



**BANQUE DE LA REPUBLIQUE
DU BURUNDI**

**MONETARY POLICY
REPORT FOR THE
SECOND QUARTER 2019**

November-2019

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Acronyms

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

EXECUTIVE SUMMARY

The world economic growth broadly slowed in the second quarter 2019. Economic growth in the most OECD countries slowed down whether in quarterly basis (1.9% against 2.6%) due to the negative impact of trade protectionist measures adopted by the United States on imports from China, uncertainty of the Brexit.

According to the IMF forecasts done in July 2019, the global economic growth would be reviewed downwards to 3.2 % from 3.6 % initially forecasted, on account of the expected negative impact of United States protectionist measures taken on imports from China.

In Sub-Saharan Africa, economic growth would improve and reach 3.4 % in 2019 compared to 3.1% recorded in 2018, as a result of large capital inflows and the rising commodity prices. However, the economic growth would remain low in some countries such as Nigeria and South Africa. Inflation increased in the second quarter 2019 in major advanced and emerging countries especially in OECD countries, mainly driven by the rise prices of energy and other raw materials.

In East African Community, the economic growth is expected to slow down (5.3% in 2019 against 6.3 % in 2018) especially linked to Tanzania's growth rate downward forecasts where it was estimated at 4.0 % from 6.6% in October 2018.

In Burundi, the main productions of the primary sector and the secondary sector decreased in the second quarter 2019 compared to the same quarter in 2018 despite the decline of the industrial production. The inflation significant dropped (-2.9% against -1.1%) following the decline of food product prices.

For the all year 2019, the GDP growth is estimated to reach at 4.1% in 2019 against 3.8% recorded last year. Year –on- year, this improvement is linked to good contribution of primary and secondary sector. Inflation could remain low, standing to 3.5% against -2.6% in 2018.

The balance of payments recorded a lower deficit (current account and capital balance) than in the same quarter in 2018, due to the slight improvement of the current account.

The fiscal deficit decreased compared to the same quarter in 2018 due to the increase of revenues than expenditure. This deficit was mainly financed by domestic debt.

Year –on- year basis, the reserve money rose at the end of the second quarter. The money supply rose by 4.9% quarterly and by 19.9 % on yearly basis, mainly driven by the increase of net domestic and foreign assets. The official reserves increased and covered 1.0 month of imports of goods at the end of June 2019. The banking sector remained sufficiently capitalized in the second quarter 2019 and complied with all regulatory and prudential standards.

I. INTERNATIONAL ECONOMIC DEVELOPMENT

1.1. Global GDP growth

In the second quarter 2019, GDP growth in the main advanced and emerging countries slowed down year-on-year and quarterly, mainly due to the trade tensions between the United States and China and the BREXIT uncertainty. However, GDP growth improved in China compared with the previous quarter and decelerated year-over-year, although remaining robust.

Table 1: Quarterly GDP growth in the main advanced countries

	Quarter to quarter		Year on year	
	Q1-2019	Q2-2019	Q2-2018	Q2-2019
USA	0,8	0,5	3,2	2,3
Japan	0,7	0,4	1,4	1,1
United Kingdom	0,5	-0,2	1,4	1,2
Euro zone	0,5	0,2	2,2	1,1
OECD - Total	0,6	0,5	2,7	1,6
China	1,4	1,6	6,7	6,2
India	1,3	1,1	7,9	5,1

Source: OECD, Economic Outlook, August 2019

In the United States of America, GDP growth decelerated quarter on quarter (0.5% against 0.8%) and year-on-year (2.3% against 3.2%). In Japan, economic activity slowed quarter-on-quarter (0.4% against 0.7%) and year-over-year (1.1% against 1.4%).

In the United Kingdom, GDP growth declined (-0.2% against 0.5%) from one quarter to the next and decelerated year-on-year (1.2% against 1.4%). In the euro Area, it slowed down quarter –on-quarter (0.2% against 0.4 %) and year-on-year (1.1% against 2.2%).

In the main emerging countries of Asia, economic growth slightly accelerated quarter –on-quarter in China (1.6% against 1.4%) and slowed in India (1.1% against 1.3%). Year-on-year basis, GDP growth decelerated both in China (6.2% versus 6.7%) and in India (5.1 against 7.9%).

According to the IMF forecasts done in July 2019, world economic growth for 2019 was revised downward by 0.1 percentage point (3.2 against 3.3%), mainly due to the effects of higher tariffs on trade between the United States of America and China.

Table 2: World economic growth

	2017	2018	2019(p)
World GDP	3.8	3.6	3.2
Advanced economies	2.4	2.2	1.9
USA	2.2	2.9	2.6
Euro zone	2.4	1.9	1.3
Japan	1.9	0.8	0.9
United Kingdom	1.8	1.4	1.3
Emerging and Developing Economies	4.8	4.5	4.1
China	6.8	6.6	6.2
India	7.2	6.8	7.0
Subsaharan Africa	2.9	3.1	3.4
Nigeria	0.8	1.9	2.3
South Africa	1.4	0.8	0.7
(p): provisional			

Source: IMF, World economic outlook, July 2019

For advanced economies, the growth rate was revised upwards by 0.1% (1.9% against 1.8% initially forecast), mainly explained by the upward revision of USA growth.

In emerging and developing countries, a growth rate of 4.1 is expected compared to 4.5% in 2018. Forecasts for 2019 was 0.1 percentage point lower, due to the downward revision growth rate in all major economies, including China and Russia.

In sub-Saharan Africa, growth could reach 3.4% in 2019, 0.1% lower than projected in April 2019. The lower growth rate concerned all major economies in the region, particularly Nigeria (2.3% to 1, 9%) and South Africa (0.7% against 0.8%), and could be partially offset by strong growth in resource-poor countries.

1.2. World Trade

The volume of world trade could slowdown in 2019 (2.5 against 3.7% in 2018), as a result of rising trade tensions between the United States and China and Brexit uncertainty.

Table 3: World trade growth (%)

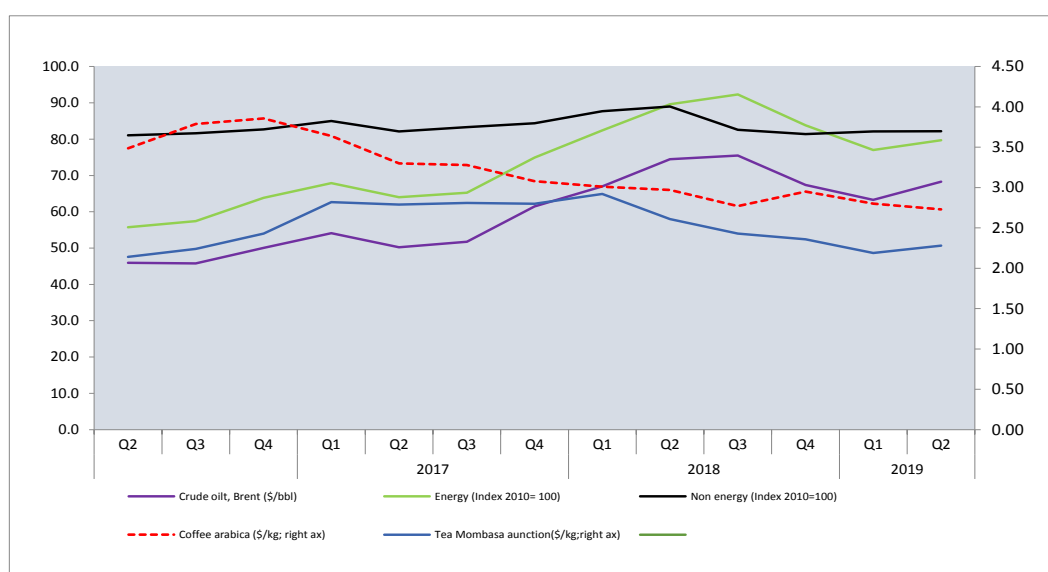
	2017	2018	2019(p)
World trade (goods and services)	5.5	3.7	2.5
Advanced Economies	4.4	3.1	2.2
Emerging Market and Developing Economies	7.5	4.7	2.9

Source: IMF, World economic outlook, July 2019

1.3. Commodity prices and inflation

Compared to the previous quarter, commodity prices generally increased in the second quarter of 2019. Crude oil prices reached USD 68.30 against USD 63.30 per barrel. The price of Mombasa’s tea auctions rose from USD 2.19 to USD 2.28/kg. The energy index increased quarter-on-quarter (79.70 against 77.10), while the non-energy index was 82.20 against 82.10. On the other hand, the price of Arabica coffee fell (USD 2.73 against USD 2.80/kg the previous quarter).

Chart 1: Commodity prices



Source: World Bank, Commodity prices, August 2019

Following the rising prices for energy products and other commodities, headline inflation increased in major advanced and emerging economies quarter –on- quarter basis.

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

	Year on year		
	Q2-2018	Q1-2019	Q2-2019
USA	2,71	1,64	1,81
Japan	0,63	0,30	0,79
United Kingdom	2,20	1,80	2,00
Euro zone	1,71	1,43	1,40
OECD - Total	2,54	2,15	2,27
China	1,83	1,83	2,63
India	3,95	7,08	8,53

Source: OECD, Economic Outlook, August 2019

Headline inflation slightly increased in OECD countries, from 2.15% to 2.27% recorded in the previous quarter. It also increased in the main emerging countries, particularly in India (8.53% against 7.08%) and China (2.63% against 1.83%).

1.4. Monetary policy in developed countries

In the second quarter of 2019, central banks in the most advanced economies maintained accommodative monetary policies to stimulate economic growth and maximum of employment.

In the United States of America, the Federal Reserve maintained the federal funds target range of 2.25% to 2.50% as in the previous quarter to promote full employment and price stability.

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 deposit facility, remained respectively at 0.00%, 0.25% and -0.40%. It continued the assets buyback program to maintain allowable liquidity conditions for banks to encourage them to further finance the economy.

