



**BANQUE DE LA REPUBLIQUE
DU BURUNDI**

**MONETARY POLICY
REPORT
THIRD QUARTER 2020**

April-2021

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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
MFBPDE	: Ministère des Finances, du Budget et de la Planification 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

Economic growth improved in the third quarter 2020 in main advanced OECD countries and emerging countries. Inflation slowed down in advanced and emerging OECD countries, mainly due to lower domestic demand and lower prices for petroleum products. However, the Euro-zone recorded a deflation of 0.1 percent, following a weak domestic demand and a VAT reduction, notably in Germany.

Economic growth slightly recovered in most ECA countries, due to the simultaneous effects of fiscal, monetary and financial policies to mitigate COVID-19 effects.

According to the local economic development, a contraction of 0.3 percent is projected in 2020 against 4.2 percent in 2019, driven by the decrease of production in tertiary sector strongly affected by the COVID-19 pandemic. In the third quarter 2020, inflation stood at 6.9 percent while there was a deflation of 0.4 percent in the corresponding quarter in 2019. This rise of inflation concerned food products (11.0 against -2.1 percent) than non-food products (2.6 against 1.3 percent).

The balance of payments recorded a lower financing in the third quarter 2020 than in the corresponding quarter in 2019, resulting from the decrease of the current account deficit.

The fiscal deficit (including grants) worsened in the third quarter 2020 compared to the same quarter in 2019, driven by the increase of expenses than revenue. This deficit was mainly financed by domestic debt.

Year-on-year basis, the reserve money rose by 18.8 percent and the broad money by 23.5 percent following the increase of net domestic assets. Official foreign exchange reserves increased by 11.0 percent and covered 0.9 months of imports of goods and services compared to 1.0 months recorded in the same period of the previous year. The banking sector remained sufficiently capitalized and profitable at the end of the third quarter 2020. Solvency ratios remained above the regulatory threshold and the profitability ratios improved compared to the same period of the previous year.

I. INTERNATIONAL ECONOMIC DEVELOPMENT

1.1. Global GDP growth

Quarter-on-quarter basis, economic growth improved in the third quarter in 2020 in advanced OECD countries (+9.2 compared to -10.5 percent in the previous quarter), mainly due to the measures taken by the public authorities to mitigate the adverse effects of the COVID-19 pandemic on their economies. Economic growth also rebounded in the main emerging countries, notably in India (+21.9 against -25.2 percent), in South Africa (+13.5 against -16.6 percent) and in Russia (+ 1.5 against -3.2 percent). However, economic growth slowed in China (+ 3.0 compared to + 11.6 percent).

Table 1: Quarterly GDP growth in main advanced countries (in percent)

	Quarter to quarter			Year on year		
	Q3-2019	Q2-2020	Q3-2020	Q3-2019	Q2-2020	Q3-2020
USA	0,6	-9,0	7,5	2,1	-9,0	-2,8
Japan	0,2	-8,3	5,3	1,3	-10,3	-5,7
Germany	0,3	-9,8	8,5	0,8	-11,2	-4,0
France	0,1	-13,8	18,7	1,6	-18,9	-3,9
United Kingdom	0,5	-18,8	16,0	1,4	-20,8	-8,6
Euro zone	0,2	-11,7	12,5	1,4	-14,7	-4,3
OECD - Total	0,4	-10,5	9,2	1,7	-11,7	-4,1
China	1,0	11,7	2,7	6,0	3,2	4,9
India	0,8	-25,2	21,9	4,4	-23,5	-7,5
Russia	-0,9	-3,2	1,5	1,4	-5,6	-3,3
South Africa	-0,2	-16,6	13,5	0,1	-17,5	-6,1

Source: OECD, main economic indicators, January 2021

On the other hand, year-on-year basis, economic growth contracted in both advanced and emerging countries. In the United States, economic growth declined by 2.8 percent against 2.1 percent in the same period in 2019. In the euro Zone, GDP fell by 4.3 percent while it improved by 1.4 percent in the corresponding period in 2019. In Japan, GDP growth decreased by 5.7 percent against a growth of 1.3 percent in the same period in 2019.

1.2. World Trade

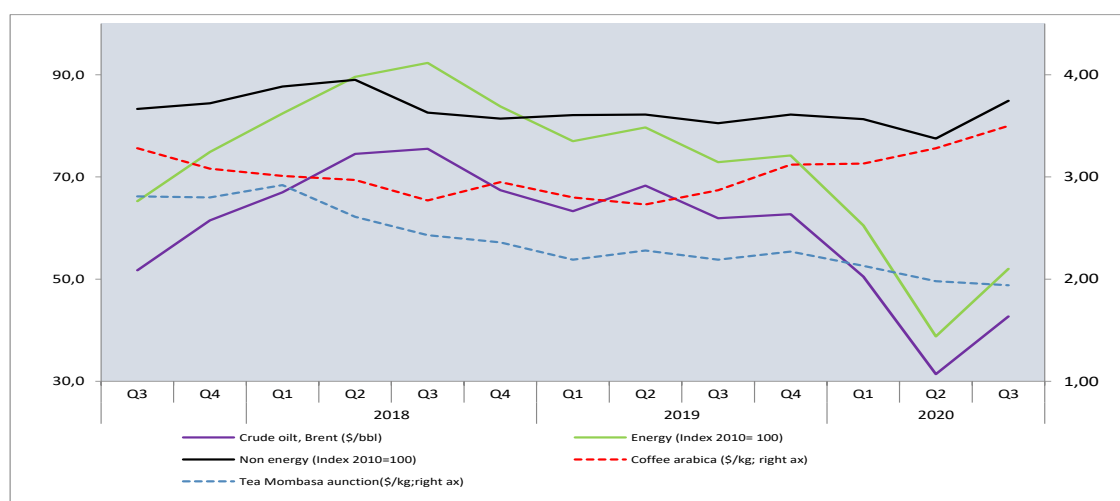
In the third quarter 2020, the volume of world trade¹ increased by 11.6 percent after declining by 12.7 percent in the previous quarter. However, the volume of trade was 5.6 percent lower than in the same period of the previous year. This recovery was driven by significant fiscal and monetary policies in major economies.

1.3. Commodity prices and inflation

In the third quarter 2020, commodity prices globally increased after the declining recorded in the first half of the year. Compared to the previous quarter, the price of crude oil (Brent) was 42.70 against USD 31.40 per barrel. Both the energy index (52.00 against 38.80) and the non-energy products index (84.90 against 77.50) increased quarter -on-quarter.

The price of Arabica coffee improved further from 3.28 to USD 3.50 per kilogram quarter on quarter compared to USD 2.87 recorded in the same period of the previous year. This price improvement is linked to the 5.1 percent drop of world production of Arabica coffee, particularly in Brazil. In contrast, the price of tea at the Mombasa auctions continued its downward trend and stood at 1.94 against USD 1.98 per kilogram.

Chart 1: Commodity prices



Source: World Bank, Commodity prices, December 2020

¹ www.omc.org: trade statistics

Compared to the previous quarter, inflation slightly increased in most advanced and emerging countries, exception of the Euro-zone which recorded a deflation of 0.1 percent, mainly due to weak domestic demand and reduction of VAT in some countries, particular in Germany.

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

En glissement Q annuel			
	Q3-2019	Q2-2020	Q3-2020
États-Unis	1.8	0.4	1.2
Japon	0.3	0.1	0.2
Allemagne	1.5	0.8	-0.1
France	1.0	0.3	0.3
Royaume-Uni	1.8	0.8	0.8
Zone euro	0.9	0.2	-0.1
OCDE - QoQal	1.9	0.9	1.3
Chine	2.9	2.7	2.3
Inde	6.4	5.2	5.5
Russie	4.3	3.1	3.5
Turquie	13.5	11.6	11.7
Brésil	3.1	2.1	2.7
Afrique du Sud	4.1	2.3	3.0

Source: OECD, Main economic indicators, December 2020

Inflation rose in all OECD countries and stood at 1.3 against 0.9 percent, driven by the countries outside the euro zone. Inflation slightly decelerated in China (2.3 compared to 2.7 percent) and increased in other emerging countries.

1.4. Monetary policy in developed countries

In the third quarter 2020, the central banks of the main advanced countries continued their accommodative monetary policies to stimulate their economies severely affected by the COVID-19 pandemic, in order to achieve maximum of employment and to influence the inflation close to 2.0 percent.

In the United States of America, the Federal Reserve has extended the target range of rates between 0.00 and 0.25 percent. In addition, it decided to repurchase more Treasury securities and mortgage-backed securities to improve credit conditions to households and estate.

In the euro zone, the European Central Bank (ECB) kept unchanged the interest rates of the main refinancing operations (0.00 percent) as well as those of the marginal lending facility (0.25 percent) and the deposit (-0.50 percent). In addition, it renewed the repurchase of assets and the reinvestment of repayments to maintain favorable liquidity conditions.

The Bank of Japan continued its quantitative and qualitative monetary easing by renewing the interest rate on deposit facilities (-0.1 percent) and by maintaining its extensive program of Treasury bond buybacks in order to reach the inflation target close to 2,0 percent and keep it stable.

