



**BANQUE DE LA REPUBLIQUE
DU BURUNDI**

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

February-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 d'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	: United States Dollar
YoY	: Year on year
QoQ	: Quarter on quarter

EXECUTIVE SUMMARY

In the third quarter 2019, the economic growth in the most OECD countries slowed down due to the negative impact of trade protectionist measures adopted by the United States on imports from China and the uncertainty of the Brexit.

According to the IMF's forecasts made in October 2019, the global economic growth would be reviewed downward to 3.0 % from 3.6 % initially forecasted, on account of the expected negative impact of United States protectionist measures taken on imports from China and geopolitics conflicts.

In sub-Saharan Africa, economic growth should remain at 3.2% in 2019 which is lower than previous forecasts due to the less favorable external economic conditions. This stable economic growth is linked to the poor performance of the oil-exporting countries and to weak economic growth in South Africa which would be compensated by vigorous growth in the resource-poor countries.

According to IMF forecasts, In East African Community, the economic growth is expected to slow down (5.6% against 6.5% in 2018) but it remain strong compared to the average for sub-Saharan Africa (3.2%), mainly supported by public and private investments, good agricultural performance and accommodative monetary policies.

In Burundi, the production of coffee for the 2019/2020 campaign decreased in the third quarter 2019 compared to the previous campaign. On the other hand, the production of dry tea and industrial production increased compared to the same quarter in 2018. Deflation continued in the third quarter (-0.4%) but remained less significant compared to the previous quarter (-2.9%), driven by the drop of food prices.

The GDP growth rate would reach at 4.1% against 3.8% recorded last year, and this improvement could be 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 lower deficit (current and capital account) than the same quarter in 2018, mainly due to the increase of the capital account surplus.

The fiscal deficit worsened compared to the same quarter in 2018 driven by the larger increase of expenses than revenues. This deficit was financed by domestic and external debt.

Year-on-year basis, the reserve money and money supply rose due to the increase of domestic assets. On quarterly basis, the official reserves decreased while it increased year-on-year basis, and covered 0.9 months of imports of goods and services compared to 0.8 months recorded in the same period of the previous year. The banking sector remained sufficiently capitalized in the third quarter in 2019 and complied with all regulatory and prudential standards.

I. INTERNATIONAL ECONOMIC DEVELOPMENT

1.1. Global GDP growth

In the third quarter of 2019, economic growth in the main advanced and emerging countries slowed year-on-year and quarterly.

Quarter –on- quarter basis, GDP growth decelerated in Japan (0.1 against 0.4%) and stabilized in the euro Zone (0.2%) and in the United States (0.5%), while economic growth recovered the United Kingdom (0.3% against a decrease of 0.2%).

In the main emerging countries of Asia, economic growth slowed in China (1.5 against 1.6%) and stabilized in India (1.1%) mainly due to the fall of exports and the domestic demand.

Table 1: Quarterly GDP growth of main advanced countries

	Quarter to quarter		Year on year	
	Q2-2019	Q3-2019	Q3-2018	Q3-2019
USA	0.5	0.5	3.1	2.1
Japan	0.4	0.1	0.2	1.4
United Kingdom	-0.2	0.3	1.6	1.0
Euro zone	0.2	0.2	1.6	1.2
OECD - Total	0.4	0.3	2.2	1.6
China	1.6	1.5	6.5	6.0
India	1.1	1.1	7.1	4.7

Source: OECD, Economic Outlook, August 2019

Year-on-year basis, economic growth decelerated in both major advanced countries and in the emerging countries with the exception in Japan.

The GDP growth decelerated in the United States (2.1 against 3.1%), following trade tensions with China, in the United Kingdom (1.0 against 1.6%) and in the euro Zone (1.2 against 1.6%) due to the decline in industrial activity and the uncertainty of BREXIT. In Japan, economic activity accelerated (1.4 against 0.2%) due to the improvement of domestic demand. Likewise, economic growth decelerated in emerging countries, mainly in China (1.5 against 1.6%) and India (4.7 against 7.1%).

According to IMF forecasts¹, world economic growth for 2019 could reach 3.0 against 3.6% in 2018. This slowdown is a consequence of trade and technological tensions between the United States and its main trade partners, geopolitical conflicts and country-specific factors.

Table 2: World economic growth

	2017	2018	2019(p)
World GDP	3.8	3.6	3.0
Advanced economies	2.5	2.3	1.7
USA	2.4	2.9	2.4
Euro zone	2.5	1.9	1.2
Japan	1.9	0.8	0.9
United Kingdom	1.8	1.4	1.2
Emerging and Developing Economies	4.8	4.5	3.9
China	6.8	6.6	6.1
India	7.2	6.8	6.1
Subsaharan Africa	3.0	3.2	3.2
<i>Nigeria</i>	0.8	1.9	2.3
<i>South Africa</i>	1.4	0.8	0.7

(p): provisional

Source: IMF, World economic outlook, July 2019

In advanced countries, the economic growth could reach 1.7% compared to 2.3% recorded in 2018. This decline is mainly explained by low productivity in the manufacturing industry, particular the automotive industry, with persistent uncertainties linked to trade and BREXIT.

In emerging and developing countries, economic growth is expected to decelerate (3.9 against 4.5% in 2018). This slowdown is explained by the decline activity in the main countries such as China (6.1 against 6.6%) due to trade and technological tensions with the United States and India (6.1 against 6.8%) following the fall of domestic demand.

In sub-Saharan Africa countries, growth should remain at 3.2% in 2019. It is lower than previous forecasts due to the less convenient of external economic conditions. This stable economic growth is driven by the poor performance of the oil-exporting countries and to weak growth in South Africa which would be compensated by vigorous growth in the resource-poor countries.

¹ IMF, World economic outlook, October 2019

1.2. World Trade

In 2019, the volume of world trade should slow down significantly (1.1 against 3.6% in 2018). The increase in United States customs duties and protectionism measures taken by its trading partners, especially China, and the prolonged uncertainty of BREXIT.

Table 3: World trade growth (%)

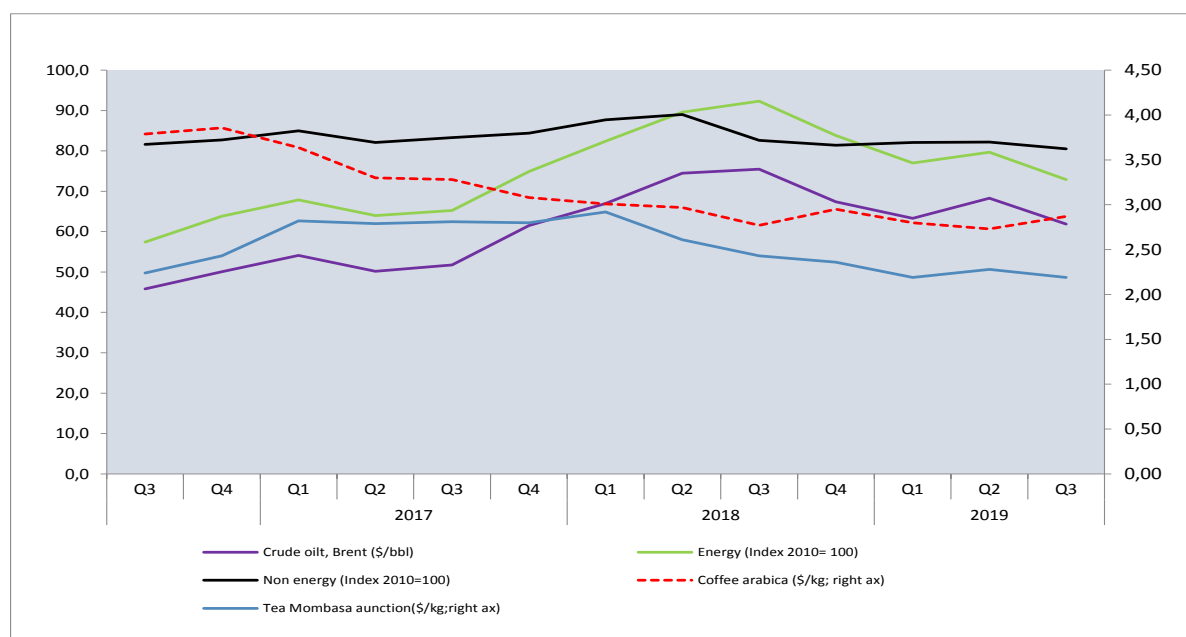
	2017	2018	2019 (p)
World trade (goods and services)	5.7	3.6	1.1
Importations			
<i>Advanced economies</i>	4.7	3.0	1.2
<i>Emerging and Developing Economies</i>	7.5	5.1	0.7
Exportations			
<i>Advanced economies</i>	4.7	3.1	0.9
<i>Emerging and Developing Economies</i>	7.3	3.9	1.9

Source: IMF, World economic outlook, October 2019

1.3. Commodity prices and inflation

Compared to the previous quarter, commodity prices fell overall in the third quarter of 2019. Indeed, the price of crude oil (Brent) stood at 61.90 against \$ 68.30 per bbl. The price of tea at Mombasa's auctions stood at 2.19 compared to \$ 2.28 per kg for the previous quarter. The energy and non-energy products indexes fell quarter on quarter, to 72.90 from 79.70 and 80.50 from 82.10, respectively. The price of Arabica coffee, on the other hand, increased from 2.73 to \$ 2.87 per kg.

Chart 1: Commodity prices



Source: World Bank, Commodity prices, August 2019

As a result of lower prices of energy products and other raw materials, headline inflation declined in most advanced and emerging countries quarter -on-quarter basis.

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

	Year on year		
	Q3-2018	Q2-2019	Q3-2019
USA	2,64	1,81	1,76
Japan	1,48	0,79	0,33
United Kingdom	2,30	2,00	1,80
Euro zone	2,12	1,40	0,95
OECD - Total	2,90	2,27	1,90
China	2,30	2,63	2,87
India	5,61	8,53	6,42

Source: OECD, Economic Outlook, November 2019

Year-on-year basis, headline inflation fell in all OECD countries (1.90 against 2.90%) while it increased in India (6.42 against 5.61%) and in China (2.87 against 2.30%).

