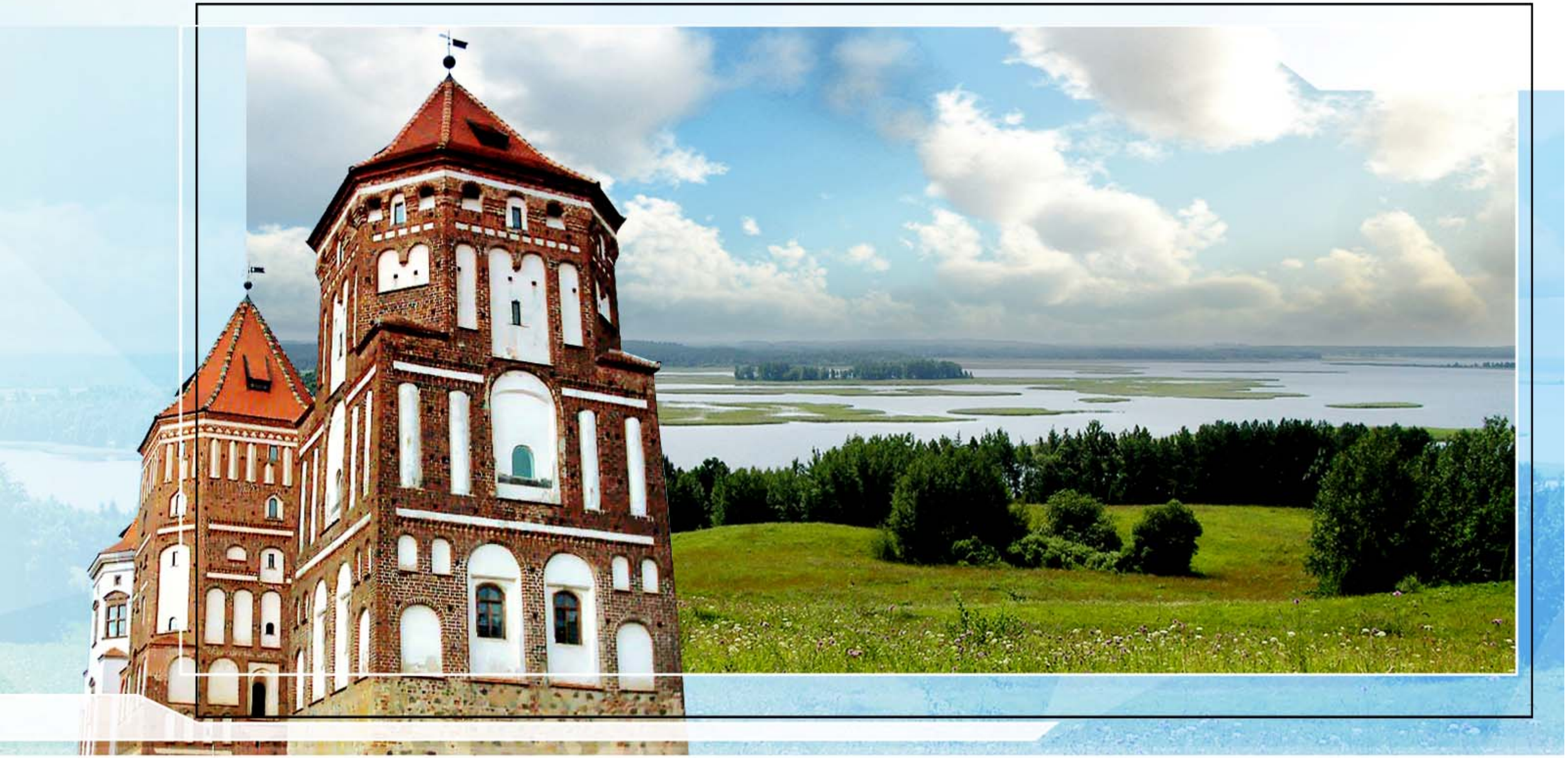
PRESENTATION OF THE REPUBLIC OF BELARUS

February 2013



Belarus Overview

Geographical Position

Key Indicators (2012)

Area	207,595 km^2
Population	9.46 mn
Currency (as of 30.01.2013)	BYR, 1 USD = 8,650 BYR
Credit ratings (M/S&P)	B3 (Neg.) / B- (Stab.)
GDP, USD bn	63.0
GDP growth y-o-y	*1.5%*
GDP per capita, USD thsd	6.7
Foreign trade turnover, USD bn*9M2012	70.9
Industrial production, % of GDP	31.8%
Inflation	21.8%
Budget Revenues, USD bn	25.8
Budget Expenditures, USD bn	25.7
Budget Balance, % of GDP	0.7%
Public debt, % of GDP	23.8%
External public debt, % of GDP	19.0%

Key Historical Events

- **1991** – Independence; Membership in the CIS, IMF and World Bank
- **1997** – Signing the Treaty on Establishing the Union State of Belarus and Russia
- **2000** – Creation of the EurAsEC (Belarus, Russia, Kazakhstan, Kyrgyzstan, Tajikistan)
- **2007** – Acquiring credit ratings issued by S&P and Moody’s
- **2009** – Agreeing on a USD 3.5 bn IMF SBA program
- **2010** – Creation of the Customs Union of Belarus, Kazakhstan and Russia; Debut Eurobond USD 1.0 bn issue
- **2011** – Agreeing on a USD 3.0 bn ACF Stabilisation Program
- **2012** – Creation of a Common Economic Space of Belarus, Kazakhstan and Russia
- **2014** – World Hockey championship in Minsk

Source: National Statistical Committee of the Republic of Belarus, National Bank
Note: average official USD exchange rates used: 2,792.54 Br for 1 USD in 2009, 2,978.10 Br for 1 USD in 2010, 4,623.47 Br for USD in 2011, 8,267.52 Br for 1 USD for 9M2012

Investment Highlights

Well-diversified economy with focus on industrial production

Improving business environment and increasing competitiveness

One of the most qualified labor force in Eastern Europe

Effective macroeconomic and budgetary policies

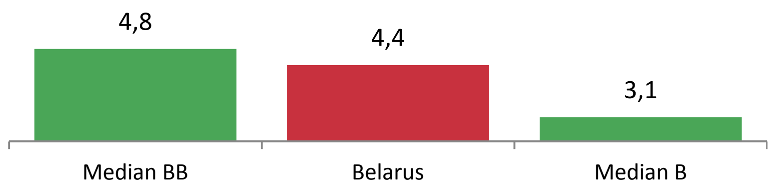
Active foreign trade player

Ability to absorb external turbulence:

