



**BANQUE DE LA REPUBLIQUE
DU BURUNDI**

**MONETARY POLICY
COMMITTEE REPORT
Fourth QUARTER 2020**

August-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
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

Economic growth slowed down in the fourth quarter 2020 in all OECD countries (+1.0 against + 9.3 percent in the previous quarter), mainly due to the adverse effects of the upsurge new wave Covid-19 which led these countries to resort to new confinements of population.

According to the IMF's World Economic Outlook of April 2021, global economic growth could recover in 2021 (+ 6.0 against -3.3 percent in 2020), mainly due to the spread of population vaccination against Covid-19 and additional budget support measures taken by some developed countries.

In East African Community, the IMF's Regional Economic Outlook of April 2021 shows that economic growth decline in 2020 (-0.2 against + 6.5 percent in 2019), following the adverse effects of Covid-19. In 2021, economic growth is expected to recover in all EAC economies (+ 5.7 percent), due to the effects of public support measures taken to support private sector, good agricultural production, favorable prices for petroleum products and stable exchange rates.

Concerning national economic development, economic growth decline by 0.5 percent in 2020 against a growth of 4.2 percent recorded in 2019. Inflation increased by 7.5 percent in 2020 compared to -0.8 percent in 2019. In 2021, economic growth is expected to reach 3.6 against -0.3 percent in 2020 driven by the improvement activity in primary sectors (3.8 against 3.3 percent), secondary (4.3 against 2.4 percent) and tertiary (3.2 against -2.9 percent).

The balance of payments improved in the fourth quarter 2020 driven by a decrease of the current account deficit mainly due to the slowdown of the services deficit account. The capital account surplus declined compared to the same quarter in 2019. The fiscal deficit (including grants) decreased in the fourth quarter 2020 compared to the same quarter in 2019, driven by the increase of revenue combined by the decrease of expenditure. This deficit was mainly financed by external debt.

Year-on-year basis, the reserve money increased by 11.6 percent and the broad money by 23.7 percent, following the rise of net domestic assets. Official foreign exchange reserves decreased by 16.8 percent, and covered 1.1 against 1.5 months of imports of goods and services in the same period 2019, while the threshold is fixed at 4.5 months in the EAC convergence criteria. The main activity and soundness indicators of the banking sector improved at the end of December 2020. The banking sector remained well capitalized and profitable.

I. WORLD ECONOMIC DEVELOPMENT

1.1. Global GDP growth

Quarter-on-quarter basis, economic growth slowed down in the fourth quarter 2020 in all OECD countries (+1.0 compared to + 9.3 percent in the previous quarter), mainly due to the negative effects of the upsurge in news Covid-19 infections which led these countries to resort to new confinements of the population.

Likewise, economic growth slowed down in the main emerging countries, especially in China (+2.6 against +3.0 percent), in India (+7.9 against + 23.7 percent), in South Africa (+1.5 against + 13.7 percent) and in Turkey (+1.7 against + 15.9 percent).

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

	Quarter to quarter			Year on year		
	Q4-2019	Q3-2020	Q4-2020	Q4-2019	Q3-2020	Q4-2020
USA	0,6	7,5	1,0	2,3	-2,8	-2,4
Japan	-1,8	5,3	3,0	-1,0	-5,8	-1,1
Germany	0,0	8,5	0,3	0,4	-4,0	-3,6
France	0,2	18,5	-1,4	0,8	-3,7	-4,9
United Kingdom	0,0	16,1	1,0	1,2	-8,7	-7,8
Euro zone	0,1	12,4	-0,6	1,0	-4,3	-5,0
OECD - Total	0,2	9,2	0,7	1,6	-3,9	-3,4
China	1,2	3,0	2,6	5,8	4,9	6,5
India	0,4	23,7	7,9	3,3	-7,0	0,1
Russia	2,0	15,9	1,7	6,3	5,4	5,0
South Africa	-0,4	13,7	1,5	-0,6	-6,1	-4,2

Source: OECD, main economic indicators, April 2021

Year-on-year basis, economic growth contracted in the fourth quarter 2020 in all advanced OECD countries (-3.0 compared to + 1.6 percent in the same quarter in 2019). In the United States, economic growth fell by 2.4 percent against a growth of 2.3 percent recorded in the same period in 2019. In the euro Zone, GDP fell by 5.0 percent while it improved by 1.0 percent in the corresponding period in 2019. In Japan, economic activity continued to decline (-1.3 against -1.0 percent). This decrease is mainly linked to the tightening of the conditions of confinement of the population to limit the spread of the COVID-19 pandemic.

In the main emerging countries, economic growth remained robust in China (+ 6.5 against 5.8 percent) and Turkey, although it slightly decelerated (+ 5.0 against 6.3 percent). In India, economic growth increased by 0.1 compared to 3.3 percent recorded in the same period in 2019.

According to IMF forecasts¹, world economic growth could pick up by 6.0 compared in 2021 against a contraction of -3.3 percent in 2020. This recovery is mainly explained by the spread of population vaccination against Covid-19 in many countries and the additional fiscal stimulus measures taken by some large economies.

1.2. World Trade

2. Table 3: World trade growth (percent)

	2019	2020	2021(p)
World trade (goods and services)	0,9	-8,5	8,4
Importations			
Advanced Economies	1,7	-9,1	9,1
Emerging Market and Developing Economies	-1,0	-8,6	9,0
Exportations			
Advanced Economies	1,3	-9,5	7,9
Emerging Market and Developing Economies	0,5	-5,7	7,6

Source: IMF, World economic outlook, April 2021

World trade significantly declined in 2020 (-8.5 compared to + 0.9 percent in 2019), mainly due to the consequences of containment measures linked to COVID-19. In 2021, it could strengthen by 8.4 percent, driven by the expected recovery of world economic growth.

1.3. Commodity prices and inflation

In the fourth quarter 2020, commodity prices generally continued the recovery that began in the third quarter 2020, after a decline recorded in the first half of 2020 due to the adverse effects of COVID-19.

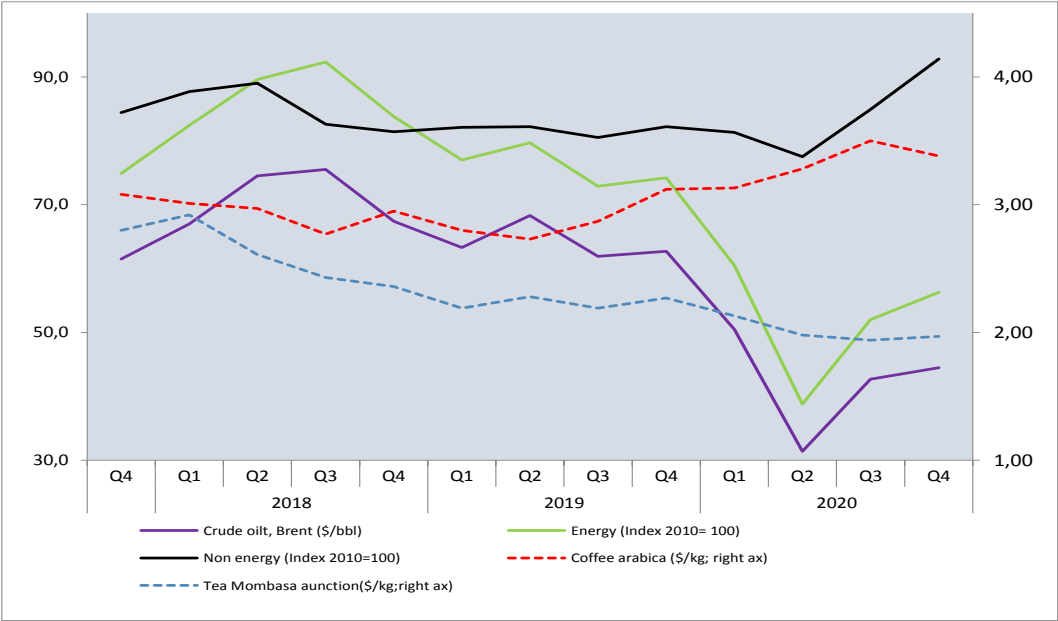
Compared to the previous quarter, the price of crude oil (Brent) was 44.50 to USD 42.70 per barrel. Both the energy index (56.30 against 52.00) and the non-energy products index (92.80 against 84.90) increased quarter -on-quarter basis. The price of tea at Mombasa's

¹ IMF, World Economic Outlook, April 2021

auctions rose to 1.97 from USD 1.94 per kilogram in the previous quarter, following lower production in India, the largest tea-producing country.

However, the price of Arabica coffee slightly declined to 3.38 from USD 3.50 per kilogram in the previous quarter, following lower external demand due to the world economic slowdown.

Chart 1: Commodity prices



Source: World Bank, Commodity prices, December 2020

Quarter -on-quarter basis, inflation recorded an adverse evolution both the main advanced countries and the main emerging countries. In advanced countries, lower demand pressures and decline in oil prices driven the moderate consumer price increase. In the United States, inflation stabilized at 1.2 percent as in the previous quarter. The euro Zone remained in deflation as in the previous quarter (-0.3 against -0.1 percent).

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

	Year on year		
	Q4-2019	Q3-2020	Q4-2020
États-Unis	2.0	1.2	1.2
Japon	0.5	0.2	-0.9
Allemagne	1.2	-0.1	-0.3
France	1.1	0.3	0.1
Royaume uni	1.4	0.8	0.8
Zone euro	1.0	-0.1	-0.3
OCDE - Total	1.9	1.3	1.2
Chine	4.3	2.3	0.1
Inde	8.6	5.5	5.0
Russie	3.5	3.5	4.4
Turkey	10.3	11.7	13.5
Brasil	3.4	2.7	4.3
South Africa	3.8	3.0	3.2

Source: OECD, Main economic indicators, February 2021

In China and India, inflation stood at 0.1 from 2.3 percent and 5.0 from 5.5 percent, respectively. On the other hand, inflation increased in other emerging countries such as Turkey (13.5 against 11.7 percent), in Brazil (4.3 against 2.7 percent) and in Russia (4.4 against 3.5 percent), mainly driven by the rise prices of oil and other raw materials.