1.4. Monetary policy in developed countries

During the third quarter of 2019, the central banks of most advanced countries maintained their accommodative monetary policies with the aim of stimulating economic growth and supporting the maximum of employment.

In the United States, the Federal Reserve has decided to lower the target range of the federal funds rate between 1.75 to 2.0% against 2.25 to 2.50% which prevailed in the previous quarter in order to promote full employment and rise inflation towards the 2% target.

In the euro Zone, the European Central Bank (ECB) lowered the deposit facility rate by 10 basis points to -0.50% and kept its interest rates on main refinancing operations unchanged and the marginal lending facility, respectively 0.00% and 0.25%. It continued to buy back assets and reinvest repayments to maintain enough liquidity conditions for banks and a high degree of monetary support.

The Bank of Japan maintained an accommodative monetary policy due to the moderate economic expansion and the target inflation rate of 2.0% has not yet been reached. The Bank of Japan continued to apply a negative interest rate (-0.1%) on the deposit facilities and maintain its program to buy back treasury bonds as long as necessary to achieve the target.

1.5. Main macroeconomic indicators in EAC countries

According to IMF forecasts made in October 2019, EAC economic growth could decelerate (5.6% against 6.5% in 2018) but remain robust compared to the average of Sub-Saharan Africa countries (3.2%), mainly driven by public and private investment, good agricultural performance and accommodative monetary policies that improve credit to the private sector.

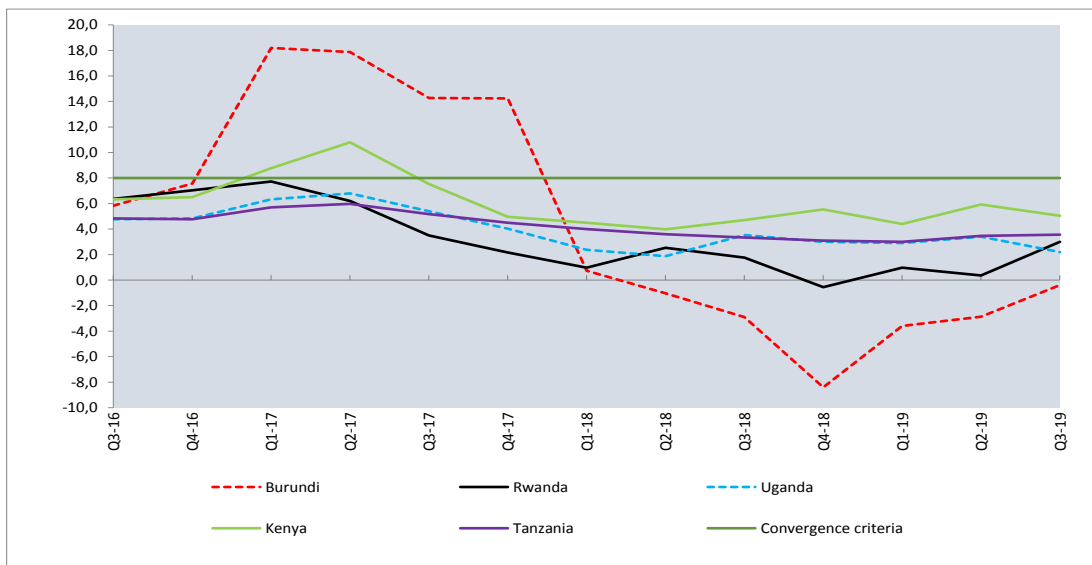
Table 5: GDP growth in EAC² countries (in %)

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

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

In the third quarter 2019, the average inflation rates of the EAC countries generally remained moderate and below the convergence criterion of 8%, following the fall of the prices of food and energy products. Inflation decelerated in Kenya (5.0 against 5.9%) and in Uganda (2.2 against 3.4%). It slightly increased in Tanzania (3.6 against 3.5%) and in Rwanda (3.0 against 0.4%) while Burundi experienced deflation (-0.4 against -2.9%).

Graph 2: Inflation in EAC countries (in %)

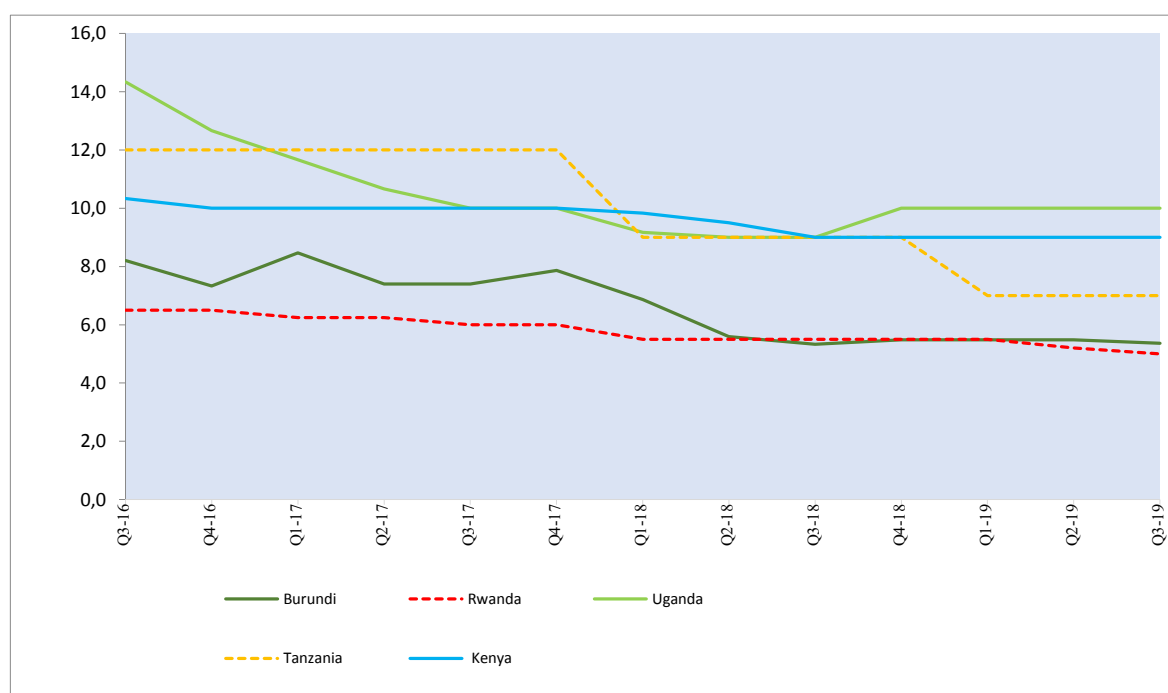


Source: EAC Central Banks web sites

According to this low inflation in EAC, all the central banks maintained their accommodative monetary policies in the perspective of supporting economic growth.

² Burundi data provided from the Macroeconomic Framework, March 2018

Chart 3: Central bank interest rates (in %)



Source: EAC Central Banks web sites

Indeed, the policy rates of the central banks of Uganda (10.0%), Kenya (9.0%) and Tanzania (7.0%) remained unchanged as in the previous quarter. The key policy rate of National Bank of Rwanda fell (5.0 against 5.5%). In Burundi, the average marginal lending facility rate was 5.4% compared to 5.5% in the previous quarter.

On a year-over-year basis, the currencies of the EAC countries fluctuated within the plus or minus 5.0% margins agreed in the context 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

Quarter -on- quarter, the currencies of the EAC countries have been generally stabilized against the US Dollar, reflecting moderate pressure on foreign exchange reserves.

II. LOCAL ECONOMIC AND FINANCIAL DEVELOPMENT

2.1. Production and Prices

The average industrial production index rose by 1.8% compared to the third quarter 2018, mainly due to the increase of the food industries production, especially BRARUDI beverages (5.8 %) and cigarettes (6.5%). Compared to the previous quarter, this index increased by 60.0%, from 114.0 to 182.5, mainly related to the sugar production campaign, BRARUDI beverages (23.3%) and cigarettes (14.3%).

REGIDESO's electricity production increased by 12.3% compared to the corresponding quarter in 2018, amounting to 65,341 from 58,181 Megawatts, due to the good rainfall and the increase of electricity production from thermal power rental (35.7%). Likewise, it increased by 4.1% compared to the previous quarter.

The volume of goods transiting by port of Bujumbura rose by 7.6% compared to the same quarter in 2018 and 5.3% compared to the previous quarter, driven by the increase of sugar imports, cement and clinker.

Activity increased at Melchior NDADAYE International Airport in the third quarter 2019. Passenger numbers rose by 5.7% year-on-year and 11.2% quarter-on-quarter. Aircraft traffic fell 3.2% year-on-year and 5.3% quarter-on-quarter.

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

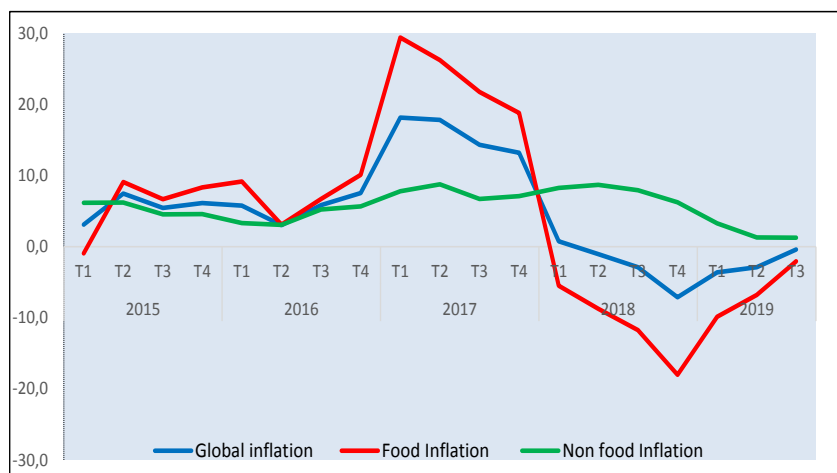
Table 7: Real GDP growth and inflation (in %)

	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

Deflation continued in the third quarter 2019 but at a less accelerated pace than in the corresponding quarter in 2018 (-0.4 against -2.9%), mainly due to the fall of food prices (-2.1 against -11.7%).