1.5. Main macroeconomic indicators of EAC countries²

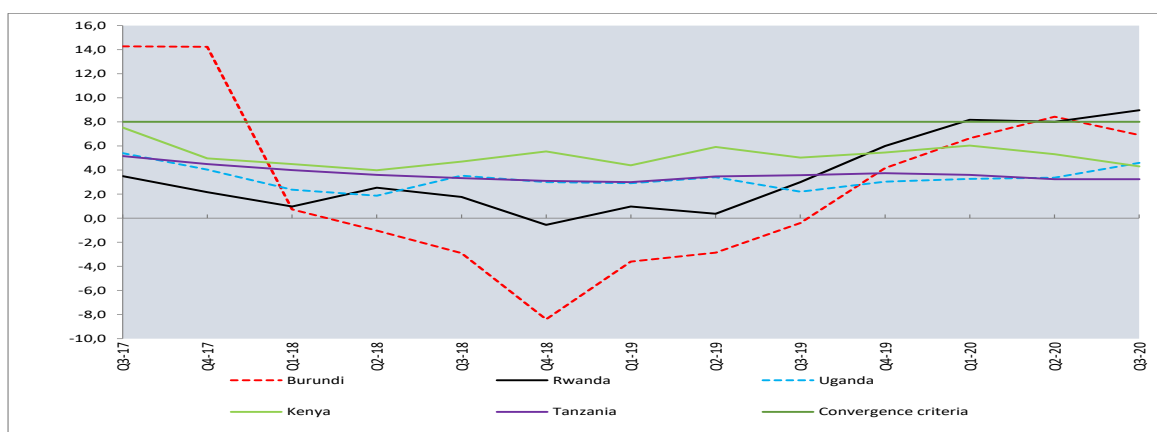
During the third quarter 2020, economic growth slightly recovered in most EAC countries, mainly to the simultaneous effects of fiscal and monetary and financial policies to limit the adverse effects of COVID-19. The easing of containment measures, the stability of the exchange rate as well as the improvement in both domestic and external demand explain this economic growth in the region.

Inflation remained subdued in the EAC countries in the third quarter 2020. Price pressures remained low, largely reinforced by good agricultural production, stable exchange rates and moderate oil prices in the international market.

Compared to the previous quarter, the inflation rate increased in Rwanda (9.0 against 8.7 percent) and Uganda (4.6 against 3.4 percent). It fell in Kenya (4.3 against 5.3 percent) and Burundi (6.9 against 8.4 percent) while it remained stable in Tanzania (3.2 percent).

² South Sudan data is not available

Chart 2: Inflation in EAC countries (in percent)

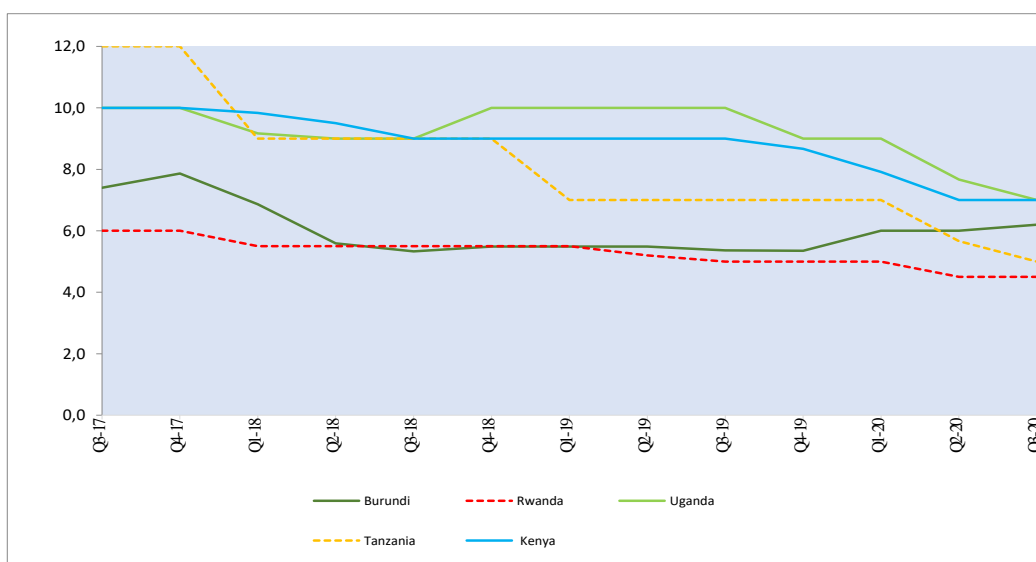


Source: EAC Central Banks web sites

For the rest of year, inflation should remain moderate due, in particular, to good agricultural production expected, stable exchange rates and relatively moderate prices for petroleum products.

Expectations of low inflationary pressures enabled central banks to maintain their accommodative monetary policy in order to ensure an adequate level of liquidity in the economy and to create good conditions for credit to the private sector.

Chart 3: Central bank interest rates (in percent)



Source: EAC Central Banks web sites

Compared to the previous quarter, the average interest rates of the central banks of Rwanda (4.5 percent) and Kenya (7.0 percent) remained unchanged, while those of Tanzania (5.0 against 5.7 percent) and Uganda (7.0 against 7.7 percent) declined.

In Burundi, the average rate on the marginal lending facility slightly increased to 6.2 percent from 6.0 percent in the previous quarter.

The exchange rates of the currencies of the EAC countries against the USD have fluctuated annually below the margin of 5.0 percent agreed between member countries, within the framework of maintaining the stability of the exchange rate, with the exception of the Rwandan Franc which slightly exceeded the threshold (5.2 percent).

Table 3: USD exchange rate against EAC currencies

	End of period				
	USD/TZS	USD/RWF	USD/UGX	USD/KSH	USD/BIF
sept-19	2 289,40	909,80	3 684,20	103,90	1 863,43
June-20	2 296,50	937,08	3 730,14	106,42	1 909,40
sept-20	2 297,60	956,81	3 715,78	108,40	1 931,60
Annual change Sept-20/Sept-19 (%)	0,4	5,2	0,9	4,3	3,7
Quarterly change Sept-20/June-20 (%)	0,05	2,11	-0,38	1,86	1,16

Source: EAC Countries Central Banks websites

II. LOCAL ECONOMIC AND FINANCIAL DEVELOPMENT

2.1. Production and Prices

The average index of industrial production rose by 15.7 percent compared to the corresponding quarter in 2019, mainly driven by the increase production of chemical (+22.9 percent) and food industries (+15, 2 percent), especially BRARUDI beverages (+4.5 percent), sugar (+12.9 percent) and cigarettes (+82.1 percent). Compared to the previous quarter, this index increased by 68.8 percent, from 182.5 to 211.2, mainly explained by the rise of sugar production, BRARUDI beverages (+23.0 percent) and cigarettes (+ 75.0 percent).

REGIDESO's electricity production slightly fell by 0.4 percent year-on-year, from 65,341 to 65,054 Megawatts, mainly on account of the decline production of thermal power plants. Likewise, it slowed down by 5.4 percent compared to the previous quarter. The volume of goods through the Port of Bujumbura increased by 18.8 percent compared to the corresponding quarter in 2019, following the rise of imports of cement and sugar. Compared to the previous quarter, it declined by 14.7 percent.

Activity declined at Melchior NDADAYE International Airport. Passengers fell by 96.4 percent year-on-year, related to measures taken to reduce aircraft flights to deal with the spread of COVID-19 pandemic. On the other hand, the passengers increased compared to the previous quarter, from 245 to 2,296 passengers due to humanitarian flights and the movements of the soldiers who ensure peacekeeping in Somalia and the Central African Republic. Aircraft traffic decreased year-on-year by 65.4 percent while it increased quarter-on-quarter (+ 28.8 percent).

The inflation rate increased in the third quarter 2020, standing at 6.9 percent against a deflation of 0.4 percent recorded in the corresponding quarter in 2019. This increase is explained by the rise of food inflation (11, 0 against -2.1 percent) and non-food (2.6 against 1.3 percent).

Table 4: Real GDP growth and inflation (in percent)

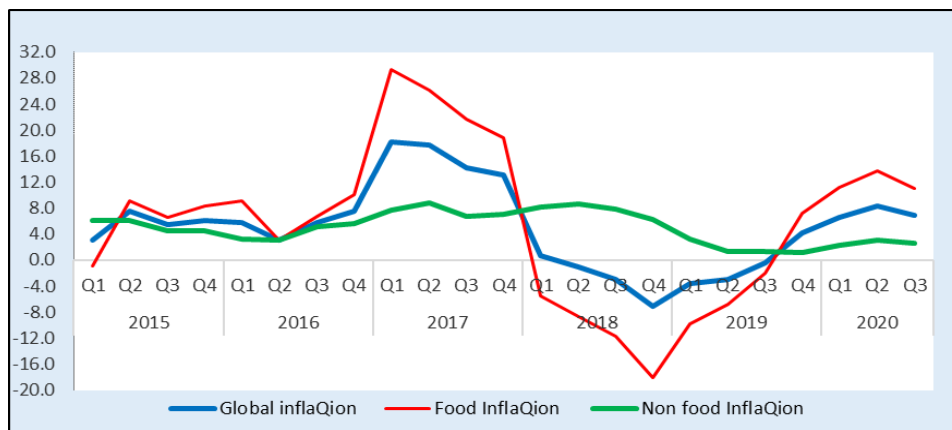
	2017	2018	2019	2020 (Prov.)
1. Real GDP Growth	3,8	4,2	4,2	-0,3
Primary sector	0,2	5,2	1,9	3,3
Secondary sector	7,6	-0,3	2,9	2,4
Tertiary sector	4,0	6,4	5,8	-2,9
2. Inflation	16,6	-2,6	-0,8	6,9

Source: Macroeconomic framework of Burundi, October 2020

Economic growth is expected to contract by 0.3 percent in 2020 against 4.2 percent recorded in 2019 driven by the decrease production in the tertiary sector (-2, 9 against 5.8 percent), strongly affected by the COVID-19 pandemic. Inflation could reach 6.9 percent against deflation of 0.8 percent in 2019.

Dry tea production decreased by 23.2 percent in the third quarter 2020, standing at 1,322 against 1,722 tonnes in the previous year due to poor rainfall. On the other hand, the production of green coffee increased by 47.6 percent at the end of September 2020, amounting to 7,569 against 5,125 tonnes recorded in the same period of the previous campaign, due to the cyclicity of coffee production.

