IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS OUTSIDE OF THE REPUBLIC OF BELARUS WHO ARE EITHER (1) QIBS (AS DEFINED BELOW) OR (2) LOCATED OUTSIDE THE UNITED STATES.

IMPORTANT: You must read the following before continuing.

The following applies to the document following this page (the "**Prospectus**"), whether received by e-mail, accessed from an internet page or received as a result of electronic transmission, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information as a result of such access.

The Prospectus has been prepared solely in connection with the proposed offering to certain institutional and professional investors of the securities described herein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR A SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY JURISDICTION WHERE THE OFFER, SALE OR SOLICITATION IS NOT PERMITTED. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR ANY OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this Prospectus or make an investment decision with respect to the securities, you must (i) be outside of the United States; or (ii) be a qualified institutional buyer ("**QIB**") (within the meaning of Rule 144A under the Securities Act ("**Rule 144A**")). This Prospectus is being sent at your request and by accepting the e-mail and accessing this Prospectus, you shall be deemed to have represented that (1) you understand and agree to the terms set out herein; (2) in respect of securities being offered in an offshore transaction pursuant to Regulations S under the Securities Act ("**Regulation S**"), you are outside the United States, and that the e-mail address to which, pursuant to your request, the Prospectus has been delivered by electronic transmission is not located in the United States for the purposes of Regulation S; (3) in respect of securities offered and sold in reliance on Rule 144A, you are a QIB; (4) you consent to delivery by electronic transmission; (5) you will not transmit the Prospectus (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with our consent; and (6) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic considerations with respect to your decision to subscribe for or purchase any of the securities.

MIFID II product governance / professional investors and ECPS only target market: Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Prohibition of sales to EEA and UK retail investors: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

In member states of the EEA, this Prospectus is directed only at persons who are "**qualified investors**" within the meaning of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). In addition, in the United Kingdom, this Prospectus is being distributed only to and directed only at qualified investors who (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), (ii) are persons who are high net worth entities and other persons falling within Article 49(2)(a) to (d) of the Order, or (iii) are other persons to whom it may otherwise lawfully be distributed (all such persons together being referred to as "**relevant persons**"). This Prospectus is directed only at: (i) in the United Kingdom, relevant persons, and (ii) in any member state of the EEA other than the United Kingdom, persons who are qualified investors, and must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the EEA other than the United Kingdom, by persons who are not qualified investors. Any investment or investment activity to which this Prospectus relates is available only to, and will be engaged in only with, relevant persons in the United Kingdom and qualified investors in any member state of the EEA other than the United Kingdom. Each recipient also represents and agrees that it has complied and will comply with all applicable provisions of the Financial Services Markets Act 2000, as amended, with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom. The Notes are not being offered to the public in the United Kingdom.

You are reminded that this Prospectus has been delivered to you on the basis that you are a person into whose possession this Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction.

This Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Citigroup Global Markets Limited, Raiffeisen Bank International AG, Renaissance Securities (Cyprus) Limited or Société Générale (together the "**Joint Lead Managers**") or any person who controls either of them or any director, officer, employee or agent of either of them, the Issuer or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

REPUBLIC OF BELARUS

(acting through the Ministry of Finance of the Republic of Belarus)
U.S.$750,000,000 6.378 per cent. Notes due 24 February 2031 (the "**USD A Notes**")
USD A Notes Issue Price: 100.00 per cent.
AND
U.S.$500,000,000 5.875 per cent. Notes due 24 February 2026 (the "**USD B Notes**")
USD B Notes Issue Price: 98.799 per cent.

The U.S.$750,000,000 6.378 per cent. Notes due 24 February 2031 (the "**USD A Notes**") and the U.S.$500,000,000 5.875 per cent. Notes due 24 February 2026 (the "**USD B Notes**" and together with the USD A Notes, the "**Notes**" and each a "**Series**" of Notes) are issued by the Republic of Belarus, acting through the Ministry of Finance of the Republic of Belarus (the "**Issuer**"', "**Republic of Belarus**" or "**Belarus**"). Unless previously redeemed or cancelled, the USD A Notes will be redeemed at their principal amount on 24 February 2031 and the USD B Notes will be redeemed at their principal amount on 24 February 2026.

The USD A Notes will bear interest from, and including, 24 June 2020 at the rate of 6.378 per cent. per annum payable semi-annually in arrear on 24 February and 24 August of each year, commencing on 24 February 2021. A payment in respect of the USD A Notes made on 24 February 2021 would be in respect of the period from (and including) 24 June 2020 to (but excluding) 24 February 2021 (and thus a long first interest period).The USD B Notes will bear interest from, and including, 24 June 2020 at the rate of 5.875 per cent. per annum payable semi-annually in arrear on 24 February and 24 August of each year, commencing on 24 February 2021. A payment in respect of the USD B Notes made on 24 February 2021 would be in respect of the period from (and including) 24 June 2020 to (but excluding) 24 February 2021 (and thus a long first interest period). Payments on the Notes will be made in U.S. dollars without deduction for, or on account of, taxes imposed or levied by or on behalf of Belarus, subject to and to the extent described under "*Terms and Conditions of the USD A Notes – Taxation*" and "*Terms and Conditions of the USD B Notes – Taxation*", respectively.

Applications have been made for the Notes to be admitted to listing on the Official List of the United Kingdom Financial Conduct Authority (the "**FCA**"), which is the United Kingdom competent authority under Regulation (EU) 2017/1129 of the European Parliament and of Council dated 14 June 2017 (the "**Prospectus Regulation**") and to trading on the Regulated Market of the London Stock Exchange plc (the "**London Stock Exchange**"). The Regulated Market of the London Stock Exchange is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**").

The Notes are being offered (i) in offshore transactions in reliance on, and as defined in, Regulation S (the "**Unrestricted Notes**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and (ii) in the United States only to qualified institutional buyers ("**QIBs**") as defined in Rule 144A under the Securities Act in reliance on, and in compliance with, Rule 144A (the "**Restricted Notes**").

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each purchaser of the Notes is hereby notified that the offer and sale of the Notes to it is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A. Prospective purchasers that are QIBs are hereby notified that the seller of the Notes may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

The Notes are expected to be rated B by S&P Global Ratings Europe Limited, UK Branch ("**S&P**") and B by Fitch Ratings Ltd. ("**Fitch**"). S&P and Fitch are established in the European Community or the United Kingdom and registered under Regulation (EC) No. 1060/2009 on credit rating agencies, as amended (the "**CRA Regulation**"). The list of credit rating agencies registered in accordance with the CRA Regulation is available on the European Securities and Market Authority's website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs). Any change in the rating of the Notes may adversely affect the price that a purchaser may be willing to pay for the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating agency.

An investment in the Notes involves certain risks. See "*Risk Factors*" beginning on page 6.

The Notes will be offered and sold in registered form and in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. Each Series of Notes will initially be represented by global certificates in registered form, one or more of which will be issued in respect of the Restricted Notes (the "**USD A Restricted Global Note Certificate**" and the "**USD B Restricted Global Note Certificate**", respectively, and together the "**Restricted Global Note**

Certificates") and in respect of the Unrestricted Notes (the "**USD A Unrestricted Global Note Certificate**" and the "**USD B Unrestricted Global Note Certificate**", respectively, and together the "**Unrestricted Global Note Certificates**"). The Restricted Global Note Certificates and the Unrestricted Global Note Certificates shall together be referred to as the "**Global Note Certificates**". The Restricted Global Note Certificates will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("**DTC**") and the Unrestricted Global Note Certificates will be registered in the name of Citivic Nominees Limited as nominee of a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). It is expected that delivery of the Global Note Certificates will be made on 24 June 2020 or such later date as may be agreed (the "**Issue Date**") by the Issuer and the Joint Lead Managers (as defined under "*Subscription and Sale*"). Beneficial interests in the Global Note Certificates will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear, Clearstream, Luxembourg, as applicable, and their respective participants. Except in the limited circumstances as described herein, individual certificates will not be issued in exchange for beneficial interests in the Global Note Certificates.

Joint Lead Managers and Bookrunners

Citigroup	**Raiffeisen Bank International**	**Société Générale Corporate & Investment Banking**

Joint Lead Manager

Renaissance Capital

The date of this Prospectus is 22 June 2020.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

This Prospectus comprises a prospectus for the purposes of Article 6 of the Prospectus Regulation and for the purposes of giving information with regard to the Issuer and the Notes, which, according to the particular nature of the Issuer and the Notes, is necessary to an investor for making an informed assessment of the prospects of the Issuer, the rights attaching to the Notes and the reasons for the issuance of the Notes and its impact on the Issuer.

This Prospectus has been approved by the FCA, as competent authority under the Prospectus Regulation. The FCA has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus nor as an endorsement of the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability in investing in such Notes.

Neither the Joint Lead Managers nor any of their respective directors, officers, employees, affiliates, advisers or agents have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus. Neither the Joint Lead Managers nor any of their respective directors, officers, employees, affiliates, advisers or agents has made any independent verification of the information contained in this Prospectus in connection with the issue or offering of the Notes (the "**Offering**") and no representation or warranty, express or implied, is made by either of the Joint Lead Managers or any of their respective directors, officers, employees, affiliates, advisers or agents with respect to the accuracy or completeness of such information. Nothing contained in this Prospectus is, is to be construed as, or shall be relied upon as, a representation or warranty, whether to the past or the future, by either of the Joint Lead Managers or any of their respective directors, officers, employees, affiliates, advisers or agents in any respect.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus. Any other representation or information should not be relied upon as having been authorised by the Issuer or the Joint Lead Managers. The contents of this Prospectus are not, are not to be construed as, and should not be relied on as, legal, business or tax advice and each person contemplating making an investment in the Notes must make its own investigation and analysis of the creditworthiness of the Issuer and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes.

The distribution of this Prospectus and the Offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of this Prospectus and other offering materials relating to the Notes, see "*Subscription and Sale*" and "*Transfer Restrictions*".

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes and the admission of the Notes to the Official List of the FCA and to trading on the Regulated Market of the London Stock Exchange. The Issuer and the Joint Lead Managers reserve the right to reject any offer to purchase any Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States other than any QIB to whom an offer has been made directly by one of the Joint Lead Managers or its U.S. broker-dealer affiliate. Distribution of this Prospectus to any person within the United States, other than any QIB and those persons, if any, retained to advise such QIB with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any person within the United States, other than any QIB and those persons, if any, retained to advise such QIB, is prohibited.

Prospective purchasers of the Notes should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Belarus of acquiring, holding and disposing of the Notes and receiving payments of principal, interest and/or other amounts under the Notes.

OFFICIAL ECONOMIC DATA

The statistical information contained in this Prospectus has, unless otherwise stated, been extracted, derived or compiled from the records, statistics and other official publications of the National Statistical Committee, the National Bank, the Ministry of Finance and the Ministry of Foreign Affairs and has not been independently checked or verified. Belarus has adhered, since December 2004, to the Special Data Dissemination Standard of the IMF. The Issuer has accurately reproduced such information, and as far as the Issuer is aware and able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading. In recent years there have been significant steps taken in Belarus to improve the accuracy and reliability of official statistics and to conform statistical methodology to international standards. However, in a transition economy in which there is a substantial amount of unofficial or unreported market economic activity, such statistical data may not accurately reflect current or historic levels of, and trends in, economic activity. No assurance can be given that any such information, where it differs from that provided by other sources, is more accurate or reliable than that provided by such other sources. Certain statistical information for prior years has already been adjusted and may be subject to future adjustment. Similar statistics may be obtainable from other non-official sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source. In addition, such statistics or any commentary thereto may reflect the views of those commentators, rather than those of the Government.

SUITABILITY OF INVESTMENT

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

LEGAL INVESTMENT CONSIDERATIONS

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

STABILISATION

In connection with the issue of the Notes, Citigroup Global Markets Limited (the "**Stabilising Manager**") (or any person acting on behalf of the Stabilising Manager) may over allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the relevant Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

THE NOTES HAVE NOT BEEN APPROVED OR DISTRIBUTED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES REVIEWED OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

EXCHANGE RATE INFORMATION

In this Prospectus, unless otherwise specified, references to "**Euro**" and "**EUR**" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended, references to "**U.S. dollars**", "**USD**" and "**U.S.$**" are to the currency of the United States, references to "**Belarusian ruble**" and "**BYN**" are to the currency of the Republic of Belarus and references to "**Russian ruble**" or "**RUB**" are to the currency of the Russian Federation. On 1 July 2016, the Belarusian ruble was redenominated at the rate of old BYN10,000 to new BYN1.

The official rate published by the National Bank of the Republic of Belarus (the "**National Bank**") for U.S. dollar and Euro on 22 June 2020 was BYN2.3757 = U.S.$1.00 and BYN2.6654 = EUR1.00, respectively.

The following table sets out the high, low, average (calculated as the arithmetical mean) and period-end official exchange rates of the Belarusian ruble to U.S. dollar and Euro for the years from 2014 to 2020 to date:

U.S.$	**High**	**Low**	**Average**	**Period end**
From 1 January 2020 to 22 June 2020	2.6396	2.1085	2.3390	2.3757
From 1 January 2019 to 31 December 2019	2.1788	2.0225	2.0914	2.1036
From 1 January 2018 to 31 December 2018	2.1681	1.9464	2.0377	2.1598
From 1 January 2017 to 31 December 2017	2.0378	1.8520	1.9324	1.9727
From 1 July 2016 to 31 December 2016(1)	2.0159	1.9004	1.9534	1.9585
From 1 January 2016 to 30 June 2016	22,069	18,569	20,221	20,053
From 1 January 2015 to 31 December 2015	18,569	11,900	15,905	18,569
EUR				
From 1 January 2020 to 22 June 2020	2.8793	2.3339	2.5691	2.6654
From 1 January 2019 to 31 December 2019	2.4865	2.2504	2.3423	2.3524
From 1 January 2018 to 31 December 2018	2.5580	2.2898	2.4052	2.4734
From 1 January 2017 to 31 December 2017	2.4008	1.9698	2.1831	2.3553
From 1 July 2016 to 31 December 2016(1)	2.2354	2.0338	2.1450	2.0450
From 1 January 2016 to 30 June 2016	24,956	20,100	22,558	22,210
From 1 January 2015 to 31 December 2015	20,474	14,460	17,655	20,300

Source: National Bank

Note:

(1) On 1 July 2016, the Belarusian ruble was redenominated at the rate of 10,000 old rubles to one new ruble.

