



**BANQUE DE LA REPUBLIQUE
DU BURUNDI**

**MONETARY POLICY
REPORT
FOURTH QUARTER
2021**

May-2022

TABLE OF CONTENTS

ACRONYMS	4
EXECUTIVE SUMMARY	5
I. WORLD ECONOMIC DEVELOPMENT	1
1.1. GLOBAL GDP GROWTH	1
1.2. COMMODITY PRICES AND INFLATION	2
1.3. MONETARY POLICY IN DEVELOPED COUNTRIES.....	4
1.4. MAIN MACROECONOMIC INDICATORS OF EAC COUNTRIES ²	4
II. LOCAL ECONOMIC AND FINANCIAL DEVELOPMENT	6
2.1. PRODUCTION AND PRICES	6
2.2. EXTERNAL SECTOR	9
2.2.1. <i>External trade</i>	9
2.2.2. <i>Balance of payments</i>	10
2.3. PUBLIC FINANCE	12
2.4. MONETARY SECTOR	14
2.4.1. <i>Bank reserves and interest rates</i>	14
2.4.2. <i>Reserve money</i>	17
2.4.3. <i>Broad money and counterparts</i>	18
2.4.4. <i>Gross foreign assets</i>	20
2.5. BANKING SECTOR DEVELOPMENTS AND FINANCIAL STABILITY	21
2.5.1. <i>Banking activities</i>	21
2.5.2. <i>Loans portfolio quality</i>	22
2.5.3. <i>Capital adequacy</i>	23
2.5.4. <i>Banking sector's profitability</i>	24
CONCLUSION AND MONETARY POLICY MEASURES	25
ANNEXES	27

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

Quarter-on-quarter basis, economic growth improved in the fourth quarter 2021 in the advanced OECD countries (+1.2 against +1.1% in the previous quarter). This improvement remained weak, following the resurgence of new Covid-19 infections of the new variant, Omicron, which make restrictions on mobility and supply disruptions. Year-on-year basis, GDP for all OECD countries rebounded to 4.7%, after a decline of 2.7% recorded in the fourth quarter 2020. This rebound is mainly supported by the improvement activity in the United States (5.6 against -2.3%) driven by global demand recovery.

Inflation increased overall in the fourth quarter 2021 in the main advanced countries and in most emerging countries, mainly due to supply chain disruptions, high energy and other commodity prices.

According to IMF's World Economic Outlook published in April 2022, world growth is expected to decline from 6.1% in 2021 to 3.6% in 2022, following the war against Russia and Ukraine, which led to higher commodity prices, food and fuel prices as well as the growing uncertainty in the financial markets due to the financial sanctions imposed to Russia. Likewise, the volume of world trade would be affected by the effects of the war in Ukraine and supply difficulties, mainly in the United States and China. The trade growth is expected to decelerate, from 10.1 in 2021 to 5.0% in 2022.

In the East African Community countries, economic growth is expected to slow in 2022 (5.3 against 6.2% in 2021), mainly due to the repercussions of the war in Ukraine which led to the increase prices of fuel and food commodities. However, this growth would be higher than that of all of sub-Saharan Africa (3.8%), due to the major investments in infrastructures and good agricultural production in most EAC countries.

The domestic economy is expected to accelerate in 2022 (4.6 against 3.1% in 2021), following the improvement activity in the secondary sectors (4.7 against 2.1%) and tertiary (4.8 against 2.5%). Inflation could increase in 2022, standing at 9.2 against 8.3% achieved in 2021. However, these forecasts could be revised downwards following the adverse effects of the war in Ukraine, mainly due to higher fuel and food prices, uncertainty in global financial markets and supply chain disruptions due to the persistence of Covid-19.

The balance of payments' deficit worsened in the fourth quarter 2021 compared to the same quarter of the previous year, following the deterioration deficits of services (-111,151.3 against BIF -7,292, 7 million) and goods (-290,067.0 against BIF -270,029.0 million).

The fiscal deficit (including grants) eased in the fourth quarter 2021 compared to the same quarter in 2020 (-9,737.8 against BIF -17,939.9 million), driven by the greater increase of public revenue than in expenditure.

Year-on-year basis, the reserve money slightly rose by 1.1%, following the increase of net domestic assets (+6.5%). Likewise, the money supply increased by 22.3% year –on- year, mainly driven by the rise of claims on the economy (+63.7%).

Official foreign exchange reserves significantly increased at the end of December 2021, amounting to 267.0 against USD 94.4 million at the end of December 2020, driven by new allocation of SDRs by the IMF to its member countries in August 2021 and the Rapid Credit Facility. These reserves cover 3.2 months of imports of goods and services against 1.1 months recorded in the same period in 2020, while the minimum threshold is set at 4.5 months in the EAC convergence criteria.

At the end of December 2021, the aggregate balance sheet of the banking sector improved by 26.6% year-on-year and by 2.0% quarter-on-quarter basis. The banking sector's equity capital increased by 29.3% year-on-year. The overall capital adequacy ratio stood at 23.1% at the end of December 2021 against 22.4% recorded in the same period of the previous year.

I. WORLD ECONOMIC DEVELOPMENT

1.1. Global GDP growth

Quarter-on-quarter, economic growth improved in the fourth quarter 2021 compared to the previous quarter in all major OECD economies, standing at 1.2 against 1.1 percent recorded in the previous quarter. This improvement remained weak, following the resurgence of new Covid-19 infections of the new variant, Omicron, which has led to the restrictions of mobility and supply disruptions.

In the main emerging countries, economic growth accelerated in China (1.6 against 0.7 percent) and recovered in South Africa (1.2 against -1.7 percent) while it decelerated in India (1.8 against 13.7 percent).

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

	Quarter to quarter			Year on year		
	Q4-2020	Q3-2021	Q4-2021	Q4-2020	Q3-2021	Q4-2021
USA	1,1	0,6	1,7	-2,3	4,9	5,6
Japan	1,9	-0,7	1,1	-0,8	1,2	0,4
Germany	0,7	1,7	-0,3	-2,9	2,9	1,8
France	-1,1	3,1	0,7	-4,3	3,5	5,4
United	1,5	1,0	1,0	-6,4	7,0	6,5
Euro zone	-0,3	2,3	0,3	-4,3	4,0	4,6
OECD - Total	1,0	1,1	1,2	-2,7	4,7	4,7
China	2,6	0,7	1,6	6,4	4,9	4,0
India	6,1	13,7	1,8	0,5	9,3	4,9
Russia	0,7	-0,8	...	-1,3	3,8	...
South Africa	2,5	-1,7	1,2	-3,4	3,2	1,8

Source: OECD, main economic indicators, March 2022

Year-on-year basis, economic growth significantly recovered in the fourth quarter 2021 in the main advanced OECD countries (4.7 against -2.7 percent). This is mainly led by the acceleration of economic growth in the United States (5.6 against -2.3 percent), following the global demand recovery. In the Euro Zone, it stood at 4.6 against a contraction of 4.3 percent. In Japan, economic growth stood at 0.4 against -0.8 percent.

In the main emerging countries, economic growth accelerated in India (4.9 against 0.5 percent), recovered in South Africa (1.8 against -3.4 percent) and decelerated in China (4.0 against 6.4 percent).

Table 2: World economic growth in 2021 (in percent)

	2019	2020	2021	2022(p)
World GDP	2,5	-3,1	6,1	3,6
Advanced economies	1,6	-4,5	5,2	3,3
USA	2,6	-3,4	5,7	3,7
Euro zone	1,3	-6,4	5,3	2,8
Japan	0,0	-4,5	1,6	2,4
Emerging and Developing Economies	3,8	-2,1	6,8	3,8
China	6,0	2,3	8,1	4,4
India	4,0	-7,3	8,9	8,2
Subsaharan Africa	3,2	-1,7	4,5	3,8
<i>Nigeria</i>	2,2	-1,8	3,6	3,4
<i>South Africa</i>	0,2	-6,4	4,9	1,9
World Trade Volume (G&S)	1,2	-8,2	10,1	5,0
(p): projections				

Source: IMF, World economic outlook, April 2022

The world growth is expected to slow from 6.1% in 2021 to 3.6% in 2022, following the war between Russia and Ukraine, which led to higher commodity prices, food and fuel prices as well as the uncertainty in the financial markets due to the financial sanctions imposed on Russia.

Likewise, the volume of world trade would be affected by the effects of the war in Ukraine and supply disruptions, mainly in the United States and China. The world trade growth is expected to decline from 10.1 in 2021 to 5.0% in 2022.

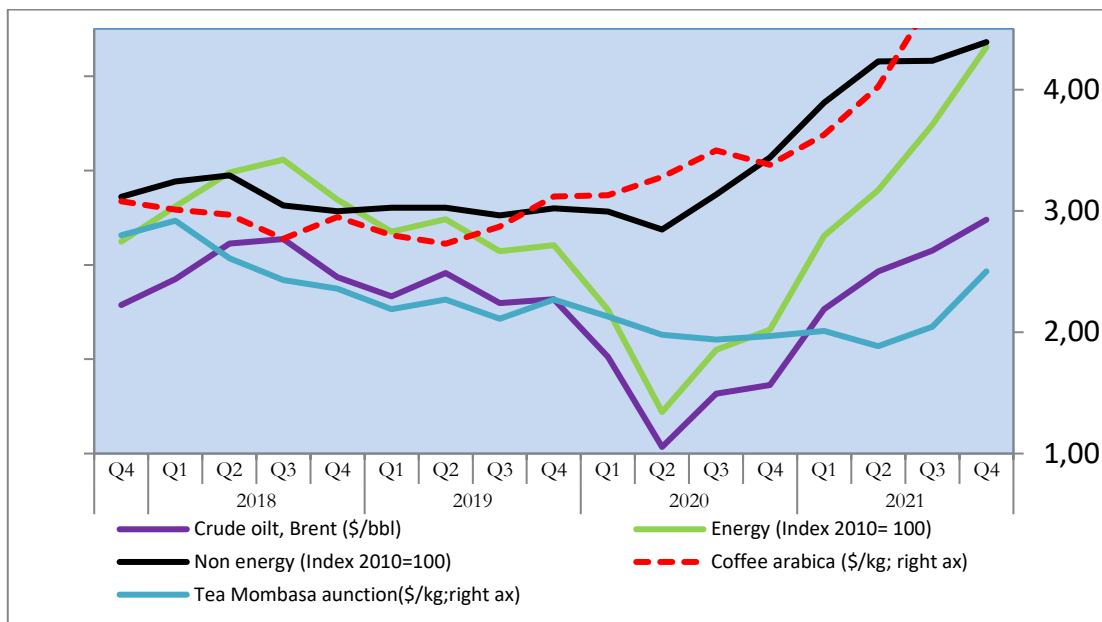
1.2. Commodity prices and inflation

In the fourth quarter 2021, commodity prices generally continued the recovery that began in the third quarter 2020, after the decline recorded in the first half 2020 that was due to the adverse effects of COVID-19.

The price of crude oil (Brent) stood at USD 79.58 in the fourth quarter against USD 73.00 per barrel in the previous quarter. The energy index (116.17 against 99.73) and the non-energy products index (117.23 against 113.24) increased compared to the previous quarter.

Likewise, the Mombasa auctions tea price (2.50 against USD 2.05 per kilogram) and Arabica coffee (5.64 against USD 4.75 per kilogram) rose compared to the previous quarter.

Chart 1: Commodity prices



Source: World Bank, Commodity prices, March 2022

The overall inflation picked up in the fourth quarter 2021 compared to the same quarter in 2020 in major advanced countries and in most emerging countries. This rise is mainly due to supply chain disruptions and high-energy prices and other commodities and wage pressures, particularly in the United States and China.

Inflation increased and stood at 5.9 percent in the fourth quarter 2021 in all OECD countries against 1.2 percent recorded in the same quarter in 2020. It stood at 6.7 against 1.2 percent in the United States and at 4.7 percent against a deflation of 0.3 percent in the euro Zone. In emerging countries, inflation rose in China (1.8 against 0.1 percent), in Turkey (25.8 against 13.5 percent), in Russia (8.3 against 4.4 percent) and in South Africa (5.4 against 3.2 percent). In India, it remained stable at 5.0 percent as in the same quarter in 2020.