The Bank of Japan (BoJ) maintained an accommodative monetary policy due to the moderate economic expansion and the target of reaching a target inflation rate of 2.0% is not yet achieved. The Bank of Japan continued to apply a negative interest rate (-0.1%) on the deposit facility and to continue its Treasury bonds buyback program as long as necessary to achieve and maintain this objective on a stable basis.

1.5. Main macroeconomic indicators in EAC countries

According to the IMF forecasts of April 2019, economic growth in EAC countries could decelerate (5.3% against 6.3% in 2018), partly due to the downward revision of Tanzania's growth rate estimated at 4.0 compared to 6.6% in October 2018 related to the delay of budget execution.

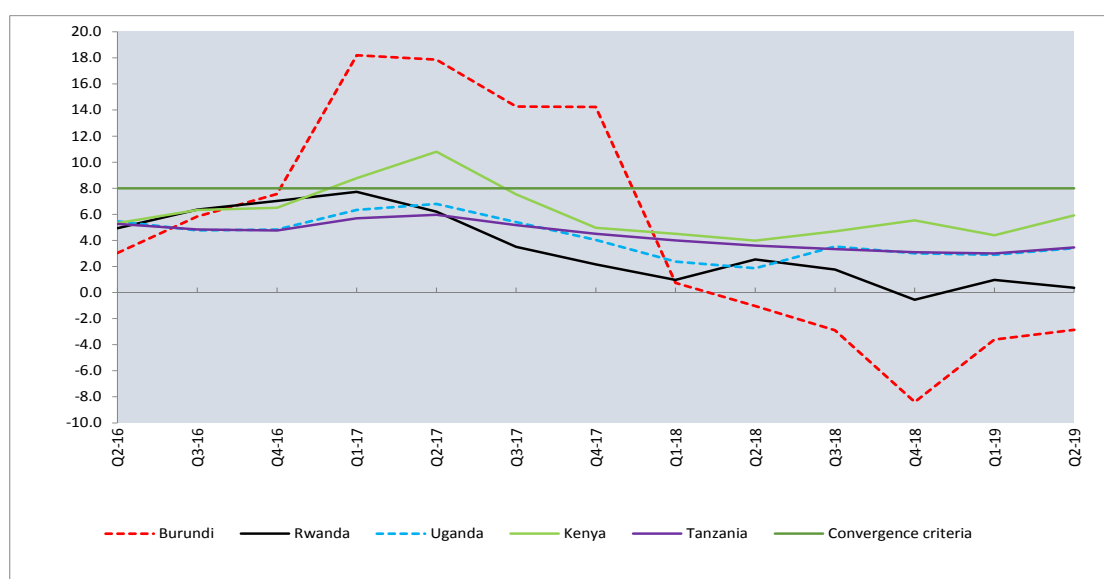
Table 5: GDP growth in EAC¹ countries (in %)

	2016	2017	2018	2019(p)
Burundi	3,2	3,6	3,8	4,1
Kenya	5,9	4,9	6,0	5,8
Uganda	2,3	5,0	6,2	6,3
Rwanda	6,0	6,2	8,6	7,8
Tanzania	6,9	6,8	6,6	4,0
EAC	5,4	5,6	6,3	5,3
SSAF	1,4	2,9	3,1	3,4

Source: IMF, *Regional economic outlook: Sub-Saharan Africa, April 2019*

In the second quarter of 2019, the inflation in the EAC countries slightly increased but remained moderate, mainly as a result of rising food prices. Inflation rose in Kenya (5.9 against 4.4%), Uganda (3.4 against 2.9%) and Tanzania (3.5 against 3.0%). It declined in Rwanda (0.4 against 1.0%) while Burundi continued to experience deflation (-2.9 against -3.6%).

Chart 2: Inflation in EAC countries (in %)

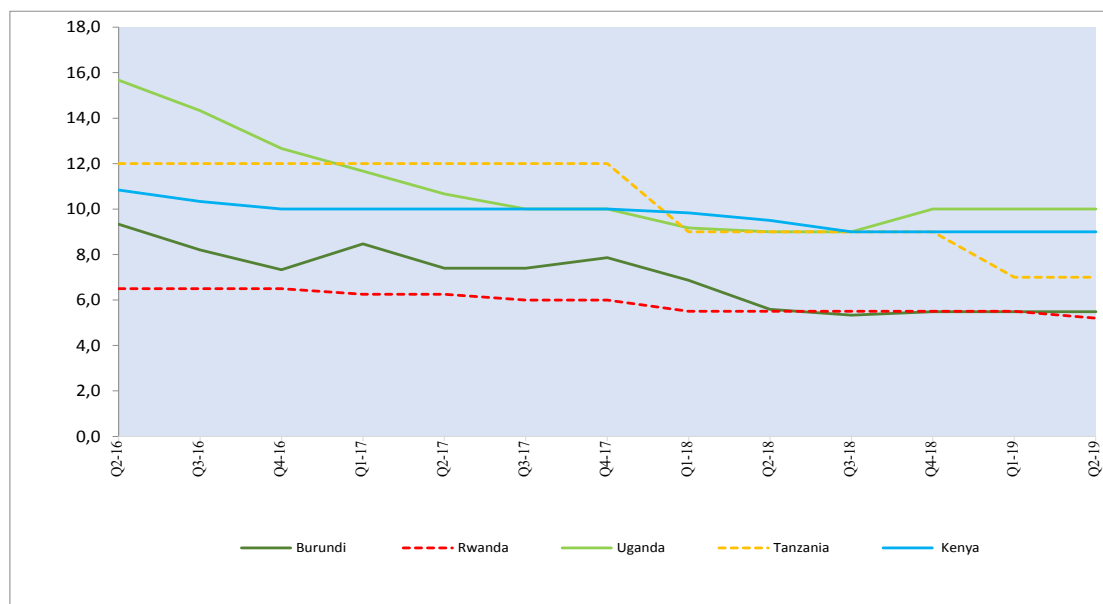


Source: EAC Central Banks web sites

¹ Burundi data provided from the Macroeconomic Framework, March 2019

In order to further support the economic growth, all central banks maintained their accommodative monetary policies.

Chart 3: Central bank interest rates (in %)



Source: EAC Central Banks web sites

The central bank rates in Uganda (10.0%), Kenya (9.0%) and Tanzania (7.0%) remained unchanged as in the previous quarter. The rate of Rwanda's national bank declined (5.2 against 5.5%). In Burundi, the marginal lending facility stood at 5.5% as in the previous quarter.

Year-on-year basis, the currencies of the EAC countries fluctuated within the 5.0% margins agreed on macroeconomic convergence criteria as part of maintaining exchange rate stability.

Table 6: USD exchange rate against EAC currencies

	End of period				
	USD/TZS	USD/RWF	USD/UGX	USD/KSH	USD/BIF
June-18	2 277,70	859,76	3 879,54	101,05	1 779,29
March-19	2 289,50	888,86	3 715,13	100,75	1 828,30
June-19	2 289,50	898,28	3 694,76	102,19	1 845,14
Annual change June-19/June-18 (%)	0,5	4,5	-4,8	1,1	3,7
Quarterly change June-19/March-19 (%)	0,00	1,06	-0,55	1,43	0,92

Source: EAC Countries Central Banks websites

II. LOCAL ECONOMIC AND FINANCIAL DEVELOPMENT

2.1. Production and Prices

The average index of industrial production decreased by 3.8% compared to the second quarter of 2018, mainly as a result of the decline in the production of the food industries, including the BRARUDI beverage (-2.9%) and cigarettes (-16.4%). Compared to the previous quarter, the index increased by 1.8% from 112.0 to 114.0, mainly due to the start of the sugar production season, the increase of BRARUDI beverage (+ 6.5%) and cigarettes (+ 0.5%).

REGIDESO's electricity production increased by 10.2% compared to the corresponding quarter of 2018, from 59,815 to 65,917 Megawatts, due to the good rainfall and increase in electricity production from thermal power rent (82.9%). Similarly, it increased by 6.9% compared to the previous quarter.

The volume of goods transiting through port of Bujumbura increased by 3.7% compared to the same quarter of 2018 and decreased by 13.7% compared to the previous quarter, due to the decline imports of sugar, cement and clinker.

Activity in International Airport of Bujumbura decreased in the second quarter 2019. Passenger numbers decreased by 2.9% year-on-year basis and increased by 13.9% quarter-on-quarter. Aircraft traffic fell year-on-year (-10.8%) and increased quarter-on-quarter (+ 22.3%).

For the year 2019, the GDP growth rate could reach 4.1%, mainly driven by the improvement activity in the primary and secondary sectors. Inflation could attain 3.5 against -2.6% in 2018.

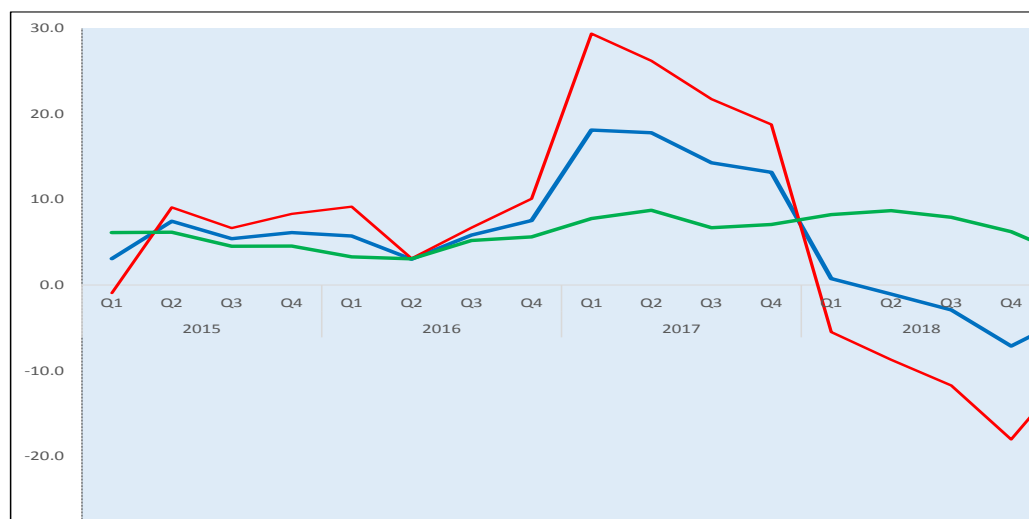
Table 7: GDP growth by sector (in %)

	2016	2017	2018	2019 (prov.)
1. Growth of real GDP	3,2	3,6	3,8	4,1
Primary Sector	1,9	-1,2	2,4	6,4
Secondary Sector	11,2	0,3	3,4	6,9
Tertiary Sector	-0,9	9,3	4,7	1,8
2. Inflation	5,6	16,1	-2,6	3,5

Source: Macroeconomic framework of Burundi, March 2019

The inflation rate fell in the second quarter 2019 to -3.6% compared to 0.7% recorded in the corresponding quarter in 2018. This slowdown is explained by the declining of food inflation (-9.9% against -5.5%) and non-food inflation (3.3% against 8.2%).