1.4. Monetary policy in developed countries

In the fourth quarter 2020, the central banks of the main advanced countries continued their accommodative monetary policies to support their economies severely affected by the the COVID-19 pandemic.

In the United States, the Federal Reserve maintained the target range of rates to between 0.0 and 0.25 percent. In addition, it continued to buy back Treasury securities and mortgage-backed securities to encourage the flow of credit to households and real 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 extending the interest rate on deposits facilities (-0.1 percent) and by maintaining its program to buy back Treasury bonds in order to reach the target level inflation close to 2,0 percent and keep it stable.

1.5. Main macroeconomic indicators of EAC countries²

According to IMF forecasts of April 2021, the economic growth in the EAC countries declined in 2020 (-0.2 compared to + 6.5 percent in 2019), following the adverse effects of the Covid-19 pandemic.

For the year 2021, a recovery growth is expected for all EAC countries (+ 5.7 percent), driven by the effects of public measures taken to support the private sector, the improvement of exports, good agricultural production, favorable prices of petroleum products and stable exchange rates.

Table 5: GDP growth in EAC³ countries (in percent)

	2018	2019	2020	2021(p)
Burundi	4.2	4.2	-0.3	3.6
Kenya	6.3	5.4	-0.1	7.6
Uganda	6.0	8.0	-2.1	6.3
Rwanda	8.6	9.4	-0.2	5.7
Tanzania	7.0	7.0	1.0	2.7
EAC	6.5	6.5	-0.2	5.7
SSAF	3.2	3.2	-1.9	3.4

Source: IMF, Regional economic outlook, SSA, April 2021

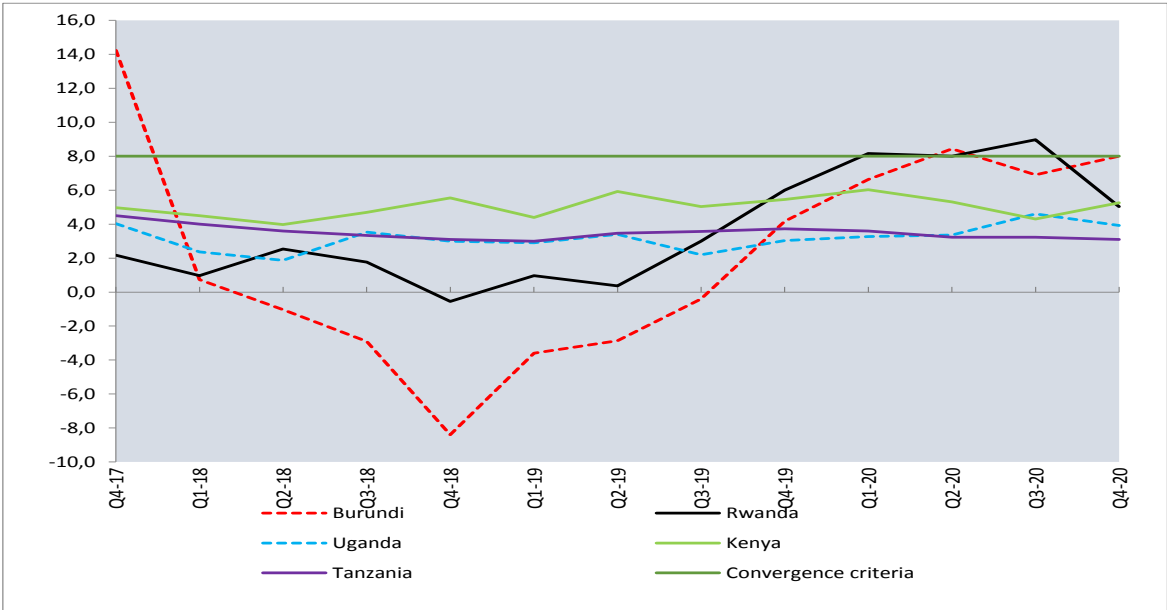
Inflation remained subdued in EAC countries in the fourth quarter 2020; and remain above the threshold of 8.0 percent fixed in EAC macroeconomic convergence criteria. Price pressures remained low, largely as a result of good agricultural production, stable exchange rates, and moderate prices for petroleum products.

Compared to the previous quarter, the inflation rate increased in Burundi (8.0 against 6.9 percent) and Kenya (5.3 against 4.3 percent). It declined in Rwanda (5.0 against 9.0 percent) and Uganda (3.9 against 4.6 percent) while it almost stabilized in Tanzania (3.1 against 3.2 percent).

² Southern Sudan data are not available

³ Data for Burundi are taken from the Burundi Macroeconomic Framework, October 2020.

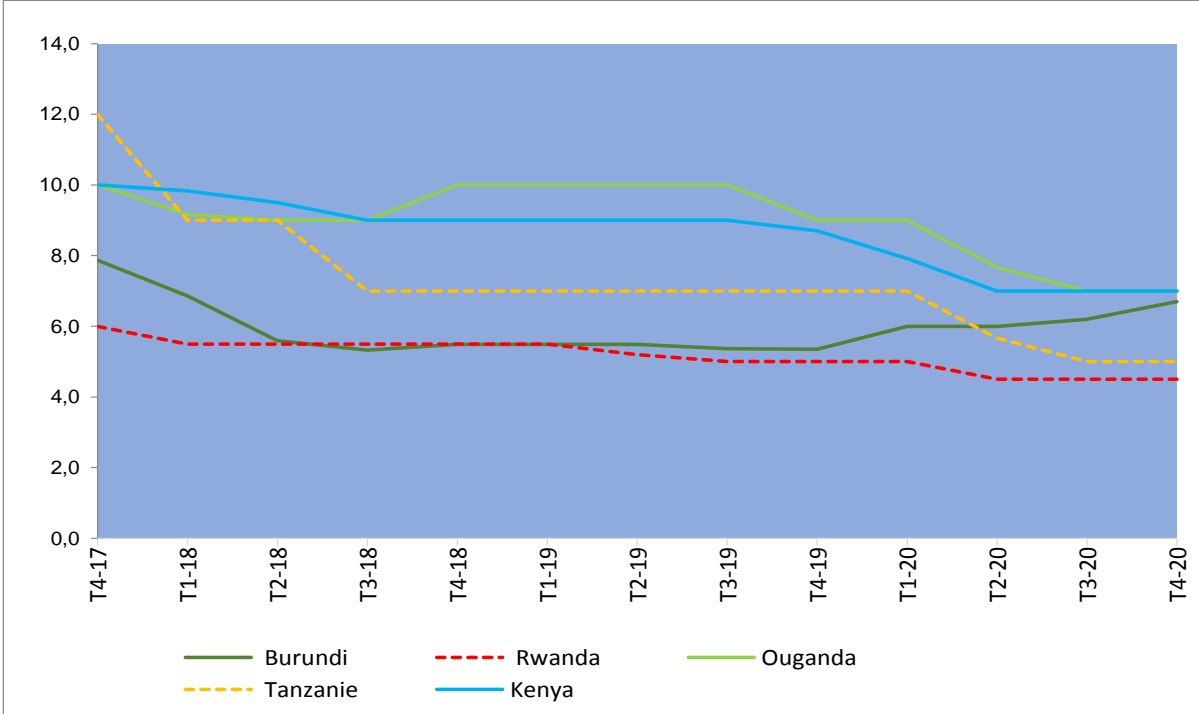
Chart 2: Inflation in EAC countries (in percent)



Source: EAC Central Banks web sites

During the fourth quarter 2020, the central banks of the EAC countries continued their accommodative monetary policy with a view to further stimulate 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 key interest rates of the central banks of Rwanda (4.5 percent), Uganda (7.0 percent), Tanzania (5.0 percent) and Kenya (7.0 percent) remained unchanged. In Burundi, the average rate on the marginal lending facility slightly increased to 6.7 from 6.2 percent in the previous quarter.

Year-on-year basis, the currencies of the EAC countries fluctuated within the margin of plus or minus 5.0 percent agreed in the framework of maintaining the stability of the exchange rate, with the exception of the Kenya Shilling and the Rwandan Franc which exceeded the threshold, with a depreciation rates of 7.5 percent and 5.4 percent, respectively.

Table 6: USD exchange rate against EAC currencies

	End of period				
	USD/TZS	USD/RWF	USD/UGX	USD/KSH	USD/BIF
dec-19	2 287,90	922,52	3 665,20	101,50	1 881,60
sept-20	2 297,60	956,81	3 715,78	108,40	1 931,60
dec-20	2 298,45	972,48	3 650,07	109,07	1 946,40
Annual change dec-20/dec-19(%)	0,5	5,4	-0,4	7,5	3,4
Quarterly change dec-20/sept-20 (%)	0,04	1,64	-1,77	0,62	0,77

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 12.0 percent compared to the corresponding quarter in 2019, mainly due to the increase of the production of food industries (+ 12.5 percent), especially BRARUDI beverages, sugar and cigarettes, as well as the increase production of chemical industries (+ 5.3 percent) and construction materials (+ 1.7 percent). Compared to the previous quarter, this index fell by 23.3 percent, from 211.2 to 161.9, mainly linked to the decrease in the production of BRARUDI beverages (-16.4 percent), cigarettes (-9.1 percent) and the drop of sugar production (-48.8 percent) due to the end of the sugar campaign.

