



Belarus at Glance: Country and Banking System

February 2020

Frankfurt am Main



Area: 207 600 sq km

Population: 9,5 mln inhabitants

Capital: Minsk (2,0 mln inhabitants)

Natural resources: potash and rock salts, oil, peat, construction materials and raw materials for their production, underground fresh and mineral water

Administrative divisions: 6 regions + city Minsk

State languages: Belarusian and Russian

International Organizations' Membership:

- UN, UNCTAD, UNESCO, UNIDO;
- WTO (observer);
- IBRD, EBRD;
- IMF;
- CIS, EAU;
- Shanghai Cooperation Organization (observer status), etc.

International Ratings:

FitchRatings B

S&P Global B

中誠信(亞太) CCX

BBg

General information





Open and diversified economy

Export promotion policies enabled dynamic exports growth – it increased by 40% cumulatively in 2017-2018



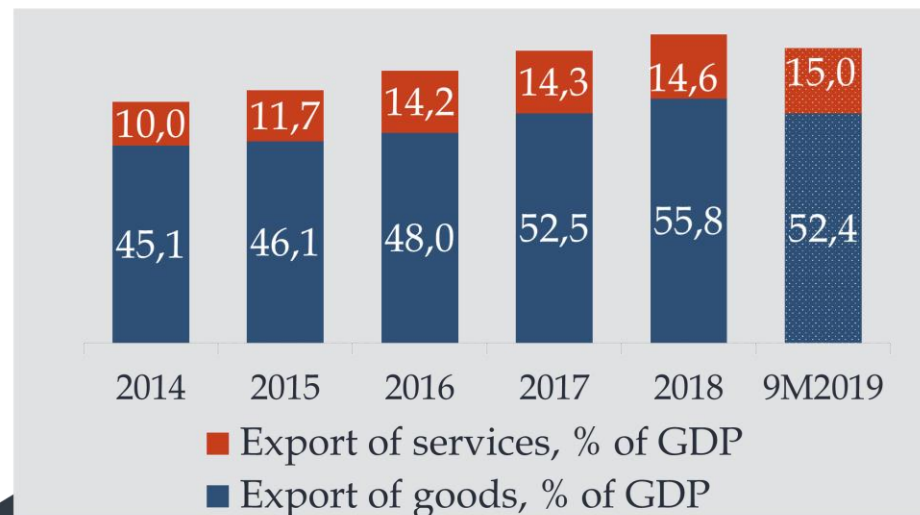
Relations with the EU are strengthening and the dialogue with respect to various initiatives concerning trade, economic and humanitarian cooperation, are ongoing



Belarus is looking to diversify its economic partners and strengthen its current trade relationship with the EU, Russia and China

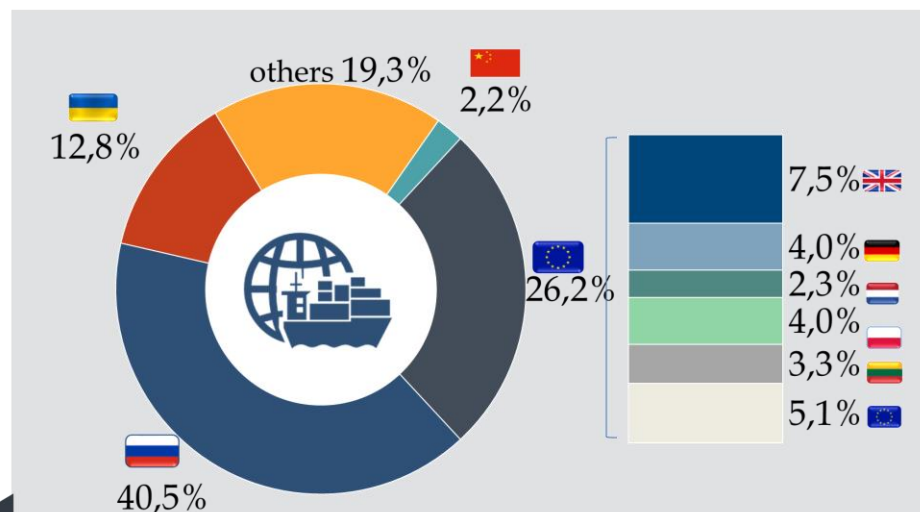


Belarus has been closely working with China on One Belt, One Road initiative and other joint projects, including launch of Geely plant in Belarus, which became the first large Chinese plant in CIS



Economic Openness

WTO negotiations have been enhances recently



Export of goods by geography, 9M2019



Short- and medium-term priorities

Government Action Program for 2018-2020

Program sets as its key goal the improved well-being and quality of life of the population through sustainable economic growth at a pace above the world average

