, from BIF 283,568.6 to BIF 272,660.9 million, due to the decline in current expenditure (-BIF 18,947.3 million, or -8.3%). Compared to the previous quarter, they decreased by 27.6%, as a result of the slowdown in both current expenditure (-BIF30.035.7 million, or -12.6%), and capital expenditure (-BIF 73.739, 7 million, or -53.3%).

Public debt grew by 16.2 percent year-on-year, from 2,263.6 to BIF 2,629.3 billion, and increased by 1.5 percent compared to the previous quarter. The stock of domestic debt increased by 23.7 percent year-over-year, amounting to 1,488.7 against BIF 1,841.0 billion. It grew by 0.7 percent in quarterly basis, mainly driven by Treasury bills and Central Bank overdraft. By component, the domestic debt represented 70.0% of total public debt at the end of September 2018.

Chart 7: Public debt evolution (in BIF million)



Source: BRB

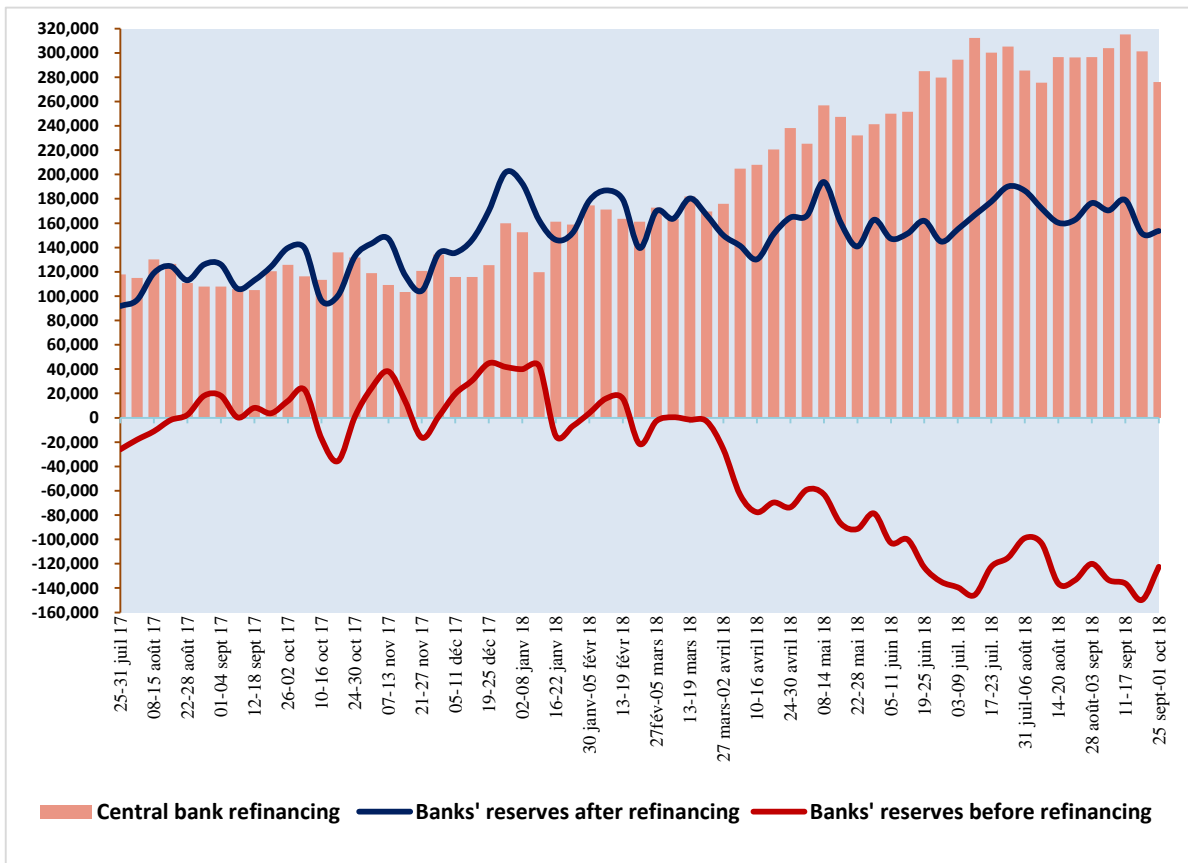
External debt also increased year on year (BIF 788,339.8 million against BIF 774,953.0 million), due to new drawings (BIF 21,589.3 million) and revaluation gains (BIF 10,761.1 million) that offset the repayment (BIF 18,963.6 million). By component, external debt comprises the 77.4% of multilateral debt, 13.3% of bilateral debt and 9.3% of other creditors.

2.4. Monetary sector

2.4.1. Bank reserves and interest rates

Commercial banks reserves without central bank interventions decreased in the third quarter 2018, amounted to –BIF 125,582 million in weekly average against –BIF 83,869 million recorded in the previous quarter while they stood at BIF 110 million in the same quarter in 2017.

