

EDICT
of the President of the Republic of Belarus
No. 221 dated May 16, 2014
Minsk

ON APPROVING THE REPORT
OF THE NATIONAL BANK OF THE REPUBLIC OF BELARUS
FOR 2013

1. To approve the Report of the National Bank for 2013, which includes:
 - 1.1. The Report on Activities of the National Bank and Implementation of the Republic of Belarus Monetary Policy Guidelines; and
 - 1.2. Annual financial statements, including:
 - Annual Balance Sheet in the amount of BYR103,852.7 billion; and
 - Statements of:
 - = profit and losses;
 - = capital changes;
 - = funds establishment and usage;
 - = expenses relating to the upkeep of the National Bank in the amount of BYR983.7 billion;
 - = capital investments budget execution in the amount of BYR150.2 billion;
 - and
 - = earned profit and allocation thereof.
2. The National Bank shall transfer unallocated profit of BYR10.9 billion, made as a result of carrying forward the amounts of revaluation of fixed assets retired in the year under review, to the reserve fund.
3. This Edict shall be effective as of the date it is signed.

A. Lukashenko
President of the Republic of Belarus

APPROVED
Edict of the President
of the Republic of Belarus
No. 221, dated May 16, 2014

REPORT
of the National Bank of the Republic of Belarus
for 2013

Minsk

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Introduction

The Report of the National Bank of the Republic of Belarus for 2013 (hereinafter – the “Report”) has been prepared in accordance with Article 46 of the Banking Code of the Republic of Belarus (hereinafter – the “Banking Code”).

Monetary policy of the Republic of Belarus was implemented in 2013 as part of the single economic policy measures in accordance with the Monetary Policy Guidelines of the Republic of Belarus for 2013 approved by Edict of the President of the Republic of Belarus No. 419 dated September 25, 2012 (National Legal Internet Portal of the Republic of Belarus, September 27, 2012, 1/13764) (hereinafter – the “Guidelines for 2013”) having regard to the economic situation.

The National Bank’s activities in 2013 were aimed at attaining the main monetary policy targets and executing the central bank functions assigned thereto.

Chapter 1

Economic and financial situation in the Republic of Belarus

1.1. Macroeconomic conditions of monetary policy implementation and banking sector development

Economic situation in the Republic of Belarus in 2013 was characterized by the slowed down economic growth. A decline in external demand for Belarusian products resulted in the worsened balance of foreign trade and decreasing volumes of industrial production, with finished stock being increased. Negative impact on the economic stability was made by such factors as high import capacity, outstripping growth of real wages over that of labor efficiency, and insufficient level of foreign direct investments.

In 2013, the economic growth was assured at the expense of maintenance of consumer demand at a rather high level and renewal of investment activity.

In the year under review, the **volume of Gross Domestic Product (hereinafter – “GDP”)** amounted to BYR636.8 trillion, having increased (in comparable prices) by 0.9% on the 2012 level (in 2012, by 1.7%).

GDP energy intensity dropped by 11.1% (in 2012, grew by 5.6%) (Attachment 1.1).

Retail turnover (in comparable prices) increased in 2013 by 18.2% compared with 2012 (in 2012, by 14.1% on a year earlier). Paid services to households grew by 7.9% (in 2012 by 7.6%).

Households’ real wages grew in 2013 by 15.8% (by 21.9% in 2012); real disposable money income by 15.4% (in 2012 by 21.5%).

Investment in fixed capital grew (in comparable prices) by 7.5% on a year earlier (in 2012 it dropped by 11.7%). The annual volume of investment in fixed capital totaled BYR202.7 trillion; the share of investment in GDP – 31.8% of GDP (29.1% in 2012).

In the technological structure of investment in fixed capital the expenditures for construction and installation works (52.7%) were dominating, while investments in assets (machinery, equipment, and vehicles) amounted to 36.7% and other works and costs – 10.6% of the total volume of capital investments.

In 2013, investment in fixed capital at the expense of the budgetary funds grew (in comparable prices) 1.5 times, at the expense of local budgets – by 30.6% (in 2012 by 4.4% and 24.3% respectively). The share of budgetary resources in the structure of investments in fixed capital grew to 21.2% (in 2012 to 16.1%).

In the year under review, organizations' own funds and credit resources prevailed in the financing of investment activities, despite the deceleration of their growth rates. Organizations' own funds and banks' credits accounted for 62% of all capital investments (66.5% in 2012).

According to the data provided by the National Statistical Committee, the total volume of used credit resources, including foreign credits and credits granted under foreign credit lines, amounted in 2013 to BYR48.8 trillion.

Industrial output dropped in 2013 (in comparable prices) compared with 2012 by 4.8% (in 2012, grew by 5.8%).

Agricultural output decreased in 2013 (in comparable prices) by 4% compared with 2012 (in 2012, grew by 6.6%).

Transportation of cargo (excluding pipeline industry) decreased by 7.3% (by 2.1% in 2012). Cargo turnover went down by 7.2% (in 2012, grew by 1.9%). Passenger turnover went up by 3% (in 2012, by 6.7%).

Finished stock in the enterprises' warehouses amounted as at January 1, 2014 to BYR28 trillion, having risen by 26% since the beginning of the year. With respect to the monthly average volume of production it amounted to 70.2% compared with 56.5% as at January 1, 2013.

Financial situation of non-financial organizations was characterized in 2013 by the worsening of their performance.

The nominal volumes of all profit indicators dropped on the background of growing revenues from the sale of products, goods, works, and services by 10.1% in nominal terms. Profit earned by non-financial institutions in 2013 from the sale of products, goods, works, and services was down by 23.6% compared with 2012; net profit dropped in 2013 by 40.7%. The real values of revenues from the sale of products, goods, works, and services, as well as of profit indicators went down (Attachment 1.2).

The share of loss-making and low-return enterprises (in terms of return on sales) grew in 2013 to 53.7%. 752 organizations (9.1%) were in the red compared with 426 organizations (5.2%) in 2012. The amount of net losses grew 2.6 times.

Budgetary policy remained moderately strict and ensured, on the one hand, maintenance of macroeconomic well-balance and, on the other hand, tackling of the state's priority social and economic tasks.

In 2013, the Government ran a **consolidated budget** surplus of 0.2% of GDP (compared with 0.5% in 2012).

According to the preliminary data of the Ministry of Finance, in 2013, consolidated budget revenues grew by 19.8%, amounting to BYR189.2 trillion (29.7% of GDP compared with 29.8% of GDP in 2012) (Attachment 1.3). Consolidated budget expenses amounted to BYR187.8 trillion (29.5% of GDP versus 29.3% of GDP in 2012).

Republican budget ran a deficit in the amount of BYR2.3 trillion, or 0.4% of GDP (0.1% of GDP in 2012). Republican budget revenues amounted in 2013 to BYR105.8 trillion (16.6% of GDP versus 17.9% of GDP in 2012); republican budget expenses totaled BYR108.1 trillion (17% of GDP compared with 18.1% of GDP in 2012).

As at January 1, 2014, **the Government debt of the Republic of Belarus** amounted to BYR154 trillion, growing by BYR25.3 trillion (or by 19.6%) compared with early 2013.

As at January 1, 2014, the Government domestic debt totaled BYR35.7 trillion, having grown by BYR9.8 trillion (or by 38.1%) since the beginning of the year.

In 2013, domestic government bonds for legal and natural persons denominated in foreign exchange worth USD803.4 million and in the national currency worth BYR764.9 billion were placed.

The Government external debt amounted as at January 1, 2014 to USD12.4 billion, having grown over 2013 by USD0.4 billion (or by 3.6%). In 2013, the Government attracted external loans in the amount of USD2.4 billion; repaid – USD2 billion.

According to the National Statistical Committee's data, **the consumer prices grew** in 2013 by 16.5% (December-on-December), in 2012 by 21.8% (Attachment 1.4).

The core inflation dropped from 17.1% in 2012 to 12% in 2013 and according to the National Bank's estimates led to the increase in the consumer prices by 7.9% (the share of this indicator totaled 47.8% against 52.6% in 2012). Regulated prices and tariffs, including the prices for fruit and vegetable products, grew over 2013 by 25%, contributing to a 8.6% growth in consumer prices (with their share being 52.2% and 47.4% respectively).

Industrial producers' prices rose by 10.7% compared with 20.6% in 2012, with prices for investment goods increasing by 7.8%, for intermediate goods – by 11.8%, and for consumer goods – by 10%.

1.2. The balance of payments and gross external debt

In the whole of 2013, the balance of payments of the Republic of Belarus was characterized by the growing deficit of the current account due to the worsening of foreign trade balance.

The deficit of the current account of the balance of payments totaled USD 7.3 billion, or 10.2% of GDP, having grown by USD5.4 billion compared with 2012 (Attachment 1.5).

In 2013, the balance of foreign trade in goods and services worsened to minus USD2 billion (in 2012, it totaled plus USD2.9 billion) due to the decreased external demand for Belarusian products, with the high growth rates of consumer and investment expenses, and changed conditions of foreign trade in energy products.

In 2013, the balance of foreign trade in goods was characterized by the deficit in the amount of USD4.5 billion (in 2012 it was positive in the amount of USD0.6 billion). At that, the balance of foreign trade in energy goods improved by USD1 billion, amounting to minus USD0.7 billion. The results of foreign trade worsened under all groups of non-energy goods compared with 2012. Thus, the balance of foreign trade in investment goods dropped by USD1.2 billion, amounting to minus USD1 billion, in consumer goods – by USD1.1 billion, amounting to USD1.1 billion, and in intermediate non-energy goods – by USD4.3 billion, amounting to minus USD5.3 billion.

In 2013, exports of goods dropped by 19.8%, amounting to USD36.6 billion. Reduction in the delivery of oil and oil products (by 27.7% compared with 2012) and potash fertilizers (by 22.5%) made the major impact on the dynamics of exports. Exports of investment goods dropped by 14.2% due to the decrease in the delivery of load carrier vehicles (by 31.2%) and tractors and trucks (by 25.2%). This decrease was partially compensated by the growing exports of food products (by 16.4%), mainly due to the increase in the delivery of milk and condensed cream.

Imports of goods dropped in 2013 by 8.7%, amounting to USD 41.1 billion. Growing investments in fixed capital and households' incomes accounted for the increase in the investment and consumer imports. Increase in the investment imports (by 9.1%) was caused by the modernization of enterprises, with the principal item of increase in the consumer goods imports (by 25.7%) being the imports of cars (a 23.4% growth). The imports of intermediate goods dropped by 15.1%, mainly due to the reduction in the imports of oil and oil products (by 37.6%).

In 2013, the turnover of foreign trade in services grew by 15.8%, amounting to USD12 billion, with the exports of services growing by 15.2% and totaling USD7.3 billion. The surplus of foreign trade in services (mainly due to the growth in the construction and transport services exports) partially compensated the deficit in the trade in goods, amounting in 2013 to USD2.6 billion (a 12.6% growth).

The balance of primary income worsened in 2013 by USD1.3 billion and stood at minus USD2.7 billion, that was caused by the increase in incomes designed for payments to direct investors.

The balance of secondary income was negative in the amount of USD2.6 billion against a negative balance totaling minus USD3.2 billion in 2012, that was due to the transfer of customs duties for the exports of oil

products in the amount of USD3.3 billion to the Russian Federation.

According to the financial account, in 2013 net borrowing from other countries amounted to USD6.4 billion. USD0.8 billion was attracted in 2013 on a net basis under the operations of the Government and the National Bank of the Republic of Belarus (excluding the operations within exclusive financing). Net attraction of resources by the banking sector totaled USD2.3 billion, mainly due to the long-term credits and loans. In the non-financial sector of the economy the capital inflow stood at USD3.3 billion.

The inflow of foreign direct investments (excluding reinvested incomes) was still insufficient – USD0.9 billion compared with USD0.7 billion in 2012.

In 2013, the balance of payments ran a deficit of USD1.7 billion and was financed by attraction of the tranches of credit from the EurAsEC Anti-Crisis Fund in the amount of USD0.9 billion and reduction of the volume of reserve assets, which dropped by USD857.4 million (excluding revaluation).

As at January 1, 2014, **gross external debt of the Republic of Belarus** amounted to USD39.1 billion, or 54.8% of GDP, increasing over 2013 by USD5.4 billion, or by 15.9% (Attachment 1.6).

As at January 1, 2014, external debt of the banking system of the Republic of Belarus totaled USD9.5 billion, having grown over 2013 by USD2.9 billion. Banks' external liabilities grew by USD2 billion, with the banks' principal debt (90.3%) being represented by the obligations to non-residents under credit resources in foreign exchange.

The National Bank's external debt grew over 2013 by USD0.9 billion, amounting as at January 1, 2014 to USD1.3 billion. Growing obligations to non-residents under accounts and deposits, which stood at USD0.8 billion as at January 1, 2014, were mainly responsible for the increase in the National Bank's external debt.

External debt of the other sectors (including intercompany financing) grew over 2013 by USD2.1 billion, amounting to USD16.6 billion, or 42.4% of the country's gross external debt. The principal debt of the non-banking sector (65.2%) is represented by the short-term obligations for the period of one year and less. The main instruments of attracting external financing were trade credits and advance payments in the amount of USD7.3 billion, or 44.2% of the non-banking sector's external debt.

Over the recent years the Republic of Belarus accumulated significant volume of foreign debt, with the stable trend towards switching from the short-term to the long-term borrowing being observed. As at January 1, 2014, long-term borrowings accounted for 61.2% of the total volume of borrowings. Growing external debt of the Government agencies and banks was the main factor of the increase in the long-term borrowings.

1.3. Financial sector

1.3.1. Banking sector

1.3.1.1. Institutional characteristics

As at January 1, 2014, the banking sector comprised 31 bank (in 2012, 32 banks). The number of branches fell in 2013 from 105 to 94 owing to the streamlining by banks of their regional structures. At the same time, the total number of banks' organizational units (branches, banking services centers, settlement and cash centers, and exchange offices) in the territory of the country grew by 15.5%, amounting as at January 1, 2014 to 4,686.

As at January 1, 2014, there were eight representative offices of foreign banks in the Republic of Belarus, including those of the Russian Federation, Latvia, and Germany, as well as a representative office of the Interstate Bank.

Foreign capital participated in the authorized capital of 27 banks. In 22 banks the share of foreign investors in the authorized capital exceeded 50% (seven of which were wholly-foreign owned).

As at January 1, 2014, the banks' registered authorized capital amounted to BYR31.8 trillion, having increased in 2013 by 6.6%.

Institutional development of banks in 2013 was characterized by:

- the decreased share of banks controlled by the Government in the banking sector's aggregate authorized capital from 78.9% to 78.6%. The share of such banks in the banking sector's assets dropped from 65.3% to 64.3%, while in the aggregate regulatory capital it dropped from 65.8% to 63%;

- the decreased share of foreign banks* in the aggregate authorized capital of banks from 20% to 19.6%. In the banking sector's assets the share of banks controlled by non-residents grew from 33.7% to 34.7%, while in the aggregate regulatory capital it dropped from 32.7% to 35.2%. Capital from Russia, Austria, Cyprus, Iran, Switzerland, the Netherlands, Lebanon, Ukraine, Luxembourg, Kazakhstan, Great Britain, Germany, USA, Latvia, and other countries participates in the authorized capital of Belarusian banks; and

- the increased share of banks controlled by residents of private form of ownership in the authorized capital of the banking sector from 1.1% to 1.8%, with the share of these banks in the banking sector's assets remaining unchanged - 1.0% and in the aggregate regulatory capital growing from 1.5% to 1.8%.

* Foreign banks are banks in which the share of foreign investors in the authorized capital exceeds 50%.

The share of the State Committee on Property in the authorized funds of nine banks amounted as at January 1, 2014 to BYR23.1 trillion (72.6% of the banking sector's aggregate authorized capital).

As at January 1, 2014, seven banks had ratings of international rating agencies, of which five had Fitch's ratings, five – Moody's Investors Service's ratings, and four – Standard & Poor's rating.

1.3.1.2. Structure of banks' assets and liabilities

In 2013, banks' assets grew by BYR74 trillion, or by 23%, amounting as at January 1, 2014 to BYR395.2 trillion.

As at January 1, 2014, assets (liabilities)/GDP ratio totaled 62.1% (as at January 1, 2013 – 60.6%).

Banks' funds were mainly used for lending to legal and natural persons (Attachments 1.7-1.10). As at January 1, 2014, the share of banks' claims on the economy in the banks' assets amounted to 71.7% (as at January 1, 2013 – 68.6%). Banks provided, mostly, long-term credits to the economy. The share of the long-term credits in the total debt under credits amounted as at January 1, 2014 to 74.3%, having increased over 2013 by 1.6 percentage points.

Banks' claims on the economy* grew in 2013 by BYR62.9 trillion, or by 28.5%, with the parameter prescribed in the Guidelines for 2013 being 17-20%. In the national currency they increased by BYR18.9 trillion (by 15.5%) totaling BYR140.5 trillion and in foreign exchange (in dollar terms) - by USD3.5 billion (by 30.2%) totaling USD15 billion.

Banks' claims on legal persons amounted as at January 1, 2014 to 80.6% of the total volume of banks' claims on the economy, having grown over 2013 by BYR49.1 trillion, or by 27.3%. The credits issued to the processing industry, organizations involved in trade, repair of vehicles, household appliances, and items of personal use, as well as agricultural, hunting, and forestry industries were dominating.

In 2013, banks' claims on natural persons grew by BYR13.8 trillion, or by 33.7%. Households' debt under credits for housing construction (renewal) and purchasing grew over 2013 by BYR9 trillion, or by 30.3%, amounting as at January 1, 2014 to BYR38.6 trillion.

Households' debt under consumer credits (in the national currency and foreign exchange) grew over 2013 by BYR4.6 trillion (44.8%), amounting as at January 1, 2014 to BYR14.9 trillion. The share of these credits in the total volume of households' debt under credits totaled 27.6% as at January 1,

*Claims of banks and JSC "Development Bank of the Republic of Belarus" on the economy grew over 2013 by 32.7%.

2014, compared with 25.6% as at January 1, 2013.

As at January 1, 2014, credit amounts owed by one citizen of the Republic of Belarus averaged BYR5.7 million, or USD599.7 in dollar terms, compared with BYR4.3 million, or USD495.4, as at January 1, 2013.

Provision of credits to the economy was, to a great extent, supported by the active deposit-taking policy of banks.

In 2013, funds attracted from households (including deposits, non-residents' funds, deposits in precious metals and stones, saving certificates and bonds) rose by BYR26.8 trillion, or by 32.6%, amounting as at January 1, 2014 to BYR108.9 trillion. Households' deposits in Belarusian rubles grew by BYR9 trillion, or by 36.2%, amounting to BYR 33.8 trillion, in foreign exchange (in ruble terms) – by BYR17.8 trillion, or by 31.1%, totaling BYR75.1 trillion.

The bulk of the households' savings with banks was denominated in foreign exchange. The share of such savings in the total volume of funds attracted from households amounted as at January 1, 2014 to 69%, having decreased over 2013 by 0.8 percentage points as a result of the high growth rates of the households' banking savings in the national currency.

Natural persons' deposits grew over 2013 by BYR24.3 trillion, or by 31.1%, amounting as at January 1, 2014 to BYR102.3 trillion.

Natural persons' deposits in foreign exchange (in ruble terms) grew over 2013 by BYR15.5 trillion, or by 28.9%, amounting as at January 1, 2014 to BYR69.3 trillion. Time deposits grew by BYR15 trillion, or by 30%, amounting to BYR65.2 trillion. Natural persons' deposits in foreign exchange (in dollar terms) grew over 2013 by 16.1%, or by USD1 billion, amounting as at January 1, 2014 to USD7.3 billion. Time deposits grew by 17.1%, or by USD1 billion, amounting as at January 1, 2014 to USD6.9 billion.

Bank deposits in Belarusian rubles grew over 2013 by 36%, or by BYR8.7 trillion, amounting as at January 1, 2014 to BYR33 trillion, of which bank time deposits in Belarusian rubles went up by 50.4%, or by BYR7.7 trillion, amounting to BYR22.9 trillion.

As at January 1, 2014, monetary funds of nonresident natural persons (including saving certificates, bonds, deposits in precious metals and stones) placed with Belarusian banks amounted to BYR2.7 trillion, having increased since the beginning of the year by 61%, or by BYR1 trillion.

The bulk of bank deposits is placed with JSC “JSSB Belarusbank”, the share of which in the natural persons' deposit market totaled 47.2% as at January 1, 2014.

As at January 1, 2014, the savings deposited with banks averaged BYR11.5 million per citizen of the Republic of Belarus, compared with BYR8.7 million as at January 1, 2013. This indicator grew in dollar terms from USD1,012.7 to USD1,210.4, or by 19.5%.

1.3.1.3. Effectiveness and sustainability of the banking sector

As at January 1, 2014, banks' regulatory capital amounted to BYR53.6 trillion, increasing in 2013 by 19.4% in nominal terms. In 2013, the revaluation of fixed assets, increase in the registered authorized capital, as well as in profit and funds formed at the expense of banks' earnings were the principal sources of regulatory capital growth in the banking sector as a whole. The ratio of regulatory capital to GDP totaled 8.4% as at January 1, 2014 (8.5% as at January 1, 2013).