Table 3: Inflation in main advanced and emerging countries (in percent)

	Year on year		
	Q4-2020	Q3-2021	Q4-2021
USA	1,2	5,4	6,7
Japan	-0,9	0,2	0,5
Germany	-0,3	4,1	5,0
France	0,1	2,7	2,7
United Kingdom	0,8	3,0	4,4
Euro zone	-0,3	3,6	4,7
OECD - Total	1,2	4,6	5,9
China	0,1	0,7	1,8
India	5,0	4,4	5,0
Russia	4,4	7,4	8,3
Turkey	13,5	19,6	25,8
Brasil	4,3	10,2	10,5
South Africa	3,2	5,1	5,4

Source: OECD, Main economic indicators, March 2022

1.3. Monetary policy in developed countries

Central banks in advanced economies maintained their accommodative monetary policies in the fourth quarter 2021, in order to support economies which was affected by the adverse effects of the Covid-19 pandemic.

The Federal Reserve renewed the target rate range, established between 0.0 and -0.25 percent. However, following the rise of inflation, it decided to keep the assets purchases at a faster pace and announced the rate hike in 2022 to relatively higher level than its previous forecast.

In Euro Zone, the European Central Bank (ECB) maintained the interest rates policy at their current level, particular the refinancing operations rates (0.00 percent), the marginal lending facility (0.25 percent) and the deposit facility (-0.50 percent). It continued its assets purchase program and the reinvestment of repayments to maintain favorable financing conditions for corporations and households. Nevertheless, the ECB announced to end in March 2022 with the net purchases assets intended to deal with the pandemic.

The Central Bank of Japan maintained its interest rate policy at -0.10 percent and reassured that it will stay in the short and medium term.

1.4. Main macroeconomic indicators of EAC countries²

Economic growth in EAC countries is expected to decelerated in 2022 (5.3 against 6.2% in 2021), following the repercussions of the war in Ukraine which led to higher prices of fuel and food commodities. However, this growth still higher than for sub-Saharan Africa (3.8%), and would be mainly supported by major investments in infrastructures and good agriculture production in most EAC countries.

Table 4: GDP growth in EAC³ countries (in percent)

	2019	2020	2021	2022(P)
Burundi*	4,5	0,3	3,1	4,6
Kenya	5,0	-0,3	7,2	5,7
Ouganda	7,7	-1,4	5,1	4,9
Rwanda	9,5	-3,4	10,2	6,4
Tanzanie	7,0	4,8	4,9	4,8
EAC	6,3	0,9	6,2	5,3
SSA	3,1	-1,7	4,5	3,8

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

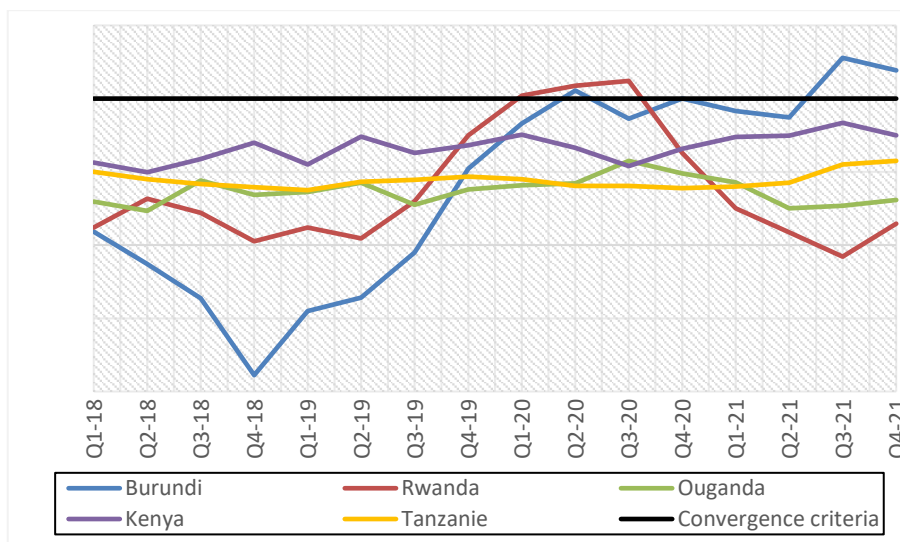
* For Burundi, data are provided in macroeconomic framework, March 2022

Inflation rate has been maintained within macroeconomic convergence criterion (8.0 percent) in most EAC countries due to the low food price and stability of exchange rates.

Compared to the previous quarter, inflation decreased in the fourth quarter 2021 in Burundi (9.5 against 10.2 percent) and Kenya (6.0 against 6.7 percent). On the other hand, it slightly increased in Uganda (2.5 against 2.2 percent), in Tanzania (4.6 against 4.4 percent) and in Rwanda (1.2 percent against a deflation of 0.6 percent).

Compared to the same quarter 2020, inflation decelerated in Rwanda (1.2 against 5.1 percent) and Uganda (2.5 against 3.9 percent) while it increased in Tanzania (4.6 against 3.1 percent), Kenya (6.0 against 5.3 percent) and Burundi (9.5 against 8.0 percent).

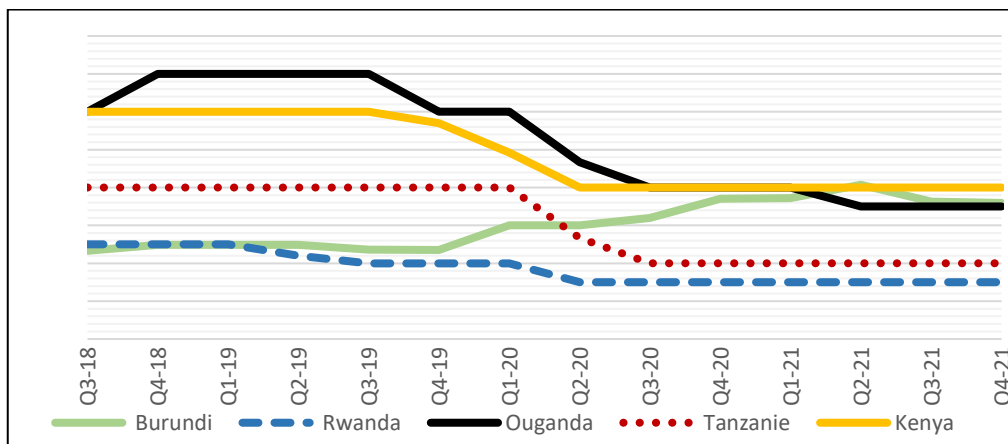
Chart 2: Inflation in EAC countries (in percent)



Source: EAC Central Banks web sites

In the fourth quarter 2021, EAC central banks pursued accommodative monetary policies by easing refinancing conditions in order to stimulate economic growth, which was disrupted by Covid-19 effects.

Chart 3: Central bank interest rates (in percent)



Source: EAC Central Banks web sites

Compared to the previous quarter, policy rates stabilized in Rwanda (4.5 percent), Kenya (7.0 percent), Tanzania (5.0 percent), and Uganda (6.5 percent) and the lending facility rate remained at 6.6 percent in Burundi.

All EAC exchanges rates of their local currencies against USD fluctuated within the macroeconomic convergence criteria limits agreed to insure exchange rate stability (+/-5 percent).

Table 5: USD exchange rate against EAC currencies

	End of Period				
	USD/TZS	USD/RWF	USD/UGX	USD/KSH	USD/BIF
déc-20	2 298,45	972,48	3 650,07	109,07	1 946,40
mars-21	2 298,50	979,28	3 663,93	109,41	1 960,81
juin-21	2 298,90	987,14	3 556,71	107,75	1 976,04
sept-21	2 297,30	997,81	3 542,67	110,49	1 991,16
déc-21	2 295,30	1 009,61	3 544,40	112,39	2 006,10
Annual Change, dec-21/dec-20 (%)	-0,14	3,82	-2,90	3,04	3,07
Quarterly change, dec-21/sept-21 (%)	-0,09	1,18	0,05	1,72	0,75

Source: EAC Countries Central Banks websites

II. LOCAL ECONOMIC AND FINANCIAL DEVELOPMENT

2.1. Production and Prices

Dry tea production increased by 15.6 percent in the fourth quarter 2021 compared to the same period of the previous year, amounting to 2,790.5 against 2,413.7 tonnes, following good rainfall. Likewise, the production of green coffee picked up by 50.4 percent, standing at 7,064.5 against 4,695.7 tonnes recorded in the same period in 2020, due to the cyclicity of the coffee tree.

The average index of industrial production fell by 1.6% compared to the fourth quarter 2020, following the decrease production of food industries (-3.9%), particular sugar (-57.0%) and cigarettes (-13.8%) as well as the building materials industry (-75.0%). Likewise, compared to the previous quarter, this index fell by 12.5%, from 182.2 to 152.6.

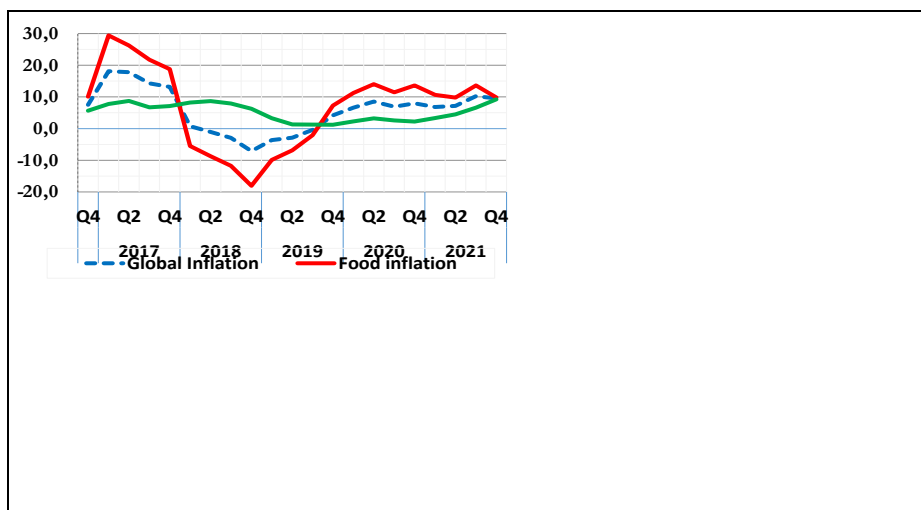
REGIDESO's electricity power production rose by 1.4% year-on-year basis, rising from 62,837 to 63,724 megawatts, driven by the increase production of thermal power plants. On quarterly basis, it fell by 1.4% compared to the previous quarter.

The volume of goods transiting through the Port of Bujumbura picked up by 9.9% year -on- year and 2.7% quarter-on-quarter, particularly following the increase of cement imports.

At Melchior NDADAYE International Airport, the number of passengers sharply increased year-on-year, from 16,755 to 51,546 passengers, linked to the resumption of flights. Compared to the previous quarter, it increased by 3.8%. Likewise, aircraft traffic increased both year-on-year and quarter-on-quarter, standing at 1,234 compared to 652 flights recorded in the same period in 2020 and 1,144 flights in the previous quarter.

Inflation fell in the fourth quarter 2021, standing at 9.5 against 10.2% in the previous quarter, following the deceleration of food inflation (9.8 against 13.6%), whilst non-food inflation increased (9.2 against 6.6%).

Chart 4: Inflation by major components (in percent)



Source: BRB based on data provided by ISTEEBU

Compared to the same quarter in 2020, inflation rose (9.5 against 8.0%), following the increase of non-food inflation (9.2 against 2.2%) whilst food inflation decelerated (9.8 against 13.7%).

For the year 2022, forecasts show that GDP growth could accelerate (4.6 against 3.1% in 2021), driven by the improvement activity in the secondary sector (4.7 against 2.1%) and tertiary sector (4.8 against 2.5%). Inflation could reach 9.2 against 8.4% recorded in 2021.