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

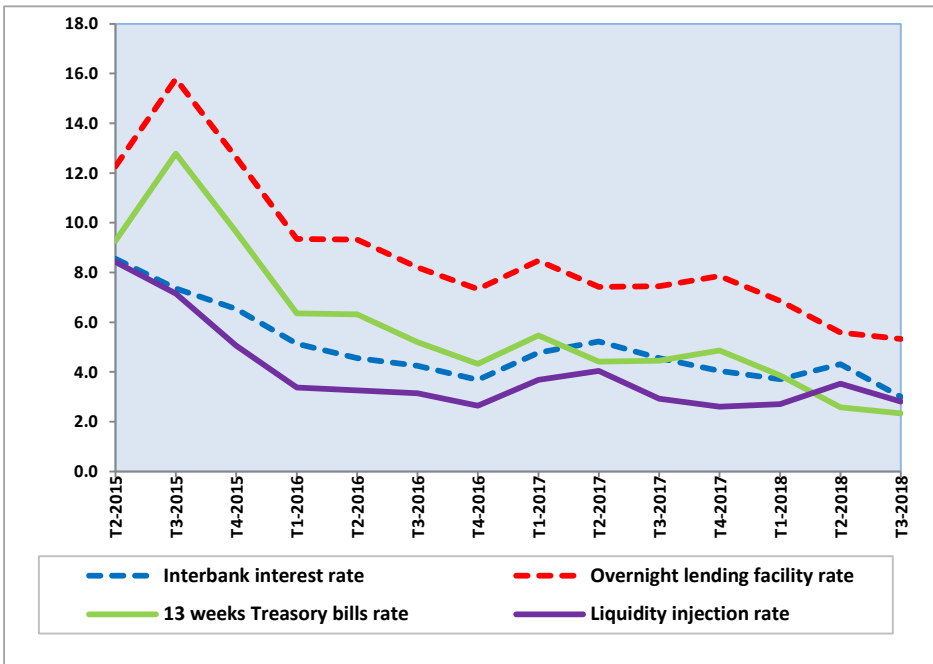


Source: BRB

Due the declining of their reserves, commercial banks increased their refinancing towards central bank, amounted to BIF 294,958 million in weekly average against BIF 237,869 million in the previous quarter 2018 and BIF 110,889 million in the same period 2017.

The money market interest rates declined in the third quarter 2018. The interbank interested rate decreased from 4.31 % to 3.00% and the interest rate on liquidity mopping fell to 2.81% from 3.53% from quarter –on- quarter. The average interest rate on the overnight lending facility stood at 5.33 against 5.58 % in the previous quarter, as a result of the decrease on the thirteen weeks Treasury bills interest rate on which it is indexed (2.33 against 2.58%).

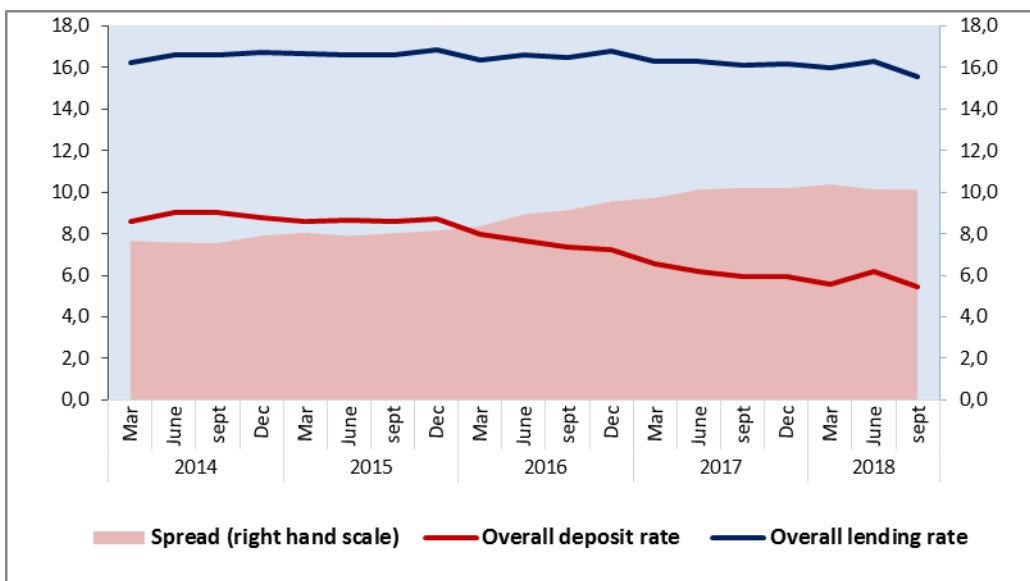
Chart 9: Money Interest Rate in percent



Source: BRB

In the third quarter 2018, the average interest rate on outstanding loans slightly decreased, standing at 15.57% against 16.31% in June 2018 and 16.13% in the same period in 2017. Similarly, the average interest rate on the new loans fell to 15.78% in the third quarter 2018 compared to 17.17% recorded in the same period in 2017.