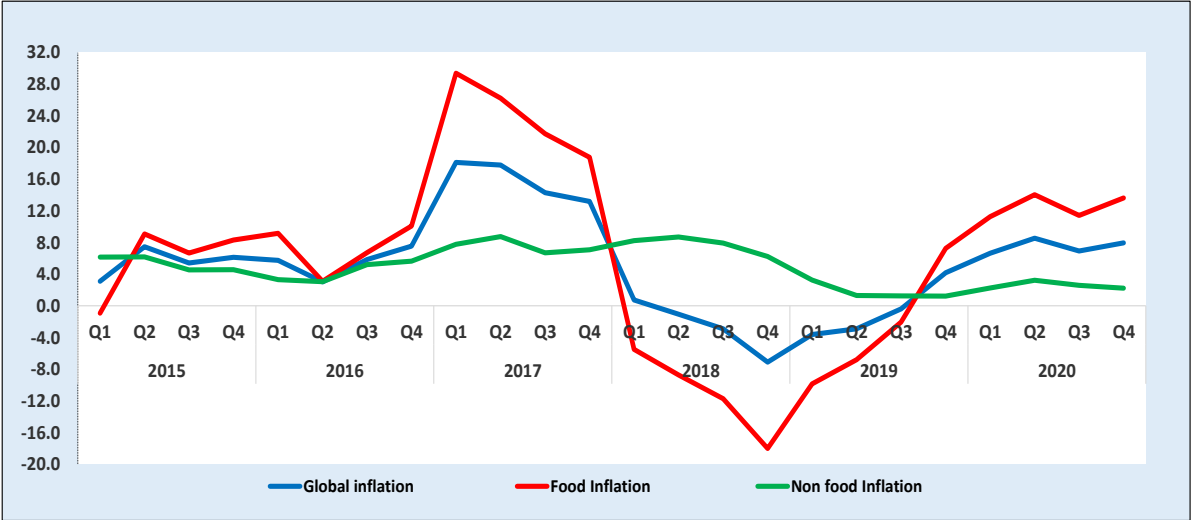
REGIDESO’s electricity production slightly fell by 0.1 percent year-on-year, from 62,891 to 62,837 megawatts. Likewise, it fell by 3.4 percent compared to the previous quarter.

The volume of goods transiting by the Port of Bujumbura increased by 7.2 percent compared to the corresponding quarter in 2019, following the increase of cement and sugar imports. On the other hand, it slowed down by 4.9 percent compared to the previous quarter.

At Melchior NDADAYE International Airport, passenger numbers fell by 72.1 percent year-on-year, due to the measures taken to reduce aircraft flights to limit the spread of COVID-19. On the other hand, the number of passengers increased compared to the previous quarter, from 2,296 to 16,755 passengers, linked to the resumption of international flights. Likewise, aircraft traffic decreased year-on-year basis (-46.9 percent) while it increased quarter-on-quarter (+ 73.4 percent).

The inflation rate increased in the fourth quarter in 2020, settling at 8.0 percent against 4.2 percent recorded in the corresponding quarter in 2019. This increase concerned food inflation (13.6 against 7.3 percent) and non-food (2.2 against 1.2 percent).

Chart 4: Inflation by major components (in percent)



Source: BRB based on data provided by ISTEEBU

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

In the fourth quarter 2020, the production of dry tea increased by 6.1 percent compared to the same period of the previous year, amounting to 2,413.7 against 2,274.0 tonnes, following good rainfall. The production of green coffee rose by 96.8 percent in the fourth quarter 2020, reaching 4,695.7 against 2,386.5 tonnes recorded in the same period in 2019, due to the cyclicity of coffee tree.

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, April 2021

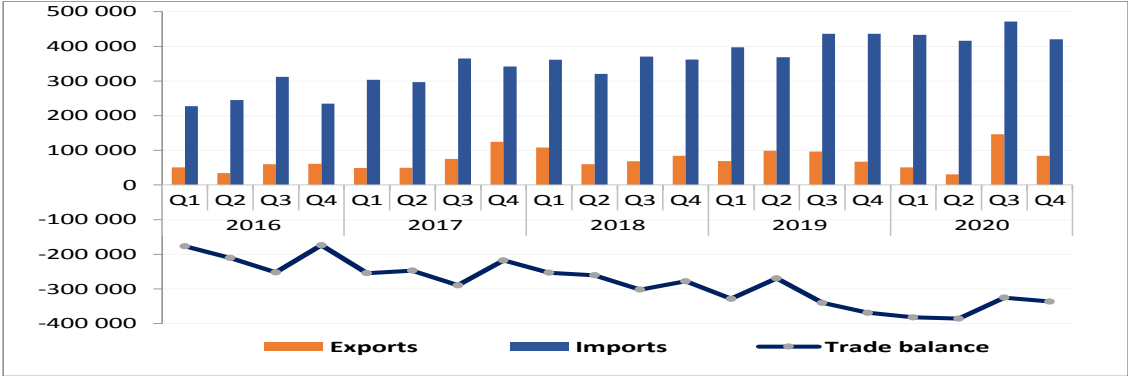
In 2020, economic growth is expected to contract by 0.3 against 4.2 percent recorded previous year driven by the decrease production in the tertiary sector (-2.9 against 5.8 percent), affected by the COVID-19 pandemic.

2.2. External sector

2.2.1. External trade

In the fourth quarter 2020, the trade deficit slow downed, amounting to -BIF 336,300.2 compared to -BIF 368,679.8 recorded in the same quarter in 2019, due to the increase of exports CIF (BIF 84,186.9 against 67,525.9 million) and to the decrease of imports CIF (BIF 420,487.1 against 436,205.7 million).

Chart 5: Trade balance (in BIF million)



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

The increase of exports concerned both primary products (BIF 52,320.1 million against 48,718.4 million) and manufactured products (BIF 31,866.8 million against BIF 18,807.5 million). For primary product exports, this increase is mainly driven by coffee (+ BIF 16,493.5 million) which exceeded the decrease exports of non-monetary gold (-BIF 11,053.6 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	Q4-2020
Coffee	36,0	14,6	12,4	27,3	16,3	6,4	9,2	41,5
Gold	9,0	48,2	60,3	16,4	0,0	0,0	60,1	0,0
Tea	14,8	11,4	10,5	13,4	23,6	34,2	6,7	9,1
Others	40,1	25,7	16,8	42,9	60,1	59,4	24,0	49,4
Total (in %)	100,0	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	84 186,9

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

For imports, the decrease concerned intermediate goods (173,568.6 against BIF 204,589.3 million) and consumer goods (156,166.6 against 161,713.7 million). However, imports of capital goods increased from BIF 69,902.7 million to BIF 90,751.9 million recorded in the corresponding period in 2019.

The decline imports of intermediate goods mainly concerned mineral oils (-BIF 36,189.1 million), goods intended for construction (-BIF 5,891.7 million) and those intended for metallurgy (-BIF3.060.9 million). Concerning imports of consumer goods, the decrease was mainly focused on textiles imports (-BIF 18,398.4 million).

On the other hand, the increase of capital goods mainly concerned tractors, vehicles and transport equipment (+BIF 6,555.1 million), parts and tools (+BIF 3,839.4 million) and boilers and mechanical equipment (+BIF 3,833.9 million).

2.2.2. Balance of payments

The balance of payments for the fourth quarter 2020 improved due to the decrease of current account deficit, amounting to -BIF 53,645.0 against -146,483.2 million recorded in the same quarter in 2019. This improvement is attributable to the slowdown deficit of services account (-BIF 6,138.5 against -63,707.5 million) and, to a lesser extent, of goods account deficit (-BIF 270,029.0 against -287,968.1 million) as well as the increase of the surplus of secondary income (BIF 214,114.1 against 194,711.2 million).

Table 5: Balance of payments (in BIF million)

	Q4-2019	Q4-2020
CURRENT ACCOUNT	-146 483,2	-53 645,0
Credit	362 141,0	439 932,1
Debit	508 624,2	493 577,1
Goods	-287 968,1	-270 029,0
Exports FOB	86 705,4	91 582,6
Imports FOB	374 673,5	361 611,6
Services	-63 707,5	-6 138,5
Credit	55 876,6	106 521,2
Debit	119 584,1	112 659,7
Primary incomes	10 481,2	8 408,3
Credit	14 448,7	12 186,9
Debit	3 967,5	3 778,6
Secondary incomes	194 711,2	214 114,1
Credit	205 110,3	229 641,4
Debit	10 399,1	15 527,3
CAPITAL ACCOUNT	68 447,0	55 571,2
Credit	70 554,4	55 940,0
Debit	2 107,4	368,7
Net lending (+)/ Net borrowing (-) from current and capital accounts	-78 036,1	1 926,2
COMPTE FINANCIER		
Net lending (+)/ Net borrowing (-) from financial account	-51 702,6	7 201,6
Direct investments	-1 401,2	-5 281,7
Net acquisition of financial assets	0,0	504,0
Net incurrence of liabilities	1 401,2	5 785,7
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	-139 346,0	-27 249,5
Net acquisition of financial assets	17 156,6	67 507,4
Net incurrence of liabilities	156 502,5	94 756,9
Reserve assets	89 044,6	39 732,8
NET ERRORS AND OMISSIONS	26 333,6	5 275,4

Source: BRB

The decrease of services deficit was particularly explained by the increase of revenues from services supplied to foreign resident (+BIF 87,114.8 million). The capital account recorded a surplus balance of BIF 55,571.2 million such as project grants, while it stood at BIF 68,447.0 million in the same period of the previous year.

The balance of the financial account stood at BIF 7,201.6 million against - BIF 51,702.6 million in the fourth quarter 2019. This improvement is due to the decrease of balance of other investments (-27,249.5 against -139,346.0 million), mainly trade credits. Concerning reserve assets, they increased by BIF 39,732.8 million against BIF 89,044.6 million recorded in the same quarter in 2019.

2.2.3. Foreign Assets

At the end of the third quarter 2020, the gross foreign assets improved by 22.2 percent, quarter-on-quarter and 13.2 percent, year-on-year basis.

Table 6: Evolution of foreign assets (in USD million)

	End of period in USD million			Change in %	
	Dec-19	Sep-20	Dec-20	Quarterly	Annual
Foreign assets held by BRB	128.5	104.2	128.9	23.7	0.3
O/w: official Reserves	113.4	72.7	94.3	26.9	-16.8
Foreign assets held by commercial banks	74.2	83.5	100.6	20.5	35.6
Total foreign assets	202.7	187.7	229.5	19.3	13.2

Source: BRB

The BRB's foreign assets increased by 23.7 percent at the end of December 2020 compared to the end of September 2020, while they slightly increased s year-on-year (+ 0.3 percent).