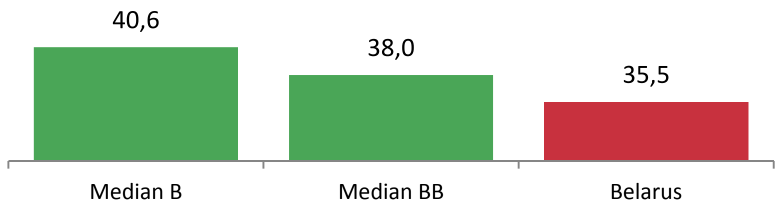
- Managed floating exchange rate mechanism
- International reserves increase

Credit Metrics Comparison

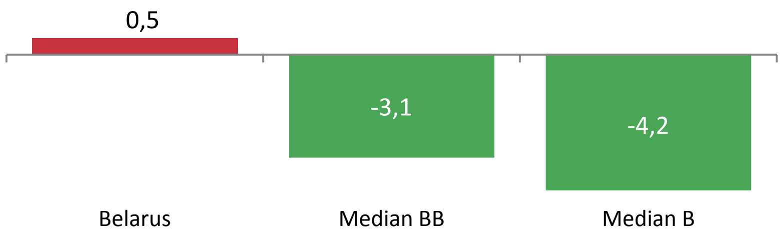
GDP per Capita, USD thsd



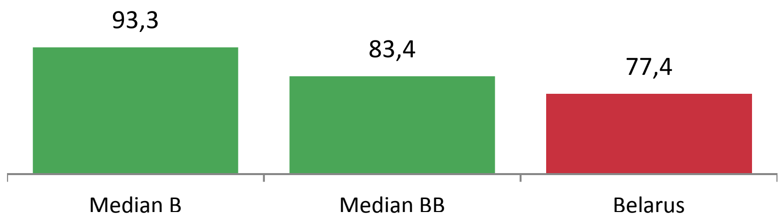
Public Debt, % of GDP



Budget Balance, % of GDP



Gross External Debt, % of current account inflows



Rating Upgrade Triggers

- *sustained improvement in competitiveness*
- *diversification of funding sources*
- *increased availability of foreign exchange*
- *improvement in external balances*

MAY 30, 2012, Standard and Poor's

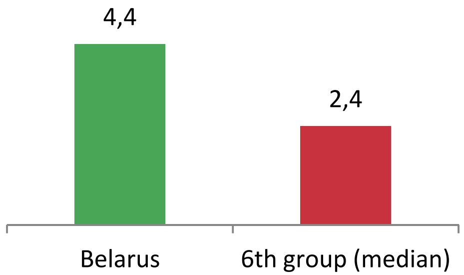
Belarus' fiscal metrics have appeared strong relative to its B-rated peers. Its financial balance has, since 2002, consistently placed it in the top half among the 24 currently B-rated countries… Belarus's economic strength…based on the country's relatively high average annual real growth rate, a diversified industrial sector and high levels of per capita income, which are reflected in a workforce that is generally well-educated and, thanks to low unemployment, maintains strong job-related skills…

JULY 4, 2012, Moody's, Credit Analysis

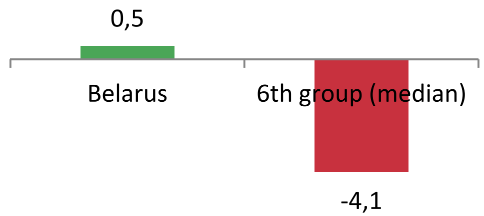
Source: Sovereign Risk Indicators (S&P, December 2012) based on 2012E