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



Source: BRB

The overall deposits interest rate decreased compared to the previous quarter (5.45 against 6.45%). This decrease concerned interest rates on term deposits (6.67 against 6.94%), demand deposits (2.63 against 3.54%), passbook accounts (4.55 against 5.46%) and the saving cash notes (3.90 against 4.80%). Similarly, compared to the same period in 2017, the overall deposit interest rate slightly fell (5.45 against 5.92%).

2.4.2. Reserve money

The reserve money slightly rose quarter -on- quarter basis (+ 0.6%), amounting to BIF 551,715.3 million at the end of September 2018 from BIF 548,546.9 million at the end of June 2018, resulting from the increase in domestic assets (+ 1.8%), while net foreign assets declined (-5.6%).

Regarding the components of the reserve money, this increase concerned deposits of commercial banks and microfinance (+BIF 10,757.1 million), financial institutions (+BIF 1,698.3 million) and deposits classified in other deposits (+BIF 4,475.3 million). On the other hand, the currency in circulation decreased (- BIF 13,762.3 million).

Table 9: Reserve money and its counterparts (in BIF million)

	sept-17	June-18	sept-18	change (in %)	
				Quarterly	Annual
Currency in circulation	297 683,1	334 282,7	320 520,4	-4,1	7,7
Bank and microfinance deposits	165 693,0	165 348,5	176 105,6	6,5	6,3
Other financial corporation deposits	2 490,4	1 303,4	3 001,7	130,3	20,5
Othr deposits	57 499,3	47 612,3	52 087,6	9,4	-9,4
Total	523 365,8	548 546,9	551 715,3	0,6	5,4
Net foreign assets	-134 023,8	-175 279,1	-185 086,7	-5,6	-38,1
Net domestic assets	657 389,6	723 826,0	736 802,0	1,8	12,1
Net claims on the Government	509 123,6	408 472,6	394 238,0	-3,5	-22,6
Other items , net	148 266,0	315 353,4	342 564,0	8,6	131,0

Source: BRB

The reserve money grew by 5.4% year-on-year basis, due to the increase of net domestic assets (+ 12.1%). This increase is mainly driven by the rising of banks and microfinance deposits (+ 6.3%) as well as the growth of the currency in circulation (+ 7.7%).

The analysis in terms of contribution of reserve money growth indicates that the changes were attribute of internal origin, in both quarterly (2.4 percentage points) and yearly basis (15.2 percentage points).

Table 10: Source of change of reserve money at the end September 2018

	Change from June 2018	Change from September 2017
NFA	-1,8	-9,8
NDA	2,4	15,2
Net claims on the Government	-2,6	-22,0
Other items , net	5,0	37,2
Base money	0,6	5,4

Source : BRB

2.4.3. Broad money and counterparts

Compared to the previous quarter, the money supply (M3) increased by 4.0% at the end of September 2018, amounting to BIF 1,697.9 against BIF 1,632.5 billion. This increase concerned demand deposits (+ 4.3%), term and savings deposits (+7.0%) and deposits of residents denominated in foreign currencies (+ 12.2%), while currency in circulation decreased (-5.6%).

The quarterly growth of money supply resulted from the increase of net domestic assets (+ BIF 81,206.6 million) despite the decrease of net foreign assets (-BIF 15,737.5 million).

Table 11: Broad money and counterparts (in BIF million)

	sept-17	June-18	sept-18	change (in %)	
				Quarterly	Annual
M3	1 428 077,8	1 632 452,0	1 697 921,2	4,0	18,9
NFA	-176 379,5	-201 255,7	-216 993,1	-7,8	-23,0
NDA	1 604 457,3	1 833 707,7	1 914 914,3	4,4	19,3
Domestic credit	1 958 234,0	2 149 228,1	2 235 354,0	4,0	14,2
Net claims on the Government	1 036 676,9	1 188 728,1	1 234 703,8	3,9	19,1
Claims on the economy	921 557,1	960 500,0	1 000 650,2	4,2	8,6
Other items , net	-353 776,7	-315 520,4	-320 439,7	-1,6	9,4

Source: BRB

On a year-on-year basis, the money supply increased by 18.9%, from BIF 1,428.1 billion to BIF 1,697.9 billion. The increase of M3 was driven by demand deposits (+ 18.5%), term and savings deposits (+ 26.9%), deposits of residents denominated in foreign currencies (+ 24.3%) and currency outside banks (+ 6.7%). The rise in quarter –on- quarter basis resulted from the increase of domestic credit (+ 14.2%) while the net foreign assets fell (-23.0%).

Table 12: Source of change of broad of money at the end of September 2018

	change from June- 2018	Change from Sept- 2017
Net foreign assets (NFA)	-1,0	-2,8
Net domestic assets (NDA)	5,0	21,7
o/w: - Domestic credit	5,3	19,4
- Other Items net	-0,3	2,3
Broad money (M3)	4,0	18,9

Source: BRB

The quarterly increase of the money supply was internal origin (+5.0 percentage points). Likewise, the annual growth of M3 was of domestic origin (+21.7 percentage points).

