



**EDICT
OF THE PRESIDENT OF THE REPUBLIC OF BELARUS**

December 18, 2015

No. 505

Minsk

On the Approval of the Republic of Belarus
Monetary Policy Guidelines for 2016

1. To approve the Republic of Belarus Monetary Policy Guidelines for 2016 enclosed herewith.
2. The National Bank, in concert with the Council of Ministers of the Republic of Belarus, shall ensure execution of the Republic of Belarus Monetary Policy Guidelines for 2016.
3. This Edict shall come into force on January 1, 2016.

A. LUKASHENKO
President of the Republic of Belarus

APPROVED

Edict of the President
of the Republic of Belarus
No. 505 dated December 18, 2015

REPUBLIC OF BELARUS MONETARY POLICY GUIDELINES FOR 2016

CHAPTER 1 MONETARY POLICY OBJECTIVE

1. The monetary policy in 2016 will continue to support sustainable and well-balanced development of the country's economy through the maintenance of price stability.

The main objective of the monetary policy in 2016 will be bringing of inflation, measured by the consumer price index, down to 12% (December 2016 to December 2015).

CHAPTER 2 MONETARY POLICY IMPLEMENTATION

2. The inflation target attainment will be ensured by means of exercising control over money supply. In 2016, the National Bank will continue to apply the monetary targeting regime, with the broad money supply being used as an intermediate target and the ruble monetary base – as an operational one. The increment of the average broad money supply is forecasted at the level of 18% plus/minus two percentage points (December 2016 to December 2015).

3. Implementation by the National Bank of the exchange rate and interest rate policies will be targeted at managing money supply in an efficient manner.

The exchange rate policy will be implemented based on the rule involving minimization of the National Bank's foreign exchange interventions and assurance of the exchange rate dynamics on the basis of demand and supply in the foreign exchange market. The value of the currency basket will remain the operational target of the exchange rate policy. At the same time, under the conditions of excessive foreign exchange supply compared with demand for it, the National Bank will retain the ability to curb the appreciation of the

Belarusian ruble through foreign exchange purchases in order to prevent the worsening of the Belarusian exporters' price competitiveness.

The banking system's liquidity will be regulated, mainly, by means of carrying out open market operations on the auction basis (interest rates auctions in line with the preannounced schedule and volumes with standard transactions terms). In case of occurrence of the short-term unpredictable changes in liquidity and expediency of their smoothing through the auction transactions, additional auctions may be carried out in exceptional cases (out of schedule). The volume of regular auctions will be planned having regard to the need to meet the operational target on the ruble monetary base.

The National Bank's standing facilities (overnight swaps and overnight deposits), the interest rates on which form the upper and the lower limits designed to narrow the fluctuations of the interest rate in the interbank market, offer additional possibilities for regulating liquidity. The National Bank, as the lender of last resort, may carry out bilateral transactions aimed at supporting banks' liquidity.

The required reserves fund will be established under the single norm and regulated with a view to maintaining structural well-balance of the banking system's liquidity, as well as the required dynamics of money supply.

The direction and degree of change of interest rates on standing facilities and the refinance rate will be determined based on the dynamics of interest rates at the liquidity regulation auctions and in the interbank market as well.

On the whole, the interest rate policy will be directed towards maintaining positive, in real terms, interest rates in the economy and ensuring excessive return on savings in Belarusian rubles over that in foreign exchange. As far as the inflation processes slow down the value of credit resources will continue to decline as well.

4. Maintenance and accumulation of the country's gold and foreign exchange reserves will continue to be an important nation-wide priority in 2016. The dynamics of the international reserve assets of the Republic of Belarus will be determined, mainly, by the state of foreign trade and overall balance of payments, as well as the volumes of refinancing the liabilities in foreign exchange by the state.

CHAPTER 3

BANKING AND PAYMENT SYSTEMS AND FINANCIAL MARKET DEVELOPMENT

5. In 2016, the National Bank will continue to improve the banking sector's sustainability and efficiency, deepen the interaction of the banking sector with the real sector of the economy, lower dollarization of the economy, create conditions for further development and implementation of new banking technologies, and raise the standards and quality of banking services.

With a view to ensuring secure functioning of banks, the National Bank will take measures designed to maintain the banking sector's regulatory capital at the level not lower than 12%, gradually tighten the requirements to the banks' capital quality and reliability of the sources of its build-up, as well as the requirements to the promoters (shareholders), other beneficiary owners, and the banks' ownership structure.

