



**BANQUE DE LA REPUBLIQUE
DU BURUNDI**

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

July-2019

TABLE OF CONTENTS

Acronyms	2
EXECUTIVE SUMMARY	3
1. INTERNATIONAL ECONOMIC DEVELOPMENT	5
1.1. Global GDP growth.....	5
1.2. World Trade	7
1.3. Commodity prices and inflation.....	7
1.4. Monetary policy in developed countries	8
1.5. Main macroeconomic indicators in EAC countries	9
II. LOCAL ECONOMIC AND FINANCIAL DEVELOPMENT	11
2.1. Production and Prices	11
2.2. External sector	12
2.2.1. External trade	12
2.2.2. Balance of payments	14
2.2.3. Foreign Assets.....	16
2.3. Public finance	17
2.4. Monetary sector.....	18
2.4.1. Bank reserves and interest rates	18
2.4.2. Reserve money.....	21
2.4.3. Broad money and counterparts	22
2.5. Banking sector development and financial stability	23
2.5.1. Banking activities	24
2.5.2. Loans portfolio quality	25
2.5.3. Capital adequacy.....	27
2.5.4. Banking sector's profitability	28
3. CONCLUSION AND MONETARY POLICY MEASURES	29
ANNEXES	30

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 la Statistique 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 first 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 and other advanced and emerging countries.

According to the IMF's April 2019 forecasts, the global economic growth would be reviewed downwards to 3.3 % against 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 at 3.5 % in 2019 compared to 3.0% 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 (2.1% against 1.0%) and South Africa (1.2% against 0.8%).

Inflation dropped in the first quarter 2019 in major advanced and emerging countries especially in OECD countries, mainly driven by the decrease of oil price and other energetic products.

In East African Community, the economic growth is expected to slow down (5.3% in 2019 against 6.3 % in 2018) and may widely exceed the sub-Saharan African's average, as a result of macroeconomic stability and public and private investment.

In Burundi, the main productions of the primary sector and the secondary sector increased in the first quarter 2019 compared to the same quarter in 2018 despite the decline of the industrial production. The inflation considerably dropped (-3.6% against -7.1%) following the decline of food product prices.

The annual growth rate of GDP is estimated to reach at 4.1% in 2019 against 3.8% recorded last year. This improvement is linked to good contribution of primary and secondary sector. Inflation could remain low at 3.5% against -2.6% in 2018.

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

The fiscal deficit worsened compared to the same quarter in 2018 in relation to the combined effect of increase of expenses and lower revenues. This deficit was mainly financed by domestic debt.

The reserve money increased by 7.5% at the end of the first quarter and by 17, 0% year –on- year basis. The money supply rose by 4.9% quarterly and 19.9 % on yearly basis, mainly driven by the increase of net domestic assets. The official reserves decreased by 21.1% and these reserves covered 0.7 month of imports of goods at the end of April 2019 compared with 1.2 month recorded in the corresponding period in 2018.

The banking sector remained sufficiently capitalized in the first quarter 2019 and complied with all regulatory and prudential standards. All indicators of soundness and profitability have improved.

I. INTERNATIONAL ECONOMIC DEVELOPMENT

1.1. Global GDP growth

Compared to the same period of the previous year, economic growth in all OECD countries slowed in the first quarter 2019 (1.9 against 2.6%) due to the protectionism trade measures taken by the United States on imports from China. However, it accelerated compared to the previous quarter (0.6 against 0.3%).

Table 1: Quarterly GDP growth of main advanced countries

	Quarter to quarter		Year on year	
	Q4-2018	Q1-2019	Q1-2018	Q1-2019
USA	0.5	0.8	2.6	3.2
Japan	0.4	0.5	1.3	0.8
United Kingdom	0.2	0.5	1.2	1.8
Euro zone	0.2	0.4	2.4	1.2
OECD - Total	0.3	0.6	2.6	1.9
China	1.5	1.4	6.8	6.4
India	1.6	1.4	7.8	6.0

Source: OECD (2019), Quarterly GDB

In the United States, GDP growth accelerated quarter –on- quarter basis (0.8 against 0.5%) and year-on-year basis (3.2 against 2.6%). In Japan, economic growth slightly rebounded quarter on quarter basis (0.5 against 0.4%) but slowed year –on- year basis (0.8 against 1.3%).

In the euro area, economic growth strengthened quarter-on-quarter basis (0.4% against 0.2%) while it decelerated year-on-year basis (1.2 against 2.4%). In the United Kingdom, economic growth improved (0.5 against 0.2%) quarter-on-quarter and year-on-year (1.8 against 1.2%).

In the main emerging countries of Asia, economic growth slightly slowed from one quarter to another in China (1.4 against 1.5%) and in India (1.4 against 1.6%). Year-on-year basis, economic growth also decelerated both in China (6.4 against 6.8%) and in India (6.0 against 7.8%).

According to IMF forecasts¹, world economic growth for 2019 would be 3.3% against 3.6 % in 2018, mainly due to the trade tensions between the United States and its major trading partners and the gradual tightening of global financial conditions.

Table 2: World economic growth

	2017	2018	2019(p)
World GDP	3.8	3.6	3.3
Advanced economies	2.4	2.2	1.8
USA	2.2	2.9	2.3
Euro zone	2.4	1.8	1.3
Japan	1.9	0.8	1.0
United Kingdom	1.8	1.4	1.2
Emerging and developping Economies	4.8	4.5	4.4
China	6.8	6.6	6.3
India	7.2	7.1	7.3
Subsaharan Africa	2.9	3.0	3.5
-Nigeria	0.8	1.9	2.1
-South Africa	1.4	0.8	1.2
(p): provisional			

Source: IMF, World economic outlook, October 2019

In advanced economies, the projected growth rate is 1.8% compared to 2.2% recorded in 2018. This decline is partly attributable to the negative effects of the United States tariffs restrictions taken for the imports from China and the downward trend of the consumption and industrial production in the advanced countries.

In emerging and developing countries, economic growth is expected to be 4.4%, compared to 4.5% in 2018. This slowdown is mainly driven by the slowdown activity in China (6.3 against 6.6%). However, it would accelerate in India (7.3 against 7.1% in 2018), due to the improvement of the domestic demand supported by expansionary monetary and fiscal policies.

In sub-Saharan Africa, economic growth could slightly increase in 2019 (3.5 against 3.0%). Major economies, particularly Nigeria (2.1 against 1.9%) and South Africa (1.2 against 0.8%), would continue to score low growth rates. However, resource-poor countries would record strong growth, averaging 6.0%.

¹ IMF, World Economic Outlook, January 2019

1.2. World Trade

The volume of world trade could slowdown in 2019 (3.4 against 3.8% in 2018), as a result of rising trade tensions between the United States and China.

Table 3: World trade growth (%)

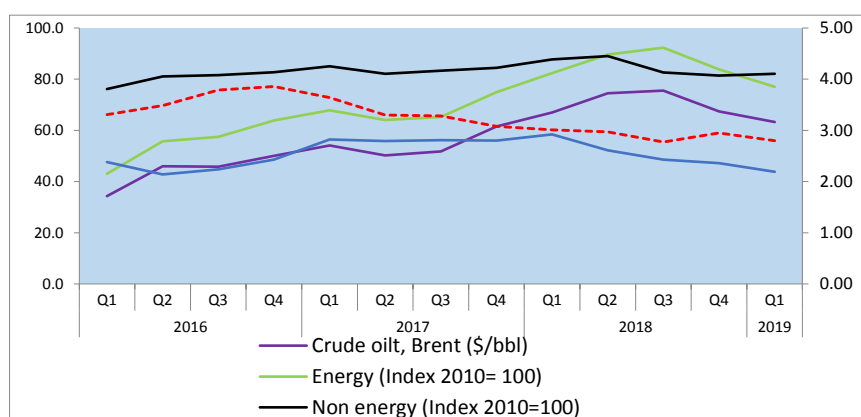
	2017	2018	2019(p)
World trade (goods and services)	5.4	3.8	3.4
Advanced Economies	4.3	3.2	3.0
Emerging Market and Developing Economies	7.5	5.6	4.6

Source: IMF, World economic outlook, October 2019

1.3. Commodity prices and inflation

Compared to the previous quarter, commodity prices declined in the first quarter 2019. Crude oil prices were 63.30 against USD 67.40/bbl. The price of Arabica coffee rose from 2.95 to USD 2.80 / kg and the price of Mombasa tea auctions rose from 2.36 to USD 2.19/kg. The energy index fell quarter –on- quarter basis (77.10 against 83.80) while the non-energy index rose (82.10 against 81.40).

Chart 1: Commodity prices



Source: World Bank, Commodity prices, October 2019

Global inflation decelerated in the first quarter 2019 in major advanced and emerging economies, mainly as a result of the lower prices of oil and other energy prices.

