EDICT
of the President of the Republic of Belarus
No. 210 dated April 29, 2013
Minsk

ON APPROVING THE REPORT
OF THE NATIONAL BANK OF THE REPUBLIC OF BELARUS
FOR 2012

1. To approve the Report of the National Bank for 2012, 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 BYR106,760.9 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
            BYR675.5 billion;
          = capital investments budget execution in the amount of BYR168.8 billion;
          and
          = earned profit and allocation thereof.

2. 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. 210, dated April 29, 2013

REPORT
of the National Bank of the Republic of Belarus
for 2012

Minsk
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Introduction


Monetary policy of the Republic of Belarus was implemented in 2012 as part of the single economic policy measures in accordance with the Monetary Policy Guidelines of the Republic of Belarus for 2012 approved by Edict of the President of the Republic of Belarus No. 591 dated December 23, 2011 (National Register of Legal Acts of the Republic of Belarus, 2011, No. 144, 1/13161) (hereinafter – the “Guidelines for 2012”) having regard to the economic situation.

The main results of the monetary policy in 2012 were: significant slowing down of inflationary processes, stabilization of the domestic foreign exchange market, and maintenance of stable exchange rate of the national currency, with flexible exchange rate setting policy being retained. Gold and foreign exchange reserves remained at the same level, with all obligations of the country to the creditors being met. Stable functioning of the banking sector and safe and secure functioning of the payment system were ensured as well.
Chapter 1
Economic and financial situation of the Republic of Belarus

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

Economic situation in the Republic of Belarus in 2012 was characterized by strengthened macroeconomic and financial stability, considerably decelerated inflation processes, ensured foreign economic balance, and recovered growth of households’ incomes.

The above-mentioned trends were developing on the background of slowing down economic growth and growth rates of industrial output, as well as decelerating investment activity.

In 2012 H1, economic growth was assured by means of facilitating foreign trade, with domestic demand being tightened, in 2010 H2 – at the expense of the increased consumer demand brought about by the growing real wages.

Negative impact on the economic stability was made by such factors as high energy and material intensity of production and import capacity of the economy, low diversification of export (its continuing dependence on external demand in the Russian Federation and in the countries of the European Community), reduction of investments inflow to the fixed capital, outstripping growth of real wages over that of labor efficiency, and insufficient level of foreign direct investments.

In 2012, the volume of Gross Domestic Product (hereinafter – “GDP”) amounted to BYR527.4 trillion, having increased by 1.5% (in comparable prices) on the 2011 level (by 5.5% in 2011).

GDP energy intensity grew by 5.3% (dropped by 2.2% in 2011) (Attachment 1.1).

Retail turnover (in comparable prices) increased in 2012 by 14% compared with 2011 (in 2011 by 8.6% on a year earlier); paid services to households by 7.6% (in 2011 by 5.7%). Households’ real wages grew by 21.9% (by 1.3% in 2011); real disposable money income by 21% (in 2011 it dropped by 1.1%).

Investment in fixed capital dropped by 9.8% on a year earlier (in 2011, it grew by 17.9%). The annual volume of investment in fixed capital totaled BYR151.9 trillion; the share of investments in GDP – 28.8% of GDP (33.2% in 2011).

In the technological structure of investments in fixed capital the expenditures for construction and installation works (48.3%) were
dominating, while investments in assets (machinery, equipment, and vehicles) amounted to 42.5% of the total volume of capital investments.

In the sphere of investments, net growth of lending under the Government programs was constrained, their number was reduced, and provision of credit support on soft terms was limited.

In 2012, investments in fixed capital at the expense of the budgetary funds grew (in comparable prices) by 5.5%, at the expense of local budgets – by 20% (against the decreasing volumes of financing at the expense of budgetary funds by 24.9% and local budgets by 19.7% in 2011). The share of budgetary resources in the structure of investments in fixed capital decreased to 16.1% (in 2011 it was 12.4%).

In 2012, organizations’ own funds and credit resources prevailed in the financing of investment activities, despite the slowing down in the growth rates of the latter due to the increase in the cost and tightening of conditions of lending. Organizations’ own funds and banks’ credits accounted for 67.2% of all capital investments (73.6% in 2011).

According to the data provided by the National Statistical Committee, the total volume of used credit resources (in comparable prices), including foreign credits and credits granted under foreign credit lines, decreased in 2012 by 31.1% against the level of 2011.

The inflow of foreign direct investors’ funds to the fixed capital remained insignificant.

Industrial output grew in 2012 compared with 2011 by 5.7% (9.1% in 2011). As at January 1, 2013, the ratio of finished stock to the monthly average volume of production was 56.5%, decreasing by 1.8 percentage points over the year.

Agricultural output (in comparable prices) rose in 2012 by 6.1% compared with 2011 (in 2011 by 6.6%), including in agricultural organizations – by 7.4% (9.4% in 2011).

Transportation of cargo (excluding pipeline transfers) decreased by 2.3% (grew by 6.2% in 2011), with cargo turnover (excluding pipeline transfers) going up by 0.5% and passenger turnover by 7.2% (in 2011 by 8.5% and 0.7% respectively).

Financial situation of organizations in 2012 compared with 2011 was characterized by combination of positive and negative dynamics of the key financial indicators. The revenues from the sale of goods, products, works, and services and all profit indicators grew in the economy as a whole in nominal terms, while the real values of revenues and return on sale, as well as of profit before tax went down. The share of the organizations in the red in their total number and the amount of net losses decreased.
At the same time, the growth rates of the revenues from the sale of products and manufacturing cost of the sold products exceeded that of profit from the sale of products, resulting in the decline in the level of profitability. The share of organizations facing continuous financial difficulties and the amounts of budgetary allocations for covering losses and compensating current expenses are still high. The volumes of finished stock increased, with their level in the monthly average volume of production declining.

The share of organizations with overdue accounts payable and receivable is still high and the share of overdue debt under banks’ credits is not declining.

The share of overdue accounts payable in the total volume of accounts payable and overdue accounts receivable in the total volume of accounts receivable went up. The current paying capacity of enterprises decreased.

Revenues from the sale of the organizations’ products, goods, works, and services amounted in 2012 to BYR1,152 trillion, including net of accrued VAT calculated out of revenues – BYR1,042.8 trillion. They grew 1.7 times compared with 2011 in nominal terms and dropped by 0.8% in real terms* (in 2011 compared with 2010, they increased by 89.7% and 10.8% respectively).

The nominal volumes of all indicators of profit grew and the real values of profit from the sales and profit before tax decreased over 2012 in the economy as a whole. Profit from the sale of products, goods, works, and services dropped by 8.7%, profit before tax – by 1.2%, with net profit growing by 3.4%.

In 2012, 91.3% of enterprises currently registered by the National Statistical Committee were profitable (by the level of return on sales).

At the same time, the share of loss-making and low-return enterprises (with profitability ranging from 0 to 5%) is still substantial: in 2012, it amounted in the financial sector, as a whole, to 47%, compared with 51.4% in 2011. The share of such enterprises in trade, repair of vehicles, household appliances, and items of personal use was 78.8%, in construction – 53.9%, in transport and communications – 44.6%, and in industry – 40.8%.

The share of organizations that incurred net losses amounted in 2012 to 4.8% of the total number of organizations currently registered by the National Statistical Committee versus 5% in 2011. Thus, in the year under review the number of the organizations that were in the red dropped by 4.5% compared with 2011, with the net losses of these enterprises decreasing to BYR3.3 trillion (a 47.2% decline on 2011).

* Adjusted for the GDP deflator.
The situation in the field of the enterprises’ settlements is still complicated. As at January 1, 2013, 68% of organizations had outstanding accounts receivable (68.6% as at January 1, 2012) and 59% of organizations had outstanding accounts payable (59.3% as at January 1, 2012) that may negatively affect their credit worthiness.

Accounts payable grew over 2012 by 30.3% to BYR182.7 trillion, credit and loan amounts owed by organizations increased by 36.4%, exceeding the enterprises’ net profit 2.9 times.

Bank credit amounts owed by non-financial institutions grew over 2012 by 37.5%. Bank credit amounts owed accounted to 46.8% of the total aggregated accounts payable (45.5% as at January 1, 2012). Debt load coefficient (banks’ credits owed/monthly average revenues from the sale of products ratio) of the non-financial institutions as a whole dropped from 249.4% as at January 1, 2012 to 194.3% as at January 1, 2013.

On the background of significant growth of accounts payable the balances on the enterprises’ accounts were growing slower. As a result, current paying capacity of enterprises (monetary funds/outstanding accounts payable ratio) decreased compared with early 2012, amounting as at January 1, 2013 to 253.7% versus 314.7% as at January 1, 2012.

Accounts receivable grew over 2012 by 44.9%, including overdue accounts receivable – by 47.8%. In 2012, the growth rates of overdue accounts payable and receivable exceeded the growth rates of accounts payable and receivable, leading to the increased share of overdue accounts payable and receivable in the volume of accounts payable and receivable respectively. The share of overdue accounts payable grew from 7.4% as at January 1, 2012 to 8.2% as at January 1, 2013, the share of overdue accounts receivable – from 10.9% to 11.1% respectively. The share of external overdue accounts payable in the total amount of external accounts payable grew as well, with the share of external overdue accounts receivable decreasing.

In 2012, consolidated budget revenues grew 1.8 times, amounting to BYR158 trillion (30% of GDP compared with 28.8% of GDP in 2011) (Attachment 1.2). Consolidated budget expenses grew almost twice, amounting to BYR155.2 trillion (29.4% of GDP versus 26.7% of GDP in 2011).

As a result, the Government ran a consolidated budget surplus of BYR2.8 trillion (0.5% of GDP compared with 2.1% in 2011). The main share of consolidated budget expenses was devoted to the social sphere (41.5%) and industries (19.3%).

Republican budget revenues amounted to BYR95.2 trillion (18.1% of GDP), a 1.8 times growth compared with 2011. Republican budget expenses
were financed in the amount of BYR95.9 trillion (18.2% of GDP), a 1.8 times increase compared with 2011. Republican budget deficit was 0.1% of GDP (in 2011, a budget surplus amounted to 0.8% of GDP).

As at January 1, 2013, the general Government’s debt amounted to 24.4% of GDP*. The ratio of external general Government’s debt to GDP dropped by 1.1%, amounting as at January 1, 2013 to 19%, of domestic debt – reduced by 1.1%, amounting as at January 1, 2013 to 4.9%.

The consumer prices grew in 2012 by 21.8% (December-on-December), in 2011 by 108.7% (Attachment 1.3).

According to the National Statistical Committee’s data, the base inflation in 2012 grew by 17.1% (by 118.1% in 2011) and according to the National Bank’s calculations was responsible for the increase in the consolidated CPI by 11.5%. An increase in regulated prices, including the prices for fruit and vegetable products, amounted in 2012 to 31.3% (90.8% in 2011), contributing to the growth in the consolidated CPI by 10.3%.

Industrial producers’ prices rose by 21% compared with 149.6% in 2011, with prices for investment goods increasing by 26.6%, for intermediate goods – by 16.4%, and for consumer goods – by 26.5%.

1.2. The balance of payments and gross external debt

In 2012, the process of adjustment of foreign economic imbalance accumulated in the preceding years continued.

In the whole of 2012, the deficit of the current account of the balance of payments dropped 2.8 times, amounting to USD1.8 billion, due to the attained surplus of foreign trade in goods and services in the amount of USD2.9 billion compared with the deficit in the amount of USD1.2 billion in 2011. (Attachments 1.4 and 1.5).

In 2012, the balance of foreign trade in goods amounted to USD0.5 billion compared with the deficit in the amount of minus USD3.5 billion in 2011. At that, the balance of foreign trade in energy products improved 2.6 times (by USD2.7 billion), amounting to minus USD1.6 billion, with the balance of foreign trade in non-energy goods being positive in the amount of USD2.4 billion, having improved by USD1.3 billion.

Exports of goods grew by 11.2%, amounting to USD45.5 billion. The physical volume of goods exports grew by 10.6%, with the average prices rising by 0.4%. Imports of goods grew by 1.4%, amounting to USD45 billion. The physical volume of goods imports was up by 9.4%, with average prices down by 7.3%.

* Calculated as the ratio of Government debt to GDP denominated in Belarusian rubles.
Exports of non-energy goods stood at USD29.4 billion, rising by 10.3% against the 2011 level, with the physical volumes of non-energy exports growing in 2012 by 11.5%.

Imports of non-energy goods amounted to USD27.3 billion, growing by 5.8% against the 2011 level. The physical volumes of non-energy imports increased in 2012 by 9.9%.

The group of investment goods was responsible for the highest growth rates of exports, which stood at 113.7%, including that of physical volumes - 114.5%. This group demonstrated the highest growth rates of imports (128.2% against the 2011 level) as well. The balance of trade in the group of consumer goods was positive, amounting to USD2.2 billion compared with USD0.8 billion in 2011, that was due to a 3.2 times reduction in the imports of cars.

Exports of energy goods increased in 2012 by 12.9% compared with 2011, amounting to USD16.1 billion, while imports dropped by 4.7% and amounted to USD17.8 billion.

The deficit of foreign trade in energy products went down due to a decrease in the imports of natural gas by USD1.9 billion owing to a drop in price and an improvement in the balance of foreign trade in oil and oil products by USD1.1 billion.

Price conditions of foreign trade continued to be favorable. Export prices grew by 0.4%, with import prices dropping by 7.3%. A decline in export prices was lower by 2.7% than a decline in import prices (excluding energy products).

Positive balance of services totaled USD2.4 billion, a 6.7% rise on 2011 owing to an improvement in the balance of transport services and trips by USD0.2 billion.

The deficit of the balance of primary income totaled minus USD1.5 billion, having worsened by 11.4%. The deficit of the balance of investment income grew by 12.5%, amounting to USD2.1 billion. The surplus of the balance of labor remuneration increased by 14.6% to USD0.6 billion.

The balance of secondary income was negative in the amount of USD3.2 billion against a negative balance totaling USD2.5 billion in 2011 that was due to the transfer of customs duties for the exports of oil products in the amount of USD3.8 billion to the Russian Federation. Besides, the secondary income in 2012 included the balance of distribution of the customs import duties totaling USD0.3 billion between the states that are members of the customs union.

In 2012, the financial account of the balance of payments saw a decline (from USD5.6 billion to USD1.1 billion) in the net inflow of foreign capital.
Operations of the non-financial sector were responsible for the inflow of USD1.3 billion. Capital outflow from the sectors of government agencies and monetary authorities totaled USD0.2 billion. An insignificant volume of foreign capital attraction was due to the considerable improvement in the current account of the balance of payments as well as the growing volumes of external liabilities being repaid by the Republic of Belarus.

In the year under review, the net inflow of foreign direct investments to the national economy totaled USD1.3 million, dropping 2.8 times compared with 2011 (in 2011, the shares of the Open Joint-Stock Company “Beltransgaz” were sold in the amount of USD2.5 billion).

Net payments under portfolio investments amounted in 2012 to USD0.2 billion (in 2011, portfolio investments were attracted in the amount of USD0.9 billion due to a significant reduction in the volume of debt securities placed by the Ministry of Finance in foreign markets and payments under the previously placed securities).