Credit Metrics Comparison

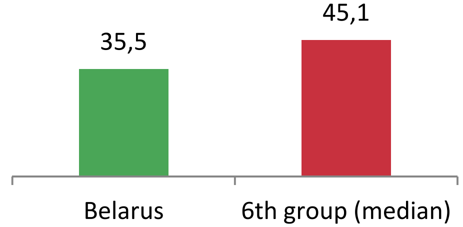
GDP per Capita, USD thsd



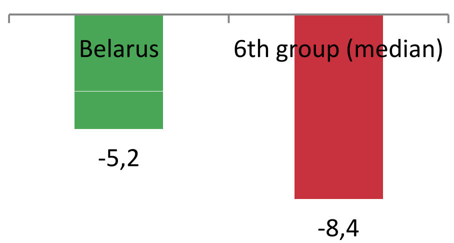
Gen. Gov. Balance, % of GDP



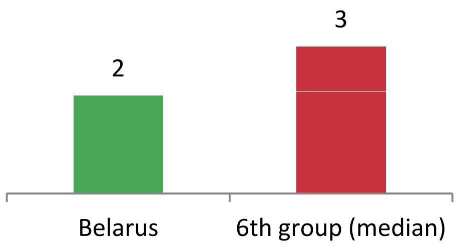
Public Debt, % of GDP



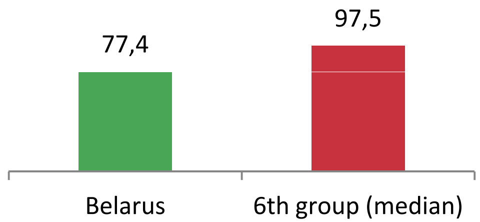
Current account deficit, % of GDP



Int. Reserves, months of imports



Gross External Debt, % of current account inflows

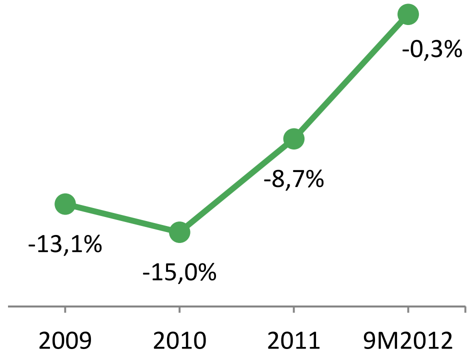


Source: Sovereign Risk Indicators (S&P, December 2012) based on 2012E

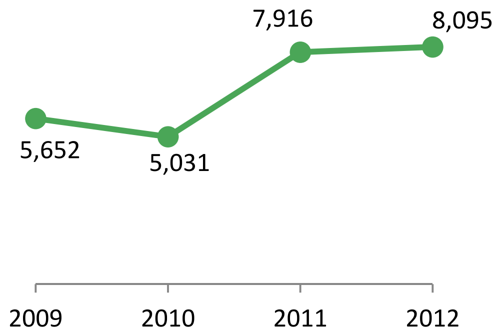
Macroeconomic Overview

CPI, % Y-o-Y

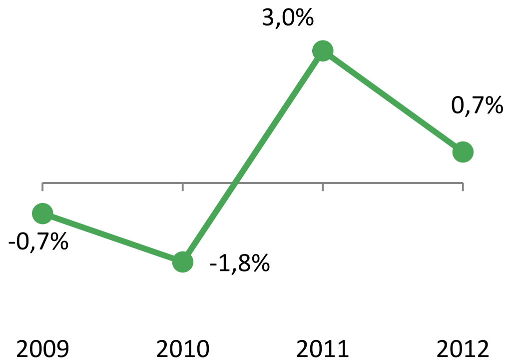
Current Account Balance, % of GDP



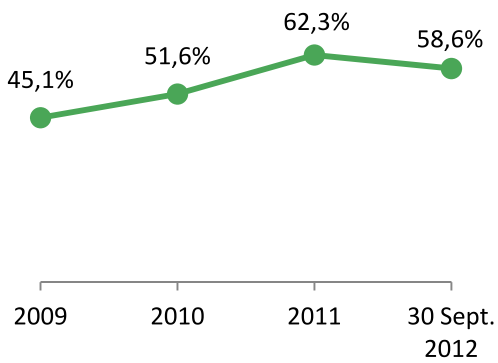
For. Reserve Assets, USD mn



Public Sector Budget Balance, % of GDP



Gross External Debt, % of GDP



The authorities' tightening of economic policies from late 2011 was successful in reducing inflation and stabilising the foreign exchange market during the first half of 2012

David Hofman

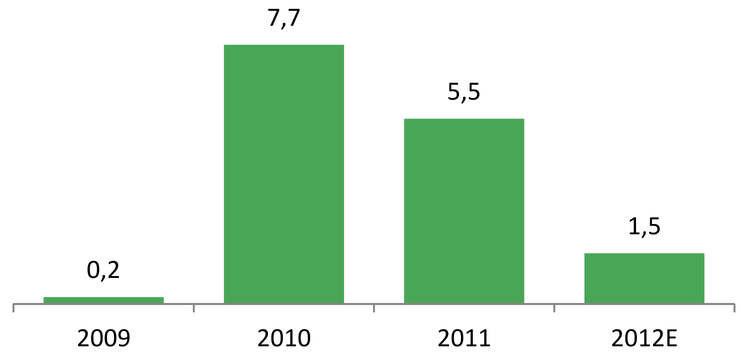
Source: IMF, Press Release №12/402, October 2012

Source: National Statistical Committee, National Bank, Ministry of Finance

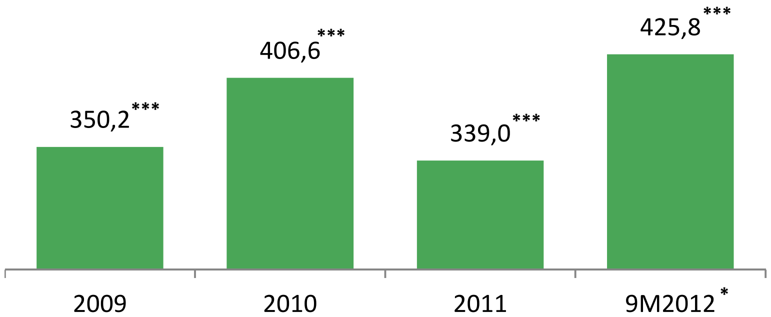
Economic Growth

- Developed and diversified industrial production
- Strong market positions in the following industries:
  - potash fertilizer
  - harvest market
  - heavy truck market
  - tractor market
- Major foreign trade partners: Russia, EU and Asia/Africa

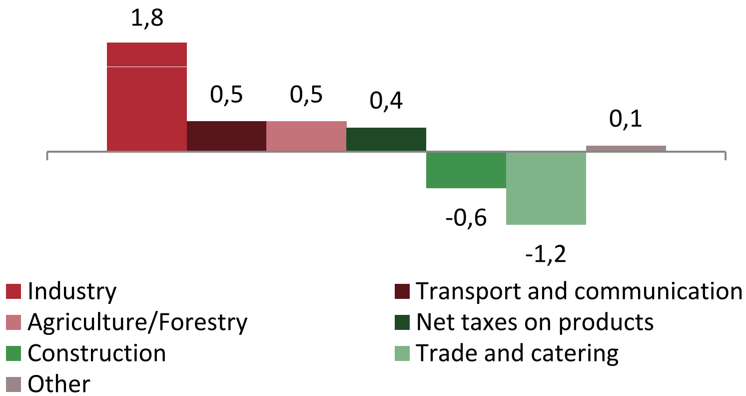
Real GDP Growth, % Y-o-Y



Average Nominal Monthly Wages, USD



Decomposition of GDP Growth**, %



Source: National Statistical Committee, Ministry of Economy

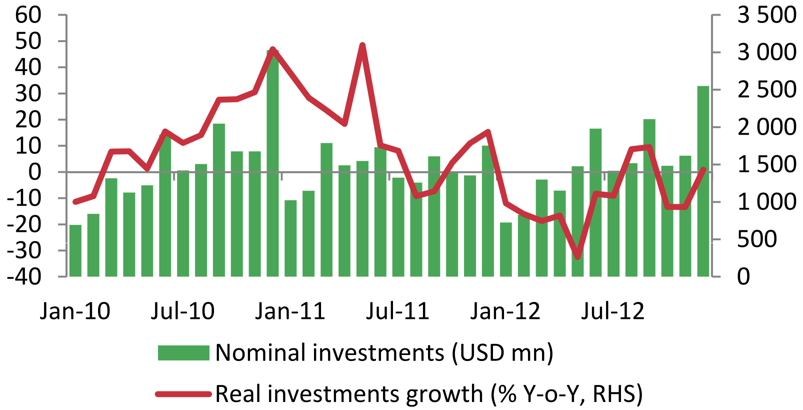
[*]Without taking into account private small-size enterprises

[**]In 2012. http://belstat.gov.by/homep/ru/indicators/pressrel/gdp_rgdp.php

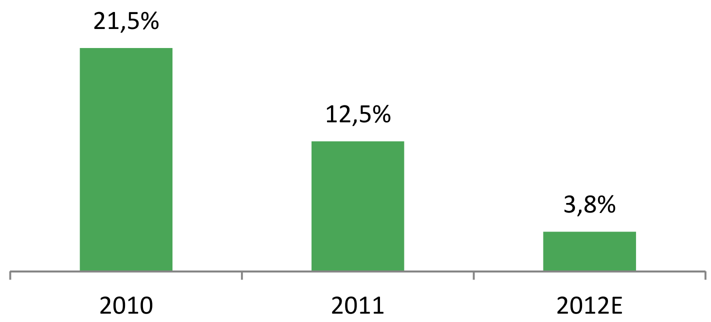
[***]The dollar equivalent is calculated according to the National Statistics Committee methodology which uses the weighted average rate of the Belarusian ruble against the dollar in all segments of the foreign exchange market (published on the website of the National Bank of Belarus: 2009: 1USD=2,803.27 BYR; 2010: 1USD=2,993.74 BYR; 2011: 1USD=5,605.84 BYR)