Favorable Business Environment

Creating a favorable business environment as a national brand, establishing for economic agents stable, predictable and comfortable conditions for doing business

IT-country Digitalisation

Establishing an IT country, starting digitalization of all industries

Growth of Services

Higher rate of growth in services (with priorities given to transport and logistics, construction and tourism)

Regional development

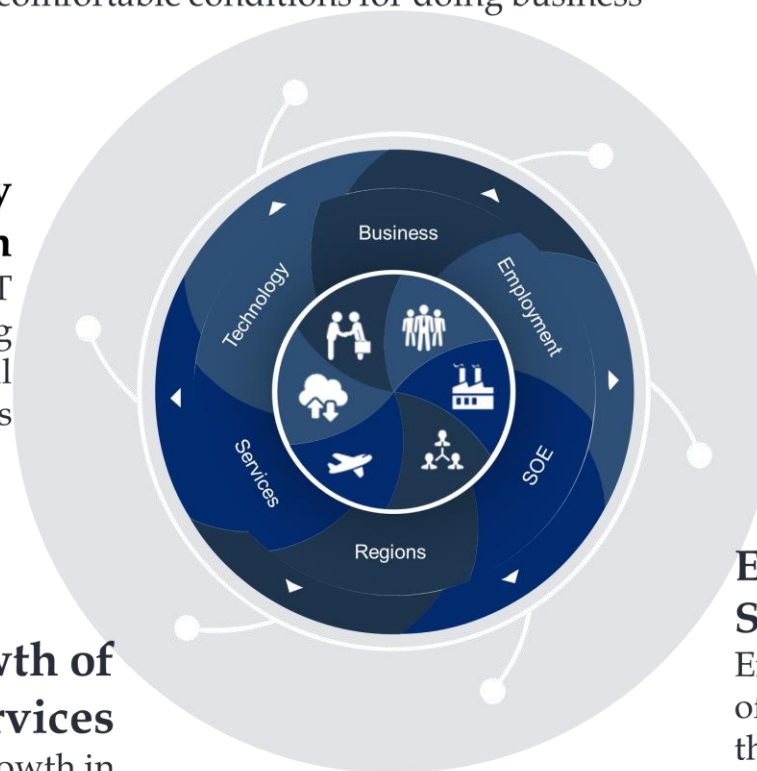
reducing interregional differentiation in the quality of life and living standards

Ensuring efficient employment

growth of labor productivity and a matching level of salaries

Efficient SOE Sector

Enhancing efficiency of the state sector of the economy through appropriate corporate governance





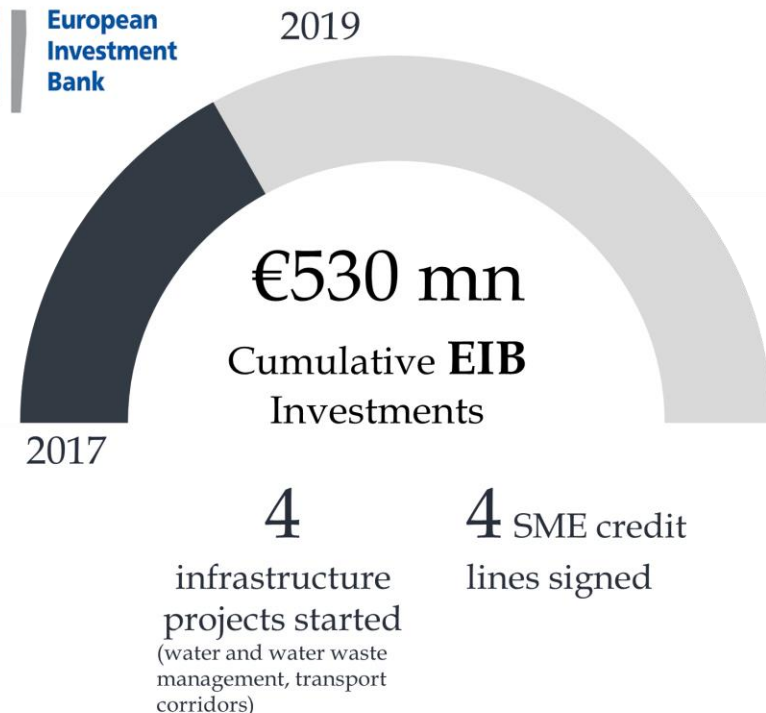
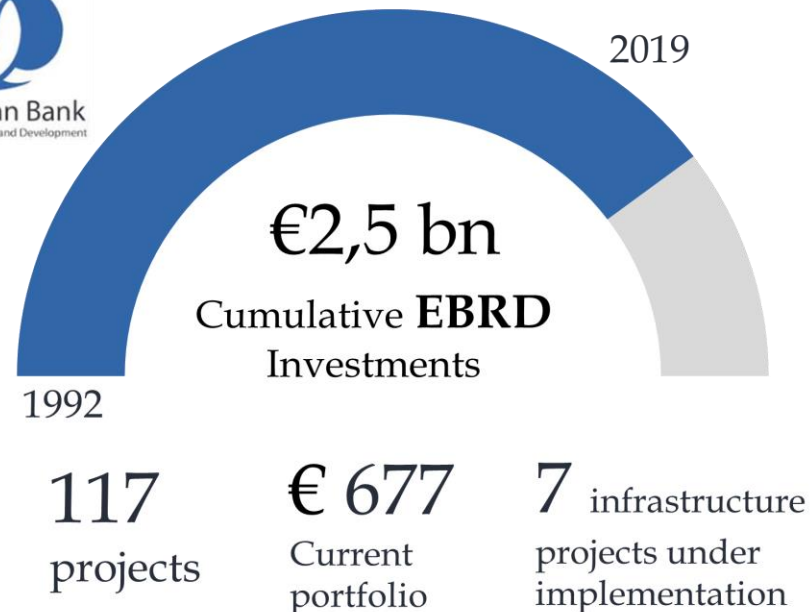
Cooperation with IFIs