In 2012, the surplus of commercial (trade) credits amounted to USD1.3 billion, reflecting the outstripping growth of accounts receivable (the growth totaled USD1.4 billion) compared with that of accounts payable (the growth totaled less than USD0.1 billion).

At year-end 2012, there was a net inflow of banks’ foreign borrowed capital totaling USD0.8 billion against its net outflow in 2011 in the amount of USD0.3 billion. Net repayment of credits and loans by banks stood at USD0.1 billion, while a considerable inflow was due to the reduction by USD0.7 billion of the assets placed abroad.

In 2012, net attraction of foreign capital by the non-financial sector of the economy (excluding trade credits and direct investments) due to, above all, net attraction of credits and loans in the amount of USD0.5 billion, totaled USD0.5 billion against USD0.4 billion in 2011.

In 2012, the final balance of the balance of payments ran a deficit of USD0.4 billion and was financed by attraction of the stabilization credit from the EurAsEC Anti-Crisis Fund in the amount of USD440 million, which made it possible to increase the volume of reserve assets by USD81 million compared with the beginning of the year.

As at January 1, 2013, the volume of the economy’s debt obligations grew by 0.3% compared with the beginning of 2012 and amounted to USD34.1 billion. With respect to GDP the level of external debt dropped from 57.9% to 54% (Attachment 1.6).

In 2012, a decrease in the volumes of foreign borrowings was observed in the National Bank’s external debt. Corporate non-financial sector accounted for the highest growth rate of this indicator (by USD0.8 billion, or 6%).
Switching from the short-term to long-term foreign borrowings was a positive trend. As at January 1, 2013, the share of long-term borrowings in their total number was 61.2% (as at January 1, 2012 – 57.6%). Growth in foreign debt of government agencies and repayment of short-term obligations by the National Bank were the main factors of their growth.

1.3. Financial sector

1.3.1. Banking sector

1.3.1.1. Institutional characteristics

As at January 1, 2013, the banking sector comprised 32 banks. The number of branches fell in 2012 from 138 to 105 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 3%, amounting as at January 1, 2013 to about 3,700.

As at January 1, 2013, there were eight representative offices of foreign banks, including those of the Russian Federation, Latvia, and Germany, as well as a representative office of the Interstate Bank in the Republic of Belarus.

Foreign capital participated in the authorized capital of 27 banks. In 23 banks the share of foreign investors in the authorized capital exceeded 50% (eight of which were wholly-foreign owned).

In February 2012, a decision was taken to register CJSC "BIT-Bank" and issue a special license to engage in banking operations thereto.

As at January 1, 2013, the banks’ registered authorized capital amounted to BYR29.8 trillion, having increased in 2012 by 7.9%.

Institutional development of banks in 2012 was characterized by:
- the decreased share of banks controlled by the Government in the banking sector’s authorized capital from 84.4% to 78.9%. The share of such banks in the banking sector’s assets grew from 64.9% to 65.3%, while in aggregate regulatory capital it dropped from 72.4% to 65.8%;
- the increased share of foreign banks* in the aggregate authorized capital of banks from 15% to 20% and in the aggregate regulatory capital from 26.6% to 32.7%. In the banking sector’s assets the share of banks controlled by non-residents dropped from 34.0% to 33.7%. Capital from Russia, Austria, Cyprus, Iran, Switzerland, the Netherlands, Lebanon, *Foreign banks are banks in which the share of foreign investors in the authorized capital exceeds 50%.
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 0.6% to 1.1%, with the share of these banks in the banking sector’s assets dropping from 1.1% to 1.0% and in the aggregate regulatory capital growing from 1.1% to 1.5%.

The share of the State Committee on Property in the authorized funds of eight banks amounted as at January 1, 2013 to BYR21.8 trillion (73.0% of the banking sector’s aggregate authorized capital).

As at January 1, 2013, 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.

During 2012, banks expanded their services, thereby increasing their assets. As at January 1, 2013, the banking sector’s assets totaled BYR321.2 trillion, growing since early 2012 by BYR61.8 trillion, or by 23.8%.

At the end of 2012, assets (liabilities)/GDP ratio totaled 61% (Attachments 1.7-1.9).

Banks’ funds were mainly used for lending to legal and natural persons. As at January 1, 2013, the share of banks’ claims on the economy in the banks’ assets amounted to 68.6% (as at January 1, 2012 – 60.7%).

Banks’ claims on the economy grew by BYR63.1 trillion, or by 40.1%, with the parameter prescribed in the Guidelines for 2012 being 17-23%. In the national currency they increased by BYR26.3 trillion (by 27.6%) totaling BYR121.6 trillion and in foreign exchange - by USD4.1 billion (by 55.2%) totaling USD11.5 billion.

Banks’ claims on legal persons (as at January 1, 2013 – 81.4%) accounted for the largest share in the banks’ claims on the economy. Their growth in 2012 amounted to 43.8%.

In 2012, the credits issued to the processing industry, organizations involved in operations with real estate and providing services to consumers, as well as to the organizations involved in trade, repair of vehicles, household appliances, and items of personal use were dominating (Attachment 1.10).

In 2012, banks’ claims on natural persons grew by BYR8.4 trillion, or by 25.8%, amounting as at January 1, 2013 to BYR41.0 trillion.

As at January 1, 2013, credit amounts owed by one citizen of the Republic of Belarus averaged BYR4,245.5 thousand, or USD495.4 in dollar
terms, compared with BYR3,379.9 thousand, or USD404.8, as at January 1, 2012.

Households’ debt under credits to finance real estate grew over 2012 by BYR6.5 trillion, or by 27.3%, amounting as at January 1, 2013 to BYR30.5 trillion.

Households’ debt under consumer credits grew over 2012 by BYR1.8 trillion (21.1%), amounting as at January 1, 2013 to BYR10.4 trillion. The share of these credits in the total volume of banks’ claims on natural persons amounted to 25.5% as at January 1, 2013, compared with 26.4% as at January 1, 2012.

Provision of credits to the economy was, to a great extent, supported by the active attraction by banks of the households’ funds. Households’ deposits with banks grew over 2012 by BYR29.0 trillion, or by 59.2%, amounting as at January 1, 2013 to BYR78.1 trillion.

Households’ deposits in the national currency grew from the beginning of 2012 by BYR10.4 trillion, or by 75.2%, amounting as at January 1, 2013 to BYR24.3 trillion. Households’ other deposits in Belarusian rubles grew over 2012 by BYR5.8 trillion, or by 62.3%.

Foreign currency deposits rose over 2012 in ruble terms by BYR18.6 trillion, or by 52.9%, amounting as at January 1, 2013 to BYR53.8 trillion. Natural persons’ deposits in foreign exchange grew over 2012 in dollar terms by USD2.1 billion, or by 49%, amounting as at January 1, 2013 to USD6.3 billion. Households’ other deposits in foreign exchange (in dollar terms) grew by USD1.9 billion, or by 48.4%, amounting as at January 1, 2013 to USD5.9 billion.

As at January 1, 2013, the savings deposited with banks averaged BYR8,677 thousand per citizen of the Republic of Belarus, compared with BYR5,460.4 thousand as at January 1, 2012. This indicator grew in dollar terms from USD654 to USD1,012.5, or by 54.8%.

On December 20, 2012, JSC “JSSB Belarusbank” started to sell government bonds denominated in US dollars to natural persons. As at January 1, 2013, the amount of sold bonds totaled USD15.9 million.

1.3.1.3. Effectiveness and sustainability of the banking sector

As at January 1, 2013, banks’ regulatory capital amounted to BYR44.9 trillion, increasing in 2012 by 20% in nominal terms. In 2012, the revaluation of fixed assets, increase in the registered authorized capital, as well as in profit and funds formed at the expense of banks’ profit were the principal sources of regulatory capital growth in the banking sector as a whole. The ratio of regulatory capital to GDP totaled 8.5% by the end of 2012.
The banks’ profit amounted to BYR5.4 trillion, a 1.7 increase compared with 2011. The key factor of profit growth was an increase in the volume of asset-related operations.

In the year under review, the banking sector’s income had the following structure: change in the reserve – 48.3%, interest income – 38.5%, commission income – 6.7%, other banking income – 5.8%, and other operational income – 0.7%.

In the structure of expenditures the allocations to reserves totaled 55.3%, interest expenditures – 29.2%, other operational expenditures – 8.7%, other banking expenditures – 5.5%, and commission expenses – 1.4%.

At the end of 2012, the banking sector’s return on assets was 1.8% (1.7% in 2011) and return on regulatory capital – 12.7% (14.9% in 2011).

As at January 1, 2013, banks’ secure functioning was characterized by:
- adequacy of banks’ regulatory capital (the ratio of the regulatory capital and risks assumed by banks) – 20.8% (the prescribed minimum prudential requirement for an individual bank being 8%);
- ratio of liquid assets to total assets – 28.1% (the prescribed requirement being at least 20%);
- short-term liquidity (the ratio of actual liquidity to required liquidity) – 2.0% (the requirement being at least 1);
- instant liquidity (the ratio of assets on demand to liabilities on demand) – 250.4% (the requirement being at least 20%; and
- current liquidity (the ratio of current assets to current liabilities) – 127.6% (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 exercising on-site examinations.

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

In 2012, assets exposed to credit risk grew by 28.9% and as at January 1, 2013 totaled BYR217.6 trillion.

As at January 1, 2013, problem assets (assets classified under risk Groups III, IV, and V) totaled BYR12.0 trillion, increasing by 70.5% since the turn of 2012. Assets classified under Group III amounted to BYR10.4 trillion (86.9% of the total volume of problem assets), assets under Group IV – BYR1.3 trillion (10.8%), and assets under Group V – BYR0.3 trillion (2.3%). The share of the banks’ problem assets in the assets exposed to credit risk grew from 4.2% as at January 1, 2012 to 5.5% as at January 1, 2013. At that, the legal persons’ accounts payable (excluding banks) prevailed in the
problem assets. As of January 1, 2013, 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 the reporting period and by the end of 2012 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

A stable situation was preserved at the major segments of the domestic foreign exchange market.

In 2012, domestic foreign exchange market turnover totaled USD66.1 billion. Foreign exchange purchase/sale transactions were mainly concentrated in the stock market, the turnover of which amounted to USD30 billion, growing 1.8 times. Cash market turnover stood at USD12.8 billion, increasing 1.5 times.

In the year under review, resident economic entities:
- sold foreign exchange in the amount of USD23.5 billion, an increase by 37.5% (by USD6.4 billion) compared with 2011; and
- purchased foreign exchange in the amount of USD21.8 billion, an increase by 20.4% (by USD3.7 billion) compared with 2011 (Attachment 1.11).

In 2012, foreign exchange purchased by resident economic entities was, mainly, used to repay credits (USD6.5 billion or 29.8% of the total volume purchased over 2012), pay for fuel and energy resources (USD4.8 billion or 21.8%), procure raw products and materials (USD3.7 billion or 17.1%), and purchase equipment and components (USD2.7 billion or 12.2%). A total of 80.9% 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 2012 stood at USD1.6 billion against net demand in the volume of USD1.1 billion in 2011.

In January-May 2012, households were a net seller of foreign exchange (USD0.6 billion), in June-December 2012 – a net buyer (USD1.3 billion). As a result, households purchased in 2012 USD0.7 billion on a net basis, with a net supply (USD163.6 million) being formed under operations involving foreign exchange in cash and a net demand (USD848.2 million) – under operations involving non-cash foreign exchange (Attachment 1.12).

The operations involving the US dollars dominated the Belarusian foreign exchange market operations (58.9%). The share of this currency in
foreign exchange operations increased by 2.4 percentage points compared with 2011, with the share of euro reducing from 33.9% to 23.6%. The share of the Russian ruble in the foreign exchange operations grew 1.7 times and totaled 15.7%. The volume of operations involving other currencies remained insignificant (less than 1%).

1.3.2.2 Interbank credit market

In 2012, interbank credits in the national currency continued to be one of the main instruments regulating banks’ liquidity. 32 resident banks of the Republic of Belarus as well as non-resident banks participated in this segment of the money market.

In the year under review, the banking sector witnessed, mainly, liquidity deficit. In this regard, the volume of operations carried out by banks in the interbank market was lower compared with 2011, amounting to BYR122.6 trillion (in 2011, BYR186.2 trillion).

The structure of time instruments in the interbank market didn’t undergo significant changes compared with 2011 (intraday interbank credits still accounted for 82.3%). In 2012, the share of operations with non-resident banks in the interbank ruble market increased, totaling 3.5% (in 2011, 1.8%).

At the same time, the banks continued in 2012 to attract/place resources in the national currency in the interbank market through repo transactions. However, the share of such operations reduced, averaging 19.7% of the balance of amounts owed against 30.5% in 2011.

The excess level of the banks’ liquidity, which was observed for most of the year, was mainly responsible for the decrease in the share of repo transactions. The reduction in 2012 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 rates band.

In 2012 Q4, the deteriorated situation with liquidity in separate banks led to an increase in the interest rates band in the interbank market and significantly improved 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 (Attachment 1.14).

In the year under review, the average interest rate on banks’ fresh credits* in the national currency dropped by 11.7 percentage points, amounting to 39.4% per annum by the end of 2012.

As at January 1, 2013, the average interest rate on fresh time deposits in Belarusian rubles totaled 33.5% per annum, decreasing over 2012 by 20.1 percentage points.

In 2012, the average interest rate on fresh banks’ credits in freely convertible currency decreased by 2.5 percentage points, totaling 7.7% per annum as of January 1, 2013.

The average interest rate level on fresh time deposits in freely convertible currency decreased in 2012 from 7.2% per annum to 4.5% per annum.

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

1.3.2.4. Government securities market


In the year under review, the Ministry of Finance retired GDOs worth BYR6,779.6 billion at face value.

As a result, the volume of GDOs denominated in Belarusian rubles in circulation grew by BYR5.5 trillion (by 64.5%) and as of January 1, 2013 totaled BYR13.9 trillion at face value.

In 2012, the Ministry of Finance placed interest-bearing government bonds denominated in foreign exchange in the domestic government bonds market in the total amount of BYR1.1 billion.

* Excluding credits granted at the expense of relevant credits of the National Bank and government agencies of the Republic of Belarus and soft credits granted pursuant to decisions of the President and the Government of the Republic of Belarus.
In the year under review, the Ministry of Finance allocated USD800 million (at face value) to repay interest-bearing government bonds denominated in foreign exchange and placed in the domestic market.

Thus, the volume of interest-bearing government bonds denominated in foreign exchange and placed in circulation in the domestic market increased by USD278.0 million (by 25.3%), amounting to USD1.4 billion as at January 1, 2013.

In December 2012, the Ministry of Finance started to place the issues of government bonds for natural persons denominated in foreign exchange in the total volume of issue worth USD50 million.

The banks’ claims on the Government of the Republic of Belarus in securities denominated in Belarusian ruble reduced in 2012 by BYR2.0 trillion (by 26.4%) at book value and as of January 1, 2013 totaled BYR5.6 trillion.

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

In the year under review, due to the reduction of the volume of government securities denominated in Belarusian rubles in the banks’ portfolio, the secondary market witnessed 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 2012 to BYR26.9 trillion, decreasing by BYR7.7 trillion or by 22.3% compared with 2011. 5,307 thousand transactions were concluded at the stock exchange (in 2011, 9,869 thousand transactions).