2.5. Main Indicators of banking sector and financial stability

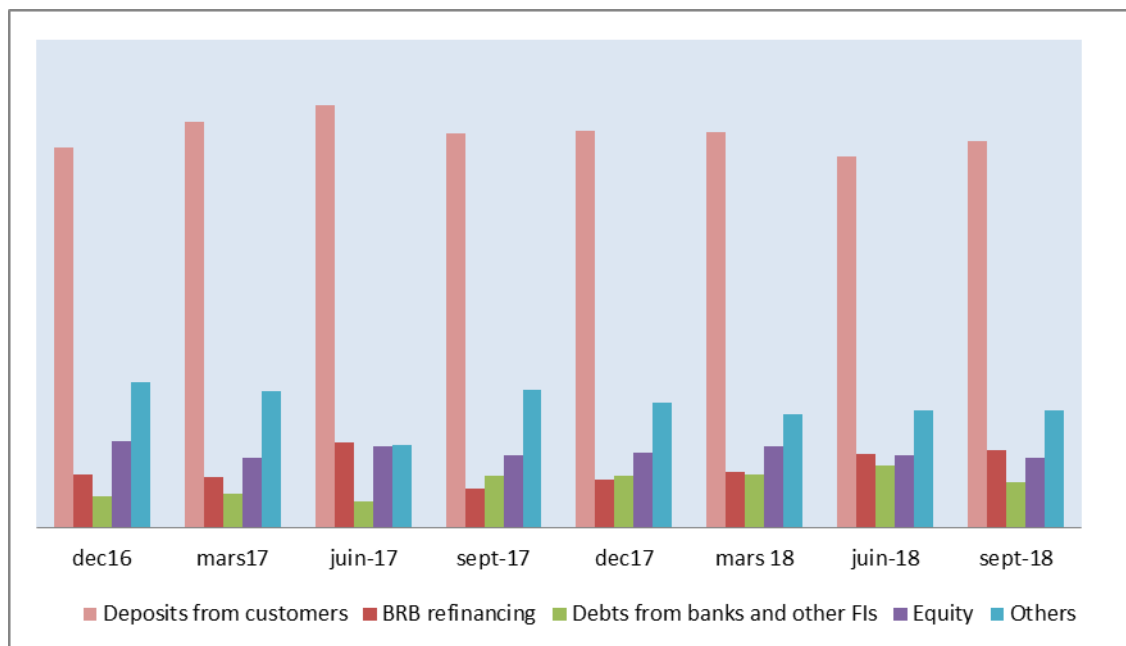
At the end of September 2018, the total banking sector balance sheet increased by 23.5% compared to the same period of 2017 and by 4.2% compared to the end of June 2018. The Deposits and the loans portfolio also increased. The banking sector has remained sufficiently capitalized and all regulatory and prudential standards were met. All sector's main profitability indicators improved.

2.5.1. Main indicators of banking sector

2.5.1.1. Main resources

At the end of September 2018, total banking sector deposits increased by 8.5%, amounting to BIF 1,404.4 against BIF 1,294.05 billion at the end of June 2018. Compared to the same period in 2017, total deposits rose by 21.0%.

Chart 11 : Liabilities by structure (in %)

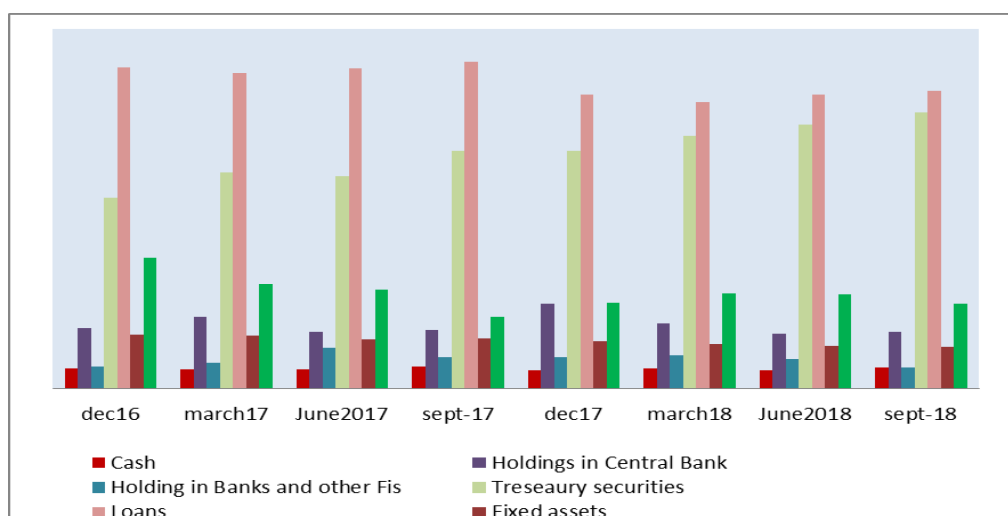


Source: BRB

2.5.1.2. Main Assets

The banking sector assets are mainly made up of loans to the economy and Treasury securities that represented respectively 37.2% and 34.5% of the total assets. The outstanding of Treasury securities held by banks increased by 8.8% quarter-on-quarter and by 59.2% year-to-year basis. Loans to the economy increased by 5.5% quarter-no-quarter basis and by 12.5% compared to the same period in 2017.