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

	Year on year		
	Q1-2018	Q4-2018	Q1-2019
China	2.2	2.2	1.8
USA	2.2	2.2	1.6
Japan	1.3	0.9	0.3
Euro zone	1.3	1.9	1.4
OECD - Total	2.2	2.7	2.2

Source: OECD, *Economic Outlook, May 2019*

Year-on-year basis, headline inflation stabilized at 2.2% in all OECD countries and slightly fell in the main emerging countries, especially China (1.9 against 2.2%). On the other hand, it slightly increased in the euro Area (1.4 against 1.3%).

1.4. Monetary policy in developed countries

In the first quarter 2019, many central banks in advanced economies maintained accommodative monetary policies to stimulate economic growth supported by inflation declining.

In the United States, 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, respectively 0.00%, 0.25% and -0.40%. It continued the program of assets purchases to stimulate commercial banks to finance investment.

The Bank of Japan (BoJ) has not changed its accommodative monetary policy due to the moderate economic expansion and that the inflation target (2.0%) is not yet achieved. The Bank of Japan maintained a negative interest rate (-0.1%) on deposits facilities and continued its Treasury bond buyback program.

1.5. Main macroeconomic indicators in EAC countries

According to the IMF's April 2019 forecasts, economic growth in EAC's countries could decelerate (5.3 against 6.3% in 2018) but remain above the average for sub-Saharan Africa. This growth is mainly driven by investment in public infrastructure, good agricultural production due to the good weather conditions and the booming of services sector.

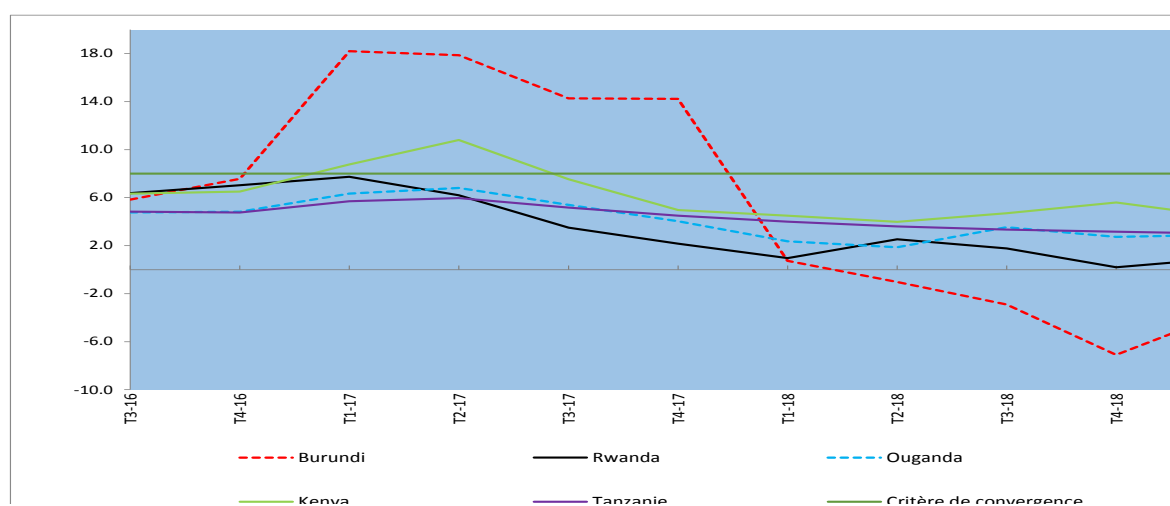
Table 5: GDP growth in EAC² countries (in %)

	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	3.0	3.5

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

In the first quarter 2019, inflation remained subdued in the EAC countries, mainly as a result of lower food prices. It slightly increased in Rwanda (1.0 against 0.2%) and Uganda (2.9 against 2.7%) while it slightly decreased in Kenya (4.4 against 5.6%) and Tanzania (3.0 against 3.2%). Nevertheless, Burundi recorded a deflation (-3.6 against -7.1%).

Graph 2: Inflation in EAC countries (in %)

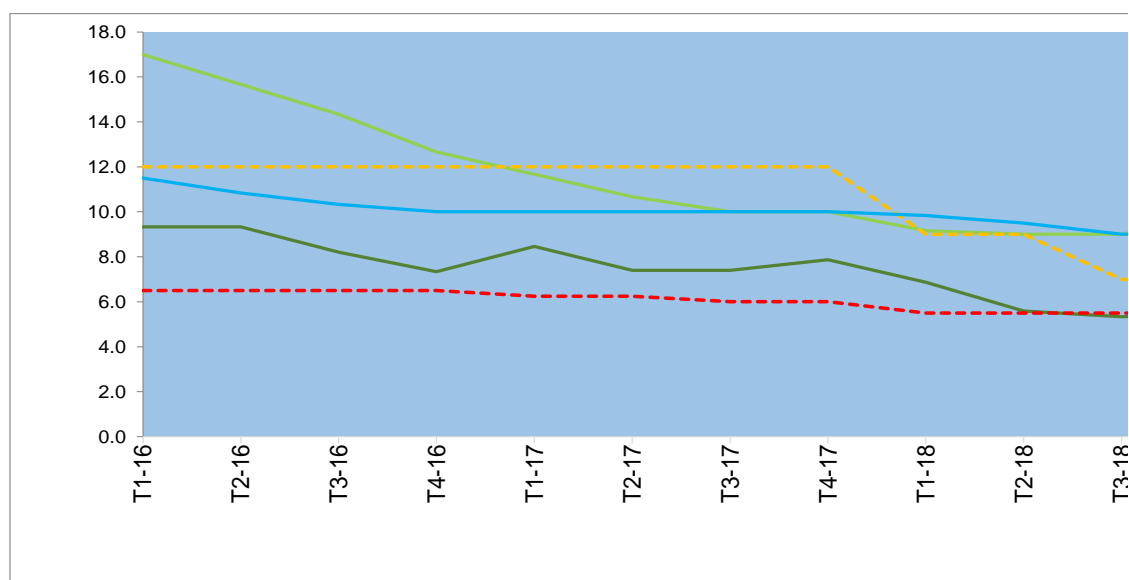


Source: EAC Central Banks web sites

² Burundi data provided from the Macroeconomic Framework, March 2018

Following lower prices in most EAC countries during the fourth quarter of 2019, central banks, with the exception of Uganda, maintained their accommodative monetary policies to further stimulate economic growth.

Chart 3: Central bank interest rates (in %)



Source: EAC Central Banks web sites

Indeed, the key rates of the central banks of Rwanda (5.5%), Uganda (10.0%), Kenya (9.0%) and Tanzania (7.0%) remained unchanged as in the previous quarter. In Burundi, the average rate of the marginal lending facility stood at 5.5 % as in the previous quarter.

On a year-on-year basis, all currencies of the EAC countries fluctuated within the 5.0% margins agreed 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
Mar-18	2,259.80	852.68	3,686.89	100.85	1,775.59
Dec-18	2,292.60	879.10	3,713.35	101.75	1,808.30
Mar-19	2,289.50	888.86	3,715.13	100.75	1,828.30
Annual change Mar-19/Mar-18 (%)	1.3	4.2	0.8	-0.1	3.0
Quarterly change Mar-19/Dec-18 (%)	-0.14	1.11	0.05	-0.98	1.11

Source: EAC Countries Central Banks websites

II. LOCAL ECONOMIC AND FINANCIAL DEVELOPMENT

2.1. *Production and Prices*

Industrial production slightly decreased in the first quarter 2019 compared to the corresponding quarter in 2018. The industrial production index decreased by 5.0%, mainly due to the improvement of BRARUDI's beverages production (-1.5%) and cigarettes (-38.2%). Compared to the previous quarter, this index fell by 20.4% from 140.7 to 112.0, driven by a decline of the BRARUDI's beverages production (-3.5%), soaps (-1.4%) and plastics crates (-29.3%).

REGIDESO's electricity production increased by 10.8% compared to the same quarter in 2018, from 55,596 to 61,581 Megawatts, linked to the good rainfall and the electricity production from thermal power stations rent (+ 4.2%). Similarly, it increased by 5.1% compared to the previous quarter.

The volume of goods transiting by the Bujumbura Port increased by 44.0% compared to the same quarter in 2018 and 8.7% compared to the previous quarter due to the increase of imports of cement and clinker.

Activity decreased at Bujumbura International Airport in the first quarter 2019. Numbers of passengers decreased by 13.5% year-on-year basis and by 8.8% from one quarter to another. Aircraft traffic fell both year-on-year basis (-31.4%) and quarter-on-quarter (-3.9%).

GDP growth rate is expected to reach 4.1% in 2019 due to the improvement activity in the primary and secondary sectors. Inflation could reach 3.5 against -2.6% in 2018.