Chart 4 : Inflation by major components (in %)



Source: BRB based on data provided by ISTEERU

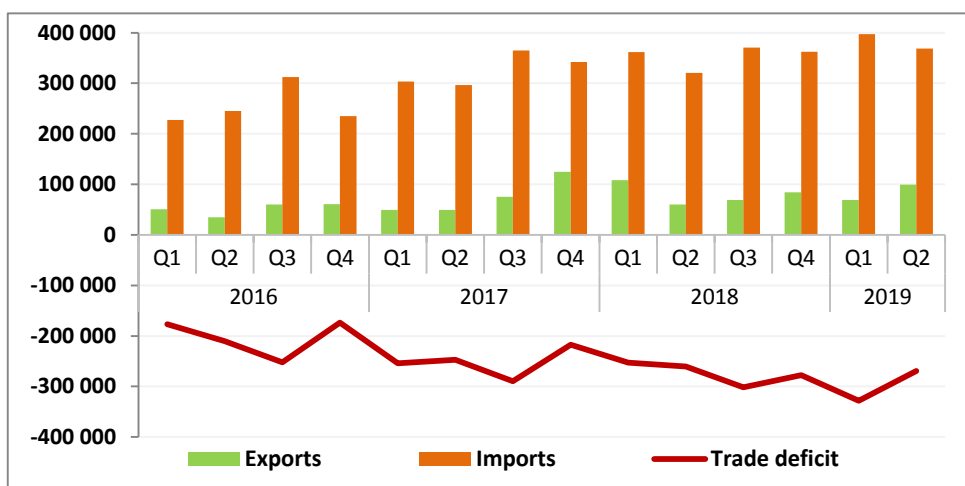
Likewise, compared to the previous quarter, deflation continued (-2.9% against -3.6%), mainly driven by lower food prices (-6.8% against -9.9%) and non-food inflation (1.3 against 3.3%).

2.2. External sector

2.2.1. External trade

The trade balance deficit increased by BIF 8,828. 5 million during the second quarter of 2019 compared to the corresponding quarter of 2018, reaching BIF 269,380.8 million. This deterioration resulted to the most substantial increase of imports CIF (+BIF 47,996.0 million) than exports (+BIF 39,167.5 million).

Chart 5: Trade balance (in BIF million)

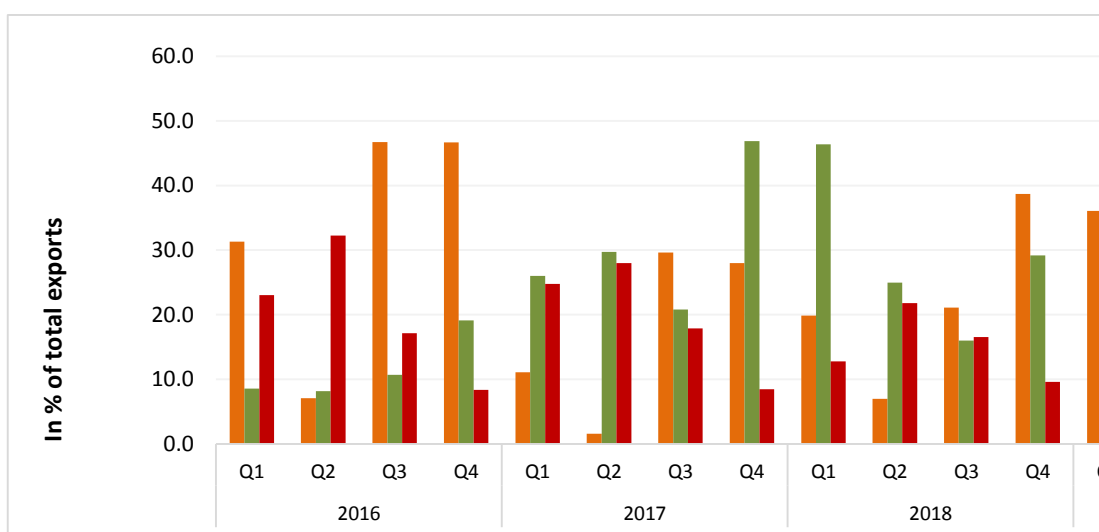


Source : BRB

Exports rose by 65.3% in second quarter of 2019, amounted to BIF 99,114.2 million compared to BIF 59,946.7 million recorded in the corresponding period of 2018, due to the increase of primary products' exports, to BIF 78,824.9 from 42,959.7 million, and, to a lesser extent, exports of manufactured products, to BIF 20,289.3 million from BIF 16,987.0 million.

The increase of primary exports is mainly on account of non-monetary gold (+BIF 32,828.6 million) and coffee (+BIF 10,339.4 million). The increase of manufactured products is related to the exports of cigarettes (+BIF 1,189.3 million) and wheat flour (+BIF 1,469.6 million).

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



Source: BRB

Imports rose by 15.0% in the second quarter 2019, amounted to BIF 368,495.0 million from BIF 320,499.0 million recorded in the corresponding period in 2018. This result to the improvement of intermediate goods, to BIF 159,483.0 million from BIF 138,124.0 million, in consumer goods, to BIF 141,348.0 million from BIF 116,839.0 million, and, in slight proportion of, capital goods, to BIF 67,664.0 million from BIF 65,536.0 million.

For intermediary goods, the increase mainly resulted from goods intended to agriculture and livestock (+BIF 7,456 million), goods for food (+7,361 million) and from construction materials (+BIF 6,437 million).

The increase of consumer goods mainly concerned imports of foods (+BIF 7,709 million) and others durables consumer goods (+BIF 17,814 million). For capital goods, the increase mainly concerned electrical equipment (+BIF 4,257 million) and tractors and transport machinery (+BIF 3,985 million) which outweighed the decline in boilers and mechanicals machinery (-BIF 5,882 million).

2.2.2. Balance of payments

At the end of the second quarter of 2019, the balance of payments registered an increase of the net borrowing balance (current account plus capital account), amounted to BIF 114,720.4 million from BIF 127,572.7 million in the corresponding quarter of 2018. This improvement is linked to the decrease of current account deficit (-BIF 186,150.7 million against -194,940.6 million) combined with an increase of the surplus balance of capital account (BIF 71,430.3 million against 67,367.9 million).

Table 8: Balance of payments (in BIF million)

	Q2-2018	Q2-2019
CURRENT ACCOUNT	-194 940,6	-186 150,7
Credit	198 182,4	263 970,6
Debit	393 123,0	450 121,3
Goods	-212 115,2	-210 705,9
Exports FOB	59 946,7	99 114,2
Imports FOB	272 061,9	309 820,1
Services	-80 116,2	-100 216,0
Credit	19 939,9	19 193,2
Debit	100 056,1	119 409,2
Primary income	-165,6	-520,1
Credit	7 863,0	6 163,9
Debit	8 028,5	6 684,0
Secondary income	97 456,3	125 291,2
Credit	110 432,8	139 499,3
Debit	12 976,5	14 208,1
CAPITAL ACCOUNT	67 367,9	71 430,3
Credit	67 777,9	71 658,1
Debit	410,0	227,8
Net lending(+)/ net borrowing(-) (balance from current and capital accounts)	-127 572,7	-114 720,4
FINANCIAL ACCOUNT		
Net lending(+)/ net borrowing(-) (balance from financial account)	-80 963,3	-114 608,9
Direct investment	0,0	0,0
Net acquisition of financial assets	0,0	0,0
Net incurrence of liabilities	0,0	0,0
Portfolio investment	0,0	0,0
Net acquisition of financial assets	0,0	0,0
Net incurrence of liabilities	0,0	0,0
Financial derivatives	0,0	0,0
Net acquisition of financial assets	0,0	0,0
Net incurrence of liabilities	0,0	0,0
Other investment	-87 050,8	-151 481,9
Net acquisition of financial assets	29 555,7	5 610,4
Net incurrence of liabilities	116 606,5	157 092,3
-of which: Allocations of SDRs	-6 007,9	2 008,3
Reserve assets	6 087,5	36 873,0
Net errors and omissions	46 609,4	111,5

Source: BRB

Concerning the current account, the deficit of goods decreased, amounted to BIF -210,705.9 from BIF -212,115.2 million, due to the higher growth of exports (+BIF 39,167.5 million) than imports (+BIF 37,758.2 million). Likewise, the surplus of secondary incomes account increased, to BIF 125,291.2 from BIF 97,456.3 million, related to the transfers both, public (+BIF 7,852.0 million) and private (+BIF 19,982.8 million). On the other hand, the deficit of services deteriorated, amounted to -BIF 100,216.0 from -80,116.2 million, mainly due to the higher deficit of services intended for construction (+BIF 13,679.2 million).