Investments

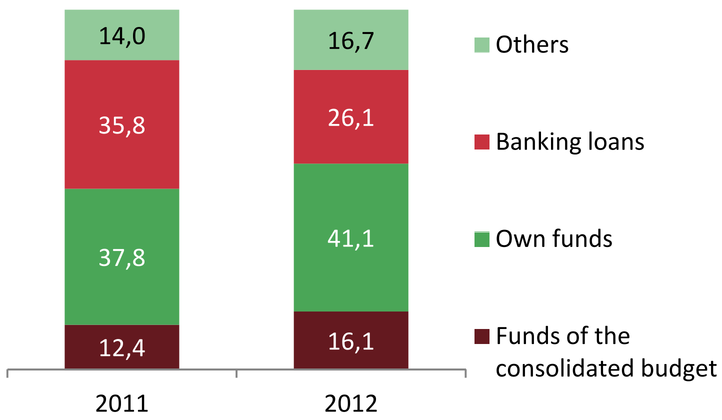
Fixed Capital Investments



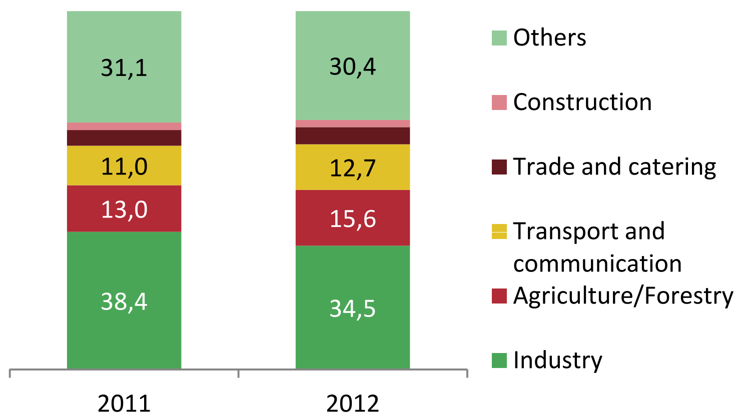
Lending under Government Programs, % of GDP



Fixed Capital Investments Structure by Sources, %



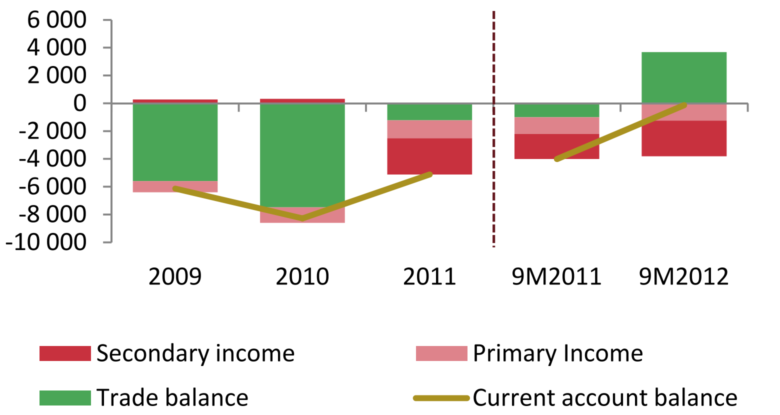
Fixed Capital Investments Structure by Sectors, %



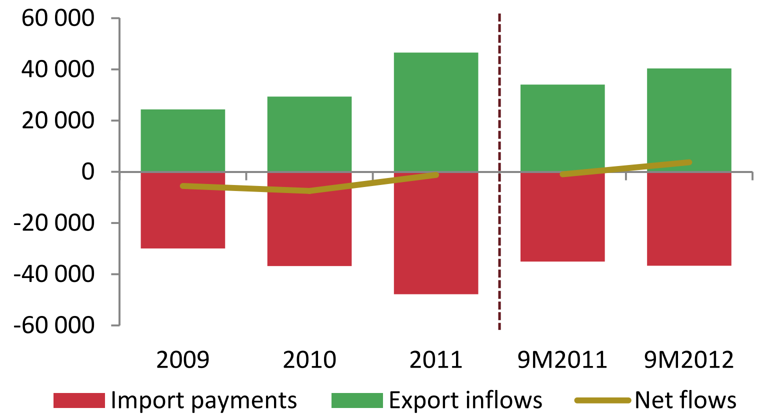
Source: National Statistical Committee (http://belstat.gov.by/homep/ru/indicators/doclad/2012_12/07.pdf), National Bank

Foreign Trade

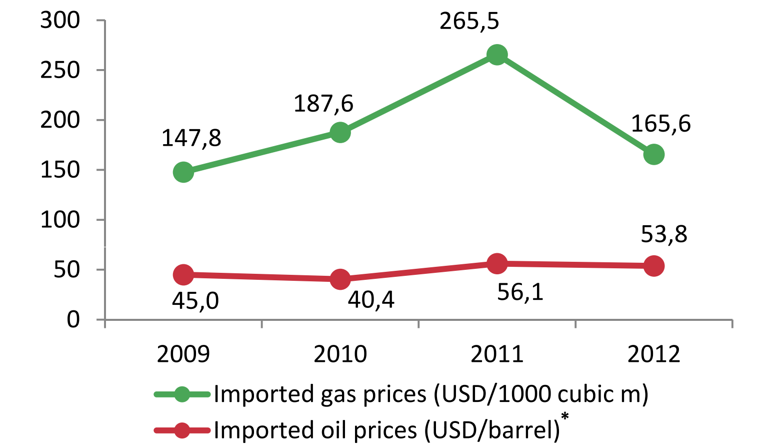
Current Account Balance, USD mn



Export/Import FX Flows, USD mn



Imported Energy Prices



CES Export Opportunities

- Compliance with WTO principles
- Integrated oil, gas and telecom market
- Free movement of capital and workforce
- Coordination of macroeconomic and industrial policy, unification of exchange arrangements
- Technical regulation
- Common principles of regulation in the field of protection and defense of intellectual property rights, etc.
- Catalyst for reforms, competitiveness development and sustainable policy mix