The banks' profit amounted in the year under review to BYR6.8 trillion, a 26.5% increase compared with 2012. The key factor of profit growth was an increase in the volume of asset-related operations.

In 2013, the banking sector's income had the following structure: change in the reserve – 57.2%, interest income – 30.7%, commission income – 6.4%, other banking income – 5%, and other operational income – 0.7%.

In the structure of expenditures the allocations to reserves totaled 62.1%, interest expenditures – 23%, other operational expenditures – 8.4%, other banking expenditures – 5%, and commission expenses – 1.5 %.

At the end of 2013, the banking sector's return on assets was 1.9% (1.8% in 2012) and return on regulatory capital – 13.8 % (12.7% in 2012).

As at January 1, 2014, banks' secure functioning was characterized by:

- adequacy of banks' regulatory capital (the ratio of the regulatory capital and risks assumed by banks) – 15.5% (the prescribed minimum prudential requirement for an individual bank being 10%);
- ratio of liquid assets to total assets – 26.8% (the prescribed requirement being at least 20%);
- short-term liquidity (the ratio of actual liquidity to required liquidity) – 1.8% (the requirement being at least 1);
- instant liquidity (the ratio of assets on demand to liabilities on demand) – 239.6% (the requirement being at least 20%); and
- current liquidity (the ratio of current assets to current liabilities) – 122.2% (the requirement being at least 70%).

The National Bank exercised systemic monitoring of and control over the quality of banks' assets by means of analyzing reports obtained from banks and carrying out on-site examinations.

Comprehensive inspections focused on banks' activities aimed at assuring their secure and liquid functioning and maintenance of an adequate level of bank risks, primarily, of a credit risk.

In 2013, assets exposed to credit risk grew by 26.8% and as at January 1, 2014 totaled BYR275.8 trillion.

As at January 1, 2014, bad assets (assets classified under risk Groups III, IV, and V) totaled BYR12.3 trillion, increasing by 2.5% over 2013. Assets classified under Group III amounted to BYR8.7 trillion (71.3% of the total volume of bad assets), assets classified under Group IV – BYR2.8 trillion (22.6%), and assets classified under Group V – BYR0.7 trillion (6.1%). The share of the banks' bad assets in the assets exposed to credit risk dropped from 5.5% as at January 1, 2013 to 4.4% as at January 1, 2014. At that, the legal persons' accounts payable (excluding banks) prevailed in the bad assets. As of January 1, 2014, a special provision to cover potential losses under assets exposed to credit risk was formed to the extent required.

Thus, the banking sector's stability was ensured in 2013 and as at January 1, 2014 the level of its sustainability was characterized as adequate for withstanding the possible impact of negative developments in the short-run.

1.3.2. Financial markets

1.3.2.1. Foreign exchange market

In 2013, domestic foreign exchange market turnover totaled USD89.8 billion, exceeding by 35.9% the level of 2012, of which the stock market turnover amounted to USD31.8 billion, having increased by 5.8%. Cash market turnover stood at USD17 billion, increasing by 33%.

In the year under review, resident economic entities:

- sold foreign exchange in the amount of USD23 billion, a drop by 2.2% (by USD0.5 billion) compared with 2012; and
- purchased foreign exchange in the amount of USD22.6 billion, an increase by 3.3% (by USD0.7 billion) compared with 2012 (Attachment 1.11).

In 2013, foreign exchange purchased by resident economic entities was, mainly, used to repay credits (USD7.7 billion or 34% of the total volume purchased over 2013), procure raw products and materials (USD3.4 billion or 15.1%), pay for fuel and energy resources (USD3.3 billion or 14.9%), and purchase equipment and components (USD2.9 billion or 13%). A total of 77% of the foreign exchange purchased by resident economic entities was used for the above-mentioned purposes.

As a result, net supply of foreign exchange by resident economic entities in 2013 stood at USD0.4 billion (USD1.6 billion in 2012).

In January-May 2013, households were, mostly, a net seller of foreign exchange (USD0.1 billion), in June-December 2013 – a net buyer (USD2.5 billion). Households purchased in 2013 USD2.4 billion on a net basis, with a net demand worth USD1.4 billion being formed under operations involving foreign exchange in cash and USD1 billion – under operations involving non-cash foreign exchange (Attachment 1.12).

The operations involving the US dollars dominated the Belarusian foreign exchange market (68.9%). The share of this currency in foreign exchange operations increased by 10 percentage points compared with 2012, with the share of euro reducing from 23.6% to 17.8%. The share of the Russian ruble in the foreign exchange operations dropped by 2.9 percentage points and totaled 12.8%. The volume of operations involving other currencies remained insignificant (less than 1%).

1.3.2.2 Interbank credit market

In 2013, interbank credits in the national currency continued to be one of the main instruments regulating banks' liquidity. Resident and non-resident banks of the Republic of Belarus were involved in activities in this segment of the money market.

A significant liquidity surplus in 2013H1 contributed to the reduction in the total volume of transactions carried out in the interbank market. The volume of operations carried out by banks in the interbank market was lower in 2013 compared with 2012, amounting to BYR102 trillion (in 2012, BYR122.6 trillion).

The structure of time instruments in the interbank market didn't undergo significant changes compared with 2012 - intraday interbank credits accounted for 85.6% (82.3% in 2012). In 2013, the share of operations with non-resident banks in the interbank ruble market decreased, totaling 1.6% (in 2012, 3.5%).

At the same time, the banks continued in 2013 to attract/place resources in the national currency in the interbank market through repo transactions. However, the share of such operations reduced, averaging 15.5% of the balance of amounts owed against 19.7% in 2012.

The excess level of the banks' liquidity, which was observed in the first half of the year under review (that reduced the risks of unsecured interbank lending), was mainly responsible for the decrease in the attraction/placement of resources in the interbank market in the national currency. The reduction in 2013 of the volume of government securities denominated in Belarusian rubles in the banks' portfolios also contributed to the decrease in the share of repo transactions in the interbank market.

Under conditions of excess ruble liquidity, the National Bank took measures aimed at maintaining the interest rate in the intraday interbank market at the lower limit of the interest rate band.

In 2013 Q3, the deteriorated situation with liquidity in separate banks led to the widening of the interest rate band in the interbank market and significant increase in its average level (Attachment 1.13).

1.3.2.3. Deposit and credit markets' interest rates

Change in the refinance rate and interest rates on liquidity regulation instruments, as well as the situation with liquidity in the banking sector, determined, in large measure, the dynamics of interest rates in the deposit and credit markets in 2013 (Attachment 1.14).

A relatively high level of interest rates in the credit and deposit markets was observed in the early and late 2013. In December 2013, the average interest rate on bank fresh credits* in the national currency was 41.9% per annum, having grown by 2.5 percentage points compared with December 2012. As at December 2013, the average interest rate on fresh time deposits in Belarusian rubles totaled 36.7% per annum, growing by 3.2 percentage points versus December 2012.

At the same time, in 2013 the interest rates on credits in Belarusian rubles decreased, while on deposits in the national currency the interest rates went up. The interest rate on fresh bank credits in the national currency averaged 35.7% per annum, compared with 37.7% per annum in 2012. The interest rate on fresh bank deposits in Belarusian rubles averaged 35% per annum, compared with 32.8% per annum in 2012.

In 2013, the average interest rate on fresh bank credits in freely convertible currency increased by 1.4 percentage points, totaling 9.1% per annum as at January 1, 2014. The average interest rate on fresh time deposits in freely convertible currency went up in 2013 from 4.5% per annum to 5.4% per annum.

The interest rate policy implemented by the National Bank in 2013 contributed to the maintenance of positive interest rates in the national currency in real terms.

* Excluding soft credits granted pursuant to decisions of the President and the Government of the Republic of Belarus.

1.3.2.4. Government securities market

In 2013, the Ministry of Finance placed government long-term bonds (hereinafter –“GDOs”) with interest yield denominated in Belarusian rubles in the total amount of BYR13.6 trillion. In the year under review, the Ministry of Finance retired GDOs worth BYR12.8 trillion at face value.

As a result, the volume of GDOs denominated in Belarusian rubles in circulation grew by BYR0.8 trillion (by 5.5%) and as of January 1, 2014 totaled BYR14.7 trillion at face value.

In 2013, the Ministry of Finance placed interest-bearing government bonds for legal persons denominated in foreign exchange in the domestic government bonds market in the total amount of USD1,190.6 million and EUR275 million. In the year under review, the Ministry of Finance allocated USD800 million to repay the government bonds of this kind placed in the domestic market at face value.

Thus, the volume of interest-bearing government bonds for legal persons denominated in foreign exchange and placed in circulation in the domestic market increased:

- by USD390.6 million (by 28.3%), amounting to USD1,768.6 million as at January 1, 2014; and

- by EUR275 million (by 100%), amounting to EUR275 million as at January 1, 2014.

In 2013, banks’ claims on the Government of the Republic of Belarus in securities denominated:

- in Belarusian ruble reduced by BYR0.2 trillion (by 3.7%) at book value and as of January 1, 2014 totaled BYR5.4 trillion; and

- in foreign exchange grew by BYR9.5 trillion (by 243.4%) at book value and as of January 1, 2014 totaled BYR13.4 trillion.

As at January 1, 2014, 28 banks and 37 non-bank professional participants of the securities market (as at January 1, 2013, 29 banks and 11 non-bank professional participants of the securities market) were authorized to take part in government securities trading through electronic trading system of the Joint-Stock Company “Belarusian Currency and Stock Exchange” (hereinafter –“JSC “Belarusian Currency and Stock Exchange”).

Due to the reduction of the volume of government securities denominated in Belarusian rubles in the banks’ portfolio, the secondary market witnessed in 2013 a decrease in the share of transactions involving such securities. Thus, the total volume of government securities traded on the floor of JSC “Belarusian Currency and Stock Exchange” amounted in 2013 to BYR15.6 trillion, decreasing by BYR11.3 trillion or by 42% compared with 2012. 1,256 transactions were concluded at the stock exchange (in 2012, 5,307 transactions).

The weighted average yield on the transactions involving “until redeemed” GDOs amounted to 15.7% per annum.

The weighted average repo rate (irrespective of the term) on the transactions involving GDOs stood in 2013 at 34.3% per annum.

In the year under review, the following transactions involving interest-bearing government bonds denominated in foreign exchange and placed in the domestic market were carried out in the secondary market:

- through the trading system of the JSC “Belarusian Currency and Stock Exchange” – 22 transactions worth BYR1.2 trillion (in equivalent), with the average weighted yield totaling 6.3% per annum; and

- in the over-the-counter market – 23 transactions worth BYR1.3 trillion (in equivalent).

1.3.2.5. Corporate securities and local executive and regulatory authorities’ bonds market

The growing share of the securities debt market due to the increased volumes of government bonds issue was the main trend in 2013. (Attachment 1.15). Thus, the volume of bonds issued in 2012 stood at 51.2% of the total volume of shares and bonds issue, having grown in 2013 to 53.2%. At the same time, the volume of government bond issue grew from 21.4% to 27.4%. The share of the equity market dropped in the year under review from 48.8% to 46.8%.

In 2013, the volume of **registered issue of joint-stock companies’ shares** totaled BYR48.6 trillion, having changed to an insignificant degree compared with 2012 (BYR49 trillion).

As at January 1, 2014, the operating issuers’ shares in circulation amounted to BYR186.2 trillion, increasing by 35.3% compared with January 1, 2013 (BYR137.6 trillion), with the ratio of the volume of shares in circulation to GDP growing as at January 1, 2014 to 29.2% compared with 25.9% as at January 1, 2013.

The annual **issue of corporate bonds** amounted to BYR25.1 trillion, decreasing by 14.8% compared with 2012 (BYR29.5 trillion). In the reporting period, 358 issues of corporate bonds of 153 issuers were registered. The volume of bonds issued by banks dropped from BYR17 trillion in 2012 to BYR14.5 trillion in 2013. The volume of issued banks’ bonds amounted to 57.6% of the total volume of issued corporate bonds.

Thus, as at the beginning of 2014, 624 issues of corporate bonds of 254 issuers worth BYR64.6 trillion, or 10.1% of GDP, were in circulation (as at January 1, 2013, this indicator amounted to BYR58.9 trillion, or 11.1% of GDP). As a result, the volume of corporate bonds in circulation grew over the

year by BYR5.7 trillion, or by 9.7%.

In the year under review, 14 issues of **bonds of local executive and administrative authorities** worth BYR1.6 trillion were registered. As at January 1, 2014, the volume of the above-mentioned bonds in circulation amounted to BYR8.4 trillion, growing by 15% compared with January 1, 2013 (BYR7.3 trillion). The ratio of the volume of this market to GDP was 1.3%.

In 2013, **initial public offering** of corporate shares and bonds worth BYR5 trillion was carried out on the floor of the JSC “Belarusian Currency and Stock Exchange”, a 2 times increase on 2012 (BYR2.6 trillion). This growth was due to the increase in the volume of placed bonds. Thus, in 2013, banks’ bonds worth BYR2.7 trillion (a 3.3 times growth on 2012) and other legal persons’ bonds worth BYR2.2 trillion (a 2.2 times growth on 2012) were placed, with the volume of placed exchange-traded bonds amounting to BYR3.9 trillion (BYR1.2 trillion in 2012).

The volume of open joint-stock companies’ shares placed in the primary market dropped from BYR0.7 trillion in 2012 to BYR0.1 trillion in 2013.

The weighted average yield in the primary market was:

- on banks’ bonds – 21.3% per annum; and
- on other legal persons’ bonds – 33.9% per annum.

In 2013, the total volume of the **secondary stock trading** totaled BYR18.5 trillion, increasing by BYR7.8 trillion compared with 2012 (BYR10.7 trillion), including in:

- shares – BYR0.5 trillion (in 2012, BYR0.8 trillion);
- corporate bonds – BYR17.3 trillion, including banks’ bonds – BYR15.7 trillion (in 2012, BYR9.5 trillion and BYR8.3 trillion respectively); and
- bonds of local executive and regulatory authorities – BYR0.7 trillion (in 2012, BYR0.4 trillion).

The volume of secondary trading increased at the expense of the growing volumes of transactions involving corporate bonds.

The weighted average yield in the secondary market stood at:

- on local executive and regulatory authorities’ bonds – 26.5% per annum;
- on banks’ bonds – 24.9% per annum; and
- on other legal persons’ bonds – 24% per annum.

Since 2008, the market prices of shares have been calculated based on the results of stock trading, that makes it possible to calculate the capitalization of these securities. Thus, as at January 1, 2011, this indicator totaled BYR11 trillion (6.8% of GDP), as at January 1, 2012 – BYR9.5

trillion (3.2% of GDP), as at January 1, 2013 – BYR3.8 trillion (0.7% of GDP), and as at January 1, 2014 – BYR35.1 trillion (5.5% of GDP).

In 2013, transactions worth BYR28.9 trillion (BYR31.4 trillion in 2012), including purchase/sale transactions involving securities worth BYR24.1 trillion (in 2012, BYR25.7 trillion), of which transactions involving bonds in the amount of BYR22.2 trillion, were entered into in **the over-the-counter securities market**.

1.3.2.6. Bank management funds

In accordance with the Law of the Republic of Belarus dated July 13, 2012 “On Amending and Modifying the Banking Code of the Republic of Belarus” (National Legal Internet Portal of the Republic of Belarus, July 21, 2012, 2/1968), which entered into force on January 22, 2013, the list of banking operations was enlarged to include the trust management of the bank management fund on the basis of an agreement on trust management of the bank management fund. The National Bank was entrusted with the functions of regulating the relations arising as a result of pooling monetary funds and/or securities in the bank management fund.

Implementation of the collective investment schemes in the Republic of Belarus, which are represented, among all, by the bank management funds, will make it possible to intensify development of the country’s financial market, expand the banks’ functions of financial intermediation, as well as ensure the availability of the alternative to the traditional financial market instruments.

Establishment of the collective investment institutions is necessary for the development of the corporate securities market. With the availability of large collective investors the additional financing of enterprises by means of issuing shares and bonds thereby is eased to a considerable degree.

Chapter 2

The National Bank's activities

In 2013, monetary policy was aimed at decelerating inflationary processes and creating conditions for balanced development of the Belarusian economy.

All monetary policy instruments of the National Bank were used to achieve the target of bringing down inflation in 2013.

2.1. Monetary policy

2.1.1. Exchange rate policy

The exchange rate policy pursued by the National Bank in 2013 was aimed at decelerating inflationary processes and was conducive to restricting the devaluation expectations and maintaining the price competitiveness of the Belarusian economy.

In 2013, the exchange rate of the Belarusian ruble fell against the US dollar by 11% (from BYR8,570 to BYR9,510/USD1), against the euro by 15% (from BYR11,340 to BYR13,080/EUR1), and against the Russian ruble by 3% (from BYR282 to BYR290.5/RUR1). In the reporting year, the cost of the currency basket increased by 9.7%, amounting to BYR3,306.1 as of January 1, 2014.

2013 H2 witnessed the depreciation of the Belarusian ruble (Attachment 2.1). Overall, in the year under review the real effective exchange rate of the Belarusian ruble, as measured by the producer price index, appreciated 1.6% in December 2013 (the same indicator for 2012 amounted to 13.5%). At the same time, an excess of inflation in the Republic of Belarus over inflation in the countries - major trade partners still influenced the dynamics of the real exchange rate of the Belarusian ruble.

2.1.2. Interest rate policy

In 2013, the National Bank's interest rate policy was aimed at maintaining real interest rates in the economy at the positive level, an important prerequisite for ensuring price stability and preserving the depositors' savings.

The refinance rate was down 6.5 percentage points since the beginning of 2013 and amounted to 23.5% per annum beginning on June 10, 2013 (the Guidelines for 2013 provide for a decline in the refinance rate to 13 - 15% per annum as at year-end 2013). Beginning in June 2013, the decline in the

refinance rate was suspended for the purpose of maintaining stable situation in the deposit and foreign exchange markets and an anti-inflationary orientation of the National Bank's interest rate policy.

In 2013, interest rates on standing facilities designed to provide liquidity fell from 50% to 35% per annum and on bilateral operations designed to maintain liquidity from 50% to 35% per annum. Interest rates on instruments designed to withdraw liquidity (overnight deposit) grew from 19% to 20% per annum.

The average interest rate on intraday interbank credits rose from 27.6% per annum in December 2012 to 33.6% per annum in December 2013.

In 2013, the National Bank exerted an impact on liquidity of the banking system and dynamics of interest rates in the money market through standing facilities, bilateral operations, and open market operations (Attachment 2.2).

In 2013, the National Bank's deposits and placement of short-term bonds on an auction basis were the main instruments designed to withdraw liquidity. The bulk of liquidity was withdrawn at interest rates which were close to the lower limit of the interest rate band. In times of liquidity shortage the National Bank held auctions designed to maintain liquidity at interest rates of 36 - 40% per annum for up to seven days. Beginning in September 2013, the National Bank imposed more strict conditions for liquidity provision and exercised only bilateral operations to the minimum extent necessary.

In 2013, the average daily outstanding balance of operations designed to maintain current liquidity of the banking system amounted to BYR1.1 trillion. In the year under review, the banks' average daily remaining balance of operations designed to withdraw liquidity of the National Bank totaled BYR2.1 trillion.

2.1.3. Key monetary indicators

The dynamics of monetary aggregates was formed in the context of decelerating inflationary processes, relative stability of the Belarusian ruble exchange rate, and growth of households' real incomes.

In 2013, the broad money supply increased by 19.8%, or BYR32 trillion, of which the ruble money supply (M2*) grew by 15.5%, or BYR10.6 trillion (Attachment 2.3).

The growth of the M2* money supply in 2013 was mainly due to an increase in term deposits held by natural persons (by BYR7.7 trillion, or 50.4%). At the same time, the amount of securities issued by banks in the national currency (outside bank circulation) was falling (Attachment 2.4).

In 2013, the natural persons' share of term deposits in the structure of the ruble money supply increased by 6.7 percentage points. The share of cash in circulation decreased by 1 percentage point, the share of natural persons' transferable deposits by 0.4 percentage points, the share of legal persons' transferable deposits by 2 percentage points, the share of legal persons' term deposits by 1.2 percentage points, and the share of securities issued by banks in the national currency (outside bank circulation) by 2.1 percentage points.

In 2013, the share of the ruble component in the broad money supply declined from 42.6% to 41%.

As of January 1, 2014, foreign exchange deposits amounted to USD11.3 billion in dollar terms, a USD1 billion or 9.8% increase on a year earlier.

The annualized velocity of the broad money supply circulation fell to 3.6 circulations or by 7.8% (to 3.9 circulations or by 6.7% in 2012). The annualized velocity of the ruble money supply circulation fell to 8.3 circulations or by 12.9% (to 9.6 circulations or by 6.4% in 2012).

In 2013, the ruble issue (an increase in the ruble monetary base) totaled BYR3.3 trillion mainly due to the Belarusian Government's transactions worth BYR3.6 trillion. In the reporting year, the National Bank's transactions (foreign exchange transactions and banks' liquidity regulation) led to a BYR0.3 trillion decline in the ruble monetary base.