Compared to the second quarter of 2018, the financial account recorded a higher deficit in the second quarter 2019, to BIF 114,608.9 from BIF 80,963.3 million, mainly on account of the deficit of other investments (BIF 151,481.9 million against BIF 87,050.8 million).

2.2.3. Foreign Assets

At the end of the second quarter 2019, the gross foreign assets rose by 13.2% quarter-on-quarter and declined by 8.7% year-on-year basis.

Table 9: Foreign assets (in USD million)

	End of period in USD million			Change in %	
	June-2018	March-2019	June-2019	Quarterly	Annual
Foreign assets held by BRB	83.70	72.25	96.01	32.9	14.7
O/w: official Reserves	73.57	56.13	75.60	34.7	2.8
Foreign assets held by commercial banks	96.83	73.45	68.89	-6.2	-28.9
Total foreign assets	180.53	145.70	164.90	13.2	-8.7

Source: BRB

The foreign exchange reserves of the BRB increased by 32.9% at the end of June 2019 compared to the end of the March 2019 and by 14.7% compared to the same period in 2018. Those of the commercial banks decreased by 6.2% quarterly and by 28.9% year-on-year.

The official reserves improved by 34.7% at the end of June 2019 compared to March 2019, amounted to USD 96.01 million from USD 72.25 million. They slightly decreased by 2.8% year-on-year and covered 1.0 against 1.1 month of imports of goods and services in the same period of 2018, the floor level being fixed at 4.5 months of imports in the EAC macroeconomic convergence criteria.

2.3. Public finance

The budget deficit, including grants, improved compared to the same quarter in 2018, from BIF 114,042.3 million to BIF 59,652.2 million in the second quarter 2019, driven by the increase of revenue and the decrease of current expenditure. This deficit was mainly financed by domestic debt of BIF 80,341.9 million and external debt of BIF 43,815.6 million.

Table 10: Government Financial Operations (in BIF Million)

	Q2-2018	Q1-2019	Q2-2019
A.REVENUE AND GRANT	271,109.8	289,557.5	316,168.1
1.Revenue	203,485.7	231,759.7	244,636.0
Current revenue	203,485.7	231,759.7	244,636.0
Exceptional revenue	-	-	-
2. Grant	67,624.1	57,797.8	71,532.1
Current	-	-	-
Capital	67,624.1	57,797.8	71,532.1
B. EXPENDITURES	385 152,1	346,757.4	375,820.3
a. Current expenditures	238,149.9	241,624.6	216,707.6
Salaries	100,063.2	109,514.5	108,632.3
b. Investment expenditures	147,002.2	105,132.9	159,112.7
On internal resources	60,414.7	45,179.1	41,343.1
On foreign borrowing and grants	86,587.5	59,953.8	117,769.6
OVERALL BALANCE including grants(basis commitment)	-114,042.3	-57,199.9	-59,652.2
C. NET FINANCING	114,042.3	57,199.9	59,652.2
External	15,017.4	-2,486.8	43,815.6
Domestic	53,455.6	49,749.1	80,341.9
D. ERRORS AND OMISSIONS	45,569.3	9,937.6	-64,505.4

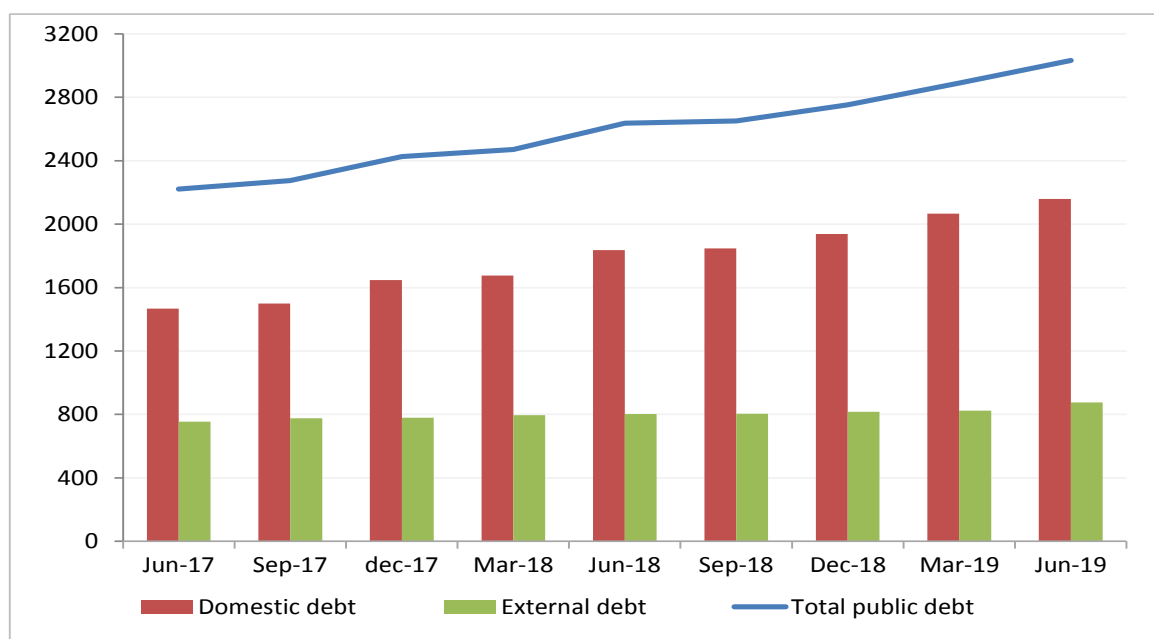
Source: MFBCDE

Revenue rose by 20.2% in the second quarter of 2019, from BIF 203,485.7 million to BIF 244,636.0 million, and capital grants increased by 5.8% to BIF 71,532.1 million from BIF 67,624.1 million of the same period of 2018.

Year -on- year basis, expenditure increased by 2.4% in the second quarter of 2019 to BIF 375,820.3 million from BIF 385,152.1 million, due to the rise of capital expenditure by 8.2% while current expenditures decreased by 9.0%.

The total outstanding public debt increased by 15.0% year-on-year, from BIF 2,637.3 to 3,033.2 billion and rose by 4.9% compared to the previous quarter. Domestic debt increased by 17.6 %, from BIF 1,835.5 to BIF 2,158.6 billion and 4.4 % quarter-on-quarter. By components, domestic debt represented 71.2% of the total public debt mainly due to Treasury securities and claims on the Central Bank.

Chart 7: Public debt (in BIF million)



Source: BRB

Year-on-year basis, the stock of external debt rose by 9.1%, from 801,839.6 to BIF 874,568.9 million. This increase is related to drawings (BIF 65,511.1 million) and reevaluation gains (BIF 18,871.5 million) which offset the repayment of principal (BIF 11,653.3 million). Similarly, it increased by 6.1% compared to the previous quarter, from 824,023.9 to BIF 874,568.9 million, driven by new drawings (BIF 4,075.3 million) and reevaluation gains (BIF 3,060.2 million).

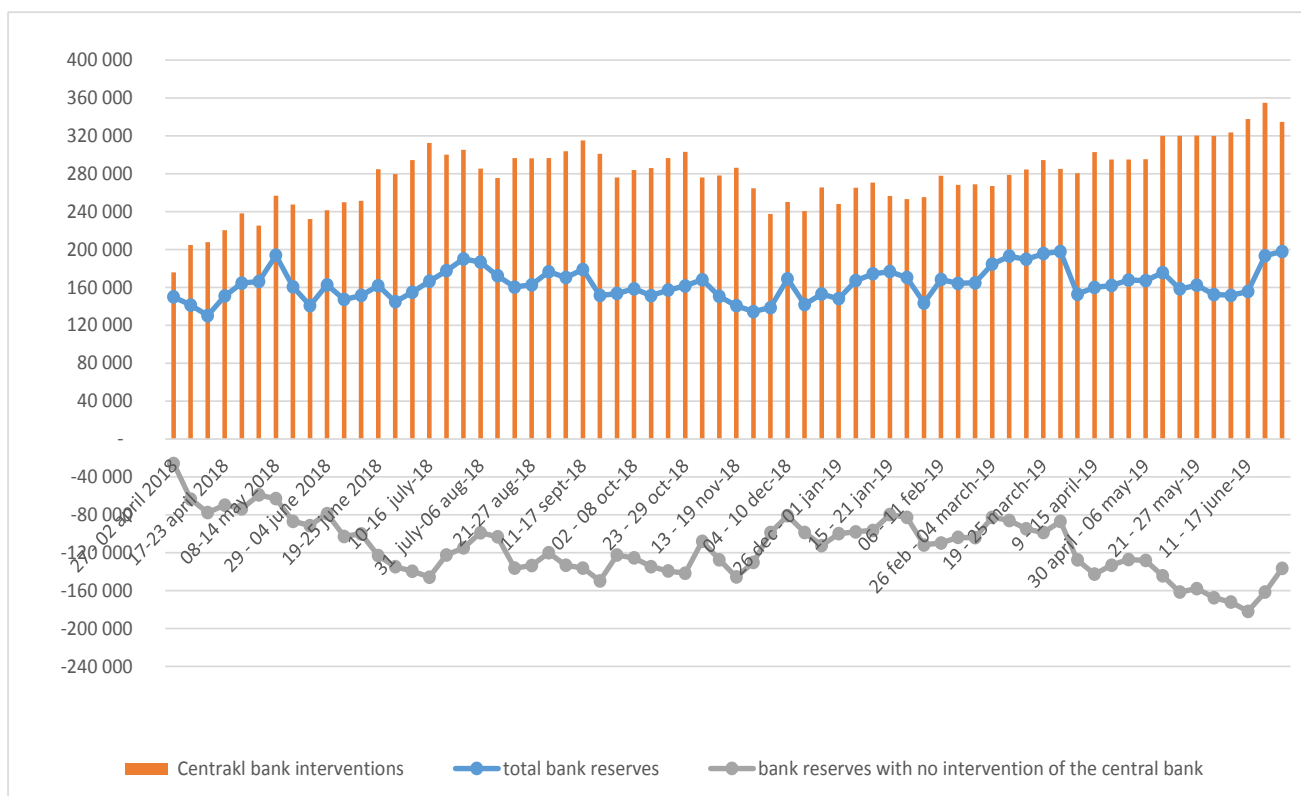
2.4. Monetary sector

2.4.1. Bank reserves and interest rates

Commercial bank reserves decreased in the second quarter compared to the first quarter 2019. Excluded the BRB's interventions, they would attain BF 146.697 against BIF -95.661 million. Compared to the corresponding period, commercial banks reserves amounted to BIF 83.869 million on weekly average.