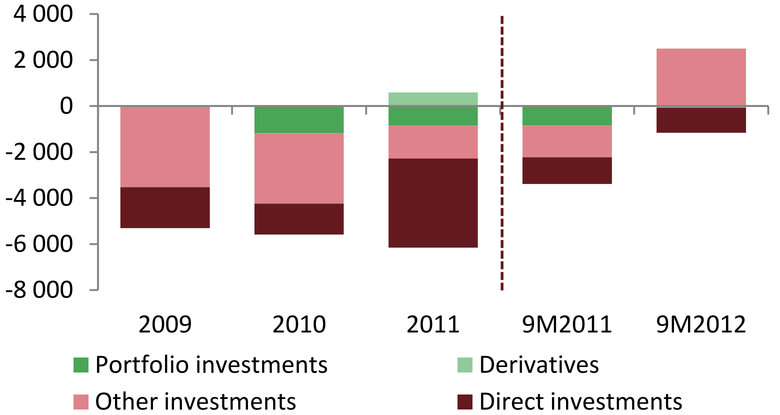
The Customs Union of Russia, Belarus and Kazakhstan is the first successful example in regional economic integration between countries of the former Soviet Union….Potentially the union can bring further benefits such as improved cross-border infrastructure and strengthened institutions

Source: EBRD, Transition Report 2012 «Integration Across Borders», November 2012

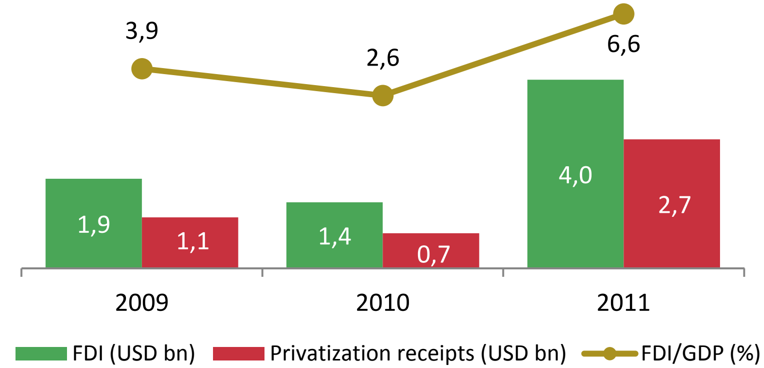
Source: National Statistical Committee, National Bank, Ministry of Economy
**Exchange rate used for convention: 7.28 barrels per ton*

External Capital Flows

Capital Account, USD mn



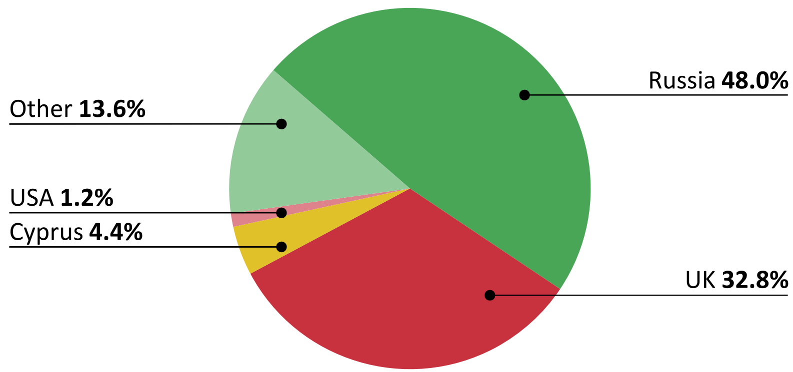
FDI Inflow



Investor Protection Ranking*

Country	Rank 2013	2013/2011 Rank Change
New Zealand	#1	(#1)
Singapore	#2	(#2)
Hong Kong	#3	(#3)
Kazakhstan	#10	34 (#44)
Belarus	**#82**	**27 (#109)**
Russian Federation	#117	24 (#93)
Ukraine	#117	6 (#109)

FDI Inflow by Countries, % as of 9M2012



Source: National Statistical Committee, National Bank, The World Bank reports "Doing business" for 2013 and 2011

**Ranking is based on investor protection index which is calculated in accordance with the World Bank methodology taking into account quality of information disclosure, degree of management responsibilities and rights of minority shareholders. The index ranges from 0 to 10, with higher values indicating more investor protection*

Economic Policy Priorities

- Macroeconomic stabilisation/inflation decrease
- Consistency and predictability of macroeconomic policy
- Preservation of sustainable long-term growth:
  - productivity increase
  - competitiveness gains
  - CES export potential
  - FDI attraction
  - economy modernization
  - industrial innovative development
- Lowering dependence on external financing and external debt reduction
- Rising productivity efficiency
- Preserving social achievements and human capital development

Monetary Policy Objectives

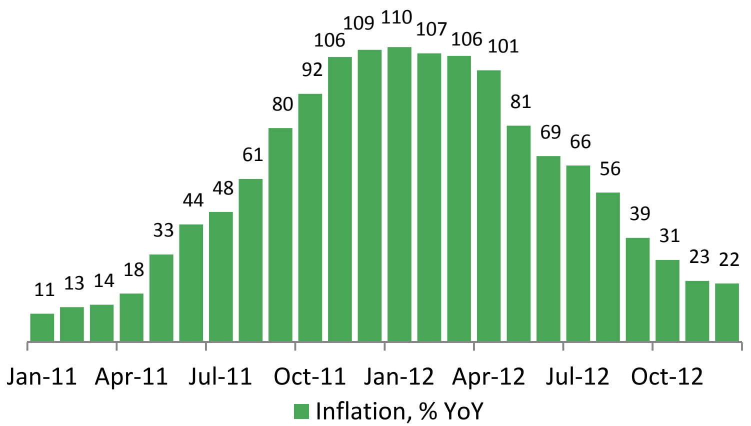
Latest Achievements

1. Inflation rate decrease
2. Economic imbalances reduction
3. Exchange rate stabilisation
4. Financial stability preservation

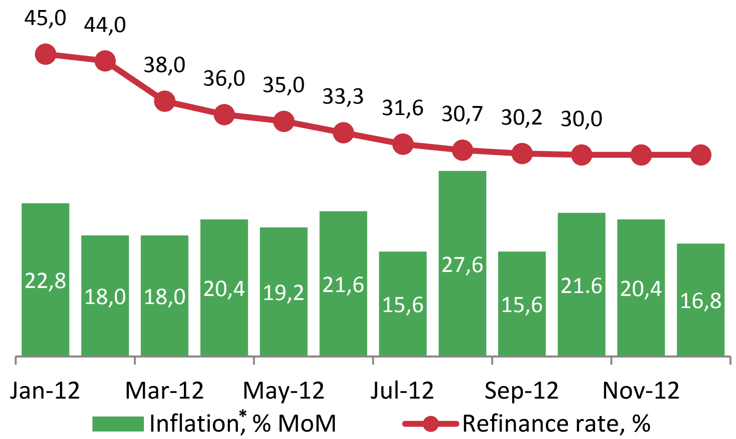
Guidelines

- Inflation reduction
- Flexible exchange rate mechanism based on market supply and demand with limited participation of the National Bank
- Financial institutions' refinancing on market conditions
- Maintenance of inflation-adjusted positive real interest rates