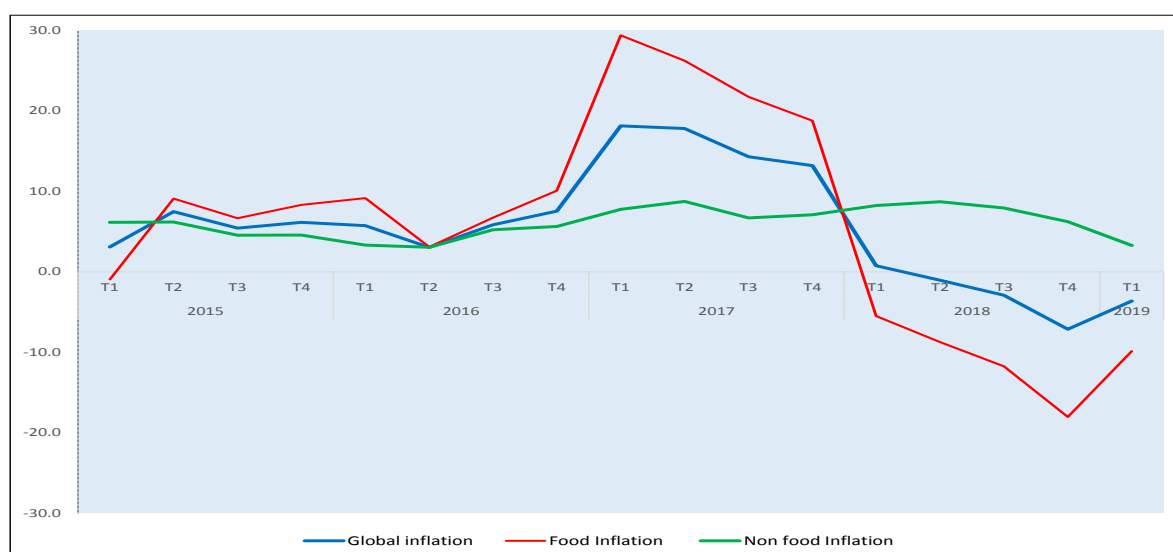
Table 5: Real GDP growth and inflation (in %)

	2016	2017	2018	2019 (prov)
1. Real GDP Growth	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 first quarter 2019 to -3.6 compared to 0.7% recorded in the corresponding quarter 2018. This decrease is explained by the declining of food prices (-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

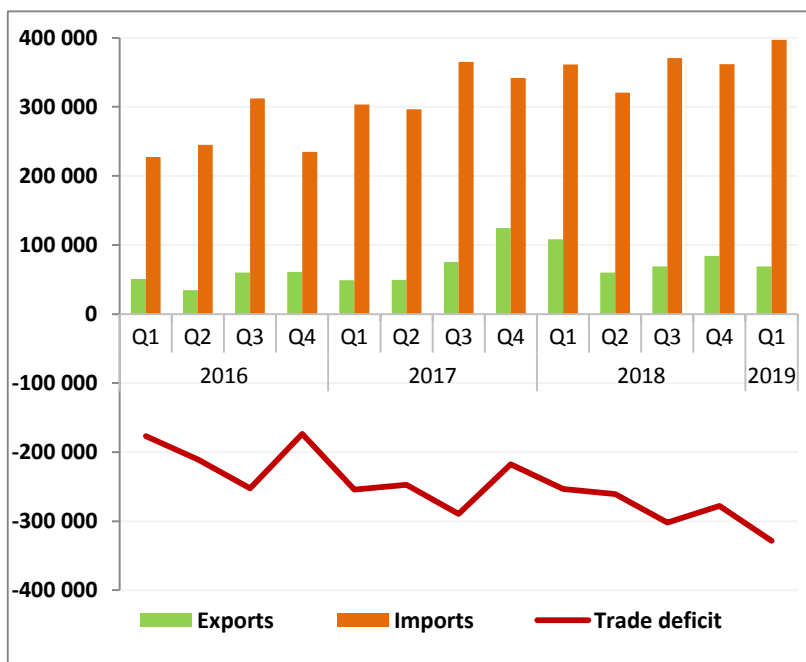
In contrast, compared to the previous quarter, deflation remained (-3.6 against -7.1%), mainly driven by food inflation (-9.9 against -18.0%).

2.2. External sector

2.2.1. External trade

The trade balance worsened, from BIF 253,092.7 million in the first quarter 2018 to BIF 328,318.9 million, linked to the decline exports (-BIF 39,539.0 million) and the increase of imports (+BIF 35,687.2 million).

Chart 5: Trade balance (in BIF million)

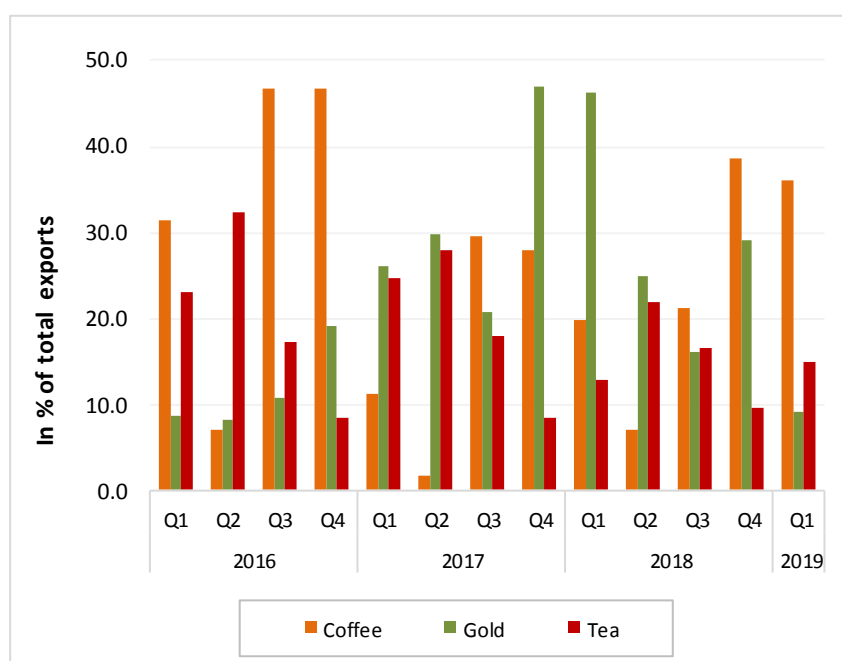


Source : BRB

Exports decreased by 36.5%, amounting to BIF 68,789.0 million from BIF 108,328.1 million, resulting from the decline of primary products (BIF 49,967.1 against BIF 93,652.5 million) while exports of manufactured products slightly increased (BIF 18,822.0 against BIF 14,675.5 million).

Therefore, the contraction of primary exports mainly concerned non-monetary gold (-BIF 44,028.2 million). However, the increase of manufactured products concerned “others manufactured products” (+BIF 5,294.2 million).

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



Source: BRB

Imports rose by 9.9% in the first quarter 2019, amounting to BIF 397,107.9 million from BIF 361,420.7 million recorded in the corresponding period in 2018. This improvement was driven by intermediate goods, standing to BIF 173,010.1 million from BIF 154,322.5 million and consumer goods, to BIF 151,796.87 million from BIF 115,546.3 million. On the other hand, imports of capital goods decreased, amounting to BIF 72,301.0 million from BIF 91,551.9 million.

For imports of intermediary goods, the increase mainly resulted from construction materials (+BIF 9,004.6 million) and “others intermediate goods” (+BIF 7,030.4 million).

The rise of consumer goods mainly concerned pharmaceutical products (+BIF 21,386.1 million), vehicles (+BIF 6,820.2 million) which recorded an increase while capital goods declined, especially electrical equipment (-BIF 27,148.6 million).

2.2.2. Balance of payments

In the first quarter 2019, the balance of payments recorded an increase of the net borrowing balance (from current and capital accounts), amounting to BIF 143,675.3 million from BIF 102,321.0 million in the corresponding quarter in 2018. This deterioration is driven by an increase of current account deficit (BIF 200,644.2 million against BIF 154,345.1 million) despite the

increase of the surplus of capital account (BIF 56,968.9 million against BIF 52,024.1 million) mainly project grants.

Table 6: Balance of payments (in BIF million)

	Q1-2018	Q1-2019
CURRENT ACCOUNT	-154,345.1	-200,644.2
Credit	272,996.3	273,561.2
Debit	425,806.2	474,205.4
Goods	-199,093.9	-270,607.3
Exports FOB	108,328.1	68,789.0
Imports FOB	307,422.0	339,396.4
Services	-40,065.6	-70,490.6
Credit	64,973.6	51,467.5
Debit	105,039.2	121,958.1
Primary income	1,294.8	3,218.6
Credit	5,088.2	6,588.9
Debit	3,793.5	3,370.2
Secondary incomes	83,519.6	137,235.1
Credit	93,071.2	146,715.8
Debit	9,551.5	9,480.7
CAPITAL ACCOUNT	52,024.1	56,968.9
Credit	52,224.9	57,863.9
Debit	200.8	895.0
Net lending (+)/ net borrowing (-) (balance from current and capital accounts)	-102,321.0	-143,675.3
FINANCIAL ACCOUNT		
Net lending (+)/ net borrowing (-) (balance from financial account)	-134,450.5	-146,243.8
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	-82,356.7	-121,820.9
Net acquisition of financial assets	53,077.8	16,474.5
Net incurrence of liabilities	135,434.4	138,295.4
-which: Allocations of SDRs	5,255.6	1,687.0
Reserve assets	-52,093.8	-24,422.9
Net errors and omissions	-32,129.5	-2,568.5

Source: BRB

The current account deterioration concerned goods account (BIF 270,607.3 against BIF 199,093.9 million) and services (BIF 70,490.6 against BIF 40,065.6 million). However, this deterioration was partially offset by an improvement of the surplus of secondary income (BIF137, 235.1 against BIF 83,519.6 million) and primary income (BIF3, 218.6 against BIF 1,294.8 million).