However, these forecasts could be revised downwards following the repercussions of the war in Ukraine, particular, the increase of fuel and food prices, uncertainty in the financial markets as well as the supply disruptions due to the persistence of Covid-19.

Table 6: Real GDP growth and inflation (in percent)

	2018	2019	2020	2021	2022 (Prov.)
1. Real GDP growth	5,3	4,5	0,3	3,1	4,6
Primary sector	7,4	2,8	0,4	4,7	4,3
Secondary sector	2,5	1,1	11,3	2,1	4,7
Tertiary sector	3,2	7,2	-3,4	2,5	4,8
2. Inflation	-2,6	-0,7	7,5	8,4	9,2

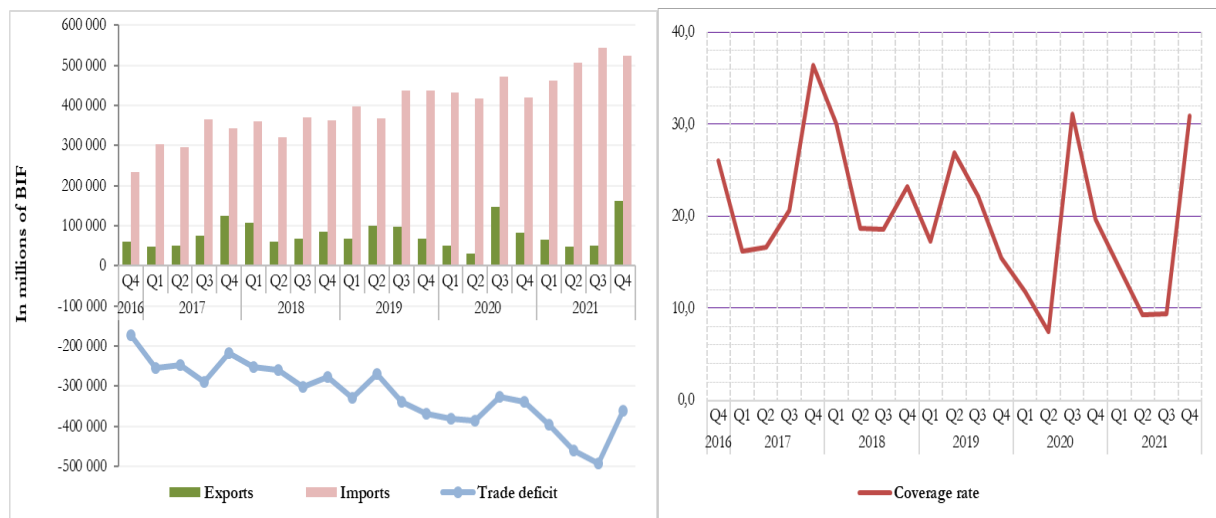
Source: Macroeconomic framework of Burundi, March 2022

2.2. External sector

2.2.1. External trade

The trade balance deficit further worsened in the fourth quarter 2021, amounting to BIF 361,660.5 million from BIF 337,938.5 million in the same quarter 2020. This deterioration is due to a significant increase of CIF imports (523,389.2 against BIF 420,487.1 million) compared to that of CIF exports (BIF 161,728.6 million against BIF 82,548.6 million). However, the coverage of imports by exports improved from 19.6 to 30.9%.

Chart 5: Trade balance (in BIF million) and import cover ratio (in percent)



Source: BRB, based on data from the Tripartite Committee for Foreign Trade Statistics

Year-on-year basis, exports sharply rose in the fourth quarter 2021 (+95.9%), driven by the increase of primary products, mainly by non-monetary gold whose exported value reached BIF 80 billion. On the other hand, coffee exports fell by 24.4% during the same period. Concerning exports of manufactured products, they decreased by 10.3%, notably the wheat flour exports (-27.7%).

Table 7: Key exported products (in percent of the total exports)

	Q4-2020	Q3-2021	Q4-2021
1. Primary products	50 681,8	24 121,4	133 159,6
of which: Coffee	34 954,2	5 444,6	26 374,6
Tea	7 685,7	12 065,7	11 623,7
Niobium ores	4 664,0	3 443,4	11 838,9
Gold	0,0	0,0	80 170,5
2. Manufactured products	31 866,8	26 865,8	28 569,1
of which: Wheat flour	4 516,5	3 159,2	2 284,4
Beers	3 197,2	4 269,8	4 164,4
Cigarettes	3 026,1	3 145,6	3 090,4
TOTAL EXPORTS	82 548,6	50 987,2	161 728,6

Source: BRB, based on data from the Tripartite Committee for Foreign Trade Statistics

Imports rose by 24.5% in the fourth quarter 2021 compared to the same period in 2020. This increase concerned all categories of goods: intermediate goods (+40.0%), capital goods (+13.7%) and consumer goods (+13.5%).

Table 8: Balance of payments (in BIF million)

	Q4-2020	Q3-2021	Q4-2021
1. Intermediate goods	173 568,6	264 907,4	242 991,3
of which : Mineral oils	50 308,2	103 845,1	95 898,3
Metallurgy	26 678,7	37 644,2	46 801,3
Foods industry	31 330,7	41 839,5	21 487,4
Construction	21 610,5	31 509,4	32 834,9
Agriculture and livestock	22 573,7	20 984,9	17 544,5
2. Capital goods	90 751,9	94 551,2	103 159,8
of which : Boilers, construction equipment	24 004,7	31 104,7	35 479,7
Tractors, vehicles and transport equipment	27 693,0	26 932,6	27 176,8
Electrical materials	20 507,4	21 037,6	24 814,5
3. Consumer goods	156 166,6	184 758,6	177 238,1
of which : Foods	42 444,6	58 136,4	40 231,4
Pharmaceuticals	33 237,2	23 009,1	38 519,6
Vehicles	22 017,6	20 614,5	21 726,7
Textiles	15 541,2	20 475,3	18 958,6
TOTAL IMPORTS	420 487,1	544 217,2	523 389,2

Source: BRB, based on data from the Tripartite Committee for Foreign Trade Statistics

The rise of capital goods was mainly due to the increase of mineral oils which almost doubled (+90.6%), metallurgy goods (+75.4%) and construction goods (+51.9%). However, imports of goods for foods industry (-31.4%) and those intended for agriculture and livestock (-22.3%) declined.

The largest increase of capital goods concerned boilers, construction equipment (+47.8%) and electrical materials (+21.0%). The increase of consumer goods was largely due to pharmaceuticals products (+15.9%) and textiles (+22.0%).

For the all year 2021, the trade deficit amounted to BIF 1,709.0 billion against BIF 1,430.9 billion recorded the previous year, on account of a sharp increase of imports (2,035.3 against BIF 1,741.9 billion) than the rise of exports (326.2 billion against BIF 311.0 billion).

2.2.2. Balance of payments

The current account recorded a large deficit (139,112.5 million from BIF 32,310.3 million) than in the corresponding period of the previous year. This widening was explained by the deterioration of the services deficit (to 111,151.3 from BIF 7,292.7 million) and goods deficit (to 290,067.0 million from BIF 270,029.0 million). However, the surplus of secondary income improved to BIF 254,855.1 from 235,892.1 million, following the rise of transfers of both public (+18.6%) and private sector (+5.3%), private sector transfers representing 77.3% of total

secondary income.

Table 9: Balance of payments (in BIF million)

	Q4-2020	Q4-2021
CURRENT ACCOUNT	-32 310,3	-139 112,5
Credit	458 382,6	494 817,8
Debit	490 692,9	633 930,4
Goods	-270 029,0	-290 067,0
Exports FOB	91 582,6	161 758,3
Imports FOB	361 611,6	451 825,3
Services	-7 292,7	-111 151,3
Credit	105 753,6	48 602,3
Debit	113 046,3	159 753,6
Primary income	9 119,3	7 250,7
Credit	12 634,8	14 191,6
Debit	3 515,5	6 940,9
Secondary income	235 892,1	254 855,1
Credit	248 411,6	270 265,6
Debit	12 519,5	15 410,6
CAPITAL ACCOUNT	69 631,1	61 194,8
Credit	69 999,8	61 289,6
Debit	368,7	94,8
<i>Net lending (+)/ Net borrowing (-) from current and capital accounts</i>	<i>37 320,8</i>	<i>-77 917,8</i>
FINANCIAL ACCOUNT		
<i>Net lending (+)/ Net borrowing (-) from financial account</i>	<i>-10 860,0</i>	<i>-51 376,0</i>
Direct investments	-7 869,4	-5 274,9
Net acquisition of financial assets	4,8	0,0
Net incurrence of liabilities	7 874,2	5 274,9
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	-42 701,7	-21 600,2
Net acquisition of financial assets	65 750,3	44 140,1
Net incurrence of liabilities	108 451,9	65 740,3
Reserve assets	39 711,1	-24 500,9
NET ERRORS AND OMISSIONS	-48 180,8	26 541,7

Source: BRB

The increase of services deficit was mainly the result of the reduction of revenue provided to foreign public administrations (22,666.2 against BIF87,370.9 million), mainly peacekeeping operations. Likewise, the deficit of transport services deteriorated, amounting to 93,000.5

million from BIF 75,631.6 million recorded in fourth quarter 2020.

The capital account surplus decreased in the fourth quarter 2021, amounting to BIF 61,194.8 million compared to BIF 69,631.1 million in the same quarter in 2020, mainly driven by the debt forgiveness of BIF 13,106.6 million that the country benefited in the fourth quarter of the previous year.

The financial account recorded net capital inflows of BIF 51,376.0 million in the fourth quarter 2021, compared to BIF 10,860.0 million in the same quarter in 2020. Direct investments recorded a net inflows of BIF 5,274.9 million against BIF 7,869.4 million recorded in the fourth quarter 2020. Likewise, other investments account recorded net capital inflows of 21,600.2 million against BIF 42,701.7 million. Concerning reserves assets, they fell by BIF 24,500.9 million whereas they increased by BIF 39,711.1 million in the same period of the previous year.

2.3. Public finance

In the fourth quarter 2021, the fiscal deficit (including grants) eased compared to the same quarter in 2020, amounting to BIF 9,737.8 million against BIF 17,939.9 million, driven by the greater increase of revenue than expenditure.

Table 9: Government Financial Operations (in BIF Million)

	Q4-2020	Q3-2021	Q4-2021
A. REVENUE AND GRANTS	349,067.9	375,746.7	362,830.0
a. Revenue	280,871.2	331,431.7	312,862.4
Current Revenue	280,871.2	331,431.7	312,862.4
Exceptional Revenue	-	-	-
b. Grants	68,196.8	44,315.0	49,967.6
Current	-	-	-
Capital	68,196.8	44,315.0	49,967.6
B. EXPENDITURE	367,007.8	427,474.7	372,567.9
a. Current Expenditure	253,239.7	331,090.9	269,714.1
including salaries	119,115.7	122,819.4	120,891.9
b. Investment Expenditure	113,768.2	96,383.8	102,853.8
On domestic resources	29,863.0	12,416.4	33,197.7
On foreign borrowing and grants	83,905.1	83,967.4	69,656.1
OVERALL BALANCE INCLUDING GRANT	-17,939.9	-51,728.0	-9,737.8
C. NET FINANCING	29.7	54,916.9	-39,369.8
a. External Net Financing	12,686.7	33,038.7	169,945.2
b. Domestic Net Financing	-12,657.0	21,878.3	-209,315.0
D. ERRORS AND OMISSIONS	17,910.2	-3,188.9	49,107.7

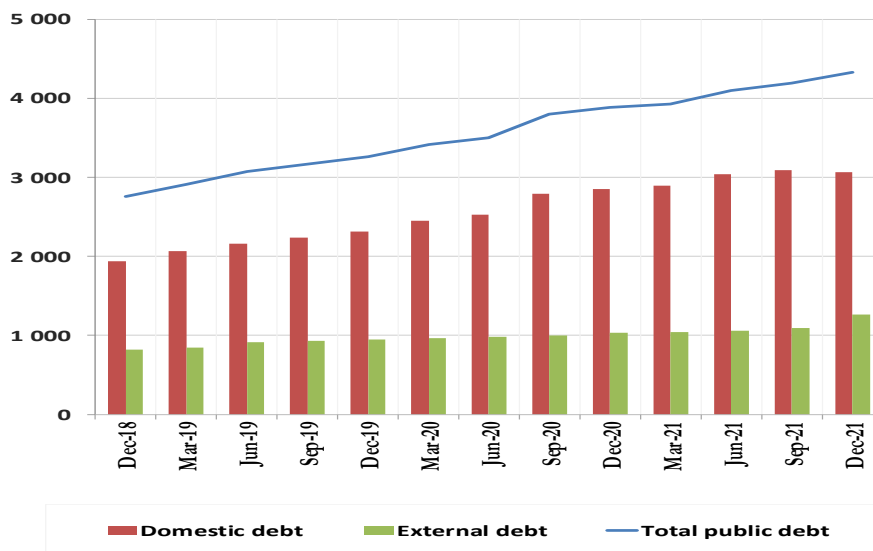
Source: MFBPE

Current revenue increased by 11.4 percent year -on- year basis, amounting to BIF 312,862.4 million against BIF 280,871.2 million. Compared to the previous quarter, they declined by 5.6 percent. Capital grants fell by 26.7 percent on annual basis, standing at BIF 49,967.6 million against BIF 68,196.8 million. Compared to the previous quarter, they increased by 12.8 percent.