Chart 4: Inflation by major components (in %)



Source: BRB based on data provided by ISTEERBU

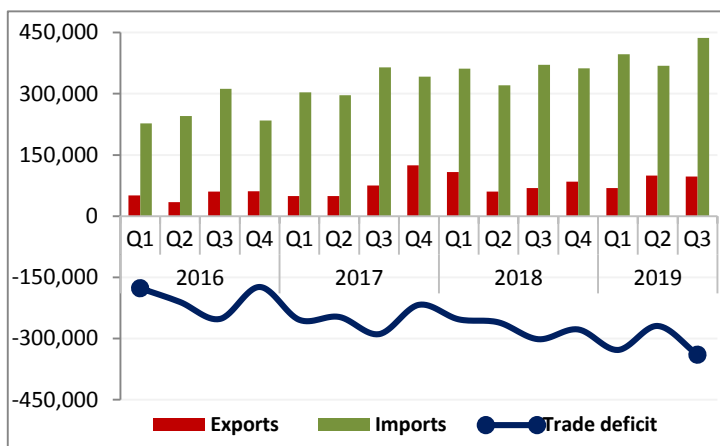
Likewise, compared to the previous quarter, deflation continued (-0.4 against -2.9%), mainly driven by the fall of food prices (-2.1 against -6.8%), non-food inflation stabilized at 1.3%.

2.2. External sector

2.2.1. External trade

The trade balance worsened in the third quarter 2019 compared to the same quarter 2018, amounting to BIF 339,877.6 million from BIF 301,888.1 million. This rise is driven by a large increase of imports (+BIF 65,988.1 million) than exports (+ BIF 27,998.6 million).

Chart 5: Trade balance (in BIF million)

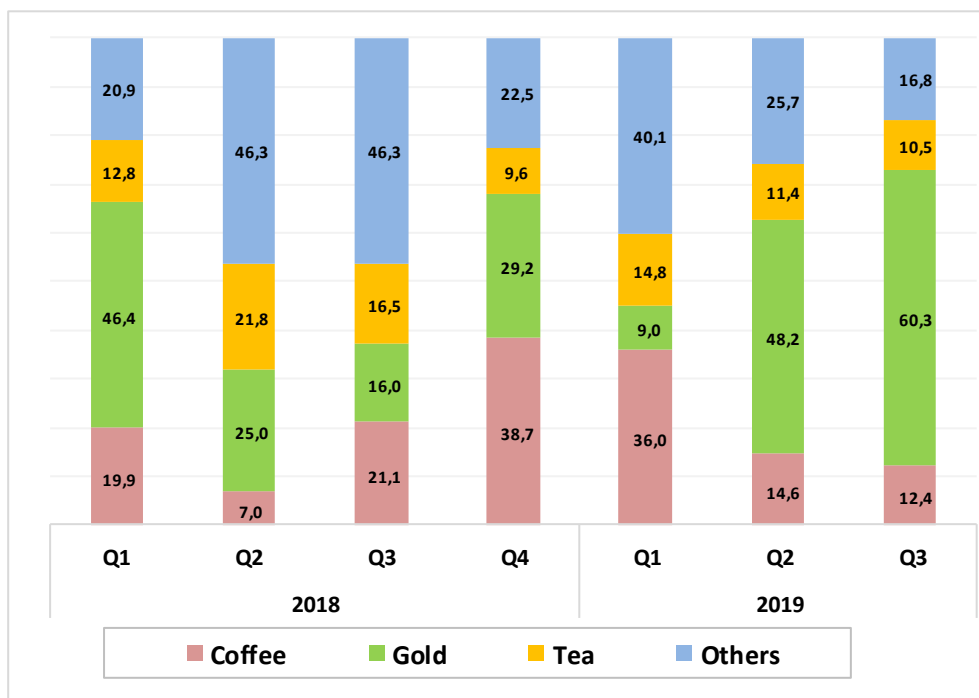


Source: BRB

Exports rose by 40.7% year –on- year, from BIF 68,742.2 million to BIF 96,740.8 million in the third quarter 2019, driven by the increase of primary products exports (BIF 83,360.8 against 46,690.5 million). On the other hand, exports of manufactured products decreased (BIF 13,380.0 million against 22,051.7 million).

The increase of primary products exports mainly concerned non-monetary gold (+BIF 47,364.2 million) while exports of other primary products decreased. For manufactured exports products, their decrease mainly concerned the category "other manufactured products", which fell by BIF 8,021.7 million.

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



Source: BRB

Imports rose by 17.8% in the third quarter 2019, amounting to BIF 436,618.4 million against 370,630.3 million recorded in the same quarter 2018, mainly driven by the increase of intermediate goods (BIF 202,506.1 million against 181,631.6 million), consumer goods (BIF 165,080.5 million against 133,910.1 million) and capital goods (BIF 69,031.8 million against BIF 55,088.6 million).

The rise of intermediate goods imports affected goods intended for construction (+BIF 23,460.4 million), metallurgy (+BIF 9,223.1 million) and food goods (+BIF 8,439.8 million). However, those intended for agriculture and livestock decreased (-BIF21, 247.9 million).

The increase of consumer goods imports was mainly driven by durable consumer goods, especially textiles (+BIF 18,877.3 million), vehicles (+BIF 6,552.0 million) and other durable consumer goods (+BIF 9,724.2 million). On the other hand, imports of non-durable consumer goods decreased, especially pharmaceutical products (-BIF 6,140.0 million). The increase of capital goods imports mainly concerned tractors and transport equipment (+BIF 12,210.7 million).

2.2.2. Balance of payments

The balance of payments for the third quarter of 2019 recorded a less net borrowing (balance account plus capital account) than what recorded in the same period in 2018, amounting to BIF 124,043.0 million from 127, 469,4 million.

This slight improvement is mainly explained by the increase surplus of the capital account, amounting to BIF 53,893.4 million from BIF 41,185.6 million. However, the current account deficit further deteriorated (-BIF 177,936.4 million from -BIF 168,655.0 million).

Table 6: Balance of payments (in BIF million)

	Q3-2018	Q2-2019	Q3-2019
CURRENT ACCOUNT	-168 655,0	-186 077,6	-177 936,4
Credit	262 016,9	264 044,4	331 896,6
Debit	430 671,9	450 122,0	509 832,9
Goods	-243 366,0	-210 705,9	-277 415,9
Exports FOB	68 742,2	99 114,2	96 740,8
Imports FOB	312 108,2	309 820,1	374 156,7
Services	-34 783,7	-100 067,7	-103 005,6
Credit	64 041,5	19 350,9	18 315,5
Debit	98 825,2	119 418,6	121 321,1
Primary income	5 377,1	-595,2	2 994,6
Credit	8 947,2	6 080,0	9 156,5
Debit	3 570,0	6 675,2	6 161,8
Secondary income	104 117,6	125 291,2	199 490,5
Credit	120 286,1	139 499,3	207 683,8
Debit	16 168,5	14 208,1	8 193,3
CAPITAL ACCOUNT	41 185,6	71 430,3	53 893,4
Credit	41 282,8	71 658,1	54 060,1
Debit	97,3	227,8	166,8
<i>Net lending(+)/ net borrowing(-) (balance from current and capital accounts)</i>	-127 469,4	-114 647,3	-124 043,0
FINANCIAL ACCOUNT			
<i>Net lending(+)/ net borrowing(-) (balance from financial account)</i>	-67 534,8	-114 534,2	-130 103,5
Direct investment	0,0	0,0	-527,4
Net acquisition of financial assets	0,0	0,0	0,0
Net incurrence of liabilities	0,0	0,0	527,4
Portfolio investment	0,0	0,0	0,0
Net acquisition of financial assets	0,0	0,0	0,0
Net incurrence of liabilities	0,0	0,0	0,0
Financial derivatives	0,0	0,0	0,0
Net acquisition of financial assets	0,0	0,0	0,0
Net incurrence of liabilities	0,0	0,0	0,0
Other investment	-38 186,5	-151 407,2	-112 233,1
Net acquisition of financial assets	10 597,5	5 610,4	28 191,8
Net incurrence of liabilities	48 784,0	157 017,6	140 424,9
-of which: Allocations of SDRs	689,9	2 008,3	-1 682,2
Reserve assets	-29 348,3	36 873,0	-17 342,9
Net errors and omissions	59 934,6	113,2	-6 060,5

Source: BRB

The deficit of goods deteriorated, amounting to BIF 277,415.9 million from BIF 243,366.0 million, on account of the larger increase of imports FOB (+BIF 62,048.6 million) than that of FOB exports (+BIF 27,998.6 million).

The balance of services widened to BIF 103,005.6 million from BIF 34,783.7 million, mainly linked to the services of public administrations, which declined by BIF 46,692.8 million and transport services, which fell by BIF 11,322.5 million.

Likewise, the surplus of secondary incomes account increased, reaching BIF 199,490.5 million from BIF 104,117.6 million, due to the transfers of both public sector (+BIF 23,968.7 million) and private sector (+BIF 71,404.2 million). The increase of private sector transfers concerned personnel transfers (BIF 34,251.7 million against BIF 8,395.7 million) and others secondary incomes (BIF 127, 674.9 million against BIF 82,126.7 million).