FORWARD-LOOKING STATEMENTS

Some of the statements contained in this Prospectus constitute forward-looking statements. Statements that are not historical facts, including statements about the Issuer's beliefs and expectations, are forward-looking statements. These statements are based on current plans, objectives, assumptions, estimates and projections. Therefore, undue reliance should not be placed on them. Forward-looking statements speak only as at the date that they are made and the Issuer undertakes no obligation to update publicly any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. The Issuer cautions that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to:

- adverse external factors, such as higher international interest rates, low commodity prices or recession or low growth in Belarus' trading partners including the Russian Federation (also "**Russia**"), the EU and the United States, or decreases in world oil and gas prices, which could each decrease Belarus' fiscal and foreign exchange revenues and could negatively affect the current account, balance of payments and international reserves and cause or contribute to recession or low growth in Belarus;

- adverse domestic factors, such as recession, declines in foreign direct investment ("**FDI**") and portfolio investment, high domestic inflation, high domestic interest rates, exchange rate volatility, difficulties in borrowing in the domestic and foreign markets, trade and political disputes between Belarus and its trading partners;

- decisions of international financial institutions ("**IFIs**") such as the International Monetary Fund (the "**IMF**"), the World Bank, the European Bank for Reconstruction and Development (the "**EBRD**") and the Eurasian Fund for Stabilisation and Development (the "**EFSD**") regarding their financial assistance to Belarus over the life of the Notes; and

- political factors in the Republic of Belarus, which may affect, *inter alia*, the timing and nature of economic reforms in Belarus, the climate for FDI and the pace, scale and timing of privatisations.

For more information regarding these and other factors that could impact forward-looking statements and actual results, see "*Risk Factors*".

ENFORCEABILITY OF FOREIGN JUDGMENTS AND FOREIGN ARBITRAL AWARDS

Foreign judgments (except for those rendered in Russia) or arbitral awards will not be enforced in Belarus until they have passed the procedure of recognition. Recognition is a formal procedure providing for participation of the parties to the dispute but without re-consideration of the merits of the dispute. The main aim of recognition is to determine whether there are any formal grounds for refusal of recognition and enforcement of foreign judgments or arbitral awards. For instance, a Belarusian court may refuse the recognition and enforcement of foreign judgments or arbitral awards if (when applicable):

(i) enforcement of a foreign judgment or arbitral award will contradict the "public policy" of Belarus;

(ii) according to the Belarusian legislation or international treaties of Belarus consideration of the case is within the exclusive competence of Belarusian courts;

(iii) a party against which a foreign judgment or arbitral award was rendered had not been timely and duly notified about the proceedings, their time and place or due to other reasons could not provide its explanations;

(iv) a foreign judgment has not entered into force under the laws of a state on whose territory it was rendered, unless an international treaty of Belarus allows recognition and enforcement of a judgment prior to its entry into force;

(v) there is a judgment of a Belarusian court rendered in a dispute between the same parties, on the same subject and on the same grounds which has already entered into force or such case is being considered by a Belarusian court provided that such proceedings started before commencement of proceedings in a foreign court or a Belarusian court first seized the case; or

(vi) the statutory term for enforcement of a foreign judgment has expired and such term has not been restored by a court.

Generally, the courts of Belarus will not recognize judgments of a foreign court in the absence of an international and/or bilateral treaty between Belarus and the jurisdiction in which such decision was rendered. No such treaty is currently in force between Belarus and either of the United Kingdom or the United States.

In the absence of such treaty the courts of Belarus may recognize and enforce a foreign judgment on the basis of the principle of reciprocity. The Belarusian legislation does not include clear rules on the application of the principle of reciprocity. Thus, there can be no assurance that the courts of Belarus will recognize and enforce a judgment rendered by courts of jurisdiction with which Belarus has no international/bilateral treaty on the basis of the principle of reciprocity.

The Notes, the subscription agreement dated 22 June 2020 (the "**Subscription Agreement**") in respect of the two Series of Notes, the deed of covenant dated 24 June 2020 as amended and/or supplemented from time to time (the "**Deed of Covenant**") constituting each of the two Series of Notes and the agency agreement dated 24 June 2020 as amended and/or supplemented from time to time (the "**Agency Agreement**") in respect of the two Series of Notes are governed by, and construed in accordance with, English law and the Issuer and the parties thereto have agreed therein that any dispute, claim, difference or controversy arising out of or in connection therewith (including any dispute relating to their existence, validity or termination, or any non-contractual obligation or other matter arising out of or in connection with them) shall be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration. See "*Terms and Conditions of the USD A Notes – Condition 17 (Governing Law and Arbitration)*" and "*Terms and Conditions of the USD B Notes – Condition 17 (Governing Law and Arbitration)*", respectively.

Subject to the provisions of the New York Convention on Recognition and Enforcement of Foreign Arbitral Awards dated 10 June 1958 (to which Belarus is a party) and the corresponding legislation of

Belarus, foreign arbitral awards are generally recognised and enforceable in Belarus provided that the conditions to enforcement are met. With regard to arbitral awards made in the territories of non-contracting states, Belarus has made a reservation that it will apply the provisions of the said Convention only to the extent to which those states grant reciprocal treatment.

Despite the above, recognition and enforcement of foreign judgments or arbitral awards in Belarus may still be difficult.

In particular, if the enforcement of a foreign judgment or arbitral award conflicts with the "public policy" of Belarus, a Belarusian court may refuse to recognize and enforce such foreign judgment or arbitral award. The laws of Belarus do not provide any clear guidelines for determining what the "public policy" of Belarus actually is. Although there was an attempt to summarize the court practice and provide guidance at the level of the Presidium of the Higher Economic Court (which is non-binding, but followed by the Belarusian courts), there are still different interpretations of the concept of "public policy" by the courts. Such ambiguity of the "public policy" concept may be used by Belarusian courts to deny recognition and enforcement of foreign judgments and arbitral awards rendered against Belarus or threatening its interests.

A Belarusian court will ignore any dispute resolution agreement of the parties (and may accordingly deny recognition and enforcement of a relevant foreign judgment or arbitral award) if it finds that under the Belarusian legislation it has exclusive jurisdiction over such disputes.

In addition, if any party were to initiate proceedings in a court of Belarus arising out of or in connection with the Notes, the Subscription Agreement, the Deed of Covenant or the Agency Agreement, the motion to dismiss the proceedings and to refer the parties to arbitration under the Arbitration Rules of the London Court of International Arbitration would have to be made by the other party objecting to the jurisdiction of the Belarusian court prior to submitting the first motion of such party regarding the substance of the dispute. If no such motion is made, the court of Belarus would proceed to review, and to pass judgment on, the merits of the dispute.

Under the official interpretation of Belarusian procedural law, if any entities are located or domiciled in Belarus, they may not agree to refer their mutual disputes to foreign arbitral tribunals or foreign courts. Arbitration under the Arbitration Rules of the London Court of International Arbitration may be operative under the laws of Belarus only if at least one party to the dispute with the Issuer is located or domiciled outside Belarus. Therefore, a dispute between a Noteholder who is a Belarusian resident and the Issuer may be referred to arbitration under the Arbitration Rules of the London Court of International Arbitration only if there is a foreign co-claimant or co-respondent. Otherwise, a dispute between a Belarusian resident Noteholder and the Issuer shall be referred to a competent court of Belarus.

The validity and enforcement in Belarus of the Subscription Agreement, the Deed of Covenant and the Agency Agreement may be limited by statutes of limitation, lapse of time and by laws relating to or generally affecting the enforcement of the rights of creditors notwithstanding any provisions in the Subscription Agreement, the Deed of Covenant and the Agency Agreement to the contrary.

Taking into account that Belarus is a sovereign state, there is a risk that notwithstanding the waiver of sovereign immunity by Belarus in connection with the Notes, a claimant will not be able to enforce a foreign judgment or arbitral award in Belarus against assets of Belarus (including the imposition of any arrest or attachment or seizure of such assets and their subsequent sale) without Belarus having specifically consented to such enforcement at the time when the enforcement is sought. In addition, certain state-owned assets are exclusively owned by Belarus and are generally exempt from court enforcement procedures in Belarus unless otherwise provided by the laws of Belarus or a decision of the President of Belarus.

The enforcement in Belarus of any court judgment or arbitral award against any assets of the Issuer which are subject to a mortgage, pledge, lien or other security interest or encumbrance granted by the Issuer to a third party will also be subject to the provisions of applicable laws governing such mortgages, pledges, liens, security interests or encumbrances (including, without limitation, the order of priority for the satisfaction of claims of secured and unsecured creditors from such assets). See "*Risk Factors – Risks Relating to the Notes Generally – Judgments and arbitral awards relating to assets in Belarus and Belarusian assets in other jurisdictions may be difficult to enforce*".

Although Belarusian law recognises choice of law principles for contractual obligations, the choice of foreign law will not exclude the application of mandatory rules of Belarusian law which cannot be derogated from by the agreement of the parties. According to Belarusian law, regardless of the choice of law applicable to the relations of the parties, certain mandatory rules of Belarusian law will still be applied, for instance, requirements relating to the written form of foreign trade transactions and the procedure for approval of the issue of the Notes and payments thereunder, and a Belarusian court may apply these mandatory rules of Belarusian law rather than the law chosen by the parties. Consequently, there can be no assurance that a Belarusian court will recognise English law as the governing law of the Notes or apply only English law to the Notes.

Under the Civil Code of Belarus dated 7 December 1998 No. 218-Z (as amended and restated) (the "**Civil Code**") parties to a contract may not agree on the law applicable to their non-contractual obligations. The Civil Code itself includes the conflict of laws rules applicable to non-contractual obligations. Therefore, there is also a risk that a Belarusian court may deny recognition and enforcement of a foreign judgment or arbitral award in whole or in part if the foreign court or arbitral tribunal applied any other law than the one that should be applied to non-contractual obligations to decide the relevant dispute under the Civil Code. In addition, a Belarusian court, if approached with the respective claim, will ignore any choice-of-law clause and apply the laws of Belarus to resolve the dispute (i) if it cannot ascertain the contents of the rules of the applicable foreign law as prescribed by the Civil Code, (ii) if it determines that doing so would contradict the "public policy" of Belarus or (iii) if due to the mandatory rules of the Civil Code the disputed legal relationship shall always be governed by the laws of Belarus. See "*Risk Factors – Risks Relating to the Notes Generally – Belarusian courts may not enforce foreign judgments or arbitral awards and may not recognise the choice of English law as the governing law of the Notes*".

As a condition for admissibility in evidence of any documents, the courts of Belarus will require, alongside other formalities (including, a requirement to submit together with the statement of claim its copies in the number equal to the number of defendants, translation of the documents executed in a foreign language, providing documents confirming the authorities of the relevant signatory to sign the relevant statement of claim and payment of state fee, etc.), the submission of such documents either (i) as originally executed counterparts, or (ii) as duly certified copies. In case of an official document issued outside Belarus, unless a valid international agreement of Belarus provides otherwise, such foreign official document will be admissible in evidence by a court of Belarus if (i) such foreign official document is legalised by a Belarusian consul in the country of its issuance and a duly certified Belarusian / Russian language translation of such official document is notarised by a Belarusian notary or (ii) the apostille is affixed to such official document by the competent authority of the country of its issuance subject to the Convention Abolishing the Requirement of Legalisation for Foreign Public Documents dated 5 October 1961 (the "**1961 Convention**") and a duly certified Belarusian / Russian language translation of such official document is notarised by a Belarusian notary. Thus, an official document executed in a member country of the 1961 Convention will need an apostille to be affixed to the relevant documents by the relevant competent authority whereas an official document executed in any other country will require legalisation by a Belarusian consul unless otherwise provided by the bilateral or international instrument between Belarus and the relevant country.

The Tax Code of the Republic of Belarus of 19 December 2002 (General Part) and 29 December 2009 (Special Part), as amended (collectively, the "**Tax Code**") generally permits one party to pay tax for another party from its own funds, which makes the obligation of the Issuer to pay in case of any withholding or deduction such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required (gross-up) under "*Terms and Conditions of the USD A Notes – Condition 7 (Taxation)*" and "*Terms and Conditions of the USD B Notes – Condition 7 (Taxation)*", respectively, generally enforceable in the Republic of Belarus.

However, such statutory permission has only been in force since 1 January 2019 (and prior to 1 January 2019 it had been temporarily introduced for the year ended 31 December 2018) and the tax authorities have been silent as to the applicability of the above-mentioned permission to gross up and as to the validity of the gross-up provisions generally. In the absence of any official interpretation or guidance and any practice regarding the validity of gross-up provisions, there is a risk that such statutory permission will not be applied to gross-up provisions such as the ones contained in "*Terms and Conditions of the USD A Notes – Condition 7 (Taxation)*" and "*Terms and Conditions of the USD B Notes – Condition 7 (Taxation)*" and, as a result, the provisions set forth in Condition 7 (*Taxation*) of each of the "*Terms and Conditions of the USD A Notes*" and "*Terms and Conditions of the USD B Notes*" could be found by a Belarusian court to be unenforceable in Belarus and a foreign judgment or an arbitral award demanding payment resulting from a failure to gross up by the Issuer may not be enforceable in Belarus. In this case, if any withholding or deduction is required by the laws of Belarus, any amounts payable to the Noteholders would be reduced by an amount equivalent to such taxation.