Official reserves increased by 29.7 percent at the end of December 2020 compared to the end of the previous quarter, amounting to 94.3 from 72.7 MUSD. On the other hand, they decreased by 16.8 percent year –on- year basis, and covered 1.1 against 1.5 months of imports of goods and services in the same period in 2019, while the minimum threshold is fixed to 4.5 months in the EAC macroeconomic convergence criteria. For commercial banks, their foreign assets grew by 20.5 percent quarter-on-quarter basis and 35.6 percent year-on-year.

2.3. Public finance

During the fourth quarter 2020, the fiscal deficit (including grants) narrowed to BIF 17,939.9 million from BIF 53,140.0 million recorded in corresponding quarter in 2019, linked to the increase of revenue combined with the decrease of expenditure. This deficit was mainly financed by a net external debt BIF 12,686.7 million.

Table 7: Government Financial Operations (in BIF Million)

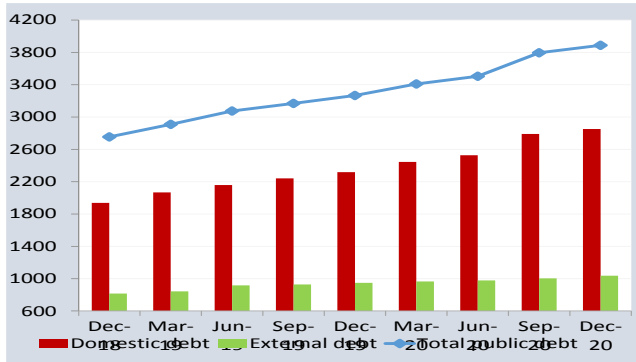
	Q4-2019	Q3-2020	Q4-2020
A. REVENUE AND GRANT	331,792.9	333,579.2	334,954.8
a. Revenue	261,238.5	282,560.1	280,871.2
- Current revenue	261,238.5	282,560.1	280,871.2
- Exceptional	-	-	-
b. Grants	70,554.4	51,019.1	54,083.7
- Current	-	-	-
- Capital	70,554.4	51,019.1	54,083.7
B. EXPENDITURE	384,932.9	678,476.8	352,894.8
a. Current expenditure	227,276.8	569,355.9	253,239.7
Salaries	112,859.3	177,388.9	119,115.7
b. Investment expenditure	157,656.1	109,120.9	99,655.1
-On internal resources	77,916.3	51,096.7	29,863.0
-On foreign borrowing and grants	79,739.8	58,024.1	69,792.1
OVERALL BALANCE including grants (basis commitment)	-53,140	-344,897.5	-17,939.9
C. NET FINANCING	90,016.3	235,921.5	13,144.4
a. External	4,938.1	1,081.7	12,686.7
b. Domestic	85,078.2	234,839.8	457.7
D. ERRORS AND OMISSIONS	-36,876.4	108,976.00	4,795.5

Source: MFBPE

On annual basis, revenue grew by 7.5 percent in the fourth quarter 2020, amounted to BIF 280,871 million from BIF 261,238.5 million recorded in corresponding quarter in 2019. In contrast, grants fell by 23.3 percent to BIF 54,083.7 million from BIF 70,554.4 M on the same period in 2019.

At the end December 2020, Government expenditure decreased by 8.3 percent, standing to BIF 352,894.8 million from BIF 384,932.9 million recorded in the corresponding quarter in 2019, following the decrease of capital expenditure (-36.8 percent); current expenditure increased by 11.4 percent. Likewise, compared to the previous quarter, expenditure fell by 48.0 percent, due to the decline of current expenditure (-55.5 percent).

Chart 8: Public debt (in BIF million)



Source: BRB based on data provided by MFBPE

Domestic debt grew 23.0 percent year-on-year basis, from 2.317.5 to BIF 2.851.2 billion and by 2.2 percent quarter-on-quarter. By component, Treasury securities and advances from the Central Bank, the domestic debt represented 73.3 percent of the total public debt at the end of December 2020.

Year-on-year basis, the external debt increased by 9.2 percent, amounting to BIF 1.036.0 billion from 948.4 billion. This increase is linked to drawings (BIF 46,381.7 million) and revaluation gains (60,059.7 MBIF) which offset the repayment of the principal (BIF 18,905.8 million).

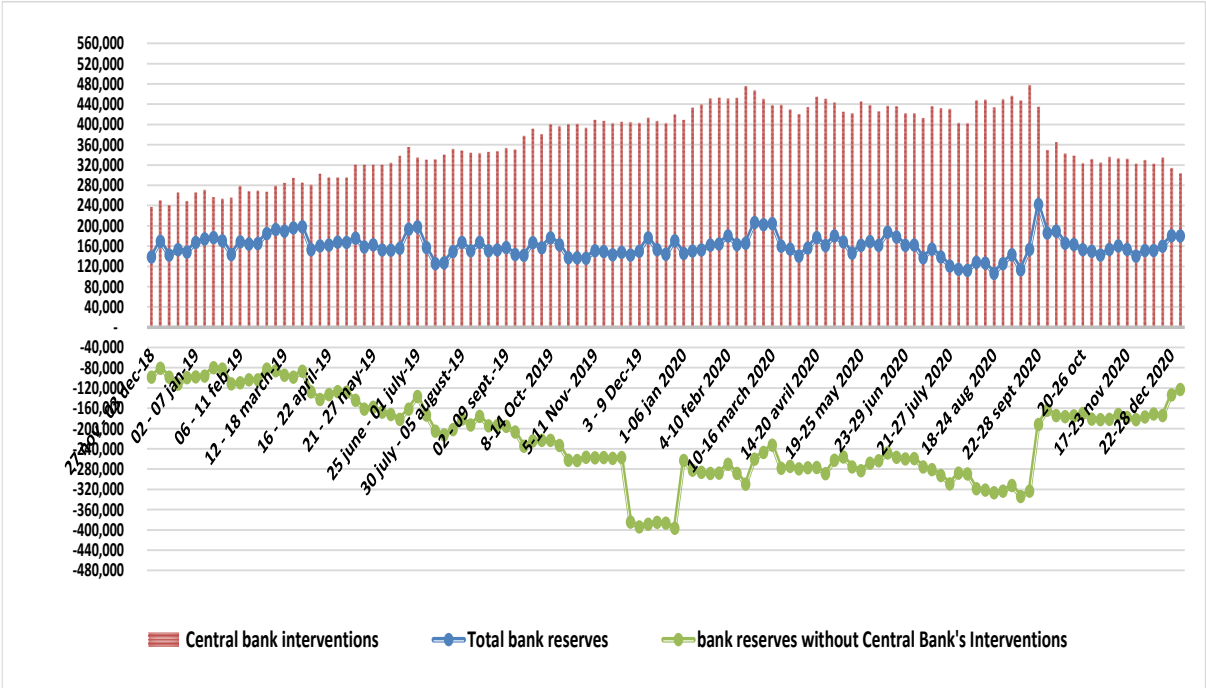
2.4. Monetary sector

2.4.1. Bank reserves and interest rates

Commercial Bank reserves increased in the fourth quarter 2020. Without Central Bank interventions, in weekly average, they are amounted to -170,268 against BIF -292,114 million in the previous quarter and -296,040 MBIF in the same period in 2019.

Following the overall improvement of commercial bank reserves, the Central Bank reduced the volume of its interventions into the money market. In fact, the outstanding of refinancing operations stood at 330,040 MBIF, on a weekly average, against 428,138 MBIF in the third quarter 2020 and BIF 401,929 million in the same period of 2019.

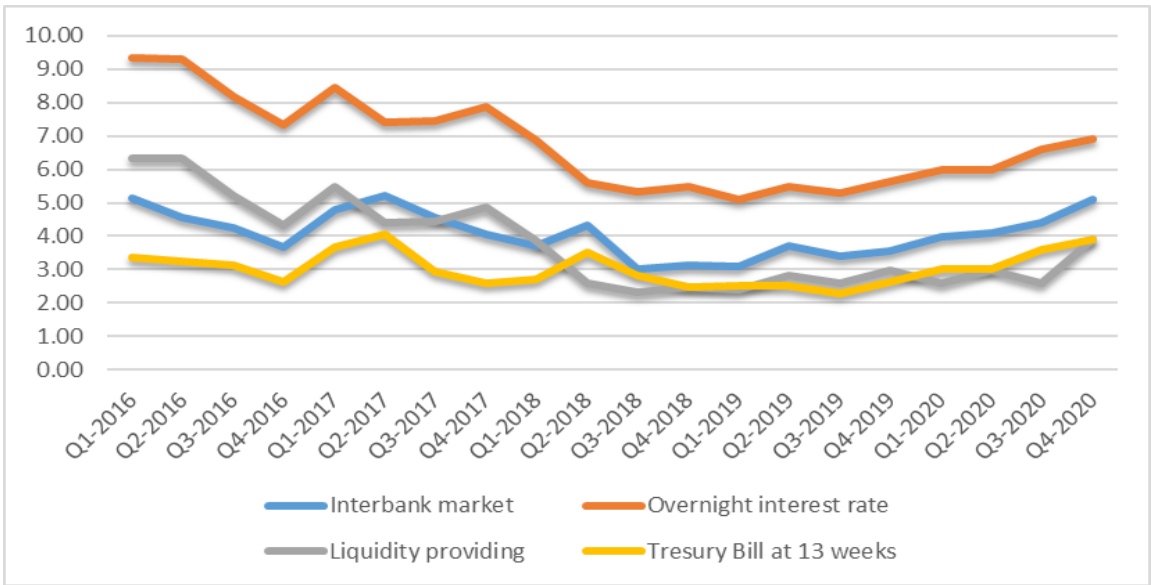
Chart 8: Commercial bank’s reserves and BRB’s interventions



Source: BRB

Interest rates on the money market globally increased in the fourth quarter 2020. Indeed, the rate on liquidity injection stood at 3.07 against 2.70 percent in the previous quarter. The average interbank market rate increased from 4.25 to 4.91 percent, while the rate on the overnight lending facility rose from 6.20 to 6.69 percent, following the increase of the rate on 91-days Treasury bills to which it is indexed (from 3.20 to 3.69 percent).