The financial account recorded a higher deficit compared to the corresponding quarter in 2018, amounting to BIF 130,103.5 million from a deficit of BIF 67,534.8 million, mainly on account of other investments such as trade credits (BIF 112,233.1 million against BIF 38,186.5 million).

2.2.3. Foreign Assets

At the end of the third quarter 2019, the gross foreign assets declined by 5.2% quarter-on-quarter while they improved by 4.0% year-on-year.

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

	End of period in USD million			Change in %	
	Sep-18	June-2019	Sep-19	Quarterely	Annual
Foreign assets held by BRB	69.60	96.01	81.70	-14.9	17.4
O/w: official Reserves	58.80	75.60	65.50	-13.4	11.4
Foreign assets held by commercial banks	80.80	68.89	74.70	8.4	-7.5
Total foreign assets	150.40	164.90	156.40	-5.2	4.0

Source: BRB

The foreign assets of the BRB decreased by 14.9% quarter -on- quarter basis, while they increased by 17.4% year -on- year. Those of the commercial banks improved by 8.4% quarterly, while they declined by 7.5% year-on-year.

The official exchange reserves decreased by 13.4% at the end September 2019 compared to the end of the June 2019, amounting to USD 65.5 million from USD 75.6 million. Likewise, they declined by 11.4% year-on-year and covered 0.9 against 0.8 month of imports of goods and services recorded in the same period in 2018; the floor level is fixed at 4.5 months of imports in the EAC macroeconomic convergence criteria.

2.3. Public finance

In the third quarter 2019, the Government fiscal deficit including grants worsened compared to the same quarter 2018, rising from MBIF 27,968 to MBIF 73,039.8, driven by the larger increase of expenditure compared than revenue. This deficit was financed by domestic debt of BIF 18,668.3 million and external debt of BIF 11,658.5 million.

Table 8: Government Financial Operations (in BIF Million)

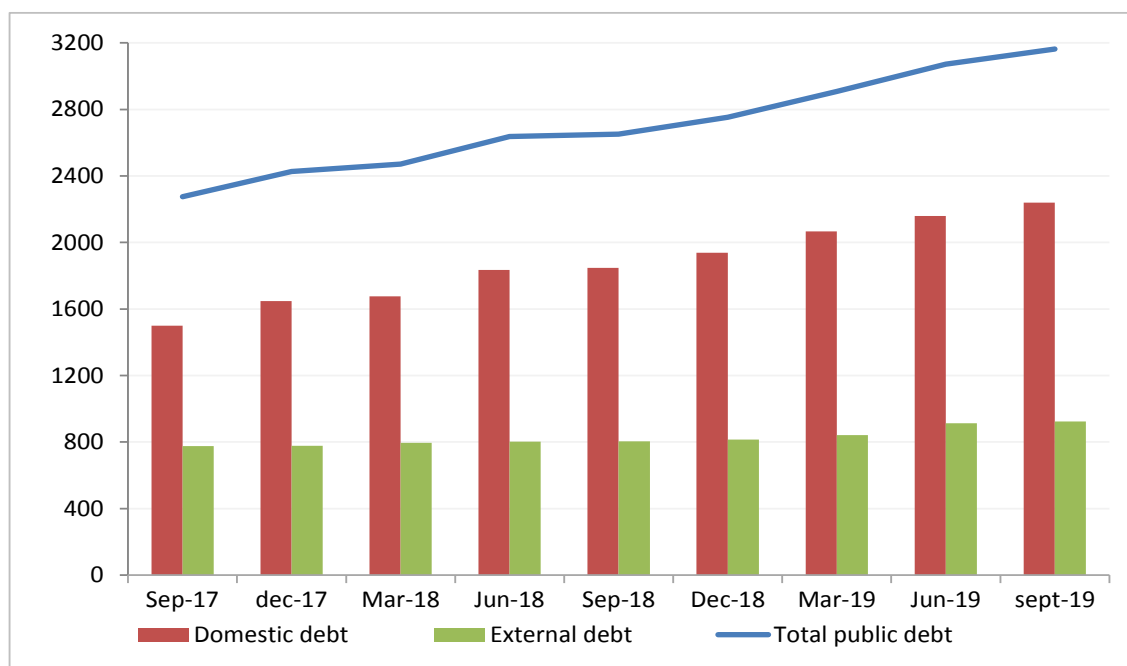
	Q3-2018	Q2-2019	Q3-2019
A. REVENUE AND GRANT	251,373.8	316,168.1	306,489.2
a. Revenue	210,154.2	244,636.0	252,436.5
Current revenue	210,154.2	244,636.0	252,436.5
Exceptional revenue	-	-	-
b. Grant	41,219.6	71,532.1	54,052.6
Current	-	-	-
Capital	41,219.6	71,532.1	54,052.6
B. EXPENDITURE	279,341.8	397,435.2	379,529.0
a. Current expenditure	208,114.2	216,707.6	258,385.0
Salaries	101,920.8	108,632.3	110,624.5
b. Investment expenditure	71,227.6	180,727.6	121,144.0
On investment expenditure	21,490.0	41,343.1	49,477.5
On foreign borrowing and grants	49,737.6	139,384.5	71,666.5
OVERALL BALANCE including grants(basis commitment)	-27,968.0	-81,267.1	-73,039.8
C. NET FINANCING	27,968.0	81,267.1	73,039.8
External	4,603.8	65,430.6	11,658.5
Domestic	57,750.0	80,000.4	18,668.3
D. ERRORS AND OMISSIONS	-34,385.8	-64,163.8	42,713.0

Source: MFBCDE

On annual basis, revenue increased by 16.8% in the third quarter 2019, rising from BIF 210,154.2 million to BIF 252,436.5 and capital grants rose by 31.1%, reaching BIF 54,052.6 against BIF 41,219.6 million in the same period of the previous year.

Likewise, expenditure rose by 35.9 % in the third quarter 2019, reaching BIF 379,529.0 million against BIF 279,341.8 million, driven by the rise of current expenditure (24.2%) and capital expenditure (70.1 %).

Chart 7: Public debt (in BIF million)



Source: BRB

Total public debt increased by 19.3% year-on-year, amounting to BIF 3,162.9 billion from BIF 2,651.1 million and by 2.9% compared to the previous quarter. Domestic debt increased 21.2% year-on-year, from BIF 1.846.9 to 2.238.5 billion and by 3.7% quarter-on-quarter. The main component of domestic debt was Treasury securities and Central Bank overdraft. Thus, the domestic debt represented 70.7% of total public debt.

Year-on-year basis, the stock of external debt increased by 14.9%, from 804,250.5 to BIF 924,353.6 million. This increase is explained by the drawings (BIF 113,547.0 million) and the revaluation gains (BIF 20,250.5 million) which exceeded the repayment of the debt in principal (BIF 13,694.5 million). Likewise, it increased by 1.2% compared to the previous quarter, due to new drawings (BIF 17,613.8 million), partially offset by evaluation losses (BIF 953.6 million) and debt repayment in principal (BIF 5,955.4 million).

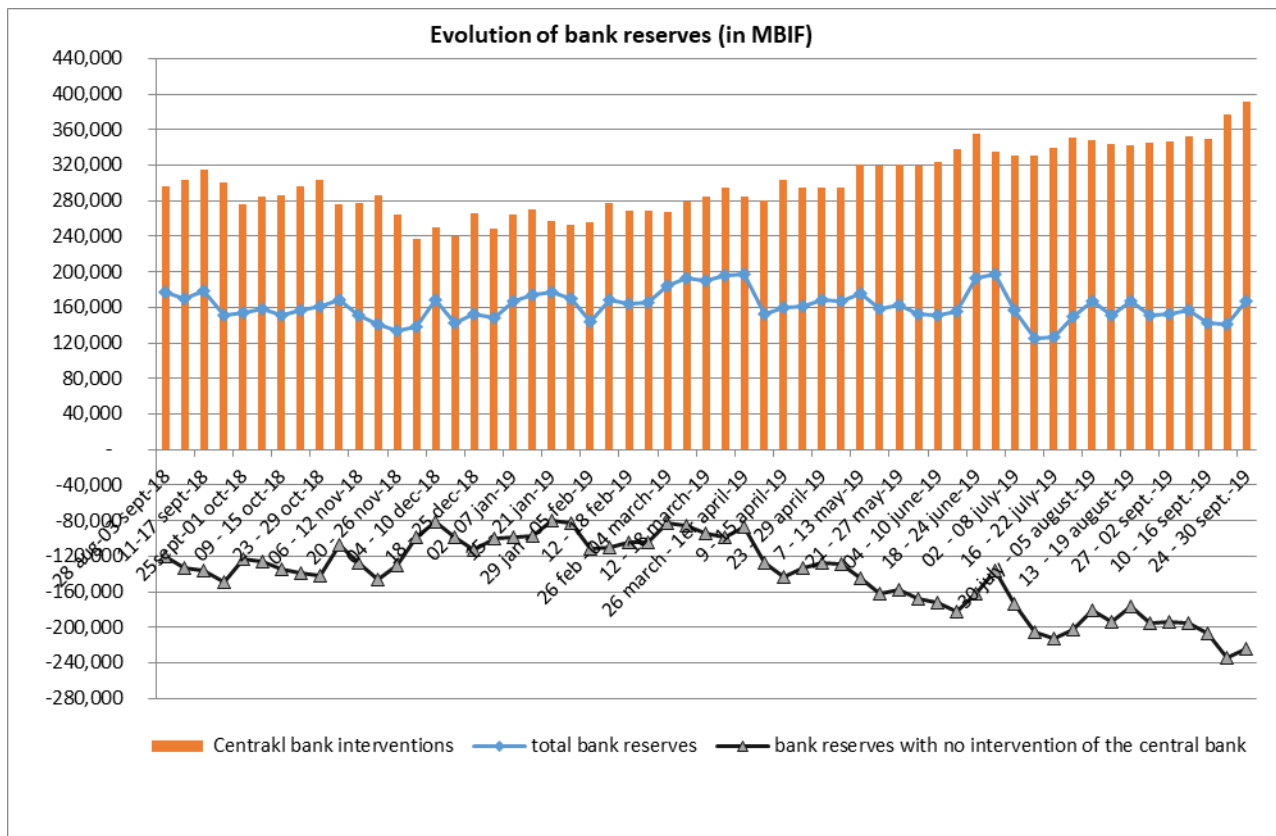
2.4. Monetary sector

2.4.1. Bank reserves and interest rates

Without Central Bank interventions, commercial bank reserves decreased in the third quarter 2019. On weekly average, they are amounted to BIF -194.771 against -146.697 million in the previous quarter and –BIF 125.582 million in the same period in 2018.