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OVERVIEW OF THE TERMS AND CONDITIONS OF THE NOTES

The following is an overview of certain information contained in this Prospectus. It does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus. Prospective investors should also carefully consider the information set out in the section entitled "Risk Factors" in this Prospectus prior to making an investment decision. See "Overview of the Republic of Belarus", "The Economy of the Republic of Belarus", "Balance of Payments and Foreign Trade", "Monetary and Financial System", "Public Finance" and "Public Debt" for a more detailed description of the Issuer.

*Capitalised terms not otherwise defined in this overview have the same meaning as in the "Terms and Conditions of the USD A Notes" (the "**USD A Notes Conditions**") and "Terms and Conditions of the USD B Notes" (the "**USD B Notes Conditions**"), as applicable. The USD A Notes Conditions and the USD B Notes Conditions shall be referred to as the "**Conditions**" as applicable to each Series of Notes. See "Terms and Conditions of the USD A Notes" and "Terms and Conditions of the USD B Notes" for a more detailed description of the USD A Notes and the USD B Notes, respectively.*

Issuer	Republic of Belarus (acting through the Ministry of Finance of the Republic of Belarus).
Joint Lead Managers	Citigroup Global Markets Limited, Raiffeisen Bank International AG, Renaissance Securities (Cyprus) Limited and Société Générale.
Fiscal Agent, Paying Agent and Transfer Agent	Citibank, N.A., London Branch.
Registrar	Citigroup Global Markets Europe AG.
Issue Prices	100.00 per cent. for the USD A Notes
	98.799 per cent. for the USD B Notes
Notes Offered	U.S.$750,000,000 6.378 per cent. Notes due 24 February 2031 and U.S.$500,000,000 5.875 per cent. Notes due 24 February 2026.
Issue Date	24 June 2020.
Maturity Dates	USD A Notes: 24 February 2031.
	USD B Notes: 24 February 2026.
Interest on the Notes	USD A Notes: 6.378 per cent. per annum.
	USD B Notes: 5.875 per cent. per annum.
Interest Payment Dates	Subject as provided in the USD A Notes Conditions, interest on the USD A Notes will be payable in arrear on 24 February and 24 August each year, commencing on 24 February 2021. A payment in respect of the USD A Notes made on 24 February 2021 would be in respect of the period from (and including) 24 June 2020 to (but excluding) 24 February 2021 (and thus a long first interest period).
	Subject as provided in the USD B Notes Conditions, interest on the USD B Notes will be payable in arrear on 24 February and 24 August each year, commencing on 24 February 2021. A payment in respect of the USD B Notes made on 24 February 2021 would be in respect of the period from (and including)

	24 June 2020 to (but excluding) 24 February 2021 (and thus a long first interest period).
Yields	As at the Issue Date and on the basis of the relevant Issue Price, the interest rate of the USD A Notes, the redemption amount of the USD A Notes and the tenor of the USD A Notes, as calculated on the pricing date, the yield to maturity of the USD A Notes is 6.375 per cent. per annum. As at the Issue Date and on the basis of the relevant Issue Price, the interest rate of the USD B Notes, the redemption amount of the USD B Notes and the tenor of the USD B Notes, as calculated on the pricing date, the yield to maturity of the USD B Notes is 6.125 per cent. per annum.
Status	Each Series of Notes constitutes direct, general, unconditional and (subject to the provisions of "*Terms and Conditions of the USD A Notes – Condition 3 (Negative Pledge and Covenants)*" and "*Terms and Conditions of the USD B Notes – Condition 3 (Negative Pledge and Covenants)*", as applicable) unsecured obligations of the Issuer and rank and will rank *pari passu*, without preference among themselves, with all other unsecured External Indebtedness of the Issuer from time to time outstanding; provided, however, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay such other External Indebtedness at the same time or as a condition of paying sums due on the relevant Notes and vice versa.
Denominations	The Notes will be offered and sold, and may only be transferred, in registered form, in the denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Redemptions	The Issuer will redeem the USD A Notes at their principal amount on 24 February 2031. The Issuer will redeem the USD B Notes at their principal amount on 24 February 2026.
Negative Pledge	So long as any Note of the relevant Series remains outstanding (which shall have the meaning ascribed to it in the Agency Agreement) the Issuer will not create or permit to be outstanding, and will procure that there is not created or permitted to be outstanding, any mortgage, charge, lien, pledge or any Security Interest other than a Permitted Security Interest upon, or with respect to, any of its present or future assets or revenues or upon the official external reserves of the Issuer (which expression includes the gold reserves of the Issuer by whomsoever and in whatsoever form owned or held or customarily regarded and held out as the official external reserves) or any part thereof to secure any Relevant Indebtedness, unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all the action necessary to ensure that: (i) all amounts payable by it under the relevant Notes are secured equally and rateably with such Relevant Indebtedness;

(ii) such other security or other arrangement is provided for the relevant Notes as is approved by an Extraordinary Resolution of the Noteholders.

See "*Terms and Conditions of the USD A Notes – Condition 3(a) (Negative pledge)*" and "*Terms and Conditions of the USD B Notes – Condition 3(a) (Negative pledge)*".

Events of Default	The relevant Conditions will permit the acceleration of the relevant Notes following the occurrence of certain events of default. If any of the events of default occurs and is continuing then any relevant Note may, by written notice addressed by the Holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further action or formality. See "*Terms and Conditions of the USD A Notes – Condition 8 (Events of Default)*" and "*Terms and Conditions of the USD B Notes – Condition 8 (Events of Default)*".
Form of Notes	The Notes will be in registered form, without interest coupons. The Notes offered and sold in reliance upon Regulation S will be represented by beneficial interests in the Unrestricted Global Note Certificates, as applicable, deposited with a common depositary, and registered in the name of a nominee of a common depositary, in respect of interests held through Euroclear and Clearstream, Luxembourg. The Notes offered and sold in reliance upon Rule 144A will be represented by beneficial interests in the Restricted Global Note Certificates, as applicable, which will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee for, DTC for and in respect of interests held through DTC. Except in limited circumstances, individual certificates for the Notes will not be issued to investors in exchange for beneficial interests in the Global Note Certificates, as applicable.
Taxation and Additional Amounts	All payments of principal and interest in respect of each Series of Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Belarus or any political subdivision thereof or any authority therein or thereof having power to tax, subject to certain exceptions set out in "*Terms and Conditions of the USD A Notes – Condition 7 (Taxation)*" and "*Terms and Conditions of the USD B Notes – Condition 7 (Taxation)*". For further information, see "*Taxation – Belarusian Taxation*".

Modification and Amendment	A summary of the provisions for convening meetings of Noteholders and amendments is set forth under "*Terms and Conditions of the USD A Notes – Condition 12 (Meetings of Noteholders; Modification)*" and "*Terms and Conditions of the USD B Notes – Condition 12 (Meetings of Noteholders; Modification)*".
Use of Proceeds	The net proceeds of the issue of the Notes, amounting to approximately U.S.$1,239,870,000, will be used by the Issuer for refinancing the Issuer's external public debt. See "*Use of Proceeds*".
Ratings	The Notes are expected to be rated B by S&P and B by Fitch. S&P and Fitch are established in the European Community or the United Kingdom and registered under Regulation (EC) No. 1060/2009 on credit rating agencies, as amended (the "**CRA Regulation**"). The list of credit rating agencies registered in accordance with the CRA Regulation is available on the European Securities and Market Authority's website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating agency.
Listing and Admission to Trading	Application has been made for each Series of Notes to be admitted to listing on the Official List of the FCA and to trading on the Regulated Market of the London Stock Exchange.
Governing Law	The Notes, the Subscription Agreement, the Agency Agreement, the Deed of Covenant constituting each of the two Series of Notes and any non-contractual obligation arising out of or in connection therewith, as the case may be, will be governed by English law.
Transfer Restrictions	The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws. Consequently, the Notes may not be offered, sold or resold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. See "*Transfer Restrictions*".

Unrestricted Notes	USD A Notes:	ISIN:	XS2120882183
		Common Code:	212088218
	USD B Notes:	ISIN:	XS2120091991
		Common Code:	212009199
Restricted Notes	USD A Notes:	ISIN:	US07737JAD54
		Common Code:	212123609
		CUSIP:	07737J AD5
	USD B Notes:	ISIN:	US07737JAE38
		Common Code:	219141742
		CUSIP:	07737J AE3

RISK FACTORS

An investment in the Notes involves risks. Accordingly, you should carefully consider the risks described below, as well as the other information in this Prospectus, before making an investment decision. The risks and uncertainties below are not the only ones the Issuer faces. Additional risks and uncertainties not presently known to the Issuer, or that the Issuer currently believes are immaterial, could also impair its economy and its ability to make payments under the Notes. Factors which the Issuer believes are specific to the Issuer and/or the Notes and material for an informed investment decision with respect to investing in the Notes issued under this Prospectus are described below. In each category below the Issuer sets out the most material risks, in its assessment, taking into account the negative impact of such risks on the Issuer and the probability of their occurrence. If any of the following risks actually materialises, the Issuer's economy could be materially adversely affected and it could affect the Issuer's ability to meet its obligations under the Notes.

The risks below have been classified into the following categories:

(i) Risks Relating to Emerging Markets;

(ii) Risks Relating to Belarus;

(iii) Risks Relating to the Notes Generally; and

(iv) Risks Relating to the Notes and the Trading Market.

Risks Relating to Emerging Markets

Investment in emerging markets such as Belarus involves a high degree of risk and investors should exercise particular care in evaluating the risks involved

Investments in securities of sovereign or corporate issuers in emerging markets, such as Belarus, involve a higher degree of risk than investments in securities of issuers in more developed markets, including in some cases significant legal, regulatory, economic, social and political risks. In particular, Belarus' legal system is not fully developed and presents greater risks and uncertainties than a more developed legal system. Although progress has been made since Belarus' independence in 1991 in reforming Belarus' economy and political and judicial systems, the necessary legal infrastructure and regulatory framework are still developing and uncertainties relating to the Belarusian legal or judicial system could have an adverse effect on the Belarusian economy and the effective transition to a market economy and broad based social and economic reforms. Higher risks associated with emerging markets also include economic instability caused by a variety of factors such as a narrow export base, reliance on imports, fiscal and current account deficits, low currency reserves, reliance on foreign loans and investments and changing legal, regulatory, economic, social and political environments. Emerging economies, such as Belarus' economy, are subject to rapid change and are vulnerable to market conditions and economic downturns elsewhere in the world. Prospective investors should also note that emerging economies, such as Belarus' economy, are subject to rapid change and that the information in this Prospectus may become outdated relatively quickly. Disruptions experienced in the international capital markets over the last few years have led to reduced liquidity and increased credit risk premiums for certain market participants and have resulted in a reduction of available financing. Countries located in emerging markets may be particularly susceptible to these disruptions and also to reductions in the availability of credit or increases in financing costs, which could result in them experiencing financial difficulty. Accordingly, investors should exercise particular care in evaluating the risks involved and should decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved and investors are urged to consult with their own legal and financial advisers before making an investment in the Notes.

Belarus is vulnerable to corruption

Emerging economies, such as the Belarusian economy, are subject to rapid change and are vulnerable to market conditions and may also experience more instances of corruption of government officials and misuse of public funds than more mature markets. Fighting corruption has been identified as one of the key missions for Belarus, and it continues to work towards improving accountability, governance standards and legislative framework. In Transparency International's 2019 Corruption Perceptions Index survey of 180 countries, the Republic of Belarus was ranked 66th. Government corruption can lead to the misallocation of state funds/tax revenues or the mismanagement of state projects. In addition, corruption or allegations of corruption in Belarus may have a negative impact on its economy and reputation abroad, especially on its ability to attract foreign investment, which may have a material adverse effect on the Belarusian economy and the Issuer's ability to meet its obligations under the Notes.

Risks Relating to Belarus

Belarus' economy remains vulnerable to external shocks and fluctuations in the global economy

Belarus' economy and finances have been and continue to be adversely affected by the current political and economic instability in neighbouring markets such as Ukraine and Russia, as well as by downturns in the global economy. Following its recovery from the global financial and economic crisis of 2008-2009, Belarus' GDP growth in real terms decreased from 5.5 per cent. in 2011 to 1.7 per cent. in 2012 and further to 1.0 per cent. in 2013, and then increased to 1.7 per cent. in 2014. However, in 2015 Belarus experienced adverse economic conditions, which were a result of a number of factors, including a downturn in industries that were focused on exports to Russia, which suffered due to a decline in Russia's economy following a sharp fall in global oil prices, decreased investment in the Russian economy and significant capital outflows. As a result, in 2015 and 2016, Belarus' GDP declined in real terms by 3.8 per cent. and 2.5 per cent., respectively. In 2017 and 2018, Belarus' GDP increased in real terms by 2.5 per cent. and 3.1 per cent. In 2019, Belarus' GDP increased in real terms by 1.2 per cent.