Compared to the first quarter in 2018, the financial account for the first quarter 2019 recorded a higher deficit, standing to BIF 146,243.8 million from BIF 134,450.5 million, on account of other investment balance (BIF 121,820.9 million against BIF 82,356.7 million).

2.2.3. Foreign Assets

At the end of the first quarter 2019, the foreign assets declined both quarter-on-quarter (-9.1%) and year-on-year basis (-19.9%).

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

	End of period in USD million			Change in %	
	March-2018	Dec-2018	March-2019	Quarterly	Annual
Foreign assets held by BRB	86.33	80.52	72.25	-10.3	-16.3
O/w: official Reserves	72.16	70.25	56.13	-20.1	-22.2
Foreign assets held by commercial banks	95.48	79.77	73.45	-7.9	-23.1
Total foreign assets	181.81	160.29	145.70	-9.1	-19.9

Source: BRB

The foreign exchange reserves of the BRB decreased by 10.3% compared to the previous quarter and by 16.3% compared to the same period in 2018. Those of the commercial banks decreased by 7.9% quarterly and 23.1% yearly.

The official reserves decreased by 20.1% quarter-on-quarter, amounted to USD 56.13 million from USD 70.25 million. They decreased by 22.2% year-on-year and covered 0.7 against 1 month of imports of goods and services in the same quarter 2018, the floor level being fixed at 4.5 months of imports in the EAC macroeconomic convergence criteria.

2.3. Public finance

In the first quarter 2019, the budget deficit (grants included) worsened compared to the corresponding quarter of the previous year, dropping to 57,199.9 from BIF 48,609.7 million mainly due to the relatively larger increase of expenditure than revenue. This deficit was mainly financed by a net domestic debt.

Table 8: Government Financial Operations (in BIF Million)

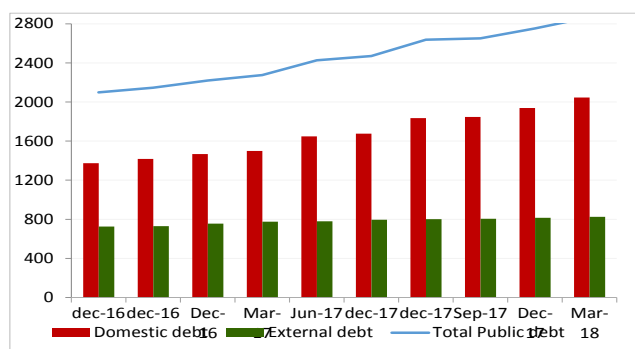
	Q1-2018	Q4-2018	Q1-2019
A. REVENUE AND GRANT	264,499.1	261,155.8	289,557.5
1. Revenue	212,518.0	210,731.2	231,759.7
Current revenue	212,518.0	210,731.2	231,759.7
Exceptional revenue	-	-	-
2. Grant	51,981.0	50,424.6	57,797.8
Current	-	-	-
Capital	51,981.0	50,424.6	57,797.8
B. EXPENDITURES	313,108.8	334,749.4	346,757.4
a. Current expenditures	230,798.1	237,093.6	241,624.6
Salaries	102,164.1	104,509.3	109,514.5
b. Investment expenditures	82,310.7	97,655.8	105,132.9
On internal resources	25,156.1	38,631.6	45,179.0
On foreign borrowing and grants	57,154.6	59,024.2	59,953.8
OVERALL BALANCE including grants(basis commitment)	-48,609.7	-73,593.6	-57,199.9
C. NET FINANCING	48,609.7	73,593.6	57,199.9
External	1,763.7	7,925.2	-2,486.8
Domestic	35,254.5	90,042.5	48,225.6
D. ERRORS AND OMISSIONS	11,591.5	-24,374.1	11,461.1

Source: MFBCDE

Current revenue increased by 9.1% in the first quarter 2019 from 212,518.0 to BIF 231,759.7 million while capital grants rose by 11.2% to 57,797.8 from BIF 51,981.0 million in the same period of the previous year.

Year-on-year basis, expenditures increased by 10.7% in the first quarter 2019, amounting to 346,757.4 against BIF 313,108.8 million, due to the increase of capital investment (+ 27.7%) and current expenditure (+ 4.7%).

Chart 7: Public debt (in BIF million)



Source: BRB

Total public debt rose by 17.0% year-on-year basis, from 2,471.4 to BIF 2,890.8 billion and by 5.0% compared to the previous quarter. Domestic debt increased by 23.3% year-on-year basis, from 1,676.3 to BIF 2,066.8 billion and BY 6.7% from compared to the previous quarter. Treasury securities and advances from the Central Bank are the main components of domestic debt, and this represents 71.5% of the total public debt.

External debt also increased year on year by 3.6% from BIF 795,087.8 to BIF 824,023.9 million. This increase is related to drawings (BIF 38,237.0 million) and revaluation gains (BIF 3,876.4 million) which offset the repayment of principal (BIF 13,177.5 million).

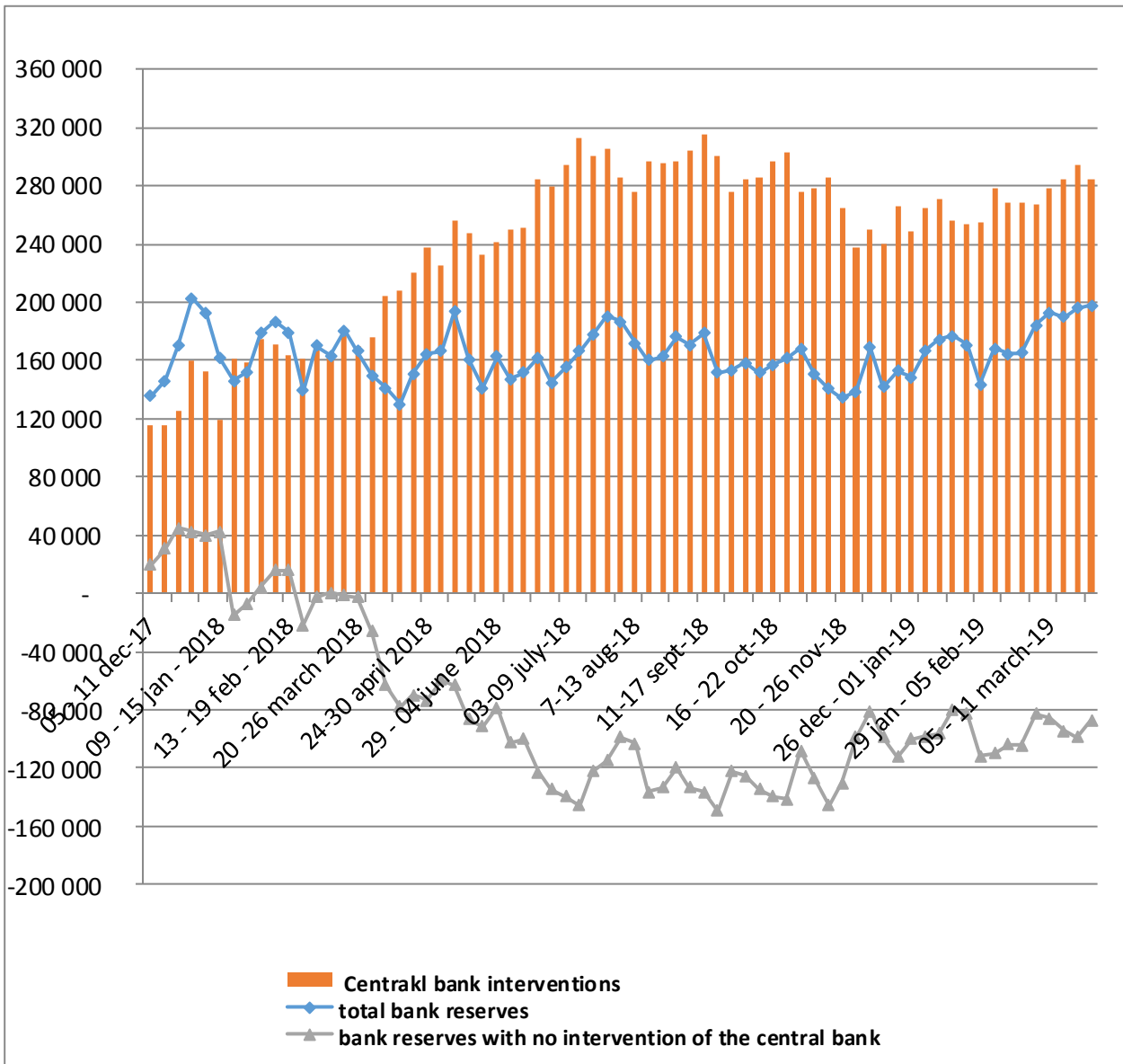
2.4. Monetary sector

2.4.1. Bank reserves and interest rates

Excluded the BRB's interventions, commercial bank reserves increased in the first quarter 2019. In weekly average, they are amounted to –BIF 95,661 million against – BIF 116,224 million in the previous quarter and BIF 5,226 million in the same period in 2018.