Chart 12 : Main components of liabilities (en % du total)

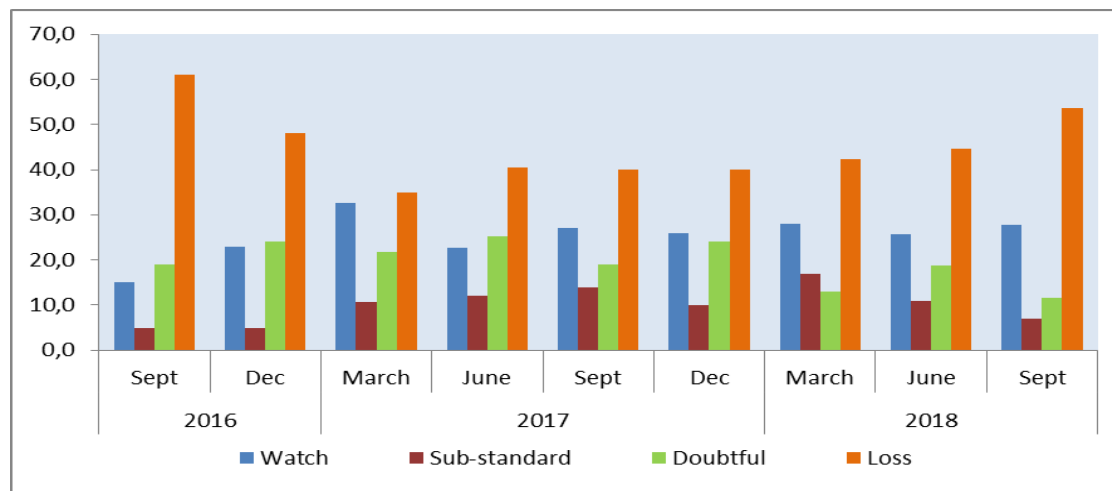


Source: BRB

2.5.2. Loans portfolio quality

The overdue loans rate slightly decreased in the third quarter 2018, dropping to 17.3 from 19.6% recorded in the same period of the previous year while it was 17.8% in the previous quarter. The decrease was mainly due to the slowdown of sub-standards loans.

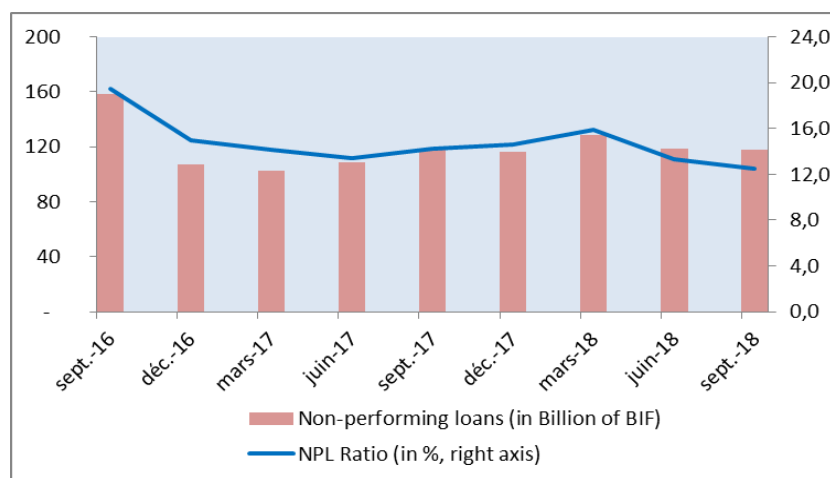
Chart 13: Overdue loans by class (in %)



Source: BRB

At the end of September 2018, watch and loss loans represented respectively 27.8% and 53.6% of overdue loans against 27.0% and 40.0% in the same period of the previous year, while they were respectively 25.7% and 44.7% at the end of June 2018. Banks kept on writing off loss loans from their balance sheets as stipulate in the Budgetary Law 2018. The non-performing loans ratio was 12.5% against 14.2% in the same period in 2017, due to the decrease of sub-standard and doubtful loans, despite the increase of loss loans.