Total expenditure slightly increased (1.5 percent) in the fourth quarter 2021, amounting to BIF 372,567.9 million compared to BIF 367,007.8 million in the same quarter 2020, following the rise of current expenditure (6.5 percent); capital expenditure declined (-9.6 percent). On the other hand, expenditure decreased by 12.8 percent compared to the previous quarter driven by the decline of current expenditure (-18.5 percent).

On an annual basis, public debt increased by 11.4% at the end of December 2021, amounting to 4,327.5 against BIF 3,886.3 billion at the end of December 2020. Compared to the end of the previous quarter, public debt picked up by 3.4%. This increase of public debt concerned both domestic and external debt. The ratio of public debt to GDP slightly decreased, standing at 57.7 against 58.4% recorded in the same period in 2020.

Chart 6: Public debt (in BIF million)



Source: BRB based on data provided by MFBPE

The domestic debt widened annually by 7.5% at the end of December 2021, rising from 2,850.4 to 3,063.2 billion BIF. Compared to the previous quarter, it fell by 1.0%. Treasury securities and advances from the Central Bank represent 70.8% of the total public debt.

The external debt picked up by 22.0% year-on-year basis, from 1,036.0 to BIF 1,264.3 billion, driven by drawings (BIF +231,298.7 million) and revaluation gains (BIF +19,304. 2 million) which exceeded the amortization of the debt (22,281.6 MBIF).

2.4. Monetary sector

Year-on-year basis, the reserve money rose by 1.1 percent and the broad money by 22.3 percent, following the rise of net domestic assets.

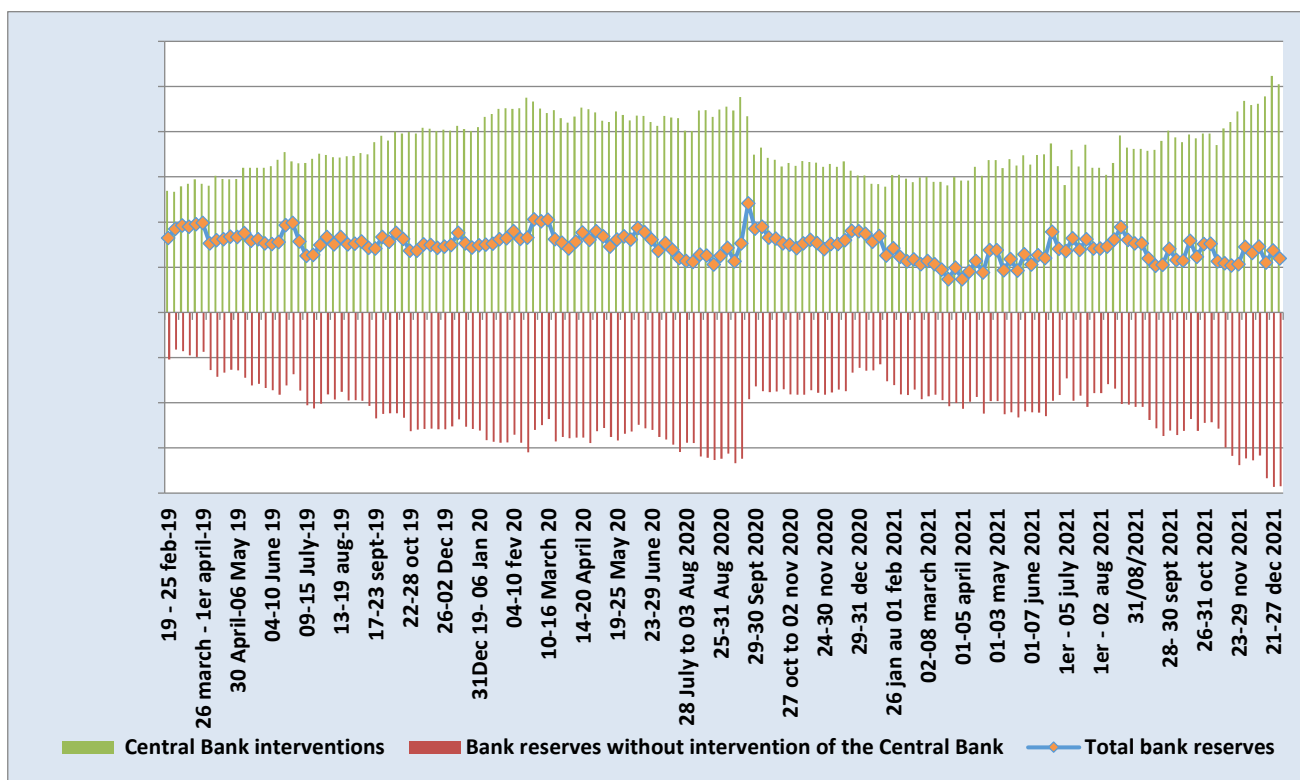
2.4.1. Bank reserves and interest rates

In the fourth quarter 2021, bank reserves decreased compared to the previous quarter and the same period in 2020. Without Central Bank interventions, they would stand at -302,695 against BIF -205,837 million in the previous quarter, on weekly average, and at BIF -170,268 million in the same quarter in 2020.

Following this decline, the Central Bank increased the volume of its interventions on the money market. Indeed, the outstanding of refinancing operations reached BIF 430,566 million, on weekly average, compared to BIF 349,629 million recorded in the third quarter 2021 and BIF 330,040 million in the same period in 2020.

Concerning refinancing of economic priority sectors, the volume of refinancing increased, on a weekly average, to 309,851 million against BIF 210,227 million in the previous quarter and 210,227 million in the same quarter of the previous year.

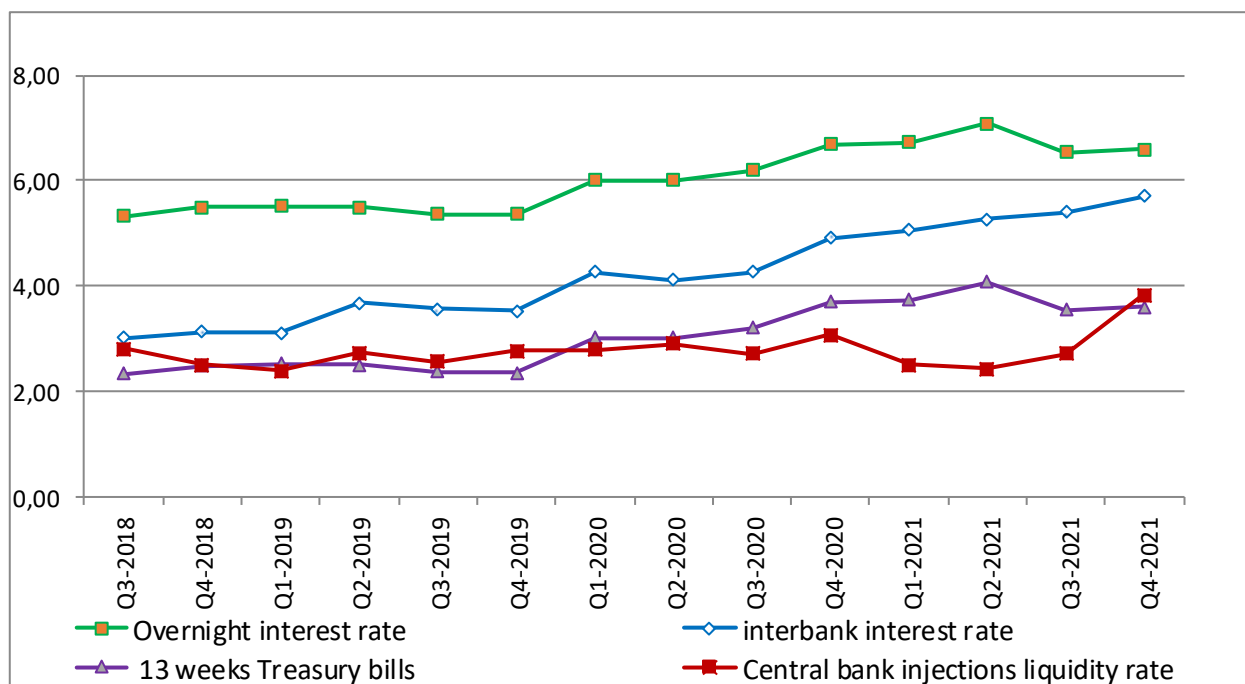
Chart 7: Commercial bank's reserves and BRB's interventions



Source: BRB

The interest rates on the money market increased, the interbank rate increased from 5.40 to 5.70 percent and the interest rate on liquidity injection rose from 2.7 to 3.82 percent. The average rate lending facility stood at 6.59 against 6.53 percent in the previous quarter following the increase of interest rate on Treasury bills of 91-days to which it is indexed (3.59 against 3.53 percent).

Chart 8: Money market interest rates (percent)

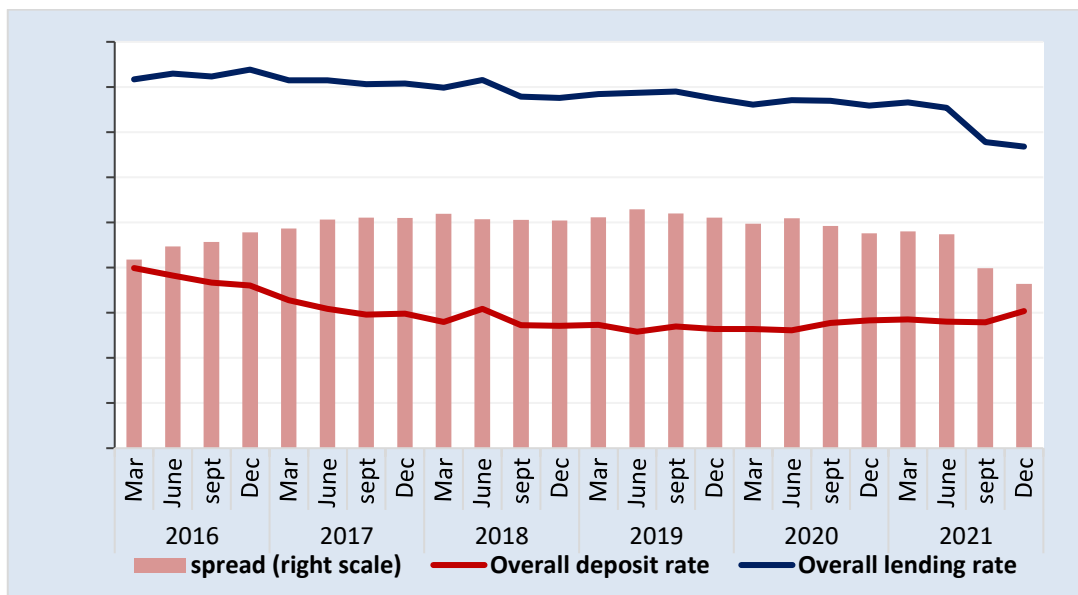


Source: BRB

The lending interest rate on outstanding loans slightly fell at the end of December 2021, averaged to 13.36 from 13.59% at the end of September 2021 and 15.18% at the end of December 2020. Year-on-year basis, this decrease concerned interest rates on short-term (14.39 against 15.67%), medium-term (12.57 against 15.68%) and long-term loans (11.23 against 12.11%).