EIB's mandate was extended to Belarus, first financial contracts were signed in 2018-2019 (EUR 530 mn)

Growing **EBRD** investment portfolio, in 2018 – EUR 360 mn investments both in private and government sectors

World bank invests in sustainable infrastructure projects with structural reform components

Belarus joined **AIIB** in 2019, first infrastructure project in transport sector is under preparation





Preferential regimes



Banks remain well capitalised and regulations are tightened

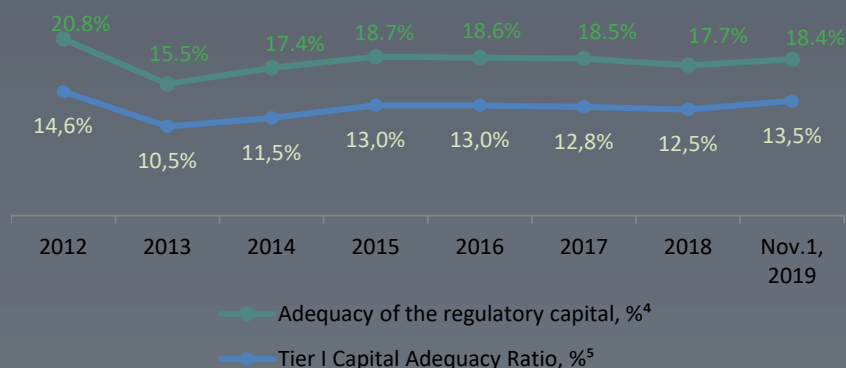
Belarusian banks remain resilient. The measures implemented by the authorities in order to improve the governance and to protect banks have sustained the strength of the key indicators in the sector in 2019

- > There are 24 active banks in Belarus: 5 state-owned, 14 controlled by foreign investors and 5 controlled by private local capital¹
- > The minimum regulatory capital requirement is met by all banks and the average capital adequacy ratio in the sector continues to be high: 18.4% as of November 1, 2019
- > In 2017 NPLs are reduced due to transfer of bad agricultural loans from banks to the Asset Management Agency. The growth of NPLs in 2018 was driven by change in approaches of definition of NPL and a gradual increase of the new indicator of "restructured debt" in it
- > Since January 1, 2018, Basel III liquidity indicators, i.e. the liquidity coverage ratio and the net stable funding ratio have been implemented as secure functioning requirements. Additionally, in relation to the sufficiency of Core Tier I Capital, a countercyclical buffer and a buffer of system significance have also been introduced

Key Parameters of the Banking Sector

	2013	2014	2015	2016	2017	2018	01.04. 2019	01.11. 2019
Total Assets, USD bn²	44.5	47.1	39.7	32.4	33.8	34.1	34.9	36.7
Deposits /Liabilities , %	44	45	47	47	52	51	51	51
NPL³, %	1.3	0.9	1.9	4.0	2.0	5.0	6.0	5.0
Return on Total Assets, %	1.9	1.7	1.0	1.3	1.4	1.6	1.6	1.5
Return on the Regulatory Capital, %	13.8	13.1	8.4	10.8	9.6	10.7	11.2	11.0