The weighted average yield on outright transactions involving interest-bearing GDOs amounted to 44.1% per annum. The weighted average repo rate (irrespective of the term) involving GDOs stood in 2012 at 33% per annum.

In the year under review, the transactions involving interest-bearing government bonds denominated in foreign exchange and placed in the domestic market were not carried out in the secondary market.

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

The year under review witnessed a significant growth of stock market (equity securities) along with the relevant decrease in the bond market (debt securities) caused by a material reduction of the volume of issued corporate bonds. Thus, the volume of the shares issued in 2011 stood at 33.7% of the
total volume of issue, having grown in 2012 to 49%. The share of corporate bonds issue dropped from 45.2% to 29% respectively (Attachment 1.15).

In 2012, the volume of registered issue of joint-stock companies’ shares totaled BYR49 trillion, increasing by more than 63.4% compared with 2011.

As at January 1, 2013, the shares of operating issuers in circulation amounted to BYR137.6 trillion, increasing by more than 50% compared with January 1, 2012 (BYR89 trillion). In addition, the ratio of the volume of shares in circulation to GDP dropped to 26.1% compared with 29.9% in 2011.

The issue of corporate bonds over 2012 amounted to BYR29 trillion, decreasing 1.4 times compared with 2011 (BYR40.2 trillion). In the reporting period, 452 issues of corporate bonds of 172 issuers (16 banks and 156 non-bank institutions) were registered. The volume of bonds issued by banks reduced from BYR22 trillion in 2011 to BYR17 trillion in 2012. The share of such bonds in the total volume of issue stood at 58.7% (in 2011, 54.8%).

Thus, as at the beginning of 2013, 609 issues of corporate bonds of 227 issuers (22 banks and 205 non-bank institutions) worth BYR58.9 trillion (11.2% of GDP) were in circulation. As at January 1, 2012, this indicator amounted to BYR57.4 trillion (19.3% of GDP). As a result, the volume of corporate bonds in circulation grew over the year insignificantly, that led to the reduction of this segment of the market compared with GDP.

At the end of 2011, a significant amount of corporate bonds (BYR27.5 trillion) was issued and put in circulation within the measures aimed at transferring a part of the National Bank’s assets to JSC “Development Bank of the Republic of Belarus”, resulting in a twofold increase in the volume of issue of the above-mentioned debt instrument in 2011 and, consequently, making an impact on the dynamics of the corporate bonds market in 2012.

In the year under review, 1 issue of bonds of local executive and administrative authorities worth BYR0.5 trillion was registered. As at January 1, 2013, the volume of the above-mentioned bonds amounted to BYR7.3 trillion, reducing by 9.2% compared with January 1, 2012 (BYR 8.1 trillion). The ratio of bonds of local executive and administrative authorities in circulation to GDP decreased from 1.8% in 2011 to 1% in 2012 (Attachment 1.15).

In 2012, initial public offering of corporate shares and bonds worth BYR2.6 trillion (in 2011, BYR1.6 trillion) was carried out on the floor of the JSC “Belarusian Currency and Stock Exchange”, including exchange-traded bonds worth BYR1.2 trillion. The weighted average yield on banks’ bonds amounted to 35.8% per annum, on other legal persons’ bonds – 39.9% per annum.
At that, a significant growth of the volume of open joint-stock companies’ shares placed in the primary market should be noted. Thus, 873 transactions worth BYR738.9 billion were performed in 2012 against 27 transactions worth BYR0.1 billion in 2011.

In 2012, the total volume of the secondary trading decreased to an insufficient degree, amounting to BYR40.0 trillion (in 2011, BYR41.5 trillion), including in:

- shares – BYR0.8 trillion (in 2011, BYR0.3 trillion);
- government bonds – BYR26.9 trillion (in 2011, BYR34.6 trillion);
- bonds of local executive and regulatory authorities – BYR0.4 trillion (in 2011, BYR1.1 trillion); and
- corporate bonds – BYR9.5 trillion, including banks’ bonds – BYR8.3 trillion (in 2011, BYR5.5 trillion and BYR4.8 trillion respectively).

The decrease in the volume of transactions involving government securities resulted in the reduction of the volume of secondary trading, with certain growth being observed in transactions involving corporate bonds.

The weighted average yield in the secondary market stood at:
- on government bonds – 44.1% per annum;
- on local executive and regulatory authorities’ bonds – 30.9% per annum;
- on banks’ bonds – 33.4% per annum; and
- on other legal persons’ bonds – 36.3% per annum.

Since 2008, the market prices of shares have been calculated based on the results of trading, that makes it possible to estimate the capitalization of shares circulated in the market. Thus, as at January 1, 2012, this indicator totaled BYR9.5 trillion (3.2% of GDP), as at January 1, 2013 – BYR3.8 trillion (0.7% of GDP).

In 2012, purchase/sale transactions involving securities worth BYR25.7 trillion (in 2011, BYR34.7 trillion) were entered into in the over-the-counter market, including transactions involving bonds in the amount of BYR24.1 trillion.

### 1.3.2.6. Bank management funds

In 2012, the participation in the experiment on establishing bank management funds of “Belarusian bank of development and reconstruction “Belinvestbank” Joint–Stock Company (“Belinvestbank” JSC) and “Priorbank” Joint stock company (“Priorbank” JSC) continued with a view to establishing and developing institutions for collective investments in the Republic of Belarus and in line with Edict of the President of the Republic of Belarus No. 131 “On Conducting an Experiment on Establishing Bank

During the period of experiment the National Bank registered the investment declarations and rules of five bank management funds.

The withdrawal of funds by the trustees from bank management funds and, therefore, the decrease in net assets observed before May 1, 2012 were related, primarily, to the reduction of interest rates in the interbank loans market, where the bulk of the funds’ assets was placed (Attachment 1.16). Thus, in January 2012, the average interest rate on overnight interbank loans stood at 55.8% per annum, having decreased in August 2012 to 19.6% per annum. The deposits in the national currency, the interest rates on which are more inert, ensured a higher yield.

Banks-trustees used different strategies to manage the attracted resources, placing them both on the short-term interbank loans market and the long-term bonds market, that made a direct impact on the profitability of investments.

Chapter 2

The National Bank’s activities

2.1. Monetary policy

In 2012, monetary policy was aimed at decelerating inflationary processes and creating conditions for the well-balanced development of the Belarusian economy (Attachment 2.1).

The primary task of monetary policy in 2012 was to bring down inflation, with all monetary policy instruments being focused thereon.

2.1.1. Exchange rate policy

In the year under review, the exchange rate of the Belarusian ruble was set based on the demand for and the supply of foreign exchange in the domestic foreign exchange market, with limited intervention from the National Bank.

Overall, in 2012 the exchange rate of the Belarusian ruble depreciated against the US dollar by 2.6% (from BYR8,350 to BYR8,570/USD1), the euro by 5% (from BYR10,800 to BYR11,340/EUR1), and the Russian ruble by 8% (from BYR261 to BYR282/RUB1).

In 2012, the real effective exchange rate of the Belarusian ruble, as measured by the CPI, fell by 7.08% (in 2011 by 13.41%).
2.1.2. Interest rate policy

A deceleration in inflation and the processes taking place in the economy and monetary sphere of the Republic of Belarus enabled the National Bank to gradually reduce the refinance rate and interest rates on liquidity regulation facilities (Attachment 2.2).

The refinance rate was down 15 percentage points since early 2012 and amounted to 30% per annum as on September 12, 2012 (the Guidelines for 2012 provided for a decline in the refinance rate to 20-23% per annum as of year-end 2012). For the purpose of preserving the situation in the foreign exchange and deposit markets the National Bank took a decision that further decline in the refinance rate is inexpedient. Since early 2012, the interest rates on liquidity provision facilities fell from 70% to 50% per annum and on liquidity withdrawal facilities from 30% to 19% per annum.

The weighted average interest rate in the interbank market dropped from 62.6% per annum in December 2011 to 27.6% per annum in December 2012 as a result of measures that have been taken.

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 2.3).

In 2012, the National Bank’s deposits and short-term bonds placed on an auction basis were the main liquidity withdrawal facilities. The bulk of liquidity was withdrawn at an interest rate which was equal or close to the lower limit of the interest rate corridor. With a view to ensuring smooth payment process and leveling off fluctuations in interest rates on the interbank credit market, the National Bank provided banks, in times of liquidity shortage, with necessary resource support in limited volumes for up to seven days making use of bilateral operations designed to provide liquidity at an interest rate equal to the upper limit of the interest rate corridor (50% per annum).

In 2012, the average daily outstanding balance of operations designed to maintain current liquidity of the banking system amounted to BYR258.8 billion. The banks’ average daily remaining balance of operations designed to withdraw liquidity by the National Bank totaled BYR3,610.1 billion over the same period.
2.1.3. Key monetary indicators

The dynamics of monetary aggregates was formed under the conditions of decelerating inflationary processes, growing households’ real wages, as well as having regard to the situation in foreign trade.

In 2012, the broad money supply increased by 45.1% (by 121.2% in 2011), of which the ruble money supply (M2*) grew by 58.4% (by 64.1% in 2011) and the foreign currency component of the broad money supply (in dollar terms) by 33% (by 2.3% in 2011) (Attachments 2.4 and 2.5).

An increase in the ruble money supply was due to the growth of cash in circulation (M0) by 68.5%, ruble deposits by 57.6%, and securities issued by banks (outside bank circulation) by 40.1%. The growth of natural persons’ deposits by 75.2%, including households’ transferable deposits by 102.2% and other deposits by 62.3%, was mainly responsible for an increase in the ruble money supply (Attachment 2.6).

The year 2012 saw an improvement in the structure of the broad money supply, i.e. the share of its ruble component increased from 39% as on January 1, 2012 to 42.6% as on January 1, 2013. In 2012, the share of natural persons’ deposits in the ruble money supply was up by 3.3 percentage points and the share of cash in circulation by 1 percentage point, whereas the share of legal persons’ deposits was down by 3.7 percentage points and the share of securities issued by banks (outside bank circulation) by 0.5 percentage points.

The average annual broad money supply in real terms (adjusted for the GDP deflator) increased by 9.4%. The velocity of circulation of the broad money supply, on an annualized basis, fell by 7.2% (to 3.9 circulations) against its 8.5% growth (to 4.2 circulations) in 2011.

As of January 1, 2013, foreign exchange deposits in dollar terms amounted to USD10.3 billion, a 34.8% increase in 2012 against 3.5% a year earlier.

In the period under review, the ruble money supply grew 77.2%, or BYR13 trillion. The purchase of foreign exchange by the National Bank and a decline in funds held by the Government of the Republic of Belarus in the accounts with the National Bank were the main factors behind the growth of the ruble money supply.

With a view to curbing the rapid growth of the money supply and maintaining the purchasing power of the Belarusian ruble in 2012, the National Bank:

- attracted banks’ funds, at a time of liquidity surplus, through standing deposits and short-term bonds;

- refinanced banks, at a time of liquidity shortage, on market terms in minimum amounts needed to make payments and establish required
reserves as well as limit sharp fluctuations in interest rates on the interbank market;
- raised required reserves two times: from 7.5% to 10% of attracted funds in the national (legal persons) and foreign currencies in May 2012 and from 10% to 12% of attracted funds in foreign currency in September 2012;
- conducted operations designed to repay its foreign exchange obligations to resident banks of the Republic of Belarus; and
- maintained high level of interest rates in the economy.

As of January 1, 2013, international reserve assets of the Republic of Belarus amounted:
- in compliance with the IMF’s methodology – to USD8,095 million, a 2.3% (or USD179.1 million) increase in the year under review (pursuant to the Guidelines for 2012 the reserve assets should amount to USD6.1 – USD7 billion as of January 1, 2013); and
- on the national definition – to USD8,763.1 million, a 6.6% (or USD624.1 million) decrease in the year under review.

As of January 1, 2013, the amount of gold and foreign exchange reserves was sufficient to cover two months of imports.

The repayment of external and internal obligations in foreign exchange by the Government of the Republic of Belarus and the National Bank, the receipt of the third tranche in the amount of USD440 million under the loan from the EurAsEC Anti-Crisis Fund, as well as the surplus of the purchase and the sale of foreign currency by the National Bank in the domestic foreign exchange market were the main factors that had an impact on the change in the amount of the international reserve assets.

2.2. Supervision of banks’ activities

2.2.1. Streamlining regulatory legal framework for banking supervision

In 2012, the work was continued to streamline regulatory legal framework governing banking supervision and to bring it into line with international standards, requirements imposed by Law of the Republic of Belarus “On Modifying and Amending the Banking Code of the Republic of Belarus” dated July 13, 2012 (the National Legal Internet Portal of the Republic of Belarus, July 21, 2012, 2/1968), other laws, and experience gained from practical application.

Resolution of the Board of the National Bank of the Republic of Belarus No. 640 “On Approving the Instructions on State Registration of Banks and Non-bank Financial Institutions and Licensing Banking Activities” dated December 7, 2012 (the National Legal Internet Portal of the
Republic of Belarus, January 19, 2013, 8/26795) was adopted as part of the measures designed to improve the banks’ state registration procedures and procedures for licensing banking activities, pursuant to which the banks’ state registration procedures and procedures for licensing banking activities are separated, more strict requirements are imposed on banks at a time of licensing, and requirements for major shareholders and beneficiary owners of banks, as well as requirements for transparency of the banks’ ownership structure are set.

With a view to improving the quality of corporate governance and internal control system and enhancing risk management in banks, the following resolutions of the Board of the National Bank of the Republic of Belarus were passed: Resolution No. 550 “On Approving the Instructions on the Organization of the Risk Management System in Banks, Non-bank Financial Institutions, Banking Groups, and Bank Holding Companies” dated October 29, 2012 (the National Legal Internet Portal of the Republic of Belarus, December 8, 2012, 8/26605), Resolution No. 557 “On Approving the Instructions on the Organization of Corporate Governance of a Bank and Non-bank Financial Institution” dated October 30, 2012 (the National Legal Internet Portal of the Republic of Belarus, November 29, 2012, 8/26575), and Resolution No. 625 “On Approving the Instructions on the Organization of the Internal Control System in Banks, Non-bank Financial Institutions, Banking Groups, and Bank Holding Companies” dated November 30, 2012 (the National Legal Internet Portal of the Republic of Belarus, January 16, 2013, 8/26759), which define:

- requirements for the organization of a bank’s corporate governance system, including for the composition of the bank’s board of directors (supervisory board) and its members;
- the board of directors’ tasks and functions related to the organization of a bank’s corporate governance;
- the spheres of and conditions for the occurrence of the conflict of interest in the activities of a bank; and
- requirements for banks’ internal control and risk management systems which are adequate for the nature of operations performed thereby.

Having regard to the need for an improvement in the quality of strategic planning in banks, Resolution of the Board of the National Bank of the Republic of Belarus No. 554 “On Approving the Instructions on Requirements for a Business Plan and/or a Strategic Plan for Development of a Bank and Non-bank Financial Institution and Procedures for Evaluating Such Plans” dated October 30, 2012 (the National Legal Internet Portal of the Republic of Belarus, December 5, 2012, 8/26592) defines strategic planning
procedures which are based on international and domestic practices of devising banks’ business plans (strategic plans for development).