The outstanding refinancing is amounted, in weekly average, to BIF 269,240 million in the first quarter 2019 against BIF 267,958 million in the previous quarter. In the same quarter in 2018, the outstanding refinancing was amounted to BIF 165,029 million.

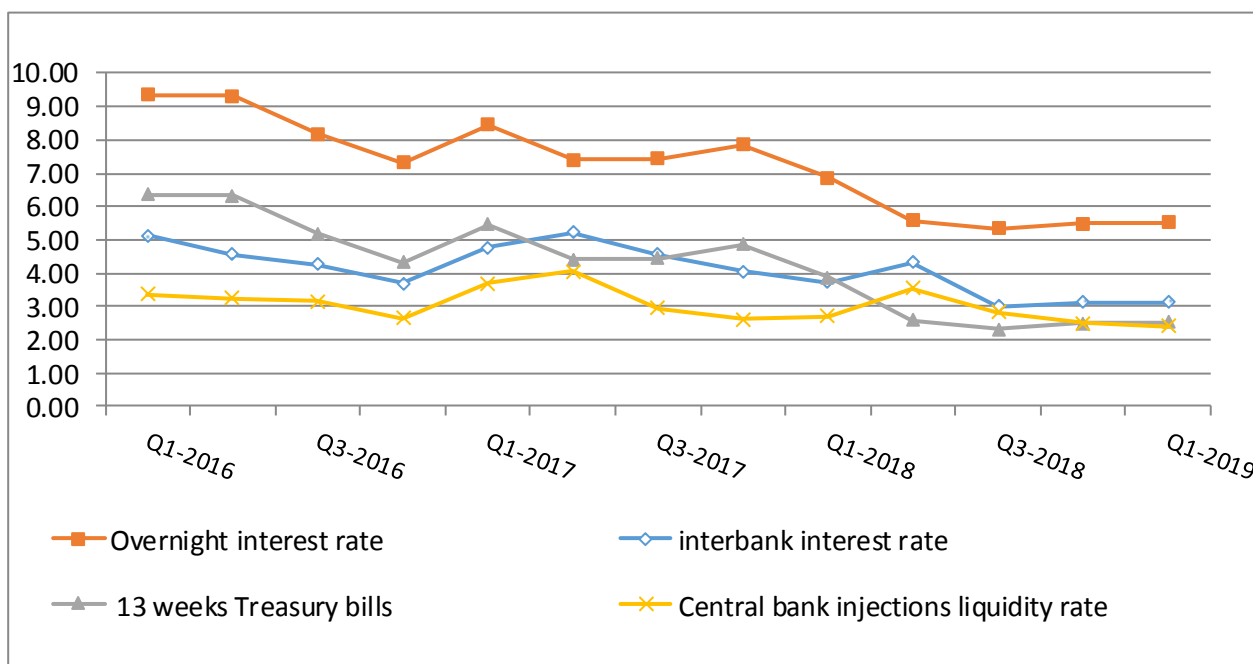
Chart 8: Commercial banks' reserves and BRB's interventions



Source: BRB

Regarding interest rates on the money market, the average interest rate on liquidity injection went down from 2.49 to 2.39 % in the first quarter 2019. The average interest rate on the overnight lending facility slightly rose (5.51 against 5.48%) due to the increase of 91 days-Treasury bill interest rate (2.51 against 2.48%) on which it is indexed. The average interbank interest rate remained stable (3.11%).

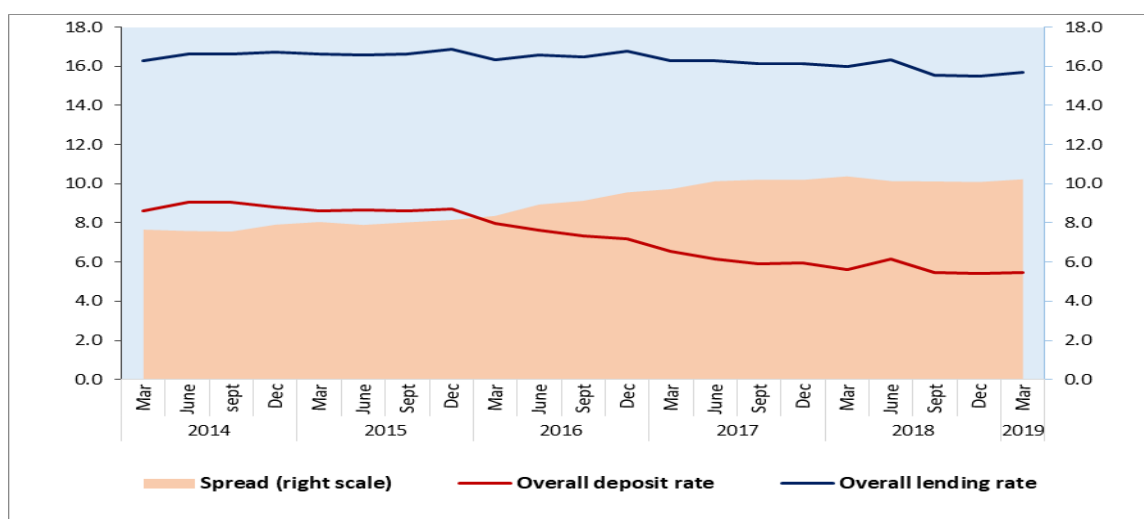
Chart 9: Money market interest rates (%)



Source: BRB

In the first quarter 2019, the average interest rate on outstanding loans slightly increased to 15.69% from 15.51% in December 2018 while it stood at 15.97% in same period in 2018. The average interest rate on loans given in the first quarter 2019 declined to 14.84% from 15.80% in the preceding quarter and 17.32% in the same period in 2018.

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



Source: BRB

In the first quarter 2019, the average deposit interest rate increased to 5.46%, from 5.42% in the previous quarter and 5.59% in same period of 2018. Quarter -on- quarter basis, this increase concerned remunerated demand deposits (3.17 against 2.70%) and passbook accounts (4.57 against 5.54%). On the other hand, interest rate on term deposits slightly declined (6.67 against 6.72%).

2.4.2. Reserve money

The reserve money slightly rose by 7.5% quarter –on- quarter basis, standing at BIF 606,977.6 million at the end of march 2019 from BIF 551,715.3 million at the end of December 2018, as a result of the increase of net domestic assets (+6.0%), while the net foreign assets slightly declined (-0.5%). On the components side, the progress concerned deposits of banks and microfinance (+BIF 54,447.9 million) and those classified in other deposits (-BIF 10,310.9 million). On the other hand, the currency outside bank decreased and deposits of other financial institutions slowed down by BIF 20,976.0 million and BIF 1,634.0 million, respectively.

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

	March-2018	Dec-2018	March-2019	change (in %)	
				Quarterly	Annual
Currency in circulation	302,042.8	350,207.6	329,231.6	-6.0	9.0
Bank and microfinance deposits	164,348.2	170,875.7	225,323.6	31.9	37.1
Other financial corporation deposits	1,222.4	3,538.8	1,904.8	-46.2	55.8
Othr deposits	51,057.8	40,206.7	50,517.6	25.6	-1.1
Total	518,671.2	564,828.8	606,977.6	7.5	17.0
Net foreign assets	-180,110.0	-165,217.1	-166,782.4	-0.9	7.4
Net domestic assets	698,781.2	730,045.9	773,760.0	6.0	10.7
Net claims on the Government	483,446.0	441,299.1	417,991.1	-5.3	-13.5
Other items , net	215,335.2	288,746.8	355,768.9	23.2	65.2

Source: BRB

The reserve money rose 17.0% year -on- year basis due to the increase of net domestic assets (+10.7%) and net foreign assets (+7.4%). This decrease mainly concerned deposits of commercial banks and microfinance (+37.1%) and deposits classified in other accounts (-16.7%) and the currency outside bank (+9.0%).