Chart 4: Inflation by major components (in percent)



Source: BRB based on data provided by ISTEERU

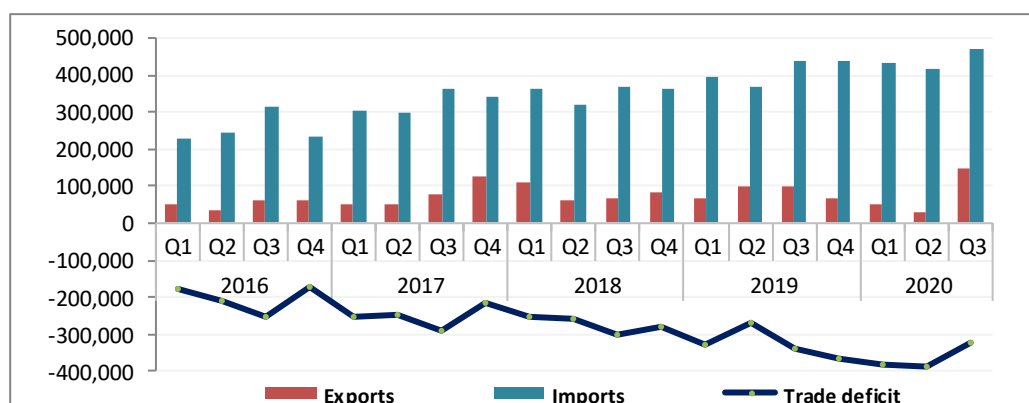
Compared to the previous quarter, the inflation rate increased by 8.4 against 6.6 percent, following the rise of food inflation (13.7 against 11.2 percent) and non-food (3.2 against 2.3 percent).

2.2. External sector

2.2.1. External trade

In the third quarter 2020, the trade deficit slightly improved compared to the same quarter in 2019, amounting to BIF - 325,099.6 million from - 339,877.6 million, driven by the largest increase of exports CIF (BIF 146,557.9 million against BIF 96,740.8 million) than imports (BIF 471,657.5 million against 436,618.4 million).

Chart 5: Trade balance (in BIF million)



Source: Database, tripartite committee for foreign trade statistics (BRB, OBR, ISTEERU)

The rise of exports concerned both primary products (BIF 118,125.5 million against 83,360.8 million) and manufactured products (BIF 28,432.4 million against 13,380.0 million). This increase is driven by exports of non-monetary gold (+BIF 29,665.3 million), cigarettes (+3,214.0 MBIF) and the category “other products” (+ BIF 11,793.4 million).

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

	Q1-2019	Q2-2019	Q3-2019	Q4-2019	Q1-2020	Q2-2020	Q3-2020
Coffee	36,0	14,6	12,4	27,3	16,3	6,4	9,2
Gold	9,0	48,2	60,3	16,4	0,0	0,0	60,1
Tea	14,8	11,4	10,5	13,4	23,6	34,2	6,7
Others	40,1	25,7	16,8	42,9	60,1	59,4	24
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0
Total exports (in million of BIF)	68 789,1	99 114,2	96 740,8	67 525,9	51 059,0	30 827,7	146 557,9

Source: Database, tripartite committee for foreign trade statistics (BRB, OBR, ISTEUBU)

Imports picked up by 8.0 percent year –on- year basis, driven by the increase of capital goods (BIF 89,576.2 million against 69,031.8 million) and those of consumer goods (BIF 191,128.4 million against 165,080.5 million). In contrast, imports of intermediate goods declined to BIF 190,952.9 million from BIF 202,506.1 million.

The increase of capital goods concerned electrical equipment (+ BIF 14, 013.8 million) and boilers and mechanical devices (+BIF 7,850.8 million). The rise of consumer goods is notably due to pharmaceuticals (+BIF 26.938.8 million) and food goods (+BIF 13,990.0 million). However, imports of textile fell (-BIF 12, 973.5 million).

Concerning intermediate goods, it was mainly driven by goods intended for construction (- BIF 10,872.2 million) and for food (-9,735.3 MBIF).

2.2.2. Balance of payments

The balance of payments in the third quarter 2020 recorded a net borrowing (balance from current and capital accounts) less high than the same quarter in 2019, to BIF -37,193.2 million from -96,316.5 million.

This result is due to the decrease of the current account deficit which fell from - BIF 150,209.9 million to -89,703.6 million, the surplus of the capital account slightly decreased, from BIF 53,893.4 million to 52,510.4 million.

Table 5: Balance of payments (in BIF million)

	Q3-2019	Q3-2020
CURRENT ACCOUNT	-150 209,9	-89 703,6
Credit	356 962,9	445 782,9
Debit	507 172,8	535 486,5
Goods	-256 781,0	-246 815,2
Exports FOB	117 535,0	149 924,6
Imports FOB	374 316,0	396 739,9
Services	-99 501,3	-98 528,2
Credit	18 315,5	20 184,6
Debit	117 816,8	118 712,8
Primary incomes	2 994,6	10 349,9
Credit	9 156,5	13 351,9
Debit	6 161,9	3 002,0
Secondary incomes	203 077,7	245 290,0
Credit	211 955,9	262 321,8
Debit	8 878,2	17 031,8
CAPITAL ACCOUNT	53 893,4	52 510,4
Credit	54 060,1	52 543,7
Debit	166,8	33,3
<i>Net lending (+)/ Net borrowing (-) from current and capital accounts</i>	-96 316,5	-37 193,2
COMPTE FINANCIER		
<i>Net lending (+)/ Net borrowing (-) from financial account</i>	-127 618,7	-74 429,2
Direct investments	853,2	-1 245,1
Net acquisition of financial assets	1 380,6	1 178,4
Net incurrence of liabilities	527,4	2 423,5
Portfolio investments	0,0	0,0
Net acquisition of financial assets	0,0	0,0
Net incurrence of liabilities	0,0	0,0
Financial derivatives	0,0	0,0
Net acquisition of financial assets	0,0	0,0
Net incurrence of liabilities	0,0	0,0
Other investments	-107 340,3	-102 502,4
Net acquisition of financial assets	21 379,5	66 711,7
Net incurrence of liabilities	128 719,8	169 214,1
Reserve assets	-21 131,5	29 318,2
NET ERRORS AND OMISSIONS	-31 302,1	-37 236,0

Source: BRB

The decrease of the current account deficit is linked to the large surplus of secondary incomes, (BIF 245,290.0 million against 203,077.7 million), and to the reduction of the deficit of goods (-BIF 246,815.2 million against - 256,781.0 million), following a significant increase exports in FOB (+27.6 percent) compared to imports (+6.0 percent).

The financial account balance recorded a deficit of 74,429.2 million against BIF127,618.7 million, driven by the deficit of other investments, amounting to -BIF 102,502.4 against -BIF 107,340.3 million. Reserve assets increased by BIF 29,318.2 million in the third quarter 2020 while they decreased by BIF 21,131.5 million in the same quarter in 2019.

2.3. Public finance

In the third quarter of 2020, the overall fiscal deficit (including grants) sharply worsened compared to the same quarter in 2019, from -BIF 74.140.4 million to -BIF 322.479.8 million, driven by greater increase of expenditure than revenue. This deficit was mainly financed by net domestic debt.

Table 7: Government Financial Operations (in BIF Million)

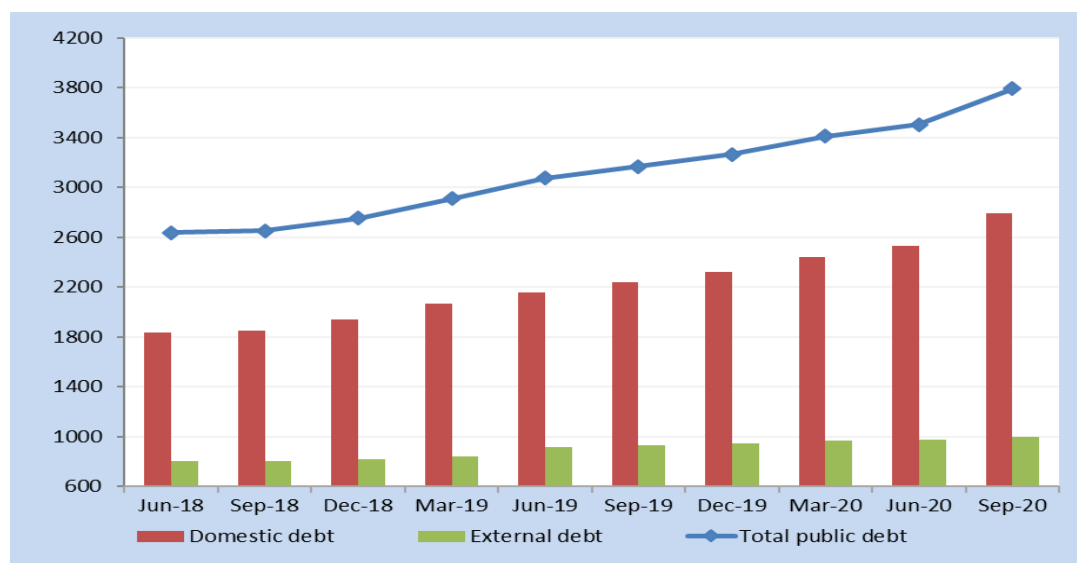
	Q3-2019	Q2-2020	Q3-2020
A. REVENUE AND GRANT	306,489.2	307,343.6	333,428.1
a. Revenue	252,436.5	250,434.8	282,560.1
Current revenue	252,436.5	250,434.8	282,560.1
Exceptional	-	-	-
b. Grant	54,052.6	56,908.8	50,868.0
Current	-	-	-
Capital	54,052.6	56,908.8	50,868.0
B. EXPENDITURE	380,629.6	324,419.3	655,908.0
a. Current expenditure	258,385.0	244,154.9	548,385.9
Salaries	110,624.5	118,451.9	177,388.9
b. Investment expenditure	122,244.6	80,264.3	107,522.1
On investment expenditure	49,477.5	18,140.9	51,096.7
On foreign borrowing and grants	72,767.1	62,123.4	56,425.4
OVERALL BALANCE including grants (basis commitment)	-74,140.4	-17,075.7	-322,479.8
C. NET FINANCING	30,545.0	140,402.9	234,473.9
1. External	12,759.1	-171.0	-365.9
2. Domestic	17,785.9	140,573.9	234,839.8
D. ERRORS AND OMISSIONS	43,595.4	-123,327.1	88,006.0

Source: MFBPE

Revenue rose by 11.9 percent in the third quarter 2020, amounting to BIF 282,560.1 million against BIF 250,436.5 million recorded in the same period of the previous year whilst grants decreased by 5.9 percent, from 54,052, 6 to BIF 50,868.0 million.