Due to the fact that the right to apply a motivated judgment at a time of making supervisory decisions was conferred on the National Bank, Resolution of the Board of the National Bank of the Republic of Belarus No. 626 “On Procedures for Applying a Motivated Judgment in the National Bank of the Republic of Belarus” dated November 30, 2012 was passed which established procedures for applying a motivated judgment at a time of making relevant supervisory decisions by the Board of the National Bank and authorized executives of the National Bank.


For the purpose of improving the quality of bank governance, Resolution of the Board of the National Bank of the Republic of Belarus No. 669 “On Imposing Qualifying Requirements and Requirements for Business Reputation for Independent Directors and Other Members of the Board of Directors (Supervisory Board), Members of the Collegial Executive Body of a Bank and Non-bank Financial Institution, Managers and Chief Accountants of a Bank and Non-bank Financial Institution, and their Deputies and Defining Cases of and Procedures for Evaluating Compliance with Qualifying Requirements and Requirements for Business Reputation of Such Persons” dated December 19, 2012 (the National Legal Internet Portal of the Republic of Belarus, January 19, 2013, 8/26796) was passed, which established procedures for evaluating compliance with qualifying requirements and requirements for business reputation of certain executives of a bank, as well as corresponding requirements for such persons, among them members of the board of directors (supervisory board), including independent director, and members of the collegial executive body.
2.2.2. Off-site supervision

Taking the whole range of supervisory response measures aimed at ensuring safe and liquid functioning of banks, protecting interests of bank creditors, and minimizing banks’ bankruptcy risk and costs associated therewith still remained the main task of the off-site supervision.

In 2012, the National Bank’s employees involved in the off-site supervision monitored, on an ongoing basis, banks’ compliance with safe functioning requirements and other prudential norms and restrictions. The work on creating equal conditions for the functioning of banks and ensuring fair competition continued.

Tightening the off-site supervision in the year under review was aimed at improving the process for analyzing the banks’ performance indicators and their compliance with safe functioning requirements and identifying negative trends and crisis developments at early stages. Measures to improve the National Bank’s information and analytical system were implemented for the purpose of automating and consequently accelerating the processing of financial and other reporting data.

Based on the results of the analysis of reporting and other information received, banks were sent instructions to eliminate identified violations, enforcement actions were taken, as well as meetings with the banks’ executive bodies were held in the National Bank and in their offices, and banks’ governing bodies (supervisory boards and executive bodies) were sent letters for the purpose of halting negative trends and excluding (preventing) situations threatening interests of depositors and other creditors.

In the year under review, the National Bank enhanced interaction with audit organizations and the Association of Belarusian Banks.

2.2.3. Inspections of banks

In 2012, inspections of banks were scheduled and conducted based on the objectives and tasks of banking supervision laid down in the Banking Code and having regard to unconditional compliance with the provisions of Edict of the President of the Republic of Belarus No. 510 “On Streamlining Control (Supervisory) Activities in the Republic of Belarus” dated October 16, 2009 (National Register of Legal Acts of the Republic of Belarus, 2009, No. 253, 1/11062).

In the year under review, the National Bank’s experts conducted 21 inspections of banks and their organizational units covering different aspects of banking. In compliance with coordination plans of control (supervisory)
activities, comprehensive inspections of seven banks (JSC “Delta BANK”, OJSC HCBank, JSC “JSSB Belarusbank”, JSC “Trustbank”, OJSC “Belgazprombank”, CJSC “Honorbank”, and JSC “Belagroprombank”) were made. Also, 14 unscheduled inspections were conducted, including two inspections carried out in consort with the State Control Committee (CJSC CredexBank and “Belinvestbank” JSC) and five inspections on behalf of law enforcement authorities (OJSC “TECHNOBANK”, JSC “Trustbank”, Branch No. 601 of JSC “JSSB Belarusbank”, Banking Service Center No. 320 of the BPS-Sberbank, and Vitebsk Regional Department of JSC “Belagroprombank”).

In 2012, 17 banks were monitored for compliance with legislation on anti-money laundering/combating terrorism financing (AML/CFT).

Reports about violations of legislation governing banking activities and opinions about the level of risks assumed by banks, adequacy of the internal control system, and the quality of bank governance were compiled based on the findings of the inspections. Recommendations to remedy identified shortcomings and instructions to eliminate violations were sent to banks, as well as measures prescribed by law on administrative offences were taken, where appropriate, against them. Following the results of inspections, meetings with banks’ management were held.

2.3. Streamlining the regulation of banking operations

In 2012, the work on streamlining the regulation of banking operations continued.

With a view to ensuring the efficiency of the credited investment projects, including those with the state backing, banks were entrusted with responsibility – under Resolution of the Board of the National Bank of the Republic of Belarus No. 409 “On Modifying and Amending the Instructions on Procedures for Providing (Placing) Monetary Funds in the Form of Credit by Banks and Repaying Them” dated August 10, 2012 (the National Legal Internet Portal of the Republic of Belarus, August 24, 2012, 8/26299) – to stipulate in the local regulatory legal acts:

- conditions and procedures for involving the borrowers (at the expense of their own funds or investors’ funds) in the implementation of the credited investment projects (where soft credits are granted, including soft credits extended under government programs); and
- procedures for evaluating the efficiency of the credited investment projects, including those financed with the state backing.

As part of endeavors to enhance financial literacy of households and protect the rights of banking services consumers, recommendations for
improving contractual work pertaining to lending were produced based on the results of the analysis of model (standard) forms of credit agreements concluded by banks with legal and natural persons and independent entrepreneurs and sent to banks in order to balance the interests of the parties to credit relations.

In 2012, the National Bank took an active part in streamlining banking legislation on the regulation of banking operations.

The Government in concert with the National Bank developed the Draft Concept of State Housing Policy of the Republic of Belarus for 2012-2015 with a view to improving the mechanisms for financing housing.

A decision about establishing an agency for housing mortgage lending in the Republic of Belarus was adopted for the purpose of creating strong mortgage market. A working group to develop the system of housing mortgage lending in the Republic of Belarus was formed which includes, among others, employees of the National Bank.

With a view to promoting export lending, Edict of the President of the Republic of Belarus No. 126 “On Modifying and Amending Edict of the President of the Republic of Belarus No. 534 dated August 25, 2006” as of March 6, 2012 (National Register of Legal Acts of the Republic of Belarus, 2012, No. 30, 1/13377) was enacted, which streamlines the procedures for extending export credits to enterprises and confers the right to extend export credits in Belarusian rubles on banks.

In 2012, regulatory legal acts were adopted with a view to improving the mechanism for regulating non-cash settlements, including bringing them into line with international practices, which provide for:

- wider use of electronic document management, specifically defining terms and conditions of remote banking agreements concluded by banks with clients as well as cases of suspending or terminating services provided by banks for the client by means of the above-mentioned service system;
- defining procedures for applying the payment order by banks and the list of operations which are established thereby;
- reducing the period of consideration of documents under the letter of credit from seven to five days and extending the list of persons at whose request a bank guarantee may be granted, and excluding the issue of such documents as a “revocable letter of credit” and a “confirmation of a bank guarantee” as not complying with requirements of international practices;
- transmitting electronic documents from tax authorities to the bank and transmitting notifications of acceptance/non-acceptance for execution of such electronic documents from the bank to tax authorities; and
- defining procedures for transferring funds which have been confiscated or otherwise turned into state revenue to the republican budget and repaying them.

The regulatory legal framework governing operations involving bank payment cards and electronic money was improved in order to further develop the system of non-cash settlements of retail payments using modern electronic payment instruments and means of payment. Resolution of the Council of Ministers of the Republic of Belarus and the National Bank of the Republic of Belarus No. 1139/16 “On Modifying and Amending Resolution of the Council of Ministers of the Republic of Belarus and the National Bank of the Republic of Belarus No. 924/16 dated July 6, 2011” as of December 11, 2012 (the National Legal Internet Portal of the Republic of Belarus, December 15, 2012, 5/36614) was adopted with a view to increasing the number of trade (service) organizations accepting bank payment cards in payment for goods (services).

In 2012, according to the National Statistical Committee, the share of retail turnover resulting from households’ settlements involving bank payment cards and electronic money amounted to 13.2% (9.5% in 2011) and the share of payments for paid services provided by legal persons to households stood at 11.8% (10.8% in 2011).

The number of bank payment cards that have been put into circulation as of January 1, 2013, totaled 10.4 million (a 5.7% increase in 2012).

Taking into account the global trends, in 2012, the market for electronic money continued to expand, in particular, banks were actively developing the systems for remote banking (Internet banking, mobile banking, and SMS banking), as well as wire transfers were made via private payment systems.

2.4. Foreign exchange regulation and foreign exchange control

In 2012, the National Bank continued to improve procedures for conducting foreign trade operations which ensure that favorable conditions for doing business are created and processes associated with the implementation of foreign trade agreements are streamlined. This allowed to increase the terms for completion of foreign trade operations under certain types of foreign trade agreements as well as to streamline procedures for granting permissions to extend the above-mentioned terms.

The approval of the following resolutions facilitated the implementation of the above measures:

November 5, 2011” as of April 11, 2012 (National Register of Legal Acts of
the Republic of Belarus, 2012, No. 45, 5/35543); and
- Resolution of the Board of the National Bank of the Republic of
Belarus No. 252 “On Modifying and Amending Resolution of the Board of
National Bank of the Republic of Belarus No. 52 dated April 22, 2009” as of
May 29, 2012 (the National Legal Internet Portal of the Republic of Belarus,
August 4, 2012, 8/26206).

Given the importance of developing leasing in the Republic of Belarus,
the year 2012 saw an improvement in procedures for carrying out settlements
under financial lease (leasing) agreements by economic entities. The National
Bank gave its permission to carry out foreign exchange settlements among
resident economic entities under financial lease (leasing) agreements as well
as to buy foreign exchange in the domestic foreign exchange market of the
Republic of Belarus with a view to carrying out settlements with residents
under such agreements.

The formation of the contractual and legal framework of the Single
Economic Space continued.

New edition of the Internal Control Rules of the National Bank of the
Republic of Belarus on AML/CFT was approved by Resolution of the Board
of the National Bank of the Republic of Belarus No. 132 dated March 26,
2012.

Executive officers of the National Bank were tested for evaluating the
level of knowledge of AML/CFT legislation, qualification skills in
identifying financial operations subject to special control, and identifying
clients of the National Bank.

With a view to preventing transactions involving Russian and
Belarusian organizations with fictitious characteristics, the National Bank
and the Central Bank of the Russian Federation took a decision to exchange
information on foreign trade agreements concluded by residents of the
Republic of Belarus and the Russian Federation.

In the course of developing the package of measures to counteract false
business, the National Bank, in consort with Financial Investigations
Department of the State Control Committee, produced, taking into account
international practices, and sent banks recommendations on new approaches
to carrying out adequate verification of clients which open and/or have bank
accounts. The above-mentioned recommendations contain an indicative list
of characteristics of the organizations functioning on the principle of false
business entities, methods of banks’ refusal from remote servicing of such
clients, and the form of warning given to the mananges (representatives) of
clients about criminal responsibility for legalization of tangible assets
acquired by criminal means, tax evasion, and conduct of illegal financial operations.

2.5. Improving accounting and reporting

In 2012, the National Bank continued the work on bringing the national accounting and reporting system in the National Bank and Belarusian banks into line with international principles, rules, and standards, in the course of which new national accounting standards were drafted and legislation on accounting and reporting was streamlined.

In order to coordinate activities in the said sphere 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 was set up pursuant to Order of the Chairperson of the Board of the National Bank of the Republic of Belarus No. 184 dated May 4, 2012 and started its work at the National Bank.

In the year under review, the National Bank developed:

- National Accounting Standard 16 “Property, Plant, and Equipment” (hereinafter – “NAS 16”) approved by Resolution of the Board of the National Bank of the Republic of Belarus No. 708 dated December 28, 2012, which defines principles of recognition, derecognition, and assessment of fixed assets in accounting, and disclosure of information about them in financial statements of banks; and


2.6. Cash circulation

In 2012, the National Bank satisfied the Belarusian economy’s needs for cash with sufficient quantity of banknotes of various denominations and continued to improve regulatory legal framework for the organization of cash circulation, the conduct of issuing and cash operations, and the storage, collection, and transportation of cash.

Cash circulation in the year under review was up by 84.6%, or BYR240.2 trillion, compared with 2011 and amounted to BYR524.1 trillion. The issue of cash in circulation totaled BYR4.6 trillion. At the same time, the issue’s share in cash disbursements remained at the 2010 level and stood at 1.8%. 
As of January 1, 2013, 634.9 million banknotes worth BYR11.3 trillion were in circulation. At the turn of 2013, 100,000-ruble notes accounted for the largest share (36.8%) of the National Bank’s notes in circulation. 200,000-ruble notes, 50,000-ruble notes, 20,000-ruble notes, 10,000-ruble notes, and 5,000-ruble notes accounted for 35.1%, 21.8%, 3.7%, 1.2% and 0.6% of the total amount of the National Bank’s notes in circulation respectively (Attachment 2.7).

In 2012, compared with 2011, the amount of 100,000-ruble notes in circulation grew by 41.1%, 5,000-ruble notes and 1,000-ruble notes by 17.2% and 23.1% respectively, and 500-ruble notes, 100-ruble notes, and 50-ruble notes by 42%.

The amount of 50,000-ruble notes, 20,000-ruble notes, 10,000-ruble notes, 20-ruble notes, and 10-ruble notes was down by 12.2%, 30.6%, 36.9%, 32.6%, and 15.8% respectively.

On March 12, 2012, the National Bank put into circulation the new 200,000-ruble note of 2000 design possessing up-to-date visual security features.

In the year under review, gold, silver, and copper-nickel commemorative coins of 29 names were put into circulation by the National Bank. About 64 thousand commemorative coins, including one thousand gold coins, 45 thousand silver coins, and 18 thousand copper-nickel coins, were sold in the domestic market.

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’s notes and foreign exchange notes, provided training, and made available, in a timely manner, information about newly revealed ways of forging banknotes for the cashiers of the National Bank and banks. As a result of the work done, 939 counterfeit banknotes were identified and withdrawn from cash circulation (972 counterfeit banknotes in 2011), including 406 US dollar notes, 103 euro notes, 410 Russian ruble notes, 17 Belarusian ruble notes, and 3 notes denominated in other currencies.

### 2.7. Payment system

In 2012, 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 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, 66.8 million payment instructions worth BYR3,518.3 trillion were effected in the BISS (Attachment 2.8). Compared with 2011, payment instructions effected in the BISS were up by 5.2% in terms of their number and 1.5 times, or BYR1,110.2 trillion, in terms of their value. The average daily turnover amounted to BYR13.9 trillion in terms of payments value and 263.1 thousand in terms of their number. The share of payment instructions received by the BISS from 8 a.m. to 2 p.m. grew by 2 percentage points and accounted for 67% of the total number of payment instructions sent per day.

Unauthorized access to the ASIS was prevented from happening. In 2012, the parameter of banks’ accessibility to the ASIS was 100% of the production time.