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

	Change from Dec 2018	Change from March 2018
NFA	-0.3	2.5
NDA	7.8	14.5
Net claims on the Government	-4.1	-12.6
Other items , net	11.9	27.1
Base money	7.5	17.0

Source : BRB

The analysis in terms of contribution to the change in of reserve money reveals that the quarterly increase was explained by Net Domestic Assets (7.8%). Year-on-year basis, the increase was also driven by Net Domestic Assets (14.5 %) and to a lesser extent of Net Foreign Assets (2.5 %).

2.4.3. Broad money and counterparts

Compared to the previous quarter, the money supply (M3) increased by 5.1% at the end of March 2019 amounting to 1,889.8 against BIF 1,797.5 billion. This increase concerned the demand deposits (+9.2%), term and savings deposits (+ 3.3%) and resident foreign deposits (+ 8.0%). On the other hand, currency outside banks declined by 6.4%.

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

	March-2018	Dec-2018	March-2019	change (in %)	
				Quarterly	Annual
M3	1,576,438.5	1,797,468.9	1,889,803.6	5.1	19.9
NFA	-169,295.5	-203,201.0	-229,403.1	-12.9	-35.5
NDA	1,745,734.0	2,000,669.9	2,119,206.7	5.9	21.4
Domestic credit	2,055,107.2	2,369,485.6	2,440,727.5	3.0	18.8
Net claims on the Government	1,146,225.4	1,337,534.0	1,404,055.0	5.0	22.5
Claims on the economy	908,881.8	1,031,957.6	1,036,672.5	0.5	14.1
Other items , net	-309,373.2	-368,815.7	-321,520.8	12.8	-3.9

Source: BRB

The quarterly rising of money supply resulted from the increase of net domestic assets (+118,536.8 MBIF) which offset the decrease of net foreign assets (- BIF 26,202.1 million). The increase of net domestic assets concerned the net claims on the government (+ BIF 66,521.0

million), the other net items (+BIF 47,294.9 million) and the claims on the economy (+ BIF 4,720.9 million).

Year-on-year basis, money supply (M3) increased by 19.9%. This progress was driven by demand deposits (+ 26.6%), term and savings deposits (+ 17.1%), residents' foreign deposits (+ 8.2%) and currency outside banks (+ 10.8%). Concerning the counterparties, the increase was driven by net domestic assets (+ 21.4%) while the net foreign assets fell (-35.5%). The increase of net domestic assets concerned net claims on the Government (+ 22.5%) and claims on the economy (+ 14.1%), the other net items slightly decreased (-3.9%).

Table 13: Source of the change in broad of money as of end September 2018

	change from Dec-2018	Change from March- 2019
Net foreign assets (NFA)	-1.5	-3.8
Net domestic assets (NDA)	6.6	23.7
o/w: - Domestic credit	4.0	24.5
- Other Items net	2.6	-0.8
Broad money (M3)	5.1	19.9

Source: BRB

The increase of money supply was internal origin, both quarter-on- quarter (6.6%) and on year-on- year basis (23.7%).

2.5. Banking sector development and financial stability

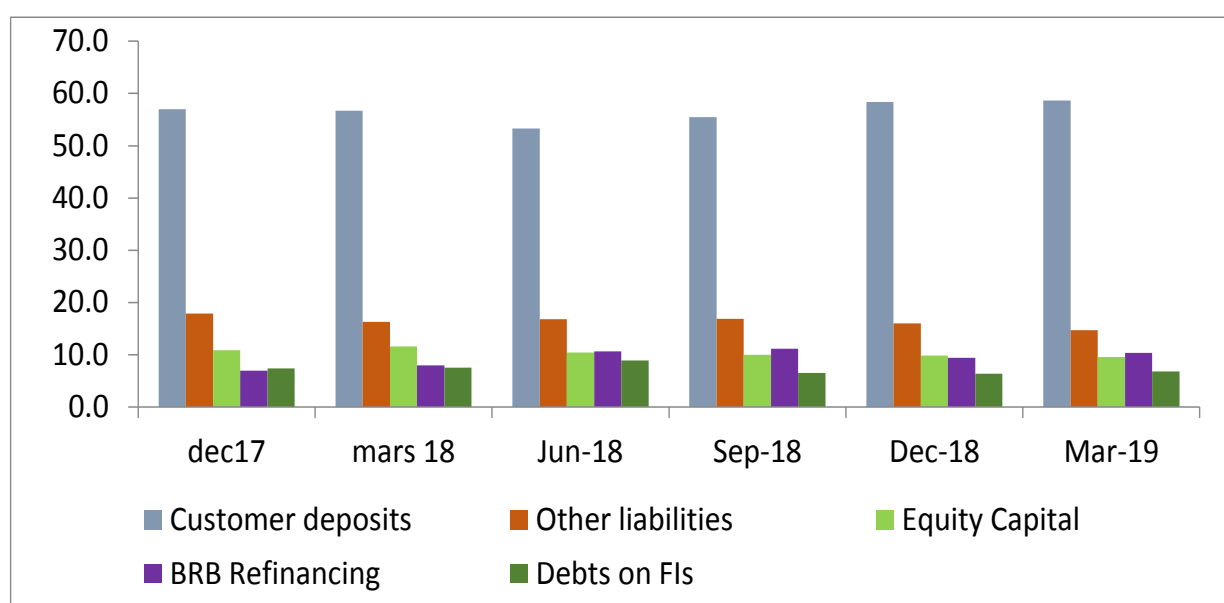
At the end of March 2019, the banking sector balance sheet increased by 22.7% year-on-year basis, amounting to BIF 2,778.2 billion against BIF 2,583.6 billion recorded in March 2018 and 7.5% compared to the previous quarter. Similarly, the deposits and loans portfolio increased. The banking sector remained sufficiently capitalized and all prudential ratios stood above the regulatory standards.

2.5.1. Banking activities

2.5.1.1. Main resources

Deposits which is the mainly liability improved by 26.9% year-on-year, amounting to BIF 1,634.1 billion compared to BIF 1,284.5 billion recorded in the same quarter in 2018. They increased by 9.4% on quarterly basis. The BRB refinancing also increased by 57.5% year-on-year, standing to BIF 287.105,3 million from BIF 182,298.9 million in March 2018 and grew by 15.0% quarter-on-quarter.

Chart 11 : Liabilities' structure (in %)

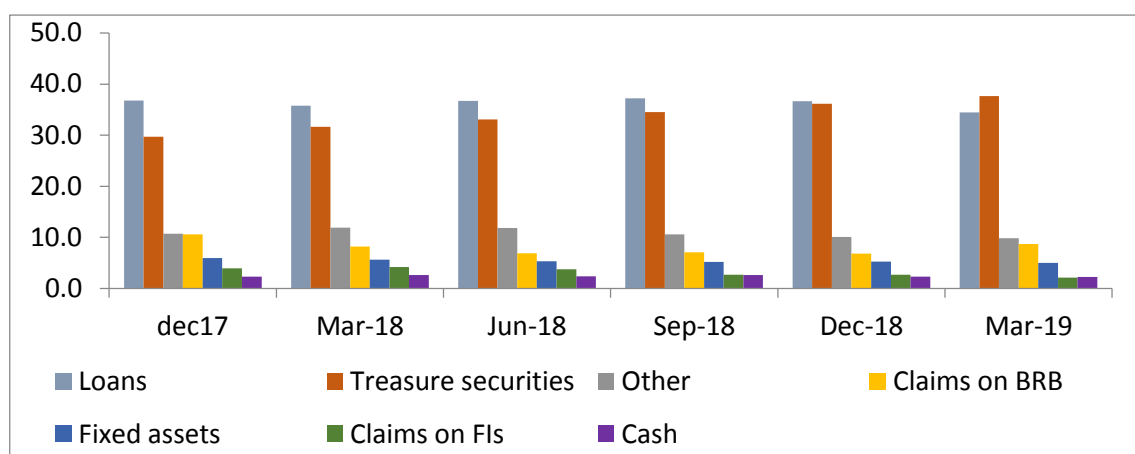


Source: BRB

2.5.1.2. Main Assets

Loans to the private sector and the state, which are the main component of assets represented 34.5% and 37.6%, respectively at the end of March 2019. The share of loans portfolio in the total banking sector assets slightly decreased, standing to 34.5% in March 2019 from 35.8% and 36.7% respectively in March and December 2018. However, the share of the outstanding Treasury securities held by commercial banks rose, standing at 37.6% in March 2019 compared to 31.6% in March 2018 and 36.3% in December 2018.