The outstanding refinancing stood, in weekly average, to BIF 349.377 million in the third quarter of 2019 against BIF 313.876 million in the previous quarter. In the same quarter in 2018, the outstanding refinancing was amounted to BIF 294.958 million.

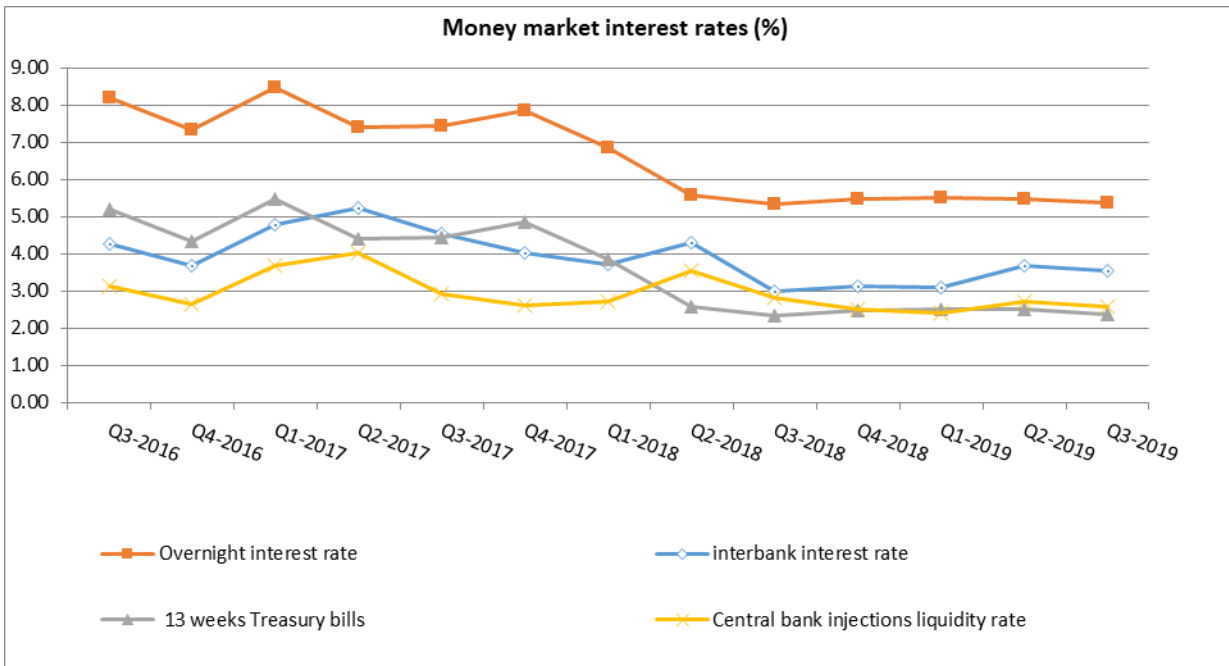
Chart 8: Commercial banks' reserves and BRB's interventions



Source: BRB

Interest rates on money market slightly increased in the third 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. However, the interest rate of the overnight lending facility slightly decreased to 5.49% from 5.51% due to the decline of interest rates on 13-week Treasury bills which it is indexed on (2.49% against 2.51%).

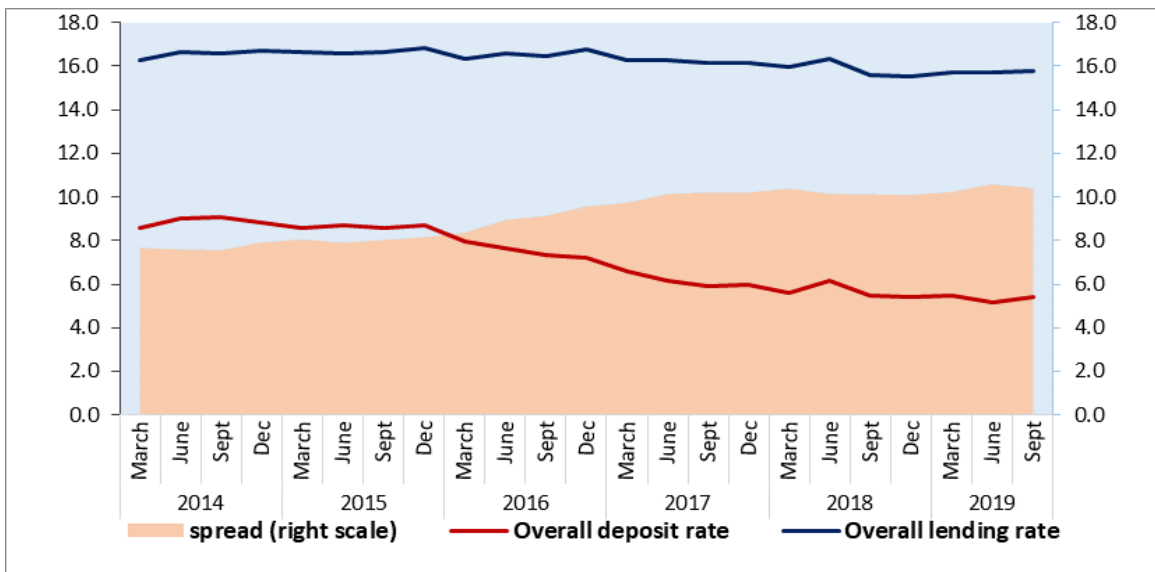
Chart 9: Money market interest rates (%)



Source: BRB

At end September 2019, the interest rate on outstanding loans slightly increased to 15.80% from 15.75% in June 2019, while it stood at 15.57% in the same period in 2018. The interest rate on loans authorized in the third quarter 2019 increased to 16.15% from 15.65% in the preceding quarter and 15.78% recorded in the same period in 2018.

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



Source: BRB

At the end of September 2019, the average interest rate applied on deposit increased to 5.40 from 5.16% at the end of June 2019. On the other hand, it decreased year –on- year (5.40 against 5.45%). The decline of interest rate concerned remunerated demand deposits (2.0 against 2.63%) and time and savings deposits (6.64 against 6.72%).

2.4.2. Reserve money

Quarter –on- quarter basis, the reserve money decreased by 2.1%, amounting to BIF 657,960.5 million from BIF 644,436.4 million, due to the decline of net foreign assets (-18.1%), whilst net domestic assets slightly increased (+1.1%).

The decrease of reserve money mainly concerned the currency in circulation (- BIF 9,226 million) and deposits of commercial bank and microfinances (-BIF 12,249.1 million) and other financial institutions (- BIF 32.1 million). On the other hand, the other deposits increased (+ BIF 7,983.5 million).

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

	Sep-18	June-2019	Sep-19	change (in %)	
				Quarterly	Annual
Currency in circulation	320,520.4	383,003.4	373,777.4	-2.4	16.6
Bank and microfinance deposits	176,105.6	225,728.0	213,478.9	-5.4	21.2
Other financial corporation deposits	3,001.7	3,359.1	3,326.6	-1.0	10.8
Othr deposits	52,087.6	45,870.0	53,853.5	17.4	3.4
Total	551,715.3	657,960.5	644,436.4	-2.1	16.8
Net foreign assets	-185,086.7	-121,713.1	-143,734.8	-18.1	22.3
Net domestic assets	736,802.0	779,673.6	788,171.2	1.1	7.0
Net claims on the Government	394,238.0	377,197.7	291,333.9	-22.8	-26.1
Other items , net	342,564.0	402,475.9	496,837.3	23.4	45.0

Source: BRB

The reserve money grew by 16.8% year-on-year, driven by the increase of net foreign assets (+22.3%) and net domestic assets (+7.0%). This increase of reserve money concerned all its compartments: the currency in circulation rose by 16.6%, the deposits of commercial banks and microfinance by 21.2%, the deposits of other financial institutions by 10.8% and other deposits by 3.4%.

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

	Change from June 2019	Change from Sept 2018
Net foreign assets (NFA)	-3.4	7.5
Net domestic assets (NDA)	1.3	9.3
Net claims on the Government	-13.0	-18.6
Other items , net	14.3	27.9
Base money	-2.1	16.8

Source: BRB

Quarter –on- quarter, the decrease of reserve money was of external origin (-3.4%). Year-on-year basis, the increase was of both internal (9.3 %) and external origin (7.5 %).

2.4.3. Broad money and counterparts

The money supply M3 increased by 2.3% on quarterly basis, amounting to BIF 2,073.6 billion from BIF 2.027.0 billion. This increase was driven by demand deposits (+4.2%) and the deposits of residents in foreign currencies (+3.8%). On the other hand, the time and savings deposits and currency outside banks decreased by 0.9 and 0.3%, respectively.

The quarterly rise of money supply resulted from the increase of net domestic assets (+ MBIF 79,879.4), while net foreign assets decreased (-BIF 33,329.4 million). This increase of net domestic assets was driven by claims on the government (+BIF -29,310.2 million) and on the economy (+ BIF 76,002.5 million), while the other net items decreased (- BIF 75,433.3 million).