The National Bank made use of the reserve requirements mechanism for the purpose of regulating money supply and maintaining balanced growth rates of lending in 2013.

Beginning on August 1, 2013, the National Bank increased the reserve requirements ratio from 12% to 14% in respect of funds raised in foreign currency and exempted, at the same time, banks' monetary funds channeled to the purchase of government bonds denominated in foreign currency from reserve requirements. The main purpose of taking these measures was to promote banks' interest in attracting funds on ruble deposits and acquiring foreign currency bonds issued by the Government of the Republic of Belarus with a view to refinancing public debt and maintaining the level of gold and foreign exchange reserves.

As of January 1, 2014, international reserve assets of the Republic of Belarus amounted, in accordance with the IMF's methodology, to BYR6.7 billion, a USD1.4 billion decline during 2013 (the Guidelines for 2013 provided for a USD0.3 - 0.7 billion growth). The level of gold and foreign exchange reserves covered 1.7 months of imported goods and services as of January 1, 2014.

In 2013, the decrease in the level of international reserve assets was conditional on the negative foreign trade balance, a lack of the planned volume of funds from the state property privatization, the repayment of the

Belarusian Government and the National Bank's external and internal obligations in foreign currency, as well as the decline in the value of gold in the international market. The receipt of two tranches of the loan from the EurAsEC Anti-Crisis Fund and placement of foreign currency bonds in the domestic market by the Ministry of Finance had a positive impact.

2.2. Supervision of banks' activities

2.2.1. Streamlining the regulatory legal framework for banking supervision

In 2013, the work was going on to streamline the regulatory legal framework governing banking supervision and to bring it into line with international standards and practical experience.

The scope of information disclosed by banks and parent organizations of banking groups and/or bank holding companies in the mass media, on the Internet sites, and in replies to queries from interested users was expanded and made more specific with a view to raising the awareness of banking risks among households and organizations.

As part of ongoing endeavors to streamline mechanisms for banking regulation, procedures for reconciling the names of banks and non-bank financial institutions were established and also the procedure for receiving the National Bank's permit to acquire shares was improved. In addition, a uniform requirement for the minimum authorized capital of a non-bank financial institution in an amount equivalent to EUR1 million and differentiated requirements for the minimum regulatory capital, subject to the types of banking operations conducted by a non-bank financial institution, were imposed.

The work has been done to improve banks' qualitative performance indicators which secure the ability to withstand the internal and external destabilizing effects and to adequately perform their functions in the economy. More stringent approaches to the risk assessment of foreign currency loans were taken to that end by banks in calculating regulatory capital adequacy ratio.

Resolution of the Board of the National Bank of the Republic of Belarus No. 409 "On Approving the Regulations on the Organization of the Supervisory Cycle in the National Bank of the Republic of Belarus" dated June 27, 2013, which is aimed at improving the efficiency of interaction among the organizational units of the Banking Supervision Directorate of the National Bank, was adopted for the purpose of streamlining the supervisory procedures at all stages of the supervisory process through the introduction of international standards.

Resolution of the Board of the National Bank of the Republic of Belarus No. 562 “On Approving the Recommendations about Banks’ Techniques for Applying Liquidity Risk Monitoring Tools Stipulated by Basel 3 International Standards” dated September 26, 2013, which is aimed at improving the banks’ process for liquidity and liquidity risk management and enhancing the effectiveness thereof, was adopted in compliance with the plan for implementing Basel 3 international standards of capital, leverage, and liquidity.

In 2013, the work aimed at improving corporate governance, risk management, and internal control was underway. For example, amendments and modifications associated with the refinement of the processes of identifying conditions for the emergence of the conflict of interest and measures for the elimination thereof, as well as identifying individual types of operational risk were made to the National Bank’s regulatory legal acts governing the organization of corporate governance and risk management and internal control systems.

Resolution of the Board of the National Bank of the Republic of Belarus No. 563 “On Approving the Recommendations about the Techniques for Internal Assessment of Capital in Banks, Non-bank Financial Institutions, Banking Groups, and Bank Holding Companies” dated September 26, 2013, which is aimed at promoting the use of modern techniques for capital and risks management by banks in accordance with international best practices, was adopted for the purpose of improving the quality of bank governance.

Also, in 2013 a package of measures was accepted to minimize risks of non-return loans extended to natural persons as part of instant lending. It is planned that higher capital requirements for retail loans extended to natural persons at increased interest rates will be imposed beginning on January 1, 2014 as well as the provisioning for potential losses on consumer loans will significantly increase.

The work was carried out to bring the National Bank’s regulatory legal acts into line with laws of the Republic of Belarus “On Audit Activities” (the National Legal Internet Portal of the Republic of Belarus, July 23, 2013, 2/2054), “On Accounting and Reporting” (the National Legal Internet Portal of the Republic of Belarus, July 24, 2013, 2/2055), and “On Investments” (the National Legal Internet Portal of the Republic of Belarus, July 23, 2013, 2/2051) dated July 12, 2013.

2.2.2. Off-site supervision

Taking the whole range of supervisory response measures aimed at ensuring safe and liquid functioning of banks, protecting bank creditors’

interests, and minimizing the risk of bank failures and costs associated therewith remained the main task of the off-site supervision.

During 2013, the National Bank was monitoring, on an ongoing basis, banks' compliance with safe functioning requirements and other prudential norms and restrictions. The work continued to provide equal conditions for functioning of banks and to ensure fair competition. However, the year under review saw a failure to completely abandon preferential treatment of banks so that they could comply with individual prudential requirements which was mainly due to the need for servicing government programs and the adaptation of banks to significant changes in banking legislation.

In 2013, particular emphasis was placed on financial standing of JSC "Belagroprombank", JSC "JSSB Belarusbank", and "Belinvestbank" JSC which ensure the servicing of the Belarusian economy.

An ongoing work to increase the capitalization of banks and to eliminate violation of minimum regulatory capital requirements was carried out involving managers and owners of banks. Control was exercised over banks' measures to increase the regulatory capital.

In 2013, a purposeful work was underway to strengthen the off-site supervision in terms of improving the analysis of banks' performance indicators and their compliance with safe functioning requirements and identifying negative trends and crisis developments at early stages. The work to improve the National Bank's information and analytic system continued for the purpose of automating and consequently accelerating the processing of financial and other reporting data of banks.

Appropriate supervisory response measures – such as sending instructions to rectify identified violations and to take adequate measures, as well as holding a meeting with members of banks' executive bodies and sending them letters – were taken against banks, based on a motivated judgment, according to the results of analysis of banks' financial statements and other information received with a view to halting negative trends and excluding (preventing) situations threatening depositors and other creditors' interests.

The practice of the National Bank's constructive interaction with audit organizations and the Association of Belarusian Banks continued.

2.2.3. Inspections of banks

In the year under review, the National Bank conducted 10 scheduled inspections of banks (OJSC "TECHNOBANK", "Belinvestbank" JSC, JSC "MTBank", RDB-Bank, OJSC "Belarusky Narodny Bank", PJSC "Trustbank", JSC "BSB Bank", "InterPayBank" JSC, and JSC "Idea Bank").

A topical scheduled inspection of JSC “Zepter Bank” started in December 2013.

In addition, an unscheduled comprehensive inspection of BPS-Sberbank and unscheduled topical inspections of “Bank Moscow-Minsk” JSC (in terms of quality of the bank’s individual assets) and OJSC “Paritetbank” were made.

The results of inspections of some banks were considered in the meetings of the Board of the National Bank in connection with the identified violations of laws and shortcomings in corporate governance, internal control, and risk management systems.

Unscheduled topical inspections of JSC “JSSB Belarusbank”, “Priorbank” JSC (two inspections), and Alfa-Bank were conducted on instructions from law enforcement authorities and the State Control Committee.

2.2.4. Monitoring of financial stability

In 2013, the National Bank exercised, in accordance with Article 26 of the Banking Code, monitoring of financial stability, the main purpose of which was to identify and assess the threats to sustainable functioning of the banking sector and the vulnerability of the Belarusian financial system.

The identification of systemic risks of the banking sector in 2013 was a priority for monitoring of financial stability, inasmuch as the institutional structure of the financial system is characterized by the dominance of the banking sector.

The National Bank’s organizational units monitored and analyzed, on a regular basis, indicators characterizing systemic risks of financial stability and their sources. The results of monitoring of financial stability were considered, on a quarterly basis, in the meetings of the Commission on the assessment of financial soundness of the banking system which is in charge of organizational and coordinating activities when monitoring financial stability in the National Bank.

Analytical survey *Financial Stability of the Republic of Belarus* which is posted on the National Bank’s official Internet site showed the results of monitoring of financial stability.

In 2013, the sustainable functioning of the Belarusian financial sector was ensured and most of the sustainability indicators had values within safe ranges.

JSC “Development Bank of the Republic of Belarus” – whose main purpose is to improve funding for government programs and socially important investment projects – had a significant impact on the financial intermediation sphere in 2013. This organization played a markedly greater

role in the reporting year due to the fact that JSC “Development Bank of the Republic of Belarus” continued to acquire assets of banks associated with funding of government programs.

Regulatory legal acts granting the National Bank powers to regulate activities of microfinance and leasing organizations and forex companies which become full-fledged participants in the financial intermediation market of the Republic of Belarus were drafted in the year under review.

2.3. Streamlining the regulation of banking operations

In 2013, the National Bank continued to streamline the regulation of banking operations with a view to improving the sustainability of the banking sector and developing it.

2.3.1. Participation in the development of regulatory legal acts and banks’ local documents on credit and deposit markets

In the reporting year, the National Bank took an active part in improving legislation on banks’ participation in the development of the Belarusian economy (Attachment 2.5).

Due to the fact that the Law of the Republic of Belarus “On Amending and Modifying the Banking Code of the Republic of Belarus” dated July 13, 2012 became operational on January 22, 2013, amendments and modifications were made to the National Bank’s regulatory legal acts which govern lending, attracting monetary funds on deposits involving savings books and certificates of deposit and saving certificates, carrying out settlements in the form of a bank transfer, including payments to the budget, and procedures for carrying out banking documentary operations.

Model (standard) forms of credit and deposit agreements concluded by banks with legal and natural persons and independent entrepreneurs were analyzed in an effort to protect the interests of depositors and borrowers as well as with a view to improving banks’ contractual work. Standard forms of a loan agreement and a bank deposit agreement concluded by banks with natural persons were developed based on the results of the analysis, sent to the Association of Belarusian Banks, and recommended for further reference.

With a view to ensuring the availability of credit resources to finance investment projects a decision was made to preserve restrictions on short-term loans in foreign currency solely.

Agricultural organizations which have livestock breeding complexes and poultry farms were offered an opportunity to take out loans in foreign currency for current operations to make payments to residents of the

Republic of Belarus for forage grain harvested in 2013 and protein raw materials purchased in the Republic of Belarus (validity period until January 1, 2014).

At the same time, higher rates of foreign currency lending to the real sector enterprises led to an excessive accumulation of clients' foreign exchange risk which is not secured by sufficient foreign exchange earnings. The need for repayment of foreign currency loans in the absence of sufficient own sources of foreign exchange earnings resulted in a significant increase in the demand for foreign exchange in the domestic foreign exchange market of the Republic of Belarus. Measures to tighten lending in foreign currency had to be taken in this connection. Beginning on January 16, 2014, foreign currency loans may be extended to economic entities exclusively for making payments to non-residents of the Republic of Belarus in carrying out foreign trade operations. Also, lending in foreign currency to economic entities for the purpose of making payments to JSC "Gazprom Transgaz Belarus" for supplied natural gas remains a possibility.

In the period under review, 207 draft regulatory legal acts on provision of bank loans to economic entities as part of funding for government programs and activities as well as projects for government support to enterprises and organizations in the form of issuing a guarantee of the Government of the Republic of Belarus and/or compensation for a portion of interest on the loans were submitted for approval (112 draft regulatory legal acts have been approved).

Bank procedures for carrying out control measurements of the volumes of completed construction and installation works and charges incurred during construction (reconstruction) involving bank loans were approved with a view to enhancing the effectiveness of public sector investments and creating a mechanism of economic responsibility for the quality of works and failure to comply with the norms and requirements set out in the documents at all stages of construction financed at the expense of budgetary funds.

As part of the implementation of the adopted regulatory legal acts, control measurements of the volumes of completed construction and installation works and charges incurred were made in 916 buildings of legal persons and 11,538 flats and overstatements worth BYR83.7 billion were identified in 761 buildings and 10,608 flats. Given indexation, BYR78.3 billion is subject to the recovery, where BYR61.5 billion was actually recovered. In addition, overstatements worth BYR21.7 billion were prevented from happening at a time of carrying out control measurements.

In 2013 H2, efforts were taken, in consort with the Ministry of Economics, the Ministry of Finance, and banks, to finance government programs and activities, pursuant to decisions made by the President of the Republic of Belarus and the Government of the Republic of Belarus, which

resulted in the adoption of the resolution of the Council of Ministers and the National Bank.

The representatives of the National Bank, JSC “Belagroprombank”, and JSC “JSSB Belarusbank” visited 58 agricultural enterprises in 19 districts of the Republic of Belarus for the purpose of studying the actual state of business in the field and formulating proposals for economic recovery and improvement in the mechanism of government support to the agro-industrial complex. According to the results of the work, proposals to amend and modify applicable regulatory legal acts as well as to balance the sources of funding for government programs were formulated and submitted to the Ministry of Agriculture and Food taking into account resource opportunities for lending and real effectiveness of the projects.

In 2013, the National Bank took part in the development of the Concept of Funding Government Programs and Activities for 2014.

Efforts were taken, in consort with the Association of Belarusian Banks, to improve mechanisms for providing government financial support to small-sized business entities and infrastructure to support small and medium-sized business.

For example, procedures were modified for changing interest rate on funds of local budgets placed on deposits with banks and interest rate on a soft loan, including a microloan extended by a bank to a small-sized business entity.

Also, a deadline was imposed for the submission of bank documents which are required for execution of a guarantee of the Belarusian Fund for Financial Support of Entrepreneurs in cases where a small-sized business entity and a borrower fail to comply with obligations to repay a soft loan, including a microloan.

In 2013, efforts were taken to develop housing lending through improvements in mortgage institutions and mortgage-backed securities. For example, the National Bank formulated proposals to develop residential premises mortgage and to establish the national agency for mortgage lending and the system of housing construction savings which are reflected in the Concept of State Housing Policy of the Republic of Belarus till 2016 as well as the plan for the implementation thereof.

In order to develop mortgage the National Bank in consort with banks proposed measures associated with the red tape reduction in the procedure for mortgage pledging, a reduction in the costs of participants and an increase in the efficiency of work with pledge, and the removal of the ban on the purchase of land parcels by a bank-mortgagee which are subject to mortgage and the property whose mortgage secures a loan agreement. The National Bank’s proposals were taken into consideration at a time of drafting the Law

of the Republic of Belarus “On Amending and Modifying Some Laws of the Republic of Belarus Regarding Mortgage”.

As part of endeavors to improve the procedures for financing exports of goods (works and services), the National Bank suggested expanding government support to financing operations against the assignment of monetary claim (the factoring) which was implemented when selling domestically produced vehicles and developing financial lease (leasing) of vehicles.

With a view to binding an increase in households’ incomes in 2013, the National Bank made efforts to create in the Republic of Belarus the system of housing construction savings and a mechanism for functioning thereof, and the state system of savings to pay for educational services and to develop the sustainable market for mortgage.

As part of activities to expand the range of banking products which provide an increase in households’ confidence in the savings held in the national currency, the Association of Belarusian Banks along with banks studied the possibility of attracting monetary funds in Belarusian rubles from natural persons by issuing bank index bonds and introducing index deposits.

These activities resulted in an offer of bank deposits “Garant” and “Indeksiruemy” from JSC “JSSB Belarusbank” and JSC “Belagroprombank” for their clients providing for the protection of bank savings in Belarusian rubles against the depreciation of the national currency.

2.3.2. Development of the system for non-cash settlements of retail payments

The number of bank payment cards (hereinafter – “cards”) that have been put into circulation as of January 1, 2014 totaled 11.8 million (a 13.2% increase in 2013), of which 5.3 million cards of the domestic payment system BelCard (45% of the total number of cards) and 6.5 million cards of international payment systems, including 4.5 million cards of payment system VISA (38% of the total number of cards) and 2 million cards of payment system MasterCard (17% of the total number of cards). The number of working accounts, which have been issued cards, totaled 10.8 million (a 5.9% increase in 2013).

4,088 ATMs (a 10.5% increase in 2013), 4,461 self-service payment and reference terminals (a 5.8% increase in 2013), including 875 infokiosks installed at the expense of RUE “Belpochta” and 73,627 payment terminals (a 29.6% increase in 2013) operating in 49,539 trading (servicing) organizations were functioning in the Republic of Belarus as of January 1, 2014.

As of January 1, 2014, the share of non-cash transactions in all transactions involving cards amounted to 68.4% in terms of their number and 21.5% in terms of their amount (as of January 1, 2013, these indicators stood at 62.6% and 18.9% respectively).

In 2013, the share of the non-cash turnover in the retail turnover stood, according to the National Statistical Committee, at 16% and the share of the non-cash turnover in the volume of paid services to households – 14.4% (a 2.8% and 2.6% increase, respectively, in 2013).

With a view to promoting the use of non-cash payments, the National Bank implemented the following measures envisaged in the joint action plan of public authorities and financial market participants to develop in the Republic of Belarus the system for non-cash settlements of retail payments involving modern electronic payment instruments and a means of payment for 2013 - 2015 which was approved by Resolution of the Council of Ministers of the Republic of Belarus and the National Bank of the Republic of Belarus No. 246/4 “On the Joint Action Plan of Public Authorities and Financial Market Participants to Develop in the Republic of Belarus the System for Non-cash Settlements of Retail Payments Involving Modern Electronic Payment Instruments and a Means of Payment for 2013-2015” dated April 1, 2013 (the National Legal Internet Portal of the Republic of Belarus, April 6, 2013, 5/37085):

- an issue about tariff rates for the acquiring of trading (servicing) organizations and cash collection applied by Belarusian banks was studied in consort therewith. An Agreement was concluded between Belarusian banks effecting cash collection and/or acquiring of operations involving bank payment cards;
- as part of efforts to combat fraud involving modern payment instruments, the meeting of the Committee on Non-cash Settlements of the Association of Belarusian Banks recognized that, beginning on January 1, 2015, it is appropriate for Belarusian banks to issue cards obviously based on the EMV chip technology;
- proposals to draft amendments and modifications to the Law of the Republic of Belarus “On Consumer Protection” dated January 9, 2002 were submitted to the Ministry of Trade, whereby a consumer would have the right to choose between cash and non-cash forms of payment for goods (works and services);
- in order to broaden the acceptance of cards in the Republic of Belarus and to increase the number of software and hardware infrastructure objects for the purpose of servicing card holders, the National Bank drafted, in consort with the Ministry for Taxes and Levies, and approved amendments and modifications to Resolution of the Council of Ministers of the Republic of Belarus and the National Bank of the Republic of Belarus No. 924/16 “On

the Use of Cash Registering Equipment, Payment Terminals, Automatic Electronic Devices, and Vending Machines and on the Acceptance of Cash and Bank Payment Cards as a Means of Settlement in the Republic of Belarus when Selling Goods, Performing Works, Providing Services, Carrying out Activities in the Sphere of Gambling Industry and Lottery Business, and Conducting Electronic Interactive Games and Putting Cash Registering Equipment into Circulation” dated July 6, 2011 (National Register of Legal Acts of the Republic of Belarus, 2011, No. 80, 5/34128), which provides for:

= putting, beginning on June 16, 2013, motorway service facilities, retail facilities, catering and public amenity facilities, ticket counters of passenger terminals, airports, and railway stations, and ticket halls of metro stations on the list of commercial establishments where the installation of payment terminals is mandatory; and

= mandatory acceptance for payment, beginning on February 15, 2014, of cards of the domestic payment system BelCard along with cards of international payment systems VISA and MasterCard by trading (servicing) organizations equipped with payment terminals;

- proposals were submitted to the Ministry for Taxes and Levies to significantly expand the range of entities which must install payment terminals, including independent entrepreneurs who have points of sale in the markets, and to introduce payment technologies using cards via mobile payment terminal “GandliarOK” the cost of which is significantly lower compared with that of the stationary payment terminals that are used by trading (servicing) organizations; and

- other offers from the vendors of new technologies in the sphere of non-cash payments were studied and opinions were expressed thereon.

In the year under review, the market for e-money rapidly developed in the Republic of Belarus taking into account the global trends.

The issue of e-money in the Republic of Belarus is effected by Belgazprombank (e-money of settlement systems EasyPay, ”Berlio“, and ”MTC Money“), OJSC “TECHNOBANK” (e-money of settlement system OJSC “TECHNOBANK” based on the technical platform of system WebMoney Transfer), OJSC “Paritetbank” (e-money of settlement system iPay), “InterPayBank” JSC (e-money of settlement system W1 Bel), PJSC “Trustbank” (e-money of settlement system iPay), “Priorbank” JSC (e-money of settlement systems Belqi, iPay, and ”Joint System of Bulk Payments “), and “Belinvestbank” JSC and JSC “JSSB Belarusbank” (e-money accessed via a prepaid card issued as part of international payment system MasterCard). Belgazprombank took an unconditional and irrevocable obligation to repay e-money issued by Rosberlio LLC. Banks of the Republic of Belarus make sure that it is possible to effect in the Republic of Belarus

operations involving prepaid cards issued by non-residents as part of international payment systems.