Chart 9: Money market interest rates (percent)

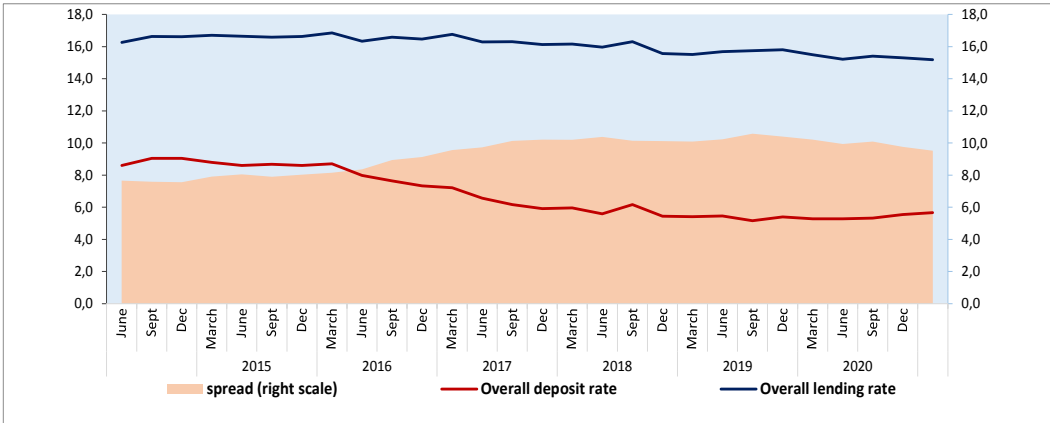


Source: BRB

The lending interest rates slightly fell at the end of December 2020, standing to 15.18 compared to 15.39 percent recorded at the end of preceding quarter and 15.49 percent at the end of December 2019. This decrease was on account of interest rate on short-term (15.67 against 16.84 percent) and long-term loans (12.11 against 14.24 percent). On the other hand, the interest rates on medium-term loans slightly rose (15.68 against 15.23 percent).

Likewise, the average interest rate on loans authorized during the fourth quarter 2020 declined to 13.94 from 15.12 percent and 15.57 percent, respectively in the preceding quarter and in the same period in 2019.

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



Source: BRB

The average interest rate on deposit slightly increased at the end of December 2020, standing to 5.66 percent from 5.55 percent recorded at the end of the preceding quarter and 5.28 percent in the same period of the previous year. This increase was on account of the interest rate on time deposits and savings, while demand deposits slightly declined.

2.4.2. Monetary sector

Year-on-year basis, the reserve money increased by 11.6 percent and the broad money by 23.7 percent, following the rise of net domestic assets.

2.4.3. Reserve money

At the end of December 2020, the reserve money slightly picked up by 1.8 percent, amounting to BIF 778,976.7 million from BIF 765,530.6 million, due to the growth of net foreign assets (+ 27.3 percent), while net domestic assets declined (-3.4 percent). Concerning the components of reserve money, this increase was driven by currency in circulation outside the Central Bank (+ 10.8 percent), while deposits of other depository institutions (-7.5 percent), other financial corporations (-22.8 percent) and those classified in other deposits (-26.2 percent) declined.

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

	Dec.19	Sept.2020	Dec.2020	change (in %)	
				Quarterly	Annual
Currency in circulation	414 814,9	454 635,1	503 703,5	10,8	21,4
Other depository institutions deposits	231 085,3	243 785,0	225 594,1	-7,5	-2,4
Other financial corporation deposits	4 340,0	5 187,4	4 005,2	-22,8	-7,7
Othr deposits	47 911,4	61 923,1	45 673,9	-26,2	-4,7
Base money = Counterparts	698 151,6	765 530,6	778 976,7	1,8	11,6
Net foreign assets	-129 390,7	-165 920,4	-120 578,0	27,3	6,8
Net domestic assets	827 542,3	931 451,0	899 554,7	-3,4	8,7
Net claims on the Government	324 828,0	453 949,3	438 033,6	-3,5	34,9
Other items , net	502 714,3	477 501,7	461 521,1	-3,3	-8,2

Source: BRB

The reserve money grew by 11.6 percent at the end of December 2020, resulting from the increase of net foreign assets (+ 6.8 percent) and net domestic assets (+ 8.7 percent). This growth was on account of currency in circulation which rose by 21.4 percent, while the deposits of other depository institutions fell by 2.4 percent, those of other financial corporations by 7.7 percent and other deposits by 4.7 percent.

Table 10: Source of the change in base money at the end of December 2020

	Change from Sept. 2020	Change from Dec 2019
Net foreign assets (NFA)	5,9	1,3
Net domestic assets (NDA)	-4,1	10,3
Net claims on the Government	-2,1	16,2
Other items , net	-2,0	-5,9
Base money	1,8	11,6

Source: BRB

Quarter -on- quarter basis, net foreign assets contributed by 5.9 percentage points to the increase of reserve money, while the net domestic assets had a negative impact on the reserve money growth (- 4.1 percentage points). However, yearly basis, this increase resulted from the net domestic assets, which contributed by 10.3 points percentage to the growth of the reserve money.

2.4.4. Broad money and counterparts

The money supply (M3) increased by 5.9 percent at the end of December 2020, from BIF 2,576.4 billion to BIF 2,728.3 billion. This growth concerned currency outside banks (+ 11.5 percent), demand deposits (+ 5.5 percent) and time and savings deposits (+ 6.2 percent). In contrast, deposits of residents denominated in foreign currency fell by 3.2 percent.

On a quarter basis, the increase of money supply resulted from the growth of net domestic assets (+ 3.1 percent) and net foreign assets (+ 21.2 percent). This increase of net domestic assets was on account of claims on the economy (+ 4.2 percent), net claims on the Government (+ 0.8 percent) and other items net (+ 2.7 percent).

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

	Dec.19	Sept.2020	Dec.2020	change (in %)	
				Quarterly	Annual
Currency outside banks	359 960,0	389 406,7	434 046,6	11,5	20,6
Demand deposits	1 072 573,8	1 294 611,7	1 366 422,1	5,5	27,4
Time and savings deposits	584 633,1	678 223,5	720 529,0	6,2	23,2
Foreign currencies deposits of residents	188 088,8	214 148,4	207 328,5	-3,2	10,2
M3= counterparts	2 205 255,7	2 576 390,3	2 728 326,8	5,9	23,7
NFA	-206 340,3	-294 063,3	-231 851,9	21,2	-12,4
NDA	2 411 596,0	2 870 453,6	2 960 478,7	3,1	22,8
Domestic credit	2 830 022,4	3 428 861,4	3 503 579,1	2,2	23,8
Net claims on the Government	1 621 458,5	2 037 845,1	2 054 717,6	0,8	26,7
Claims on the economy	1 208 563,9	1 391 016,3	1 448 861,5	4,2	19,9
Net other items	-418 426,4	-558 407,8	-543 100,4	2,7	-29,8

Source: BRB

On a year-over-year basis, the money supply (M3) grew by 23.7 percent from December 2019 to December 2020. This increase concerned all components of M3: demand deposits (+ 27.4 percent), term and savings deposits (+ 23.2 percent), deposits of resident denominated in foreign currency (+ 10.2 percent) percent) and currency outside banks (+ 20.6 percent).

Concerning counterparties, this growth resulted from net domestic assets (+ 22.7 percent, while net foreign assets declined (-12.4 percent). The progress of net domestic assets was on account of net claims on the Government (+ 26.7 percent) and claims on the economy (+ 19.9 percent), while other net items dropped (-29.8 percent).

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

	Change from Sept. 2020	Change from Dec 2019
Net foreign assets (NFA)	2,4	-1,1
Net domestic assets (NDA)	3,5	24,9
o/w: - Domestic credit	2,9	30,5
- Other Items net	0,6	-5,6
Broad money (M3)	5,9	23,8

Source: BRB

Net domestic assets contributed to 3.5 percentage points to the growth of M3 at the end of December 2020 and Net foreign assets contributed to 2.4 points of percentage in the same period.

Year-on-year basis, money supply growth was resulting from net domestic assets which contributed to 24.9 percentage points to the M3 growth.

2.4.5. Gross foreign assets

Foreign assets grew by 22.2 percent at the end of December 2020 and 13.2 percent on an annual basis.

Table 13: Gross foreign assets (in millions USD)

	End of period, in USD million			Change in %	
	Dec-19	sept-20	Dec-20	Quarterly	Annual
Foreign assets held by BRB	128,5	104,2	128,9	23,7	0,3
O/w: official Reserves	113,4	72,7	94,3	29,7	-16,8
Foreign assets held by commercial banks	74,2	83,5	100,6	20,5	35,6
Total foreign assets	202,7	187,8	229,5	22,2	13,2

Source: BRB

The BRB's foreign assets increased by 23.7 percent at the end of December 2020, while they slightly grew year -on- year (+ 0.3 percent).

Official foreign reserves increased by 29.7 percent at the end of December 2020, standing at 94.3 from 72.7 MUSD. On the other hand, they decreased by 16.8 percent year-on-year, and covered 1.1 months of imports of goods and services lower than 1.5 month recorded in the same period of 2019, while the minimum level is fixed at 4.5 months in the EAC macroeconomic convergence criteria.

For commercial banks, foreign assets grew by 20.5 percent at the end of December 2020 and by 35.6 percent year-on-year basis.