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

	Sep-18	June-2019	Sep-19	change (in %)	
				Quarterly	Annual
M3	1,688,923.1	2,027,007.0	2,073,557.0	2.3	22.8
NFA	-217,284.7	-194,252.9	-227,582.3	-17.2	-4.7
NDA	1,906,207.8	2,221,259.9	2,301,139.3	3.6	20.7
Domestic credit	2,265,248.8	2,575,844.3	2,681,157.0	4.1	18.4
Net claims on the Government	1,237,688.0	1,472,138.7	1,501,448.9	2.0	21.3
Claims on the economy	1,027,560.8	1,103,705.6	1,179,708.1	6.9	14.8
Other items , net	-359,041.0	-354,584.4	-380,017.7	-7.2	-5.8

Source: BRB

Year-on-year basis, the money supply M3 increased by 22.8%. This growth was driven by demand deposits (+ 33.5%), time and savings deposits (+ 10.8%), residents' foreign currency assets (+ 4.7%) and currency outside banks (+ 19.5%).

Regarding counterparties, the increase was driven by net domestic assets (+ 20.7%), while net foreign assets declined (-4.7%). The increase of net domestic assets concerned net claims on the government (+BIF 263,760.9 million) and claims on the economy (+ BIF 152,147.3 million), the other net items decreased (-BIF 20,976.7 million).

Table 13: Source of the change in broad of money as of end June 2019

	Change from June 2019	Change from Sept 2019
Net foreign assets (NFA)	-1.6	-0.6
Net domestic assets (NDA)	3.9	23.4
o/w: - Domestic credit	5.2	24.6
- Other Items net	-1.3	-1.2
Broad money (M3)	2.3	22.8

Source: BRB

The increase of money supply was mainly of internal origin, both quarter-on-quarter (3.9 %) and year-on-year basis (23.4 %).

2.5. Banking sector development and financial stability

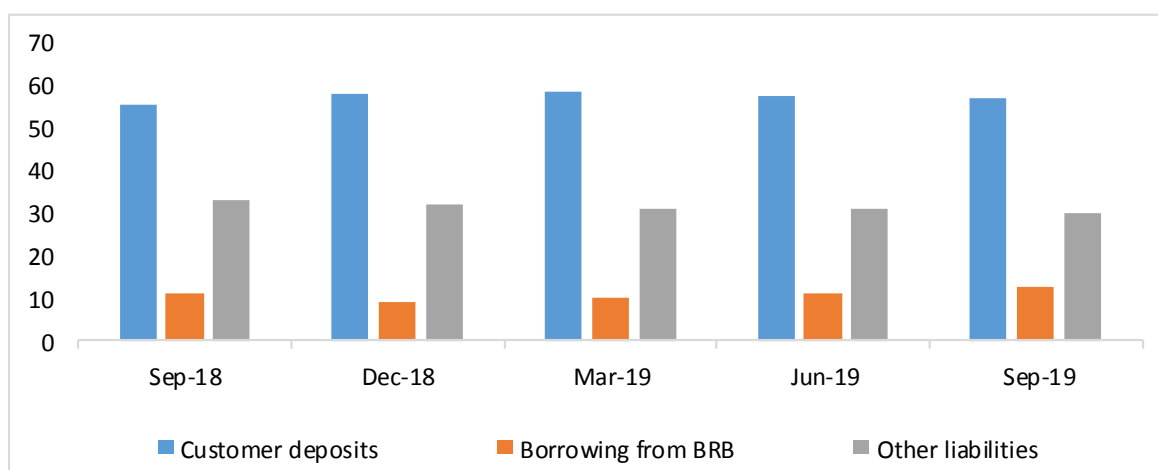
The banking sector's balance sheet rose by 22.1% year –on- year, reaching BIF 3,089.5 billion in September 2019 from BIF 2,530.2 billion in the same period of previous year and grew by 5.1% on a quarterly basis. Over the same period, the credit to the private sector and deposits improved. Likewise, the equity and all the main prudential ratios remained above regulatory standards.

2.5.1. Banking activities

2.5.1.1. Main resources

The total deposits rose by 26.2% year on year, amounting to BIF 1,772.5 billion in September 2019 from BIF 1,404.4 billion in September 2018 while it grew by 4.6% quarterly. Likewise, the borrowing from the Central Bank sharply increased by 39.1%, from BIF 282.6 billion in September 2018 to BIF 393.2 billion in September 2019, while other liabilities decreased by 34.0%, from BIF 165.1 billion to BIF 108.9 billion.

Chart 11 : Liabilities' structure (in %)

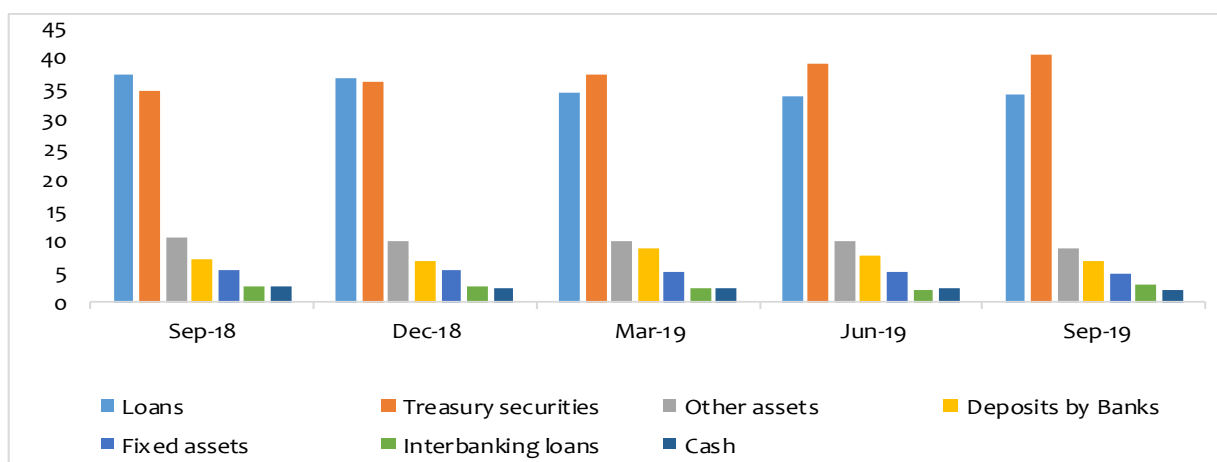


Source: BRB

2.5.1.2. Main Assets

The credit to the private sector increased by 12.1% in September 2019, standing at BIF 1,055.9 billion from BIF 941.6 billion in September 2018 and grew by 6.3% compared to June 2019. Likewise, the outstanding Treasury securities rose by 40.5%, from BIF 873.4 billion in September 2018 to BIF 1.150.0 billion in September 2019 and by 17.5% from June 2019.

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

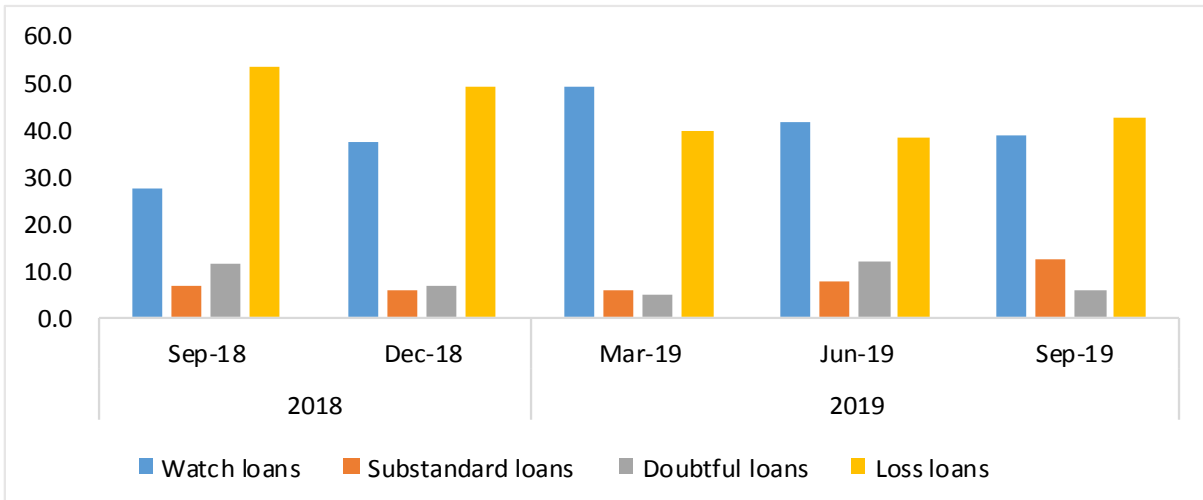


Source: BRB

2.5.2. Loans portfolio quality

The non-performing loans (NPLs) decreased by 27.1% in September 2019, following a decline of doubtful (-56.7%) and loss (-31.2%) loans, although slightly offset by an increase in substandard loans (+52.9%). Compared to June 2019, they decreased by 7.4%.

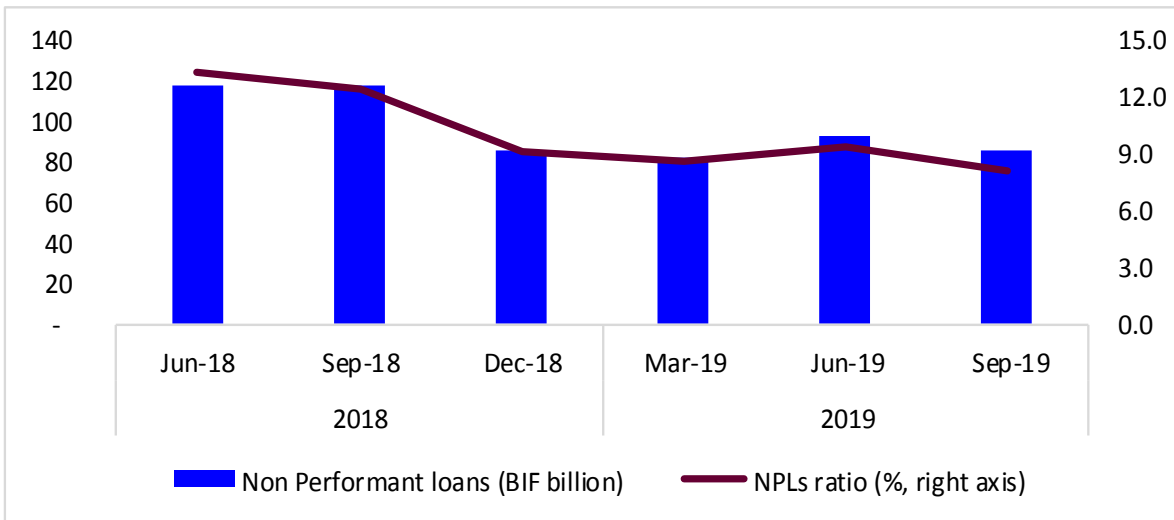
Chart 13: Overdue loans per class (in %)



Source: BRB

The non-performing loans ratio fell to 8.1% in September 2019 from 12.5% in September 2018, following the write off of loans lasting from two years in the balance sheets of commercial banks.