As part of endeavors to streamline regulatory legal framework for the payment system of the Republic of Belarus and in connection with the enactment of Law of the Republic of Belarus “On Modifying and Amending the Banking Code of the Republic of Belarus”, modifications and amendments were made to the regulatory legal acts of the National Bank, which are governing procedures for carrying out interbank settlements in the BISS, accounting of and executing payment under settlement documents which have not been paid through the fault of banks, keeping the ledger of bank identification codes, settling and collecting payment for settlement of services of the National Bank at a time of effecting interbank settlements in the BISS, as well as procedures for conducting interbank settlements in the backup mode.

Covering costs associated with the ASIS operation and reorienting the processing of electronic payment documents to the first half of the BISS business day were the main objectives of the pricing policy in the field of settlement services provided by the National Bank. The National Bank’s income from settlement services provided in 2012 amounted to BYR59.76 billion, growing 2.1 times against 2011 (BYR27.96 in 2011).

The new schedule for accepting and processing electronic payment documents and electronic messages by the BISS providing for a 15 minutes increase in the operation time for the purpose of their accepting and

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* 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.
processing was developed and established. This measure was conducive to the reduction in the number of rejected electronic payment documents on client payments because of their sending to the BISS at a time which is not set in regulations.

In 2012, 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, and actions of the personnel under the ASIS contingency plan were trained, as well as results of monitoring were analyzed on a regular basis, recommendations were produced, and their implementation was controlled. As part of measures to mitigate operational risk in the ASIS the list of specific critical resources of the ASIS was updated and the lists of critical personnel and backup personnel of the ASIS were compiled and approved.

In the year under review, cooperation with the Central Bank of the Russian Federation was carried out in order to study ISO 20022 and make a comparative analysis of ISO 20022 methodology and methodology for generating electronic payment documents in the BISS.

### 2.8. IT development

In 2012, the development of information technologies was aimed at enhancing the performance efficiency of the National Bank and banks and ensuring the reliability and the quality of the offered banking services through the use of modern ITs.

A package of measures to further develop information and communication technologies was implemented with a view to improving the operational reliability and safety of the National Bank’s information system and ensuring information protection. Specifically, the corporate data transmission network, the corporate system of servers and server services of the National Bank, and a number of other subsystems and complexes of the National Bank’s information system were modernized.

Works on improving information and communication technologies were performed in many banks.

Banks in consort with the Ministry of Communications and Informatization of the Republic of Belarus implemented a range of measures to provide economic entities taking part in organizing and carrying out non-cash settlements of households with continuous communication.
2.9 Development of the single settlement and information space

In 2012, the National Bank continued to implement the 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 which is aimed at streamlining the interaction between the service providers and the settlement agents, improving the quality management system of the business process of accepting natural and legal persons’ payments in payment for services rendered to them, providing comprehensive services to service consumers according to the “one contact” principle and possibility to carry out settlements through any settlement agent from any region of the country, and reducing costs associated with payment of services.

As part of the SSIS the automated information system “Settlement” accepted 140 million payments worth BYR6.2 trillion (70 million payments worth BYR1.75 trillion a year ago), 2 and 3.5 times as much as the 2011 level respectively.

As many as 4,591 service providers were connected to the automated information system “Settlement”, including 1,661 service providers in 2012. More than 50 thousand services are available for payment in the SSIS.

The business process of accepting customs and tax payments as well as payments levied by the authorized bodies of the Interior Ministry of the Republic of Belarus, the Ministry of Education of the Republic of Belarus, the Ministry of Justice of the Republic of Belarus, and state-financed organizations is continued to be improved.

2.10. Enhancing financial literacy of population

The Call Center of the National Bank of the Republic of Belarus which provides reference and consulting information about the financial market, monetary policy, and other issues to the natural and legal persons started to function in July 2012. In July-December 2012, the operators handled 5,254 enquiries (of which 3,526 enquiries from natural persons and 1,728 enquiries from legal persons).

consolidating the efforts of government agencies in the field of improving populations’ financial literacy.

In 2012, the following actions were taken for the purpose of enhancing populations financial literacy and protecting the rights of the banking services consumers:

- the Arbitration Court was set up under the Association of Belarusian Banks ensuring the settlement of disputes between financial consumers and banks;
- the section “Financial Literacy” was established in the official website of the National Bank (http://www.nbrb.by/publications/FinLiteracy);
- the project “Measuring the Access to Finance: Development of Evidence-based Policy of Access to Finance in Belarus” was implemented in consort with the Alliance for Financial Inclusion, within the framework of which social researches into financial inclusion for households and small businesses were conducted. The findings of the researches are placed on the National Bank’s official website: http://www.nbrb.by/today/InternationalCooperation/UN;
- the specialists of the National Bank dwelt on the issues of importance of savings, resources saving, and budget planning on the information portal Infobank.by;
- the Association of the Belarusian Banks in concert with the National Bank, Ministry of Information of the Republic of Belarus, Non-governmental Association “Belarusian Union of Journalists”, and educational establishment “Belarusian State University of Economy” held the contest “Journalists are for Financial Literacy” with a view to identifying the best publications covering the problems of populations’ literacy in the field of banking services, interaction with financial institutions, and improving the banking system’s image; and
- the specialists of the National Bank and Association of the Belarusian Banks prepared and delivered the educational events based on the computer game “Financial Football”, which was developed by the company Visa, to the students of higher educational establishments, members of youth organizations, and children brought up in foster homes.

2.11. International cooperation

In 2012, the work aimed at developing integration processes in the monetary and financial sphere within the Union Sate, Single Economic Space, and the Commonwealth of Independent States was underway.

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 cooperation in the banking field were considered.

The National Bank, in concert with the central banks and relevant Ministries, was actively involved in codification of the contractual and legal framework of the Single Economic Space, preparation of draft Agreement on the Eurasian Economic Community, as well as development of agreed approaches to the implementation of foreign exchange and macroeconomic policies.

In December 2012, the Agreement on Cooperation in the Sphere of Organizing the Integrated Foreign Exchange Market of the CIS Member States was signed.

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 the third tranche of the credit worth USD400 million, as well as the decision of the Council of Fund on granting the forth credit tranche.

In 2012, the National Bank was actively involved in cooperation with international financial institutions.

In the course of the visits of the International Monetary Fund’s experts for the purpose of carrying out annual consultations under Article IV of the IMF’s Articles of Agreement and the follow-up monitoring, the measures taken by the Government and the National Bank in the economic, fiscal and monetary spheres were reviewed, the level of macroeconomic and financial stability was estimated, as well as the prospects for cooperation aimed at improving the efficiency of the Belarusian economy to a significant degree were considered.

Following the reorganization of the Belgian Constituency of the IMF member countries, which incorporated the Republic of Belarus, an Agreement on establishment of a new Central and Eastern European IMF Constituency was signed.

The cooperation with the IMF in the sphere of technical assistance provisioning to the National Bank on the key business areas continued.

In the course of meetings of the National Bank’s management with the World Bank representatives, the issues of developing a new strategy for the Republic of Belarus for 2013-2015 financial years and measures to be implemented thereunder were discussed, as well as the areas of currently provided and future analytical and technical assistance were considered.

The new strategy of cooperation of the European Bank for Reconstruction and Development (EBRD) with the Republic of Belarus and the expansion of its presence in the banking sector of the Republic of Belarus were discussed with the representatives thereof.
2.12. Staffing and staff training

In 2012, measures aimed at streamlining the organizational structure, number of employees, and functions of the National Bank were taken. The centralization of individual activities, switching of organizational units to a single balance sheet, and relieving the National Bank of certain functions not typical for a central bank were implemented. The above-mentioned measures made it possible to reduce the number of the National Bank’s staff by 25%.

The average age of civil servants remained unchanged compared with 2011 and stood at 42 years.

The share of the National Bank’s employees who have more than 10 years of work record accounted for 64%, while those who have less than 3 years of work record accounted for 16%.

In the year under review, civil servants that are graduates of the institutions of higher education accounted for 99%, of which 30.7% obtained a diploma of additional higher education or received retraining in other fields. 21 employees of the National Bank have a degree, 18 of which are civil servants.

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. 159 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 2012, 844 employees of the National Bank and 531 employees of other banks underwent short-term training in the main banking activities at the Training Center of the National Bank. 22 employees received occupational retraining at higher educational establishments of the Republic of Belarus.

2.13. Internal audit

In 2012, the audits (inspections) of separate types of the National Bank’s activities and operations conducted thereby, activities of organizational units of the National Bank, as well as functioning of components of the National Bank’s information system and processes associated with information technologies were carried out. Cash and other valuables were inspected and their safekeeping in the vaults of all organizational units of the National Bank was examined.
The planning of inspections was carried out with regard to the risks associated with the audited object and state of internal control system.

The activities of the National Bank’s organizational units were examined and cash and other valuables in the vaults of the National Bank were inspected with the frequency stipulated by legislation.

In compliance with the requirements set out in international professional standards of internal audit and methodology in the field of information technologies audit, the adequacy of internal control systems was tested, as well as risks were analyzed and assessed.

Based on the results of audits (inspections) and revisions, the remedying of the identified deficiencies and the measures aimed at tightening internal control system for the purpose of minimizing the level of risks and lowering the possibility of their occurrence in the course of the National Bank’s operations were monitored.

Chapter 3
Financial statements

The annual financial statements of the National Bank are compiled in compliance 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 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, 2013, and its financial performance in 2012.

3.1. Assets of the National Bank

As at January 1, 2013, the assets of the National Bank amounted to BYR106,761 billion and included the following items:
- foreign cash – BYR800 billion (0.7% of the assets);
- precious metals and precious stones – BYR7,970 billion (7.5%), of which placed on deposit and correspondent accounts with non-resident banks – BYR6,392 billion;
- securities – BYR15,323 billion (14.3%), of which bonds of the JSC
“Development Bank of the Republic of Belarus” – BYR13,467 billion, and government securities – BYR1,467 billion;
- funds placed with banks and the JSC “Development Bank of the Republic of Belarus” – BYR61,051 billion (57.2%), of which funds placed by the National Bank on deposit and correspondent accounts – BYR43,302 billion, funds under repos placed with non-resident banks – BYR17,134 billion, and credits granted to resident banks – BYR615 billion;
- credits and other operations with clients – BYR187 billion (0.2%);
- derivative financial assets – BYR65 billion (0.1%), of which swap transactions with non-resident banks – BYR50 billion, with resident banks – BYR15 billion;
- long-term financial investments – BYR470 billion (0.4%);
- fixed assets and intangible assets – BYR1,479 billion (1.4%); and
- other assets – BYR19,416 billion (18.2%), of which the revaluation of derivatives – BYR12,331 billion.

3.2. Liabilities of the National Bank

As at January 1, 2013, the liabilities of the National Bank amounted to BYR132,938 billion, of which:
- money in circulation – BYR16,137 billion (12.1% of the liabilities);
- precious metals and precious stones – BYR337 billion (0.3%), including attracted from non-resident banks in the form of time deposits – BYR288 billion, and placed on unallocated bullion accounts by clients – BYR48 billion;
- funds of international financial institutions – BYR13 billion;
- funds of banks and the JSC “Development Bank of the Republic of Belarus” – BYR42,113 billion (31.7%), of which placed on correspondent accounts – BYR12,849 billion, attracted from banks in the form of time deposits – BYR27,870 billion, and obtained from non-resident banks in the form of credits – BYR68 billion;
- clients’ funds – BYR59,727 billion (44.9%);
- banks’ required reserves – BYR1,427 billion (1.1%);
- securities issued by the National Bank – BYR434 billion (0.3%);
- derivative financial liabilities – BYR12,396 billion (9.3%); and
- other liabilities – BYR354 billion (0.3%).

3.3. Capital of the National Bank

According to the results of end-2012, the National Bank’s own capital
had the negative value of BYR26,177 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 2012, the National Bank’s income totaled BYR8,415 billion, expenses amounted to BYR9,001 billion, and loss accounted for BYR586 billion.
National Bank of the Republic of Belarus

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<td>1100</td>
<td>799,866</td>
<td>1,229,919</td>
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<td>1101</td>
<td>7,969,798</td>
<td>4,580,587</td>
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<td>1103</td>
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<td>72,675,418</td>
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<td>187,387</td>
<td>1,030,616</td>
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<td>1105</td>
<td>64,625</td>
<td>–</td>
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<td>1106</td>
<td>470,561</td>
<td>385,103</td>
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<td>1107</td>
<td>1,478,686</td>
<td>1,240,229</td>
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<td>1108</td>
<td>19,415,870</td>
<td>21,001,951</td>
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<td>110</td>
<td>106,760,902</td>
<td>122,273,278</td>
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<td>16,136,648</td>
<td>9,449,931</td>
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<td>1,426,652</td>
<td>692,026</td>
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<td>317,175</td>
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<td>12,395,898</td>
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<td>120</td>
<td>132,937,757</td>
<td>147,293,748</td>
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<td>250,000</td>
<td>250,000</td>
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<td>1212</td>
<td>163,063</td>
<td>157,927</td>
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<td>1213</td>
<td>(585,610)</td>
<td>25,681</td>
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<td>27. Balance sheet items revaluation funds</td>
<td>1214</td>
<td>(26,004,308)</td>
<td>(25,454,078)</td>
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<td>121</td>
<td>(26,176,855)</td>
<td>(25,020,470)</td>
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<td>12</td>
<td>106,760,902</td>
<td>122,273,278</td>
</tr>
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</table>

Chairperson of the Board

Nadezhda A. Ermakova

Chief Accountant - Head, Accounting Directorate

Valentina V. Azarevich

Signed on March 11, 2013
### STATEMENT of profit and losses in 2012

National Bank of the Republic of Belarus

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<td>3,214,046</td>
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<td>1,303,042</td>
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<td>1,911,004</td>
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<td>(106)</td>
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<td>17. PROFIT (LOSS)</td>
<td>2</td>
<td>(585,610)</td>
<td>25,681</td>
</tr>
</tbody>
</table>