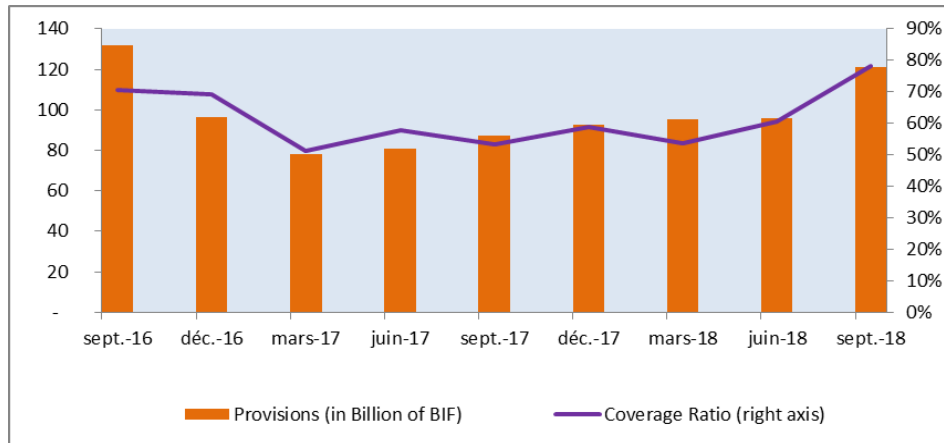
Chart 14: Evolution of non-performing loans



Source: BRB

Loans depreciation provisions went up by 16.3% year-on-year (101,730.1 against BIF 87,504.5 million) and by 5.8% compared to the previous quarter. The increase of provisions is linked to the transition from one class to another.

Chart 15: Evolution of provisions and coverage rate

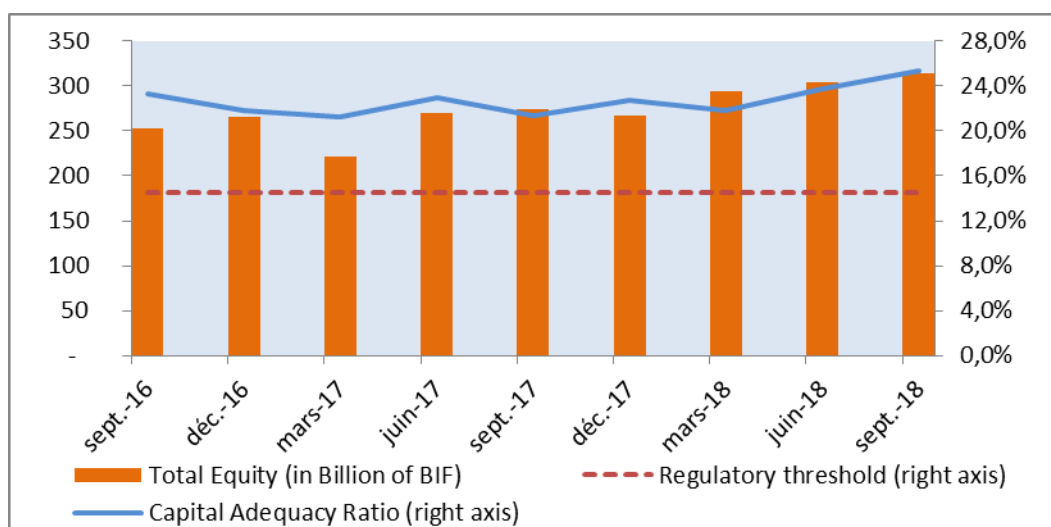


Source: BRB

2.5.3. Capital adequacy

At the end of 2018, the banking sector has sufficient capital compared to the regulatory standard. The total capital adequacy ratio was 24.1 against 24.4% at the end of June 2018, well above the regulatory minimum of 14.5%.

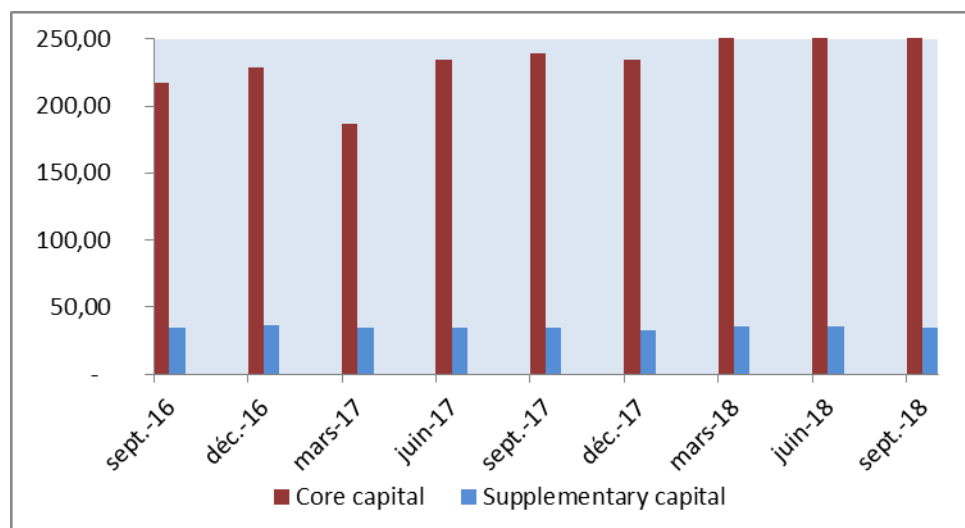
Graphique 16 : Equity evolution



Source: BRB

Year-on-year, equities grew by 14.8 %, rising from BIF 273.8 billion to BIF 314.3 billion, mainly driven by the incorporation of banks' profit over the previous financial year. Compared to the previous quarter, equities increased by 3.6%.