International crude oil prices have fluctuated widely in 2014-2019 in response to global supply and demand, general economic conditions, competition from other energy sources as well as other factors. According to the U.S. Energy Information Authority, the spot price of Brent crude oil averaged U.S.$64.21 /bbl in 2019, as compared to an average of U.S.$71.34/bbl in 2018, U.S.$64.37/bbl in 2017, U.S.$43.55/bbl in 2016, U.S.$52.32/bbl in 2015 and U.S.$98.97/bbl in 2014. The sharp decline in oil prices in 2015-2016 adversely affected the Russian economy as one of the largest oil exporters, and indirectly negatively affected the Belarusian economy as Russia is its main trading partner and many export industries of Belarus are oriented towards Russia. Furthermore, as oil products represent a large part of Belarus' exports, the decrease in global oil prices led to an export shortfall of oil and oil products for the Republic of Belarus. For example, exports of oil and oil products decreased by U.S.$2.9 billion in 2016 as compared to 2015 and by U.S.$3.6 billion in 2015 as compared to 2014. In 2017, following stabilisation of global oil prices, export of oil and oil products increased by U.S.$1.4 billion as compared to 2016; and in 2018, export of oil and oil products increased by U.S.$1.4 billion as compared to 2017. In 2019, export of oil and oil products decreased by U.S.$1.4 billion as compared to 2018 reflecting the decrease in oil prices. See "*—A deterioration in Belarus' relations with Russia could adversely affect the supply of fuel and energy resources to Belarus and Russian investment in Belarus*". In the first quarter of 2020, Brent crude oil prices have been registered at levels as low as U.S.$19.33 per barrel in April 2020 on the back of falling demand amid economic activity slowdowns triggered by the COVID-19 pandemic (as defined and discussed under "*—The economic effects of the outbreak of COVID-19 could adversely affect Belarus' economy*" below) and the failure of key oil producing economies to agree on production cuts. Although oil prices have partially rebounded and stood at U.S.$38.28 per barrel of Brent crude oil as at 15 June 2020, the uncertainty caused by the ongoing COVID-19 pandemic and concerns around high oil production levels may have a further negative impact on oil prices. The relatively low prices in the first quarter of 2020 and any future fluctuations in international oil prices may have a material impact on the Belarusian economy and its fiscal revenues, balance of payments, external reserves and future financial condition, which may have a material adverse effect on the Belarusian economy and the Issuer's ability to meet its obligations under the Notes.

The negative developments affecting the Russian economy in 2014-2016 were aggravated by the impact of the political and economic crisis in Ukraine and related sanctions imposed on certain Russian individuals and legal entities by U.S. and the EU in response to the perceived actions of Russia in Ukraine. The substantial deterioration in the economies of Russia and Ukraine (major trading partners of Belarus), including sharp falls in investments demand, the devaluation of national currencies in the Eurasian Economic Union (the "**EAEU**") member states, and the drop in oil prices adversely affected the Belarusian economy, and led to decreased exports and decelerated GDP dynamics. Because the reactions of international investors to the events occurring in one market may have a "contagion" effect, in which an entire region or class of investment is disfavoured by international investors, Belarus could be adversely affected by negative economic or financial developments in neighbouring countries or countries with similar credit ratings including Russia, Ukraine, Georgia and Serbia. Belarus has been adversely affected by such contagion effects on a number of occasions previously, including following the global economic and financial crisis of 2008-2009 and the downturn in the Russian economy in 2015. Similar developments can be expected to affect Belarus' economy in the future. In addition, the Belarusian economy may be affected by adverse developments in the economies of its other trading partners, including Eurozone countries. A significant reduction in the economic growth of any of Belarus' major trading partners, such as the EU member states, Russia or Ukraine, has had in the past and is likely in the future to have a material adverse impact on Belarus' balance of trade and adversely affect Belarus' economy, which may have a material adverse effect on the Issuer's ability to meet its obligations under the Notes.

In addition, adverse developments in the market for Belarus' main export products, in particular, potash fertiliser, could adversely impact the Belarusian economy, which can in turn lead to the tightening of the monetary and fiscal policy.

There can be no assurance that any crises or downturns such as those described above or similar events will not negatively affect investor confidence in markets such as Belarus. In addition, these events may adversely affect Belarus' economy and its ability to make payments under the Notes.

The economic effects of the outbreak of COVID-19 could adversely affect Belarus' economy

In December 2019, the emergence of a new strain of coronavirus ("**COVID-19**") was reported in Wuhan, Hubei Province, China. This new strain has subsequently spread throughout the world, including to Belarus. On 11 March 2020, the World Health Organization declared COVID-19 a global pandemic. Governments worldwide have since implemented various restrictions, including restricting travel, closing borders, restricting public gatherings, quarantining people who may have been exposed to the virus, imposing lockdowns or extended shutdowns and placing limitations on business operations. Such measures have impacted the macroeconomic environment and are creating significant volatility, uncertainty and disruption in global financial markets, the severity and duration of which will depend on future developments, which are highly uncertain and cannot be accurately predicted.

In Belarus, the first case of COVID-19 was confirmed on 27 February 2020 in the city of Minsk. As at 11 June 2020, Belarus reported 51,816 confirmed cases of coronavirus, including 26,643 patients who successfully recovered and 293 deaths. Although Belarus has not introduced full-scale nationwide quarantine measures to date, since March 2020, social distancing has been actively promoted throughout the country, including through partial prohibition of public events, adjustments in the schedule of public transport, and promotion of remote working arrangements. While Belarus has not banned entry by foreign nationals and has not halted movement through its borders, it has adopted a number of special sanitary and epidemiologic response measures to limit instances of COVID-19 import from abroad, such as mandatory 14-day self-quarantine for individuals arriving from foreign countries and epidemiological control via temperature checks and questioning at the border. Belarus has also implemented restrictions for individuals infected with COVID-19 and manifesting respiratory disease symptoms and their close contacts, enforced through administrative and criminal sanctions for self-quarantine breaches. See also "*Overview of the Republic of Belarus—COVID-19 Impact*".

Like other countries, the emergence of COVID-19 poses a new risk to the financial health of Belarus. Although Belarus has not introduced nationwide lockdown measures, the economic impact of COVID-19 and the social distancing guidelines adopted in its wake has had, and will continue to have, a significant effect on the Belarusian economy.

The Public Sector Budget of Belarus was prepared before the outbreak of COVID-19 and was based on forecasts that Belarus will achieve real GDP growth of 1.9 per cent. in 2020 and 1.4 per cent. in 2021. However, such forecasts are unlikely to be realised due to the slowdown in economic activity seen in Belarus, and elsewhere, as a consequence of the social-distancing and other measures enacted worldwide in an effort to reduce the spread of COVID-19. While the economic and fiscal cost of COVID-19 is difficult to predict, the Government anticipates a sizeable negative impact of the pandemic on the economy. In April 2020, the IMF has published a revised global economic outlook, providing updated GDP growth estimates taking into account the economic consequences of the COVID-19 pandemic. They have forecast that Belarus' real GDP will decline by 6.0 per cent. in 2020. In their outlook for 2021, the IMF predicts growth of 3.5 per cent. for Belarus. As in other countries, certain sectors such as tourism, transportation, hospitality, recreation and entertainment have been particularly affected by the social distancing and other measures enacted in response to the spread of COVID-19. The manufacturing and export-orientated sectors, which are significant contributors to Belarus' GDP, have also been impacted considerably, with companies suspending large production capacities or reducing their business activities significantly due to a sharp contraction in external demand caused by the lock-down of other economies. This includes the manufacturing of transport and transport equipment and wooden products manufacturing industries. Equally, export-oriented sectors with production activities involving significant imported components continue to be particularly affected by the disrupted supply chains as production in China and other parts of the world has contracted sharply, making imports of raw and intermediary products and equipment difficult. The preventative measures seen in Belarus, and elsewhere, in response to the spread of COVID-19 are also expected to exert adverse effects on enterprises of all sizes.

The first effects of the pandemic on foreign trade in Belarus were observed in March 2020. In the first quarter of 2020, the export of goods amounted to U.S.$6.6 billion and decreased by 14.7 per cent. compared to the first quarter of 2019. In turn, the import of goods increased by 12.6 per cent. and reached U.S.$7.7 billion. The decrease in exports in the first quarter of 2020 was mainly due to a decrease in the export of mineral products (including petroleum products and crude oil), as well as in chemical industry and rubber products, vehicles and metal products. See also "*Balance of Payments and Foreign Trade—Foreign Trade*".

The National Bank has adopted a number of measures aimed at fostering economic activity amid the pandemic and mitigating the pandemic's negative economic impact. To that end, as part of a broader suite of measures targeted at the financial sector, the National Bank has, in particular, temporarily eased prudential requirements applicable to banks (applicable, e.g., to regulatory capital, capital adequacy and liquidity) and has been extending loans at the refinancing interest rate to offset the potential deterioration of banks' liquidity. On 20 May 2020, the National Bank announced the decrease of the refinancing interest rate from 8.75 per cent. to 8 per cent., which is expected to contribute to price and financial stability in Belarus. See also "*Overview of the Republic of Belarus – COVID-19 Impact*", "*Monetary and Financial Policy—Interest Rates*" and "*The Economy of the Republic of Belarus—Gross Domestic Product*").

The COVID-19 pandemic is ongoing, and its dynamic nature, including uncertainties relating to the ultimate spread of the virus, the severity of the disease, the duration of the pandemic and the related weakening of economic conditions, such as a recession or slowed economic growth in global markets, and governmental authorities' response to the outbreak and its eventual aftermath, makes it difficult to predict or estimate reliably the degree of the risk posed by the virus. As a result, the economic and fiscal projections of many countries, including Belarus, are continually being revised, which consequently has caused key fiscal and economic indicators to be subject to some degree of uncertainty. As at the date of this Prospectus, the trajectory of the COVID-19 outbreak remains highly uncertain but its impact on Belarus' economy may be significant, particularly in the short term. Moreover, if the spread of the virus is severe or prolonged, in Belarus or elsewhere, there is a risk that more far-reaching restrictions or measures than those already announced, will be taken to contain its spread or mitigate its impact, including prolonging lockdowns that have resulted in businesses slowing or shuttering operations. Such restrictive measures, if prolonged, could have adverse effects on Belarus' economy and financial markets, which could be severe and likely affect its ability to repay principal and make payments of interest on the Notes.

The Belarusian currency is subject to volatility

As a result of Belarus' reliance on external sources of financing, Belarus has become increasingly exposed to the risk of exchange rate fluctuations. Prior to October 2011, the Belarusian ruble was pegged to a currency basket which included the U.S. dollar, the Euro and the Russian ruble and the exchange rate was set by the National Bank. See "*Monetary and Financial System – Monetary and Exchange Rate Policy*". In 2010 and 2011, following increases in the current account deficit and pressures on foreign currency reserves, the National Bank was forced to make frequent interventions in the foreign currency market in order to maintain the fixed exchange rate for the Belarusian ruble. As a result, the Belarusian ruble depreciated by approximately 180 per cent. in 2011. In the following years the Belarusian ruble exchange rate has stabilised and as at 31 December 2019 (post re-denomination), the official Belarusian ruble exchange rates were: BYN2.1036 to the U.S. dollar, BYN2.3524 to the Euro and BYN3.4043 to 100 Russian rubles. Thus, the average exchange rate in respect of U.S. dollars increased by 104.5 per cent. from the average official exchange rate in 2014. From 2016 to the date of this Prospectus, the foreign currency policy of the National Bank has been based on the managed floating exchange rate principle. Currency interventions, such as foreign currency acquisition, have been used principally to smooth out the fluctuations of the foreign currency basket value in volumes that guaranteed a positive balance of sales and purchases of foreign currency by the National Bank in a mid-term period. Furthermore, as at 31 March 2020, approximately 97.8 per cent. of public debt of the Republic of Belarus was nominated in foreign currency, exposing the economy to additional risk of exchange rate fluctuations. Therefore, future significant currency fluctuations may negatively affect the Belarusian economy in general and, as a result, have a material adverse effect on Belarus' ability to perform its obligations under the Notes.

Inability to obtain financing from external sources could affect the ability of Belarus to meet its financing needs, which could have a negative effect on Belarus' economy

Belarus has significant external financing, which historically has been obtained to address the balance of payments deficit and support its foreign reserves. Most prominent sources of Belarus external borrowings include Russia, China, the international capital markets and certain IFIs such as the IMF, the EFSD (previously known as the Anti-Crisis Fund (the "**ACF**")), EBRD and the International Bank for Reconstruction and Development (the "**IBRD**") (part of the World Bank). The total outstanding external public debt of Belarus as at 31 March 2020 was 26.4 per cent. of GDP, as compared to 16.0 per cent. of GDP as at 31 December 2014. See "*Public Debt—External Public Debt*".

For the purpose of supporting the balance of payments in the period of 2009-2010 the IMF provided a stand-by programme pursuant to which a loan in the amount of U.S.$3.5 billion was provided.

In June 2011, Belarus entered into a U.S.$3 billion 10-year credit arrangement with the EFSD to support its balance of payments and maintain its foreign reserves. In addition, in 2016 the EFSD approved a three-year programme for Belarus, which was supported by a financial loan in the amount of U.S.$2 billion. In the period from 2016 to 2018, Belarus received six tranches of financing in the total amount of U.S.$1.8 billion. As at 31 March 2020, the total amount of Belarus external public debt received from the EFSD amounted to U.S.$2.2 billion. In general, borrowings from IFIs are typically dependent on Belarus meeting certain requirements and performance criteria, and if Belarus is unable to meet such requirements under its existing obligations, the IFIs may refuse to provide external financing to Belarus in the future. As at 31 March 2020, Belarus had external public borrowings from the IBRD, which included 20 loans to be used primarily for infrastructure and social projects in the aggregate amount of U.S.$1.7 billion. Belarus also closely cooperates with Chinese banks, mostly for the purposes of implementing investment projects. As at 31 March 2020, borrowings from Chinese banks comprised U.S.$4.8 billion, of which U.S.$4.3 billion were used for financing investment projects. Furthermore, in 2019, Belarus received a 5-year loan of RMB3.5 billion for general budgetary purposes from the Development Bank of China.