Chairperson of the Board

Nadezhda A. Ermakova

Chief Accountant - Head, Accounting Directorate

Valentina V. Azarevich

Signed on March 11, 2013
# STATEMENT of capital changes in 2012

<table>
<thead>
<tr>
<th>Description of indicators</th>
<th>Index</th>
<th>Authorized capital</th>
<th>Reserve fund</th>
<th>Other funds</th>
<th>Accrued profit (loss)</th>
<th>Balance sheet items revaluation fund</th>
<th>Total capital</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Section I. Year previous to the year under review</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Balance as at January 1, 2011</td>
<td>3011</td>
<td>250,000</td>
<td>126,817</td>
<td>6,316</td>
<td>123,969</td>
<td>338,313</td>
<td>845,415</td>
</tr>
<tr>
<td>2. Changes in capital items due to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1. aggregate income</td>
<td>3012</td>
<td>–</td>
<td>22,794</td>
<td>2,000</td>
<td>(98,288)</td>
<td>(25,792,391)</td>
<td>(25,865,885)</td>
</tr>
<tr>
<td>2.2. transfer of profit to the reserve of the State Institution “Agency for Guaranteed Repayment of Natural Persons' Bank Deposits”</td>
<td>30121</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>25,681</td>
<td>(25,792,391)</td>
<td>(25,766,710)</td>
</tr>
<tr>
<td>2.3. distribution of profit retained by the National Bank</td>
<td>30122</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>(99,175)</td>
<td>x</td>
<td>(99,175)</td>
</tr>
<tr>
<td>2.4. other changes</td>
<td>30123</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>3. Balance as at January 1, 2012</td>
<td>3013</td>
<td>250,000</td>
<td>149,611</td>
<td>8,316</td>
<td>25,681</td>
<td>(25,454,078)</td>
<td>(25,020,470)</td>
</tr>
<tr>
<td><strong>Section II. Year under review</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Balance as at January 1, 2012</td>
<td>3011</td>
<td>250,000</td>
<td>149,611</td>
<td>8,316</td>
<td>25,681</td>
<td>(25,454,078)</td>
<td>(25,020,470)</td>
</tr>
<tr>
<td>5. Changes in capital items due to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.1. aggregate income</td>
<td>3012</td>
<td>–</td>
<td>5,136</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>5.2. transfer of profit to the reserve of the State Institution “Agency for Guaranteed Repayment of Natural Persons' Bank Deposits”</td>
<td>30121</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>(585,610)</td>
<td>(550,230)</td>
<td>(1,135,840)</td>
</tr>
<tr>
<td>5.3. distribution of profit retained by the National Bank</td>
<td>30122</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>(20,545)</td>
<td>x</td>
<td>(20,545)</td>
</tr>
<tr>
<td>5.4. other changes</td>
<td>30123</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>6. Balance as at January 1, 2013</td>
<td>3013</td>
<td>250,000</td>
<td>154,747</td>
<td>8,316</td>
<td>(585,610)</td>
<td>(26,004,308)</td>
<td>(26,176,855)</td>
</tr>
</tbody>
</table>

Chairperson of the Board

Nadezhda A. Ermakova

Chief Accountant - Head, Accounting Directorate

Valentina V. Azarevich

Signed on March 11, 2013
National Bank of the Republic of Belarus

<table>
<thead>
<tr>
<th>Description</th>
<th>Index</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Profit (loss)</td>
<td>301211</td>
<td>(585,610)</td>
<td>25,681</td>
</tr>
<tr>
<td>2. Other components of aggregate profit, including:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1. construction in progress and uninstalled equipment revaluation</td>
<td>301212</td>
<td>(550,230)</td>
<td>(25,792,391)</td>
</tr>
<tr>
<td>2.2. fixed assets revaluation</td>
<td>3012122</td>
<td>305,257</td>
<td>561,353</td>
</tr>
<tr>
<td>2.3. translation differences from foreign exchange revaluation</td>
<td>3012123</td>
<td>(856,898)</td>
<td>(26,555,193)</td>
</tr>
<tr>
<td>2.4. precious metals revaluation</td>
<td>3012124</td>
<td>(12,380)</td>
<td>170,146</td>
</tr>
<tr>
<td>2.5. securities revaluation</td>
<td>3012125</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2.6. hedging instruments revaluation</td>
<td>3012126</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2.7. precious stones revaluation</td>
<td>3012127</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2.8. other balance sheet items revaluation</td>
<td>3012128</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>3. aggregate profit, TOTAL</td>
<td>30121</td>
<td>(1,135,840)</td>
<td>(25,766,710)</td>
</tr>
</tbody>
</table>

Chairperson of the Board

Nadezhda A. Ermakova

Chief Accountant - Head, Accounting Directorate

Valentina V. Azarevich

Signed on March 11, 2013
### Form 4 of annual financial statements

#### STATEMENT of funds establishment and usage in 2012

National Bank of the Republic of Belarus

<table>
<thead>
<tr>
<th>Description of indicators</th>
<th>Index</th>
<th>Authorized capital</th>
<th>Reserve fund</th>
<th>Other funds</th>
<th>Fixed assets, construction in progress, and uninstalled equipment revaluation fund</th>
<th>Translation differences from foreign exchange revaluation fund</th>
<th>Precious metals and precious stones revaluation fund</th>
<th>Securities revaluation fund</th>
<th>Hedging instruments revaluation fund</th>
<th>Other balance sheet items revaluation fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4011</td>
<td>250,000</td>
<td>126,817</td>
<td>6,316</td>
<td>336,221</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>721,446</td>
</tr>
<tr>
<td>1. BALANCE as at January 1, 2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Transferred to funds at the expense of profit allocation</td>
<td>4012</td>
<td>–</td>
<td>22,794</td>
<td>2,000</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>24,794</td>
</tr>
<tr>
<td>3. Transferred at the expense of other sources</td>
<td>4013</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>834,600</td>
<td>–</td>
<td>170,146</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1,004,746</td>
</tr>
<tr>
<td>4. Funds’ resources used</td>
<td>4014</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>241,944</td>
<td>26,555,193</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>26,797,137</td>
</tr>
<tr>
<td>5. BALANCE as at January 1, 2012</td>
<td>4015</td>
<td>250,000</td>
<td>149,611</td>
<td>8,316</td>
<td>928,877</td>
<td>(26,555,193)</td>
<td>172,238</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(25,046,151)</td>
</tr>
<tr>
<td>6. BALANCE as at January 1, 2012</td>
<td>4011</td>
<td>250,000</td>
<td>149,611</td>
<td>8,316</td>
<td>928,877</td>
<td>(26,555,193)</td>
<td>172,238</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(25,046,151)</td>
</tr>
<tr>
<td>7. Transferred to funds at the expense of profit allocation</td>
<td>4012</td>
<td>–</td>
<td>5,136</td>
<td>–</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>5,136</td>
</tr>
<tr>
<td>8. Transferred at the expense of other sources</td>
<td>4013</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>428,380</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>428,380</td>
</tr>
<tr>
<td>9. Funds’ resources used</td>
<td>4014</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>109,332</td>
<td>856,898</td>
<td>12,380</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>978,610</td>
</tr>
<tr>
<td>10. BALANCE as at January 1, 2013</td>
<td>4015</td>
<td>250,000</td>
<td>154,747</td>
<td>8,316</td>
<td>1,247,925</td>
<td>(27,412,091)</td>
<td>159,858</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(25,591,245)</td>
</tr>
</tbody>
</table>

Chairperson of the Board

Chief Accountant - Head, Accounting Directorate

Signed on March 11, 2013
### Form 6
of annual financial statements

### STATEMENT
of expenses related to the upkeep of the National Bank in 2012

National Bank of the Republic of Belarus

<table>
<thead>
<tr>
<th>Description of expenses</th>
<th>Index</th>
<th>2012</th>
<th>Actual in 2011 за 2011 год</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>planned</td>
<td>actual</td>
</tr>
<tr>
<td>1. Maintenance expenses, total including:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1. personnel expenses</td>
<td>6011</td>
<td>710 555.4</td>
<td>675,461</td>
</tr>
<tr>
<td>1.2. expenses related to the use of land, buildings, constructions, and other fixed assets and materials</td>
<td>60112</td>
<td>72 555.0</td>
<td>69,636</td>
</tr>
<tr>
<td>1.3. depreciation expenses</td>
<td>60113</td>
<td>91 754.7</td>
<td>91,229</td>
</tr>
<tr>
<td>1.4. long-term financial investments and property retirement expenses</td>
<td>60114</td>
<td>120 717.9</td>
<td>119,256</td>
</tr>
<tr>
<td>1.5. expenses related to the payment system functioning</td>
<td>60115</td>
<td>2 741.2</td>
<td>2,629</td>
</tr>
<tr>
<td>1.6. other operational expenses</td>
<td>60116</td>
<td>99 736.6</td>
<td>93,871</td>
</tr>
</tbody>
</table>

Chairperson of the Board

Chief Accountant - Head, Accounting Directorat

Signed on March 11, 2013

Nadezhda A. Ermakova

Valentina V. Azarevich
### Statement of Capital Investments Budget Execution in 2012

National Bank of the Republic of Belarus

<table>
<thead>
<tr>
<th>Allocation of Capital Investments</th>
<th>Index</th>
<th>2012</th>
<th>Actual in 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Capital investments, total including:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1. Capital construction and reconstruction</td>
<td>7011</td>
<td>203,395.8</td>
<td>168,835</td>
</tr>
<tr>
<td>1.2. Measures aimed at developing hardware and software infrastructure of the payment system</td>
<td>701102</td>
<td>15,120.0</td>
<td>4,148</td>
</tr>
<tr>
<td>1.3. Computers, software, and network equipment</td>
<td>701103</td>
<td>29,608.0</td>
<td>19,916</td>
</tr>
<tr>
<td>1.4. Equipment for enhancing information security and protection</td>
<td>701104</td>
<td>6,932.9</td>
<td>3,730</td>
</tr>
<tr>
<td>1.5. Cash registers and equipment for money collection purposes</td>
<td>701105</td>
<td>681.8</td>
<td>–</td>
</tr>
<tr>
<td>1.6. Equipment for precious metals and precious stones processing</td>
<td>701106</td>
<td>34.5</td>
<td>30</td>
</tr>
<tr>
<td>1.7. Vehicles, of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.7.1. For money collection purposes</td>
<td>701107</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>1.7.2. Company cars and other vehicles</td>
<td>7011071</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>1.8. Equipment for maintaining vehicles and buildings</td>
<td>701108</td>
<td>783.9</td>
<td>578</td>
</tr>
<tr>
<td>1.9. Other</td>
<td>701109</td>
<td>2,167.3</td>
<td>569</td>
</tr>
</tbody>
</table>

Signed on March 11, 2013

Chairperson of the Board

Nadezhda A. Ermakova

Chief Accountant - Head, Accounting Directorate

Valentina V. Azarevich
National Bank of the Republic of Belarus

<table>
<thead>
<tr>
<th>Description</th>
<th>Index</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Profit (loss)</td>
<td>2</td>
<td>(585,610)</td>
<td>25,681</td>
</tr>
<tr>
<td>2. Allocation of profit for the year under review subject to approval:</td>
<td>221</td>
<td>–</td>
<td>25,681</td>
</tr>
<tr>
<td>2.1. State Institution “Agency for Guaranteed Repayment of Natural Persons’ Bank Deposits”</td>
<td>2210</td>
<td>–</td>
<td>20,545</td>
</tr>
<tr>
<td>2.2. Authorized capital</td>
<td>2211</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2.3. Reserved fund</td>
<td>2212</td>
<td>–</td>
<td>5,136</td>
</tr>
<tr>
<td>2.4. Other funds</td>
<td>2213</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

Chairperson of the Board                                                      Nadezhda A. Ermakova

Chief Accountant - Head, Accounting Directorate                               Valentina V. Azarevich

Signed on March 11, 2013
Conclusion

In 2012, the National Bank’s activities were aimed at attaining the key objectives and performing the functions of the country’s central bank entrusted therewith by legislation of the Republic of Belarus with account of the changes in economic environment.

The most important results of the National Bank’s activities were: considerable slowdown in inflationary processes, maintenance of the level of gold and foreign exchange reserves, and creation of conditions for stable economic growth in subsequent years.

Measures taken by the National Bank and the Government were conducive to maintaining sustainability of the banking sector.

The National Bank was engaged in building up a stable and efficient financial market and establishing a favourable investment climate.

Efficient, sound, and secure functioning and development of the payment system of the Republic of Belarus was ensured.
### MAIN

**macroeconomic parameters of social and economic development of the Republic of Belarus in 2012**

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2012 to 2011</th>
<th>For information: 2011 to 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross domestic product (GDP)</td>
<td>101.5</td>
<td>105.5</td>
</tr>
<tr>
<td>Industrial products</td>
<td>105.7</td>
<td>109.1</td>
</tr>
<tr>
<td>Profitability of sales in organizations of industry, %</td>
<td>11.5</td>
<td>12.6</td>
</tr>
<tr>
<td>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 , %</td>
<td>17.9</td>
<td>14.4</td>
</tr>
<tr>
<td>Decrease in the materials/output ratio of products (works, services) in the organizations of industry, in actual prices, %</td>
<td>-2.7</td>
<td>-1.7</td>
</tr>
<tr>
<td>Agricultural products</td>
<td>106.1</td>
<td>106.6</td>
</tr>
<tr>
<td>Profitability of sales in agriculture, %</td>
<td>13.8</td>
<td>11.9</td>
</tr>
<tr>
<td>Export of goods and services according to the methodology of the balance of payments</td>
<td>111.2</td>
<td>158.6</td>
</tr>
<tr>
<td>Balance of foreign trade in goods and services, % of GDP</td>
<td>4.6</td>
<td>-2.0</td>
</tr>
<tr>
<td>Foreign direct investments on a net basis (excluding the amounts owed to direct investor for goods [works, services]), USD bn</td>
<td>1.4</td>
<td>4.0</td>
</tr>
<tr>
<td>Households’ disposable real money income</td>
<td>121.0</td>
<td>98.9</td>
</tr>
<tr>
<td>Reduction in GDP’s energy/output ratio</td>
<td>5.3</td>
<td>-2.2</td>
</tr>
</tbody>
</table>
DYNAMICS of the income, costs, deficit (-)/surplus(+) of the Republic of Belarus consolidated budget in 2011–2012 (on a cumulative total from the beginning of the year, BYR trn)
DYNAMICS

of consumer prices, core inflation, and regulated prices and rates for paid services offered to households in 2011 – 2012

(in % to the corresponding month of the previous year)
BALANCE OF PAYMENTS

of the Republic of Belarus* for 2011 – 2012
(analytical representation)

<table>
<thead>
<tr>
<th>Items</th>
<th>2011</th>
<th>2012</th>
<th>2012 to 2011, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Current account</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Goods and services, balance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>export</td>
<td>-1,181.0</td>
<td>2,936.1</td>
<td>X</td>
</tr>
<tr>
<td>import</td>
<td>46,535.6</td>
<td>51,756.0</td>
<td>111.2</td>
</tr>
<tr>
<td>1.1. Goods, balance</td>
<td>-3,466.8</td>
<td>497.5</td>
<td>X</td>
</tr>
<tr>
<td>including:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>energy commodities</td>
<td>-4,354.8</td>
<td>-1,646.0</td>
<td>37.8</td>
</tr>
<tr>
<td>other commodities</td>
<td>888.0</td>
<td>2,143.5</td>
<td>241.4</td>
</tr>
<tr>
<td>export</td>
<td>40,927.6</td>
<td>45,506.3</td>
<td>111.2</td>
</tr>
<tr>
<td>import</td>
<td>44,394.4</td>
<td>45,008.8</td>
<td>101.4</td>
</tr>
<tr>
<td>1.2. Services, balance</td>
<td>2,285.8</td>
<td>2,438.6</td>
<td>106.7</td>
</tr>
<tr>
<td>export</td>
<td>5,608.0</td>
<td>6,249.7</td>
<td>111.4</td>
</tr>
<tr>
<td>import</td>
<td>3,322.2</td>
<td>3,811.1</td>
<td>114.7</td>
</tr>
<tr>
<td>2. Primary income, balance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>credit</td>
<td>705.0</td>
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<td>123.3</td>
</tr>
<tr>
<td>debit</td>
<td>2,066.4</td>
<td>2,385.3</td>
<td>115.4</td>
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<tr>
<td>2.1. Compensation of employees</td>
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<td></td>
<td></td>
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<tr>
<td>credit</td>
<td>482.7</td>
<td>553.1</td>
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<tr>
<td>export</td>
<td>495.1</td>
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<td>debit</td>
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<tr>
<td>2.2. Income from investment</td>
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<tr>
<td>credit</td>
<td>167.0</td>
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<td>debit</td>
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<td>3. Secondary income, balance</td>
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<td>debit</td>
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<td>119.2</td>
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<td>II. Capital account</td>
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<td></td>
<td></td>
</tr>
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<td>credit</td>
<td>4.1</td>
<td>5.1</td>
<td>124.4</td>
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<tr>
<td>debit</td>
<td>4.6</td>
<td>6.7</td>
<td>145.7</td>
</tr>
<tr>
<td>III. Financial account**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-5,564.6</td>
<td>-1,106.4</td>
<td>19.9</td>
</tr>
</tbody>
</table>