Inflation Rate Decrease



Inflation and Refinance Rate Dynamics in 2012

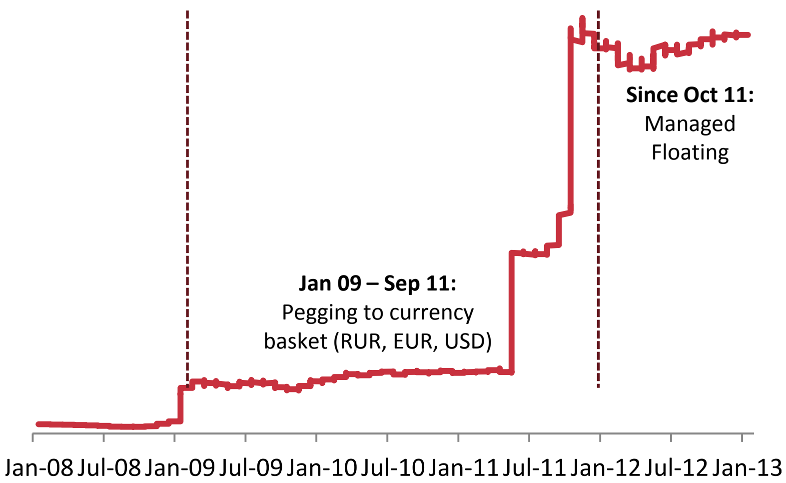


Source: National Statistical Committee (http://belstat.gov.by/homep/ru/indicators/doclad/2012_12/12.pdf), National Bank (http://www.nbrb.by/statistics/Dynamic/)

[*]Annualized inflation calculated as monthly rate multiplied by 12

Monetary Discipline

BYR / USD Exchange Rate Dynamics

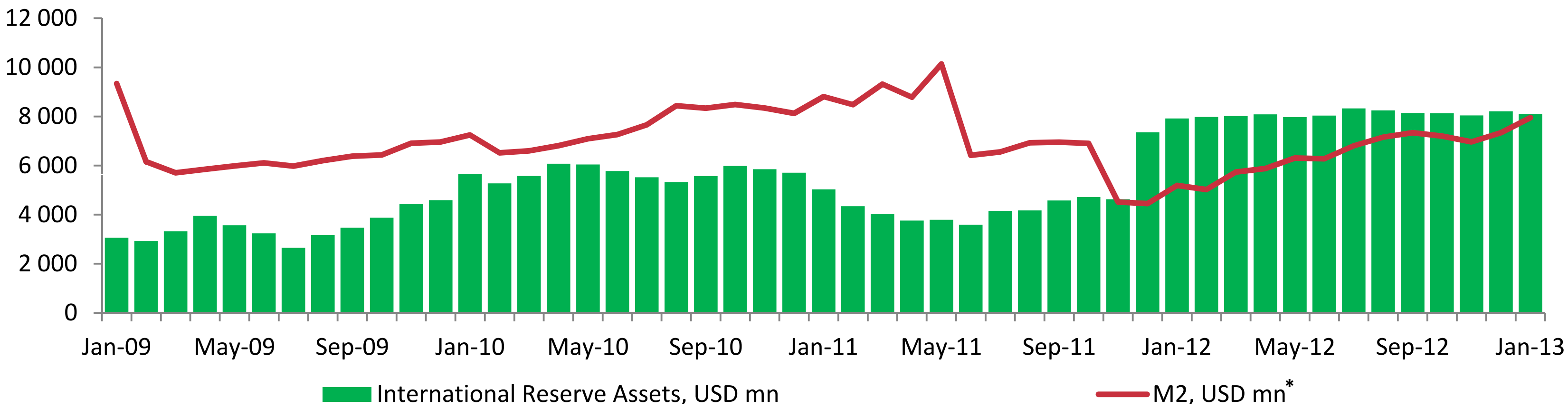


- Fully marketable national **exchange rate**
- **Interventions** may be conducted to mitigate sharp currency fluctuations
- **International reserves** are subject to further increase by means of:
  - Positive foreign trade balance
  - FDI attraction
  - Privatisation receipts

The authorities unified the exchange rate and introduced a flexible exchange rate regime in October 2011. Since mid-2011 they have also pursued fiscal and income restraint and tightened monetary policy. These policies have restored FX markets, reduced inflation and the current account deficit, and led to an increase in reserves

Source: IMF, Country Report № 12/113, May 2012

International Reserves and M2 Development



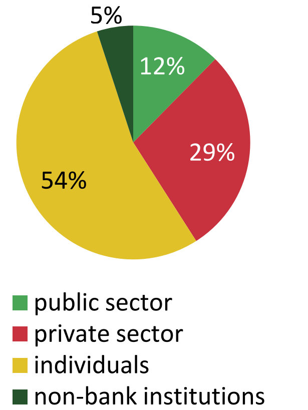
Source: National Bank (http://www.nbrb.by/statistics/reserveAssets/assets.asp, http://www.nbrb.by/statistics/MonetaryStat/BroadMoney)

**For calculating monthly M2 previous month last workday exchange rate was used*

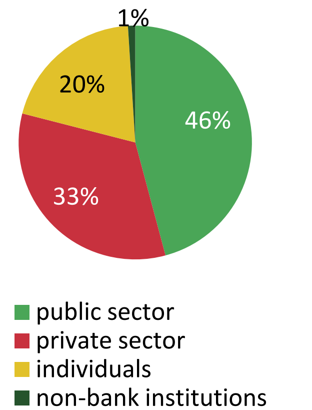
Banking Sector

- Banking Sector highlights*:
  - # of banks – 32 (27 with foreign capital participation)
  - assets – USD 37.5 bn (60.9% of GDP)
  - loans– USD 23.6 bn (38.3% of GDP)
  - deposits – USD 16.9 bn (27.4% of GDP)
  - capital – USD 5.4 bn (8.9% of GDP)
  - CAR – 20.8% vs. 8% regulatory floor
  - ROA – 1.82%