In November 2008, Russia provided a 15-year loan facility of U.S.$1 billion to Belarus which was extended in March 2009 by a further U.S.$500 million. In 2014, Belarus also received two loans from the Russian Government in the total amount of U.S.$2.0 billion, and two additional loans in the aggregate amount of U.S.$870 million in 2015. In September 2017, the Russian Government provided a U.S.$700 million loan to Belarus for refinancing its external public debt. Further, as at 31 March 2020, the Republic of Belarus had utilised U.S.$4.3 billion under the U.S.$10 billion credit line available from the Russian Government and U.S.$443.2 million under the U.S.$500 million credit from Vnesheconombank for the construction of a nuclear power plant ("**NPP**"). As at the date of this Prospectus, in view of the postponement of the commissioning of the first and second power units of the NPP, Russia and Belarus were in discussions to agree on amending the terms of the NPP loan, with the final approval and implementation of domestic procedures underway on both sides. However, there can be no assurance that Belarus will continue to receive similar financial assistance from Russia in the future.

In addition, due to the unfavourable economic environment in 2015-2017, many large state-owned enterprises were required to incur additional indebtedness, which were backed by state guarantees, thus creating a contingent liability for the Government. As at 31 March 2020, the total amount of guaranteed debt of Belarus was U.S.$2.8 billion. See "*—The Belarusian banking sector remains highly concentrated*" and "*Public Debt—Government Guarantees*".

Belarus has regularly accessed international capital markets. In June 2017, the Republic of Belarus placed a dual tranche Eurobond offering on the international capital markets in the total amount of U.S$1.4 billion. In February 2018, the Republic of Belarus placed U.S.$600,000,000 6.20 per cent. Notes due 2030 on the international capital markets. In July 2019, Belarus registered in Russia a prospectus for sovereign bonds of series 03-07 in an aggregate principal amount of RUB30.0 billion and three-year bonds of series 03-04 in an aggregate principal amount of RUB10.0 billion were placed on the Moscow Exchange in August 2019 with a rate of 8.65 per cent. Five-year bonds of series 07 in an aggregate principal amount of RUB10.0 billion were placed on the Moscow Exchange in May 2020 with a rate of 8.50 per cent. The issuance of the bonds of series 05-06 as part of a registered bond programme with an aggregate principal amount of RUB10.0 billion and five-year maturity is planned before the end of 2020. Access to the international capital markets and external financing for sovereign issuers in emerging markets, such as Belarus, can generally be limited and there can be no assurance that such access will continue especially in light of COVID-19 impact on macroeconomic environment.

If Belarus is unable to access the international capital markets or is unable to secure further external funding from Russia, China, IFIs or other sources, this may result in increased pressure on Belarus' foreign exchange reserves and have an adverse impact on Belarus' ability to meet its ongoing financing needs, including its obligations under the Notes.

Belarus has experienced liquidity difficulties in the past and continues to be subject to significant liquidity risk, including from fluctuations in its foreign reserves and increasing debt service obligations over the next several years

Belarus experienced a substantial decrease in its foreign reserves in the past due to an increasing balance of payments deficit following the global economic crisis and may experience decreases in foreign reserves in the future. In order to maintain international reserve assets and cover the current account deficit, in 2014-2018 the Government undertook several steps to attract foreign investment and financing using EFSD funds, including several privatisations, development of investment parks and introducing legislative and tax changes. However, due to the downturns in economies of EAEU member states, Belarus' principal market partners, in 2014-2015 caused by the Russia-Ukrainian crisis, development opportunities for the Belarusian economy were significantly limited.

In order to improve its foreign reserves, with the cooperation of the EBRD, Belarus intends to privatise no less than 75.0 per cent. of shares of OJSC "Belinvestbank" ("**Belinvestbank**") and shares of Bank Dabrabyt to strategic investors approximately by 2025.

The pressure on Belarus' liquidity may increase if the Government does not maintain its tight fiscal and monetary policy, is unable to meet conditions under existing credit arrangements, obtain further financing from external sources in the future or to successfully finish privatisation projects. Any such failure may have an adverse impact on Belarus' ability to meet its ongoing financing needs, including its obligations under the Notes. See "*—Inability to obtain financing from external sources could affect the ability of Belarus to meet its financing needs, which could have a negative effect on Belarus' economy*".

The Belarusian banking sector remains highly concentrated

As at 31 March 2020, the banking sector of the Republic of Belarus consisted of 24 active banks, five of which were state-owned, 14 controlled by foreign investors (with the authorised capital of four of them being 100 per cent. foreign-owned), and five banks controlled by private non-foreign capital. There is a high level of concentration in the banking sector, with the five largest banks, which are state-owned, holding more than half of all of the banking sector's assets and customers' deposits. While measures have been taken to address and reduce systemic risk, including the planned privatisation of Belinvestbank, such measures are ongoing and there remains a risk that further reforms may be required, the impact of which is not certain. There is also a risk that further financial assistance to the banking sector may be needed from the Government. For example, in December 2011, following the financial crisis, the Government conducted a recapitalisation of state-owned banks totalling approximately BYN15 trillion (BYN1.5 billion as adjusted for re-denomination) in order to increase its regulatory capital. There can be no assurance that the Government would be willing and/or be able to provide such financial assistance in the future.

In 2019, the share of non-performing assets (assets classified into V-VI risk groups, as well as restructured debt, which is classified in IV-VI risk groups) (collectively, "**NPAs**") in the Belarusian banking sector decreased to 4.6 per cent., as compared with 5.0 per cent. in 2018. This decrease was due to a 2.2 per cent. decrease in non-performing assets driven by the write-off of group VI loans following the changes in regulation and a 5.9 per cent. increase in the total volume of assets exposed to credit risk.

As the Belarusian banking sector is highly concentrated, state-owned banks have a large share of assets and loans, and a significant share of their balance sheets involves loans to state-owned large industrial enterprises guaranteed by the Government. Due to the turmoil in the global and Belarusian economy and other adverse macroeconomic developments in recent years, payments under a portion of such guaranteed loans have not been made by the borrowers when due and were therefore covered by the Government under the terms of state guarantees.

To increase the efficiency of the banking sector, the Government is undertaking reforms to improve corporate governance at state-owned enterprises, to reduce political interference in decision-making and to enhance accountability of management. In addition, the Government is implementing a strategy of gradual privatisation of the state-owned banks. See "*The Economy of the Republic of Belarus - Privatisation*". However, there can be no assurance that such reforms, including those with the aim of reducing NPAs, will be successful or sufficient. Deficiencies in the Belarusian banking sector, combined with the remaining size of NPA portfolios held by banks in the Republic of Belarus, may result in the banking sector being more susceptible to the worldwide credit market downturn and economic slowdown. See "*Monetary and Financial System*".

The Belarusian banking sector remains vulnerable and there can be no assurance that future turmoil in the global banking sector and the wider economy will not have a negative effect on the Belarusian banking sector, which could have a material adverse effect on the trading price of the Notes.

Belarus has complex relations with the EU and the United States and any such points of tension could have a material adverse effect on Belarus' economy or political environment or the market value of the Notes

Belarus has complex relations with the EU and the United States, each of which has raised human rights concerns and criticised the method in which certain elections in Belarus have been conducted. See "*Overview of the Republic of Belarus—International Relations*".

Historically, Belarus' relations with the United States and the EU were significantly affected by flaws in the electoral system of Belarus identified by international observers and alleged violations of human rights in Belarus. In common with the EU, the United States has criticised the method by which certain elections in Belarus have been conducted and the manner in which certain dissidents and pro-democratic political activists have been treated. The United States has also raised human rights concerns and has expressed concerns about alleged public corruption and misuse of public assets. Belarus does not accept that such criticisms are justified. Based on its objections, in 2006 and 2007 the United States imposed travel restrictions against certain Belarusian officials and has imposed sanctions against Belarus' state-owned petrochemical company Concern Belneftekhim and other entities within the Concern Belneftekhim group. In addition, the United States imposed economic sanctions administered by the U.S. Treasury Department Office of Foreign Assets Control ("**OFAC**") that prohibit U.S. persons from engaging in economic transactions with the President Lukashenko and certain other Belarusian officials or with entities in which they hold a 50 per cent. or greater interest. In September 2008, certain economic sanctions were temporarily suspended but following the presidential elections in December

2010 and reported violations of human rights, in January 2011 the United States revoked the temporary suspension and announced additional travel restrictions. Later in 2011, the United States imposed additional economic sanctions against seven Belarusian state-owned enterprises, resulting in termination of foreign trade between the designated entities and the United States.

However, the presidential elections in 2015 and parliamentary elections in 2016 were positively assessed by international observers from the Organisation for Security and Cooperation in Europe (the "**OSCE**"), Commonwealth of Independent States ("**CIS**"), Parliamentary Assembly of the Council of Europe ("**PACE**") and Shanghai Cooperation Organisation ("**SCO**") and demonstrated development in the areas of democracy and human rights. Following the development of a more constructive dialogue, the United States suspended the effect of economic sanctions with regard to Belarusian economic operators. In March 2015, US sanctions were cancelled with regard to the Belarusian Oil Company ("**Beloil**") manufacturing group, and from 30 October 2015 US sanctions were suspended with regard to Belneftekhim Concern enterprises. In October 2019, OFAC, in consultation and coordination with the U.S. Department of State, extended to April 2021 the general license to permit transactions involving certain Belarusian entities that are otherwise prohibited pursuant to Executive Order (E.O.) 13405. On 17 February 2020 the EU Council also took the decision to cancel the majority of restrictive measures it had imposed with regard to Belarus, save for its firearms embargo and sanctions related to four natural persons which were prolonged up to 28 February 2021.

The normalisation of political relations between Belarus and both the United States and the EU has been accompanied by substantive steps aimed at development of applied trade and economic and humanitarian cooperation. No assurance, however, can be given that Belarus' foreign policy objectives will achieve their intended aims or that new restrictions will not be imposed by the EU or the United States in relation to these points of tension or that such frictions will not affect the political and economic environment in Belarus and the market value or liquidity of the Notes. In addition, complex political relations with the EU and the United States may have an adverse effect on investments in Belarus and the availability of external funding from the IFIs and in the international capital markets, which may have an adverse impact on Belarus' ability to meet its ongoing financing needs, including its obligations under the Notes. See "*—Inability to obtain financing from external sources could affect the ability of Belarus to meet its financing needs, which could have a negative effect on Belarus' economy*".

A deterioration in Belarus' relations with Russia could adversely affect the supply of fuel and energy resources to Belarus and Russian investment in Belarus

Belarus imports a significant percentage of its energy requirements from Russia and Russia is Belarus' most significant trading partner, responsible for 55.9 per cent. of goods imports and 41.2 per cent. of goods exports in 2019.

Russia was also the source of 39.6 per cent. of FDI inflows for Belarus in 2019, and bilateral loans from Russia represented 47.6 per cent. of the total external public debt of Belarus as at 31 March 2020.

A number of oil and gas pipelines from Russia to EU member states run through Belarus, and a significant portion of Russian energy exports, in particular, in 2019, 43.9 million tonnes of Russia's oil and 20.3 billion cubic metres of its natural gas were delivered through Belarus. Russia is constructing new oil and gas pipelines to diversify the transport routes for its oil and gas exports and reduce its dependence on Belarusian pipelines. See "*The Economy of the Republic of Belarus—Fuel and Energy*".

In the past, Belarus and Russia have had a number of disagreements regarding the level of duty imposed on Russian crude oil exports to Belarus, which comprise a significant part of Belarus' energy resources and are important for Belarus' oil refinery industry. Since 1 January 2015, the Russian Federation has implemented a "tax manoeuvre" in the oil sector, stipulating a gradual decrease of export customs rates for oil and basic oil products with the simultaneous increase of the tax on mineral resource extraction. As a result of the "tax manoeuvre", the price at which Belarus purchases Russian oil has been increasing. In addition, as part of the "tax manoeuvre", Belarus is required to reduce its export customs rate for oil products, which reduces revenues attributable to the Belarus budget. Following the completion of the "tax manoeuvre" process, which is currently planned for 2024, the Republic of Belarus will have to purchase oil from Russia at market prices and its export customs rate on oil will be reduced to zero. The Government estimates that the "tax manoeuvre" will result in an approximately U.S.$6.7 billion loss for the Belarusian economy in 2019-2024, including a U.S.$1.7 billion loss for the state budget. Belarus is currently investigating alternative crude oil sources and has made sample purchases from Norway, Azerbaijan, Saudi Arabia and the United States in the first half of 2020 in an effort to diversify its supplier base. See "*The Economy of the Republic of Belarus—Fuel and Energy—Oil*".

Belarus and Russia also had disputes regarding supplies of natural gas. In 2016, a dispute arose between Russia and Belarus with respect to the price for natural gas supplied by the Russian Federation. Under the existing intergovernmental bilateral gas supply agreement, as at January 2013, the price of natural gas for Belarus has been determined based on the price of natural gas for consumers in Yamalo-Nenets Autonomous Okrug of Russia, including transportation and storage costs. In addition, Russia has undertaken to guarantee that the supplies of natural gas to Belarus are in amounts sufficient for the satisfaction in full of Belarusian domestic demand. However, in May 2014, Belarus, Russia and Kazakhstan signed the Eurasian Economic Union Treaty ("**EEUT**"), which obliged the parties to create a common EAEU gas market by no later than 1 January 2025, which provides for a unified equal profitability price formula, which would represent a significant decrease as compared to the price under the intergovernmental bilateral gas supply agreement. In April 2017, the governments of Russia and Belarus entered into a negotiation process and a number of bilateral agreements in respect of gas transit and oil supply were executed and implemented in 2017.

A change in policy of the Russian government or a deterioration of relations between Belarus and Russia could lead to the oil and gas supply arrangements being re-negotiated and oil and gas supplies from Russia being disrupted, which would have a material adverse effect on the Belarusian economy.