Year-on-year basis, expenditure picked up by 72.3 percent, standing to BIF 655,908.0 million against BIF 380,629.6 million, due to the increase of current expenditure. However, capital expenditure fell by 12.0 percent.

Chart 8: Public debt (in BIF million)



Source: BRB

Domestic debt grew by 24.5 percent year-on-year basis, from 2,241.0 to BIF 2,790.7 billion and 10.4 percent quarter-on-quarter. Domestic debt is mainly composed by Treasury securities and advances from the Central Bank, with represented 73.6 percent of the total public debt.

Year-on-year, the external debt rose by 6.6 percent, from 927.7 to BIF 1,000.0 billion. This rise is linked to the drawings (BIF 36,791.2 million) and the revaluation gains (BIF 55,641.6 million) which offset the repayment of the principal (BIF 20,131.4 million).

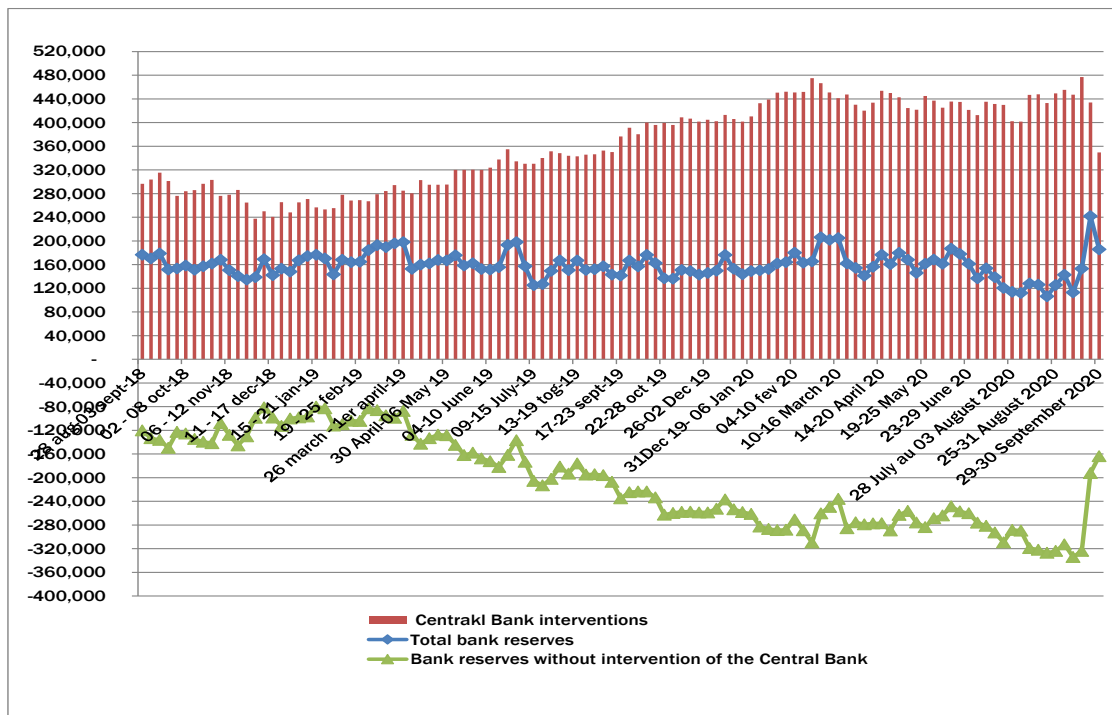
2.4. Monetary sector

2.4.1. Bank reserves and interest rates

Without Central Bank interventions, commercial bank reserves decreased in the third quarter 2020. On weekly average, they are amounted to -BIF 292,114 against -BIF 268,506 million in the previous quarter and -BIF 194,771 million in the same period in 2019.

The outstanding refinancing is amounted, in weekly average, to BIF 428,138 million in the third quarter 2020 against BIF 434,219 million in the previous quarter. In the same quarter 2019, the outstanding refinancing amounted to BIF 349,377.

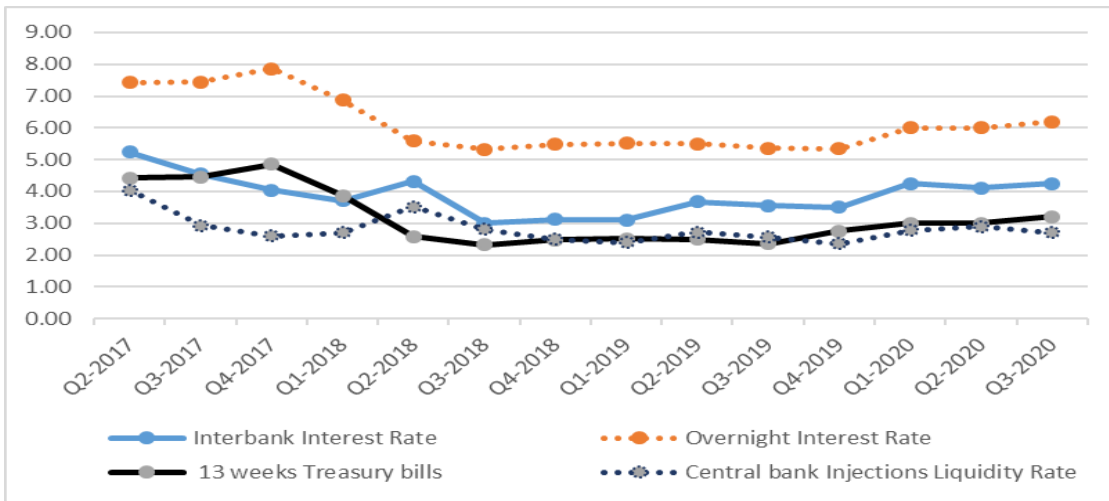
Chart 8: Commercial bank’s reserves and BRB’s interventions



Source: BRB

Considering interest rates on money market, they overall increased except the average interest rate on liquidity injection. Indeed, the average interbank interest rate stood at 4.25 against 4.11 percent in the previous quarter. The average interest rate on the overnight lending facility lowly picked up by 6.2 against 6.0 percent due to the increase of 90 days-Treasury bill interest rate (3.2 against 3.0 percent) on which it is indexed. However, the average interest rate on liquidity injection fell down from 2.89, in the third quarter 2020 to 2.7 percent.

Chart 9: Money market interest rates (percent)



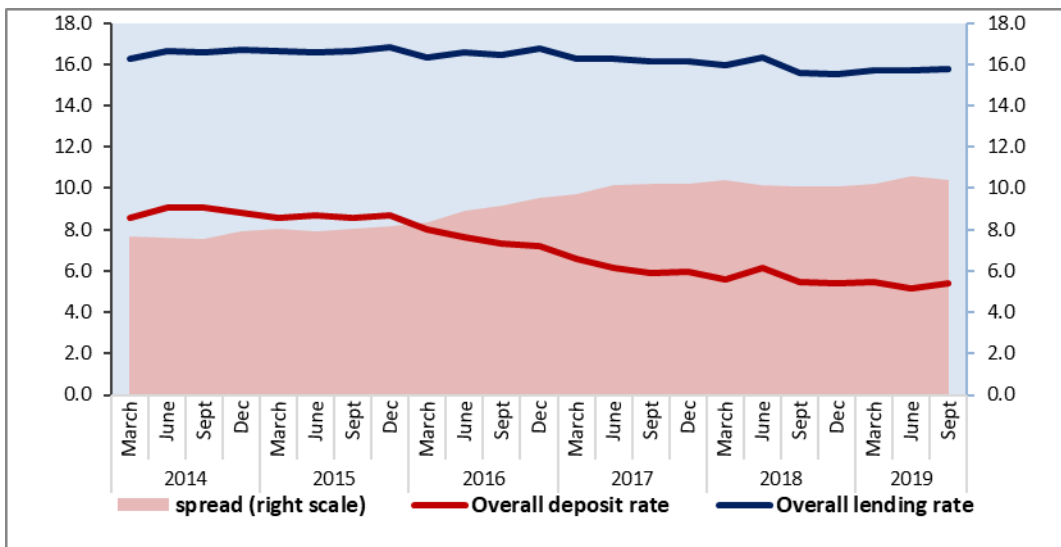
Source: BRB

2.4.2. Monetary sector

The average interest rate on outstanding loans slightly decreased at the end of September 2020, standing at 15.31 compared to 15.41 percent at the end of June 2020 and 15.80 percent in the same period in 2019.

However, the authorized loans during the third quarter 2020 slightly increased compared to the previous quarter, from 15.41 to 15.57 percent, while it slightly decreased compared to that of the same period in 2019 (16.15 percent).

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



Source: BRB

The average deposit interest rate slightly increased at the end of September 2020 compared to the end of June 2020 and the same period in 2019, standing at 5.55 percent from 5.32 and 5.40 percent, respectively.

2.4.3. Reserve money

Quarter on- quarter , the reserve money increased by 8.8 percent at the end of December 2020, amounted to BIF 703,931.1 million from BIF 765,530.6 million, due to the improvement of net foreign assets (+10.1 percent) and net domestic assets (+4.8 percent). This increase mainly concerned the currency in circulation (+4.7 percent), the deposits of commercial bank and microfinances (+14.0 percent), the deposits of other financial corporations (52.0 percent) and the other deposits (+ 18.1 percent).