2.3.3. Streamlining the regulation of non-cash settlements

In 2013, the work was underway to optimize procedures for carrying out settlements from current (settlement) bank accounts under existing order of payments. In particular, the new version of Instructions on the organization of payments from current (settlement) bank accounts in Belarusian rubles in the order of priority prescribed by legislation was approved by Resolution of the Board of the National Bank of the Republic of Belarus No. 763 “On Amending and Modifying Resolution of the Board of the National Bank of the Republic of Belarus No. 63 as of March 29, 2001” dated December 23, 2013 (the National Legal Internet Portal of the Republic of Belarus, February 7, 2014, 8/28326), where:

- the order of priority for effecting payments on the account of emergency needs as well as paying (transferring) monetary funds for labor remuneration are specified;
- the order of priority for satisfying payment claims from tax authorities and bodies of the Social Security Fund of the Ministry of Labor and Social Protection (hereinafter – “the Social Security Fund”) is adjusted for payments effected at a time of paying (transferring) wages within the prescribed minimum; and
- peculiar features of effecting payments are defined when operations in the current (settlement) bank account of a business entity are suspended and/or monetary funds held in this account are arrested.

The National Bank in consort with the Ministry of Finance adopted regulatory legal acts which provide for improvements in the procedures for crediting payments to the republican budget, budget of the state non-budgetary social security fund, and local budgets as it pertains to:

- the use of the directory of tax identification numbers of the treasury clients as well as changes in the structure of the codebook of payments to the budget;
- the identification of specific features in the crediting of payments the effecting of which is controlled by tax authorities and bodies of the Social Security Fund as well as cases when banks and postal establishments refuse to execute the payer’s (claimant’s) payment instructions to transfer monetary funds to the budget;
- the expansion of the list of details of the settlement documents that are on the List of enforced payments which may be modified on the application of the payer (claimant);

- ensuring the software control by the National Bank and banks over the availability of individual details shown in payment instructions of the payer (claimant) and electronic payment documents of the sending bank in the relevant directory; and
- the identification of specific features in filling out individual fields of payment instructions when making payments to the local budgets on the accounts opened for regional main departments and Minsk Main Department of the Ministry of Finance subject to the closure, pursuant to Article 105 of the Budget Code of the Republic of Belarus, of transit accounts held by financial divisions (departments) of local executive and administrative bodies.

With a view to streamlining operations conducted by banks of the Republic of Belarus by means of a letter of credit (hereinafter – “LC”), procedures for bookkeeping LCs were established, in accordance with international banking practice, which provide for partial or full payment prior to the submission of documents confirming shipment of goods (performance of works and provision of services).

2.3.4. Formation of credit histories and provision of credit reports

In 2013, the National Bank continued to form credit histories of natural and legal persons and provide the users of credit histories and subjects of credit histories with credit reports.

As of January 1, 2014, there were 4.33 million credit histories formed in the Credit registry, including 4.29 million credit histories of natural persons and 0.04 million credit histories of legal persons. In the period under review, the number of credit histories grew by 6.5%. Credit histories contain information on 16.06 million credit transactions, of which 6.25 million credit transactions are current.

Belarusian banks were the sources of credit histories formation as well as their main users.

In the year under review, 2.95 million requests for credit histories were prepared by banks, whereas credit reports were compiled on 2.56 million requests. The number of users of credit histories who have online connection to the Credit registry grew owing to microfinance organizations, leasing companies, mobile network operators, and other organizations. In the reporting year, 26 new users of credit histories, other than banks, were connected to the Credit registry.

The compilation of analytical reports *Credit Bulletin* for 2013 H1 which contains information on the dynamics of lending and outstanding debts

in terms of regions and types of activities was prepared, based on information included in credit histories, and posted on the official website of the National Bank.

Resolution of the Board of the National Bank of the Republic of Belarus No. 507 “On Amending and Modifying Resolution of the Board of the National Bank of the Republic of Belarus No. 67 as of May 27, 2009” dated August 29, 2013 (the National Legal Internet Portal of the Republic of Belarus, September 18, 2013, 8/27883) which enables to provide online credit reports to the subjects of credit histories was passed as part of endeavors to streamline the regulatory legal framework governing activities of the Credit registry.

2.4. Foreign exchange regulation and foreign exchange control

In 2013, the work was continued to improve the regulatory legal framework for foreign exchange regulation and foreign exchange control, anti-money laundering/combating the financing of terrorism (hereinafter – “AML/CFT”), as well as foreign account tax compliance.

The enactment of the Law of the Republic of Belarus “On Amending and Modifying the Law of the Republic of Belarus “On Foreign Exchange Regulation and Foreign Exchange Control”” dated July 12, 2013 (the National Legal Internet Portal of the Republic of Belarus, July 23, 2013, 2/2049) was conducive to the harmonization of its provisions with the requirements set out in other legal acts of the Republic of Belarus governing public relations in the sphere of foreign exchange regulation as well as with customs law of the Customs Union.

International agreements on promoting and protecting investments, particularly the Agreement on procedures for moving cash and/or cash instruments across the customs border of the Customs Union by natural persons, were given priority. In this connection the National Bank’s powers to establish procedures and norms for importing, exporting, and sending currency valuables to the Republic of Belarus and abroad were discontinued, whereas the establishment of procedures for sending currency valuables was attributed to the competence of the Council of Ministers of the Republic of Belarus.

In pursuance of the Law of the Republic of Belarus “On Amending and Modifying the Law of the Republic of Belarus “On Foreign Exchange Regulation and Foreign Exchange Control””, Resolution of the Board of the National Bank of the Republic of Belarus and the State Customs Committee of the Republic of Belarus No. 564/27 “On the Repeal of Resolutions of the Board of the National Bank of the Republic of Belarus and the State Customs Committee of the Republic of Belarus No. 73/38 as of April 30, 2004 and

No. 44/22 as of March 23, 2006” dated September 27, 2013 (the National Legal Internet Portal of the Republic of Belarus, October 12, 2013, 8/27956) was passed.

The National Bank took an active part in the work of the interagency commission to implement the project aimed at introducing the Tax free system in the Republic of Belarus. Defining the procedures for refunding VAT to foreign natural persons and developing uniform principles of interaction among all participants in this system were tangible results of this work.

In 2013, the National Bank monitored, on an ongoing basis, external receivables of economic entities of the Republic of Belarus which were engaged in foreign trade. Based on the results of monitoring, Resolution of the Council of Ministers of the Republic of Belarus and the National Bank of the Republic of Belarus No. 357/7 “On Amending and Modifying Resolution of the Council of Ministers of the Republic of Belarus and the National Bank of the Republic of Belarus No. 1483/22 as of November 5, 2011” dated May 8, 2013 (the National Legal Internet Portal of the Republic of Belarus, May 17, 2013, 5/37241) was adopted with a view to reducing the amount of indebtedness and eliminating the practice of increasing the period of repayment of export earnings in respect of exporters other than domestic manufacturers as well as the period of imports when the time of manufacturing is long.

Special emphasis was placed on preventing the growth of indebtedness prolonged by the National Bank. Despite the growth of external receivables the share of indebtedness prolonged by the National Bank did not change and stood at 24% of the total amount of external receivables.

In 2013, appropriate international standards were introduced in Belarusian legislation as part of endeavors to streamline the national AML/CFT system. Requirements for due diligence of banks’ clients were enshrined in the Banking Code.

In the reporting year, an active work was underway to take measures regarding the implementation of international legislation on foreign account tax compliance in the Republic of Belarus. A positive decision was reached about the conclusion of an intergovernmental agreement on the provision of information under FATCA which would enable the Republic of Belarus to make international payments without restriction and to avoid a 30% withholding tax on U-turn transactions involving foreign correspondent accounts of Belarusian banks.

The 18th plenary meeting of the Eurasian Financial Action Task Force was held in May 2013 with active support of the National Bank.

In connection with the entry into force of the Law of the Republic of Belarus “On Amending and Modifying the Administrative Offences Code of

the Republic of Belarus and Procedural Code of the Republic of Belarus on Administrative Offences” dated July 12, 2013 (the National Legal Internet Portal of the Republic of Belarus, July 27, 2013, 2/2062) the National Bank began to implement administrative measures against bank employees who breached legislation on AML/CFT as it pertains to the non-compliance with the prescribed procedures for questioning clients.

2.5. Improving accounting and reporting

In 2013, the work on bringing the national accounting and reporting system in the National Bank and banks into line with international principles, rules, and standards continued and the National Bank’s regulatory legal acts on accounting and reporting were streamlined.

In order to coordinate the above-mentioned activities, the National Bank cooperated with banks, the Association of Belarusian Banks, and auditing firms on the issues of drafting regulatory legal acts and developing national accounting standards within the Coordination Council for bringing the accounting and reporting system in the banking system of the Republic of Belarus into line with the International Accounting Standards (IAS).

In the year under review, the following standards were developed based on the IAS:

- National Accounting Standard 38 “Intangible Assets” (hereinafter – “NAS 38”) approved by Resolution of the Board of the National Bank of the Republic of Belarus No. 25 dated January 14, 2013, which defines principles of recognition, derecognition, and assessment of intangible assets in accounting, and disclosure of information thereon in banks’ financial statements;

- National Accounting Standard 12 “Tax on Income” (hereinafter – “NAS 12”) approved by Resolution of the Board of the National Bank of the Republic of Belarus No. 392 dated June 25, 2013, which sets requirements to recognition and assessment of deferred tax assets and deferred tax liabilities in accounting, and disclosure of information thereon in banks’ financial statements; and

- National Accounting Standard 23 “Capitalization of Borrowing Costs” (hereinafter – “NAS 23”) approved by Resolution of the Board of the National Bank of the Republic of Belarus No. 398 dated June 26, 2013, which defines the settlement procedures, principles of recognition in accounting of borrowing costs, which are subject to capitalization, and disclosure of information thereon in banks’ financial statements.

2.6. Cash circulation

In 2013, the National Bank satisfied the Belarusian economy's needs for cash with sufficient quantity of banknotes of various denominations.

Cash circulation in the reporting year was up by 41.8%, or BYR219 trillion, compared with 2012 and amounted to BYR743.1 trillion. The issue of cash in circulation totaled BYR1 trillion (in 2012, BYR4.6 trillion). The share of issue in cash disbursements reduced compared with the 2012 level and stood at 0.3% (1.8% in 2012).

In 2013, the share of monetary aggregate M0 in the ruble money supply accounted for 15.7-17.5%. As of January 1, 2014, this indicator totaled 15.5% (as of January 1, 2013, 16.5%)

Current indicators resulted from the National Bank's tight monetary policy and make it possible to forecast low growth rates of cash in circulation in 2014.

As of January 1, 2014, 423.8 million banknotes worth BYR12.3 trillion were in circulation (the 8.8% increase compared with January 1, 2013). At the turn of 2014, 200,000-ruble notes accounted for the largest share (55.1%) of the National Bank's notes in circulation. 100,000-ruble notes, 50,000-ruble notes, 20,000-ruble notes, 10,000-ruble notes, and 5,000-ruble notes accounted for 28.6%, 11.6%, 2.3%, 1.0% and 0.7% of the total amount of the National Bank's notes in circulation respectively. The share of banknotes of other denominations totaled 0.7%.

In the year under review, gold, silver, and copper-nickel commemorative coins of 53 names were put into circulation by the National Bank

With a view to preventing money counterfeiting the National Bank took preventive measures to inform households and banks about authenticity features of the National Bank and foreign notes, provided training, and brought the information on newly revealed ways of forging banknotes to the attention of the cashiers of the National Bank and banks without delay. As a result of the work done, 909 counterfeit banknotes were identified and withdrawn from cash circulation (939 counterfeit banknotes in 2012), including 460 US dollar notes, 79 euro notes, 327 Russian ruble notes, 35 Belarusian ruble notes, and 8 notes denominated in other currencies.

2.7. Payment system

In 2013, the National Bank ensured efficient, sound, and secure functioning and development of the payment system of the Republic of Belarus. Measures stipulated in the Concept of Development of the Payment

System of the Republic of Belarus for 2010-2015 approved by Resolution of the Board of the National Bank of the Republic of Belarus No. 29 dated February 26, 2010 and in the Guidelines for 2013 were implemented.

The automated system of interbank settlements of the National Bank (hereinafter – the “ASIS”)* is the most important component of the payment system of the Republic of Belarus.

In the year under review, 70.3 million payment instructions worth BYR3,842.7 trillion were effected in the BISS (Attachment 2.6). Compared with 2012, payment instructions effected in the BISS were up by 5.2% in terms of their number and 9.2%, or BYR324.4 trillion, in terms of their value. The average daily turnover amounted to BYR15.2 trillion in terms of payments value and 279.1 thousand in terms of their number. The share of payment instructions received by the BISS from 8 a.m. to 2 p.m. accounted for 67.4% of the total number of payment instructions sent per day.

Unauthorized access to the ASIS was prevented from happening. In 2013, the parameter of banks’ accessibility to the ASIS was 100% of the production time, with the level specified in the Plan of Actions Aimed at Implementing Monetary Policy Guidelines of the Republic of Belarus for 2013, approved by Resolution of the Board of the National Bank of the Republic of Belarus No. 650 dated December 12, 2012, being not lower than 99.5%.

In the course of streamlining regulatory legal framework for the payment system the instructions governing procedures for the ASIS functioning and carrying out interbank settlements in the BISS were amended and modified to include the use of the ledger of identification numbers of payers to treasury clients in order to control electronic payment documents under payments to the budget, as well as define the monitoring procedure.

For the purpose of developing the technology of working out and applying new types of electronic documents and electronic messages:

- the methodology of ISO 20022 Standard “Financial Services. Universal Financial Industry Message Scheme” was studied;
- a decision to discuss a possible implementation of the above-mentioned methodology in the payment system of the Republic of Belarus with the Association of Belarusian Banks and banks, that will make it possible to raise the level of Straight Through Processing (STP) of electronic documents, exclude the problem of

* The key functional component of the ASIS of the National Bank of the Republic of Belarus is the BISS (Belarus Interbank Settlement System). The BISS is a gross interbank settlement system in which settlements of urgent and non-urgent money transfers as well as settlements based on the results of clearing within the related systems (under purchase and sale transactions involving securities and financial instruments of future transactions and under operations involving bank payment cards) are effected on a real-time basis. The participants in the BISS are the National Bank, banks, and non-bank financial institutions.

compatibility of automated systems of various financial institutions, expand the scope of electronic documents use, eliminate the monopoly in the development of specialized software, bring the BISS into a full compliance with principles for financial market infrastructures, published by the Committee on Payment and Settlement Systems of the Bank for International Settlements and the Technical Committee of the International Organization of Securities Commission in April 2012, was taken; and

- a technical document that contains a description of electronic messages generated in the course of processing electronic documents and exercising control thereover by the BISS software complexes, the software complex “Provision of Services to Banks and Other Institutions”, and the Republican Centralized System of Interbank Correspondence Exchange in the Form of Electronic Documents, as well as the error codes for electronic documents, causes of their occurrence and users’ initial actions aimed at their removal was drawn up. This will make it possible to the BISS participants and users of the software complex “Provision of Services to Banks and Other Institutions”, and the Republican Centralized System of Interbank Correspondence Exchange in the Form of Electronic Documents to take the prompt measures for regeneration of electronic documents.

The pricing policy in the field of the settlement services provided by the National Bank was mainly aimed at covering costs associated with the ASIS operation and reorienting the processing of electronic payment documents to the first half of the BISS business day. The National Bank’s income from settlement services provided in 2013 amounted to BYR76.1 billion, growing by 27% against 2012 (BYR59.8 billion in 2012).

With a view to ensuring effective management of the payment process in the BISS a schedule for accepting and processing electronic payment documents and electronic messages by the BISS was continuously improved and the banks’ activities in the BISS were monitored in order to identify and analyze the causes for the long-term (more than three hours) being of electronic payment documents in the queue and to work out appropriate recommendations to banks.

In 2013, risk-based supervision of the BISS was carried out, performance of the software and hardware complexes and failure situations in the operation of the automated systems of its participants were monitored, as well as results of monitoring were analyzed on a regular basis, recommendations were produced, and their implementation was followed up.

Technical Code of Common Practice TKII 477-2013 (07040) “Banking Activities. Information Technologies. Processes to Ensure Continuous

Performance and Emergency Recovery of Payment System Participant. General Requirements” which sets requirements for organizational and methodological, as well as program and technical support of payment system participant’s smooth performance was developed and approved.

In the course of inspections banks were examined as to fulfillment of the requirements of the above-mentioned technical code of common practice for redundancy of critical resources (software and hardware complexes, communication channels, power, staff), execution of contingency plans for business continuity and recovery of the payment systems’ participant, as well as regular training of their staff’s actions under these plans (eight banks of the Republic of Belarus were inspected in 2013).

As part of measures designed to mitigate operational risk in the ASIS the Contingency Plan for Business Continuity and Recovery Procedures for the ASIS, approved by Deputy Chairman of the Board of the National Bank on October 11, 2013, was updated. In line with this plan the actions of the backup personnel under the conditions of performance of a set of works on the ASIS operation in case of the emergency situation related to the loss of critical personnel were trained.

Risk Management Strategy in the Payment System of the Republic of Belarus, approved by Resolution of the Board of the National Bank of the Republic of Belarus No. 471 dated August 9, 2013, was developed. This Strategy specifies the ensuring of the payment system’s efficient and sound functioning as a target of risk management in the payment system of the Republic of Belarus, sets forth the policy of the National Bank aimed at limiting (reducing) and maintaining risks at the appropriate level in the BISS (risk tolerance), reflects the aspects of its implementation on practice, and specifies mechanisms and procedures for limiting (reducing) liquidity risk and credit, legal, and operational risks.

The implementation of Risk Management Strategy in the Payment System of the Republic of Belarus will contribute to the performance of a single comprehensive policy of risk management in the country’s payment system, as well as the improvement of the reasonability and transparency of the National Bank’s activities.

Pursuant to recommendations of international financial institutions, a preliminary assessment of compliance with the principles for financial market infrastructures in the BISS defined by the banking community as the international standards for establishing highly efficient payment systems was carried out.

A draft of the revised version of the Red Book* on the Payment System of the Republic of Belarus was prepared and submitted to the Committee on

* Red Book is published by the Committee on Payment and Settlement Systems of the Bank for International Settlements (BIS). It describes the payment system, instruments designed to maintain liquidity of its participants, and the central bank’s role in the payment system development, as

Payment and Settlement Systems of the Bank for International Settlements (Basel, Switzerland).

In accordance with the state standardization plan, the grounding for developing a state standard of the Republic of Belarus “Banking Activities. Information Technologies. Terms and Definitions” was prepared and submitted to the State Committee for Standardization.

2.8. IT development

In 2013, the development of information technologies was aimed at enhancing the efficiency of the National Bank and banks’ performance and ensuring the reliability and the quality of the offered banking services through the use of modern information and communication technologies.

The National Bank and banks ensured a stable and safe functioning of their information systems, as well as their sophistication in order to implement new tasks.

With a view to organizing provision of information to banks and integrating information resources of the banking system into a nationwide automated information system the interagency working group comprising the representatives of the Operational and Analytical Center under the President of the Republic of Belarus and banks was established within the National Bank, which developed and is implementing a relevant plan of actions on a step-by-step basis.

In the year under review, operation of the ASIS software and hardware complexes was transferred to the virtual environment with a view to optimizing costs and increasing reliability of their functioning, as well as certification of the ASIS information security system was completed in accordance with legislation of the Republic of Belarus.

The new versions of the documentary information portal for banks and the system of interagency electronic documents flow of the National Bank, which make it possible to maintain the correspondence of the National Bank and banks in electronic form with the use of electronic digital signature (in the form of electronic documents) were introduced.

With a view to widening electronic document flow in the process of interaction of government agencies and the banking system, the National Bank offered an opportunity to the Population Social Protection Fund (PSPF) to submit electronic documents for the indisputable recovery of funds from the payers’ accounts to banks and enabled the banks to transfer information

on the opening (closing) of accounts of legal persons and individual entrepreneurs - payers of compulsory insurance contributions to the PSPF.

2.9 Development of the single settlement and information space

In 2013, the National Bank continued to implement a unique for the post-Soviet region government project to develop the single settlement and information space (hereinafter – the “SSIS”) in the Republic of Belarus intended for the payment of services through banks, non-bank financial institutions, and mail and electrical communication organizations. The SSIS is primarily designed to create a convenient instrument in the country that functions according to the “one contact” principle and makes it possible for the service consumers to make payment for the services provided thereto (including payments to the budget) through any payment acceptance office of any settlement (payment) agent regardless of payment method and payer’s geographical location that enables the state to monitor payments in real-time by all service providers connected to the system.