2.5. Banking sector development and financial stability

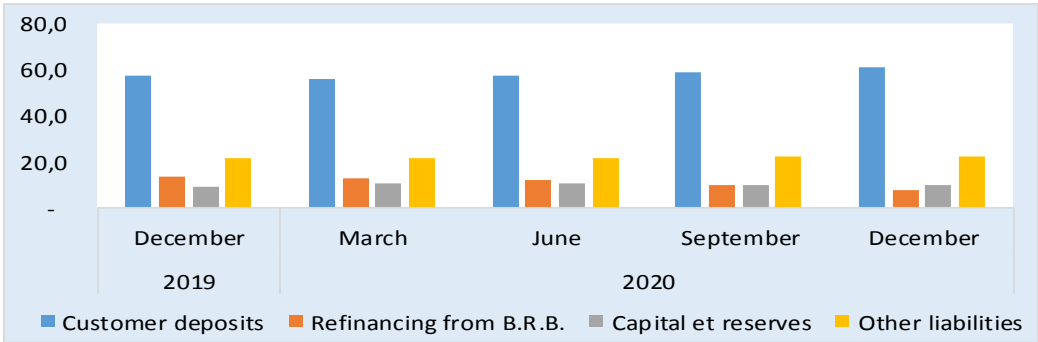
In the fourth quarter of 2020, the banking sector's balance sheet grew by 19.4 percent year-on-year and by 6.2 percent quarter-on-quarter. On the asset side, the increase was on account of treasury securities rise and loans to the economy. On the liability side, it was linked to the increase of customer deposits. However, the solvency and profitability ratios declined at the end of December 2020.

2.5.1. Banking activities

2.5.2. Main Resources

Year-over-year basis, customer deposits increased by 27.1 percent, standing to BIF 2.351.9 billion in the fourth quarter 2020 from BIF 1,850.1 billion in the fourth quarter 2019. They increased by 9.3 percent on a quarterly basis. Central Bank refinancing to commercial banks fell by 30.0 percent, amounting to BIF 299.1 billion in the fourth quarter 2020 from BIF 427.5 billion in the corresponding period in 2019. Compared to the previous quarter, it slowed down by 17.0 percent.

Chart 11: Liabilities structure (in percent)



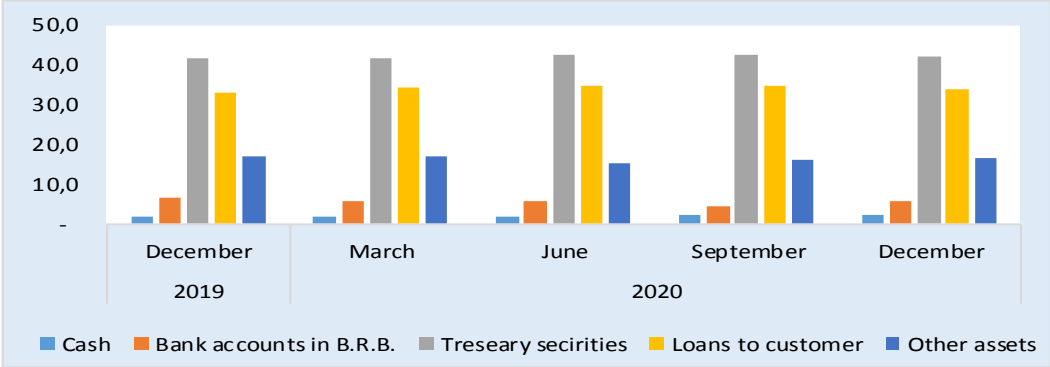
Source: BRB

2.5.1.2. Main Assets

The loans to the private sector grew by 22.3 percent year-on-year and by 3.8 percent quarter-on-quarter, amounting to BIF 1.310.9 billion from BIF 1,071.5 billion in the corresponding in 2020. The outstanding amount of Treasury securities increased by 20.3

percent, from BIF 1,357.0 billion to BIF 1,631.8 billion, and rose by 4.8 percent quarter -on-quarter basis.

Chart 12: Banking sector assets (in percent of the total)



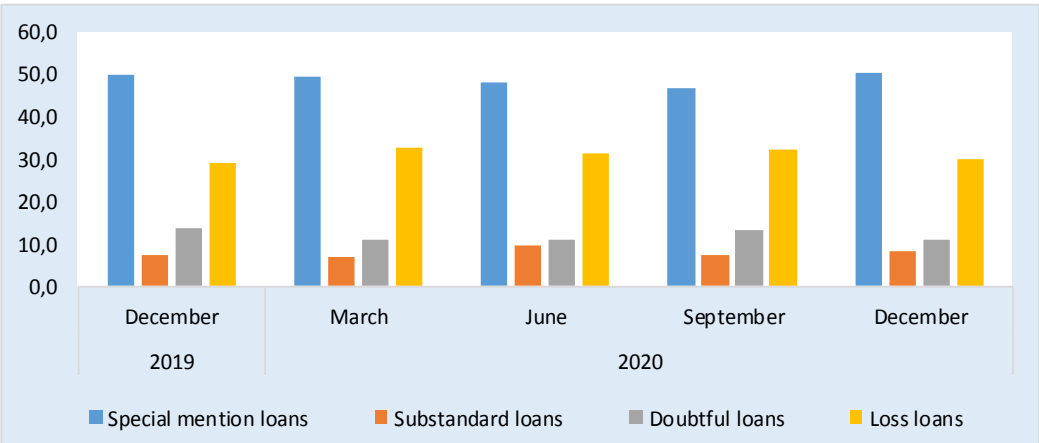
Source: BRB

2.5.1. Loans portfolio quality

The overdue loans increased by 14.0 percent year-on-year while it declined by 10.9 percent quarter on quarter, standing to BIF 139,654.4 million in the fourth quarter 2020 from BIF 122,533.3 million in the corresponding quarter in 2019.

The proportions of doubtful and loss loans fell respectively by 11.1 percent and 30.0 percent in the fourth quarter 2020 from 13.4 percent and 32.2 percent in the corresponding quarter in 2019. However, the shares of watch and substandard loans grew respectively by 50.3 percent and 8.5 percent in the fourth quarter 2020 from 46.9 percent and 7.4 percent in the corresponding quarter in 2019.

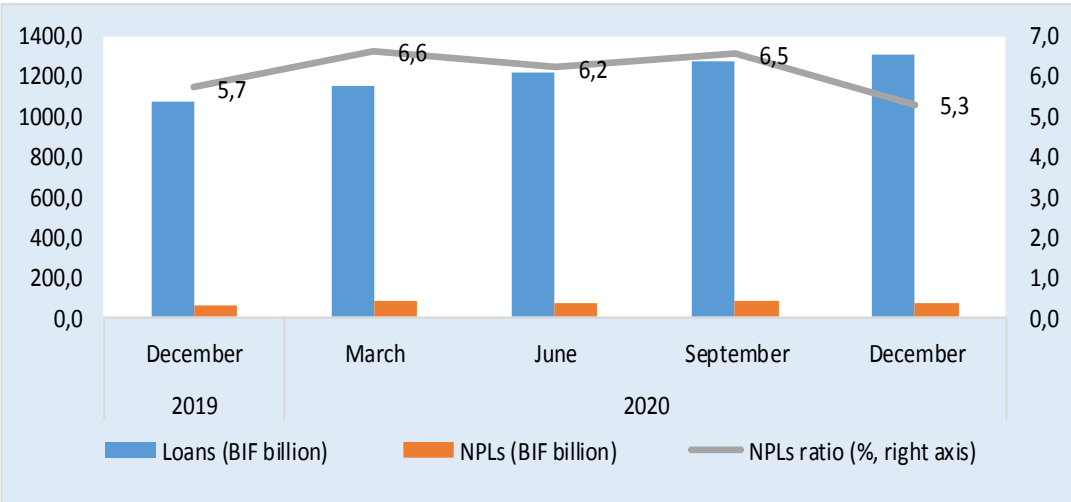
Chart 13: Overdue loans per class (in percent)



Source: BRB

Year-on-year, the quality of the loans portfolio slightly improved by 0.4 percentage point. The Non-Performing Loans rate stood at 5.3 percent at the end of December 2020 from 5.7 percent at the end of December 2019, following a write-off of loss loans with a maturity of two years in credit institutions balance sheets.

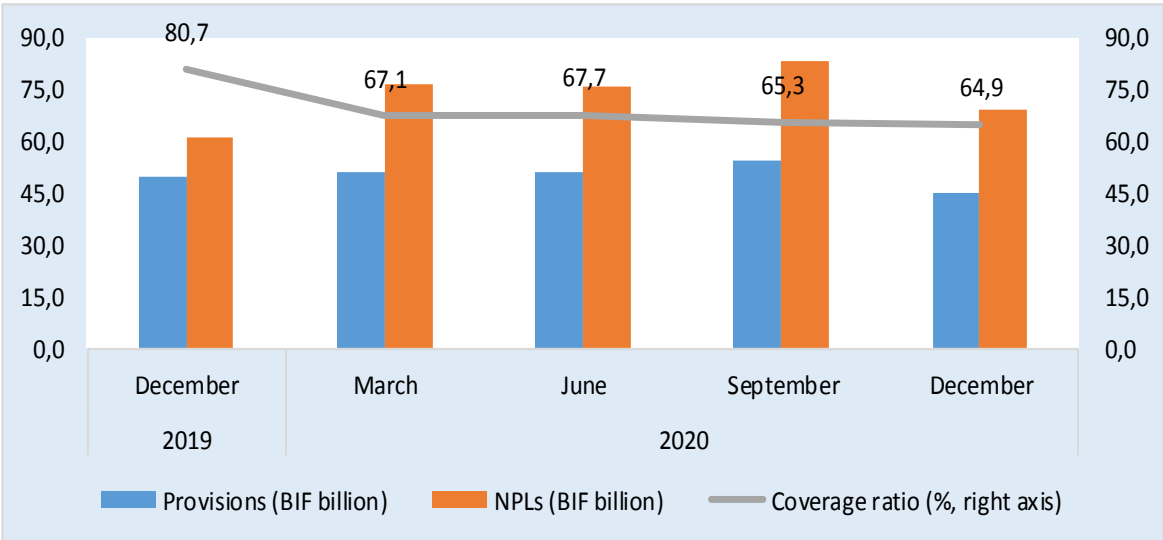
Chart 14: Non-performing loans ratio (in percent)



Source: BRB

The share of Non Performing Loans ratio by provisions decreased year-on-year, standing to 64.9 percent in the fourth quarter 2020 from 80.7 percent in the fourth quarter 2019 and 65.3 percent in the previous quarter.