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

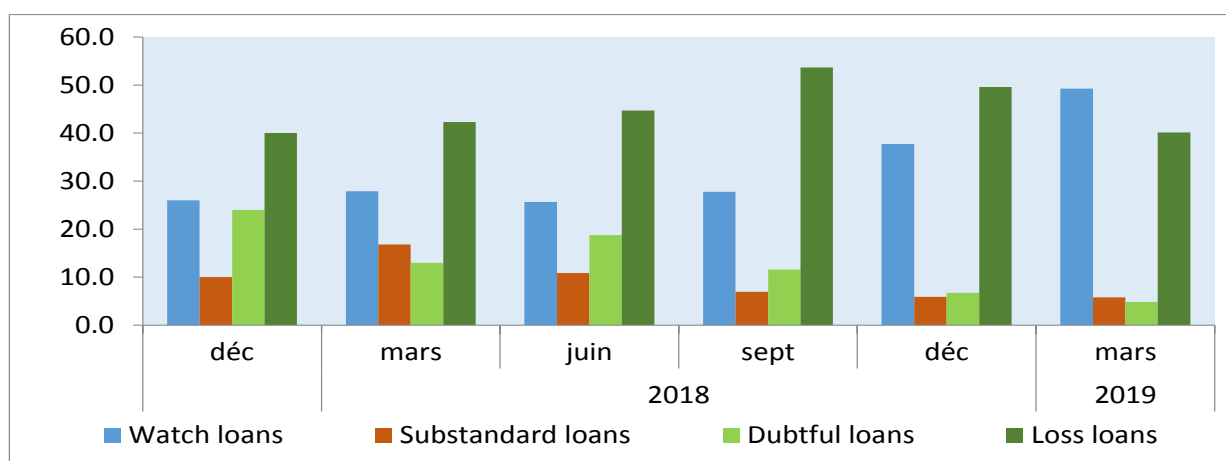


Source: BRB

2.5.2. Loans portfolio quality

The quality of the loans portfolio improved in March 2019. The outstanding overdue loans decreased by 9.1% year on year, amounting to BIF 162,056.9 million in March 2019 compared to BIF 178,278.1 million recorded in March 2018. However, it increased by 27.8% quarter-on-quarter basis.

Chart 13: Overdue loans per class (in %)

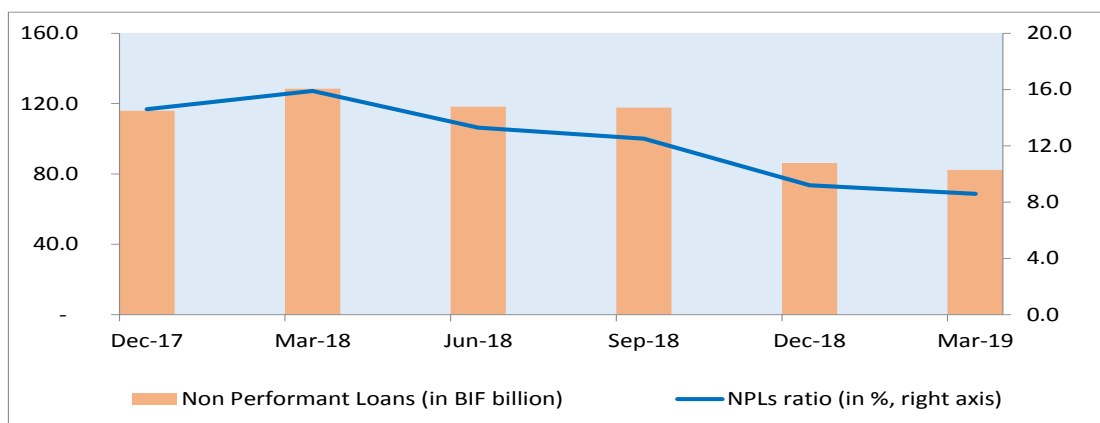


Source: BRB

The share of watch loans increased to 49.3% of the outstanding overdue loans in March 2019 compared to 27.9% in March 2018 and 33.0% in December 2018. On the other hand, the share of loss loans also declined to 40.1% of the total outstanding overdue loans compared to 42.3% and 49.6, respectively in March and December 2018. The shares of substandard and doubtful loans also decelerated, reaching respectively 5.8% and 4.8% against 16.8% and 13.0% in March 2018.

The non-performing loans ratio decreased, establishing to 8.6% in March 2019 compared to 15.9% recorded in March 2018 and 9.0% in December 2018, mainly due to the write-off measure applied on loss loans which still since two years and more in the banks' balance sheets.

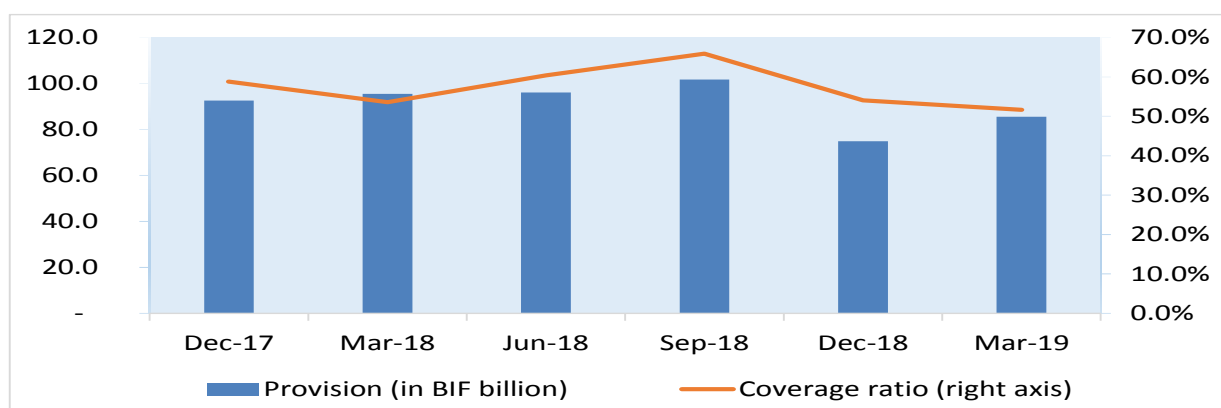
Chart 14: Non-performing loans



Source: BRB

The coverage ratio³ of provisions on overdue loans stood to 51.6% at the end of March 2019 compared to 53.6% in March 2018 and 54.1% in December 2018.

Chart 15: Provisions and coverage rate



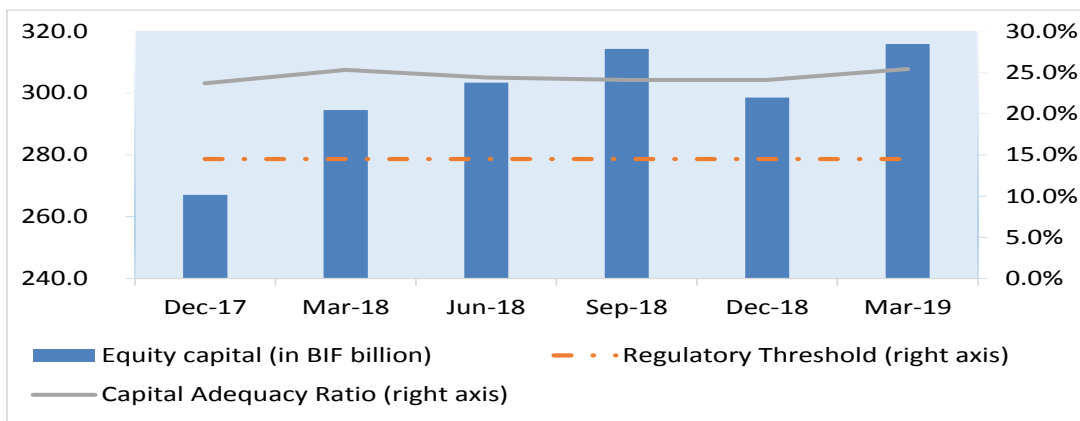
Source: BRB

³ The coverage ratio is obtained by dividing the depreciation on overdue loans of the banking sector to the outstanding overdue loans. The ratio is relatively low because depreciations on overdue loans include provisions applied on performant and watch loans which normally require low provisioning rates and provisions on non-performing loans.

2.5.3. Capital adequacy

At the end of March 2019, the banking sector equity remained well above the regulatory standard. It increased by 7.3% year-on-year and by 5.8% on quarterly basis, amounting to BIF 315,906.8 million compared to BIF 294,535.5 million and 298,561.0 million recorded, respectively in March and December 2018.