Table 9: Reserve money and its counterparts at the end of September 2020 (in BIF million)

	Sept.19	June.20	Sept.20	change (in %)	
				Quarterly	Annual
Currency in circulation	373 777,4	434 272,9	454 635,1	4,7	21,6
Other depository institutions deposits	213 478,9	213 802,7	243 785,0	14,0	14,2
Other financial corporation deposits	3 326,6	3 411,8	5 187,4	52,0	55,9
Othr deposits	53 853,5	52 443,7	61 923,1	18,1	15,0
Base money = Counterparts	644 436,4	703 931,1	765 530,6	8,8	18,8
Net foreign assets	-143 734,8	-184 618,6	-165 920,4	10,1	-15,4
Net domestic assets	788 171,2	888 549,7	931 451,0	4,8	18,2
Net claims on the Government	291 333,9	303 340,5	453 949,3	49,7	55,8
Other items , net	496 837,3	585 209,2	477 501,7	-18,4	-3,9

Source: BRB

The reserve money grew by 18.8 percent year-on-year, resulted from the increase by 18.2 percent of net domestic assets, net foreign assets decreased by 15.4 percent. The rise of the reserve money concerned all its components: the currency in circulation picked up by 16.6 percent, the deposits of other depository institutions by 14.2 percent, the deposits of other financial corporation by 55.9 percent and other deposits progressed by 15.0 percent.

Table 10: Source of change of the reserve money at the end of September 2020

	Change from June. 2020	Change from Sept 2019
Net foreign assets (NFA)	2,7	-3,4
Net domestic assets (NDA)	6,1	22,2
Net claims on the Government	21,4	25,2
Other items , net	-15,3	-3,0
Base money	8,8	18,8

Source: BRB

The analysis in terms of contribution to the increase in of reserve money reveals that the quarterly change was of both internal (6.1 percentage points) and external origin (2.7 percentage points).

On an annual basis, the source of change of the reserve money was internal origin (22.2 percentage points), external origin have restrictive effect (-3.4 percentage points).

2.4.4. Broad money and counterparts

Between June and September 2020, the money supply M3 increased by 6.6 percent, amounted to BIF 2,562.9 billion from BIF 2,403.8 billion. This increase was driven by demand deposits (+9.0 percent), time and savings deposits (+4.3 percent), the currency outside depository institutions (+3.2 percent) and the deposits of residents in foreign currencies (+6.6 percent).

The quarterly increase of money supply resulted from the increase of net domestic assets (+ 4.4 percent), and net foreign assets decreased (+11.7 percent). This increase of net domestic assets was driven by net claims on the Government (+13.5 percent) and claims on the economy (+2.9 percent), while other items net declined (-43.5 percent).

Table 11: Broad money and counterparts at the end of September 2020 (in BIF million)

	Sept.19	June.20	Sept.20	change (in %)	
				Quarterly	Annual
Currency outside depository institutions	317 565,4	378 103,8	390 386,5	3,2	22,9
Demand deposits	1 119 232,8	1 182 431,8	1 288 440,1	9,0	15,1
Time and savings deposits	454 128,1	642 361,5	669 952,4	4,3	47,5
Foreign currencies deposits of residents	185 112,4	200 919,0	214 148,4	6,6	15,7
M3= counterparts	2 076 038,7	2 403 816,1	2 562 927,4	6,6	23,5
NFA	-227 582,3	-333 131,6	-294 063,3	11,7	-29,2
NDA	2 303 621,0	2 736 947,7	2 856 990,7	4,4	24,0
Domestic credit	2 683 638,7	3 107 418,6	3 388 597,4	9,0	26,3
Net claims on the Government	1 503 930,6	1 794 534,3	2 037 544,9	13,5	35,5
Claims on the economy	1 179 708,1	1 312 884,3	1 351 052,5	2,9	14,5
Net other items	-380 017,7	-370 470,9	-531 606,7	-43,5	-39,9

Source: BRB

Year-on-year basis, the money supply M3 increased by 23.5 percent. This growth was driven by currency outside depository institutions (+22.9 percent), demand deposits (+ 15.1 percent), time and savings deposits (+ 47.5 percent) and residents' foreign currency holdings (+15.7 percent).

Concerning counterparts, the increase was driven by net domestic assets (+ 24.0 percent), while net foreign assets fell (-29.2 percent). The increase of net domestic assets concerned net claims on the Government (+35.5 percent) and claims on the economy (+14.5 percent) while other items net decreased (-39.9 percent).

Table 12: Source of change broad money at the end of September 2020

	Change from June. 2020	Change from Sept 2019
Net foreign assets (NFA)	1,6	-3,2
Net domestic assets (NDA)	5,0	26,7
o/w: - Domestic credit	11,7	34,0
- Other Items net	-6,7	-7,3
Broad money (M3)	6,6	23,5

Source: BRB

The increase of money supply resulted from net domestic assets, both quarter-on-quarter (5.0 percentage points) and year-on-year (26.7 percentage points).

2.4.5. Gross foreign assets

At the end of the third quarter 2020, the gross foreign assets improved by 19.3 percent, quarter-on-quarter and 20 percent, year-on-year.

Table 13: External reserves (in millions USD)

	End of period in USD million			Change in %	
	sept-19	June -20	sept-20	Quarterely	Annual
Foreign assets held by BRB	81,7	90,2	104,2	15,5	27,5
O/w: official Reserves	65,5	57,3	72,7	26,9	11,0
Foreign assets held by commercial banks	74,7	67,1	83,5	24,4	11,8
Total foreign assets	156,4	157,3	187,7	19,3	20,0

Source: BRB

The BRB's foreign assets increased by 15.5 percent at end-September 2020 compared to end-June 2020 and by 27.5 percent year-on-year.

Official foreign exchange reserves improved by 26.9 percent from the end of June to the end of September 2020, amounted to USD 104.2 million against USD 90.2 million and by 11.0 percent year -on- year. They covered 0.9 month of imports of goods and services, the floor is fixed at 4.5 months of imports in the EAC macroeconomic convergence criteria.

Foreign assets of commercial banks increased by 24.4 percent quarter -on- quarter and by 11.8 percent year -on- year basis.

2.5. Main Indicators of the banking sector and financial stability

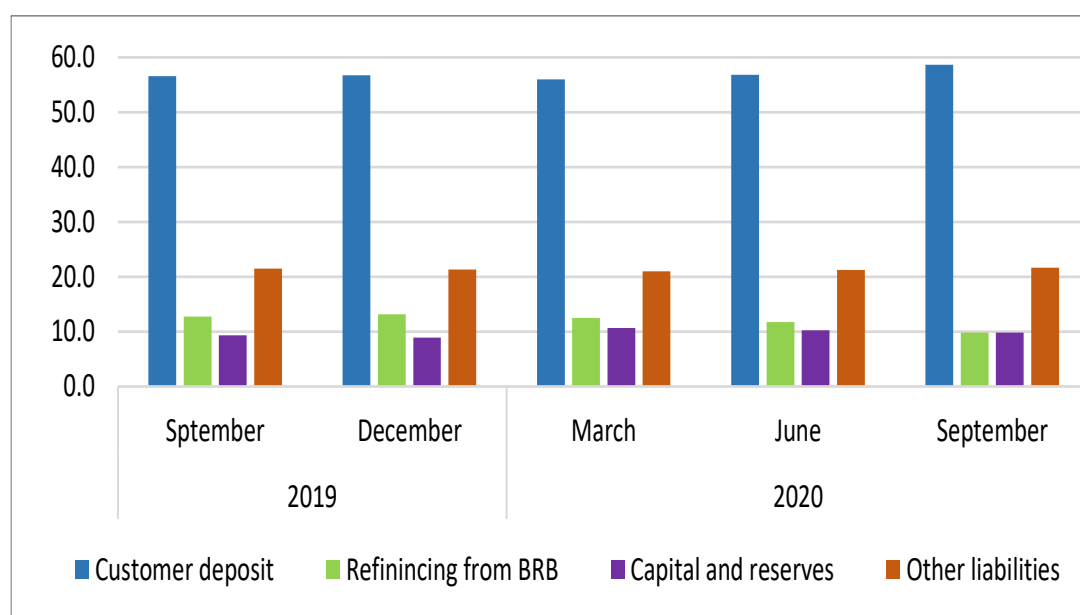
The total banking sector balance sheets increased by 18.7 percent in the third quarter 2020, amounting to BIF 3,665.9 billion from BIF 3,089.6 billion in the corresponding quarter in 2019, and grew by 4.5 percent from the previous quarter. In assets, this increase concerned loans to the Government and credit to private sector. In Liabilities, this increase concerned deposits of customers. The capital adequacy and profitability ratios also improved.

2.5.1. Banking activities

2.5.2. Main Resources

The customer deposits increased by 23.1 percent, year-on-year basis, in the quarter ending September 2020, reaching BIF 2,150.6 billion from BIF 1,746.8 billion in corresponding period in 2019. They increased by 7.9 percent quarterly. The refinancing from the Central Bank declined by 8.3 percent year-on-year basis and 12.4 percent on quarterly basis, amounting to BIF 360.5 from BIF 393.2 billion at the end of September 2019 and BIF 411.3 billion at the end of June 2020.

Chart 11: Liabilities structure (in percent)

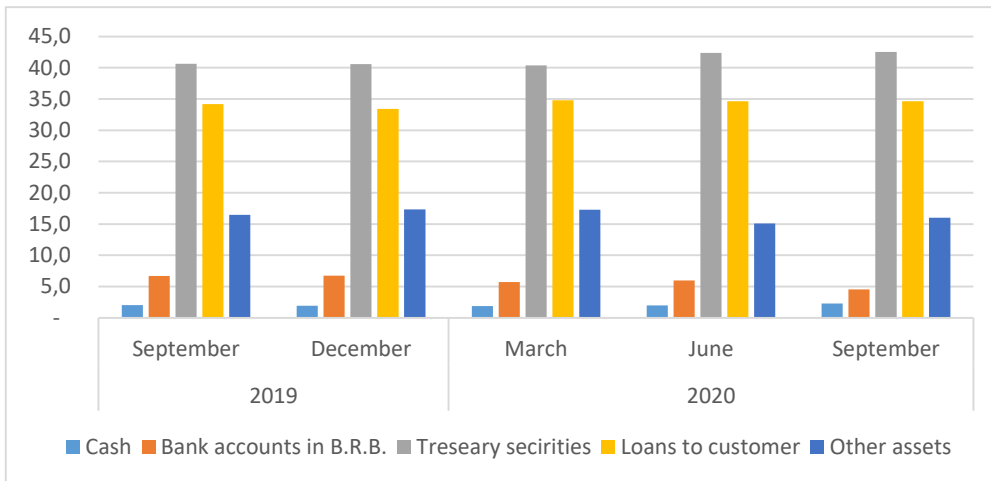


Source: BRB

2.5.1.2. Main Assets

The loans to the economy rose by 20.3 percent year-on-year basis and by 5.2 percent on quarter basis, amounting to BIF 1,270.5 billion in September 2020 from BIF 1,055.9 billion in September 2019. The outstanding Treasury securities increased by 24.1 percent year-on-year basis and 4.8 percent on a quarterly basis, standing at BIF 1,558.0 billion in September 2020 from BIF 1,255.1 billion in September 2019 and BIF 1,487.0 billion in June 2020.