Chart 17: Composition of equity (in BIF billion)



Source: BRB

Year-on-year basis, the core capital adequacy ratio increased by 2.4 percentage points, standing at 21.4 against 19.0% and well above the regulatory standard of 12.5%. On quarter-no-quarter basis, it increased by 3.6 percentage points.

2.5.4. Banking sector's profitability

On year-to-year basis, the net banking product grew by 22.6%, amounted to BIF 157,218.5 million against BIF 128,238.2 million recorded at the end of September 2018, due to the increase of total banking commissions. Likewise, the banks net profit rose by 48.9%, from 35,645.2 à BIF 53,087.7 million mainly driven by the increase of total interests. The return of assets (ROA) and the return on equity (ROE) improved, with respectively 2.1 and 16.9% at the end of September 2018 against 1.7 and 13% in the same period in 2017.

3. CONCLUSION AND MONETARY POLICY MEASURES

Compared to the previous quarter 2018, economic growth slowdown in major OECD countries in the third quarter 2018, following the protectionist measures taken by the United States of America towards its main trade partners as well as the tightening international financial conditions linked to the US dollar appreciation. Likewise, world trade may slowdown in 2018.

Headline inflation rose in third quarter 2018 in major advanced and emerging countries, as a result of a rebound of oil prices and other energy product prices.

In East African Community, economic growth improved in the third quarter 2018. The estimated growth rate in 2018 would remain robust and above to the Sub-Saharan African. Compared to the previous quarter, inflation declined in the third quarter 2018 in most EAC countries, mainly resulting from the increase of food production and the exchange rates stability.

Regarding the national economic performance, the main productions of the primary, secondary and tertiary sectors increased, which partially explain the drop of inflation. During the third quarter 2018, reserve money and the money supply grew, mainly driven by the increase of net domestic assets. Deposits and credits to the economy rose and the main indicators of financial soundness and profitability of banking sector improved.

During the third quarter 2018, the BRB kept the measures of easing the refinancing conditions to encourage commercial banks to further finance the economic activity. In perspective, the BRB has already formulated additional measures to boost economic growth. The measures mainly consist on adjusting the refinancing conditions to allow commercial bank to finance investments in priority and growth-enhancing sectors by setting up refinancing mechanisms at preferential rates.

ANNEXES

ANNEX 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 int	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 M	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	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

ANNEX 2: INFLATION BY MAIN COMPONENTS (in %)

Period	Headline Inflation	Food inflation	Non-food inflation
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
Jul-18	-0.8	-8.5	8.8
Aug-18	-2.3	-10.9	8.2
Sep-18	-5.6	-15.8	6.8

Source: BRB based on data provided by ISTEERU

Annex 3: Government Financial Operations (in BIF million)

Period	Revenue	Grants	Revenue and grants	Expenditure	Averall balance
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	72,255.8	164.8
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	110,541.5	-1,399.7
Apr-18	65,134.6	17,173.8	82,308.4	94,037.3	-11,728.9
May-18	63,096.8	19,297.1	82,393.9	119,669.8	-37,275.8
Jun-18	75,254.2	31,153.2	106,407.4	162,729.2	-56,321.8
Jul-18	60,554.7	11,601.3	72,156.0	77,181.5	-5,025.5
Aug-18	75,622.2	12,063.4	87,685.6	99,421.0	-11,735.4
Sep-18	73,977.3	16,206.3	90,183.6	96,058.4	-5,874.8

Source: MFBCDE

ANNEX 4: Public debt (in BIF million)

Period	BRB	Tresury securities	Total domestic debt	External debt	Total Government debt
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	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	793,272.5	2,450,462.8
Apr-18	715,697.6	916,907.0	1,662,527.3	799,442.7	2,461,970.0
May-18	714,813.1	944,719.0	1,690,761.6	790,541.0	2,481,302.6
Jun-18	780,458.1	986,452.3	1,798,139.9	791,237.3	2,589,377.2
Jul-18	739,553.0	992,658.3	1,794,338.5	791,304.1	2,585,642.6
Aug-18	722,760.6	1,030,022.1	1,815,208.1	786,371.1	2,601,579.2
Sep-18	723,876.1	1,053,468.6	1,840,988.4	788,339.8	2,629,328.2

Source: BRB and MFBCDE

ANNEX 5: Bank reserves (in BIF million)

Period	Total banking sector reserves	Central Bank Interventions
Dec-15	77,700.7	14,296.6
Jan-16	77,387.1	26,612.0
Feb-16	78,305.6	42,673.5
Mar-16	82,764.1	54,696.7
Apr-16	87,956.0	68,813.8
May-16	87,670.1	74,277.1
Jun-16	93,245.7	92,597.1
Jul-16	86,858.2	108,221.7
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
Jul-18	170,178.0	296,208.0
Aug-18	171,713.0	290,076.0
Sep-18	166,234.0	298,588.0