Sanctions imposed on certain Russian and Ukrainian persons and entities could have an indirect adverse impact on Belarus' economy

The United States and the EU (as well as other nations, such as Australia, Canada, Japan and Switzerland) have imposed several rounds of sanctions on certain Russian and Ukrainian persons and entities in connection with the current conflict in Ukraine. The sanctions, combined with a substantial decline in global oil prices, had an adverse effect on the Russian economy, prompting downward revisions to the credit ratings of the Russian Federation and a number of major Russian companies that are ultimately controlled by the Russian Federation, caused extensive capital outflow from Russia in 2014 and 2015 and impaired the ability of Russian issuers to access the international capital markets, particularly during those years. The governments of the United States and certain EU member states, as well as certain EU officials, have indicated that they may consider additional sanctions should such tensions between Russia and Ukraine continue.

While Belarus maintains strong independent diplomatic relationships with both Russia and Ukraine and has confirmed its neutral position with respect to the tensions between Russia and Ukraine, Belarus has significant economic and political relations with Russia. Russia and Belarus, together with Kazakhstan, are members of the Customs Union (the "**Customs Union**") and Common Economic Space and established the EAEU on 1 January 2015. While the establishment of the EAEU has not had an immediate significant impact on Belarus' relationship with Russia because it is essentially a continuation of the Customs Union and Common Economic Space structures that have been in place since 1 January 2010 and 1 January 2012, respectively, the establishment and functioning of the EAEU is expected to continue to strengthen Belarus' economic relations with Russia going forward.

Russia is the main trade and economic partner of Belarus. See "*A deterioration in Belarus' relations with Russia could adversely affect the supply of fuel and energy resources to Belarus and Russian investment in Belarus*". Sanctions imposed on certain Russian persons and entities by the United States, the EU and other countries in connection with the conflict in Ukraine or in connection with Russia's alleged actions aimed at undermining the cybersecurity of the United States during the 2016 presidential election or other matters could prevent Belarus from trading with certain Russian counterparties, which could have a material adverse impact on Belarus' trade and consequently the country's economy.

Belarus' close economic links with Russia, the existing sanctions imposed on certain Russian and Ukrainian persons and entities or any possible future sanctions could have a material adverse effect on Belarus' economy, which in turn could have a material adverse effect on the trading price of the Notes.

Political considerations may impede economic reform, and political instability may result from both the implementation of reforms or any failure or delay in such implementation, all of which could have a negative effect on Belarus' economy

The President of Belarus (the "**President**") who is elected directly by the people of Belarus has a wide range of powers including the power to call elections, appoint the Prime Minister of Belarus (the "**Prime Minister**") and the Council of Ministers of the Republic of Belarus (the "**Council of Ministers**") as the executive arms of the Government, make judicial appointments and appointments to local executive and administrative bodies and issue edicts, decrees and directives which have the force of law. The current President is not a member of any political party and no political party or other organised body currently has any significant representation in either chamber of the National Assembly (as defined below) as the representative and legislative body of Belarus. There is no limit on the number of terms for which the President can be elected.

The public sector continues to account for a large share of economic activity and represented 45.1 and 44.5 per cent. of GDP in 2018 and 2019, respectively. The public sector budget for 2018 and 2019 resulted in a surplus of BYN4.9 billion and BYN3.3 billion. There can be no assurance that the public sector balance will remain in surplus in the future, especially in the light of the COVID-19 impact. The total outstanding external public debt of Belarus as at 31 December 2019 was 27.1 per cent. of GDP, as compared to 28.4 per cent. of GDP as at 31 December 2016, 30.6 per cent. of GDP as at 31 December 2017 and 28.2 per cent. of GDP as at 31 December 2018.

Certain commentators have suggested that without structural reform and a reduction in the extent of direct state support within Belarus' economy, the economy may not achieve sustainable growth. Progress on such reforms to date has been slow and reforms of this nature are likely to be politically unpopular. The extent to which Belarus will be able to attract broad scale investment in the absence of significant political reform is uncertain. Further borrowing from the IMF, the IBRD and other IFIs may also be conditional on such reform.

For instance, in 2016-2018, annual consultations between Belarus and the IMF took place within the framework of Article IV of the IMF agreement. The IMF was focused on the current economic policy and the forecast for the Belarusian economy's development for the coming years. As a result, on 16 January 2019, the report of the IMF staff was considered at the meeting of the IMF Board of Directors. The IMF Executive Board members welcomed the positive economic changes in Belarus and noted the successful actions of the authorities in terms of continued economic recovery supported by improved policy frameworks, and the implementation of the Financial Sector Assessment Programme (the "**FSAP**") recommendations. However, a number of risks and vulnerabilities for the economy which remained were noted, including rapidly rising public debt, high dollarisation, and uncertainty about negative spill overs from Russia's "tax manoeuvre", together with delays or any failure in further implementation of reform policies. These risks and vulnerabilities could negatively affect Belarus' economy and Belarus' ability to repay principal and make payments of interest on the Notes and to raise capital in the external debt markets in the future.

Failure of the Republic of Belarus to successfully implement energy sources diversification projects could adversely affect Belarus' economy

Electric power production is the most important industry in the fuel and energy sector of Belarus. It is also one of the leading sectors of the economy. In the period from 2014 to 2019, Belarus has been able to satisfy from 80 to 93 per cent. of its domestic demand for electric power. The remaining part has been imported from Russia, Ukraine and Lithuania. Belarus' strategy has been to gradually decrease imports of energy through an upgrade of its existing energy production facilities, implementation of the energy saving measures in accordance with state industrial programmes, the construction of new high efficiency generation facilities, and the construction of the Belarusian NPP. In March 2011, the Government of Belarus signed a contract with the government of Russia for the "turnkey" construction of the NPP in Belarus (with the total design output of up to 2,400MW). To finance the NPP construction in Belarus, in November 2011 Belarus and Russia signed a U.S.$10 billion export credit loan and a U.S.$500 million credit agreement with Vnesheconombank. As at 31 March 2020, the Republic of Belarus had utilised U.S.$4.3 billion under the U.S.$10 billion credit line available from the Russian Government and U.S.$443.2 million under the U.S.$500 million credit from Vnesheconombank. As at the date of this Prospectus, in view of the postponement of the commissioning of the first and second power units of the NPP, Russia and Belarus were in discussions to agree on amending the terms of the NPP loan, with the final approval and implementation of domestic procedures underway on both sides.

The Government expects that the implementation of the energy system modernisation programme will allow the Republic of Belarus to decrease fuel and energy consumption for power production by approximately 33.4 t.r.f/kWh and reduce corresponding costs and fuel imports. However, should the Belarusian energy system modernisation programme or NPP construction fail to be implemented or should there be significant delays in implementation of these measures due to the absence of sufficient funding, construction breakdowns or delays, natural disasters or other factors, it may have an adverse effect on the Belarusian economy. The project has experienced some construction delays and is currently expected to be put in operation by the end of 2020. Furthermore, despite the fact the design documentation in respect of NPP has undergone an environmental review, commissioning and operation of NPP and nuclear power as an energy source in general is subject to environmental risks of equipment failures and emergencies, nuclear wastes mishandling, pollution, etc.

The economy of the Republic of Belarus may be affected by the aging population

After the dissolution of the USSR, the majority of former Soviet Union states experienced increases in mortality and sharp drops in birth rates. Belarus was not an exception, although the increase in mortality was less pronounced than in other newly independent states, as the socio-economic changes were less drastic. The health crisis of the 1990s contributed to the decline in life expectancy, especially among males. In 1999 the male life expectancy at birth was only 62.2 years according to World Bank, the lowest for the past 50 years. In 2000s, economic growth in Belarus increased and living standards improved rapidly. As economic uncertainty subdued and incomes grew, both life expectancy and fertility increased. The Government also introduced maternity and child benefits, and these policies contributed to an increase in fertility. However, these positive developments were not sufficient to reverse the negative trend in population growth. According to the World Bank, the Belarusian population decreased from 10.2 million in 1991 to 9.5 million in 2014. More importantly for the pension system, the old-age dependency ratio (the number of persons of retirement age per 100 workers) amounted to 43 in 2015. Low post-war birth rates implied that in the 2000s the cohorts entering retirement were relatively small. This favourable demographic environment allowed for a surplus in the Social Protection Fund (the "**SPF**"). As old-age dependency increased, 2013 became the first year with a registered SPF deficit. United Nations population projections suggest that age dependency will continue increasing until 2050 when it stabilises, thus the SPF may experience a shortfall in financing.

The current pension system in Belarus is a pay-as-you-go scheme. The current retirement ages in Belarus are among the lowest in the region: 57 years for women and 62 for men. For the purpose of adaptation of the pension system to an aging population, pension expense growth is being systematically managed. Thus, from 1 January 2017, the pension age has been gradually increasing (by six months each year), until it reaches 58 years for women and 63 years for men in 2022. As at the date of this Prospectus, the pension age in 2020 is 57 years for women and 62 years for men. Also, the minimum length of service with payment of fees will be increased annually in 6-month increments from 16 years in 2017 to 20 years by 2025. The minimum length of service is required for admission to contributory retirement pension and long service pension. See "*The Economy of the Republic of Belarus – Employment, Wages, Pensions and Social Security – Pensions and Other Benefits*". The amount of the average monthly pension in Belarus in 2017, 2018 and 2019 amounted to BYN309.56 (approximately U.S.$160.2), BYN352.11 (approximately U.S.$172.9) and BYN421.86 (approximately U.S.$201.7) respectively. The average pension is approximately 40 per cent. of the average wage.

Should the pension reform and other corresponding actions taken by the Government become insufficient to remedy the effects of the aging population, such as increased pressure on the SPF and health care subsidies, an increased dependency ratio, a shortage of workforce or a reduction in capital investment, these factors could have an adverse effect on the Belarusian economy and its prospects, government finances, and the Government's ability to meet its obligations under the Notes.

Risks Relating to the Notes Generally

Belarusian laws are subject to continuous change

Under the principle of superiority of legislation over the contractual arrangements of the parties that exists in the laws of the Republic of Belarus, if after execution and until termination of any transaction, there shall be an enactment of new mandatory rules that differ from those existing at the time of execution of such a transaction, then that transaction should be brought into conformity with the effective laws of the Republic of Belarus. Decrees and edicts issued by the President of the Republic of Belarus prevail over the laws of the Republic of Belarus adopted by the National Assembly (as defined below), unless the authority for passing a decree or an edict is granted by the law rather than the Constitution of the Republic of Belarus. Acts of the President of the Republic of Belarus having priority over the laws of the Republic of Belarus may be issued at any time and may introduce significant changes into the existing provisions of the laws of the Republic of Belarus relating to the issuance or redemption of the Notes and the execution and performance of the Issuer's obligations under the Subscription Agreement, the Deed of Covenant, the Agency Agreement or the Notes or in connection with the breach, termination or invalidity thereof. Should such significant changes be introduced, this could significantly reduce the trading market for the Notes or could otherwise materially adversely impact the value of the Notes.

Judgments and arbitral awards relating to assets in Belarus and Belarusian assets in other jurisdictions may be difficult to enforce

Belarus is a sovereign state. There is a risk that notwithstanding the waiver of sovereign immunity by Belarus in connection with the Notes, a claimant will not be able to enforce a foreign judgment or arbitral award in Belarus against assets of Belarus (including the imposition of any arrest order or attachment or seizure of such assets and their subsequent sale) without Belarus having specifically consented to such enforcement at the time when the enforcement is sought. In addition, certain state-owned assets are exclusively owned by Belarus (including, but not limited to, gold and currency reserves, items of material cultural value being in permanent storage of state libraries and state museums and included into the Museum and Library Funds of Belarus, state owned items in the National Archive Fund of Belarus and property of a military or defence character) and are generally exempt from court enforcement procedures in Belarus unless otherwise provided by the laws of Belarus or a decision of the President of Belarus. Moreover, the enforcement in Belarus of any court judgment or arbitral award against any assets of the Issuer which are subject to a mortgage, pledge, lien or other security interest or encumbrance granted by the Issuer to a third party will be subject to the provisions of applicable laws governing such mortgages, pledges, liens, security interests or encumbrances (including, without limitation, the order of priority for the satisfaction of claims of secured and unsecured creditors from such assets). In addition, it may not be possible to effect service of process against Belarus in courts outside Belarus or in a jurisdiction to which Belarus has not explicitly submitted.

Should the risks described above materialise, the Noteholders may not be able to enforce a foreign judgment or an arbitral award against assets of the Issuer, which, in turn could result in a full or partial loss of the Noteholders' investments.

Belarusian courts may not enforce foreign judgments or arbitral awards and may not recognise the choice of English law as the governing law of the Notes

Pursuant to Belarusian legislation, if the enforcement of a foreign judgment or arbitral award conflicts with the "public policy" of Belarus, a Belarusian court will refuse to recognize and enforce such foreign judgment or arbitral award. Belarusian courts may not recognize and enforce a judgment obtained in a court established in a country other than Belarus unless such recognition and enforcement is provided for by an international or bilateral treaty ratified by Belarus or on the basis of reciprocal enforcement of judgments. Such treaties are in existence in the form of regional instruments with the majority of the CIS countries and bilateral treaties with other countries including, amongst others, Latvia, Lithuania, China, Hungary and Vietnam. There is no such treaty in force between Belarus and either of the United Kingdom or the United States. The Belarusian legislation does not include clear rules on the application of the principle of reciprocity. Thus, there can be no assurance that the courts of Belarus will recognise and enforce a judgment rendered by courts in jurisdictions with which Belarus has no international or bilateral treaty on the basis of the principle of reciprocity. As it may not be possible to enforce in the courts of Belarus foreign court judgments against Belarus that are predicated upon the laws of foreign jurisdictions, separate proceedings with re-consideration of the merits of the case may be needed in Belarusian courts.