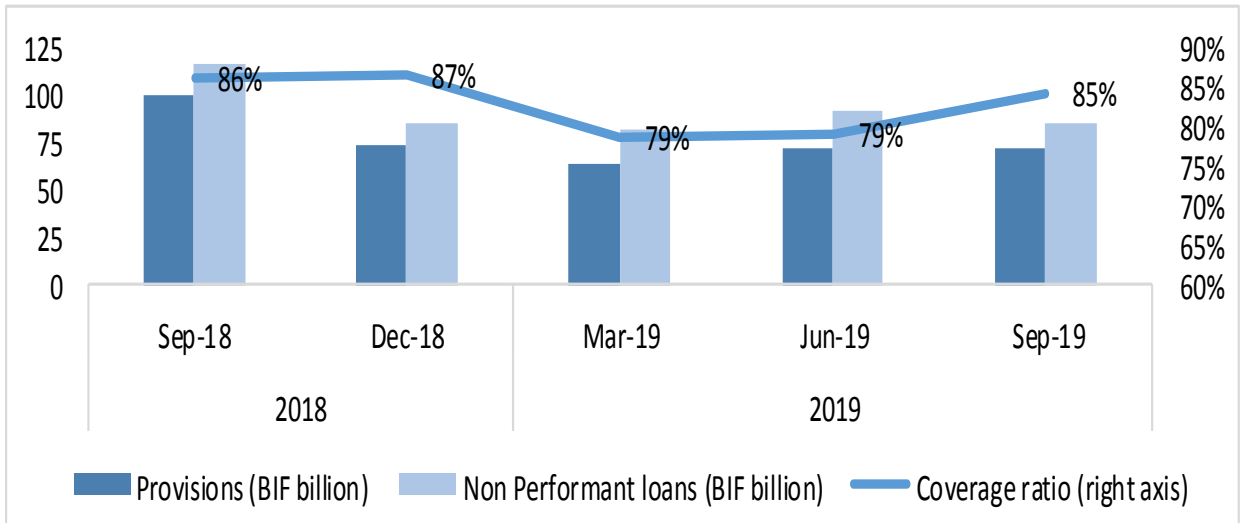
Chart 14: Non-performing loans



Source: BRB

The coverage ratio of non-performing loans by provisions felt to 84.5% in September 2019 from 86.4% in September 2018, whereas it grew by 6.1 percentage points from June 2019 due to an increase in substandard loans (+40.0%).

Chart 15: Provisions and coverage rate

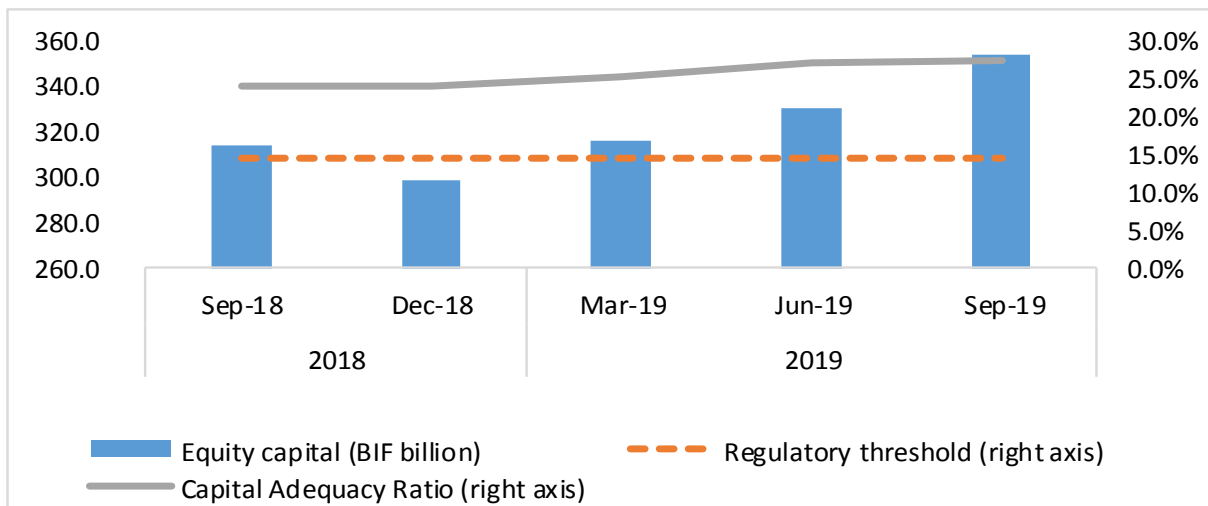


Source: BRB

2.5.3. Capital adequacy

The equity of the banking sector increased by 12.9% yearly and by 7.1% on a quarterly basis, moving from BIF 314.3 billion in September 2018 to BIF 331.3 billion in June 2019 and BIF 354.9 billion in September 2019.

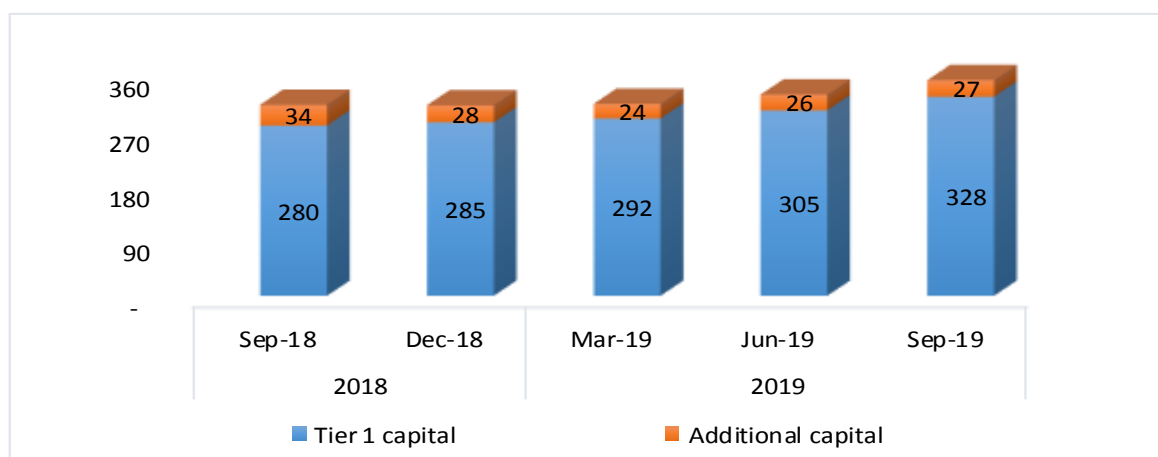
Chart 16: Equity



Source: BRB

The capital adequacy ratio slightly improved yearly and quarterly, reaching 27.5% in September 2019 from 24.1% in September 2018 and 25.2% in June 2019, given a minimum standard of 14.5%.

Chart 17: Composition of equity (in BIF billion)



Source: BRB

The Tier 1 capital which is the largest component of banking sector equity stood at BIF 328.0 billion in September 2019 from BIF 280.0 billion in the corresponding month in 2018.

2.5.4. Banking sector's profitability

The banking sector's gross income grew by 19.9% in September 2019, reaching BIF 188.6 billion from BIF 157.2 billion in the corresponding month in 2018. Therefore, the net profit increased by 74.2%, amounting to BIF 92,461.4 million from BIF 53,087.7 million. Thus, the Return on Assets (ROA) and on Equity (ROE) improved and stood respectively at 3.0% and 26.1% in September 2019 against 2.1% and 16.9% in September 2018.

CONCLUSION AND MONETARY POLICY MEASURES

Economic growth in the main advanced and emerging countries slowed down year-on-year and quarterly basis, mainly due to the persistence of protectionist measures, technological tensions between the United States and its main trading partners, the uncertainty linked to BREXIT and to geopolitical conflicts. As a result of this slowdown in world economic growth, commodity prices have generally fallen and, as a result, inflation has declined in most advanced and emerging countries.

In sub-Saharan Africa, economic growth should remain at 3.2% in 2019. It is lower than what has been forecasted previously due to unfavorable international economic conditions, especially for exporting oil countries and other basic products such as Nigeria and South Africa. However, the poor performance of these countries will be offset by significant economic growth in some countries with poor natural resources.

According to the local economic development, the main productions of the primary sector, especially coffee decreased following the cyclicity of coffee. However, tea production increased due to the good rainfall. Deflation continued, mainly due to the sharp drop in food prices.

The reserve money and the money supply rose in the third quarter 2019, as a result of the increase of net domestic and foreign assets. The banking sector remained sufficiently capitalized, solvent, and profitable and all the main indicators of financial soundness improved.

During the third quarter of 2019, the BRB implemented the new monetary policy measures to allow banks and financial institutions to finance economic growth. These new measures will allow commercial banks and financial institutions to increase credit to economy.