1. Direct investment | | | |
| assets | -3,876.9 | -1,343.3 | 34.6 |
| liabilities | 125.5 | 98.5 | 78.5 |
| | 4,002.4 | 1,441.8 | 36.0 |

** According to Balance of Payments and International Investment Position Manual, an increase in the volume of assets and liabilities in the financial account is shown with sign "+", their decrease – with sign "+".
<table>
<thead>
<tr>
<th>Items</th>
<th>2011</th>
<th>2012</th>
<th>2012 to 2011, %</th>
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<tbody>
<tr>
<td>2. Portfolio investment</td>
<td>-854.1</td>
<td>190.5</td>
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<td>assets</td>
<td>10.8</td>
<td>-28.4</td>
<td>x</td>
</tr>
<tr>
<td>liabilities</td>
<td>864.9</td>
<td>-218.9</td>
<td>x</td>
</tr>
<tr>
<td>3. Financial derivatives</td>
<td>594.6</td>
<td>-51.2</td>
<td>x</td>
</tr>
<tr>
<td>assets</td>
<td>1.7</td>
<td>-51.0</td>
<td>x</td>
</tr>
<tr>
<td>liabilities</td>
<td>-592.9</td>
<td>0.2</td>
<td>x</td>
</tr>
<tr>
<td>4. Other investment</td>
<td>-1,428.2</td>
<td>97.6</td>
<td>x</td>
</tr>
<tr>
<td>assets</td>
<td>2,672.9</td>
<td>-479.9</td>
<td>x</td>
</tr>
<tr>
<td>other capital participation instruments</td>
<td>0.0</td>
<td>0.0</td>
<td>x</td>
</tr>
<tr>
<td>other debt instruments</td>
<td>2,672.9</td>
<td>-479.9</td>
<td>x</td>
</tr>
<tr>
<td>central bank</td>
<td>1,102.4</td>
<td>-1,070.9</td>
<td>x</td>
</tr>
<tr>
<td>deposit institutions, excluding central bank</td>
<td>817.9</td>
<td>-723.8</td>
<td>x</td>
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<tr>
<td>government sector</td>
<td>-3.3</td>
<td>-0.3</td>
<td>9.1</td>
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<tr>
<td>other sectors</td>
<td>755.9</td>
<td>1,315.1</td>
<td>174.0</td>
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<tr>
<td>including:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>trade credits and advances</td>
<td>656.9</td>
<td>1,363.7</td>
<td>207.6</td>
</tr>
<tr>
<td>liabilities</td>
<td>4,101.1</td>
<td>-577.5</td>
<td>x</td>
</tr>
<tr>
<td>other capital participation instruments</td>
<td>0.0</td>
<td>0.0</td>
<td>x</td>
</tr>
<tr>
<td>other debt instruments</td>
<td>4,101.1</td>
<td>-577.5</td>
<td>x</td>
</tr>
<tr>
<td>central bank</td>
<td>263.0</td>
<td>-1,100.4</td>
<td>x</td>
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<tr>
<td>deposit institutions, excluding central bank</td>
<td>474.1</td>
<td>27.3</td>
<td>5.8</td>
</tr>
<tr>
<td>including:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>credits and loans</td>
<td>-331.7</td>
<td>109.4</td>
<td>x</td>
</tr>
<tr>
<td>government sector</td>
<td>279.0</td>
<td>-22.3</td>
<td>x</td>
</tr>
<tr>
<td>other sectors</td>
<td>3,085.0</td>
<td>517.9</td>
<td>16.8</td>
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<tr>
<td>including:</td>
<td></td>
<td></td>
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<tr>
<td>credits and loans</td>
<td>1,859.7</td>
<td>472.8</td>
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<td>trade credits and advances</td>
<td>1,231.4</td>
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<td>IV. Statistical discrepancies</td>
<td>1,008.1</td>
<td>348.8</td>
<td>34.6</td>
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<tr>
<td>V. Total balance</td>
<td>1,550.6</td>
<td>-359.0</td>
<td>x</td>
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<tr>
<td>VI. Financing</td>
<td>1,550.6</td>
<td>-359.0</td>
<td>x</td>
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<tr>
<td>1. Reserve assets</td>
<td>2,790.6</td>
<td>81.0</td>
<td>2.9</td>
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<tr>
<td>2. Credits and loans from the IMF</td>
<td>0.0</td>
<td>0.0</td>
<td>x</td>
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<tr>
<td>3. Exclusive financing (liabilities)</td>
<td>1,240.0</td>
<td>440.0</td>
<td>35.5</td>
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</table>
BASIC ACCOUNTS
in the balance of payments in 2002 – 2012

USD bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Current account</th>
<th>Financial account</th>
<th>Overall balance of the balance of payments</th>
<th>International reserve assets according to the IMF's methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-1.0</td>
</tr>
<tr>
<td>2003</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-1.0</td>
</tr>
<tr>
<td>2004</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-1.0</td>
</tr>
<tr>
<td>2005</td>
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<td>2006</td>
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<tr>
<td>2007</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-1.0</td>
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<tr>
<td>2008</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-1.0</td>
</tr>
<tr>
<td>2009</td>
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<td>-1.0</td>
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<td>2010</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-1.0</td>
</tr>
<tr>
<td>2011</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-1.0</td>
</tr>
<tr>
<td>2012</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-1.0</td>
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</tbody>
</table>
EXTERNAL DEBT
of the Republic of Belarus in 2002 – 2012

USD bn
### INFORMATION on banks’ liabilities in 2011 – 2012

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Actual as at 01.01.2012</th>
<th>01.01.2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks’ liabilities</td>
<td>259.4</td>
<td>321.2</td>
</tr>
<tr>
<td>growth rates, %</td>
<td>203.4</td>
<td>123.8</td>
</tr>
<tr>
<td>of nominal GDP, %</td>
<td>87.3</td>
<td>60.9</td>
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</tbody>
</table>

1. Funds attracted from residents of the Republic of Belarus

<table>
<thead>
<tr>
<th></th>
<th>Actual as at 01.01.2012</th>
<th>01.01.2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>growth rates, %</td>
<td>163.8</td>
<td>214.5</td>
</tr>
<tr>
<td>of which:</td>
<td>178.3</td>
<td>130.9</td>
</tr>
<tr>
<td>funds of Government agencies</td>
<td>18.5</td>
<td>30.1</td>
</tr>
<tr>
<td>growth rates, %</td>
<td>129.0</td>
<td>163.5</td>
</tr>
<tr>
<td>economic entities’ finds*</td>
<td>67.7</td>
<td>84.3</td>
</tr>
<tr>
<td>growth rates, %</td>
<td>308.0</td>
<td>124.4</td>
</tr>
<tr>
<td>natural persons’ funds</td>
<td>50.6</td>
<td>80.5</td>
</tr>
<tr>
<td>growth rates, %</td>
<td>211.1</td>
<td>159.0</td>
</tr>
<tr>
<td>National Bank’s funds</td>
<td>19.0</td>
<td>11.9</td>
</tr>
<tr>
<td>growth rates, %</td>
<td>68.0</td>
<td>62.3</td>
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<tr>
<td>banks’ funds</td>
<td>8.0</td>
<td>7.7</td>
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<tr>
<td>growth rates, %</td>
<td>219.0</td>
<td>96.1</td>
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</tbody>
</table>

2. Funds attracted from non-residents of the Republic of Belarus

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<thead>
<tr>
<th></th>
<th>Actual as at 01.01.2012</th>
<th>01.01.2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>growth rates, %</td>
<td>50.0</td>
<td>52.4</td>
</tr>
<tr>
<td>290.6</td>
<td>104.9</td>
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</tbody>
</table>

3. Other liabilities

<table>
<thead>
<tr>
<th></th>
<th>Actual as at 01.01.2012</th>
<th>01.01.2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>growth rates, %</td>
<td>45.6</td>
<td>54.5</td>
</tr>
<tr>
<td>246.9</td>
<td>119.2</td>
<td></td>
</tr>
<tr>
<td>including:</td>
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<td></td>
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<tr>
<td>banks’ own capital</td>
<td>36.6</td>
<td>46.7</td>
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<tr>
<td>growth rates, %</td>
<td>208.6</td>
<td>127.7</td>
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</tbody>
</table>

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* Economic entities – non-bank financial institutions, commercial and non-commercial organizations, and independent entrepreneurs.
## INFORMATION
on banks’ assets in 2011 – 2012

<table>
<thead>
<tr>
<th>Indicators</th>
<th>BYR trn</th>
<th>01.01.2012</th>
<th>01.01.2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks’ assets</td>
<td></td>
<td>259.4</td>
<td>321.2</td>
</tr>
<tr>
<td>growth rates, %</td>
<td></td>
<td>203.4</td>
<td>123.8</td>
</tr>
<tr>
<td>of nominal GDP, %</td>
<td></td>
<td>87.3</td>
<td>60.9</td>
</tr>
<tr>
<td>1. Claims on residents of the Republic of Belarus</td>
<td></td>
<td>237.0</td>
<td>300.1</td>
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<tr>
<td>growth rates, %</td>
<td></td>
<td>196.8</td>
<td>126.6</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>claims on Government agencies</td>
<td></td>
<td>14.3</td>
<td>15.7</td>
</tr>
<tr>
<td>growth rates, %</td>
<td></td>
<td>273.8</td>
<td>109.6</td>
</tr>
<tr>
<td>claims on economic entities*</td>
<td></td>
<td>124.8</td>
<td>179.5</td>
</tr>
<tr>
<td>growth rates, %</td>
<td></td>
<td>178.1</td>
<td>143.8</td>
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<tr>
<td>claims on natural persons</td>
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<td>32.6</td>
<td>41.0</td>
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<td>growth rates, %</td>
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<td>125.8</td>
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<td>claims on the National Bank</td>
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<td>57.5</td>
<td>56.5</td>
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<tr>
<td>growth rates, %</td>
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<td>98.2</td>
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<td>claims on banks</td>
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<td>7.8</td>
<td>7.4</td>
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<tr>
<td>growth rates, %</td>
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<td>226.8</td>
<td>94.8</td>
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<td>2. Claims on non-residents of the Republic of Belarus</td>
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<td>growth rates, %</td>
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<td>7.7</td>
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<tr>
<td>growth rates, %</td>
<td></td>
<td>124.5</td>
<td>236.2</td>
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</table>

* Economic entities – non-bank financial institutions, commercial and non-commercial organizations, and independent entrepreneurs.
Attachment 1.9 to the Report of the National Bank for 2012

STRUCTURE of banks’ assets on 2011-2012

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
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<tr>
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<td>22.2</td>
<td>5.5</td>
<td>12.8</td>
</tr>
<tr>
<td>Claims on natural persons</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claims on the National Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claims on Government agencies</td>
<td>7.3</td>
<td>4.2</td>
<td>5.5</td>
<td>7.3</td>
<td>5.2</td>
<td>4.2</td>
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<tr>
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<td>2.3</td>
<td>2.4</td>
<td>2.3</td>
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<td>1.3</td>
<td>1.3</td>
<td>1.3</td>
<td>1.3</td>
</tr>
<tr>
<td>Other assets</td>
<td></td>
<td></td>
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</table>
DYNAMICS

of banks’ credit investments by types of economic activities in the national currency and foreign exchange

<table>
<thead>
<tr>
<th>Types of economic activities</th>
<th>01.01.2012</th>
<th>01.01.2013</th>
<th>Growth in 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BYR trn</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>Banks’ credit investments by types of economic activities</td>
<td>115.9</td>
<td>161.8</td>
<td>45.9</td>
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<tr>
<td>including:</td>
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<tr>
<td>processing industry</td>
<td>50.4</td>
<td>72.6</td>
<td>22.2</td>
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<tr>
<td>trade; repair of vehicles, household appliances, and items of personal use</td>
<td>17.6</td>
<td>23.1</td>
<td>5.5</td>
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<tr>
<td>agriculture, hunting, and forestry</td>
<td>19.5</td>
<td>22.3</td>
<td>2.8</td>
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<tr>
<td>real estate operations, leasing, and provisioning of services to consumers</td>
<td>8.6</td>
<td>17.4</td>
<td>8.9</td>
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<td>construction</td>
<td>5.7</td>
<td>6.5</td>
<td>0.8</td>
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<tr>
<td>production and distribution of power, gas, and water</td>
<td>4.7</td>
<td>5.0</td>
<td>0.3</td>
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<td>mining industry</td>
<td>1.1</td>
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<td>0.7</td>
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<td>other types of economic activities</td>
<td>8.5</td>
<td>13.2</td>
<td>4.7</td>
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</table>

* Excluding the information on banks which are undergoing liquidation, without debt under credits owed to natural persons.
INFORMATION on foreign exchange purchase/sale by resident economic entities* of the Republic of Belarus in the domestic foreign exchange market in 2011 – 2012

<table>
<thead>
<tr>
<th>Years</th>
<th>Operations</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
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<tbody>
<tr>
<td>2011</td>
<td>Sold</td>
<td>1,034.0</td>
<td>1,361.8</td>
<td>1,586.1</td>
<td>1,597.0</td>
<td>1,378.0</td>
<td>1,354.4</td>
<td>1,346.0</td>
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<tr>
<td></td>
<td>Purchased</td>
<td>1,439.1</td>
<td>1,689.9</td>
<td>1,327.5</td>
<td>1,613.9</td>
<td>1,420.6</td>
<td>1,477.7</td>
<td>1,395.1</td>
</tr>
<tr>
<td></td>
<td>Balance of sale and purchase</td>
<td>405.1</td>
<td>328.1</td>
<td>-258.6</td>
<td>16.9</td>
<td>42.6</td>
<td>123.3</td>
<td>49.1</td>
</tr>
<tr>
<td>2012</td>
<td>Sold</td>
<td>1,542.9</td>
<td>1,679.1</td>
<td>2,078.5</td>
<td>1,990.8</td>
<td>2,039.6</td>
<td>2,090.3</td>
<td>2,079.1</td>
</tr>
<tr>
<td></td>
<td>Purchased</td>
<td>1,355.3</td>
<td>1,548.1</td>
<td>1,835.6</td>
<td>1,655.8</td>
<td>1,978.5</td>
<td>1,789.0</td>
<td>1,735.4</td>
</tr>
<tr>
<td></td>
<td>Balance of sale and purchase</td>
<td>-187.5</td>
<td>-131.0</td>
<td>-243.0</td>
<td>-335.0</td>
<td>-61.1</td>
<td>-301.3</td>
<td>-343.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Years</th>
<th>Operations</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>For the year. total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>Sold</td>
<td>1,319.0</td>
<td>1,329.2</td>
<td>1,255.9</td>
<td>1,458.1</td>
<td>2,040.4</td>
<td>17,060.0</td>
</tr>
<tr>
<td></td>
<td>Purchased</td>
<td>1,482.1</td>
<td>1,522.9</td>
<td>1,456.1</td>
<td>1,521.1</td>
<td>1,784.9</td>
<td>18,131.1</td>
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<tr>
<td></td>
<td>Balance of sale and purchase</td>
<td>163.1</td>
<td>193.8</td>
<td>200.2</td>
<td>63.0</td>
<td>-255.5</td>
<td>1071.1</td>
</tr>
<tr>
<td>2012</td>
<td>Sold</td>
<td>2,097.9</td>
<td>1,698.1</td>
<td>2,079.5</td>
<td>2,050.4</td>
<td>2,034.1</td>
<td>23,460.4</td>
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<tr>
<td></td>
<td>Purchased</td>
<td>2,185.1</td>
<td>1,867.3</td>
<td>2,017.0</td>
<td>1,906.1</td>
<td>1,955.0</td>
<td>21,828.0</td>
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<tr>
<td></td>
<td>Balance of sale and purchase</td>
<td>87.1</td>
<td>169.2</td>
<td>-62.5</td>
<td>-144.3</td>
<td>-79.1</td>
<td>-1,632.4</td>
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</tbody>
</table>