Chart 11: Assets Structure (% of the total)



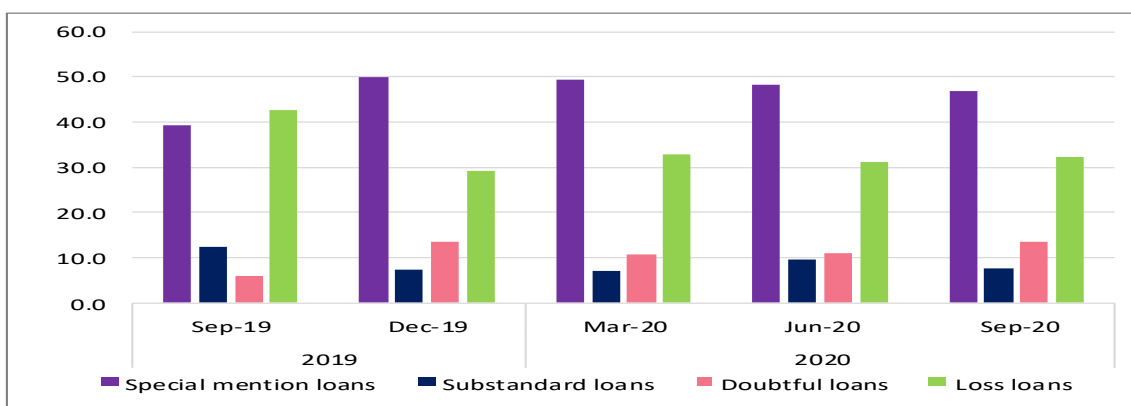
Source : BRB

2.5.1. Loans portfolio quality

Overdue loans increased by 11.0 percent year-on-year basis, standing to BIF 156,750.4 million from BIF 141,195.6 million at the end of September 2019. They increased by 7.5 percent quarter-on-quarter.

Year-on-year basis, the proportions of special mention and doubtful loans in the total overdue loans increased respectively by 46.9 percent and 13.4 percent in the second quarter 2020 from 39.19 percent and 5.8 percent in the corresponding quarter in 2019. However, the proportions of substandard and loss loans fell respectively by 7.4 percent and 32.2 percent in the second quarter 2020 from 12.4 percent and 42.6 percent in the corresponding quarter in 2019.

Chart 13: Overdue loans per class (in percent)

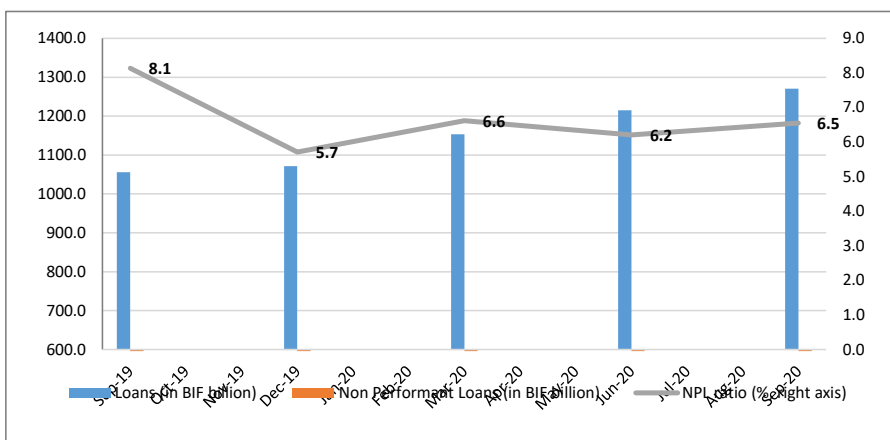


Source: BRB

Year-on-year basis, the loans portfolio' quality improved due to the write-off of two years old loss loans in the banking balance sheet. The Non-performing loans declined by 6.5 percent at the end of September 2020 from 8.1 percent in the same period in 2019.

The quality of loans portfolio improved in industry sector (0.1 from 17.8 percent), trade (5.7 from 7.5 percent), construction (4.6 from 7.6 percent), tourism (32.9 from 38.9 percent) and agriculture (3.7 from 14.1 percent).

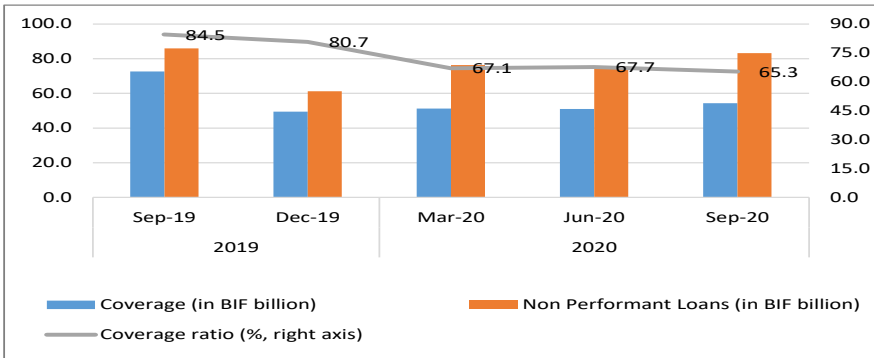
Chart 14: Non-performing loans ratio (in percent)



Source: BRB

The coverage ratio for non-performing loans fell on year basis to 65.3 percent in September 2020 from 84.5 percent in September 2019 and on Quarter basis to 67.7 percent at the end of June 2020, due to the decline in loss loans.

Chart 15: Provisions and coverage rate

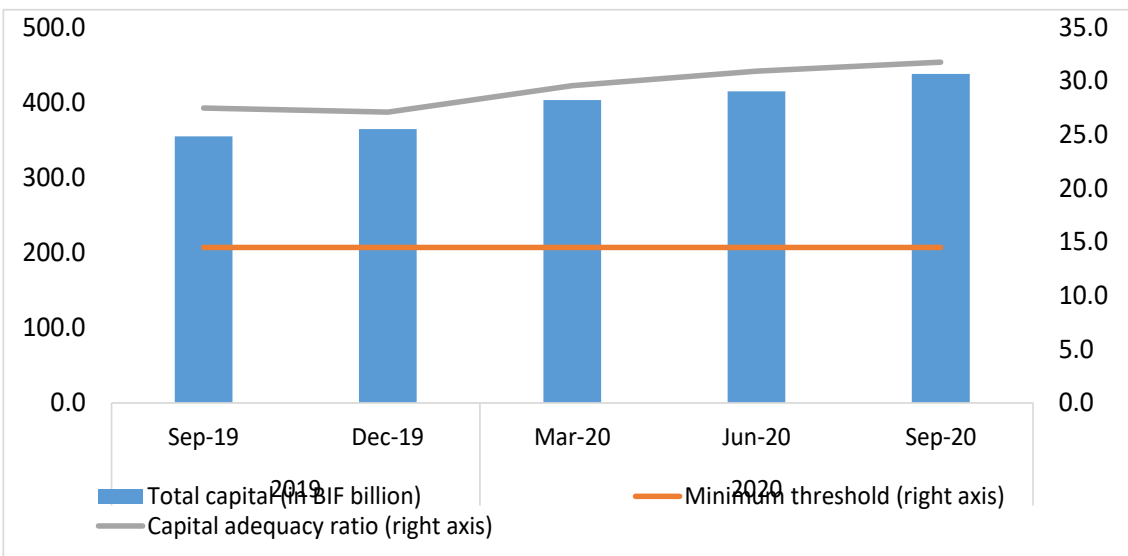


Source: BRB

2.5.2. Capital adequacy

The banking sector's equity grew by 24.0 percent year-on-year basis, amounting to BIF 438.1 billion from BIF 353.4 billion and by 5.6 percent quarter-on-quarter basis. The total capital adequacy ratio stood at 31.8 percent from 27.4 percent at the end of September 2019 and 30.9 at the end of June 2020.

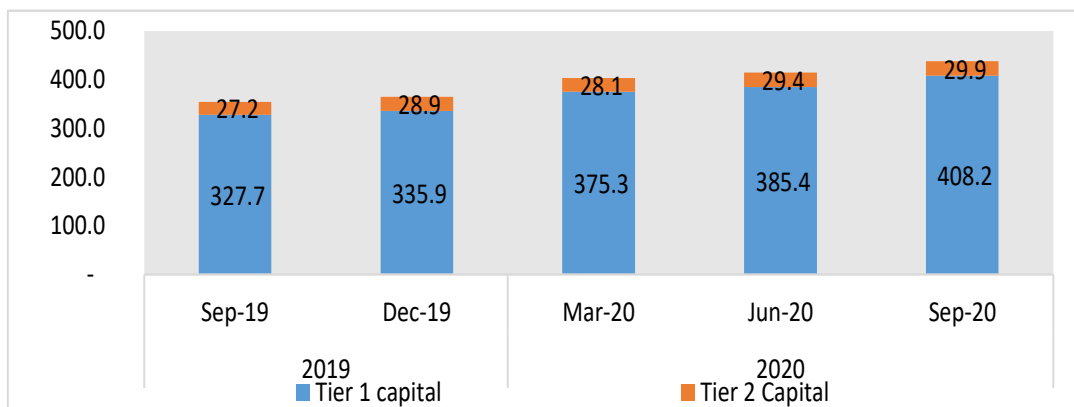
Chart 16: Equity



Source: BRB

The core capital ratio increased by 25.2 percent year-on-year basis, standing to BIF 408.2 billion from BIF 325.9 billion in the corresponding quarter in 2019 and by 5.9 percent at the end June 2019, due to the incorporation of reserves from the benefit of the last fiscal year.