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
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
Jul-19	-2.6	-6.2	1.1
Aug-19	-0.6	-2.9	1.6
Sep-19	2.0	2.9	1.1

Source: *ISTEEBU*

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
Jul-19	70,893.23	18,882.46	89,775.68	130,255.85	-40,480.17
Aug-19	91,851.64	11,589.11	103,440.75	104,347.77	-907.02
Sep-19	89,691.65	23,581.07	113,272.72	144,925.37	-31,652.65

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	795,087.8	2,452,278.1
Apr-18	715,697.6	916,907.0	1,662,527.3	809,971.8	2,472,499.1
May-18	714,813.1	944,719.0	1,690,761.6	800,922.3	2,491,683.9
Jun-18	780,458.1	986,452.3	1,798,139.9	801,839.6	2,599,979.6
Jul-18	739,553.0	992,658.3	1,794,338.5	803,941.0	2,598,279.5
Aug-18	722,760.6	1,030,022.1	1,815,208.1	802,130.7	2,617,338.8
Sep-18	723,876.1	1,053,468.6	1,840,988.4	804,250.5	2,645,238.9
Oct-18	750,952.9	1,074,283.1	1,888,931.0	804,808.3	2,693,739.3
Nov-18	749,761.5	1,099,486.2	1,912,869.3	810,165.1	2,723,034.4
Dec-18	772,108.5	1,106,829.2	1,937,821.9	815,659.1	2,753,481.0
Jan-19	735,898.0	1,170,456.8	1,965,632.6	839,143.1	2,787,450.6
Feb-19	754,785.4	1,203,007.7	2,017,332.5	839,115.7	2,838,728.6
Mar-19	776,260.3	1,230,561.3	2,066,815.1	841,910.7	2,890,839.0
Apr-19	749,554.5	1,264,065.9	2,073,957.4	867,316.3	2,941,273.7
May-19	741,946.8	1,309,285.8	2,110,469.8	907,214.9	3,017,684.7
Jun-19	762,094.0	1,339,778.2	2,158,605.5	913,648.7	3,072,254.2
Jul-19	702,399.9	1,357,433.8	2,116,921.2	927,530.4	3,044,451.6
Aug-19	759,491.5	1,393,116.1	2,210,025.2	929,375.3	3,139,400.5
Sep-19	756,889.1	1,417,542.6	2,238,502.3	924,353.6	3,162,855.9

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
Jul-19	153,993.0	339,205.0
Aug-19	157,630.0	345,488.0
Sep-19	152,207.0	363,439.0

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
Q3-2019	3,40	5,29	2,59	2,29

Source: BRB

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

MAIN SECTIONS OF THE BANKING SECTOR'S BALANCE SHEET

	Commercial Banks			Financial Institutions			Banking Sector		
	9/30/2018	9/30/2019	Change in %	9/30/2018	9/30/2019	Change in %	9/30/2018	9/30/2019	Change in %
I. Assets	2 359 280,2	2 894 993,1	22,7	170 937,9	194 585,3	13,8	2 530 218,1	3 089 578,4	22,1
I.1. Main assets	1 994 192,0	2 507 698,8	25,8	135 029,9	161 740,6	19,8	2 129 221,9	2 669 439,4	25,4
A. Liquid assets	1 177 207,7	1 597 965,6	35,7	10 460,9	15 524,4	48,4	1 187 668,6	1 613 490,0	35,9
. Cash	66 763,4	62 712,8	- 6,1	18,3	10,3	- 44,0	66 781,7	62 723,1	- 6,1
. Deposits by banks and other FIs	176 458,8	203 780,8	15,5	2 504,3	2 481,2	- 0,9	178 963,1	206 262,0	15,3
. Interbank loans	65 088,8	84 080,7	29,2	3 438,3	5 275,9	53,4	68 527,1	89 356,6	30,4
. Treasury securities	868 896,7	1 219 166,3	40,3	4 500,0	7 757,0	-	873 396,7	1 226 923,3	40,5
. Other securities	-	28 225,0	-	-	-	-	-	28 225,0	-
B. Loans	816 984,3	909 733,3	11,4	124 569,0	146 216,2	17,4	941 553,3	1 055 949,4	12,1
. Short term loans	502 864,3	499 376,7	- 0,7	1 862,4	2 270,1	21,9	504 726,7	501 646,8	- 0,6
. Medium term loans	217 804,6	310 385,4	42,5	53 069,4	46 803,6	- 11,8	270 874,0	357 189,1	31,9
. Long term loans	96 315,4	99 971,2	3,8	69 637,2	97 142,4	39,5	165 952,6	197 113,6	18,8
. Leasing	-	-	-	-	-	-	-	-	-
I.2. Fixed Assets	124 563,9	136 604,7	9,7	7 623,9	7 971,3	4,6	132 187,8	144 576,1	9,4
I.3. Other assets	240 524,3	250 689,5	4,2	28 284,1	24 873,4	(12,1)	268 808,4	275 562,9	2,5
II. Liabilities	2 359 280,2	2 894 993,1	22,7	170 937,9	194 585,3	13,8	2 530 218,1	3 089 578,4	22,1
II.1. Main liabilities	1 773 529,6	2 174 412,2	22,6	78 517,3	100 118,2	27,5	1 852 046,9	2 274 530,4	22,8
. Customer deposits	1 333 123,7	1 679 051,6	25,9	71 319,9	93 425,2	31,0	1 404 443,6	1 772 476,8	26,2
<i>including large deposits</i>	610 200,4	765 995,4	25,5	8 024,3	13 474,4	-	618 224,7	779 469,8	26,1
. Borrowing from B.R.B.	282 564,1	393 162,5	39,1	-	-	-	282 564,1	393 162,5	39,1
. Other liabilities	-	-	-	-	-	-	-	-	-
. Intebank claims	157 841,8	102 198,1	- 35,3	7 197,4	6 693,0	- 7,0	165 039,2	108 891,1	- 34,0
II.2. Capital, reserves	220 562,9	251 874,1	14,2	31 879,3	34 632,8	8,6	252 442,2	286 506,9	13,5
II.3. Other liabilities	365 187,7	468 706,8	28,3	60 541,3	59 834,3	-1,2	678 171,2	528 541,1	(22,1)
BANKING SECTOR'S INDICATORS									
Capital adequacy									
. Core capital (in BIF million)	251 390,0	293 962,7	16,9	28 605,3	33 781,2	18,1	279 995,3	327 743,9	17,1
. Equity capital (in BIF million)	274 314,8	313 431,5	14,3	39 967,1	41 473,7	3,8	314 281,9	354 905,2	12,9
. Risk weighted assets	1 151 941,4	1 149 260,3	- 0,2	154 645,7	142 445,2	- 7,9	1 306 587,1	1 291 705,4	- 1,1
. Tier 1 capital adequacy ratio (threshold 12,5%)	21,8	25,6	-	18,5	23,7	-	21,4	25,4	-
. Total capital adequacy Ratio (threshold 14,5%)	23,8	27,3	-	25,8	29,1	-	24,1	27,5	-
. Leverage Ratio (threshold 7%)	10,7	10,2	-	16,7	17,4	-	11,07	10,61	-
Loans quality and concentration									
. Large exposures	146 732,1	275 539,6	87,8	11 754,8	3 980,4	- 66,1	158 486,9	279 520,0	76,4
. Watch loans	28 829,8	36 352,7	26,1	16 492,3	18 919,9	14,7	45 322,1	55 272,6	22,0
. Non-performing loans	103 305,9	75 503,5	- 26,9	14 583,7	10 387,3	- 28,8	117 889,6	85 890,8	- 27,1
. Overdue loans	132 135,7	111 856,2	- 15,3	31 076,0	29 307,1	- 5,7	163 211,7	141 163,3	- 13,5
. Provisions	91 941,2	68 051,7	- 26,0	9 788,9	4 580,1	- 53,2	101 730,1	72 631,8	- 28,6
. Gross total loans/Gross total assets (in %)	25,2	31,4	-	72,9	75,1	-	37,2	34,2	-
. Loans to the Government/Gross total assets (*)	41,0	42,1	-	2,6	4,0	-	41,0	42,1	-
. Loans to the Government/Core capital (*)	325,0	414,7	-	15,7	23,0	-	336,3	374,4	-
. Non-performing loans ratio	20,5	8,3	-	11,7	7,1	-	12,5	8,1	-
. Overdue loans ratio	26,3	12,3	-	24,9	20,0	-	17,3	13,4	-
. Provisioning ratio (in %)	89,0	90,1	-	67,1	44,1	-	86,3	84,6	-
. Total Large exposures/Gross total loans (in %)	29,2	30,3	-	9,4	2,7	-	16,8	26,5	-
Liquidity									
. Liquidity ratio in BIF (threshold 100%)	35,7	241,2	-	-	-	-	35,7	241,2	-
. Liquidity ratio in foreign currency (threshold 100%)	97,1	94,4	-	-	-	-	97,1	94,4	-
. Total loans/total deposits	61,3	54,2	-	174,7	156,5	-	67,0	59,6	-
. Ratio of stable funds to fixed assets	136,6	89,3	-	262,2	245,5	-	158,5	108,4	-
. Ten large deposits/Total deposits	45,8	45,6	-	11,3	14,4	-	44,0	44,0	-
Profitability and performance									
. Before tax profit	53 304,8	91 875,2	72,4	4 561,2	6 600,4	44,7	57 866,0	98 475,6	70,2
. Net profit	49 296,5	86 928,3	76,3	3 791,2	5 533,1	45,9	53 087,7	92 461,4	74,2
. Net Gross Income	146 856,6	175 119,7	19,2	10 361,9	13 444,8	29,8	157 218,5	188 564,4	19,9
. ROA	2,1	3,0	-	2,2	2,8	-	2,1	3,0	-
. ROE	18,0	27,7	-	9,5	13,3	-	16,9	26,1	-

Source : BRB