Following the decline of their reserves, commercial banks increase their refinancing towards Central Bank. Then, the outstanding refinancing amounted to BIF 313,876 million, on weekly average basis, compared to BIF 269,240 million recorded in the previous quarter while it was BIF 237,869 million in the same period 2018.

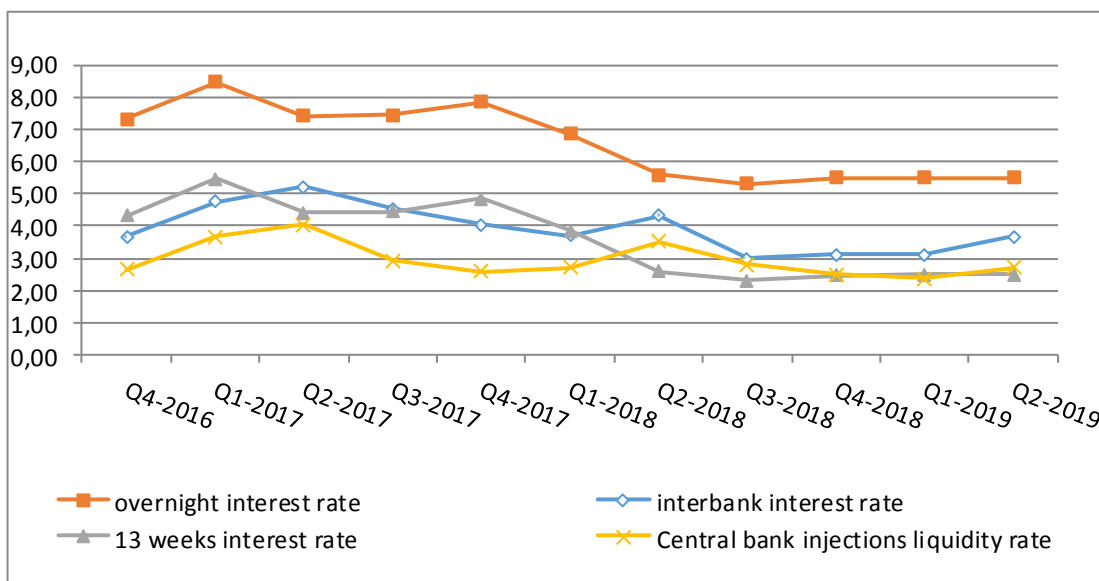
Chart 8: Commercial banks' reserves and BRB's interventions



Source: BRB

Interest rates on money market slightly increased in the second quarter 2019. In fact, the average interest rate on liquidity injection rose from 2.39% to 2.71%. The interbank rate increased, from 3.11% to 3.67% quarter -on- quarter basis. However, the interest rate of the overnight lending facility slightly declined to 5.49% from 5.51% due to the decrease of interest rates on 13-week treasury bills which it is indexed on (2.49% against 2.51%).

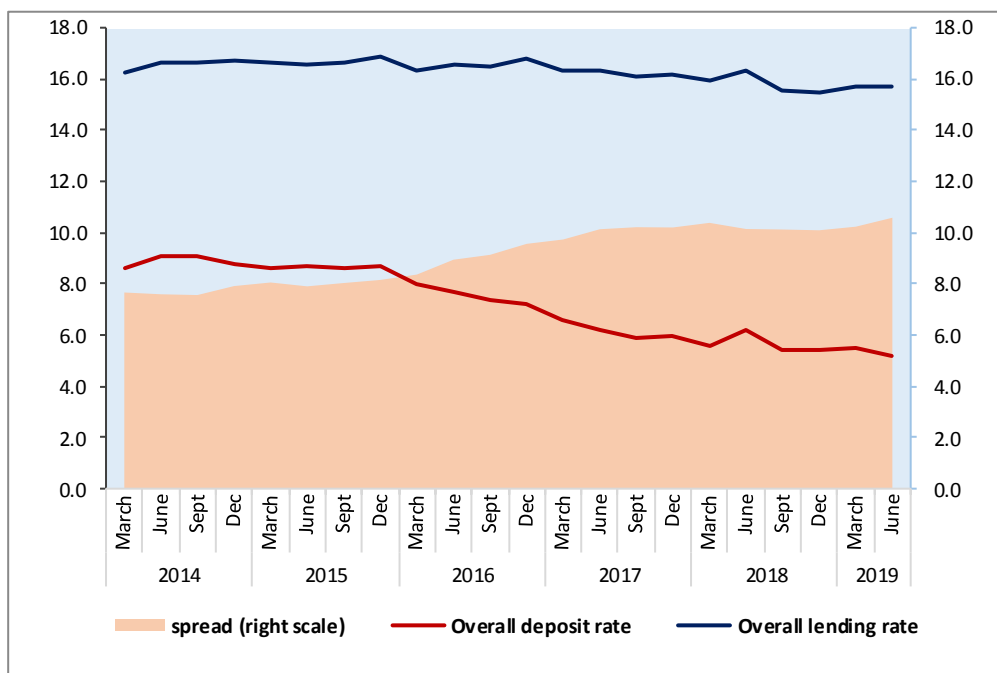
Chart 9: Money market interest rates (%)



Source: BRB

At the end of the second quarter 2019, the average interest rate on outstanding loans slightly increased to 15.74% from 15.51% in March 2019 while it stood at 15.75% at the same period of 2018. The average interest rate on loans authorized in the first quarter of 2019 increased to 15.65% from 14.48% in the preceding quarter and 15.32% in the same period of 2018.

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



Source: BRB

At the end of June 2019, the average deposit interest rate increased to 5.16%, from 5.46% at the end of March 2019 and by 6.17% in the same period in 2018. Quarter –on- quarter, the decline concerned remunerated demand deposits (2.39 against 3.170%). On the other hand, interest rate on term deposits (6.69 against 6.67%) and passbook accounts (4.61 against 4.57%) slightly rose.

2.4.2. Reserve money

The reserve money grew by 8.4% at the end of June 2019 compared to the end of March 2019, amounting to 657,960.5 from 606,977.6 MBIF, mainly due to the improvement of net foreign assets (+27.0%) and to, a lesser extent of, net domestic assets (+0.8%).

By components, the increase of reserve money mainly concerned the currency in circulation (+ BIF 53,771.8 million) and deposits of financial institutions (+BIF 1,454.3 million). On the other hand, the other deposits decreased (- BIF 4,647.6 million).

Table 11: Reserve Money and its counterparts (in BIF million)

	june.18	march.19	june.19	change (in %)	
				Quarterly	Annual
Currency in circulation	334,282.7	329,231.6	383,003.4	16.3	14.6
Bank and microfinance deposits	165,348.5	225,323.6	225,728.0	0.2	36.5
Other financial corporation deposits	1,303.3	1,904.8	3,359.1	76.3	157.7
Othr deposits	47,612.4	50,517.6	45,870.0	-9.2	-3.7
Total	548,546.9	606,977.6	657,960.5	8.4	19.9
Net foreign assets	-175,279.1	-166,782.4	-121,713.1	27.0	30.6
Net domestic assets	723,826.0	773,760.0	779,673.6	0.8	7.7
Net claims on the Government	408,472.6	417,991.1	377,197.7	-9.8	-7.7
Other items , net	315,353.4	355,768.9	402,475.9	13.1	27.6

Source: BRB

The reserve money grew by 19.9% year-on-year, driven by the increase of net foreign assets (+ 30.6%) and net domestic assets (+ 7.7%). This increase was mainly driven by the rise of deposits of commercial banks and microfinance (+ 36.5%) as well as the currency in circulation (+ 14.6%).

Table 12: Source of change of reserve money at the end June 2019

	Change from march 2019	Change from June 2019
NFA	7.4	9.7
NDA	1.0	10.2
Net claims on the Government	-6.7	-5.7
Other items , net	7.7	15.9
Reserve money	8.4	19.9

Source : BRB

The analysis in terms of contribution to the increase of reserve money reveals that the quarterly increase was, mainly, of external origin (7.4 percentage points) whereas, on a year-on-year basis, it was both internal (10.2 percentage points) and external origin (9.7 percentage points).

2.4.3. Broad money and counterparts

Compared to the end of the previous quarter, the money supply (M3) increased by 6.7% at the end of June 2019, amounting to BIF 2,007.1 billion against BIF 1,880.6 billion. This increase concerned demand deposits (+ 6.6%), term and savings deposits (+ 5.6%) and currency outside banks (+15.7%). On the other hand, the deposits of residents in foreign currencies declined by 3.8%.

The quarterly increase of the money supply resulted from the rising both of net domestic assets (+ BIF 91,390.3 million) and net foreign assets (+BIF 35,150.2 million). The increase of net domestic assets concerned the claims on the Government (+BIF 67,918.8 million) and claims on the economy (+ BIF 38,791.6 million), while the other net items decreased (- BIF 15,320.1 million).