Within the SSIS the automated information system “Settlement” (hereinafter - the “ASIS “Settlement”) accepted 230 million payments worth BYR17.8 trillion, a 1.6 and 2.9 times growth, respectively, versus 2012 (140 million payments worth BYR6.2 trillion).

As many as 7,348 service providers were connected to the ASIS “Settlement”, including 2,757 service providers in 2013. 51.1 thousand services are available for payment in the SSIS.

In the reporting year, the medical, consumer, and social services provided to households, as well as the services provided by the executive committees’ departments of culture and education, educational institutions, and housing cooperatives and homeowners associations were added to the list of services paid through the ASIS “Settlement”. It is now possible to purchase railway, air, and bus tickets, tickets for cultural and entertainment events, pay for goods in the online stores, subscribe to mass media, pay for tourism services, pay penalties invoiced by the State Automobile Inspection based on the results of photo fixation of speed infringements on the roads, as well as pay for other services requested by households through the ASIS “Settlement”.

With a view to improving the system of non-cash and cash settlements in the Republic of Belarus and further developing the SSIS, Edict of the President of the Republic of Belarus “On Amending and Modifying Edict of the President of the Republic of Belarus No.389 dated August 30, 2011” No.13 dated January 10, 2014 (National Legal Internet Portal of the Republic of Belarus, January 14, 2014, 1/14734) was approved, pursuant to which the National Bank was authorized to proceed with further legal regulation of the

SSIS, as well as the list of participants entitled to receive payments for the services provided was expanded.

2.10. Improving financial literacy of population

In the year under review, the activities aimed at improving financial literacy of population of the Republic of Belarus were carried out at the government level in a consistent manner and coordinated by the National Bank. The institutional framework designed to implement measures aimed at enhancing the population's financial literacy, which includes the structures of different management levels, was formed:

- the Financial Literacy Division and the Working Group on Improving the Population's Financial Literacy function in the National Bank;
- the Financial Literacy Committee, the members of which are banks' representatives, is in operation under the Association of Belarusian Banks; and
- the Interagency Coordination Council for Improving the Population's Financial Literacy functions for the purpose of coordinating the efforts of all government agencies concerned and financial market participants.

With a view to consolidating the above-mentioned activities the Joint Action Plan of Government Agencies and Financial Market Participants on Improving Financial Literacy of the Population of the Republic of Belarus for 2013-2018 was approved by Resolution of the Council of Ministers of the Republic of Belarus and the National Bank of the Republic of Belarus No. 31/1 dated January 17, 2013 (National Legal Internet Portal of the Republic of Belarus, January 30, 2013, 5/36811).

Government agencies, the National Academy of Sciences of the Republic of Belarus, research institutes, education establishments, associations of financial market participants, banks, the mass media, public organizations and private companies are involved in the implementation of this plan. Active assistance is provided by international organizations, the World Bank, and the Alliance for Financial Inclusion (AFI).

The Contact Center is in operation at the National Bank. The citizens may contact it and get answers to their questions. The analysis of the incoming calls is carried out every month and a report on the Contact Center's activities is prepared on the basis thereof. This report is submitted to the members of the Board of the National Bank as well as the managers of structural units to take necessary response measures. In 2013, the Contact Center received 13,539 calls, of which 8,408 calls (62%) were from the natural persons and 5,131 calls (38%) – from the legal persons.

The joint project of the National Bank and Alliance for Financial Inclusion (AFI) “Assessment of the Accessibility of Finance: Development of the Well-grounded Policy of Access to Finance in Belarus”, within the framework of which the large-scale sociological studies of availability of financial services were carried out, was completed. The obtained information was processed by the State Research Institution “Economic Research Institute of the Ministry of Economy of the Republic of Belarus” and presented in the form of analytical reports which were placed on the official web-site of the National Bank and submitted to all administrative and territorial units of the Republic of Belarus, representative offices of international organizations, banks, and higher education institutions with specialization in economy. Conferences, seminars, and concluding press-conference were carried out with a view to popularizing the results of the study.

As part of the measures taken with regard to enhancing population’s financial literacy:

- memorandums on cooperation in the field of financial literacy were signed between the National Bank and Non-governmental Association “Belarusian Republican Youth Union”, OJSC “Narodnaya Gazeta”, OJSC “Banking Processing Center”, international payment systems Visa and MasterCard, CJSC “BELCART Payment System”, Academy of Public Administration under the Aegis of the President of the Republic of Belarus, Educational Institution “Polessky State University”, and International Fund “Aflatoun”;
- a license agreement was signed with OJSC “Maski Distribution” (Ukraine) on acquisition by the National Bank of the right to demonstrate a cartoon “Alphabet of Money or How to Help a Child to Grow up Rich”, which dwells in a simple and intelligible form on money, non-cash settlements, basis of the economy, and methods of saving;
- a special standing head “Financial Literacy” is opened on the National Bank’s official website, in which the useful information for the people seeking to improve their financial literacy is placed;
- the 8th specialized exhibition “Bank. Insurance. Leasing” confined to the International Day of Savings was held. The National Bank was rewarded with a diploma for the active participation in the work of the exhibition and assistance in its organization;
- a contest for the development of the logo and slogan of the information campaign aimed at improving the Belarusian households’ financial literacy was held. The logo “Cornucopia” and the slogan “Money Likes Intelligent People”, which won in the open internet voting, were officially presented at the opening of exhibition

“Bank. Insurance. Leasing”. In line with Resolution of the Board of the National Bank of the Republic of Belarus No. 651 “On Measures Designed to Improve the Households’ Financial Literacy”, dated November 12, 2013 the above-mentioned logo and slogan were recommended for the use in the course of activities aimed at improving financial literacy.

- a series of social video clips demonstrating the basic elements and concepts of the financial system and containing information on the safe methods of personal spending and saving, as well as managing personal budget in a responsible manner was produced. At present, the clips are shown on the screens located at the underground stations, railway station, department store “Belarus”, bus station “Tsentralny” in Minsk, as well as in fixed-route taxi buses;
- a training workshop “Plan Your Future” was held for the employees of the Region Main Departments of the National Bank of the Republic of Belarus dealing with the financial literacy issues to assist them to use rationale financial behavior skills in their future work and carry out corresponding on-site training of different target groups; and
- the projects with the newspapers “Narodnaya Gazeta”, “Komsomolskaya Pravda v Belorussii”, “Minskaya Pravda”, “Vecherny Minsk”, weekly newspaper “Belaruski Chas”, magazine “Ya na Pensii”, and information web portals “Prof-press” and infobank.by are implemented. Materials are provided on a regular basis to the information agency “BELTA”; the rubric “Money” is held on the TV channel “ONT”.

2.11. International cooperation

In 2013, the work aimed at unifying principles, mechanisms, and instruments of the monetary and foreign exchange policy within Single Economic Space, the Union State, and the Commonwealth of Independent States was underway.

A special emphasis was made on the development of the contractual and legal framework of the Single Economic Space and its inclusion in the draft Agreement on the Eurasian Economic Community.

With a view to implementing a coordinated foreign exchange policy four meetings of the Advisory Council for Currency Policy of Central (National) Banks of Member States of the Customs Union and the Single Economic Space were held, at which the parties’ proposals on further harmonization of the monetary policy instruments, establishment of an integrated financial market of the Single Economic Space, as well as

operation of a supranational body regulating the financial market were discussed. Representatives of the National Bank participated in the work of advisory committees on macroeconomic policy, statistics, and financial markets established in accordance with the decisions of the Board of the Eurasian Economic Commission.

In the reporting year, two meetings of the Interbank Currency Board of the National Bank of the Republic of Belarus and the Central Bank of the Russian Federation, as well as two meetings of the Council of Heads of Central (National) Banks of the EurAsEC Member States were held, in the course of which the issues related to the monetary and foreign exchange policy, banking supervision, payment system development, financial literacy, and regulation of microfinance institutions were considered.

The formation of the contractual legal framework both at the level of the CIS, the EurAsEC and within the framework of bilateral cooperation was underway. The Memorandum between the central (national) banks of the EurAsEC member states on the Recommendations to the credit institutions transferring funds to foreign countries on the natural persons' instructions without opening a bank account, which relate to the ensuring of transparency of the services market associated with the monetary funds transfer and consumer protection, was signed on October 18, 2013. The National Bank in concert with the government agencies actively participated in the development of the draft Agreement on Free Trade in Services of the Member States of the Commonwealth of Independent States.

Cooperation with the Central Bank of Turkmenistan, which resulted in the signing of the Agreement on Cooperation between the National Bank of the Republic of Belarus and the Central Bank of Turkmenistan, as well as the Agreement on Settling Mutual Obligations and Financial Claims between the Government of the Republic of Belarus and the National Bank of the Republic of Belarus and the Government of Turkmenistan and the Central Bank of Turkmenistan was further developed.

The National Bank participated in the activities of the Council of the Interstate Bank and the Regional Advisory Group of the Financial Stability Board in the CIS.

The economic policy measures implemented by the Government and the National Bank of the Republic of Belarus and backed up by the financial credit of the EurAsEC Anti-Crisis Fund resulted in the receipt of two tranches of the credit worth USD880 million.

In 2013, the National Bank was actively involved in cooperation with international financial institutions.

In the course of visits of the IMF's experts aimed at carrying out consultations on compliance of the Republic of Belarus with obligations under Article IV of the IMF's Articles of Agreement and the follow-up monitoring, the

state's measures on adjusting the economic policy were assessed, as well as possible scenarios of further development of the economic situation in the country were considered. The IMF's experts supported a number of activities of the Joint Actions Plan of the Council of Ministers of the Republic of Belarus and the National Bank on Carrying out Structural Reforms and Improving the Competitiveness of the Economy of the Republic of Belarus, approved by Resolution of the Council of Ministers of the Republic of Belarus and the National Bank of the Republic of Belarus No. 895/15 dated October 10, 2013 (National Legal Internet Portal of the Republic of Belarus, October 16, 2013, 5/37917).

At that, the IMF's special purpose mission held consultations with the National Bank's management and staff on the current currency regime in order to assess the meeting by the Republic of Belarus of its obligations under Article VIII of the IMF's Articles of Agreement. The mission resulted in the development and approval of the plan of implementing the recommendations of the IMF's experts designed to remove certain restrictions in the foreign exchange market in 2014.

The information to be included in the 64th issue of the publication "Annual Report on Exchange Arrangements and Exchange Restrictions", published in accordance with Section 3 of Article XIV of the IMF's Articles of Agreement, was updated and submitted to the IMF.

The cooperation with the IMF in the sphere of provision of technical assistance to the National Bank on the issues of developing the monetary policy strategy in the context of switching to a more flexible exchange rate regime, as well as carrying out operations in the foreign exchange market and monetary operations continued.

In 2013, the experts from the World Bank Group rendered methodological assistance in such areas as the accession of the Republic of Belarus to the World Trade Organization (WTO), consumer protection and financial literacy improvement, assessment of public finance management, development of the private and financial sectors, regulation of non-bank financial institutions' activities, creation of a mortgage agency, and efficient implementation of structural reforms based on international best practices. The agreement on carrying out in 2014 a modular program of assessing the financial sector of the Republic of Belarus in the field of microfinancing, leasing, and Forex market by the World Bank Group, as well as continuation of its activities on assessing the implications of accession of the Republic of Belarus to the WTO pertaining to the banking (financial) services was reached.

In the context of cooperation with the European Bank for Reconstruction and Development a series of meetings aiming at discussing

the issues of deepening cooperation of this bank with the banking sector of the Republic of Belarus was held.

In view of intensification of the process of accession of the Republic of Belarus to the WTO the information on the consolidated report relating to the economic and monetary policy, foreign exchange regulation, payment system, and banking sector was prepared and the draft list of obligations on the access to the market of the country's banking and other financial services was updated.

2.12. Staffing and staff training

In 2013, measures aimed at streamlining the organizational structure, number of employees, and functions of the National Bank were underway. In particular, Sanatorium for Children "Ruzhansky" was incorporated, security and information protection services in Minsk and Minsk region were centralized, the Central Vault was included in the organizational structure of the National Bank's central office, as well as the structure of the Region Main Departments of the National Bank was changed. The above-mentioned changes resulted in the decrease in the number of the National Bank's staff by 32%, including civil servants by 26%.

The average age of civil servants remained unchanged compared with 2012 and stood at 42 years.

The share of the National Bank's employees who have more than 10 years of work record in the banking sphere accounted for 58.5% of the total number, while those who have less than 5 years of work record in the banking sphere totaled 22.7%.

In the year under review, civil servants that are graduates of the institutions of higher education accounted for 99.7%, of which 33.5% obtained a diploma of additional higher education or received retraining in other fields. 19 employees of the National Bank have a degree.

The work aimed at improving the quality of education, studying the domestic and foreign experience in banking, and developing relations with the EurAsEC member states and countries of Western Europe in the field of training was underway. 153 employees of the National Bank attended international seminars and courses.

Particular emphasis was made on the development of managerial competencies of the heads of organizational units, the employees' creative potential, and corporate relationships and values.

In 2013, 703 employees of the National Bank and 412 employees of other banks underwent short-term training in the main banking activities at the Training Center of the National Bank. 7 employees received occupational retraining at higher educational establishments of the Republic of Belarus.

2.13. Internal audit

In 2013, internal audit activities of the National Bank were aimed at improving the internal control and risk management system.

In the year under review, audits (inspections) of the National Bank's operations, applied information technologies, inspections of cash and other valuables in the vaults and cash offices of the National Bank, as well as of their safekeeping were carried out.

The audit was carried out on the basis of a risk-based planning with the assessment of the adequacy of the internal control system and risks of the National Bank's activities. International professional standards of internal audit, International Standard on Information Technologies Auditing CobiT, and international best practices were used in the process of organization and performance of internal audit.

Based on the findings of the audits (inspections), audited objects and involved structural departments were advised to improve the internal control and risk management system, as well as streamline local regulatory legal acts of the National Bank.

The remedying of the identified deficiencies and following up of the recommendations made on completion of the audits (inspections), as well as assessing of the adequacy, completeness, and timeliness of the measures taken by the National Bank's structural units were monitored on a permanent basis.

With a view to meeting the International professional standards on internal audit the forms of and methods for carrying out the internal audit, applied audit procedures, as well as interaction with the external audit were improved. Implementation of these measures made it possible to reach the agreement with the external auditor on the use of International Standard on Auditing 610 "Using the Work of Internal Auditors" and provide necessary information within the audit of the annual financial statements of the National Bank for 2013.

Chapter 3

Financial statements

The annual financial statements of the National Bank are compiled in accordance with legislation of the Republic of Belarus and regulatory legal acts of the National Bank.

In the year under review, operations stemming from the tasks and functions stipulated in the Banking Code of the Republic of Belarus, the Statute of the National Bank of the Republic of Belarus, and the Guidelines for 2013 were performed.

According to the opinion of the audit firm Ernst & Young LLC, the National Bank's annual financial statements present fairly, in all material aspects, the financial position of the National Bank as at January 1, 2014, and its financial performance in 2013.

3.1. Assets of the National Bank

As at January 1, 2014, the assets of the National Bank amounted to BYR103,853 billion and included the following items:

- foreign cash – BYR780 billion (0.7% of the assets);
- precious metals and precious stones – BYR8,492 billion (8.2%), of which placed on deposit and correspondent accounts with non-resident banks – BYR6,755 billion;
- securities – BYR15,541 billion (15%), of which bonds of the JSC “Development Bank of the Republic of Belarus” – BYR13,467 billion, and government securities – BYR1,356 billion;
- funds placed with banks and the JSC “Development Bank of the Republic of Belarus” – BYR56,313 billion (54.2%), of which funds placed by the National Bank on deposit and correspondent accounts – BYR45,991 billion, funds under repos placed with non-resident banks – BYR5,964 billion, and credits granted to resident banks – BYR4,355 billion;
- credits and other operations with clients – BYR169 billion (0.2%);
- derivative financial assets – BYR1 billion;
- long-term financial investments – BYR819 billion (0.8%);
- fixed assets and intangible assets – BYR1,389 billion (1.3%); and
- other assets – BYR20,349 billion (19.6%), of which the revaluation of derivatives – BYR13,189 billion.

3.2. Liabilities of the National Bank

As at January 1, 2014, the liabilities of the National Bank amounted to BYR134,118 billion, of which:

- money in circulation – BYR17,893 billion (13.4% of the liabilities);
- precious metals and precious stones – BYR287 billion (0.2%), including attracted from non-resident banks in the form of time deposits – BYR196 billion, and placed on unallocated bullion

- accounts by clients – BYR77 billion;
- funds of international financial institutions – BYR13 billion;
- funds of banks and the JSC “Development Bank of the Republic of Belarus” – BYR45,442 billion (33.9%), of which placed on correspondent accounts – BYR12,559 billion, attracted from banks in the form of time deposits – BYR26,314 billion, and obtained from non-resident banks in the form of credits – BYR4,758 billion;
- clients’ funds – BYR52,742 billion (39.3%);
- banks’ required reserves – BYR3,969 billion (3%);
- securities issued by the National Bank – BYR550 billion (0.4%);
- derivative financial liabilities – BYR13,191 billion (9.8%); and
- other liabilities – BYR31 billion.

3.3. Capital of the National Bank

According to the results of end-2013, the National Bank’s own capital had the negative value of BYR30,265 billion.

The authorized capital of the National Bank was set up in full in the amount of BYR250 billion.

3.4. Income and expenses of the National Bank

In 2013, the National Bank’s income totaled BYR5,421 billion, expenses amounted to BYR5,790 billion, and loss accounted for BYR369 billion.

Form 1
of annual financial statementsANNUAL BALANCE SHEET
as at January 1, 2014

National Bank of the Republic of Belarus

(BYR m)

	Description	Index	2013	2012
1.	ASSETS			
2.	Monetary funds	1100	780,322	799,866
3.	Precious metals and precious stones	1101	8,491,742	7,969,798
4.	Securities	1102	15,540,517	15,322,971
5.	Funds with banks and JSC "Development Bank of the Republic of Belarus"	1103	56,312,481	61,051,138
6.	Credits and other asset-related operations with clients	1104	169,126	187,387
7.	Derivative financial assets	1105	1,147	64,625
8.	Long-term financial investments	1106	819,325	470,561
9.	Fixed and intangible assets	1107	1,388,932	1,478,686
10.	Other assets	1108	20,349,132	19,415,870
11.	TOTAL assets	110	103,852,724	106,760,902
12.	LIABILITIES			
13.	Monetary funds in circulation	1200	17,892,883	16,136,648
14.	Precious metals and precious stones	1201	286,991	336,985
15.	Funds of international financial institutions	1202	13,190	12,777
16.	Funds of banks and JSC "Development Bank of the Republic of Belarus"	1203	45,441,811	42,447,576
17.	Clients' funds	1204	52,741,702	59,729,036
18.	Banks' required reserves	1205	3,969,248	1,426,652
19.	Securities issued by the National Bank	1206	550,400	434,350
20.	Derivative financial liabilities	1207	13,190,441	12,395,898
21.	Other liabilities	1208	31,346	17,835
22.	TOTAL liabilities	120	134,118,012	132,937,757
23.	CAPITAL			
24.	Authorized capital	1211	250,000	250,000
25.	Reserve fund and other funds	1212	163,063	163,063
26.	Accrued profit (loss)	1213	(943,660)	(585,610)
27.	Balance sheet items revaluation funds	1214	(29,734,691)	(26,004,308)
28.	TOTAL capital	121	(30,265,288)	(26,176,855)
29.	TOTAL liabilities and capital	12	103,852,724	106,760,902

Form 2
of annual financial
statements

STATEMENT
of profit and losses in 2013

National Bank of the Republic of Belarus

(BYR m)

	Description	Index	2013	2012
1.	Interest income	2011	4,189,193	5,468,662
2.	Interest expenses	2012	4,407,448	6,374,646
3.	Net interest income	201	(218,255)	(905,984)
4.	Commission income	2021	22,185	9,944
5.	Commission expenses	2022	10,980	9,480
6.	Net commission income	202	11,205	464
7.	Net income under foreign exchange operations	203	183,603	183,681
8.	Net income under operations involving precious metals and precious stones	204	150,490	116,902
9.	Net income under operations involving securities	205	(29)	(55)
10.	Net income under operations involving derivatives	206	82,014	404,824
11.	Dividends	207	3,696	59,607
12.	Net transfers to reserves	208	77	(87 708)
13.	Other expenses	2091	1,257,614	886,690
14.	Other income	2092	677,643	354,933
15.	Net other expenses	209	579,971	531,757
16.	Transfers to the republican budget	210	1,631	1,000
17.	PROFIT (LOSS)	2	(368,955)	(585,610)

Form 3
of annual financial statementsSTATEMENT
of capital changes in 2013

National Bank of the Republic of Belarus

(BYR m)