The average interest rate on loans authorized during the fourth quarter 2021 slightly increased to 12.42% compared to 12.06% recorded in the previous quarter, while it decreased by 13.95 % in the quarter ending December 2020.

Chart 9: Average deposit, lending interest rates and spread (in percent)



Source: BRB

The average deposit interest rate slightly increased at the end of December 2021 compared to the end of September 2021 and the same period in 2021. It averaged at 6.08 against 5.94% in September 2021 and 5.66% in December 2020, respectively.

Year-on-year basis, this increase is on account of the interest on demand deposits (3.20 against 2.75%), passbook accounts (4.87 against 4.75%) and term deposits and savings (6.28 against 6.10%).

2.4.2. Reserve money

The reserve money decreased by 6.3% in the quarter ending December 2021, standing at BIF 787,639.5 million from BIF 840,987.5 million. This decline concerned deposits from other depository institutions (-28.3%) and those classified as other deposits (-5.6%). On the other hand, those from other financial institutions (+4.4%) and currency in circulation (+2.8%) increased.

Regarding the counterparts, net domestic assets fell by 6.3% in the quarter ending December 2021. This decline resulted from the contrasting development of its components. In fact, the net claims of the Central Bank to the Government decreased by 53.0% while the other net items increased by 16.4%. The net domestic assets declined by 6.3 percentage and contributed to the decline of reserve money by 6.5 percentage. On the other hand, net foreign assets increased by 6.1% and contributed to the growth of reserve money by 1.1 percentage points.

Table 10: Reserve money and its counterparts at the end of December 2021 (in BIF million)

	Dec.2020	Sept.2021	Dec.2021	change (in %)	
				Quarterly	Annual
Currency in circulation	503 703,5	551 949,2	567 563,8	2,8	12,7
Other depository institutions deposits	225 594,1	232 814,0	166 819,3	-28,3	-26,1
Other financial corporation deposits	4 005,2	1 656,8	1 729,1	4,4	-56,8
Other deposits	45 673,9	54 567,5	51 527,3	-5,6	12,8
Base money = Counterparts	778 976,7	840 987,5	787 639,5	-6,3	1,1
Net foreign assets	-93 105,3	-150 538,6	-141 348,1	6,1	-51,8
Net domestic assets	872 082,0	991 526,1	928 987,6	-6,3	6,5
Net claims on the Government	438 033,6	324 019,4	152 245,7	-53,0	-65,2
Other items , net	434 048,4	667 506,7	776 741,9	16,4	79,0

Source: BRB

Year -on- year basis, the reserve money increased by 1.1%, driven by the rise of currency in circulation (+12.7%) and other deposits (+12.8%), deposits from other depository institutions (-26.1%) and other financial corporations (-56.8%) declined

Table 11: Source of the change in base money at the end of December 2021

	Change from Sept 2021	Change from Dec 2021
Net foreign assets (NFA)	1,1	-6,2
Net domestic assets (NDA)	-7,4	7,3
Net claims on the central administration	-20,4	-36,7
Other items , net	13,0	44,0
Base money	-6,3	1,1

Source: BRB

Concerning counterparties of reserve money, this growth was driven by net domestic assets, which rose by 6.5% and contributed by 7.3 percentage points to annual growth. On the other hand, net foreign assets, which declined by 51.8%, had a negative impact on the reserve money growth by 6.2 percentage points.

2.4.3. Broad money and counterparts

Quarter-on-quarter basis, the money supply rose by 0.5% at the end of December 2021, from BIF 3,326.8 billion to BIF 3,344.1 billion. This increase concerned currency outside depository institutions (+4.6%), term deposits and savings (+2.7%) and residents' foreign currency deposits (+8.8%). On the other hand, demand deposits denominated in BIF decreased (-3.0%).

Concerning counterparts, net domestic assets decreased by 1.7% and contributed negatively to the growth of the money supply by 2.0 percentage points, while net foreign assets increased by 20.4% and contributed positively to the growth of money supply by 2.5 percentage points.

The decline of net domestic assets mainly concerned net claims on the Government (-9.8%) and other net items (-7.0%), while claims on the economy increased (+8.6%).

Table 12: Broad money and counterparts at the end of December 2021 (in BIF million)

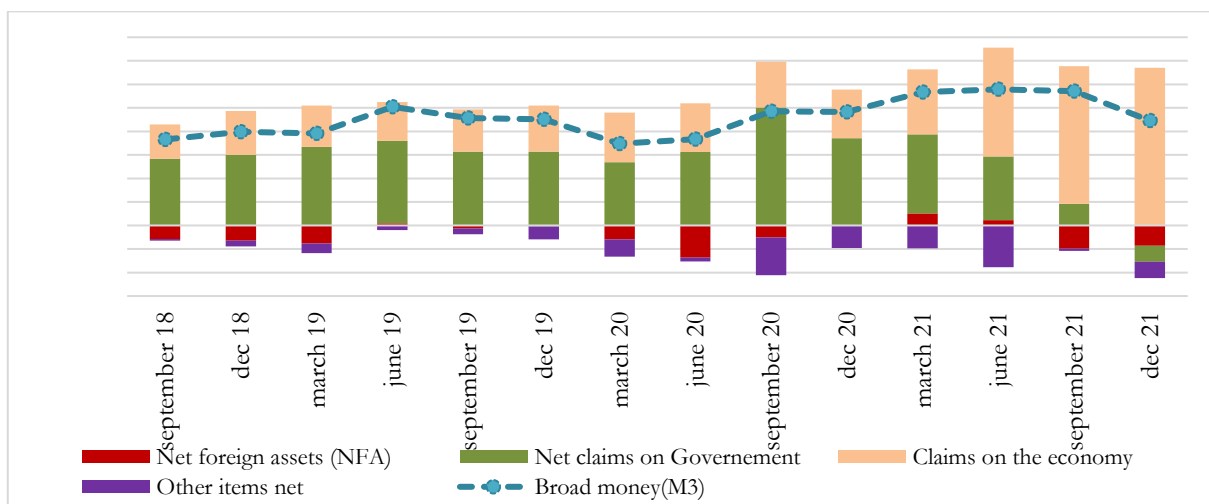
	Dec.2020	Sept.2021	Dec.2021	change (in %)	
				Quarterly	Annual
Currency outside depository institutions	433 279,2	452 798,0	473 809,3	4,6	9,4
Demand deposits	1 369 841,3	1 675 444,2	1 625 228,2	-3,0	18,6
Time and savings deposits	723 398,0	964 342,7	990 331,2	2,7	36,9
Foreign currencies deposits of residents	207 328,5	234 167,7	254 710,7	8,8	22,9
M3= counterparts	2 733 847,0	3 326 752,6	3 344 079,4	0,5	22,3
NFA	-205 016,1	-405 163,9	-322 600,5	20,4	-57,4
NDA	2 938 863,1	3 731 916,5	3 666 679,9	-1,7	24,8
Domestic credit	3 463 032,7	4 309 525,8	4 284 732,1	-0,6	23,7
Net claims on the central administration	2 025 750,7	2 143 548,1	1 932 441,1	-9,8	-4,6
Claims on the economy	1 437 282,0	2 165 977,7	2 352 291,0	8,6	63,7
Net other items	-524 169,6	-577 609,3	-618 052,2	-7,0	-17,9

Source: BRB

Year-on-year basis, money supply (M3) picked up by 22.3%. This increase concerned all of its components: demand deposits (+18.6%), term deposits and savings (+36.9%), residents' foreign currency assets (+22, 9%) and currency outside depository institutions (+9.4%).

The growth of M3 counterparts' concerned net domestic assets (+24.8%) which contributed to the growth of the money supply by 26.7 percentage points. On the other hand, net foreign assets decreased by 57.4% and affected negatively the increase of the money supply by 4.3 percentage points.

Chart 11: Contribution to money supply growth by its counterparts



Source: BRB

The increase of net domestic assets was driven by the significant rise of claims on the economy (+63.7%), following the refinancing of sectors selected driving economic growth.

By contrast, net claims on the central administration decreased (-4.6%), following the increase of deposits of public sector (+44.8%), mainly due to the funds from the Rapid Credit Facility from IMF (152,126.4 MBIF), partially offset by the increase of gross claim on the central administration (+7.0%).

2.4.4. Gross foreign assets

At the end of December 2021, the gross foreign assets declined by 2.7%, quarter-on-quarter, while they improved by 69.1%, on an annual basis.

Table 13: External assets (in millions USD)

	End of period, in USD million			Change in %	
	Dec.2020	Sept.2021	Dec.2021	Quarterly	Annual
Foreign assets held by BRB	129,1	311,3	296,1	-4,9	129,3
O/w: official Reserves	94,4	282,3	267,0	-5,4	182,7
Foreign assets held by commercial banks	100,7	87,9	92,5	5,2	-8,2
Total foreign assets	229,8	399,2	388,6	-2,7	69,1

Source: BRB

Quarter-on-quarter, the BRB's external assets declined by 4.9% at the end of December 2021 against a growth of 129,3% yearly, amounting to USD 296.1 million against USD 311.3 million recorded at the end of September 2021 and USD 129.1 million at the end of December 2020.

Likewise, official reserves decreased quarter –on- quarter (-5.4%) while they significantly increased by 182.7% compared to December 2020. This improvement resulted from the new IMF allocation of SDRs (147.6 million SDRs) and the Rapid Credit Facility (76.2 million dollars).

These reserves covered 3.2 months of imports of goods and services compared to 1.1 months recorded at the end of December 2020, while the minimum threshold is 4.5 months in the EAC macroeconomic convergence criteria.

Foreign assets of commercial banks increased quarter on quarter (+5.2%), while they decreased year on year (-8.2%), amounting to USD 92.5 million at the end of December 2021, against USD 87, 9 million at the end of September 2021 and 100.7 million USD at the end of December 2020.

2.5. Banking sector developments and financial stability

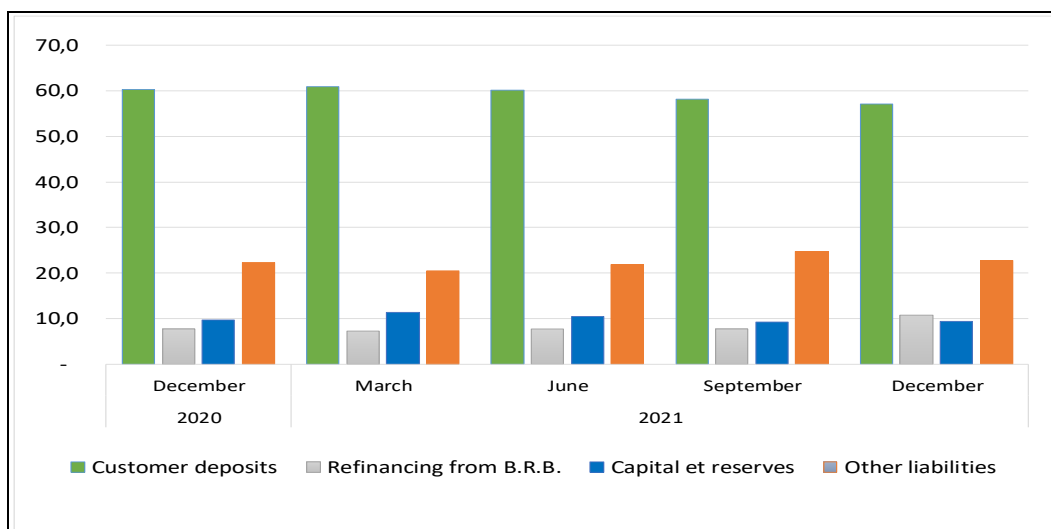
At the end of December 2021, the aggregate balance sheet of the banking sector improved by 26.6% year-on-year and by 2.0% quarter-on-quarter. In assets side, this improvement was driven by the increase of loans to the economy and investments in Treasury securities. On the liabilities side, it is explained by the increase of customer deposits. The capital adequacy ratios improved while profitability ratios slightly fell.