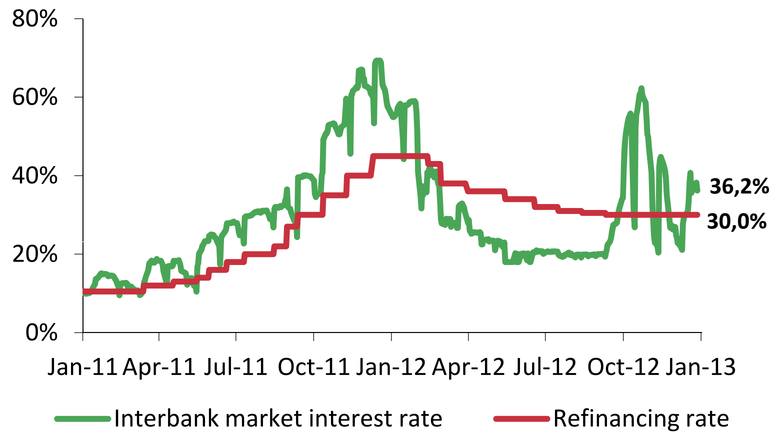
Deposits by customer type*



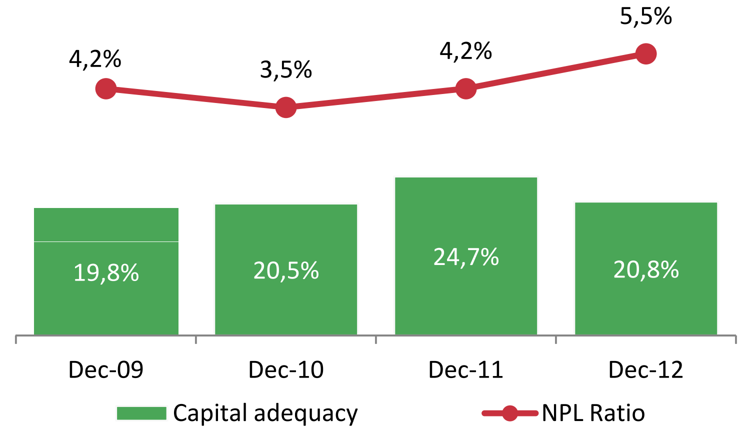
Loans by borrower type*



Banking Sector Rates



Capital Adequacy Ratio and NPL Ratio*

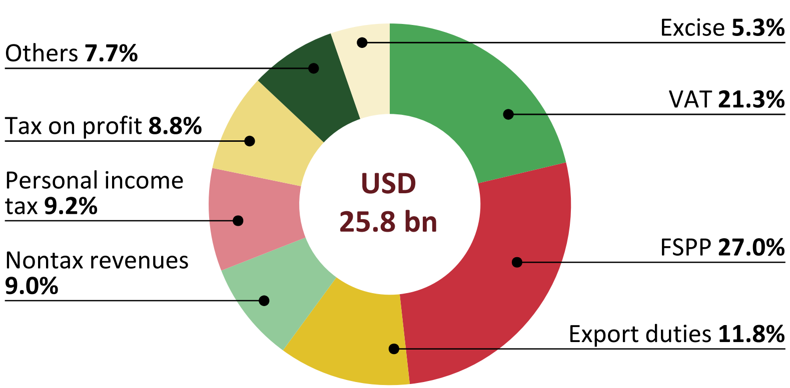


Source: National Statistical Committee, National Bank (http://www.nbrb.by/statistics/Dynamic, http://www.nbrb.by/statistics/PrStavkiN)

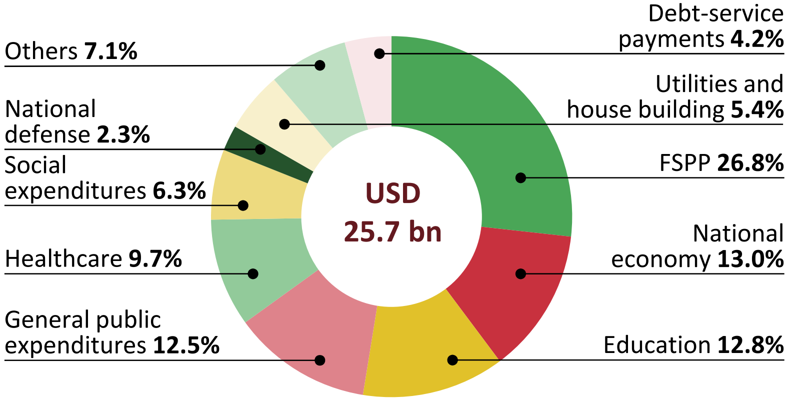
**As of 31 Dec. 2012*

Public Sector Budget

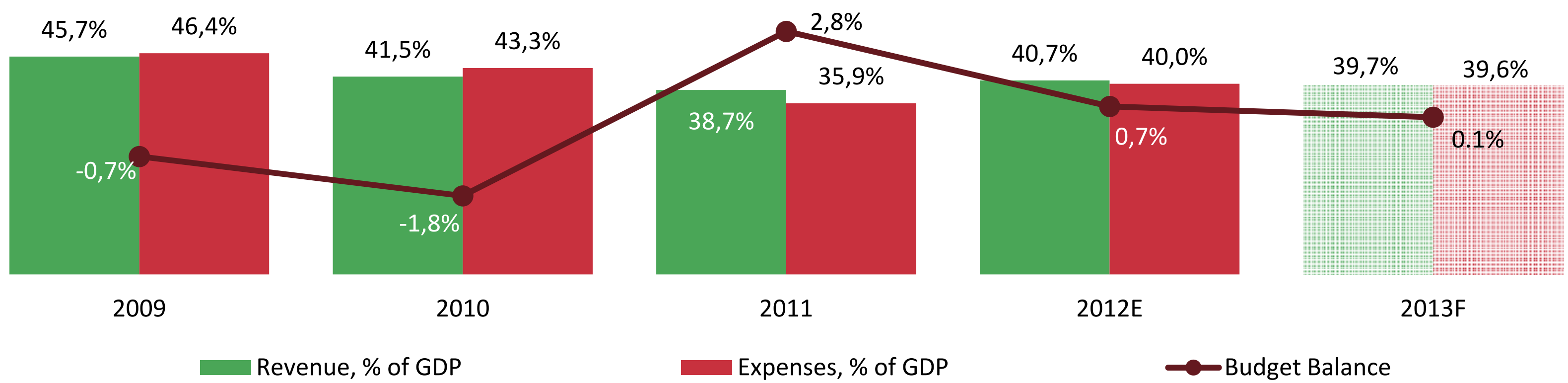
Revenues Structure in 2012*



Expenditures Structure in 2012*



Public Sector Budget, % of GDP



Source: Ministry of Finance
**As per budget law for 2012*
Note: Total sum exceeds 100% due to statistical discrepancies