Table 13: Broad money and counterparts (in BIF million)

	june.18	march.19	june.19 (p)	change (in %)	
				Quarterly	Annual
M3	1,620,461.3	1,880,598.8	2,007,139.3	6.7	23.9
NFA	-201,255.7	-229,403.1	-194,252.9	15.3	3.5
NDA	1,821,717.0	2,110,001.9	2,201,392.2	4.3	20.8
Domestic credit	2,159,954.3	2,450,302.9	2,557,013.3	4.4	18.4
Net claims on the Government	1,189,574.3	1,403,195.3	1,471,114.1	4.8	23.7
Claims on the economy	970,380.0	1,047,107.6	1,085,899.2	3.7	11.9
Other items , net	-338,237.3	-340,301.0	-355,621.1	-4.5	-5.1

Source: BRB

Year-on-year basis, the money supply (M3) increased by 23.9%. This growth was driven by demand deposits (+ 13.3%), term and savings deposits (+ 16.9%), residents' foreign currency holdings (+ 13.1%) and currency outside banks (+ 12.9%). Regarding counterparties, the increase was mainly concerned net domestic assets (+ 20.8%) and to, a lesser extent of, the net foreign assets (+3.5%). The increase of net domestic assets concerned net claims on the Government (+ 23.3%) and claims on the economy (+ 11.9%), the other net items slightly decreased (-5.1%).

Table 14: Source of change of broad money at the end June 2019

	Change from June 2018	Change from June 2019
Net foreign assets (NFA)	1.9	0.5
Net domestic assets (NDA)	4.8	23.4
o/w: - Domestic credit	5.6	24.5
- Other Items net	-0.8	-1.1
Broad money (M3)	6.7	23.9

Source: BRB

The increase of money supply was mainly of internal origin, both quarter-on-quarter (4.8%) and on year-on-year basis (23.4%).

2.5. Banking sector development and financial stability

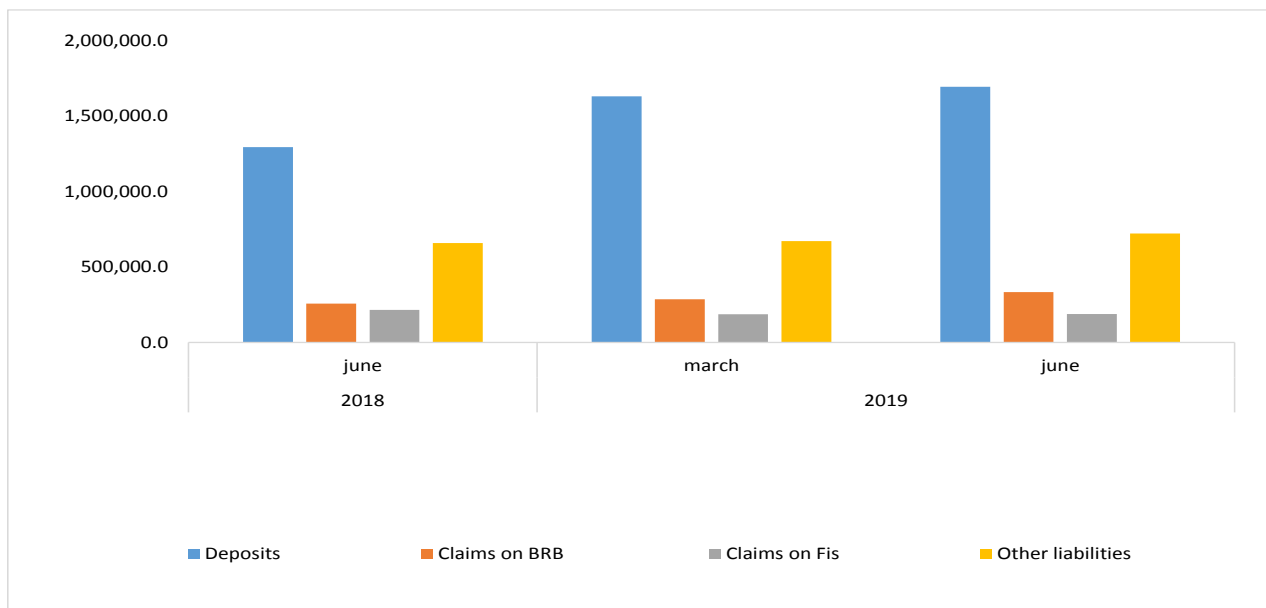
The banking sector balance sheet increased by 21.1% year-on-year, amounting to BIF 2,940.9 billion in June 2019 against BIF 2,428.2 billion and grew by 5.9% quarterly. Over the same period, the quality of the loans portfolio and deposits improved. Likewise, the banking sector's equity and all prudential ratios stood well above the regulatory thresholds.

2.5.1. Banking activities

2.5.1.1. Main resources

The deposits rose by 30.9% at the end of June 2019 compared to the corresponding period of 2018, amounting to BIF 1694.5 billion against BIF 1,294 billion and grew by 3.9% quarterly. However, interbank holdings deteriorated by 12.5% year –on- year, from BIF 216.3 billion to BIF 189.4 billion in June 2019. Nonetheless, the refinancing from BRB increased by 29.5%, reaching 334.7 in June 2019 from BIF 258.4 billion recorded in the corresponding period of 2018.

Chart 11 : Liabilities' structure (in %)

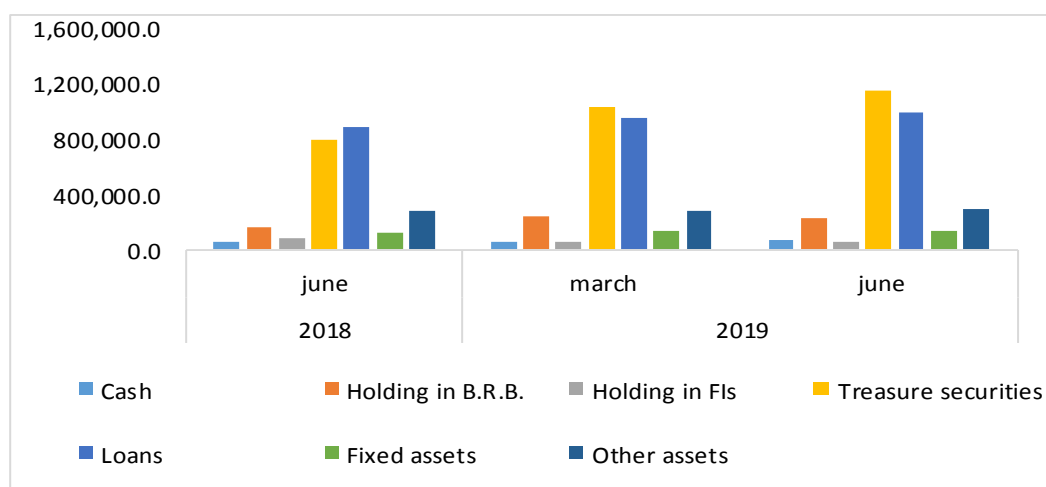


Source: BRB

2.5.1.2. Main Assets

The credit to the private sector grew by 11.3% yearly and by 3.8% on a quarterly basis, amounting to BIF 993.0 billion from BIF 892.1 billion in June 2018. Likewise, the outstanding of Treasury securities rose by 43.3% year-on-year and by 10.5% quarter-on-quarter, standing from BIF 1,040.4 billion in June 2018 to BIF 1,150.0 billion in June 2019.

Chart 12: Structure of assets (in % of the total)

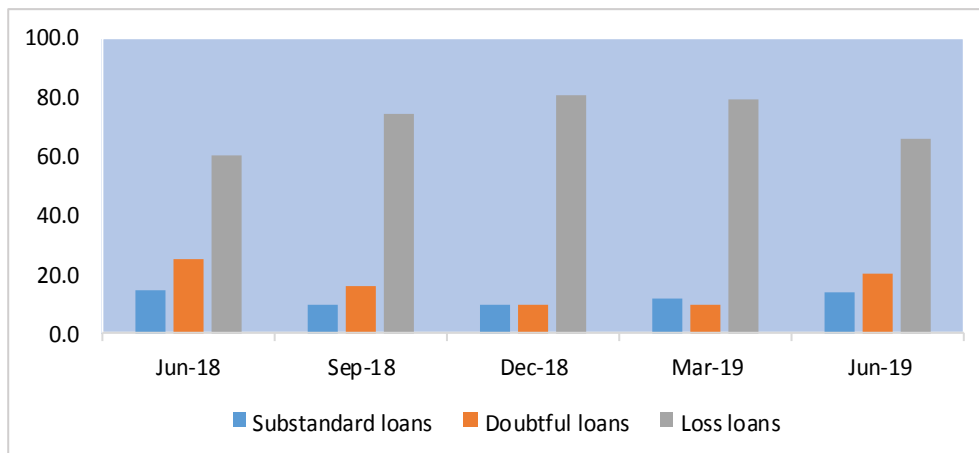


Source: BRB

2.5.2. Loans portfolio quality

At the end of June 2019, the non-performing loans (NPLs) fell by 21.5% year –on- year, following a decline of substandard loans (-27.3%), doubtful (-37.1%) and loss (-13.6%) loans. However, they increased by 12.9% quarterly, mainly driven by the rise of substandard loans (+33.3%), doubtful loans (+140.5), loss loans decreased by 5.5%.

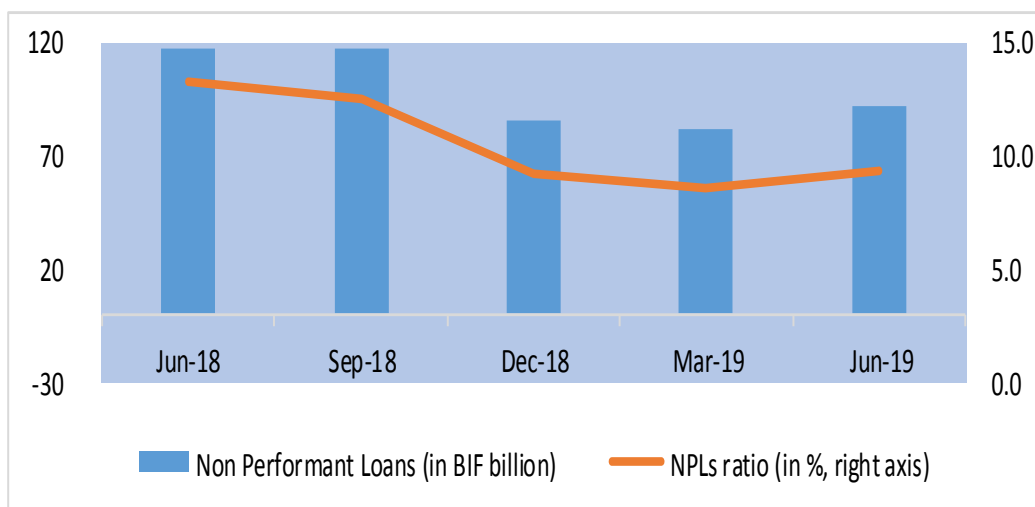
Chart 13: Overdue loans per class (in %)



Source: BRB

The non-performing loans ratio stood at 9.3% in June 2019 against 13.3% in the corresponding month of 2018 due to the writing-off loans dated of two years as classified as non performing in the balance sheet of the banking sector.