2.5.1. Banking activities

2.5.1.1. Main Resources

Year-on-year basis, customer deposits picked up by 19.8% at the end of December 2021, amounting to BIF 2,816.1 billion from BIF 2,351.4 billion while they rose by 0.1% quarter-on-quarter. The refinancing from the Central Bank to credit institutions grew by 77.5%, amounting to BIF 530.8 billion from BIF 299.1 billion and by 41.5% on a quarterly basis.

Chart 10: Liabilities structure (in percent of the total)



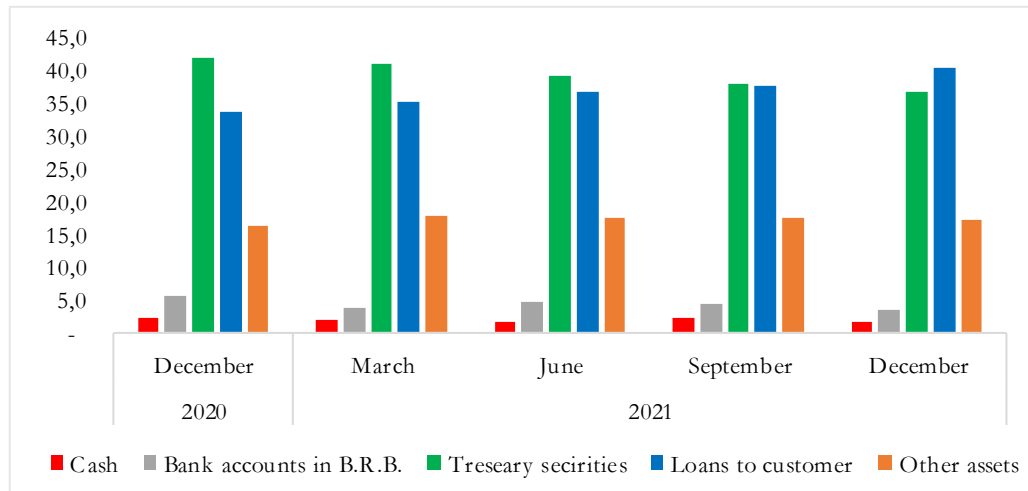
Source: BRB

2.5.1.2. Main Assets

The credit to the private sector increased by 52.3% year-on-year, amounting to BIF 1,996.0 billion from BIF 1,310.9 billion at the end of December 2020, and by 9.2% quarter on quarter basis.

The loans to the Government in terms of Treasury securities picked up by 11.5% on an annual basis, from BIF 1,631.8 billion to BIF 1,818.7 billion at the end of December 2021, whilst it declined by 1.0% on quarterly.

Chart 11: Banking sector assets (in percent of the total)

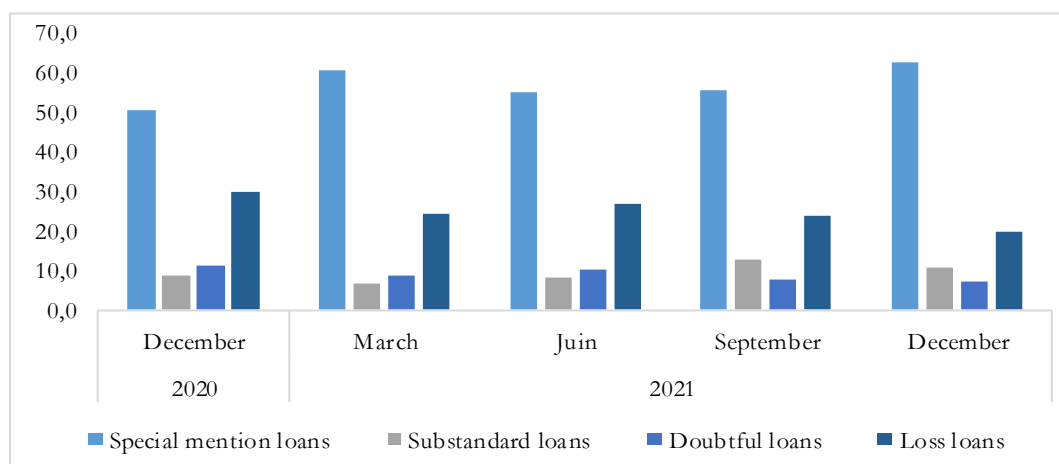


Source: BRB

2.5.2. Loans portfolio quality

The amount of past-due loans rose by 30.4% year-on-year basis, from BIF 139,654.4 million at the end of December 2020 to BIF 182,104.0 million at the end of December 2021, and by 10.7% quarter-on-quarter. The proportion of non-performing loans in total overdue loans fell by 12.2 percentage points, amounting to 37.5% from 49.7%. In contrast, the share of special mention loans increased by 12.2 percentage points, standing to 62.5% of total unpaid loans from 50.3% at the end of December 2020.

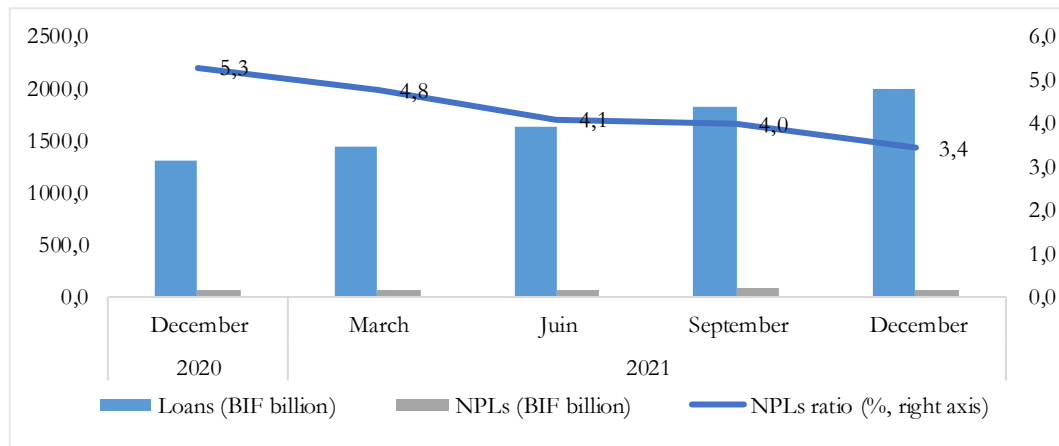
Chart 12: Overdue loans per class (in percent)



Source: BRB

The quality of the loans portfolio slightly improved at the end of December 2021. The loans portfolio's default rate stood at 3.4% from 5.3% in the corresponding period in 2020 and 4.0% at the end of September 2021.

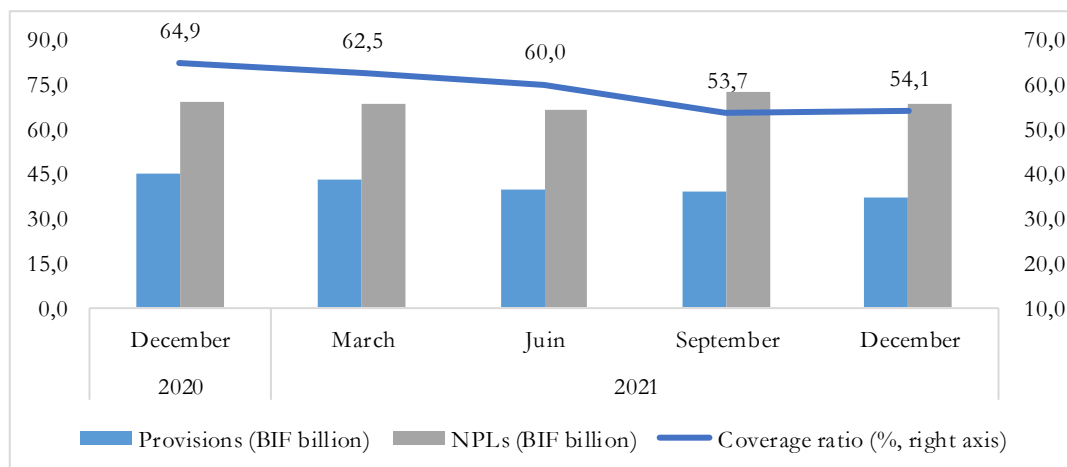
Chart 13: Non-performing loans ratio (in percent)



Source: BRB

Year-on-year basis, the coverage ratio of non-performing loans by provisions decreased to 54.1% at the end of December 2021 from 64.9% at the end of December 2020 and 53.7% at the end of September 2021. This decrease was linked to the write-off of non-performing loans old for two years in balance sheet of banking sector.

Chart 14: Provisions and coverage rate

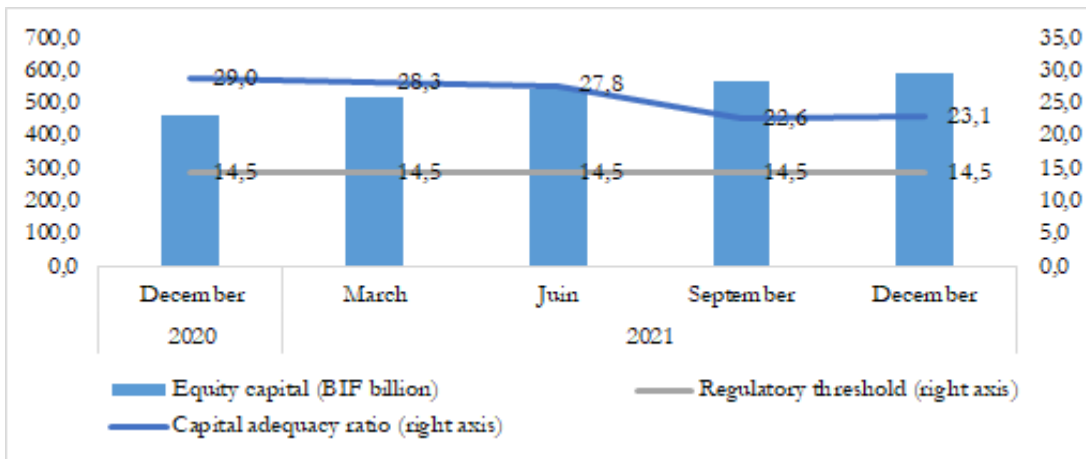


Source: BRB

2.5.3. Capital adequacy

At the end of December 2021, the total equity of the banking sector rose by 29.3% year-on-year, amounting to BIF 595.4 billion against BIF 460.4 billion and by 4.4% compared at the end of September 2021. The overall capital adequacy ratio stood at 23.1% at the end of December 2021 against 22.4% at the end of December 2020 and 22.6% at the end of September 2021.

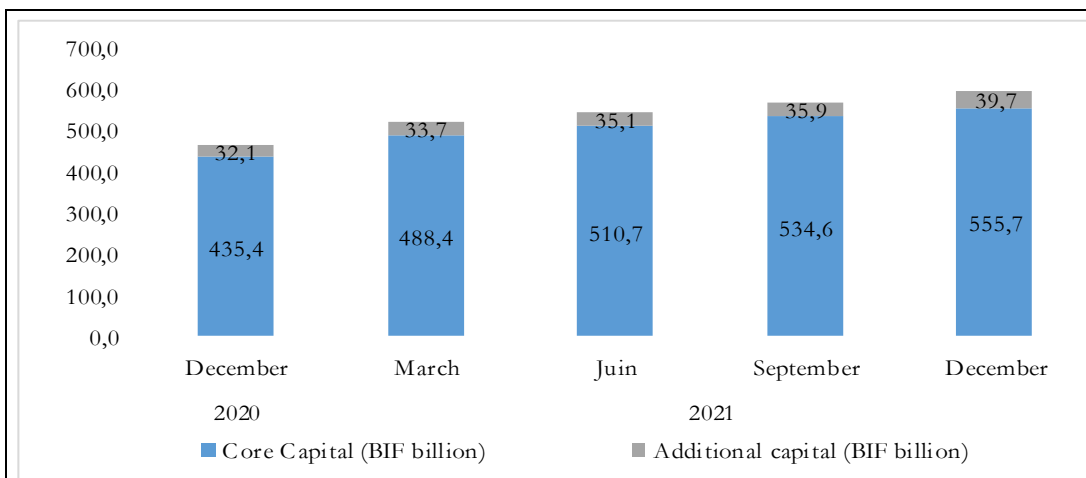
Chart 15: The Banking sector's Equity



Source: BRB

Compared at the end of December 2020, the core capital adequacy ratio grew by 29.6% to the end-December 2021, amounting to BIF 555.7 billion from BIF 428.7 billion, on account of the capital reserves and it increased by 3.9% quarterly basis.