Banking Sector Capital Adequacy Ratios

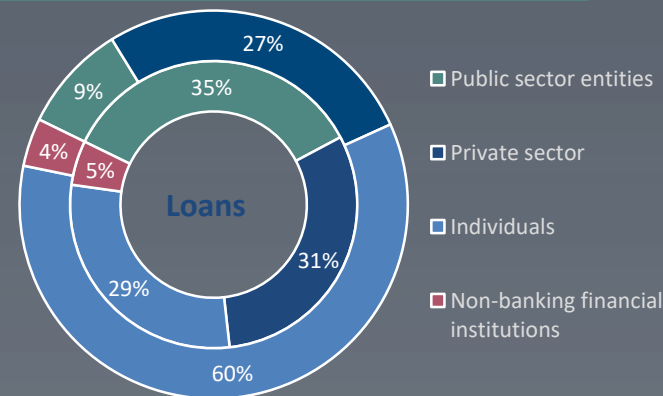


Source: National Statistical Committee, National Bank

¹ Excluding banks in process of liquidation. ² Converted with USD/BYN exchange rates of the National Bank as of the last day of the period prior to indicated one. ³ From April 1, 2018, share of assets from groups V-VI, as well as restructured debt from IV group (Before April 1, 2018, share of assets from groups IV and V to gross assets). ⁴ As per Basel III, regulatory capital consists of Tier I and Tier II, capital previously subject to regulatory restrictions excluded; off-balance reserves for doubtful losses deemed as necessary; trust property assets; previously issued senior loans; subordinated loans. ⁵ Tier I Capital Adequacy (Basel III) set at 6.0% since 01.01.2016.

Deposit base and loan portfolio

Deposits





Foreign Exchange Regulation

Liberalization of foreign exchange regulation is in progress

Non-residents are freely transferring (repaying) funds related to investment.

Non-residents are freely opening accounts with the banks of the Republic of Belarus in foreign exchange and in Belarusian rubles.

Residents and non-residents are freely purchasing foreign exchange in the domestic foreign exchange market of the Republic of Belarus.

Residents do not carry out obligatory sale of foreign exchange proceeds.

Resident legal persons carry out foreign exchange transactions involving capital movement without permission of the National Bank.

Resident natural persons are freely opening accounts with foreign banks.

New edition of the Law of the Republic of Belarus "On Foreign Exchange Regulation and Foreign Exchange Control" is under consideration in the House of Representatives of the National Assembly of the Republic of Belarus. It will allow to switch from the permissive model of foreign exchange regulation to the registration one and remove the remaining restrictions for residents.



Belarusbank overview

Key Facts

- Founded in 1922, the largest financial institution in Belarus
- Ownership - 99% State Owned
- The Banker rank by Tier 1 capital No. 580
- Total assets (IFRS 2018): USD 12,1 bn (eq.)
- Leader in corporate and retail lending in Belarus
- The widest branch network in Belarus
- Leader of securities market of Belarusian Currency and Stock Exchange in 2018
- Retail customers: > 6,5 mln
- Corporate customers: ~ 82 000

International credit ratings

FitchRatings

B, outlook “Stable”
(affirmed on 10.06.2019)

S&P Global

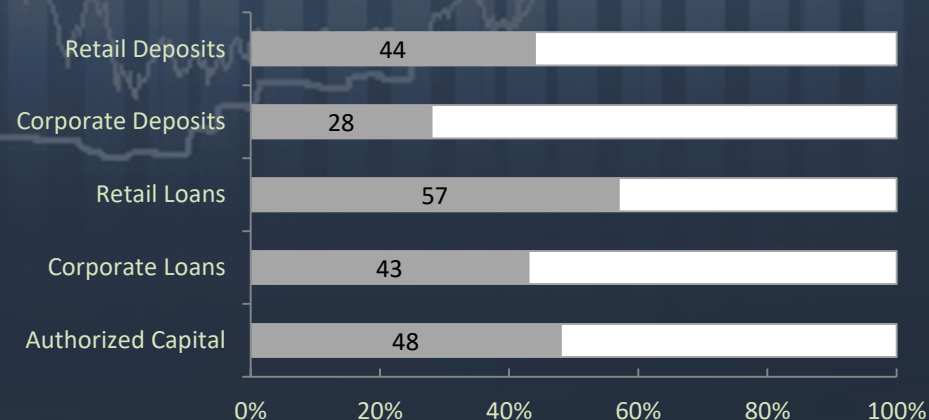
B, outlook “Stable”
(affirmed on 11.12.2018)

Presence in Belarus, as of 01.06.2019



HEAD OFFICE	1
Regional Offices	6
Branches	17
Centers for banking services	107
Outlets	1 274

Local Market Position, %



Source: Bulletin of Banking Statistics of National Bank of the Republic of Belarus



Bank №1

in the Republic of Belarus by:

equity
total assets
branch network
retail banking
corporate banking
international banking

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