Notwithstanding the fact that Belarus is a party to the Convention on Recognition and Enforcement of Foreign Arbitral Awards of 10 June 1958, in accordance with which an award of the London Court of International Arbitration would be recognised and enforced by the courts of Belarus, it may be impossible to recognize and enforce foreign arbitral awards against Belarus or threatening the interests of Belarus due to Belarusian courts widely interpreting "public policy" as a ground for refusing recognition and enforcement of the foreign arbitral award. In addition, a Belarusian court will ignore any dispute resolution agreement of the parties (and may accordingly deny recognition and enforcement of a relevant foreign judgment or arbitral award) if it finds that under Belarusian legislation it has exclusive jurisdiction over such disputes.

Under the official interpretation of Belarusian procedural law, if any entities are located or domiciled in Belarus, they may not agree to refer their mutual disputes to foreign arbitral tribunals or foreign courts. Arbitration under the Arbitration Rules of the London Court of International Arbitration may be operative under the laws of Belarus only if at least one party to the dispute with the Issuer is located or domiciled outside Belarus. Therefore, a dispute between a Noteholder who is a Belarusian resident and the Issuer may be referred to arbitration under the Arbitration Rules of the London Court of International Arbitration only if there is a foreign co-claimant or co-respondent. Otherwise, a dispute between a Belarusian resident Noteholder and the Issuer shall be referred to a competent court of Belarus.

Although Belarusian law recognises choice of law principles for contractual obligations, the choice of foreign law will not exclude the application of mandatory rules of Belarusian law which cannot be derogated from by the agreement of the parties. According to Belarusian law, regardless of the choice of law applicable to the relations of the parties, certain mandatory rules of Belarusian law will still be applied, for instance, requirements relating to the written form of foreign trade transactions and the procedure for approval of the issue of the Notes and payments thereunder. A Belarusian court may apply these mandatory rules of Belarusian law rather than the law chosen by the parties. Consequently, there can be no assurance that a Belarusian court will recognise English law as the governing law of the Notes or apply only English law to the Notes.

Belarusian law does not recognise the choice of law for non-contractual obligations. The Civil Code itself includes the conflict of laws rules applicable to non-contractual obligations. Therefore, there is also a risk that a Belarusian court may deny recognition and enforcement of a foreign judgment or arbitral award in whole or in part if the foreign court or arbitral tribunal applied any other law than the one that should be applied to non-contractual obligations to decide the relevant dispute under the Civil Code. In addition, a Belarusian court, if approached with the respective claim, will ignore any choice-of-law clause and apply the laws of Belarus to resolve the dispute (i) if it cannot ascertain the contents of the rules of the applicable foreign law as prescribed by the Civil Code, (ii) if it determines that doing so would contradict the "public policy" of Belarus or (iii) if due to the mandatory rules of the Civil Code the disputed legal relationship shall always be governed by the laws of Belarus.

Should the risks described above materialise, the Noteholders may not be able to enforce, or may have significant difficulties in enforcing, a foreign judgment or an arbitral award against assets of the Issuer, which, in turn could result in a full or partial loss of the Noteholders' investments.

Belarusian courts may consider and pass a judgment on the merits of the dispute arising from the Notes, the Subscription Agreement, the Deed of Covenant or the Agency Agreement

If any party were to initiate proceedings in a court of Belarus arising out of or in connection with the Notes, the Subscription Agreement, the Deed of Covenant or the Agency Agreement, the motion to dismiss the proceedings and to refer the parties to arbitration under the Arbitration Rules of the London Court of International Arbitration would have to be made by the other party objecting to the jurisdiction of the Belarusian court prior to submitting the first motion of such party regarding the substance of the dispute. If no such motion is made, the court of Belarus would proceed to review, and to pass judgment on, the merits of the dispute. In this case the Noteholders may face additional burdens or obstacles in conducting proceedings and obtaining a judgment against the Issuer in Belarus, which could have a materially adverse effect on the ability of the Noteholders to recover their investments under the Notes.

Belarusian courts may not enforce gross-up obligations

As at the date of this Prospectus, there is no deduction or withholding in respect of payments of interest or principal under the Notes to legal entities that are not carrying out activities in the Republic of Belarus through a permanent establishment or to non-resident individuals. If the legislation of the Republic of Belarus changes to impose withholding or deduction in relation to payments of interest or principal under the Notes, the Issuer will be obliged to pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required (gross up).

The Tax Code generally permits one party to pay tax for another party from its own funds, which makes the obligation of the Issuer to gross up under the "*Terms and Conditions of the USD A Notes – Condition 7 (Taxation)*" and "*Terms and Conditions of the USD B Notes – Condition 7 (Taxation)*", respectively, generally enforceable in the Republic of Belarus. However, such statutory permission has only been in force since 1 January 2019 (and prior to 1 January 2019 it had been temporarily introduced for the year ended 31 December 2018) and the tax authorities have been silent as to the applicability of the above-mentioned permission to gross up and as to the validity of the gross-up provisions generally. In the absence of any official interpretation or guidance and any practice regarding the validity of gross-up provisions, there is a risk that such statutory permission will not be applied to gross-up provisions such as the ones contained in the "*Terms and Conditions of the USD A Notes – Condition 7 (Taxation)*" and "*Terms and Conditions of the USD B Notes – Condition 7 (Taxation)*" and, as a result, the provisions set forth in Condition 7 *(Taxation)* of each of the "*Terms and Conditions of the USD A Notes*" and "*Terms and Conditions of the USD B Notes*" could be found by a Belarusian court to be unenforceable in Belarus and a foreign judgment or an arbitral award demanding payment resulting from a failure to gross up by the Issuer may not be enforceable in Belarus. In this case amounts payable to the Noteholders would be reduced by an amount equivalent to such taxation, which may result in a loss on investments for the Noteholders, significantly reduce the trading market for the Notes or otherwise materially impact the value of the Notes. Noteholders must therefore consider the possibility that the gross-up provisions contained in the "*Terms and Conditions of the USD A Notes – Condition 7 (Taxation)*" and "*Terms and Conditions of the USD B Notes – Condition 7 (Taxation)*" are not enforceable in Belarus before purchasing the Notes.

Risks Relating to the Notes and the Trading Market

The expansion or extension of the United States, the EU and/or the UK sanctions in respect of the Republic of Belarus could adversely impact the trading market for the Notes

If the United States, the EU and/or the UK sanctions are expanded or a new sanctions regime is introduced in respect of the Republic of Belarus, the trading market for the Notes and the rights of the Noteholders could be adversely affected. If the United States, the EU or the UK sanctions programmes are expanded to include additional existing or future counterparties of the Issuer, some Noteholders may sell, at a loss, their interests in any Notes due to internal compliance requirements or any laws or regulation applicable to such Noteholders.

The introduction of any large-scale sanctions on the Republic of Belarus may negatively impact its ability to make scheduled payments of principal and interest under the Notes, as any such payments could be frozen as a consequence of such sanctions before receipt by the Noteholders. Any such freezing of payments would be beyond the Issuer's control as it would result from the enforcement of sanctions by the relevant payment processing banks. Consequently, the Issuer's ability to make scheduled payments of principal and interest under the Notes may be impaired. While Belarus would consider and, to the extent possible, take available measures to discharge its obligations under the Notes, the imposition of sanctions against it could result in the Noteholders not receiving timely scheduled payments under the Notes or not receiving such payments at all and/or, as a consequence, an Event of Default may occur under the Notes.

The net proceeds of the Offering will not be directed to any activity that would be prohibited for a United States, EU or UK person or entity under sanctions laws, directives or regulations applicable to them. None of the proceeds of the issue of the Notes will be used to fund activities or persons in violation of sanctions introduced by the EU, the United States and the UK. However, should the Republic of Belarus become subject to any of the United States, the EU or the UK expanded sanctions, the relevant clearing systems, brokers and other market participants as well as the London Stock Exchange may refuse to permit trading in or otherwise facilitate transfers of the Notes and certain Noteholders may be unable to continue to hold the Notes as a result of applicable law or internal compliance requirements all of which could significantly reduce the trading market for the Notes or may otherwise materially impact the value of the Notes.

Trading in the clearing systems is subject to minimum denomination requirements

The Notes have denominations consisting of a minimum denomination of U.S.$200,000 plus integral multiples of U.S.$1,000 in excess thereof and it is possible that the Notes may be traded in amounts that are not integral multiples of U.S.$200,000. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than U.S.$200,000 in his account with the relevant clearing system at the relevant time may not receive an individual certificate in respect of such holding (should individual certificates be printed) and would need to purchase a principal amount of Notes such that its holding amounts to at least U.S.$200,000.

Credit ratings may not reflect all risks

The Notes are expected to be rated B by S&P and B by Fitch. These ratings may not reflect the potential impact of all factors that may affect the value of the Notes. Furthermore, the Notes represent obligations of Belarus. Belarus has credit ratings from two international rating agencies: "B/B" with stable outlook from S&P and "B/B" with stable outlook from Fitch. In addition, although the agreement between the Issuer and Moody's Investors Service Limited ("**Moody's**") has terminated, Moody's has continued to issue a non-solicited rating for Belarus which is "B3" with stable outlook. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A credit rating is generally dependent on a number of factors, including public debt levels, past and projected future budget deficits and other considerations. Any adverse change in the credit ratings of the Notes, or of the Issuer, could adversely affect the trading price of the Notes.

Change of law

The Conditions are governed by English law in effect as at the date of this Prospectus. No assurances can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus.

Noteholders may be bound by modifications to the terms of the Notes even if they do not attend or vote at the relevant meeting

The Conditions applicable to each Series of Notes contain provisions for calling meetings of Noteholders for the USD A Notes and the USD B Notes, as applicable, to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders of the relevant Series, as applicable, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

There is no existing market for the Notes

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made for the Notes to be admitted to listing on the Official List of the FCA and to trading on the Regulated Market of the London Stock Exchange, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes. Investors may not be able to sell their

Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a material adverse effect on the market value of the Notes.

In addition, securities markets in recent years have experienced significant price fluctuations. These fluctuations were often unrelated to the operating performance of issuers whose securities were traded on such securities markets. Market fluctuations as well as adverse economic conditions have negatively affected the market price of many securities and may affect the market price of the Notes.

The markets for emerging market debt have been subject to disruptions on account of the global financial crisis that have caused substantial volatility in the prices of securities similar to the Notes. There can be no assurance that the market for the Notes will not be subject to similar disruptions. Any such disruptions may have an adverse effect on Noteholders.

The Noteholders are required to rely on, and comply with, the procedures of Euroclear and Clearstream, Luxembourg and DTC for transfer, payment and communication with the Issuer

The Notes will be represented by the Global Note Certificates except in certain limited circumstances described in the Global Note Certificates. The Global Note Certificates will be registered, as the case may be, in the name of Cede & Co., as nominee for DTC, or Citivic Nominees Limited as nominee of a common depositary for Euroclear and Clearstream, Luxembourg. The Individual Note Certificates evidencing holdings of Notes will only be available in certain limited circumstances. DTC, Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Note Certificates. While the Notes are represented by the Global Note Certificates, investors will be able to trade their beneficial interests only through DTC, Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of Cede & Co., as nominee for DTC, or a nominee of a common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in the Global Note Certificates must rely on the procedures of DTC, Euroclear and Clearstream, Luxembourg as well as procedures of custodians through which they hold the Notes to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note Certificates.

Holders of beneficial interests in the Global Note Certificates will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by DTC, Euroclear and Clearstream, Luxembourg, as applicable, to appoint appropriate proxies.

Governmental and monetary authorities may impose exchange controls that could adversely affect exchange rates

The Issuer will pay principal and interest on the Notes in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollar would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The Notes are subject to interest rate risks

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

TERMS AND CONDITIONS OF THE USD A NOTES

The following is the text of the Terms and Conditions of the USD A Notes which (subject to completion and amendment) will be endorsed on each Note in definitive form. The wording appearing in italics below is included for disclosure purposes only and does not form part of the Terms and Conditions of the USD A Notes.

The U.S.$750,000,000 6.378 per cent. Notes due 24 February 2031 (the "**Notes**") of the Republic of Belarus, acting through the Ministry of Finance of the Republic of Belarus (the "**Issuer**"), are constituted by a deed of covenant dated 24 June 2020 (as amended and/or supplemented from time to time, the "**Deed of Covenant**") entered into by the Issuer and are issued subject to and with the benefit of an agency agreement dated 24 June 2020 (as amended and/or supplemented from time to time, the "**Agency Agreement**") made between the Issuer, Citigroup Global Markets Europe AG as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), Citibank, N.A., London Branch as fiscal agent (the "**Fiscal Agent**" which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), the transfer agents (the "**Transfer Agents**" which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). References herein to the "**Agents**" are to the Registrar, the Fiscal Agent, the Transfer Agents and the Paying Agents and any reference to an "**Agent**" is to any one of them.

Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Covenant and subject to their detailed provisions. References to a specific Condition herein shall be to a Condition of the Notes. The Noteholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below.

1. Form, Denomination and Status

(a) *Form and denomination*: The Notes are in registered form, in the denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (each, an "**Authorised Denomination**").

(b) *Status of the Notes*: The Notes constitute direct, general, unconditional and (subject to the provisions of Condition 3 (*Negative Pledge and Covenants*)) unsecured obligations of the Issuer and rank and will rank *pari passu*, without preference among themselves, with all other unsecured External Indebtedness of the Issuer from time to time outstanding; provided, however, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay such other External Indebtedness at the same time or as a condition of paying sums due on the Notes and vice versa.

2. Register, Title and Transfers

(a) *Register*: The Registrar will maintain a register (the "**Register**") in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly. A certificate (each, a "**Note Certificate**") will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

(b) *Title*: The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

(c) *Transfers*: Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Note may not be transferred unless the principal amount of the Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of the Notes not transferred are Authorised Denominations. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor.