Source: BRB

ANNEX 6: Money market interest rate (in %)

Month	Interbank market	Marginal lending facility	Liquidity providing	Tresury Bill at 13 weeks
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
Jul-18	-	5.13	3.17	2.13
Aug-18	3.00	5.29	2.60	2.29

Source : BRB

ANNEX 7: Main indicators of the banking sector at the end of September 2018 (in BIF million)

	Sep-17	Jun-18	Sep-18	Ann Var	Quat. Var
I. ASSETS	2,048,889.0	2,428,233.5	2,530,218.1	23.5	4.2
Main ASSETS	1,676,637.7	2,010,428.8	2,129,221.9	27.0	5.9
A. Liquid Assets	839,766.8	1,118,308.6	1,187,668.6	41.4	6.2
. Cash	58,384.7	57,500.1	66,781.7	14.4	16.1
. B.R.B.	150,759.4	166,804.2	178,963.1	18.7	7.3
. Banking sector	81,921.3	91,298.1	68,527.1	-16.4	-24.9
Treasury securities	548,701.4	802,706.2	873,396.7	59.2	8.8
B. Loans	836,870.9	892,120.2	941,553.3	12.5	5.5
. Short term	464,135.9	461,142.0	504,726.7	8.7	9.5
. Medium term	236,805.6	266,801.0	270,874.0	14.4	1.5
. Long term	135,929.4	164,177.2	165,952.6	22.1	1.1
. Leasing	-	-	-	-	-
. Other loans	-	-	-	-	-
Fixed assets	130,341.2	129,758.3	132,187.8	1.4	1.9
C. Others	372,251.3	288,046.4	268,808.4	-27.8	-6.7
II. LIABILITIES	2,048,889.0	2,428,233.5	2,530,218.1	23.5	4.2
Main liabilities	1,430,992.0	1,768,767.9	1,852,046.9	29.4	4.7
. Deposits	1,160,734.3	1,294,049.2	1,404,443.6	21.0	8.5
among which ten large deposits	387,110.6	524,560.1	618,224.7	59.7	17.9
. Refinancing from BRB	116,470.7	258,387.0	282,564.1	142.6	9.4
Others	-	-	-	-	-
Banking sector	153,787.0	216,331.7	165,039.2	7.3	-23.7
among which residents	85093	113294.8	82998.6	-2.461307041	-26.74103313
Capital and reserves	237,633.8	252,261.3	252,442.2	6.2	0.1
Others	575,158.6	407,204.3	425,729.0	-26.0	4.5
IV. BANKING SECTOR INDICATORS					
Capital adequacy					
.Core capital (in MBIF)	238,957.4	268,378.9	279,995.3	17.2	4.3
.Total capital (in MBIF)	273,818.4	303,401.4	314,281.9	14.8	3.6
.Risk Wheighted assets	1,256,679.3	1,244,866.2	1,306,587.1	4.0	5.0
.Core capital adequacy ratio (threshold 12,5%)	19.0	21.6	21.4	12.7	-0.6
.Total capital adequacy ratio (threshold 14,5%)	21.1	24.4	25.8	22.6	6.0
.Leverage ratio (threshold 7%)	12.2	12.0	11.6	5.2	-3.6
Quality and concentration of laon portfolio					
Large exposure	198,435.5	155,091.0	158,486.9	-20.1	2.2
Watch loans	45,117.7	40,841.4	45,322.1	0.5	11.0
Non Performing loans	118,863.1	118,250.8	117,889.6	-0.8	-0.3
Overdue loans	163,980.8	159,092.2	163,211.7	-0.5	2.6
Provisions	87,504.5	96,109.0	101,730.1	16.3	5.8
Total gross loans/Total gross assets (in %)	40.8	36.7	37.2	8.9	1.3
Loans to the Government/Total gross assets (*)	28.9	35.3	36.8	27.4	4.3
Loans to the Government/Core capital (*)	258.8	331.7	345.6	33.6	4.2
Non Performing loans rate	14.2	13.3			-100.0
Overdue loans rate	19.6	17.8			-100.0
Rate of provisionning (in %)	73.6	81.3			-100.0
.Large exposure/Total gross loans (in %)	23.7	17.4			-100.0
Liquidity					
.Liquidity ratio in local currency (*)	52.0	60.2	35.7		
Liquidity ratio in foreign currency (*)	119.1	124.7	97.1		
Total loans/total deposits (*)	72.1	68.9	67.0		
Stable resources/immobilized assets	134.0	149.1	158.0		
Ten large deposits/Total deposits (*)	33.4	40.5	44.0		
Profitability and performance					
Profit before tax	39,508.5	34,538.8	57,866.0	46.5	67.5
Net profit	35,424.0	31,416.9	53,087.7	49.9	69.0
Banking net product	127,153.8	101,489.0	157,218.5	23.6	54.9
(*) Commercial banks only					

Source : BRB