Chart 15: Provisions and coverage rate

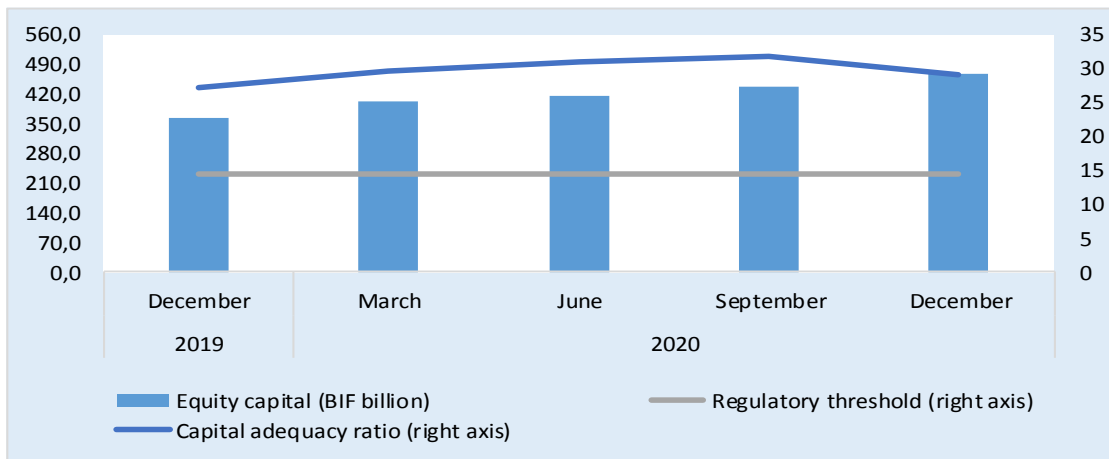


Source: BRB

2.5.2. Capital adequacy

The banking sector's equity increased by 27.8 percent year-on-year and by 6.7 percent quarter-on-quarter, amounting to BIF 467.6 billion in the fourth quarter 2020 from BIF 365.7 billion in the fourth quarter 2019 and BIF 438.1 billion in the previous quarter. The overall capital adequacy ratio improved, to 29.0 percent in the fourth quarter 2020 from 27.2 percent in the fourth quarter 2019.

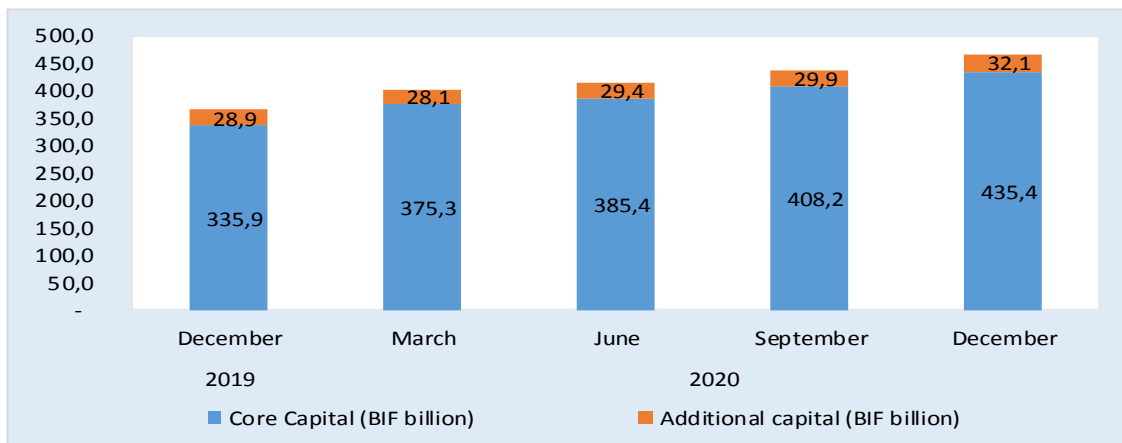
Chart 16: The Banking sector's Equity



Source: BRB

The core capital ratio increased by 29.6 percent year-on-year and 6.7 percent quarter-on-quarter, amounting to 435.4 billion BIF compared to 336.1 billion BIF recorded in the corresponding quarter in 2019 and 408.2 billion BIF in the previous quarter, driven by the incorporation of a part of the 2020 earnings in capital reserves.

Chart 17: Composition of equity (in BIF billion)



Source: BRB

2.5.3. Banking sector's profitability

The banking sector's Gross Income grew by 14.4 percent at the end of December 2020, standing to BIF 292,926.0 million from BIF 256,013.6 million. Likewise, net income increased by 17.8 percent, from BIF 119,260.3 million to BIF 140,449.2 million. Average returns on assets (ROA) and equity (ROE) stood respectively to 3.6 percent and 30.0 percent at the end of December 2020 against 3.7 percent and 32.6 percent in the same period of the previous year.

CONCLUSION AND MONETARY POLICY MEASURES

In the fourth quarter 2020, economic growth slowed down in all OECD countries, following the upsurge of Covid-19 pandemic, which led to new confinements of the population. Likewise, it decelerated in the main emerging countries. Inflation declined in many advanced countries and major emerging countries, following weak pressure on demand and moderate prices of petroleum products and other commodities.

According to IMF forecasts made in April 2021, economic growth is expected to recover in 2021 (6.0 against -3.3 percent), linked to the spread of population vaccination against Covid-19 and additional measures such as fiscal stimulus taken by major economies to support economies.

In East African Community, economic growth could recover in 2021 in all EAC countries (5.7 against -0.2 percent in 2020), following the measures taken by the public sector to support the private sector, good agricultural production, the improvement of exports and the favorable oil prices.

Concerning national economic development, economic growth is expected to recover in 2021 (3.6 against -0.3 percent), driven by the improvement activity in the primary (3.8 against 3.3 percent), secondary (4.3 against 2.4 percent) and tertiary (3.2 against -2.9 percent) sectors.

During this period, the Bank of the Republic of Burundi had implemented the accommodative monetary policy to stimulate the economy recover. Likewise, this policy will continue to be applied for the next quarter in order to further stimulate the credit to the private sector, especially, real sector.

ANNEXES

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

	2016	2017	2018	2019	2020	2021
Primary Sector	497.1	498.2	524.2	534.1	551.9	572.8
- Subsistence agriculture	431.8	431.5	449.2	464.9	478.9	495.6
- Export Agriculture	17.6	20.4	19.7	19.0	20.6	20.9
- Coffee	4.2	6.5	4.6	3.6	5.0	4.9
- The	12.3	12.1	13.8	14.2	14.2	14.6
-Other export agriculture	1.1	1.8	1.3	1.3	1.4	1.4
- Forest	12.2	13.7	14.9	16.4	17.0	18.5
- Livestock	31.6	28.5	36.0	28.8	30.2	32.1
- Fishing	3.8	4.1	4.4	4.9	5.2	5.6
Secondary sector	322.6	347.2	346.0	356.0	364.4	379.9
-Mining	7.7	10.7	12.8	12.5	14.9	17.9
- Industries	220.8	238.6	231.0	237.1	241.2	248.5
- Food Industries	168.4	186.7	178.8	180.6	183.3	188.8
- Manufacturing	52.4	51.9	52.2	56.5	57.9	59.8
- <i>Textile Industries</i>	9.5	9.2	9.4	9.4	10.6	11.0
- <i>Other manufacturing industries</i>	42.9	42.7	42.8	47.1	47.3	48.7
- Water, gas and electricity	7.7	9.1	10.5	11.1	12.2	13.5
- Construction	86.3	88.8	91.7	95.4	96.1	100.0
Tertiary sector	821.4	853.9	908.7	961.4	933.6	963.3
- Trade	62.0	65.5	65.6	69.9	64.3	65.6
- Transport and communication	66.7	70.2	75.2	78.5	77.4	79.5
- Transport	17.6	18.5	19.0	19.8	18.1	18.5
- Postes, Telecommunication and internet	49.2	51.7	56.2	58.7	59.3	61.0
- Banks and insurance	102.8	111.6	132.5	145.8	160.3	179.6
- Accommodation, Food and other Merchant Services	108.7	111.9	114.3	114.4	68.6	70.0
- Public Administration	316.7	334.0	356.3	380.5	395.7	415.5
- Education	211.7	219.7	238.6	250.5	259.3	270.9
- Health and social services	14.4	15.1	17.1	19.0	20.0	20.8
- Activities of a collective or personal nature	45.6	45.9	52.3	56.1	57.0	59.9
- Domestic services	4.6	4.6	5.2	5.6	5.6	5.9
- SIFIM	111.8	124.7	148.4	158.8	174.7	204.4
GDP at cost of factors(1+2+3)	1,641.1	1,699.3	1,778.9	1,851.5	1,849.9	1,915.9
Indirect taxes minus subsidies	200.6	213.1	214.6	226.4	221.2	229.1
GDP at market price	1,841.7	1,912.4	1,993.5	2,077.9	2,071.1	2,145.0

Source: MBGP

ANNEX 2: INFLATION BY MAIN COMPONENTS (in percent)

Period	Headline Inflation	Food inflation	Non-food inflation
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
Oct-19	4.0	6.4	1.8
Nov-19	3.6	6.5	0.8
Dec-19	4.9	8.9	1.1
Dec-19	4.9	8.9	1.1
Jan-20	5.1	8.6	1.8
Feb-20	7.6	13.0	2.6
Mar-20	7.1	12.0	2.4
Apr-20	7.6	12.5	2.8
May-20	9.0	14.7	3.3
Jun-20	8.5	13.9	3.4
Jul-20	7.7	12.7	3.0
Aug-20	6.7	11.0	2.6
Sep-20	6.4	10.6	2.2
Oct-20	7.0	12.1	1.9
Nov-20	8.9	15.6	2.3
Dec-20	8.0	13.2	2.5