* Economic entities – commercial and non-commercial organizations, independent entrepreneurs. and non-bank financial institutions.
INFORMATION on foreign exchange purchase/sale by natural persons in 2011 – 2012

<table>
<thead>
<tr>
<th>Years</th>
<th>Operations</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>Sold</td>
<td>627.5</td>
<td>720.9</td>
<td>649.8</td>
<td>241.4</td>
<td>210.3</td>
<td>240.6</td>
<td>180.2</td>
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<tr>
<td></td>
<td>Purchased</td>
<td>680.6</td>
<td>736.7</td>
<td>1,417.0</td>
<td>240.6</td>
<td>130.0</td>
<td>135.6</td>
<td>104.9</td>
</tr>
<tr>
<td></td>
<td>Balance of sale</td>
<td>53.1</td>
<td>15.8</td>
<td>767.2</td>
<td>-0.7</td>
<td>-80.3</td>
<td>-105.0</td>
<td>-75.3</td>
</tr>
<tr>
<td></td>
<td>and purchase</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>Sold</td>
<td>520.1</td>
<td>519.9</td>
<td>545.6</td>
<td>571.9</td>
<td>601.5</td>
<td>549.7</td>
<td>554.5</td>
</tr>
<tr>
<td></td>
<td>Purchased</td>
<td>316.6</td>
<td>342.8</td>
<td>471.2</td>
<td>407.0</td>
<td>598.2</td>
<td>659.3</td>
<td>648.5</td>
</tr>
<tr>
<td></td>
<td>Balance of sale</td>
<td>-203.5</td>
<td>-177.1</td>
<td>-74.4</td>
<td>-164.9</td>
<td>-3.3</td>
<td>109.7</td>
<td>93.9</td>
</tr>
<tr>
<td></td>
<td>and purchase</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total for the year</td>
<td>169.4</td>
<td>393.3</td>
<td>472.8</td>
<td>444.6</td>
<td>543.9</td>
<td>4,894.5</td>
<td>4,761.8</td>
</tr>
</tbody>
</table>

* Including payment documents.
INFORMATION

on interest rates of the National Bank and interbank market in 2012

Interest rate on overnight credits
Interest rate on overnight deposits
Refinance rate
Interest rate on overnight interbank credits in the national currency

% per annum
DYNAMICS
of interest rates in the deposit and credit markets in 2011 – 2012

% per annum

- Average interest rate on new bank credits in the national currency (excluding interbank credits)
- Average interest rate on new time bank deposits in the national currency
- Average refinance rate of the National Bank
- Average interest rate of overnight interbank market
INFORMATION on securities market

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

- Government securities
- Corporate bonds
- Equities
- Liabilities under local loans

% to GDP

2007 2008 2009 2010 2011 2012
Volume of securities in circulation

01/01/2008 01/01/2009 01/01/2010 01/01/2011 01/01/2012 01/01/2013

- Total volume of securities in circulation
- Corporate bonds
- Liabilities under local loans
- Equities
- Government securities
INFORMATION
on net assets of bank management funds

<table>
<thead>
<tr>
<th>Date</th>
<th>BYR bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/2012</td>
<td>52.3</td>
</tr>
<tr>
<td>01/02/2012</td>
<td>54.4</td>
</tr>
<tr>
<td>01/03/2012</td>
<td>55.9</td>
</tr>
<tr>
<td>01/04/2012</td>
<td>24.5</td>
</tr>
<tr>
<td>01/05/2012</td>
<td>10.9</td>
</tr>
<tr>
<td>01/06/2012</td>
<td>15.0</td>
</tr>
<tr>
<td>01/07/2012</td>
<td>16.4</td>
</tr>
<tr>
<td>01/08/2012</td>
<td>40.5</td>
</tr>
<tr>
<td>01/09/2012</td>
<td>29.5</td>
</tr>
<tr>
<td>01/10/2012</td>
<td>38.8</td>
</tr>
<tr>
<td>01/11/2012</td>
<td>63.1</td>
</tr>
<tr>
<td>01/12/2012</td>
<td>37.9</td>
</tr>
</tbody>
</table>
KEY forecast performance indicators of the banking system of the Republic of Belarus for 2012

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Actual as at 01.01.2012</th>
<th>Actual as at 01.01.2013</th>
<th>Forecast for January 1, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>International reserve assets of the Republic of Belarus according to the IMF’s methodology, billion US dollars</td>
<td>7.9</td>
<td>8.1</td>
<td>6.1 – 7</td>
</tr>
<tr>
<td>End-year refinance rate, %</td>
<td>45.0</td>
<td>30.0</td>
<td>20 – 23</td>
</tr>
<tr>
<td>Growth of banks’ claims on the economy, %*</td>
<td>69.5</td>
<td>40.1</td>
<td>17 – 23</td>
</tr>
</tbody>
</table>

* Growth of claims on other sectors (in monetary review of banks of the Republic of Belarus).
INSTRUMENTS
of monetary policy

The National Bank decreased the refinance rate from 45% as at early 2012 to:


- 38% per annum since March 1, 2012 (Resolution of the Board of the National Bank of the Republic of Belarus “On the Refinance Rate of the National Bank of the Republic of Belarus” No.70, dated February 24, 2012; National Register of Legal Acts of the Republic of Belarus, 2012, No. 25, 8/24966);

- 36% per annum since April 2, 2012 (Resolution of the Board of the National Bank of the Republic of Belarus “On the Refinance Rate of the National Bank of the Republic of Belarus” No. 131, dated March 26, 2012; National Register of Legal Acts of the Republic of Belarus, 2012, No. 38, 8/25200);

- 34% per annum since May 16, 2012 (Resolution of the Board of the National Bank of the Republic of Belarus “On the Refinance Rate of the National Bank of the Republic of Belarus” No. 229, dated May 10, 2012; National Register of Legal Acts of the Republic of Belarus, 2012, No. 55, 8/25429);

- 32% per annum since June 20, 2012 (Resolution of the Board of the National Bank of the Republic of Belarus “On the Refinance Rate of the National Bank of the Republic of Belarus” No. 290, dated June 13, 2012; National Register of Legal Acts of the Republic of Belarus, 2012, No. 70, 8/26008);

- 31% per annum since July 18, 2012 (Resolution of the Board of the National Bank of the Republic of Belarus “On the Refinance Rate of the National Bank of the Republic of Belarus” No. 352, dated July 12, 2012;
- 30.5% per annum since August 15, 2012 (Resolution of the Board of the National Bank of the Republic of Belarus “On the Refinance Rate of the National Bank of the Republic of Belarus” No. 405, dated August 6, 2012; National Legal Internet Portal of the Republic of Belarus, August 10, 2012, 8/26231); and
INFORMATION
on the National Bank’s operations
designed to regulate the banking system’s
current liquidity in 2012

Operations of the National Bank designed to maintain banks’ liquidity
Operations of the National Bank designed to withdraw banks’ liquidity
## DYNAMICS
of broad money supply in 2012

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Actual as at</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>01.01.2012</td>
<td>01.01.2013</td>
</tr>
<tr>
<td>1. Cash in circulation - M0</td>
<td>6.71</td>
<td>11.31</td>
</tr>
<tr>
<td>2. Transferable deposits</td>
<td>13.63</td>
<td>23.13</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Monetary aggregate - M1</strong></td>
<td>20.34</td>
<td>34.44</td>
</tr>
<tr>
<td>3. Other deposits</td>
<td>20.83</td>
<td>31.16</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Securities issued by banks (outside bank circulation) in national currency</td>
<td>2.19</td>
<td>3.07</td>
</tr>
<tr>
<td><strong>Ruble money supply M2</strong>*</td>
<td>43.35</td>
<td>68.67</td>
</tr>
<tr>
<td><strong>Broad money - M3</strong></td>
<td>111.20</td>
<td>161.30</td>
</tr>
</tbody>
</table>

*For information:*
Deposits in foreign exchange, USD bn
|                                | 7.6         | 10.3     | 2.7     | 34.8  |
|                                | natural persons | 4.2    | 6.3     | 2.1   | 49.0  |
|                                | legal persons* | 3.4    | 4.0     | 0.6   | 17.4  |
Deposits in precious metals
|                                | 0.39        | 0.35     | -0.04   | -10.3 |

*Legal persons – commercial institutions, non-commercial institutions, independent entrepreneurs, and non-bank financial institutions.*
### STRUCTURE of broad money supply in 2011 – 2012

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Actual as at</th>
<th>Deviation, percentage points</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>01.01.2012</td>
<td>01.01.2013</td>
</tr>
<tr>
<td>1. Cash in circulation M0</td>
<td>6.0</td>
<td>7.0</td>
</tr>
<tr>
<td>2. Transferable deposits</td>
<td>12.3</td>
<td>14.3</td>
</tr>
<tr>
<td>natural persons</td>
<td>4.0</td>
<td>5.6</td>
</tr>
<tr>
<td>legal persons*</td>
<td>8.2</td>
<td>8.7</td>
</tr>
<tr>
<td><strong>Monetary aggregate M1</strong></td>
<td>18.3</td>
<td>21.4</td>
</tr>
<tr>
<td>3. Other deposits</td>
<td>18.7</td>
<td>19.3</td>
</tr>
<tr>
<td>natural persons</td>
<td>8.4</td>
<td>9.4</td>
</tr>
<tr>
<td>legal persons*</td>
<td>10.3</td>
<td>9.9</td>
</tr>
<tr>
<td>4. Securities issued by banks (outside bank circulation) in national currency</td>
<td>2.0</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>Ruble money supply M2</strong></td>
<td>39.0</td>
<td>42.6</td>
</tr>
<tr>
<td>5. Deposits in foreign exchange</td>
<td>57.3</td>
<td>54.7</td>
</tr>
<tr>
<td>6. Securities issued by banks (outside bank circulation) in foreign exchange</td>
<td>3.3</td>
<td>2.5</td>
</tr>
<tr>
<td>7. Deposits in precious metals</td>
<td>0.4</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Broad money supply M3</strong></td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*Legal persons – commercial institutions, non-commercial institutions, independent entrepreneurs, and non-bank financial institutions.
### STRUCTURE of ruble money supply in 2011 – 2012

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Actual as at 01.01.2012</th>
<th>Actual as at 01.01.2013</th>
<th>Deviation, percentage points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cash in circulation M0</td>
<td>15.5</td>
<td>16.5</td>
<td>1,0</td>
</tr>
<tr>
<td>2. Transferable deposits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>natural persons</td>
<td>10.4</td>
<td>13.2</td>
<td>2,8</td>
</tr>
<tr>
<td>legal persons</td>
<td>21.1</td>
<td>20.5</td>
<td>-0,6</td>
</tr>
<tr>
<td>Monetary aggregate M1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Other deposits</td>
<td>48.0</td>
<td>45.4</td>
<td>-2,6</td>
</tr>
<tr>
<td>natural persons</td>
<td>21.6</td>
<td>22.1</td>
<td>0,5</td>
</tr>
<tr>
<td>legal persons</td>
<td>26.4</td>
<td>23.3</td>
<td>-3,1</td>
</tr>
<tr>
<td>4. Securities issued by banks (outside bank circulation) in national currency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ruble money supply M2*</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

* Legal persons – commercial institutions, non-commercial institutions, independent entrepreneurs, and non-bank financial institutions.
STRUCTURE
of denominations of the National Bank
banknotes in circulation in 2012

<table>
<thead>
<tr>
<th>Denominations of banknotes, BYR</th>
<th>Actual as at 01.01.2012</th>
<th>01.01.2013</th>
<th>2012 to 2011, %</th>
<th>Share, % 01.01.2012</th>
<th>01.01.2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>1.3</td>
<td>1.1</td>
<td>84.24</td>
<td>0.02</td>
<td>0.01</td>
</tr>
<tr>
<td>20</td>
<td>3.4</td>
<td>2.3</td>
<td>67.39</td>
<td>0.05</td>
<td>0.02</td>
</tr>
<tr>
<td>50</td>
<td>4.0</td>
<td>4.5</td>
<td>112.31</td>
<td>0.06</td>
<td>0.04</td>
</tr>
<tr>
<td>100</td>
<td>7.4</td>
<td>7.9</td>
<td>107.21</td>
<td>0.11</td>
<td>0.07</td>
</tr>
<tr>
<td>500</td>
<td>14.8</td>
<td>18.1</td>
<td>122.52</td>
<td>0.22</td>
<td>0.16</td>
</tr>
<tr>
<td>1,000</td>
<td>34.9</td>
<td>43.0</td>
<td>123.11</td>
<td>0.52</td>
<td>0.38</td>
</tr>
<tr>
<td>5,000</td>
<td>61.7</td>
<td>72.4</td>
<td>117.20</td>
<td>0.92</td>
<td>0.64</td>
</tr>
<tr>
<td>10,000</td>
<td>218.8</td>
<td>137.9</td>
<td>63.05</td>
<td>3.26</td>
<td>1.22</td>
</tr>
<tr>
<td>20,000</td>
<td>602.7</td>
<td>418.4</td>
<td>69.41</td>
<td>8.98</td>
<td>3.70</td>
</tr>
<tr>
<td>50,000</td>
<td>2,809.5</td>
<td>2,467.2</td>
<td>87.82</td>
<td>41.86</td>
<td>21.82</td>
</tr>
<tr>
<td>100,000</td>
<td>2,953.2</td>
<td>4,165.6</td>
<td>141.06</td>
<td>44.00</td>
<td>36.84</td>
</tr>
<tr>
<td>20,000</td>
<td></td>
<td>3,968.9</td>
<td></td>
<td>0.00</td>
<td>35.10</td>
</tr>
<tr>
<td>Total</td>
<td>6,711.8</td>
<td>11,307.3</td>
<td>168.47</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>
DYNAMICS of number and amounts of payment instructions settled via the ASIS in 2008 – 2012

- Dynamics of number of payment instructions
- Dynamics of amounts of payment instructions