Chart 17: Composition of equity (in BIF billion)



Source: BRB

2.5.3. Banking sector's profitability

The Gross Income rose by 17.4 percent year-on-year basis, amounting to BIF 217,362.1 million from BIF 113,420.7 million. Likewise, the Net Profit increased by 25.4 percent, from BIF 90,413.2 million to BIF 113,420.7 million. As result, the average Returns on Assets (ROA) and equity (ROE) improved, standing respectively to 3.1 percent and 25.9 percent at the end of September 2020 from 2.9 percent and 25.6 percent in the corresponding period in 2019.

CONCLUSION AND MONETARY POLICY MEASURES

In the third quarter 2020, economic growth improved in all advanced OECD countries and in emerging countries year-on-year and quarterly basis, following the negative effects of COVID-19 on their economies, Inflation slow increased in advanced and emerging economies. Nonetheless, the Eurozone experienced deflation as a result of falling domestic demand and the reduction of VAT in some countries, notably in Germany.

Economic growth improved in the East African Community in the third quarter 2020, driven by both fiscal and monetary policy taken to support economy. However, the economic activity remained weak and fragile compared to the target.

In local economic development, growth could decrease by 0.3 percent in 2020 against 4.2 percent in 2019. This is mainly driven by the tertiary sector (-2.9 against +5.8 percent). Activity in the primary sector could improve (3.3 against 1.9 percent), whilst it should decelerate in the secondary sector (2.4 against 2.9 percent). In order to mitigate this contraction of economic growth, the Bank of the Republic of Burundi will continue its accommodative monetary policy to allow commercial banks to finance credit to the economy.

In addition, in the perspective to increase credit to the agriculture and livestock, industrial, infrastructures, hotel and tourism sectors, the BRB has also extended the new monetary policies to promote the mechanism of financing these sectors.

ANNEXES

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

	2016	2017	2018	2019	2020 (p.)
Primary Sector	497.1	498.2	524.2	534.1	551.9
- Subsistence agriculture	431.8	431.5	449.2	464.9	478.9
- Export Agriculture	17.6	20.4	19.7	19.0	20.6
- Coffee	4.2	6.5	4.6	3.6	5.0
- The	12.3	12.1	13.8	14.2	14.2
-Other export agriculture	1.1	1.8	1.3	1.3	1.4
- Forest	12.2	13.7	14.9	16.4	17.0
- Livestock	31.6	28.5	36.0	28.8	30.2
- Fishing	3.8	4.1	4.4	4.9	5.2
Secondary sector	322.6	347.2	346.0	356.0	364.4
-Mining	7.7	10.7	12.8	12.5	14.9
- Industries	220.8	238.6	231.0	237.1	241.2
- Food Industries	168.4	186.7	178.8	180.6	183.3
- Manufacturing	52.4	51.9	52.2	56.5	57.9
- <i>Textile Industries</i>	9.5	9.2	9.4	9.4	10.6
- <i>Other manufacturing industries</i>	42.9	42.7	42.8	47.1	47.3
- Water, gas and electricity	7.7	9.1	10.5	11.1	12.2
- Construction	86.3	88.8	91.7	95.4	96.1
Tertiary sector	821.4	853.9	908.7	961.4	933.6
- Trade	62.0	65.5	65.6	69.9	64.3
- Transport and communication	66.7	70.2	75.2	78.5	77.4
- Transport	17.6	18.5	19.0	19.8	18.1
- Postes, Telecommunication and internet	49.2	51.7	56.2	58.7	59.3
- Banks and insurance	102.8	111.6	132.5	145.8	160.3
- Accommodation, Food and other Merchant Serv	108.7	111.9	114.3	114.4	68.6
- Public Administration	316.7	334.0	356.3	380.5	395.7
- Education	211.7	219.7	238.6	250.5	259.3
- Health and social services	14.4	15.1	17.1	19.0	20.0
- Activities of a collective or personal nature	45.6	45.9	52.3	56.1	57.0
- Domestic services	4.6	4.6	5.2	5.6	5.6
- SIFIM	-111.8	-124.7	-148.4	-158.8	-174.7
GDP at cost of factors(1+2+3)	1,641.1	1,699.3	1,778.9	1,851.5	1,849.9
Indirect taxes minus subsidies	200.6	213.1	214.6	226.4	221.2
GDP at market price	1,841.7	1,912.4	1,993.5	2,077.9	2,071.1

Source: MBGP

ANNEX 2: INFLATION BY MAIN COMPONENTS (in percent)

Period	Headline Inflation	Food inflation	Non-food inflation
Jun-17	15.10	20.80	8.40
Jul-17	13.60	18.80	7.10
Aug-17	13.90	22.60	5.60
Sep-17	15.40	23.90	7.40
Oct-17	17.60	28.10	9.00
Nov-17	15.40	22.20	7.80
Dec-17	10.00	9.50	8.40
Jan-18	6.10	3.20	7.90
Feb-18	-1.30	-8.70	8.50
Mar-18	-2.60	-11.00	8.30
Apr-18	-1.70	-9.60	8.50
May-18	-1.00	-8.70	8.80
Jun-18	-0.40	-7.90	8.80
Jul-18	-0.80	-8.50	8.80
Aug-18	-2.30	-10.90	8.20
Sep-18	-5.60	-15.80	6.80
Oct-18	-8.40	-20.20	6.20
Nov-18	-7.30	-18.70	6.60
Dec-18	-5.60	-15.20	5.90
Jan-19	-3.80	-10.90	4.40
Feb-19	-4.10	-10.90	3.10
Mar-19	-2.90	-7.80	2.30
Apr-19	-2.20	-6.10	1.90
May-19	-2.40	-5.70	1.20
Jun-19	-4.00	-8.60	0.90
Jul-19	-2.60	-6.20	1.10
Aug-19	-0.60	-2.90	1.60
Sep-19	2.01	2.90	1.10
Oct-19	4.00	6.40	1.80
Nov-19	3.58	6.50	0.80
Dec-19	4.95	8.90	1.10
Dec-19	4.95	8.90	1.10
Jan-20	5.10	8.60	1.80
Feb-20	7.60	13.00	2.60
Mar-20	7.10	12.00	2.40
Apr-20	7.60	12.50	2.80
May-20	9.04	14.73	3.26
Jun-20	8.50	13.33	3.18
Jul-20	7.70	12.16	3.00
Aug-20	6.70	11.03	2.64
Sep-20	6.30	9.93	2.04

Source: *ISTEEBU*

Annex 3: Government Financial Operations (in BIF million)

	Revenue			Expenditures	Overall Balance
	Fiscal Revenue	Grant	Total		
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	137,426.66	-56,248.52
Feb-19	67,427.71	24,367.44	91,795.16	116,918.33	-25,123.17
Mar-19	97,566.21	19,018.00	116,584.21	95,854.24	20,729.97
Apr-19	76,198.11	19,259.45	95,457.56	152,308.27	-56,850.71
May-19	69,221.83	20,060.20	89,282.03	129,765.03	-40,483.01
Jun-19	99,216.12	32,212.40	131,428.52	116,694.17	14,734.34
Jul-19	70,893.23	18,882.46	89,775.68	130,004.84	-40,229.15
Aug-19	91,851.64	11,589.11	103,440.75	105,699.38	-2,258.63
Sep-19	89,691.65	23,581.07	113,272.72	144,925.37	-31,652.65
Oct-19	96,140.47	23,253.33	119,393.80	151,672.93	-32,279.13
Nov-19	78,123.50	25,896.32	104,019.82	133,114.44	-29,094.62
Dec-19	86,974.57	21,300.56	108,275.13	100,145.51	8,129.62
Jan-20	84,602.42	17,625.88	102,228.30	114,845.05	-12,616.75
Feb-20	70,437.11	22,283.66	92,720.77	107,936.47	-15,215.70
Mar-20	104,361.79	20,401.87	124,763.67	119,668.18	5,095.49
Apr-20	81,088.28	13,690.36	94,778.64	102,481.09	-7,702.44
May-20	64,196.98	20,930.27	85,127.25	92,377.28	-7,250.03
Jun-20	105,149.52	22,288.15	127,437.67	129,560.90	-2,123.23
Jul-20	80,468.49	16,635.14	97,103.63	109,975.69	-12,872.06
Aug-20	98,712.28	13,393.16	112,105.43	140,189.53	-28,084.09
Sep-20	103,379.33	20,839.74	124,219.07	405,742.74	-281,523.67

Source: MFBP

ANNEX 4: Government debt (in BIF million)

Period	BRB	Tresury securities	Total domestic debt	External debt	Total Government debt
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
Oct-19	751,684.2	1,450,627.6	2,278,359.7	934,482.8	3,212,842.5
Nov-19	749,081.8	1,485,146.4	2,307,188.9	936,300.8	3,243,489.7
Dec-19	746,479.4	1,497,630.9	2,314,985.5	948,429.4	3,263,414.9
Jan-20	746,479.3	1,570,926.4	2,435,719.4	958,521.7	3,394,241.1
Feb-20	743,876.9	1,549,530.0	2,412,313.3	960,861.3	3,373,174.6
Mar-20	738,672.0	1,583,438.6	2,441,696.6	966,321.6	3,408,018.2
Apr-20	736,069.6	1,569,510.9	2,428,316.5	961,727.1	3,390,043.6
May-20	737,921.8	1,622,178.8	2,476,317.6	965,285.1	3,441,602.7
Jun-20	736,222.2	1,673,670.1	2,526,886.1	976,111.1	3,502,997.2
Jul-20	737,624.5	1,709,574.6	2,563,371.4	986,378.9	3,549,750.3
Aug-20	751,455.5	1,727,319.1	2,595,829.4	997,842.2	3,593,671.6
Sep-20	901,482.7	1,745,687.9	2,790,659.4	1,000,018.0	3,790,677.4