Fiscal Policy Guidelines

- Macroeconomic stability to remain the main target of fiscal policy
- Execution of non-deficit all levels budgets
- Manageable public debt level
- Budget consolidation:
  - tight economy of budget organisations
  - limitation of public capital expenditures
  - containing real wage growth (taking into account the real economic growth)
  - increase of recovery rate for the utilities and transport services
  - state enterprises revenue growth amid recovering economy

Medium-term fiscal ceilings:

- Budget deficit – **0%** of GDP
- Public Debt – up to **45%** of GDP

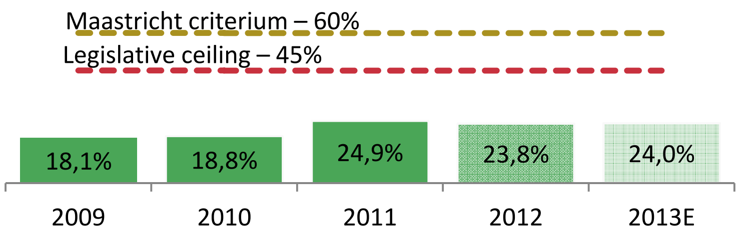
We also welcome the Government's determination to balance the budget in 2012 and 2013, which is consistent with stabilisation

David Hofman
Head of the IMF Mission in Belarus,
October 2012, IMF Press Release No.12/402

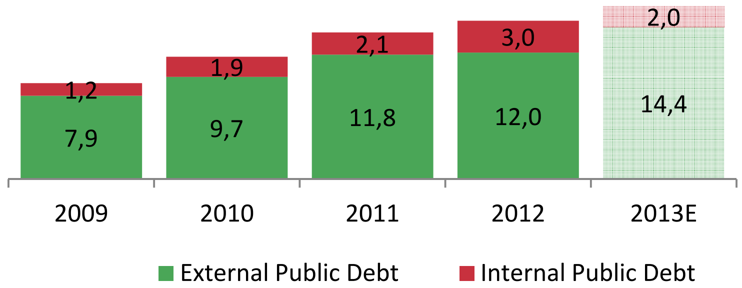
Public Debt Overview

- As of 31.12.2012 the external public debt was $12.0 bn or 19.0% of GDP (vs. $11.8 bn or 20.1 % of GDP as of 31.12.2011)
- External public debt raising aimed at economic potential developing
- Main characteristics of external public debt:
  - 42.8 % - official and multilateral (IFI) loans**
  - share of project financing loans – 15.8%**
  - average maturity – 4.7 years***
  - average interest rate – 3.7 %***

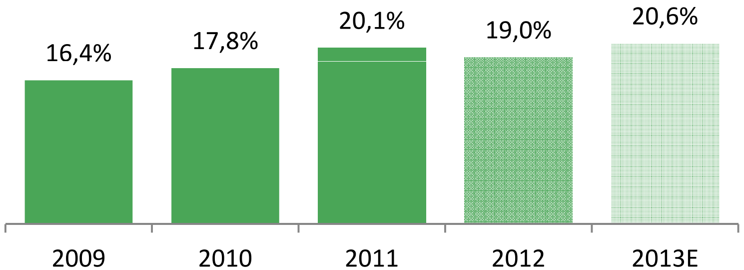
Gross Public Debt*, % of GDP



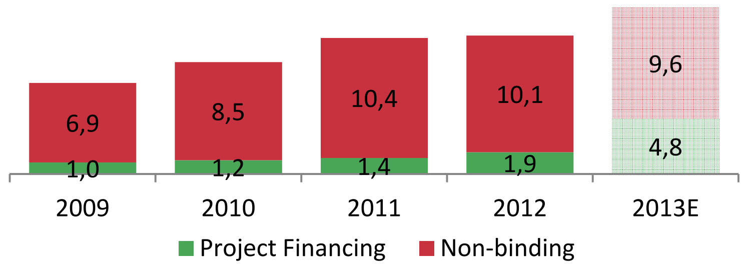
External and Domestic Public Debt*, USD bn



External Public Debt*, % of GDP



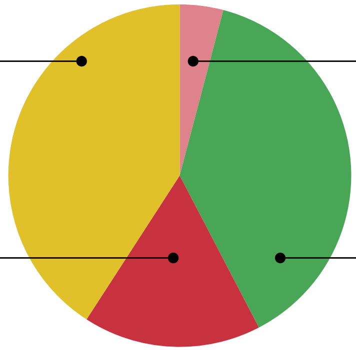
External Public Debt Spendings*, USD bn



Source: Ministry of Finance calculations using 2011 methodology
**2009-2010 data recalculated as per changes in the methodology used since 2011*
***As of 31.12.12*
****As of 30.11.12*

External Debt Portfolio

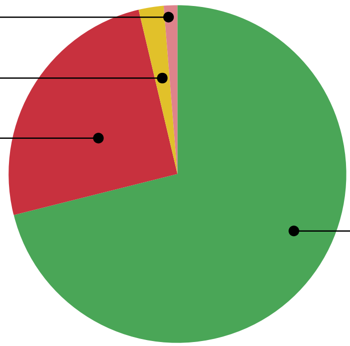
External Debt Recipients*



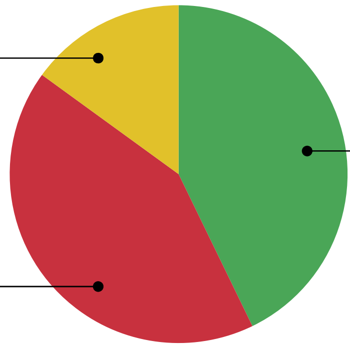
External Public Debt Sources

	Outstanding debt, USD bn
IMF	3.03
Anti-crisis Fund EurAsEC**	1.68
IBRD	0.42
Bonds	1.80
Venezuela	0.32
Nuclear Power Plant***	0.09
Chinese banks	1.62
USA (TCC)	0.04
Russia	3.00
Total	**12.00**

External Public Debt Currency Structure (as of 31.12.2012)



External Public Debt Types (as of 31.12.2012)



Source: Ministry of Finance calculations as of 31.12.2012, National Bank

* *As of 30.09.2012, National Bank*

** *Signed credit agreement for up to USD 3 bn in 6 tranches till 2013. Members of EurAsEC: Belarus, Kazakhstan, Kyrgyz Republic, Russia, Tajikistan, Uzbekistan; Observes: Armenia, Moldova, Ukraine. Anti-crisis Fund EurAsEC hereinafter referred to as ACF EurAsEC*

*** *Signed credit agreement for up to USD 10 bn*