Banks' bad assets will be maintained at the economically secure level by means of further containment of credit and foreign exchange risks accepted by banks, including on the basis of a comprehensive assessment of the financial condition of the enterprises which are the major borrowers.

Banking supervision will be particularly focused on the assessment of corporate management quality (including the independent directors' activities) and risk management systems. Methods of assessment of the banks' risk levels will be further improved. The international standards Basel III will be implemented with regard to capital and continued to be implemented with regard to liquidity with a view to improving the quality of capital and liquidity management.

6. In 2016, the National Bank's actions will remain focused on encouraging banks to build up a stable resource base and actively participate in the economic development by dint of involvement of the households' and legal persons' funds on a long-term basis with the use of different financial instruments.

7. With a view to developing financial market, including the securities, financial instruments of term transactions, and insurance services markets, the activities aimed at improving its regulation, developing its infrastructure, enhancing the reliability of its various segments, which will contribute to expanding the opportunities for savings and investments in the economy, will be carried out.

The work aimed at improving the legal regulation of the microfinance and

leasing companies' activities, including comprehensive regulation of housing lease, will be continued.

In the field of improving financial mechanisms designed to promote exports, such form of financing trade transactions as forfeiting will be further developed.

An effective control over compliance with legislation on leasing activities, as well as on the activities of microfinance institutions and other participants of the non-bank segment of the financial market, will be carried out.

In 2016, the development of the institute of credit histories build-up will involve the expansion of the list of data accumulated in the economic entities' credit histories at the cost of information on the leasing contracts being received from the non-bank financial market participants.

The implementation of measures aimed at improving financial literacy of the population and establishing an integrated system of protection of rights of the consumers of financial services under the aegis of the National Bank, with account of the international best practices, will be continued.

The National Bank's information policy will be focused on detailed clarification of decisions taken in the framework of the monetary policy implementation, with an involvement of a wide range of media and representatives of the expert community. The practice of public discussion of the draft regulatory legal acts affecting the interests of the economic entities and households of the Republic of Belarus will be expanded.

8. In 2016, the National Bank will continue to improve the regulation of banking transactions as pertains to carrying out transactions in the money transfers and documentary operations markets.

For the purpose of simplifying the procedures for providing bank guarantees and electronic interaction of government agencies with banks, the measures designed to establish the registry of bank guarantees will be undertaken.

9. In 2016, an efficient, sound, and safe functioning of the payment system will be ensured by dint of improving regulatory legal framework and maintaining it up-to-date, developing electronic document management, improving tariff policy for settlement services, developing software and hardware infrastructure, limiting (reducing) risks in the payment system by means of introducing international standards for financial market infrastructures therein and carrying

out supervision.

10. The development of information technologies with a view to ensuring efficiency and continuity of provision of modern banking and other financial services will be continued.

11. In 2016, the development of digital banking technologies, including those based on the use of bank payment cards and electronic money, will be focused on increasing the share of non-cash transactions and expanding the range of new banking products and services.

CHAPTER 4 INTERNATIONAL COOPERATION

12. In 2016, issues relating to the harmonization of financial and foreign exchange legislation of the Eurasian Economic Union member states will be given a special attention.

The work on expanding mutually beneficial relations between the banking systems of the Republic of Belarus and the Russian Federation within the framework of the Union State will be continued.

The National Bank will cooperate with the central (national) banks of other CIS countries within the framework of the Regional Advisory Group of the Financial Stability Board in the CIS and the Board of the Interstate Bank, as well as other consulting interbank bodies.

13. In 2016, cooperation with international financial institutions will be continued in the field of implementing previously agreed technical assistance as well as defining the spheres of expert assistance on topical issues of the National Bank's activities.

14. Coordination of the terms of access to the Belarusian financial and banking services market with the WTO member states, as well as discussion of systemic issues in the process of joining the WTO by the Republic of Belarus, will be continued under the aegis of the Ministry of Foreign Affairs of the Republic of Belarus.

CHAPTER 5

FINAL PROVISIONS

15. In 2016, implementation of the monetary policy will result in slowing down of the inflationary processes and assurance of macroeconomic and financial stability.

Key forecast performance indicators of the banking system of the Republic of Belarus for 2016 are given in the Appendix hereto.

Appendix
to the Republic of Belarus
Monetary Policy Guidelines for 2016

Key forecast performance indicators of the banking system of the Republic of Belarus for 2016

Indicators	Forecast for January 1, 2017
Growth in average broad money supply, % (December 2016 to December 2015)	16 – 20
Change, as at January 1, 2016, in international reserve assets of the Republic of Belarus according to the IMF's methodology, USD billion	0 – 0.3