Source: ISTEERU

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
Oct-20	92,487.26	8,295.69	100,782.95	108,727.01	-7,944.05
Nov-20	84,106.39	21,295.88	105,402.28	133,059.26	-27,656.98
Dec-20	104,277.50	24,492.11	128,769.61	111,108.51	17,661.10

Source: MFBP

ANNEX 4: Government debt (in BIF million)

Pariod	BRB	Tresury securities	Total domestic debt	External debt	Total Government debt
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
Oct-20	901,974.9	1,763,803.9	2,809,763.4	1,013,063.4	3,822,826.8
Nov-20	899,449.4	1,779,769.7	2,817,062.6	1,023,272.7	3,840,335.3
Dec-20	894,667.8	1,817,282.4	2,851,240.2	1,035,965.0	3,887,205.2

Source: BRB and MFBP

ANNEX 5: Bank reserves (in BIF million)

Period	Total banking sector reserves	Central Bank Interventions
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
Oct-20	156,187.0	394,511.0
Nov-20	146,124.0	403,814.0
Dec-20	155,224.0	406,075.0

Source: BRB

ANNEX 6: Money market interest rate (in percent)

Quarter	Interbank market	Overnight interest rate	Liquidity providing	Tresury Bill at 13 weeks
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	5.10	2.41	2.50
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
Q4-2020	5.10	6.90	3.90	3.90

Source: BRB

ANNEX 7: Main activity indicators of the banking sector in December 2020 (in BIF Million)

	Commercial Banks			Total Financial Sector						
	12/31/2019	12/31/2020	change in %	12/31/2019	12/31/2020	change in %	12/31/2019	12/31/2020	Variation	en %
I. ASSETS	3,055,164.1	3,628,220.2	18.8	207,266.6	266,031.1	28.4	3,262,430.7	3,894,251.2	19.4	
I.1. Main assets	2,617,707.3	3,113,926.0	19.0	172,698.5	227,726.3	31.9	2,790,405.8	3,341,652.3	19.8	
A. Liquid assets	1,694,510.6	2,006,772.1	18.4	24,384.7	23,968.4	-	1,718,895.4	2,030,740.5	18.1	
. Cash	61,935.4	87,465.9	41.2	14.5	7.5	-	61,950.0	87,473.4	41.2	
. Balance in B.R.B.	212,948.5	219,585.5	3.1	3,544.0	3,223.3	-	216,492.4	222,808.9	2.9	
. Interbank claims	78,259.6	85,553.1	9.3	5,320.9	3,118.6	-	83,580.5	88,671.7	6.1	
Financial corporations	2,836.8	83.7	-	97.0	5,320.9	3,118.4	8,157.7	3,202.1	-	60.7
Microfinance	2,883.6	0.1	-	100.0	-	-	2,883.6	0.1	-	100.0
Foreign correspondents	72,539.0	83,470.2	15.1	-	-	-	72,539.0	83,470.2	15.1	
Other financial corporations	-	2,000.0	-	-	-	-	-	2,000.0	-	-
. Government claims	1,341,367.2	1,614,167.6	20.9	15,505.3	17,618.9		1,356,872.5	1,631,786.6	20.3	
Treasury securities	1,286,202.1	1,547,353.6	20.8	15,505.3	17,618.9	13.6	1,301,707.4	1,564,972.6	20.2	
Other securities	55,165.1	66,814.0	-	-	-	-	55,165.1	66,814.0	21.1	
B. Loans	923,196.7	1,107,153.9	19.9	148,313.7	203,757.9	37.4	1,071,510.4	1,310,911.8	22.3	
. Short term	506,133.6	595,414.3	17.6	2,411.4	3,066.2	27.2	508,545.1	598,480.5	17.7	
. Medium term	294,892.1	316,276.8	7.3	43,077.3	38,562.7	-	337,969.4	354,839.5	5.0	
. Long term	122,171.0	195,462.7	60.0	102,825.0	162,129.0	57.7	224,996.0	357,591.8	58.9	
. Leasing	-	-	-	-	-	-	-	-	-	-
I.2. Fixed assets	152,035.7	178,488.2	17.4	7,910.3	9,379.8	18.6	159,946.1	187,868.0	17.5	
I.3. Others assets	285,421.0	335,805.9	17.7	26,657.8	28,925.0	8.5	312,078.8	364,730.9	16.9	
II. LIABILITIES	3,055,164.1	3,628,220.2	18.8	207,266.6	266,031.1	28.4	3,262,430.7	3,894,251.2	19.4	
II.1. Main liabilities	2,621,834.3	3,100,583.0	18.3	145,104.2	200,180.6	38.0	2,766,938.6	3,300,763.6	19.3	
. Customer deposits	1,746,188.1	2,201,497.2	26.1	103,904.2	149,885.7	44.3	1,850,502.3	2,351,382.9	27.1	
amongst: Ten large deposits	822,413.4	1,065,788.0	29.6	17,125.1	17,679.5	-	839,538.5	1,083,467.5	29.1	
. Borrowing from B.R.B. (Refinancing)	427,469.4	296,859.3	-	30.6	-	2,231.2	427,469.4	299,090.5	-	30.0
. Interbank liabilities	193,201.3	267,016.9	38.2	6,567.2	6,440.7	-	199,768.6	273,457.5	36.9	
Financial corporations	51,636.8	3,470.3	-	93.3	2,189.1	-	53,825.8	3,470.3	-	93.6
Microfinance	89,756.6	86,270.7	-	3.9	2,189.1	-	91,945.7	86,270.7	-	6.2
Foreign correspondents	51,808.0	5,244.1	-	89.9	2,189.1	-	53,997.1	5,244.1	-	90.3
Other financial corporations	-	172,031.7	-	-	6,440.8	-	-	178,472.5	-	-
II.2. Capital and reserves	254,975.5	335,209.7	31.5	34,632.8	41,623.0	20.2	289,608.3	376,832.7	30.1	
II.3. Other liabilities	433,329.8	527,637.2	21.8	62,162.4	65,850.5	5.9	495,492.1	593,487.6	19.8	
MAIN INDICATORS OF THE BANKING SECTOR										
Capital adequacy										
. Tier 1 capital (in BIF billion)	301,298.5	398,124.5	32.1	34,811.5	37,313.6	7.2	336,110.0	435,438.0	29.6	
. Total regulatory capital (in BIF billion)	323,614.6	421,913.6	30.4	42,127.2	45,654.7	8.4	365,741.8	467,568.3	27.8	
. Risk weighted assets	1,199,919.4	1,399,395.4	16.6	146,891.6	214,796.3	46.2	1,346,811.1	1,614,191.7	19.9	
. Tier 1 capital adequacy ratio (threshold 12.5%)	25.1	28.4	-	23.7	17.4	-	25.0	27.0	-	
. Total capital adequacy ratio (threshold 14.5%)	27.0	30.1	-	28.7	21.3	-	27.2	29.0	-	
. Leverage Ratio (threshold 7%)	9.9	11.0	-	16.8	14.0	-	10.3	11.2	-	
Credit concentration										
. Large exposures	332,398.8	386,489.2	16.3	3,900.5	8,964.1	129.8	336,299.3	395,453.4	17.6	
. Large exposures to Loans ratio (%)	36.0	34.9	-	2.6	4.4	-	31.4	30.2	-	
. Loans to Assets ratio (%)	30.2	30.5	-	71.6	76.6	-	32.8	33.7	-	
. Government claims to assets ratio (%)	43.9	44.7	-	7.5	6.6	-	41.6	41.9	-	
. Government Loans/Tier 1 capital ratio (%)	445.2	407.4	-	44.5	47.2	-	403.7	374.7	-	
Quality of loan portfolio										
. Past due loans	98,174.2	107,102.6	9.1	24,359.1	32,561.8	33.6	122,533.3	139,654.4	14.0	
Special mention loans	46,415.9	46,936.4	1.1	14,908.9	23,337.8	56.5	61,324.9	70,274.2	14.6	
Non performing loans	51,758.2	60,166.2	16.2	9,450.2	9,213.9	-	61,208.4	69,380.1	13.4	
Substandard loans	4,952.2	7,392.5	49.3	3,823.9	4,445.9	16.3	8,776.1	11,838.4	34.9	
Doubtful loans	13,739.8	13,055.5	-	5.0	2,918.6	-	16,658.4	15,534.1	-	6.7
Loss loans	33,066.2	39,718.2	20.1	2,707.8	2,289.5	-	35,774.0	42,007.7	17.4	
. Loan loss provisions	44,977.2	41,625.3	-	7.5	4,442.4	3,371.1	49,419.6	44,996.3	-	9.0
. Non performing loan rate	5.6	5.4	-	6.4	4.5	-	5.7	5.3	-	
. Impairment rate	10.6	9.7	-	16.4	16.0	-	11.4	10.7	-	
. Provisioning rate	86.9	69.2	-	47.0	36.6	-	80.7	64.9	-	
Liquidity										
. LCR* in BIF (threshold 100%)	226.1	213.5	-	-	-	-	226.1	213.5	-	
. Loans/Customer deposits	52.9	50.3	-	142.7	135.9	-	57.9	55.8	-	
. Stable funds /Fixed Assets (threshold 60%)	83.1	94.0	-	264.7	198.1	-	102.1	106.7	-	
. Ten large deposits/Customer deposits	47.1	48.4	-	16.5	11.8	-	45.4	46.1	-	
Profitability and performance										
. Income before tax	117,857.9	136,265.4	15.6	8,947.4	10,800.7	20.7	126,805.3	147,066.1	16.0	
. Net income after tax	111,508.6	130,881.6	17.4	7,751.7	9,567.6	23.4	119,260.3	140,449.2	17.8	
. Gross Income	237,879.9	271,246.4	14.0	18,133.7	21,679.7	19.6	256,013.6	292,926.0	14.4	
. ROA	3.6	3.6	-	3.7	3.6	-	3.7	3.6	-	
. ROE	34.5	31.0	-	18.4	21.0	-	32.6	30.0	-	

* Liquidity Coverage ratio

** foreign currencies

Source : BRB