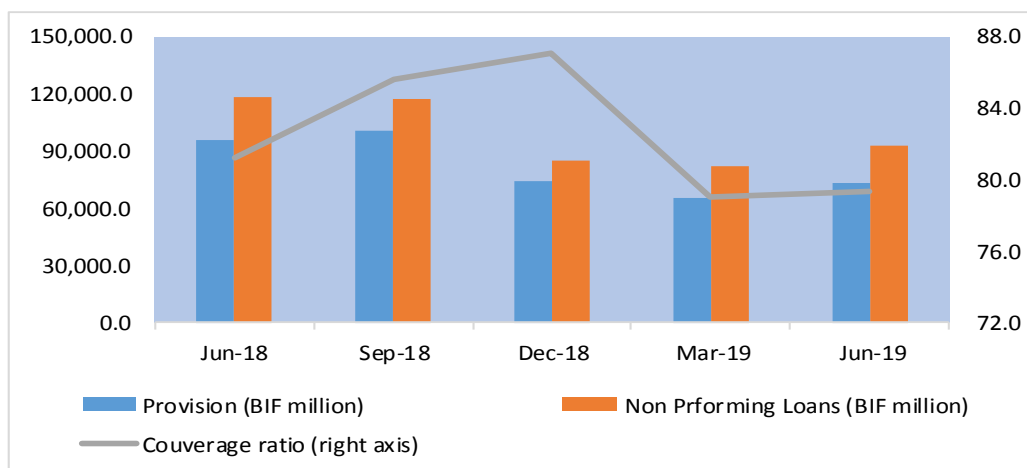
Chart 14: Non-performing loans



Source: BRB

The NPLs coverage ratio decelerated at the end of June 2019, standing at 79.4 against 87.0% in June 2018, following a decline of non-performing loans (-21.5%). Nevertheless, the provisioning rate rose on a quarterly basis linked to the increase of substandard (+33.3%) and doubtful (+140.5) loans.

Chart 15: Provisions and coverage rate

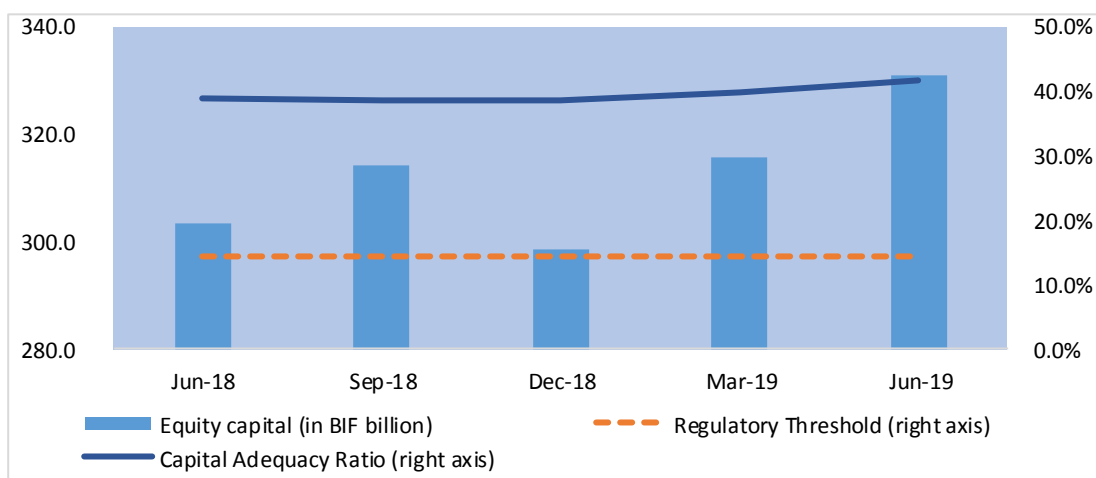


Source: BRB

2.5.3. Capital adequacy

The banking sector equity increased by 9.2% on a yearly basis and by 4.9% quarter-over-quarter, amounting at BIF 331.3 billion in June 2019 from BIF 303.4 billion and BIF 315.9 billion recorded in June 2018 and March 2019, respectively.

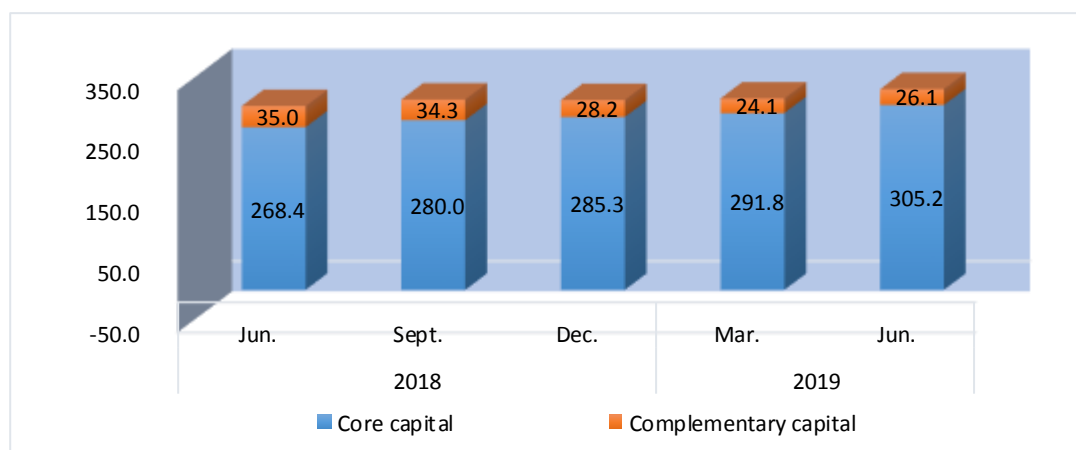
Chart 16: Equity



Source: BRB

The overall solvency ratio slightly improved year-on-year and quarterly, establish at 27.4% in June 2019 from 24.4% in June 2018 and by 25.4% in March 2019; given a regulatory standard of 14.5%.

Chart 17: Composition of equity (in BIF billion)



Source: BRB

2.5.4. Banking sector's profitability

The gross income grew by 17.5% in June 2019 compared to the corresponding month of 2018, amounting to BIF 119,261.8 million against BIF 101,489.0 million. Likewise, the banking sector net income increased, reaching BIF 57,243.2 million from BIF 31,416.9 million. The return on assets (ROAs) and the return on equity (ROE) stood at 1.9 and 17.3% respectively, from 1.3% and 10.4% in June 2018.

CONCLUSION AND MONETARY POLICY MEASURES

Compared to the previous quarter, economic growth slowed down in major OECD countries in the second quarter 2019 (1.9% against 2.9%), following the protectionist measures taken by the United States of America towards imports from China and Brexit's Uncertainty. However, economic growth improved in China compared to the previous quarter and remains robust despite deceleration year-on-year basis.

These trade tensions combined with uncertainty on Brexit and geopolitical tensions affected the volume of world trade and influenced the energy prices. Quarter-on-quarter, headline inflation slightly increased in major advanced and emerging economies.

According to IMF forecasts done in July 2019, economic growth could reach 3.4% in sub-Saharan Africa in 2019, 0.1% less than what has been forecasted for April 2019. The major economies of the region registered a slight performance, included for Nigeria (2.3% against 1.9%) and South Africa (0.7 against 0.8%) could be partially offset by strong growth in some countries with poor natural resources.

According to national economic indicators, mainly productions of primary sector, especially driven by the strong improvement of agriculture crops. This strong performance in this sector explains the deflation recorded in the second quarter 2019.

The reserve money and the money supply rose in the second quarter 2019, mainly driven by the increase of net domestic assets. Banking activity and all major indicators of soundness and profitability of banking sector improved.

In the second quarter 2019, the BRB kept the measures of easing the refinancing conditions to allow commercial bank to further finance the economic activity. In perspective, the BRB has already formulated additional measures to boost economic activity.