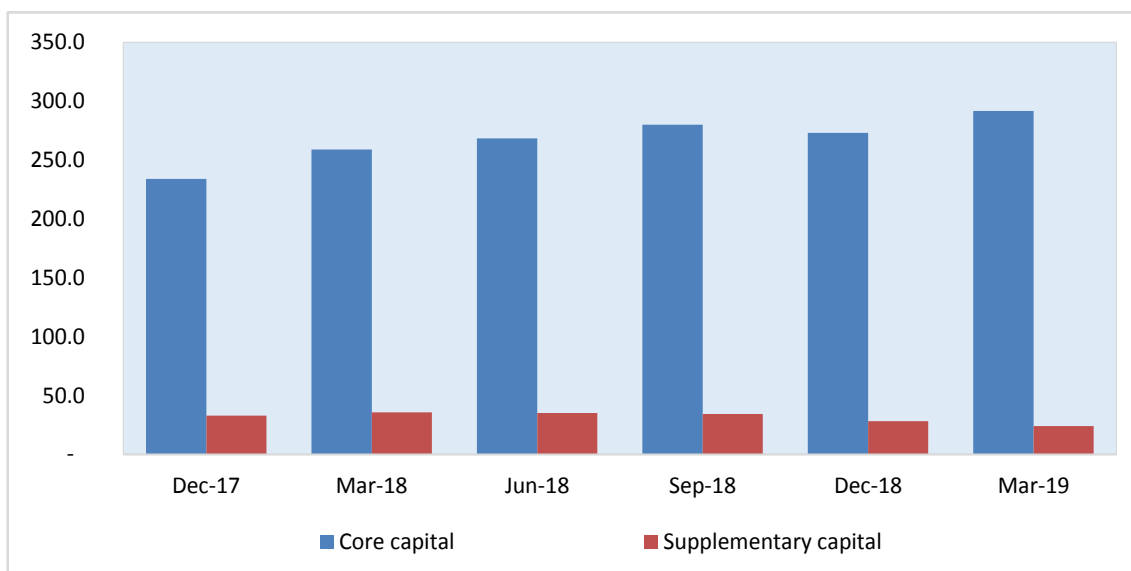
Chart 16: Equity



Source: BRB

The overall capital adequacy ratio slightly improved to 25.4% in March 2019 compared to 22.7% and 24.1% respectively in March and December 2018, given a regulatory threshold of 14.5%.

Chart 17: Composition of equity (in BIF billion)



Source: BRB

Equity remained largely dominated by core capital which rose by 12.7% year –on- year basis and by 6,8% quarter-on-quarter, reaching BIF 291.795,4 million in March 2019 compared to BIF 258,896.3 and BIF 273,109.3 million recorded respectively in March and December 2018.

2.5.4. Banking sector’s profitability

Year -on- year basis, the banking sector’s gross income grew by 16.4%, amounting to BIF 57,348.0 billion from BIF 49,277.5 billion. Similarly, the net profit improved by 62.4%, standing to BIF 26,008.6 million in March 2019 compared to BIF 16,019.1 million in March 2018. The Return on Assets stood at 0.9% compared to 0.7% recorded in the corresponding quarter in 2018. The Return on Equity stood at 8.2 against 5.4% in March 2018.

3. CONCLUSION AND MONETARY POLICY MEASURES

Compared to the previous quarter, economic growth slowed down in major OECD countries in the first quarter 2019(1.9% against 2.9%), following the protectionist measures taken by the United States towards imports from China.

According to IMF forecast's, world economic growth is projected to 3.3% against 3.6% made previously, following the negative impact of US protectionist measures applied on imports from China and other Asian emerging countries.

Global inflation declined in first quarter of 2019 in major advanced and emerging countries, as a result of a decrease of oil price and other energy product prices.

In East African Community, economic growth would improve to 3.3% in 2019 against 3.6 in 2018 supported by public investments and good performance of primary and tertiary sector. Compared to the previous quarter, inflation declined in the first quarter 2019 in most EAC countries, mainly resulting from the increase of food production and the exchange rates stability.

In Burundi, the primary and secondary productions increased, which partially explain the drop of inflation. During the first quarter 2019, reserve money and the money supply grew due to the increase of net domestic assets. Deposits and credits to the private sector increased and the main indicators of soundness and profitability of banking sector improved.

During the first 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

Source: ISTEERU

Annex 3: Government Financial Operations (in MBIF)

	Revenue			Expenditures	Overall balance
	Fiscal Revenue	Grants	Total		
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	112 356,8	-3 215,0
Apr-18	65 134,6	17 173,8	82 308,4	102 753,1	-20 444,7
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	79 153,4	-6 997,3
Aug-18	75 622,2	12 063,4	87 685,6	102 781,4	-15 095,9
Sep-18	73 977,3	17 554,9	91 532,2	97 407,0	-5 874,8
Oct-18	70 957,3	13 169,4	84 126,7	121 865,5	-37 738,8
Nov-18	61 412,2	8 713,8	70 126,0	85 930,7	-15 804,7
Dec-18	78 361,6	28 541,4	106 903,0	126 953,2	-20 050,2
Jan-19	66 765,7	14 412,4	81 178,1	130 266,3	-49 088,2
Feb-19	67 427,7	24 367,4	91 795,2	116 847,1	-25 051,9
Mar-19	96 570,9	19 018,0	115 588,9	99 644,0	15 944,9

Source: MFBP

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

Source: BRB and MFBP

ANNEX 5: Bank reserves (in BIF million)

Period	Total banking sector reserves	Central Bank Interventions
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
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	192 194,1	281 986,0

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

Source: BRB

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

	Mar-18	Dec-18	Mar-19	Quat. Var	Ann Var
I. ASSETS	2,265,051.8	2,583,609.8	2,778,167.4	7.5	22.7
MAIN ASSETS	1,865,769.4	2,176,227.9	2,365,601.0	8.7	26.8
A. Liquid assets	1,055,013.2	1,236,527.8	1,408,518.0	13.9	33.5
. Cash	59,286.9	59,188.5	62,071.9	4.9	4.7
. B.R.B.	187,058.4	165,395.0	241,497.2	46.0	29.1
. Holding in banks and Fis	92,522.3	73,981.7	59,542.6	(19.5)	(35.6)
. Treasury bills and bonds	716,145.6	937,962.6	1,045,406.3	11.5	46.0
B. Loans	810,756.2	939,700.1	957,083.0	1.8	18.0
. Short term	435,752.3	457,185.8	448,388.0	(1.9)	2.9
. Medium term	211,194.6	297,816.1	322,092.0	8.2	52.5
. Long term	163,809.3	184,698.2	186,603.1	1.0	13.9
. Leasing					
C. Fixed assets	128,110.4	140,690.8	139,318.3	(1.0)	8.7
D. Others	271,172.0	266,691.1	273,248.0	2.5	0.8
II. LIABILITIES	2,265,051.8	2,583,609.8	2,778,167.4	7.5	22.7
Main liabilities	1,645,988.9	1,924,139.8	2,105,492.1	9.4	27.9
. Deposit from customers	1,284,518.8	1,510,329.6	1,630,331.1	7.9	26.9
amongst: Ten large deposits	533,274.0	675,241.1	756,859.1	12.1	41.9
. Refinancing from B.R.B.	182,298.9	249,569.1	287,105.3	15.0	57.5
. Others	-	-	-	-	-
. Debts to banks and Fis	179,171.2	164,241.1	188,055.8	14.5	5.0
Capital and reserves	251,128.9	254,587.0	265,198.3	4.2	5.6
Others	367,934.0	404,883.0	407,476.9	0.6	10.7
III. BANKING SECTOR'S INDICATORS					
Capital adequacy					
. Net core capital (in MBIF)	258,896.3	273,109.3	291,795.4	6.8	12.7
. Total capital (in MBIF)	294,535.5	298,561.0	315,906.8	5.8	7.3
. Risk weighted assets	1,164,506.9	1,347,772.4	1,242,385.9	-	6.7
. Core capital adequacy (threshold 12,5%)	22.2	20.3	23.5		
. Total capital adequacy Ratio (threshold 14,5%)	25.3	22.2	25.4		
. Leverage Ratio (threshold 7%)	11.4	10.6	10.5		
Loans quality and concentration					
Large exposures	141,112.4	311,950.6	175,773.1	(43.7)	24.6
Watch loans	49,674.4	41,799.4	79,832.2	91.0	60.7
Non-performing loans	128603.7	85035.7	82224.67092	-3.305704644	-36.06352623
Overdue loans	178,278.1	126,835.1	162,056.9	27.8	(9.1)
Depreciations	95,465.5	73,950.3	65,004.0	(12.1)	(31.9)
Gross total loans/Gross total assets (en %)	35.8	36.4	34.5		
Loans to the Government/Gross total assets (*)	31.6	36.3	37.6		
Loans to the Government/Core capital (*)	313.2	344.1	358.3		
Non-performing loans rate	15.9	9.0	8.6		
Overdue loans rate	22.0	13.5	16.9		
Provisioning rate (in %)	74.2	87.0	79.1		
. Large exposures/Gross total loans (in %)	17.4	33.2	18.4		
Liquidity					
. Liquidity ratio in BIF		211.7	276.6		
. Liquidity ratio in foreign currency		142.3	97.7		
Total loans/total deposits	63.11750361	62.21821383	58.70482512		
Ratio of stable funds to fixed assets	142.4	142.4	125.5		
Ten large deposits/Total deposits	41.5	44.7	46.4		
Profitability and performance					
Before tax profit	17,743.1	67,751.5	29,148.4		64.3
Net profit	16,019.1	61,551.3	26,008.6		62.4
Net banking product	49,277.5	211,722.2	57,348.0		16.4
ROA	0.7	2.4	0.9		0.2
ROE	5.4	20.6	8.2		2.8
* including others financial institutions					

Source : BRB