	Description of indicators	Index	Capital items indicators					Total capital
			Authorized capital	Reserve fund	Other funds	Accrued profit (loss)	Balance sheet items revaluation fund	
Section I. Year previous to the year under review								
1.	Balance as at January 1, 2012	3011	250,000	149,611	8,316	25,681	(25,454,078)	(25,020,470)
2.	Changes in capital items due to:	3012	–	5,136	–	(611,291)	(550,230)	(1,156,385)
2.1.	aggregate income	30121	x	x	x	(585,610)	(550,230)	(1,135,840)
2.2.	transfer of profit to the reserve of the State Institution “Agency for Guaranteed Repayment of Natural Persons’ Bank Deposits”	30122	x	x	x	(20,545)	x	(20,545)
2.3.	distribution of profit retained by the National Bank	30123	–	5,136	–	(5,136)	x	–
2.4.	transfer the amounts of revaluation of the retired fixed and intangible assets to unallocated profit	30124	x	x	x	x	x	x
2.5.	other changes	30125	–	–	–	–	–	–
3.	Balance as at January 1, 2013	3013	250,000	154,747	8,316	(585,610)	(26,004,308)	(26,176,855)
Section II. Year under review								
4.	Balance as at January 1, 2013	3011	250,000	154,747	8,316	(585,610)	(26,004,308)	(26,176,855)
5.	Changes in capital items due to:	3012	–	–	–	(358,050)	(3,730,383)	(4,088,433)
5.1.	aggregate income	30121	x	x	x	(368,955)	(3,719,478)	(4,088,433)
5.2.	transfer of profit to the reserve of the State Institution “Agency for Guaranteed Repayment of Natural Persons’ Bank Deposits”	30122	x	x	x	–	x	–
5.3.	distribution of profit retained by the National Bank	30123	–	–	–	–	x	–
5.4.	transfer the amounts of revaluation of the retired fixed and intangible assets to unallocated profit	30124	x	x	x	10,905	(10,905)	–
5.5.	other changes	30125	–	–	–	–	–	–
6.	Balance as at January 1, 2014 г.	3013	250,000	154,747	8,316	(943,660)	(29,734,691)	(30,265,288)

Attachment to the
Statement
of capital changes

INFORMATION
on aggregate profit in 2013

National Bank of the Republic of Belarus

(BYR m)

	Description	Index	2013	2012
1.	Profit (loss)	301211	(368,955)	(585,610)
2.	Other components of aggregate profit, including:	301212	(3,719,478)	(550,230)
2.1	construction in progress and uninstalled equipment revaluation	3012121	3,694	13,791
2.2	fixed assets revaluation	3012122	179,815	305,257
2.3	translation differences from foreign exchange revaluation	3012123	(3,902,796)	(856,898)
2.4	precious metals revaluation	3012124	(5)	(12,380)
2.5	securities revaluation	3012125	(186)	–
2.6	hedging instruments revaluation	3012126	–	–
2.7	precious stones revaluation	3012127	–	–
2.8	other balance sheet items revaluation	3012128	–	–
3.	aggregate profit, TOTAL	30121	(4,088,433)	(1,135,840)

Form 4
of annual financial
statements

STATEMENT
of funds establishment and usage in 2013

National Bank of the Republic of Belarus

(BYR m)

Serial number	Description of indicators	Index	Authorized capital	Reserve fund	Other funds	Fixed assets, construction in progress, and uninstalled equipment revaluation fund	Translation differences from foreign exchange revaluation fund	Precious metals and stones revaluation fund	Securities revaluation fund	Hedging instruments revaluation fund	Other balance sheet items revaluation fund	Total
Section I. Year previous to the year under review												
1.	BALANCE as at January 1, 2012	4011	250,000	149,611	8,316	928,877	(26,555,193)	172,238	–	–	–	(25,046,151)
2.	Transferred to funds at the expense of profit allocation	4012	–	5,136	–	x	x	x	x	x	x	5,136
3.	Transferred at the expense of other sources	4013	–	x	–	428,380	–	–	–	–	–	428,380
4.	Funds' resources used	4014	–	–	–	109,332	856,898	12,380	–	–	–	978,610
5.	BALANCE as at January 1, 2013	4015	250,000	154,747	8,316	1,247,925	(27,412,091)	159,858	–	–	–	(25,591,245)
Section II. For the year under review												
6.	BALANCE as at January 1, 2013	4011	250,000	154,747	8,316	1,247,925	(27,412,091)	159,858	–	–	–	(25,591,245)
7.	Transferred to funds at the expense of profit allocation	4012	–	–	–	x	x	x	x	x	x	–
8.	Transferred at the expense of other sources	4013	–	x	–	249,583	–	–	533	–	–	250,116
9.	Funds' resources used	4014	–	–	–	76,979	3,902,796	5	719	–	–	3,980,499
10.	BALANCE as at January 1 2014	4015	250,000	154,747	8,316	1,420,529	(31,314,887)	159,853	(186)	–	–	(29,321,628)

STATEMENT
of expenses related to the upkeep of the National Bank in 2013

National Bank of the Republic of Belarus

(BYR m)

	Description of expenses	Index	2013		Actual in 2012
			planned	actual	
1.	Maintenance expenses, total including:	6011	1,283,923.0	983,675	675,461
1.1.	personnel expenses	60111	373,000.0	341,247	298,840
1.2.	expenses related to the use of land, buildings, constructions, and other fixed assets and materials	60112	98,695.0	72,527	69,636
1.3.	depreciation expenses	60113	171,450.0	97,528	91,229
1.4.	long-term financial investments and property retirement expenses	60114	481,268.8	360,385	119,256
1.5.	expenses related to the payment system functioning	60115	14,122.9	2,806	2,629
1.6.	other operational expenses	60116	145,386.3	109,182	93,871

Form 7
of annual financial
statements

STATEMENT
of capital investments budget execution in 2013

National Bank of the Republic of Belarus

(BYR m)

	Allocation of capital investments	Index	2013		Actual in 2012
			planned	actual	
1.	Capital investments, total	7011	185,868.9	150,198	168,835
1.1.	including: capital construction and reconstruction	701101	87,185.9	82,114	139,864
1.2.	measures aimed at developing hardware and software infrastructure of the payment system	701102	19,109.0	17,305	4,148
1.3.	computers, software, and network equipment	701103	24,591.9	14,864	19,916
1.4.	equipment for enhancing information security and protection	701104	17,596.4	8,444	3,730
1.5.	cash registers and equipment for working with valuables	701105	1,179.1	1,178	–
1.6.	equipment for precious metals and precious stones processing	701106	56.0	–	30
1.7.	vehicles,	701107	8,978.2	6,759	–
	of which: for valuables transportation	7011071	5,330.2	5,329	–
	company cars and other vehicles	7011072	3,648.0	1,430	–
1.8.	equipment for maintaining vehicles and buildings	701108	946.7	525	578
1.9.	Measures aimed at developing the single settlement and information space	701109	21,072.0	18,255	–
1.10.	other	701110	5,153.7	754	569

Form 8
of annual financial
statements

STATEMENT
of earned profit of the National Bank and allocation thereof in 2013

National Bank of the Republic of Belarus

(BYR m)

	Description	Index	2013	2012
1.	Profit (loss)	2	(368,955)	(585,610)
2.	Allocation of profit for the year under review subject to approval:	221	–	–
2.1.	State Institution “Agency for Guaranteed Repayment of Natural Persons’ Bank Deposits”	2210	–	–
2.2.	Authorized capital	2211	–	–
2.3.	Reserved fund	2212	–	–
2.4.	Other funds	2213	–	–

Conclusion

The most important results of the National Bank's activities in 2013 were slowdown in inflationary processes in the economy and relative stability of the Belarusian ruble exchange rate.

The need to repay considerable amounts of external liabilities and worsened results of the economic entities' of the Republic of Belarus foreign economic activities led to a decrease in the country's gold and foreign exchange reserves.

Stability of the banking sector and efficient and secure functioning of the payment system were ensured.

The National Bank was engaged in building up an efficient financial market, establishing a favourable investment climate, and improving households' financial literacy.

MAIN
macroeconomic parameters of social and
economic development of the Republic of Belarus
in 2013

Indicators	(in comparable prices, %)	
	2013 to 2012	For information: 2012 to 2011
Gross domestic product (GDP)	100.9	101.7
GDP labour productivity	102.2	103.5
Industrial products	95.2	105.8
Profitability of sales in organizations of industry, %	7.4	11.3
The share of innovative products shipped by organizations, the main economic activity of which is manufacturing of industrial products, in the total volume of products shipped, %	17.8	17.8
Agricultural products	96.0	106.6
Export of goods and services according to the methodology of the balance of payments	84.5	111.5
Balance of foreign trade in goods and services, % of GDP	-2.4	4.8
Reduction in GDP's energy/output ratio	-11.1	5.6
Households' disposable real money income	115.4	121.5
Foreign direct investments on a net basis (excluding the amounts owed to direct investor for goods [works, services]), USD bn	2.1	1.4
Placing houses in use at the expense of all financing sources, million square meters	5.3	4.5

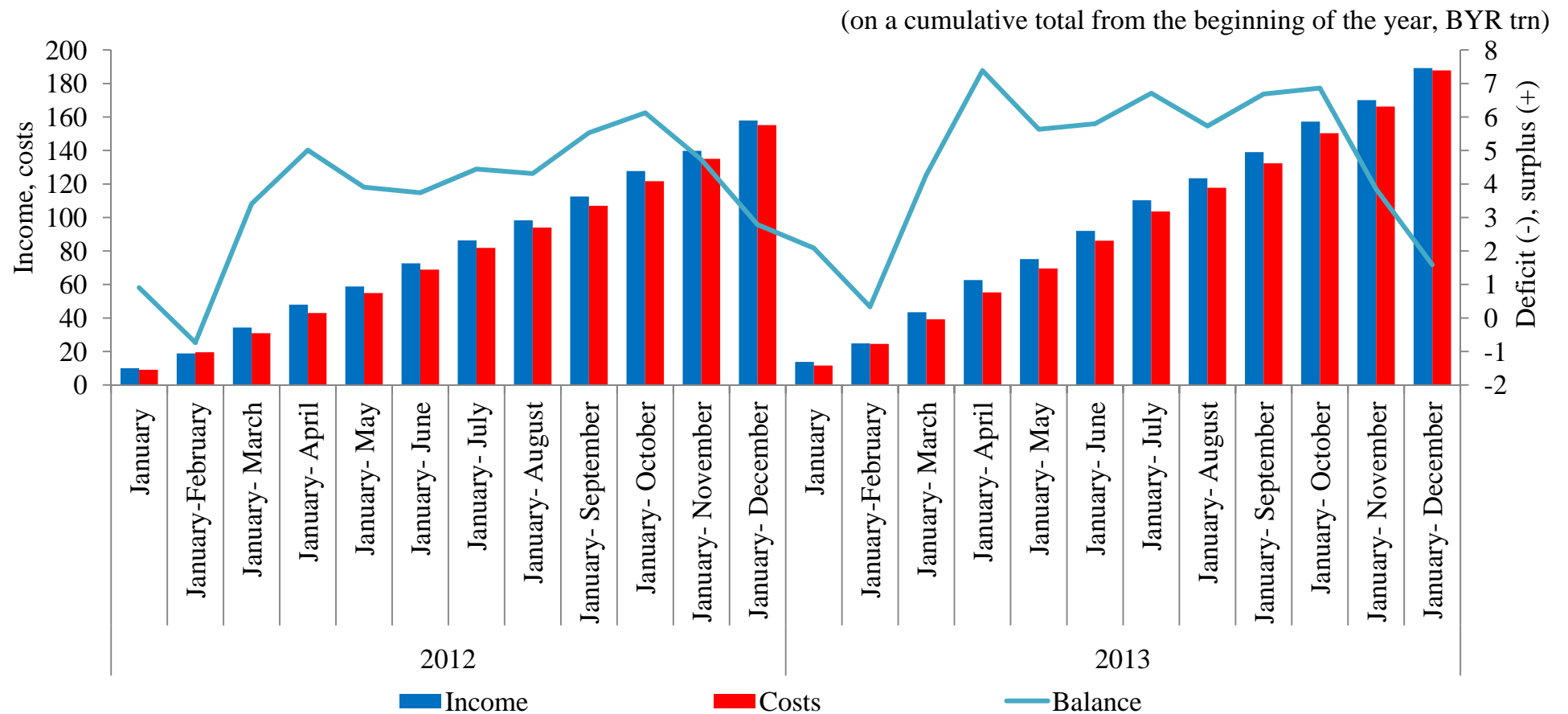
DYNAMICS
of financial results of organizations

(BYR bn)

Indicators	2012	2013	Growth rate, %	For information: 2012 to 2011, %
Proceeds from sale of products, goods, works, and services	1,153,345.6	1,270,395.8	110.1	173.4
Taxes and fees accrued from proceeds	138,261.6	167,104.6	120.9	178.9
% of proceeds	12.0	13.2	x	x
Cost of sold products, goods, works, and services	904,133.8	1,018,574.2	112.7	174.5
% of proceeds	78.4	80.2	x	x
Profit/losses (-) from sold products, goods, works, and services	110,950.2	84,717.0	76.4	159.7
Profit, losses (-)before tax	89,845.2	55,514.5	61.8	172.8
Net profit, losses (-)	71,676.7	42,477.3	59.3	180.8
Profitability of sales, %	9.6	6.7	x	x
Profitability of sold products, goods, works, and services, %	12.3	8.3	x	x
Share of loss-making organizations in their total number, %	5.2	9.1	x	x
Net loss amount of the loss-making organizations	3,324.2	8,800.9	264.8	52.8
Donations from the budget for the compensation of losses	15,391.6	17,998.1	116.9	200.6

DYNAMICS

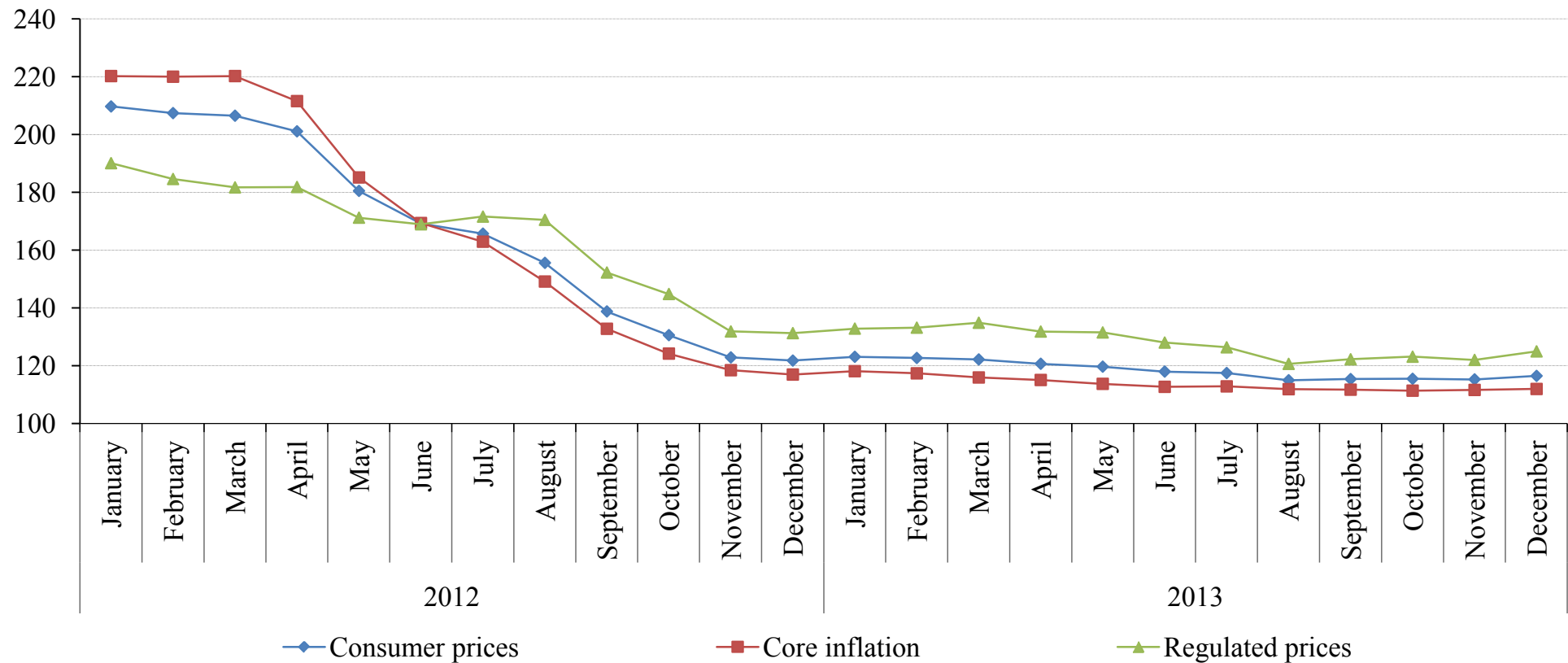
of the income, costs,
deficit (-)/surplus(+) of
the Republic of Belarus
consolidated budget in
2012 – 2013



DYNAMICS

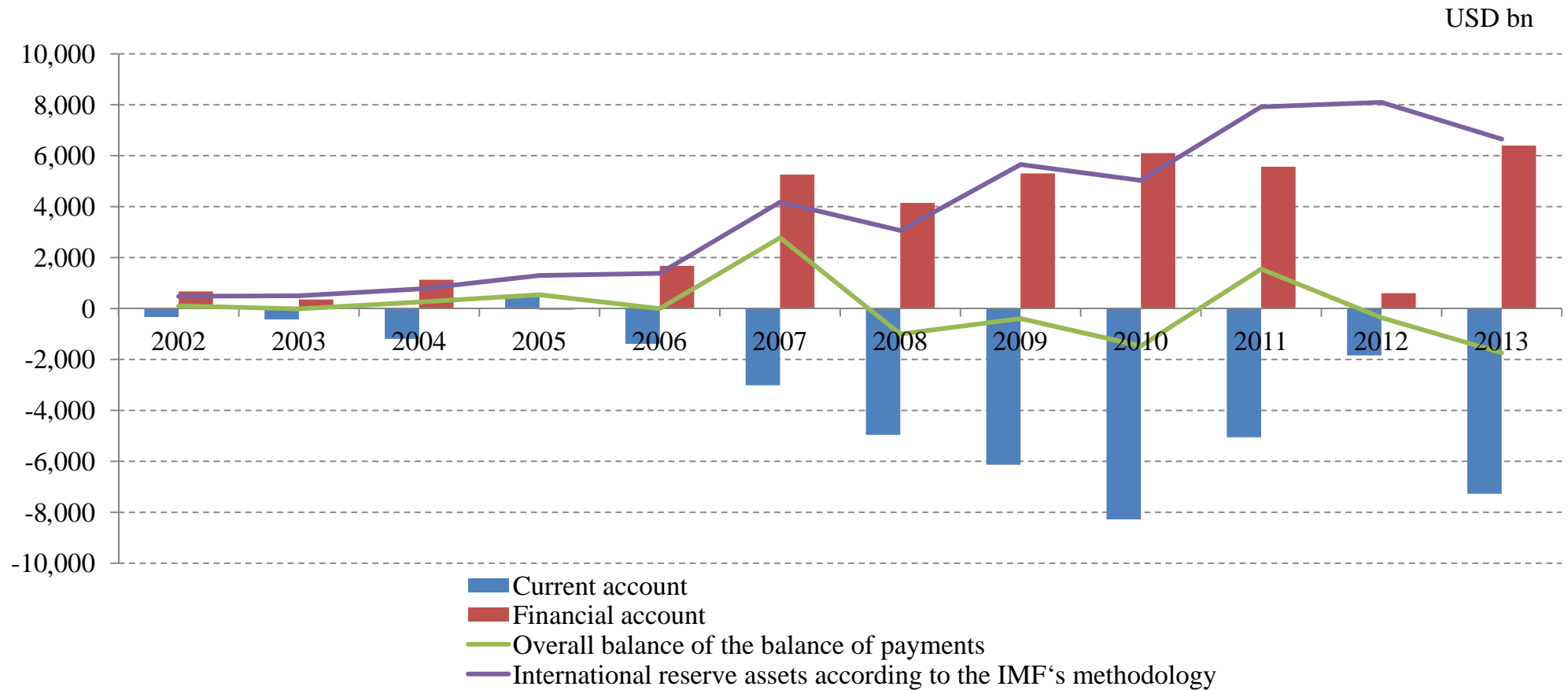
of consumer prices, core inflation, and regulated prices and rates for paid services offered to households in 2012 – 2013

(in % to the corresponding month of the previous year)