ANNEXES

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

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

Source: MBGP

ANNEX 2: INFLATION BY MAIN COMPONENTS (in %)

Period	Headline Inflation	Food inflation	Non-food inflation
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
Oct-18	-8.4	-20.2	6.2
Nov-18	-7.3	-18.7	6.6
Dec-18	-5.6	-15.2	5.9
Jan-19	-3.8	-10.9	4.4
Feb-19	-4.1	-10.9	3.1
Mar-19	-2.9	-7.8	2.3
Apr-19	-2.2	-6.1	1.9
May-19	-2.4	-5.7	1.2
Jun-19	-4.0	-8.6	0.9

Source: ISTEERU

Annex 3: Government Financial Operations (in MBIF)

	Revenue			Expenditures	Overall Balance
	Fiscal Revenue	Grant	Total		
Jan-17	53,627.70	7,058.30	60,686.00	64,415.60	-3,729.60
Feb-17	51,656.90	10,991.70	62,648.50	84,274.10	-21,625.60
Mar-17	73,064.80	13,243.60	86,308.40	87,906.10	-1,597.80
Apr-17	51,144.70	9,769.60	60,914.30	98,016.50	-37,102.20
May-17	54,415.70	8,886.70	63,302.40	87,125.30	-23,822.90
Jun-17	65,194.30	22,169.00	87,363.30	88,592.80	-1,229.50
Jul-17	67,742.90	11,005.50	78,748.40	87,554.40	-8,806.00
Aug-17	72,246.70	9,317.20	81,563.90	113,343.30	-31,779.40
Sep-17	69,515.00	8,503.20	78,018.20	82,670.90	-4,652.70
Oct-17	60,683.30	16,279.20	76,962.50	124,142.80	-47,180.30
Nov-17	65,298.00	8,264.80	73,562.80	79,101.30	-5,538.40
Dec-17	69,552.50	13,024.20	82,576.70	131,400.00	-48,823.20
Jan-18	62,945.10	9,475.40	72,420.50	72,255.80	164.8
Feb-18	58,578.40	24,358.30	82,936.70	128,496.30	-45,559.60
Mar-18	90,994.60	18,147.30	109,141.90	112,356.80	-3,215.00
Apr-18	65,134.60	17,173.80	82,308.40	102,753.10	-20,444.70
May-18	63,096.80	19,297.10	82,393.90	119,669.80	-37,275.80
Jun-18	75,254.20	31,153.20	106,407.40	162,729.20	-56,321.80
Jul-18	60,554.70	11,601.30	72,156.00	79,153.40	-6,997.30
Aug-18	75,622.20	12,063.40	87,685.60	102,781.40	-15,095.90
Sep-18	73,977.30	17,554.90	91,532.20	97,407.00	-5,874.80
Oct-18	70,957.30	13,169.40	84,126.70	121,865.50	-37,738.80
Nov-18	61,412.20	8,713.80	70,126.00	85,930.70	-15,804.70
Dec-18	78,361.60	28,541.40	106,903.00	126,953.20	-20,050.20
Jan-19	66,765.74	14,412.40	81,178.14	130,266.34	-49,088.20
Feb-19	67,427.71	24,367.44	91,795.16	116,847.05	-25,051.89
Mar-19	97,566.21	19,018.00	116,584.21	99,644.02	16,940.19
Apr-19	76,198.11	19,259.45	95,457.56	130,649.64	-35,192.08
May-19	69,221.83	20,060.20	89,282.03	129,261.73	-39,979.71
Jun-19	99,216.12	32,212.40	131,428.52	115,908.89	15,519.62

Source: MFBB

ANNEX 4: Government debt (in BIF million)

Period	BRB	Tresury securities	Total domestic debt	External debt	Total Government debt
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
Oct-18	750,952.9	1,074,283.1	1,888,931.0	804,808.3	2,693,739.3
Nov-18	749,761.5	1,099,486.2	1,912,869.3	810,165.1	2,723,034.4
Dec-18	772,108.5	1,106,829.2	1,937,821.9	815,659.1	2,753,481.0
Jan-19	735,898.0	1,170,456.8	1,965,632.6	821,818.0	2,787,450.6
Feb-19	754,785.4	1,203,007.7	2,017,332.5	821,396.1	2,838,728.6
Mar-19	776,260.3	1,230,561.3	2,066,815.1	824,023.9	2,890,839.0
Apr-19	749,554.5	1,264,065.9	2,073,957.4	827,752.1	2,901,709.5
May-19	741,946.8	1,309,285.8	2,110,469.8	867,433.4	2,977,903.2
Jun-19	762,094.0	1,339,778.2	2,158,605.5	874,568.9	3,033,174.4

Source: BRB and MFBP

ANNEX 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
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
Oct-18	158,419.7	286,968.9
Nov-18	146,545.8	268,534.4
Dec-18	150,236.7	248,369.8
Jan-19	163,427.1	258,199.2
Feb-19	165,113.6	267,533.8
Mar-19	192,194.0	281,986.0
Apr-19	167,995.0	292,282.0
May-19	163,240.0	315,130.0
Jun-19	170,302.0	334,215.0

Source: BRB

ANNEX 6 : Money market interest rate (in %)

Month	Interbank market	Overnight interest rate	Tresury Bill at 13 weeks	Liquidity providing
Q1-2016	5.13	9.35	6.35	3.37
Q2-2016	4.56	9.32	6.32	3.25
Q3-2016	4.25	8.20	5.20	3.14
Q4-2016	3.68	7.33	4.33	2.64
Q1-2017	4.77	8.47	5.47	3.68
Q2-2017	5.23	7.42	4.42	4.04
Q3-2017	4.55	7.45	4.45	2.93
Q4-2017	4.04	7.86	4.86	2.60
Q1-2018	3.71	6.86	3.86	2.71
Q2-2018	4.31	5.58	2.58	3.53
Q3-2018	3.00	5.33	2.33	2.81
Q4-2018	3.11	5.48	2.48	2.49
Q1-2019	3.11	5.51	2.51	2.39
Q2-2019	3,69	5,50	2,82	2,50

Source: BRB

ANNEX 7: Main activity indicators of the banking sector in June 2019 (in BIF Million)

	6/30/2018	3/31/2019	6/30/2019	Quarterly change in %	Annual change in %
I. ASSETS	2 428 233,5	2 778 167,0	2 940 947,3	5,9	21,1
I.1. MAIN ASSETS	2 010 428,8	2 360 588,9	2 502 326,7	6,0	24,5
A. Liquid assets	1 118 308,6	1 403 505,9	1 509 280,1	7,5	35,0
. Cash	57 500,1	62 071,9	71 025,3	14,4	23,5
. B.R.B.	166 804,2	241 497,2	227 247,8	-5,9	36,2
. Holding in banks and other FIs	91 298,1	59 542,6	60 961,9	2,4	-33,2
. Treasury securities	802 706,2	1 040 394,2	1 150 045,2	10,5	43,3
B. Loans	892 120,2	957 083,0	993 046,5	3,8	11,3
. Short term	461 142,0	448 388,0	451 851,5	0,8	-2,0
. Medium term	266 801,0	322 092,0	345 808,0	7,4	29,6
. Long term	164 177,2	186 603,1	195 387,1	4,7	19,0
. Leasing	-	-	-	-	-
. Other loans	-	-	-	-	-
I.2. Fixed assets	129 758,3	139 318,3	142 685,1	2,4	10,0
I.3. Others assets	288 046,4	278 259,9	295 935,5	6,4	2,7
II. LIABILITIES	2 428 233,5	2 778 167,0	2 940 947,3	5,9	21,1
II.1. Main liabilities	1 768 767,9	2 105 492,1	2 218 575,4	5,4	25,4
. Deposits	1 294 049,2	1 630 331,1	1 694 514,5	3,9	30,9
<i>amongst: Ten large deposits</i>	524 560,1	756 859,1	761 213,5	0,6	45,1
. Refinancing from B.R.B.	258 387,0	287 105,3	334 675,3	16,6	29,5
. Others	-	-	-	-	-
. Due to banks and FIs	216 331,7	188 055,8	189 385,5	0,7	-12,5
. Capital and reserves	252 261,3	265 198,3	289 083,2	9,0	14,6
II.2. Other liabilities	659 465,6	672 674,9	722 371,9	7,4	9,5
BANKING SECTOR'S INDICATORS					
Capital adequacy					
. Net core capital (in MBIF)	268 378,9	291 795,4	305 208,4	4,6	13,7
. Equity capital (in MBIF)	303 401,4	315 906,8	331 307,8	4,9	9,2
. Risk weighted assets	1 244 866,2	1 242 385,9	1 209 017,2	-2,7	-2,9
. Core capital adequacy (threshold 12,5%)	21,6	23,5	25,2	-	-
. Total capital adequacy Ratio (threshold 14,5%)	24,4	25,4	27,4	-	-
. Leverage Ratio (threshold 7%)	11,1	10,5	10,4	-	-
Loans quality and concentration					
. Large exposures	155 091,0	175 773,1	277 699,3	58,0	79,1
. Watch loans	40 841,4	79 832,2	66 887,8	-16,2	63,8
. Non-performing loans	118 250,8	82 224,7	92 790,7	12,9	-21,5
. Overdue loans :	159 092,2	162 056,9	159 678,5	-1,5	0,4
- Watch loans	40 841,3	79 832,2	66 887,8	-16,2	63,8
- Substandard loans	17 230,2	9 401,0	12 530,4	33,3	-27,3
- Doubtful loans	29 880,1	7 819,7	18 807,6	140,5	-37,1
- Loss loans	71 140,4	65 004,0	61 452,7	-5,5	-13,6
. Provisions	96 109,0	65 004,0	73 671,1	13,3	-23,3
. Gross total loans/Gross total assets (en %)	36,7	34,5	33,8	-	-
. Loans to the Government/Gross total assets (*)	33,1	37,4	39,1	-	-
. Loans to the Government/Core capital (*)	332,4	328,0	376,8	-	-
. Non-performing loans rate	13,3	8,6	9,3	-	-
. Overdue loans rate	17,8	16,9	16,1	-	-
. Provisioning rate (in %)	81,3	79,1	79,4	-	-
. Large exposures/Gross total loans (in %)	17,4	18,4	28,0	-	-
Liquidity					
. Liquidity ratio in BIF (threshold 100%)	0,0	276,6	235,8	-	-
. Liquidity ratio in foreign currency (threshold 100%)	0,0	97,7	114,1	-	-
. Total loans/total deposits	68,9	58,7	58,6	-	-
. Ratio of stable funds to fixed assets	142,4	142,4	125,5	-	-
. Ten large deposits/Total deposits	40,5	46,4	44,9	-	-
Profitability and performance					
. Before tax profit	34 538,8	29 148,4	60 574,6	107,8	75,4
. Net profit	31 416,9	26 008,6	57 243,2	120,1	82,2
. Net Gross Income	101 489,0	57 348,0	119 261,8	108,0	17,5
. ROA	1,3	0,9	1,9	-	-
. ROE	10,4	8,2	17,3	-	-

Source : BRB