Source: BRB and MFBP

ANNEX 5: Bank reserves (in BIF million)

Period	Total banking sector reserves	Central Bank Interventions
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
Oct-19	156,012.0	394,511.0
Nov-19	146,124.0	403,814.0
Dec-19	155,224.0	406,075.0
Jan-20	154,268.0	436,181.0
Feb-20	174,541.0	459,837.0
Mar-20	182,136.0	442,928.0
Apr-20	161,386.0	439,302.0
May-20	162,923.0	434,219.0
Jun-20	171,658.0	429,154.0
Jul-20	134,709.0	424,606.0
Aug-20	120,569.0	440,119.0
Sep-20	164,248.0	446,366.0

Source: BRB

ANNEX 6: Money market interest rate (in percent)

Quarter	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
Q4-2019	3,56	5,63	2,99	2,63
Q1-2020	3,97	6,00	2,58	3,00
Q2-2020	4.11	6.00	2.96	3.00
Q3-2020	4.42	6.60	2.58	3.60

Source: BRB

ANNEX 7: Main indicators of the banking sector in September 2020 (in BIF million)

	Commercial banks			Specialized credit institutions			Total banking sector		
	9/30/2019	9/30/2020	Change in %	9/30/2019	9/30/2020	Change in %	9/30/2019	9/30/2020	Change in %
I. ASSETS	2,894,993.1	3,416,472.4	18.0	194,585.3	249,434.6	28.2	3,089,578.4	3,665,907.0	18.7
I.1. Main assets	2,507,698.8	2,950,304.7	17.6	160,709.8	215,106.7	33.8	2,668,408.6	3,165,411.4	18.6
A. Liquid assets	1,597,965.6	1,870,076.0	17.0	14,493.6	24,847.7	71.4	1,612,459.2	1,894,923.7	17.5
Cash	62,712.8	83,883.0	33.8	9.6	23.7	146.7	62,722.4	83,906.8	33.8
B.R.B.	203,780.8	162,197.7	-20.4	2,551.9	4,087.4	60.2	206,332.7	166,285.1	-19.4
Interbank claims	84,080.7	84,117.3	0.0	4,175.0	2,590.8	-37.9	88,255.7	86,708.2	-1.8
<i>Credit institutions</i>	2,086.5	3.5	-99.8	4,175.0	2,590.8	-37.9	6,261.5	2,594.4	-58.6
<i>IMFs</i>	4,021.2	79.1	-98.0	0.0	0.0	0.0	4,021.2	79.1	-98.0
<i>Foreign banks</i>	77,972.2	84,034.7	7.8	0.0	0.0	0.0	77,972.2	84,034.7	7.8
<i>Other</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Treasury securities	1,247,391.3	1,539,877.9	23.4	7,757.0	18,145.7	133.9	1,255,148.3	1,558,023.6	24.1
B. Loans	909,733.3	1,080,228.7	18.7	146,216.2	190,259.0	30.1	1,055,949.4	1,270,487.7	20.3
Short term	499,376.7	592,567.0	18.7	2,270.1	3,116.1	37.3	501,646.8	595,683.1	18.7
Medium term	310,385.4	315,850.8	1.8	46,803.6	35,666.3	-23.8	357,189.1	351,517.2	-1.6
Long term	99,971.2	171,810.9	71.9	97,142.4	151,476.6	55.9	197,113.6	323,287.5	64.0
Leasing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
I.2. Fixed assets	136,604.7	160,522.2	17.5	7,971.3	8,248.1	3.5	144,576.1	168,770.3	16.7
I.3. Other assets	250,689.5	305,645.5	21.9	25,904.2	26,079.8	0.7	276,593.7	331,725.3	19.9
II. LIABILITIES	2,894,993.1	3,416,472.4	18.0	194,585.3	249,434.6	28.2	3,089,578.4	3,665,907.0	18.7
II.1. Main liabilities	2,221,759.5	2,577,443.5	17.2	100,118.2	143,785.0	36.1	2,608,384.6	3,082,135.2	18.2
Customer deposit	1,653,395.9	2,013,447.2	21.8	93,425.2	137,131.5	46.8	1,746,821.1	2,150,578.7	23.1
<i>Including Ten large deposits</i>	765,995.4	938,038.0	22.5	13,474.4	26,971.2	100.2	779,469.8	965,009.2	23.8
Refinancing from BRB	393,162.5	360,531.7	-8.3	0.0	0.0	0.0	393,162.5	360,531.7	-8.3
Interbank liabilities	175,201.1	203,464.6	0.0	6,693.0	6,653.5	0.0	181,894.1	210,118.1	0.0
<i>Credit institutions</i>	45,250.0	3,387.4	-92.5	2,231.0	0.0	0.0	47,481.0	3,387.4	-92.9
<i>IMFs</i>	75,599.2	35,187.2	-53.5	2,231.0	0.0	0.0	77,830.2	35,187.2	-54.8
<i>Foreign banks</i>	27,175.9	14,203.2	-47.7	2,231.0	0.0	0.0	29,406.9	14,203.2	-51.7
<i>Other</i>	27,175.9	150,686.8	454.5	0.0	6,653.5	0.0	27,175.9	157,340.3	479.0
II.2. Capital et reserves	251,874.1	321,313.9	27.6	34,632.8	39,592.9	14.3	286,506.9	360,906.7	26.0
II.3. Other liabilities	421,359.5	517,715.0	22.9	59,834.3	66,056.8	10.4	481,193.8	583,771.8	21.3
III. MAIN INDICATORS OF THE BANKING SECTOR									
Capital Adequacy									
Tier 1 capital	292,154.9	373,207.1	27.7	33,781.2	34,999.6	3.6	325,936.2	408,206.7	25.2
Total capital	311,884.8	394,858.7	26.6	41,473.7	43,232.2	4.2	353,358.5	438,090.9	24.0
Risk weighted assets	1,149,260.3	1,289,507.2	12.2	142,445.2	89,063.6	-37.5	1,291,705.4	1,378,570.9	6.7
Tier 1 capital adequacy ratio (minimum threshold 12.5%)	25.4	28.9	0.0	23.7	39.3	0.0	25.2	29.6	0.0
Total capital adequacy ratio (minimum threshold 14.5%)	27.1	30.6	0.0	29.1	48.5	0.0	27.4	31.8	0.0
Leverage ratio (minimum threshold 5%)	10.1	10.9	0.0	17.4	14.0	0.0	10.5	11.1	0.0
Loan concentration									
Larger exposure	275,539.6	208,290.6	-24.4	3,980.4	2,731.8	-31.4	279,520.0	211,022.3	-24.5
Large exposure/ Total loans (in %)	30.3	19.3	0.0	2.7	1.4	0.0	26.5	16.6	0.0
Total loans/ Total Assets (in %)	31.4	31.6	0.0	75.1	76.3	0.0	34.2	34.7	0.0
Loans to Government/Total assets	42.1	43.4	0.0	4.0	7.3	0.0	39.7	40.9	0.0
Loans to Government/Tier 1 capital	417.3	396.9	0.0	23.0	51.8	0.0	376.4	367.3	0.0
Loan portfolio quality									
Overdue loans	111,888.5	125,652.1	12.3	29,307.1	31,098.3	6.1	141,195.6	156,750.4	11.0
Special mention loans	36,352.7	52,417.4	44.2	18,919.9	21,148.5	11.8	55,272.6	73,566.0	33.1
Non performant loans	75,535.8	73,234.6	-3.0	10,387.3	9,949.8	-4.2	85,923.1	83,184.4	-3.2
<i>Substandard loans</i>	12,671.2	7,215.5	-43.1	4,866.4	4,447.1	-8.6	17,537.6	11,662.6	-33.5
<i>Doubtful loans</i>	5,100.6	18,056.9	254.0	3,091.7	2,921.7	-5.5	8,192.3	20,978.6	156.1
<i>Loss loans</i>	57,764.0	47,962.2	-17.0	2,429.2	2,581.0	6.2	60,193.2	50,543.2	-16.0
Depreciations	68,051.7	50,233.5	-26.2	4,580.1	4,075.3	-11.0	72,631.8	54,308.9	-25.2
Non performant loans ratio (in %)	8.3	6.8	0.0	7.1	5.2	0.0	8.1	6.5	0.0
Overdue loans ratio (in %)	12.3	11.6	0.0	20.0	16.3	0.0	13.4	12.3	0.0
Coverage ratio (in %)	90.1	68.6	0.0	44.1	41.0	0.0	84.5	65.3	0.0
Liquidity									
Liquidity coverage ratio in BIF	241.2	229.0	0.0	0.0	0.0	0.0	241.2	229.0	0.0
Liquidity coverage ratio in foreign currency	94.4	186.2	0.0	0.0	0.0	0.0	94.4	186.2	0.0
Total loans/total deposits	55.0	53.7	0.0	156.5	138.7	0.0	60.4	59.1	0.0
Stable funds/ Fixed assets	89.8	88.8	0.0	245.5	195.9	0.0	0.0	104.8	0.0
Ten large deposits/ Total deposits	46.3	46.6	0.0	14.4	15.1	0.0	44.6	44.9	0.0
Profitability and performance									
Income before tax	91,920.3	111,230.7	21.0	4,561.2	8,139.6	78.5	96,481.5	119,370.3	23.7
Net income after tax	86,622.5	106,325.8	22.7	3,791.2	7,095.0	87.1	90,413.7	113,420.7	25.4
Gross income	174,738.4	201,721.7	15.4	10,361.9	15,640.3	50.9	185,100.3	217,362.1	17.4
ROA	3.0	3.1	0.0	1.9	2.8	0.0	2.9	3.1	0.0
ROE	27.8	26.9	0.0	9.1	16.4	0.0	25.6	25.9	0.0

Source : BRB