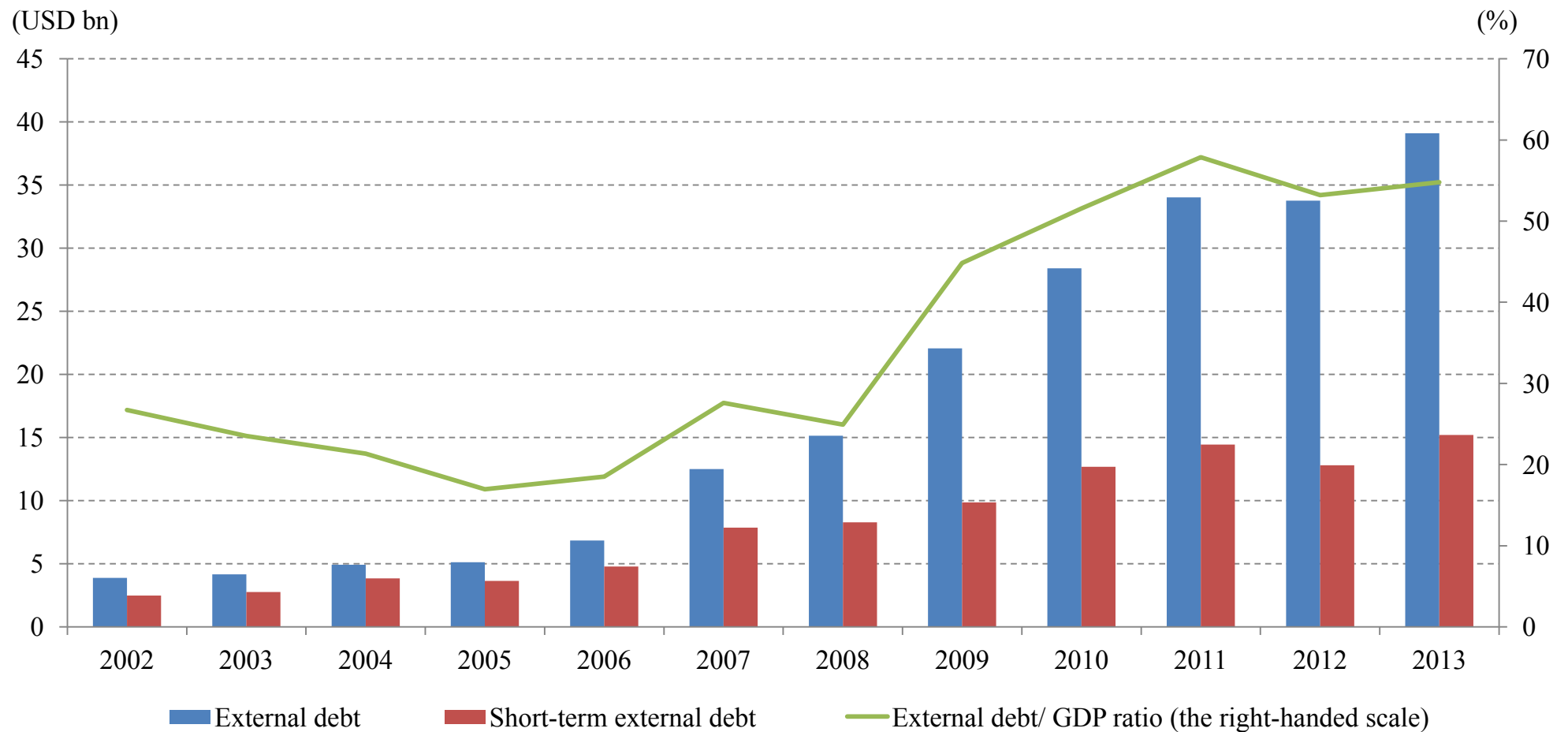


BASIC ACCOUNTS

in the balance of payments in 2002 – 2013



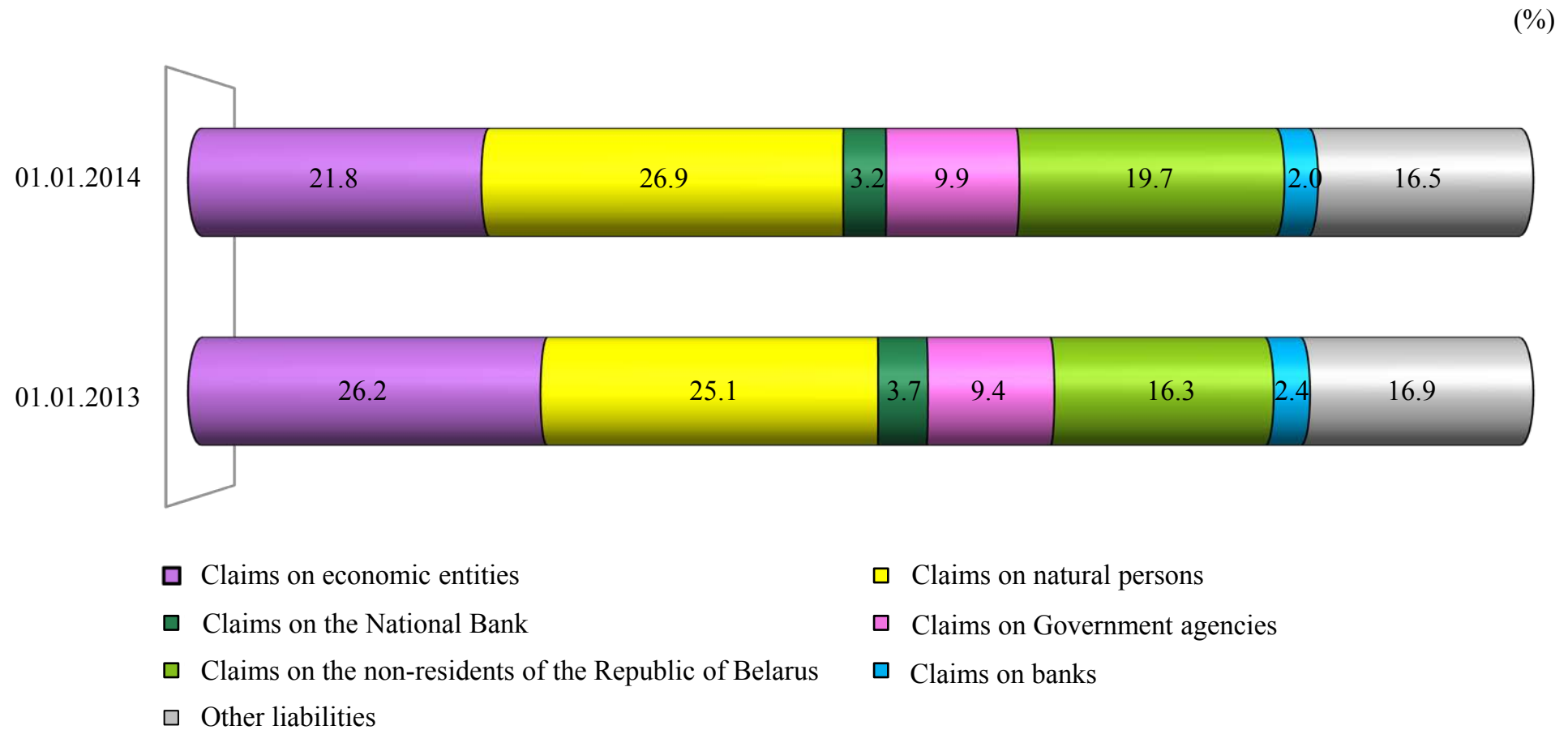
EXTERNAL DEBT
of the Republic of Belarus in 2002 – 2013



INFORMATION

on banks' liabilities in 2012 – 2013

Indicators	BYR trn	
	Actual as at	
	01.01.2013	01.01.2014
Banks' liabilities	321.2	395.2
growth rates, %	123.8	123.0
of nominal GDP, %	60.6	62.1
1. Funds attracted from residents of the Republic of Belarus	214.5	252.2
growth rates, %	130.9	117.6
of which:		
funds of Government agencies	30.1	39.1
growth rates, %	163.5	129.9
economic entities' funds	84.3	86.2
growth rates, %	124.4	102.3
natural persons' funds	80.5	106.3
growth rates, %	159.0	132.0
National Bank's funds	11.8	12.7
growth rates, %	62.3	107.6
banks' funds	7.7	7.8
growth rates, %	96.1	101.3
2. Funds attracted from non-residents of the Republic of Belarus	52.4	77.8
growth rates, %	104.9	148.5
3. Other liabilities	54.4	65.1
growth rates, %	119.2	119.7
including:		
banks' own capital	46.7	55.9
growth rates, %	127.7	119.7

STRUCTURE
of banks' liabilities in 2012 – 2013

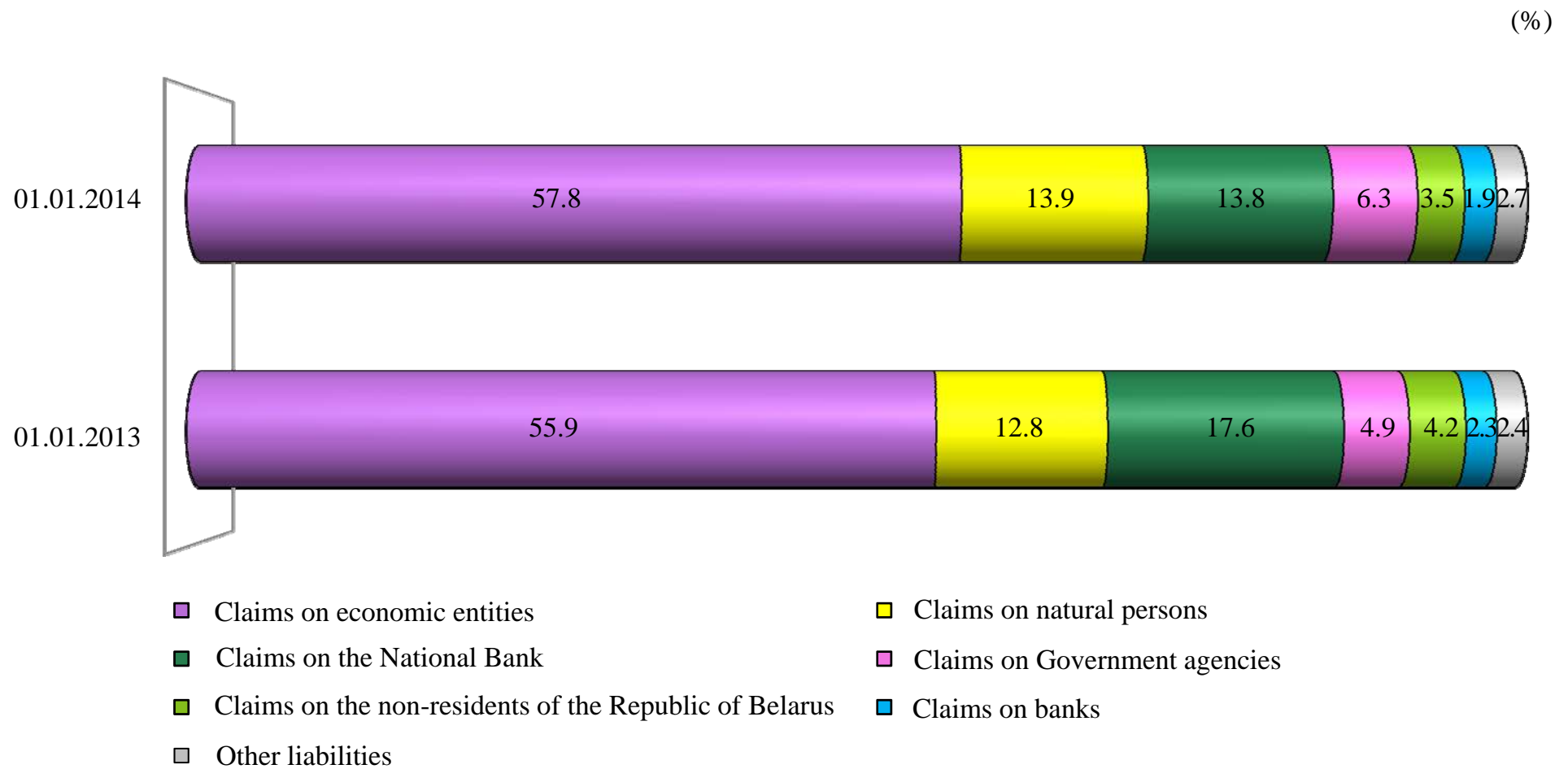
INFORMATION

on banks' assets in 2012 – 2013

(BYR trn)

Indicators	Actual as at	
	01.01.2013	01.01.2014
Banks' assets	321.2	395.2
growth rates, %	123.8	123.0
of nominal GDP, %	60.6	62.1
1. Claims on residents of the Republic of Belarus	300.1	370.3
growth rates, %	126.6	123.4
of which:		
claims on Government agencies	15.7	24.9
growth rates, %	109.6	159.2
claims on economic entities	179.5	228.5
growth rates, %	143.8	127.3
claims on natural persons	41.0	54.9
growth rates, %	125.8	133.7
claims on the National Bank	56.5	54.42
growth rates, %	98.2	96.3
claims on banks	7.4	7.6
growth rates, %	94.8	102.1
2. Claims on non-residents of the Republic of Belarus	13.4	14.0
growth rates, %	70.3	104.2
3. Other assets	7.7	10.9
growth rates, %	236.2	140.1

STRUCTURE
of banks' assets on 2012-2013



INFORMATION

on foreign exchange purchase/sale by resident economic entities* of the Republic of Belarus in the domestic foreign exchange market in 2012 – 2013

USD m

Years	Operations	January	February	March	April	May	June	For the six months, total
2012	Sold	1,542.9	1,679.1	2,078.5	1,990.8	2,039.6	2,090.3	11,421.2
	Purchased	1,355.3	1,548.1	1,835.6	1,655.8	1,978.5	1,789.0	10,162.3
	Balance of sale and purchase	-187.5	-131.0	-243.0	-335.0	-61.1	-301.3	-1 258.9
2013	Sold	1,668.7	1,771.5	1,981.6	2,061.0	1,828.4	1,963.4	11,274.6
	Purchased	1,851.8	1,605.2	1,577.0	1,861.5	1,875.9	1,799.4	10,570.8
	Balance of sale and purchase	183.1	-166.4	-404.6	-199.5	47.6	-164.0	-703.8

Years	Operations	July	August	September	October	November	December	For the year, total
2012	Sold	2,079.1	2,097.9	1,698.1	2,079.5	2,050.4	2,034.1	23,460.4
	Purchased	1,735.4	2,185.1	1,867.3	2,017.0	1,906.1	1,955.0	21,828.0
	Balance of sale and purchase	-343.7	87.1	169.2	-62.5	-144.3	-79.1	-1 632.4
2013	Sold	2,102.0	1,846.1	1,837.2	1,997.4	1,757.8	2,140.1	22,955.2
	Purchased	2,121.2	2,019.5	1,922.5	2,026.8	1,719.2	2,174.5	22,554.4
	Balance of sale and purchase	19.2	173.4	85.4	29.3	-38.6	34.4	-400.8

* Economic entities – commercial and non-commercial organizations, independent entrepreneurs, and non-bank financial institutions.

INFORMATION

on foreign exchange purchase/sale by
natural persons in 2012 – 2013

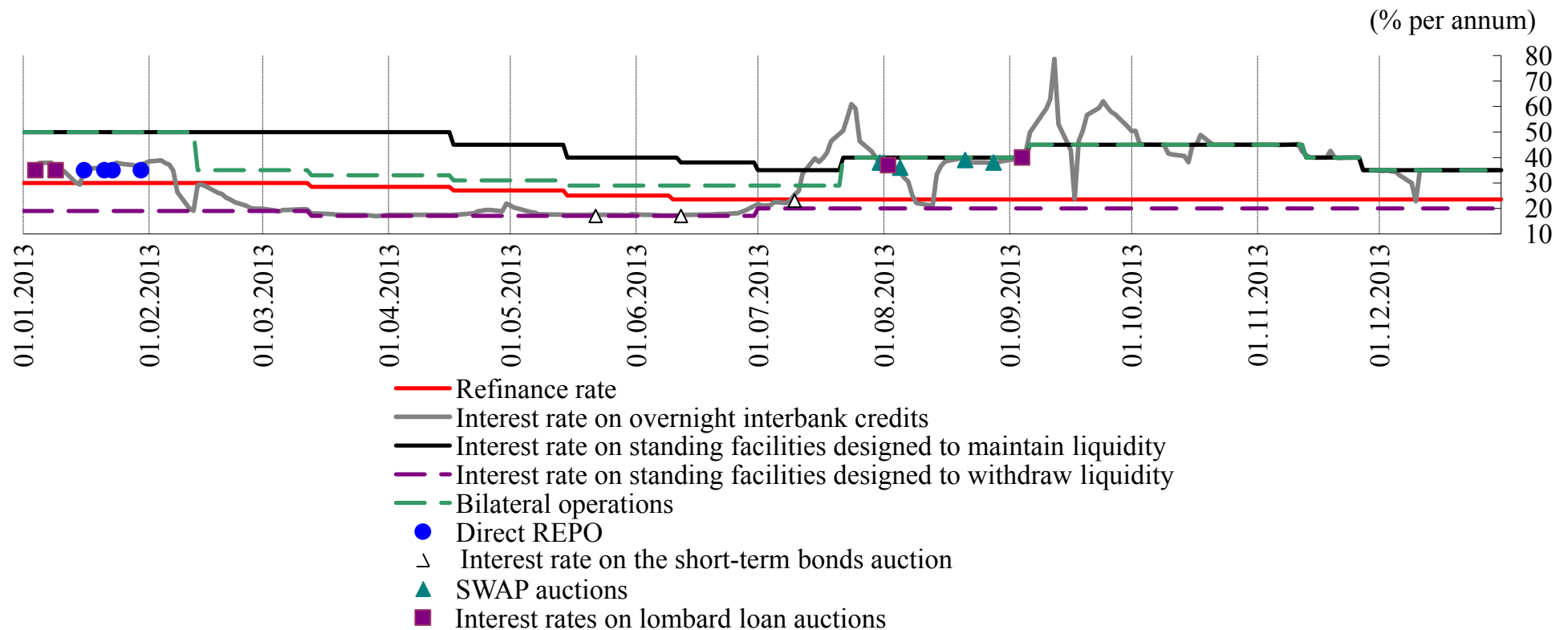
USD m

Years	Operations	January	February	March	April	May	June	For the six months, total
2012	Sold	520.1	519.9	545.6	571.9	601.5	549.7	3,308.7
	Purchased	316.6	342.8	471.2	407.0	598.2	659.3	2,795.1
	Balance of sale and purchase	-203.5	-177.1	-74.4	-164.9	-3.3	109.7	-513.5
2013	Sold	622.7	636.9	665.8	731.0	707.2	619.2	3,982.8
	Purchased	700.8	572.8	608.1	679.0	704.7	884.2	4,149.6
	Balance of sale and purchase	78.1	-64.1	-57.6	-52.0	-2.5	265.0	166.9

Years	Operations	July	August	September	October	November	December	For the year. total
2012	Sold	554.5	618.3	514.6	619.9	608.3	561.7	6,785.9
	Purchased	648.5	714.8	881.5	901.2	704.1	825.2	7,470.4
	Balance of sale and purchase	93.9	96.5	366.9	281.4	95.8	263.4	684.5
2013	Sold	685.3	735.6	726.2	733.1	682.9	750.0	8,295.9
	Purchased	1,306.9	903.3	1,058.1	1 112.5	920.0	1,225.4	10,675.9
	Balance of sale and purchase	621.6	167.7	331.9	379.5	237.1	475.3	2,380.0

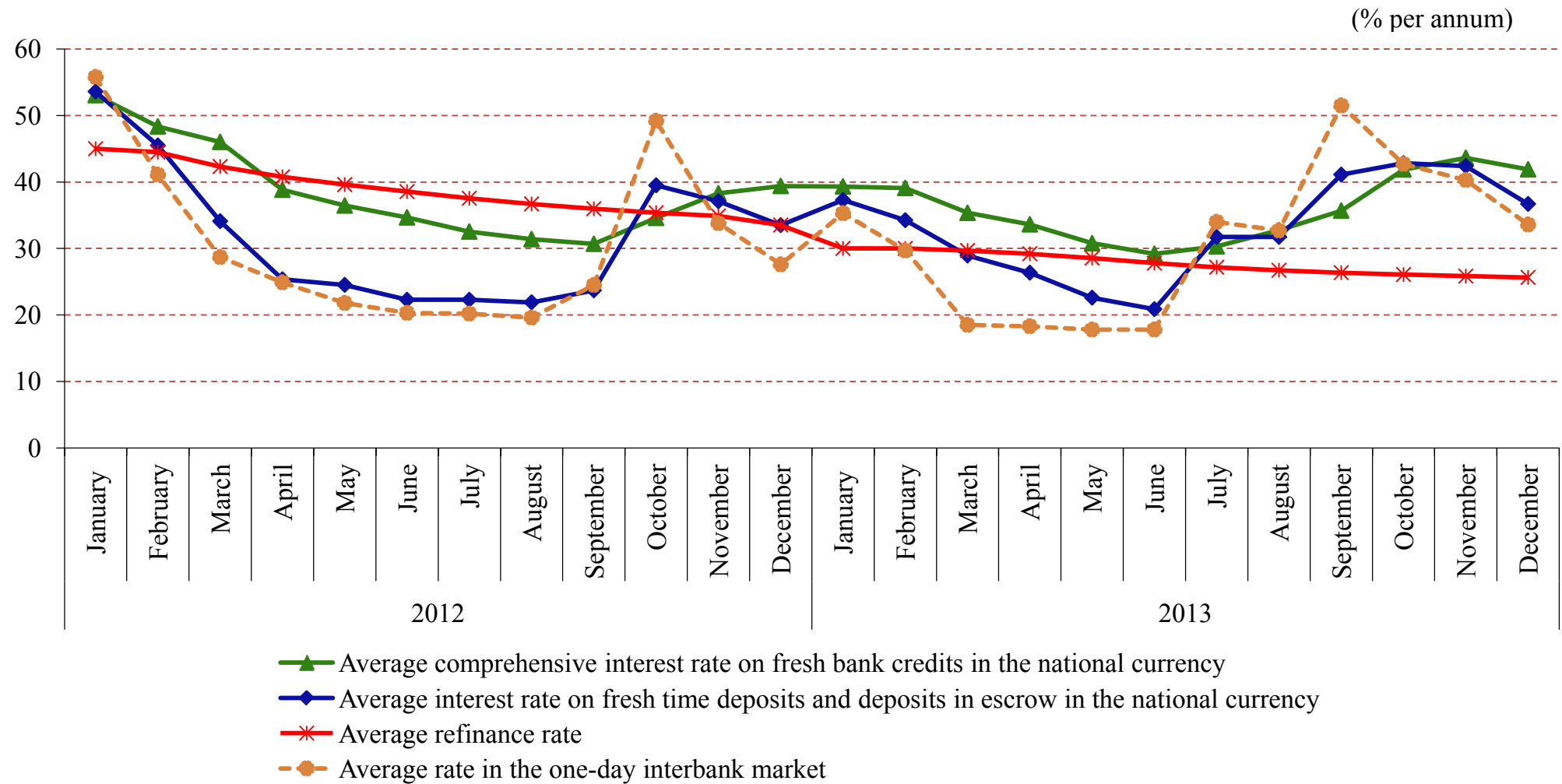
INFORMATION

on the interest rate of the one-day interbank market and the interest rates of the National Bank's operations