Chart 16: Composition of equity (in BIF billion)



Source: BRB

2.5.4. Banking sector's profitability

The Gross income increased by 12.8% at the end of December 2021, amounting to BIF 331,106.4 million from BIF 293,545.9 million at the end of December 2020. Likewise, the Net Income rose by 18.1%, amounting to BIF 166,615.3 million from BIF 141,069.1 million at the end of December 2020. Nevertheless, the average return on assets (ROA) and on equity (ROE) decreased, standing respectively to 3.4% from 3.6% and 28.0% from 30.6%.

CONCLUSION AND MONETARY POLICY MEASURES

In the fourth quarter 2021, economic growth improved in the advanced OECD countries (+1.2 against +1.1% in the previous quarter). This improvement remained weak, following the resurgence of new Covid-19 infections of the new variant, Omicron. On an annual basis, economic growth in all OECD countries increased by 4.7% against a contraction of 2.7% in the same quarter 2020, mainly driven by the strong growth recorded in the United States of America (5.6 against -2.3%) due to the recovery of global demand.

Inflation overall rose in the fourth quarter 2021 in the main advanced countries and in most emerging countries, mainly due to supply chain disruptions, high energy prices and other commodity prices.

According to IMF, forecasts made in April 2022, world economic growth is forecast to decelerate, from 6.1% in 2021 to 3.6% in 2022, following the war against Russia and Ukraine, which led to high prices of fuel and food commodities prices as well as the growing uncertainty in the financial markets.

In the East African Community countries, economic growth is expected to decelerate in 2022 (5.3 against 6.2% in 2021), following the repercussions of the war in Ukraine which led to the increase of fuel and food prices. However, this economic growth is high than that of all of sub-Saharan Africa (3.8%), driven by major investments in infrastructure and good agricultural production in most EAC countries.

Concerning local economic development, the main productions of the primary and tertiary sector improved during the fourth quarter 2021. However, the industrial production index fell. The balance of payments' deficit worsened following the deterioration of the trade balance. Nevertheless, the fiscal deficit eased following the large increase of revenue than public expenditure.

The reserve money and the money supply picked up, driven by the increase of net domestic assets. The main soundness indicators of the banking sector improved in the fourth quarter 2021. The banking sector remained sufficiently capitalized and profitable and all regulatory and prudential standards stood above the regulator threshold. However, profitability ratios slightly fell.

The macroeconomic forecasts framework indicate that economic growth could accelerate in 2022, driven by the improvement in the secondary and tertiary sectors. Inflation could slightly increase (9.2 against 8.3% in 2021). However, these forecasts could be revised downwards following the adverse effects of the war between Russia and Ukraine, mainly due to higher fuel and food commodities prices and increasing uncertainty in financial market.

In the perspective, the Bank of the Republic of Burundi will continue the accommodative monetary policy in 2022 through the refinancing of the identified priority in order to increase the credit to these sectors and others sectors of the economy.

ANNEXES

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

	2018	2019	2020	2021	2022(p)
Primary Sector	535 187,4	550 279,3	552 326,3	578 500,0	603 239,4
- Subsistence agriculture	462 804,2	486 173,3	490 062,7	515 800,0	535 400,4
- Export Agriculture	21 939,7	17 912,6	21 185,5	18 200,0	19 914,0
- Coffee	7 062,7	2 825,1	5 506,1	2 100,0	2 940,0
- The	12 465,0	13 587,5	13 579,4	13 800,0	14 352,0
-Other export agriculture	2 412,0	1 500,0	2 100,0	2 300,0	2 622,0
- Forest	14 315,0	13 956,1	14 933,0	15 000,0	16 200,0
- Livestock	31 895,5	28 110,4	21 729,3	25 000,0	27 000,0
- Fishing	4 233,0	4 126,9	4 415,8	4 500,0	4 725,0
Secondary sector	355 945,4	359 994,8	400 590,9	408 900,0	428 268,2
-Mining	11 041,0	11 271,6	11 170,2	11 300,0	12 204,0
- Industries	242 429,2	243 711,2	255 823,6	255 500,0	266 639,0
- Food Industries	191 359,0	192 457,7	200 733,4	201 800,0	210 881,0
- Manufacturing	51 070,2	51 253,5	55 090,2	53 700,0	55 758,0
- Textile Industries	8 768,1	8 034,7	8 950,0	9 000,0	9 270,0
- Other monufacturing industries	42 302,1	43 218,8	46 140,2	44 700,0	46 488,0
- Water, gas and electricity	9 454,5	9 222,1	8 687,2	9 700,0	10 670,0
- Construction	93 020,7	95 789,8	124 909,9	132 400,0	138 755,2
Tertiary sector	881 405,1	945 133,7	913 318,0	935 750,0	980 989,8
- Trade	71 345,2	74 155,9	70 077,3	71 600,0	74 464,0
- Transport and communication	73 380,0	80 835,5	61 761,3	72 200,0	74 987,0
- Transport	19 214,0	21 047,4	16 081,0	20 700,0	21 942,0
- Postes, Telecommunication and internet	54 166,0	59 788,0	45 680,3	51 500,0	53 045,0
- Banks and insurance	122 670,0	156 605,5	155 979,1	187 700,0	208 347,0
- Accommodation, Food and other Merchant S	114 061,5	119 269,4	69 653,3	74 400,0	78 864,0
- Public Administration	344 033,0	353 697,8	370 675,3	382 500,0	401 625,0
- Education	226 317,0	233 716,0	244 934,4	246 100,0	254 713,5
- Health and social services	15 519,0	16 041,5	17 645,6	18 800,0	19 740,0
- Activities of a collective or personal nature	59 368,0	61 640,1	61 886,7	56 900,0	60 314,0
- Domestic services	4 589,4	4 765,0	4 784,1	4 850,0	5 165,3
- SIFIM	- 149 878,0	- 155 593,0	- 144 079,1	- 179 300,0	- 197 230,0
GDP at cost of factors(1+2+3)	1 772 537,9	1 855 407,7	1 866 235,2	1 923 150,0	2 012 497,4
Indirect taxes minus subsidies	240 603,8	247 869,8	243 687,0	252 120,0	263 833,2
GDP at market price	2 013 141,7	2 103 277,5	2 109 922,3	2 175 270,0	2 276 330,6

Source: MBGP

ANNEX 2: INFLATION BY MAIN COMPONENTS (in percent)

Period	Headline Inflation	Food inflation	Non-food inflation
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	-5.8	1.2
june-19	-4.0	-8.6	0.9
july-19	-2.6	-6.2	1.1
aug-19	-0.6	-2.9	1.6
sept-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	5.0	8.9	1.1
jan-20	5.2	8.6	1.8
feb-20	7.6	13.1	2.6
mar-20	7.1	12.1	2.4
apr-20	7.9	12.9	2.9
may-20	9.2	15.3	3.3
june-20	8.5	13.9	3.5
july-20	7.7	12.7	3,0
aug-20	6.7	11,0	2.6
sept-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
jan-21	6.5	10.4	2.4
feb-21	6.1	9.0	3.0
mar-21	7.8	10.9	4.5
apr-21	7.4	11.9	2.8
may-21	5.1	5.2	5,0
june-21	9.1	12.2	5.7
july-21	9.7	13,0	6.2
aug-21	10.5	14.2	6.6
sept-21	10.5	13.7	7.1
oct-21	9.9	11.6	8.0
nov-21	8.7	8.3	9.2
dec-21	10.0	9.6	10.5

Source: ISTEERU

Annex 3: Government Financial Operations (in BIF million)

Period	Revenue			Expenditures	Overall Balance
	Fiscal Revenue	Grant	Total		
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	95 854,20	20 730,01
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	129 765,02	-40 483,00
june-19	99 216,12	32 212,40	131 428,52	116 694,18	14 734,34
july-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
sept-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	26 000,51	104 124,00	133 114,44	-28 990,44
dec-19	86 974,57	21 300,56	108 275,13	100 145,51	8 129,61
jan-20	84 602,42	17 563,17	102 165,58	114 803,17	-12 637,59
feb-20	70 437,11	24 819,09	95 256,20	109 187,15	-13 930,94
mar-20	104 361,79	22 169,26	126 531,06	121 435,57	5 095,49
apr-20	81 088,28	14 356,77	95 445,05	105 770,61	-10 325,56
may-20	64 196,98	21 014,92	85 211,91	92 722,58	-7 510,68
june-20	105 149,52	23 282,14	128 431,66	130 554,89	-2 123,23
july-20	80 468,49	31 237,30	111 705,79	131 731,09	-20 025,30
aug-20	98 712,28	13 544,26	112 256,54	151 466,22	-39 209,69
sept-20	103 379,33	20 839,74	124 219,07	409 881,61	-285 662,54
oct-20	92 487,26	21 455,51	113 942,76	121 886,82	-7 944,05
nov-20	84 106,39	22 249,15	106 355,54	134 012,52	-27 656,98
dec-20	104 277,50	24 492,11	128 769,61	111 108,51	17 661,10
jan-21	91 493,07	22 202,28	113 695,36	110 744,02	2 951,34
feb-21	77 932,34	22 328,56	100 260,89	117 578,08	-17 317,18
mar-2021	114 849,48	28 857,73	143 707,21	139 326,45	4 380,76
apr-21	100 678,98	27 187,14	127 866,12	143 533,14	-15 667,02
may-21	86 584,95	22 222,28	108 807,23	142 178,14	-33 370,91
june-21	121 489,14	29 071,92	150 561,05	233 398,40	-82 837,35
july-21	98 153,03	4 181,79	102 334,82	146 824,50	-44 489,68
aug-21	117 462,41	24 745,57	142 207,97	155 146,12	-12 938,14
sept-21	115 816,26	15 387,64	131 203,90	125 504,07	5 699,83
oct-21	108200,9	21133,4798	129334,35	125784,402	3549,9484
nov-21	93249,6	16607,3484	109856,97	109208,561	648,406265
dec-21	111411,9	12226,813	123638,72	137574,907	-13936,1882

Source: MFBP

ANNEX 4: Government debt (in BIF million)

Period	BRB	Tresury securities	others	Total domestic debt	External debt	Total Government debt
dec-18	772 108,5	1 106 829,2	58 884,2	1 937 821,9	815 659,1	2 753 481,0
jan-19	735 898,0	1 170 456,8	57 507,8	1 965 632,6	839 143,1	2 804 775,7
feb-19	754 785,4	1 203 007,7	55 457,5	2 017 332,5	838 878,1	2 856 210,6
mar-19	776 260,3	1 230 561,3	66 134,8	2 066 815,1	842 605,3	2 909 420,4
apr-19	749 554,5	1 264 065,9	66 482,8	2 073 957,4	867 778,9	2 941 736,3
may-19	741 946,8	1 309 285,8	59 356,4	2 110 469,8	908 183,5	3 018 653,3
june-19	762 094,0	1 339 778,2	59 215,0	2 158 605,5	916 027,0	3 074 632,5
july-19	702 399,9	1 357 433,8	55 134,4	2 114 968,1	929 050,5	3 044 018,6
aug-19	759 491,5	1 393 116,1	59 369,6	2 211 977,2	932 695,8	3 144 673,0
sept-19	756 889,1	1 417 542,6	65 322,7	2 239 754,4	927 716,5	3 167 470,9
oct-19	751 684,2	1 450 627,6	76 553,5	2 278 865,3	937 501,2	3 216 366,5
nov-19	749 081,8	1 485 104,1	74 319,9	2 308 505,8	940 872,9	3 249 378,7
dec-19	746 479,4	1 497 527,9	70 919,8	2 314 927,1	948 429,4	3 263 356,5
jan-20	746 479,3	1 570 840,3	120 847,6	2 438 167,2	958 542,6	3 396 709,8
feb-20	743 876,9	1 549 397,3	121 652,4	2 414 926,6	959 597,4	3 374 524,0
mar-20	738 672,0	1 583 158,2	123 953,4	2 445 783,6	965 054,0	3 410 837,6
apr-20	736 069,6	1 569 310,4	120 741,5	2 426 121,5	963 078,7	3 389 200,2
may-20	737 921,8	1 621 691,9	113 556,4	2 473 170,1	966 901,1	3 440 071,2
june-20	736 222,2	1 673 338,5	114 730,7	2 524 291,4	977 731,5	3 502 022,9
july-20	737 624,5	1 709 342,7	119 194,8	2 566 162,0	988 004,0	3 554 166,0
aug-20	751 455,5	1 727 229,2	112 094,3	2 590 779,0	1 000 919,8	3 591 698,8
sept-20	901 482,7	1 744 967,4	144 592,9	2 791 043,0	1 003 104,0	3 794 147,0
oct-20	901 974,9	1 763 000,2	141 644,5	2 806 619,6	1 013 063,4	3 819 683,0
nov-20	899 449,4	1 779 700,1	144 982,9	2 824 132,4	1 023 272,7	3 847 405,1
dec-20	894 667,8	1 816 692,6	138 993,1	2 850 353,5	1 035 965,0	3 886 318,5
jan-21	894 667,8	1 832 306,3	143 346,2	2 870 320,3	1 041 679,1	3 911 999,4
feb-21	894 117,9	1 864 441,1	169 560,6	2 928 119,6	1 039 174,9	3 967 294,5
mar-21	864 066,4	1 853 171,3	172 078,8	2 889 316,5	1 039 986,8	3 929 303,3
apr-21	893 573,6	1 866 450,8	163 441,3	2 923 465,7	1 044 034,5	3 967 500,2
may-21	893 272,0	1 899 966,9	151 390,7	2 944 629,6	1 052 796,5	3 997 426,1
june-21	957 639,8	2 020 127,6	148 801,3	3 126 568,7	1 058 922,9	4 185 491,6
july-21	964 779,1	1 988 324,3	131 651,2	3 084 754,6	1 053 558,8	4 138 313,4
aug-21	937 750,1	2 023 132,4	143 664,1	3 104 546,6	1 084 169,8	4 188 716,4
sept-21	903 396,7	2 059 924,1	139 006,3	3 102 327,1	1 094 309,0	4 196 636,1
oct-21	902 793,7	2 052 646,6	142 125,0	3 097 565,3	1 254 217,8	4 351 783,1
nov-21	923 914,9	2 043 143,0	124 201,8	3 091 259,7	1 258 084,4	4 349 344,1
dec-21	901 529,1	2 046 057,7	115 614,2	3 063 201,0	1 264 286,2	4 327 487,2

Source: BRB and MFBP

ANNEX 5: Bank reserves (in BIF million)

Period	Total banking sector reserves	Central Bank Interventions
dec-18	150 237	248 370
jan-19	163 427	258 199
feb-19	165 114	267 534
mar-19	192 194	281 986
apr-19	167 995	292 282
may-19	163 240	315 130
june-19	170 302	334 215
july-19	153 993	339 205
aug-19	157 630	345 488
sept-19	152 207	363 439
oct-19	156 012	394 511
nov-19	146 124	403 814
dec-19	155 224	406 075
janv-20	154 268	436 181
feb-20	174 541	459 837
mar-20	182 136	442 928
apr-20	161 386	439 302
may-20	162 923	434 219
june-20	171 658	429 154
july-20	134 709	424 606
aug-20	120 569	440 119
sept-20	164 248	446 366
oct-20	164 054	339 258
nov-20	151 140	330 083
dec-20	162 574	322 720
jan-21	151 967	289 339
feb-21	114 955	295 983
mar-21	98 996	291 565
apr-21	100 840	309 092
may-21	114 239	333 837
june-21	134 515	344 713
july-21	148 433	331 211
aug-21	158 500	345 544
sept-21	124 443	372 132
oct-21	132 806	388 070
nov-21	121 764	418 070
déc-21	129 044	485 559

Source: BRB

ANNEX 6: Money market interest rate (in percent)

	Interbank market	Overnight interest rate	liquidity providing	Tresury Bill at 13 weeks
sept-18	-	5,57	2,65	2,57
oct-18	3,00	5,50	2,76	2,50
nov-18	3,00	5,48	2,29	2,48
dec-18	3,34	5,48	2,42	2,48
jan-19	3,11	5,53	2,48	2,53
feb-19	-	5,50	2,48	2,50
mar-19	-	5,50	2,41	2,50
apr-19	3,66	5,48	2,63	2,48
may-19	3,67	5,50	2,69	2,50
june-19	3,69	5,50	2,82	2,50
july-19	3,68	5,45	2,55	2,45
aug-19	3,58	5,35	2,55	2,35
sept-19	3,40	5,29	2,59	2,29
oct-19	3,34	5,22	2,65	2,22
nov-19	3,62	5,20	2,63	2,20
dec-19	3,56	5,63	2,99	2,63
janv-20	3,99	5,68	3,21	2,68
feb-20	4,78	5,88	2,54	2,88
mar-20	3,97	6,00	2,58	3,00
apr-20	4,07	6,00	2,87	3,00
may-20	4,16	6,00	2,85	3,00
june-20	4,11	6,00	2,96	3,00
july-20	4,07	6,00	2,74	3,00
aug-20	4,27	6,00	2,77	3,00
sept-20	4,42	6,60	2,58	3,60
oct-20	4,73	6,60	2,36	3,44
nov-20	4,93	6,60	2,91	3,74
dec-20	5,06	6,87	3,93	3,86
jan-21	5,13	6,77	2,87	3,81
feb-21	5,17	6,59	2,40	3,78
mar-21	4,85	6,79	2,23	3,78
apr-21	5,16	7,12	2,24	4,12
may-21	5,32	7,04	2,46	4,04
june-21	5,16	6,96	2,50	3,96
july-21	5,48	6,30	2,60	3,30
aug-21	5,56	6,33	2,99	3,33
sept-21	5,45	6,46	4,16	3,46
oct-21	5,87	6,43	4,36	3,43
nov-21	5,78	6,88	2,93	3,88
déc-21	5,78	6,88	2,93	3,88

Source: BRB

ANNEX 7: Main activity indicators of the banking sector in December 2021 (in BIF Million)

	31/12/2020	30/09/2021	31/12/2021	Quarterly change in %	Annual change in %
I. ASSETS	3 894 251,2	4 832 572,9	4 929 212,8	2,0	26,6
I.1. Main assets	3 341 652,3	4 165 690,9	4 211 658,2	1,1	26,0
A. Liquid assets	2 030 740,5	2 338 139,8	2 215 616,2	- 5,2	9,1
. Cash	87 473,4	110 126,1	88 833,1	- 19,3	1,6
. Balance in B.R.B.	222 808,9	212 582,3	176 563,8	- 16,9	- 20,8
. Interbank claims	88 671,7	178 713,7	131 522,5	- 26,4	48,3
. Loan to government	1 631 786,6	1 836 717,8	1 818 696,8	- 1,0	11,5
Treasury securities	1 564 972,6	1 736 438,70	1 712 767,6	- 1,4	9,4
Other securities	66 814,0	100 279,11	105 929,2	5,6	58,5
B. Loans	1 310 911,8	1 827 551,1	1 996 042,1	9,2	52,3
. Short term	598 480,5	813 453,9	875 542,8	7,6	46,3
. Medium term	354 839,5	503 810,7	539 851,5	7,2	52,1
. Long term	357 591,8	510 286,4	580 647,7	13,8	62,4
. Leasing	-	-	-	-	-
I.2. Fixed assets	187 868,0	202 840,8	209 153,2	3,1	11,3
I.3. Others assets	364 730,9	464 041,3	508 401,4	9,6	39,4
II. LIABILITIES	3 894 251,2	4 832 572,9	4 929 212,8	2,0	26,6
II.1. Main liabilities	3 300 763,6	4 128 803,4	4 232 924,2	2,5	28,2
. Customer deposits	2 351 382,9	2 813 705,5	2 816 086,9	0,1	19,8
amongst: Ten large deposits	1 083 467,5	1 266 288,5	1 208 518,6	- 4,6	11,5
. Borrowing from B.R.B. (Refinancing)	299 090,5	375 144,6	530 833,2	41,5	77,5
. Interbank liabilities	273 457,5	493 947,6	423 115,4	- 14,3	54,7
II.2. Capital and reserves	376 832,7	446 005,7	462 888,6	3,8	22,8
II.3. Other liabilities	593 487,6	703 769,6	696 288,6	- 1,1	17,3
MAIN INDICATORS OF THE BANKING SECTOR					
Capital adequacy					
. Tier 1 capital (in BIF billion)	428 703,1	534 606,2	555 695,0	3,9	29,6
. Total regulatory capital (in BIF billion)	460 427,1	570 498,8	595 436,5	4,4	29,3
. Risk weighted assets	2 057 045,6	2 520 404,5	2 576 434,6	2,2	25,2
. Tier 1 capital adequacy ratio (threshold 12,5%)	20,8	21,2	21,6	-	-
. Total regulatory capital adequacy ratio (threshold 14,5%)	22,4	22,6	23,1	-	-
. Leverage Ratio (threshold 7%)	11,0	11,1	11,3	-	-
Loan concentration					
. Large exposures	395 453,4	316 802,3	759 099,7	139,6	92,0
. Large exposures to Loans ratio (%)	30,2	17,3	38,0	-	-
. Loans to Assets ratio (%)	33,7	37,8	40,5	-	-
. Government claims to assets ratio (%)	41,9	38,0	36,9	-	-
. Government Loans/Tier 1 capital ratio (%)	380,6	343,6	327,3	-	-
Quality of loan portfolio					
. Past due loans	139 654,4	164 442,0	182 104,0	10,7	30,4
Special mention loans	70 274,2	91 731,8	113 759,2	24,0	61,9
Non performing loans	69 380,1	72 710,2	68 344,8	- 6,0	1,5
Substandard loans	11 838,4	21 149,6	19 027,6	- 10,0	60,7
Doubtful loans	15 534,1	12 442,2	13 035,2	4,8	16,1
Loss loans	42 007,7	39 118,4	36 282,0	- 7,3	13,6
. Loan loss provisions	44 996,3	39 072,0	36 988,5	- 5,3	17,8
. Non performing loan rate	5,3	4,0	3,4	-	-
. Impairment rate	10,7	9,0	9,1	-	-
. Provisioning rate	64,9	53,7	54,1	-	-
Liquidity					
. LCR* in BIF (threshold 100%)	213,5	200,1	192,8	- 3,7	- 9,7
. LCR in f.c.** (threshold 100%)	172,4	159,7	135,5	- 15,2	- 21,4
. Loans/Customer deposits	55,8	65,0	70,9	-	-
. Stable funds /Fixed Assets (threshold 60%)	106,7	104,6	101,2	-	-
. Ten large deposits/Customer deposits	46,1	45,0	42,9	-	-
Profitability and performance					
. Income before tax	147 066,1	137 906,2	176 347,1	27,9	19,9
. Net income	141 069,1	128 706,4	166 615,3	29,5	18,1
. Gross Income	293 545,9	246 032,4	331 106,3	34,6	12,8
. ROA	3,6	2,7	3,4	-	-
. ROE	30,6	22,6	28,0	-	-

* Liquidity Coverage ratio

** Foreign currencies

Source: BRB