DYNAMICS

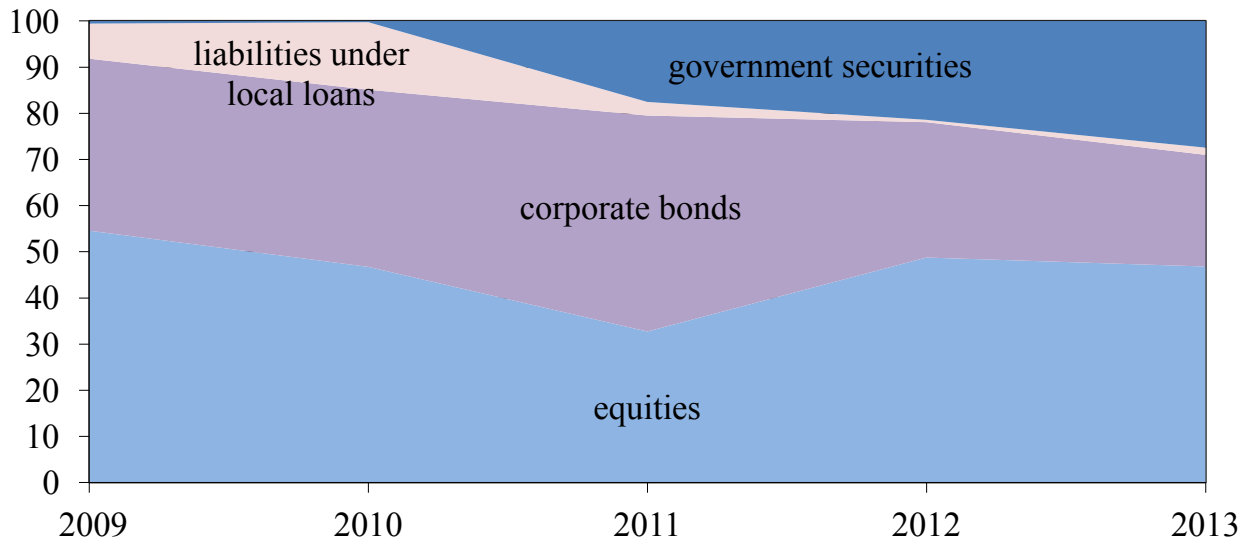
of interest rates in the deposit and credit markets in 2012 – 2013



INFORMATION
on securities market

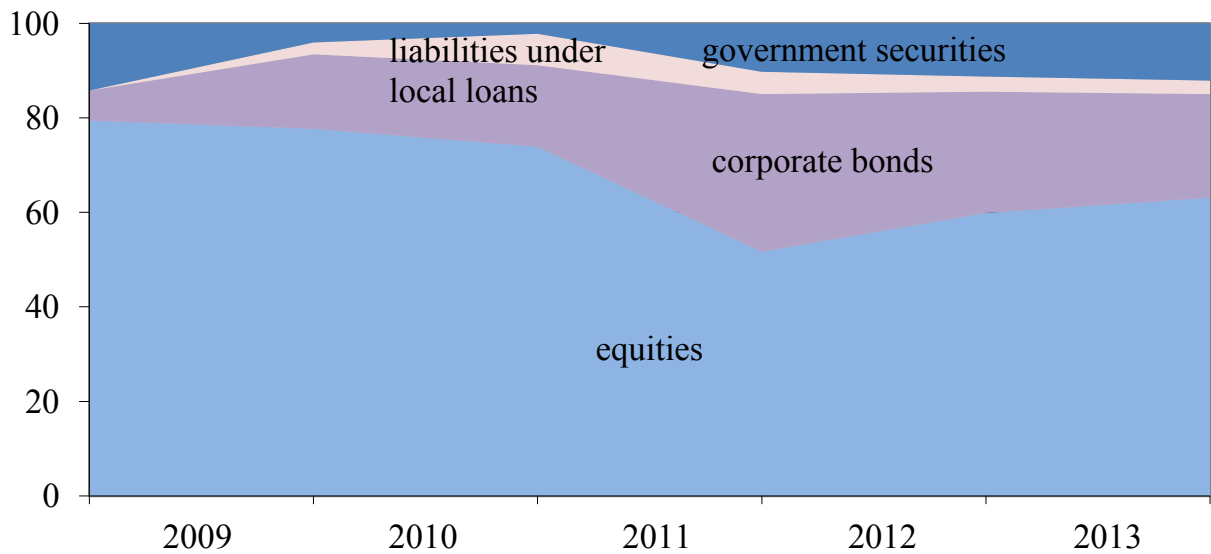
(%)

Structure of annual issue of the securities market's main instruments



(%)

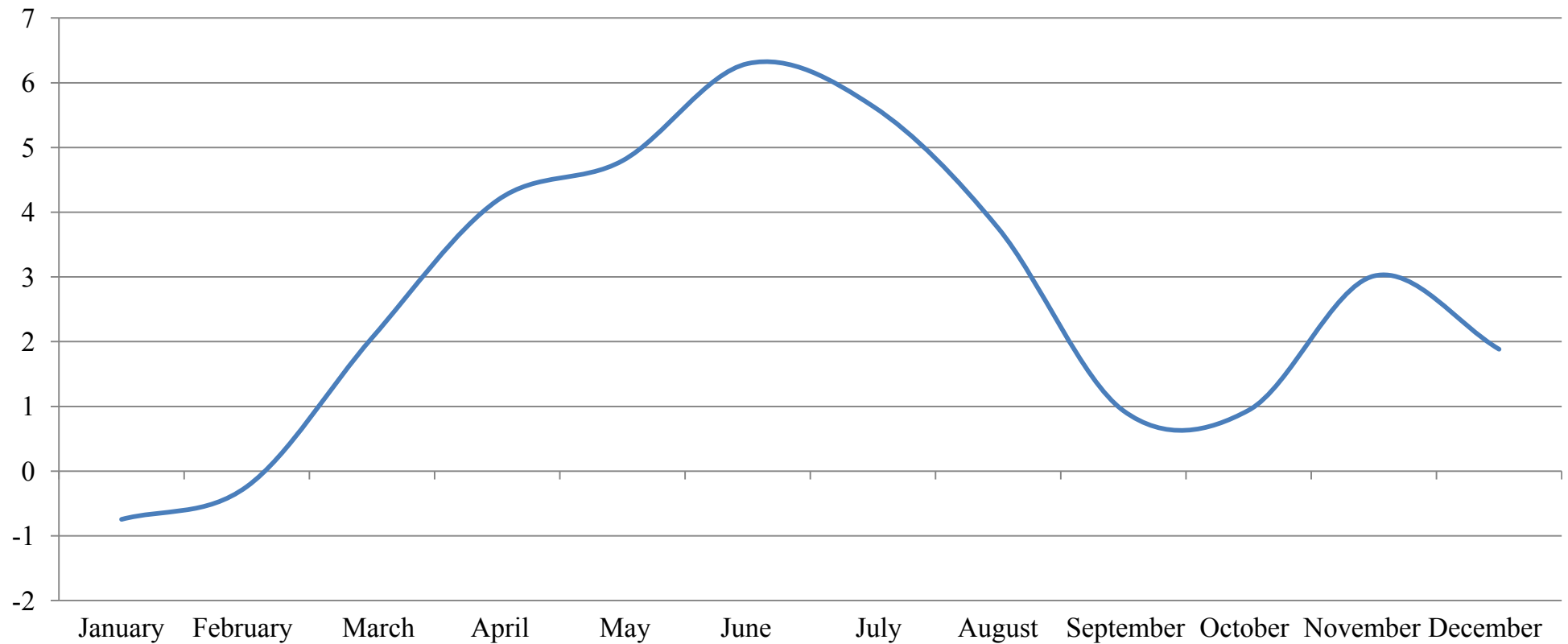
Dynamics of the change in the ratio of the securities market main instruments



CHANGE

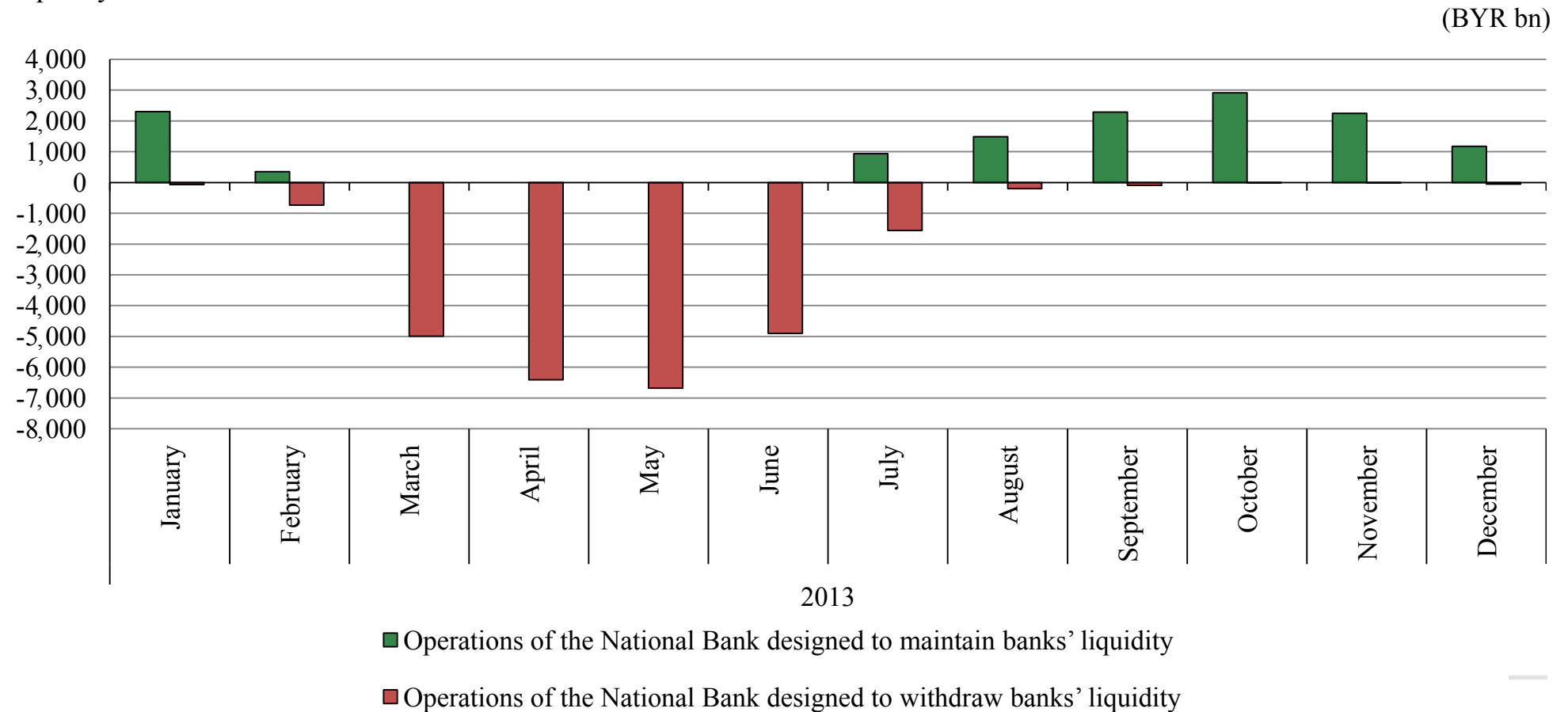
in the index of the Belarusian ruble
real effective exchange rate as
measured by the PPI in 2013

(month to the December of the previous year, %)



INFORMATION

on the National Bank's operations designed
to regulate the banking system's current
liquidity in 2013



DYNAMICS

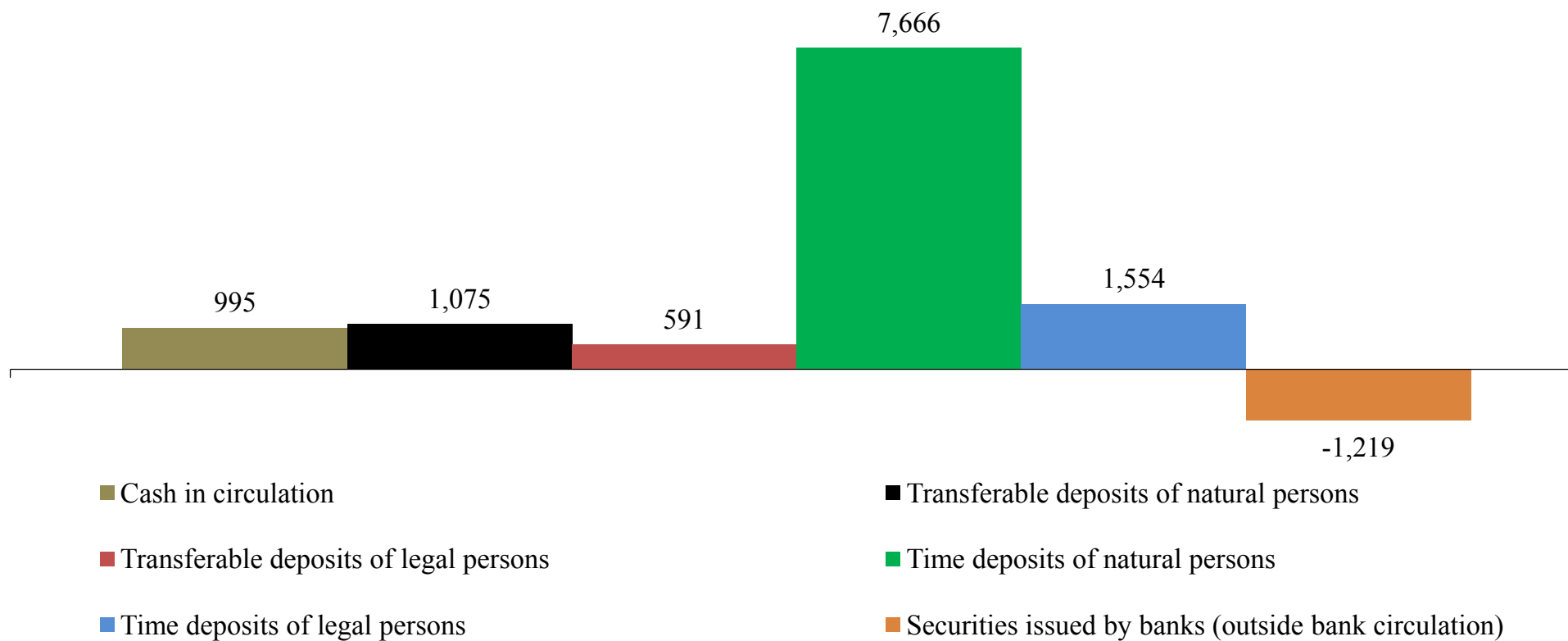
of broad money supply in 2013

Indicators	BYR trn			
	Actual as at		Growth	
	01.01.2013	01.01.2014	BYR trn	%
1. Cash in circulation - M0	11.3	12.3	1.0	8.8
2. Transferable deposits	23.1	24.8	1.7	7.2
natural persons	9.1	10.2	1.1	11.8
legal persons*	14.0	14.6	0.6	4.2
Monetary aggregate - M1	34.4	37.1	2.7	7.7
3. Other deposits	31.2	40.4	9.2	29.6
natural persons	15.2	22.9	7.7	50.4
legal persons*	16.0	17.5	1.5	9.7
4. Securities issued by banks (outside bank circulation) in national currency	3.1	1.8	-1.3	-39.7
Ruble money supply M2*	68.7	79.3	10.6	15.5
Broad money - M3	161.3	193.3	32.0	19.8
<i>For information:</i>				
Deposits in foreign exchange, USD bn	10.3	11.3	1.0	9.8
natural persons	6.3	7.3	1.0	16.1
legal persons*	4.0	4.0	0.0	-0.2
Deposits in precious metals, USD bn	0.041	0.035	-0.006	-14.9

* Legal persons – commercial institutions, non-commercial institutions, and independent entrepreneurs

CHANGE
of the indicators of ruble money supply in 2013

(BYR bn)



Regulatory legal acts
adopted (published) in 2013 as part of endeavors
to streamline the regulation of banking operations

Edict of the President of the Republic of Belarus No. 107 “On Carrying out Control Measurements” dated March 4, 2013 (the National Legal Internet Portal of the Republic of Belarus, March 6, 2013, 1/14120).

Edict of the President of the Republic of Belarus No. 450 “On Some Issues of Selling Vehicles on Financial Lease (Leasing) Terms” dated October 1, 2013 (the National Legal Internet Portal of the Republic of Belarus, October 3, 2013, 1/14552).

Law of the Republic of Belarus “On Amending and Modifying Some Laws of the Republic of Belarus on Mortgage Issues” dated July 12, 2013 (the National Legal Internet Portal of the Republic of Belarus, July 23, 2013, 2/2052).

Resolution of the Council of Ministers of the Republic of Belarus and the National Bank of the Republic of Belarus No. 469/10 “On Approving the Regulations on Procedures for Carrying out Control Measurements of the Volumes of Completed Construction and Installation Works and Charges Incurred during Construction (Reconstruction) Involving Bank Loans” dated June 7, 2013 (the National Legal Internet Portal of the Republic of Belarus, June 27, 2013, 5/37448).

Resolution of the Council of Ministers of the Republic of Belarus and the National Bank of the Republic of Belarus No. 949/16 “On Financing Government Programs and Activities in 2013 Q4” dated October 31, 2013 (the National Legal Internet Portal of the Republic of Belarus, November 6, 2013, 5/37988).

Resolution of the Council of Ministers of the Republic of Belarus No. 267 “On the Concept of State Housing Policy of the Republic of Belarus till 2016” dated April 5, 2013 (the National Legal Internet Portal of the Republic of Belarus, April 11, 2013, 5/37114).

Resolution of the Board of the National Bank of the Republic of Belarus No. 1 “On Amending the Instructions on the Issue, Circulation, and Redemption of Certificates of Deposit and Saving Certificates” dated January 3, 2013 (the National Legal Internet Portal of the Republic of Belarus, January 18, 2013, 8/26767).

Resolution of the Board of the National Bank of the Republic of Belarus No. 36 “On Amending and Modifying the Instructions on Procedures for Providing (Placing) Bank Monetary Funds in the Form of a Loan and Repaying them” dated January 18, 2013 (the National Legal Internet Portal of the Republic of Belarus, January 22, 2013, 8/26813).

Resolution of the Board of the National Bank of the Republic of Belarus No. 60 “On Amending Resolution of the Board of the National Bank of the Republic of Belarus No. 577 as of November 13, 2012” dated February 1, 2013 (the National Legal Internet Portal of the Republic of Belarus, February 5, 2013, 8/26865).

Resolution of the Board of the National Bank of the Republic of Belarus No. 230 “On Amending the Instructions on Procedures for Providing (Placing) Bank Monetary Funds in the Form of a Loan and Repaying them” dated April 18, 2013 (the National Legal Internet Portal of the Republic of Belarus, May 9, 2013, 8/27504).

Resolution of the Board of the National Bank of the Republic of Belarus No. 264 “On Amending and Modifying the Instructions on Savings Books Issued by Banks and Non-bank Financial Institutions of the Republic of Belarus” dated May 6, 2013 (the National Legal Internet Portal of the Republic of Belarus, May 25, 2013, 8/27543).

Resolution of the Board of the National Bank of the Republic of Belarus No. 505 “On Extending Loans in Foreign Currency for Current Operations” dated August 28, 2013.

DYNAMICS

of number and amounts of payment instructions settled via the ASIS in 2008 –2013