(d) *Registration and delivery of Note Certificates*: Within three business days of the surrender of a Note Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(e) *No charge*: The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(f) *Closed periods*: Noteholders may not require transfers to be registered during the period of 15 calendar days ending on the due date for any payment of principal or interest in respect of the Notes.

(g) *Regulations concerning transfers and registration*: All transfers of the Notes and entries on the Register are subject to the detailed regulations concerning the transfer of the Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

3. Negative Pledge and Covenants

(a) *Negative pledge*: So long as any Note remains outstanding (for the purposes of these Conditions "**outstanding**" shall have the meaning ascribed to it in the Agency Agreement) the Issuer will not create or permit to be outstanding, and will procure that there is not created or permitted to be outstanding, any mortgage, charge, lien, pledge or any other security interest (each a "**Security Interest**") other than a Permitted Security Interest (as defined below) upon, or with respect to, any of its present or future assets or revenues or upon the official external reserves of the Issuer (which expression includes the gold reserves of the Issuer by whomsoever and in whatsoever form owned or held or customarily regarded and held out as the official external reserves) or any part thereof to secure any Relevant Indebtedness (as defined below), unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all the action necessary to ensure that:

(i) all amounts payable by it under the Notes are secured equally and rateably with such Relevant Indebtedness;

(ii) such other security or other arrangement is provided for the Notes as is approved by an Extraordinary Resolution (as defined in Condition 12(b) (*Modification of this Series of Notes only*)) of the Noteholders.

(b) *Interpretation*: For the purposes of these Conditions:

"**External Indebtedness**" means any obligation for money borrowed or raised, which is payable in or by reference to a currency which is not the lawful currency for the time being of the Republic of Belarus;

"**Relevant Indebtedness**" means (a) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which (i) are for the time being or are capable of being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other such securities market and (ii) are denominated in a currency other than the Belarusian rouble and (b) any guarantee or indemnity in respect of any such indebtedness.

"**Permitted Security Interest**" means:

(i) any Security Interest upon property (or any revenues therefrom) to secure the Relevant Indebtedness incurred for the purpose of financing the acquisition or construction of such property;

(ii) any Security Interest existing on any property (or any revenues therefrom) at the time of its acquisition;

(iii) any Security Interest securing Relevant Indebtedness incurred for the purpose of Project Financing provided that (i) the holders of such Relevant Indebtedness expressly agree to limit their recourse to the assets and revenues of such project as the principal source of repayment of such Relevant Indebtedness and (ii) the property over which such Security Interest is granted consists solely of such assets and revenues;

(iv) any Security Interest existing on the original date of issue of the Notes; and

(v) the renewal or extension of any Security Interest described in subparagraphs (i) to (iv) above, provided that the principal amount of the Relevant Indebtedness secured thereby is not increased; and

"**Project Financing**" means any arrangement for the provision of funds which are to be used solely to finance a project for the acquisition, construction, development, or exploitation of any property pursuant to which the persons providing such funds agree that the principal source of repayment of such funds will be the project and the revenues (including insurance proceeds) generated by such project.

(c) *Covenants*: So long as any Note remains outstanding the Issuer shall:

(i) at all times have and exercise full rights of ownership in respect of the International Monetary Assets of the Issuer and procure that the National Bank of the Republic of Belarus at all times has and exercises full authority, power and control in respect of the International Monetary Assets of the Issuer; and

(ii) duly obtain and maintain in full force and effect all governmental approvals (including any exchange control and transfer approvals) which may be necessary or advisable under the laws of the Issuer for the execution, delivery and performance of all obligations arising under the Notes by it and duly take all necessary and advisable governmental and administrative action in the Republic of Belarus in order to make all payments to be made under the Notes as required by these Conditions.

In these Conditions, "**International Monetary Assets**" means all official holdings of gold, Special Drawing Rights, Reserve Positions in the Fund and Foreign Exchange of the Government or any agency or department of the Government from time to time, the terms "**Special Drawing Rights**", "**Reserve Positions in the Fund**" and "**Foreign Exchange**" have, as to the types of assets included, the meanings given to them in the International Monetary Fund's ("**IMF**") publication entitled "*International Financial Statistics*" or such other meanings as shall be formally adopted by the IMF from time to time and "**Government**" means the government of the Issuer.

4. Interest

(a) *Interest Accrual*: The Notes bear interest from (and including) 24 June 2020 (the "**Issue Date**") to (but excluding) the due date for redemption at the rate of 6.378 per cent. per annum in respect of the Notes (the "**Rate of Interest**"), payable semi-annually in arrear on 24 February and 24 August in each year (each, an "**Interest Payment Date**"), commencing on 24 February 2021 for the period commencing on (and including) the Issue Date to (but excluding) 24 February 2021 (and thus a long first interest period), all subject as provided in Condition 6 (*Payments*).

Each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an "**Interest Period**".

(b) *Cessation of Interest*: Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Calculation of Interest for an Interest Period*: For the first Interest Period (the period commencing on (and including) the Issue Date to (but excluding) 24 February 2021) interest shall be calculated in accordance with Condition 4(d) below. In respect of each Interest Period thereafter the amount of interest payable in respect of each Note shall be calculated by applying the Rate of Interest to the principal amount of such Note, dividing the product by two and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

(d) *Calculation of Interest for any other Period*: If interest is required to be calculated for any period other than an Interest Period, it will be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the day count fraction (which shall be determined on the basis of a year of 360 days consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed), rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the Authorised Denomination of such Note divided by the Calculation Amount, where "**Calculation Amount**" means U.S.$1,000.

The determination of the amount of interest payable under Conditions 4(c)(*Calculation of Interest for an Interest Period*) and 4(d) (*Calculation of Interest for any other Period*) by the

Paying and Transfer Agent shall, in the absence of manifest and proven error, be binding on all parties.

5. Redemption and Purchase

(a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 24 February 2031, subject as provided in Condition 6 (*Payments*).

(b) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraph (a) (*Scheduled redemption*) above.

(c) *Purchase*: The Issuer may at any time purchase Notes in the open market or otherwise and at any price.

(d) *Cancellation*: All Notes so redeemed or purchased by or on behalf of the Issuer shall be cancelled and may not be reissued or resold.

6. Payments

(a) *Principal:* Payments of principal on the Notes shall be made by U.S. dollar cheque drawn on, or, upon application by a Holder of a Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to a U.S. dollar account maintained by the payee with, a bank in London and New York City and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(b) *Interest*: Payments of interest on the Notes shall be made by U.S. dollar cheque drawn on, or, upon application by a Holder of a Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to a U.S. dollar account maintained by the payee with, a bank in London and New York City and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(c) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (Taxation). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) *Payments on business days:* Where payment on the Notes is to be made by transfer to a U.S. dollar account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated and, where payment is to be made by U.S. dollar cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a business day or (B) a cheque mailed in accordance with this Condition 6 (*Payments*) arriving after the due date for payment or being lost in the mail. In this paragraph "**business day**" means any day on which banks are open for general business (including dealings in foreign currencies) in London and New York City and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).

(e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

(f) *Record date*: Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

7. Taxation

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of a Relevant Jurisdiction, unless the withholding or deduction of Taxes is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

(a) the Holder of which is liable for Taxes in respect of such Note by reason of its having some connection with the Relevant Jurisdiction other than the mere holding of the Note; or

(b) where the relevant Note Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had surrendered the relevant Note Certificate on the last day of such period of 30 days.

In these Conditions:

(a) "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

(b) "**Relevant Jurisdiction**" means the Republic of Belarus or any political subdivision thereof or any authority therein or thereof having power to tax; and

(c) Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 7 (*Taxation*).

8. Events of Default

If any of the following events occurs and is continuing:

(a) *Non-payment*: a default is made in the payment of any amount of principal or interest due in respect of the Notes or any of them and the default continues for a period of 14 days in the case of interest; or

(b) *Breach of other obligations*: the Issuer fails to perform or observe any of its other obligations under or in respect of the Notes or the Deed of Covenant and (except in any case where the failure is incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) such default continues for a period of 30 days after written notice requiring the same to be remedied, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of the Fiscal Agent; or

(c) *Cross-default of Issuer*:

(i) any other loan or debt of the Issuer becomes due and repayable prematurely by reason of an event of default (however described);

(ii) the Issuer fails to make any payment in respect of any loan or debt on the due date for payment or at the expiry of any grace period originally applicable thereto;

(iii) any security given by the Issuer for any loan or debt becomes enforceable; or

(iv) default is made by the Issuer in making any payment due under any guarantee and/or indemnity given by it in relation to any loan, debt or other moneys of any other person,

provided that the aggregate amount of any such loan or debt of the Issuer or any loan, debt or other moneys in relation to which the Issuer has given any security, guarantee and/or indemnity is in excess of U.S.$25,000,000; or

(d) *Repudiation, moratorium, etc.*: the Issuer repudiates or declares a general moratorium on or in respect of its indebtedness or any part thereof or the Issuer ceases to be a member of the IMF or to be eligible to use the general resources of the IMF; or

(e) *Legality and validity*: the validity of the Notes or the Deed of Covenant is contested by the Issuer, or the Issuer denies any of the Issuer's obligations under the Notes or it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Deed of Covenant or any such obligations are or become unenforceable or invalid; or

(f) *Failure to take action, etc.*: any regulation, decree, consent, approval, licence or other authority (or any other action required to be taken, fulfilled or done), which is necessary:

(i) to enable the Issuer to perform its obligations under the Notes or the Deed of Covenant or for the validity or enforceability thereof; or

(ii) to make the Note and the Deed of Covenant admissible in evidence in the courts of the Republic of Belarus,

expires or is withheld, revoked or terminated or otherwise ceases to remain in full force and effect or such other action is not taken,

then any Note may, by written notice addressed by the Holder thereof to the Issuer and delivered to the Issuer (with a copy to the Specified Office of the Fiscal Agent), be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further action or formality.

9. Prescription

Claims for principal and interest on redemption shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

10. Replacement of Note Certificates

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

11. Agents

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The initial Agents and their initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar or fiscal agent and additional or successor paying agents and transfer agents; *provided, however, that* the Issuer shall at all times maintain (a) a fiscal agent and a registrar and (b) a paying agent and a transfer agent in London.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

12. Meetings of Noteholders; Modification

(a) **Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions:**

(i) The Issuer may convene a meeting of Noteholders at any time in respect of the Notes in accordance with the provisions of the Agency Agreement. The Issuer will determine the time and place of the meeting and will notify the Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.

(ii) The Issuer or the Fiscal Agent will convene a meeting of Noteholders if the holders of at least 10 per cent. in principal amount of the outstanding Notes (as defined in the Agency Agreement and described in Condition 12(i) (*Notes controlled by the Issuer*)) have delivered a written request to the Issuer or the Fiscal Agent (with a copy to the Issuer) setting out the purpose of the meeting. The Fiscal Agent will agree the time and place of the meeting with the Issuer promptly. The Issuer or the Fiscal Agent, as the case may be, will notify the Noteholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.

(iii) The Issuer (with the agreement of the Fiscal Agent) will set the procedures governing the conduct of any meeting in accordance with the Agency Agreement. If the Agency Agreement does not include such procedures, or additional procedures are required, the Issuer and the Fiscal Agent will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.

(iv) The notice convening any meeting will specify, *inter alia*:

(A) the date, time and location of the meeting;

(B) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;

(C) the record date for the meeting, which shall be no more than five business days before the date of the meeting;

(D) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;

(E) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar system through which the Notes are traded and/or held by Noteholders;

(F) whether Condition 12(b) (*Modification of this Series of Notes only*), Condition 12(c) (*Multiple Series Aggregation – Single limb voting*) or Condition 12(d) (*Multiple Series Aggregation – Two limb voting*) shall apply and, if relevant, in relation to which other series of debt securities it applies;

(G) if the proposed modification or action relates to two or more series of debt securities issued by it and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;

(H) such information that is required to be provided by the Issuer in accordance with Condition 12(f) (*Information*);

(I) the identity of the Aggregation Agent and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 12(g) (*Claims Valuation*); and

(J) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.

(v) In addition, the Agency Agreement contains provisions relating to Written Resolutions. All information to be provided pursuant to paragraph 12(a)(iv) above shall also be provided, *mutatis mutandis*, in respect of Written Resolutions.

(vi) A "**record date**" in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.

(vii) An "**Extraordinary Resolution**" means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.

(viii) A "**Written Resolution**" means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.

(ix) Any reference to "**debt securities**" means any notes (including the Notes), bonds, debentures or other debt securities issued by the Issuer in one or more series with an original stated maturity of more than one year.

(x) "**Debt Securities Capable of Aggregation**" means those debt securities which include or incorporate by reference this Condition 12 and Condition 13 (*Aggregation Agent; Aggregation Procedures*) or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

(b) **Modification of this Series of Notes only:**

(i) Any modification of any provision of, or any action in respect of, these Conditions or the Agency Agreement in respect of the Notes may be made or taken if approved by a Single Series Ordinary Resolution, a Single Series Extraordinary Resolution or a Single Series Written Resolution (each as defined below), as set out below.

(ii) For the purposes of a meeting of Noteholders convened in respect of this series of Notes only and for the purposes of passing a Single Series Ordinary Resolution and/or a Single Series Extraordinary Resolution (a "**Single Series Noteholder Meeting**") at any such Single Series Noteholder Meeting, any one or more persons present in person holding Notes or proxies or representatives and holding or representing in the aggregate not less than 50 per cent. in principal amount of the Notes for the time being outstanding shall (except for the purposes of passing a Single Series Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted at any such Single Series Noteholder Meeting unless the requisite quorum be present at the commencement of business. The quorum at any such Single Series Noteholder Meeting convened for the purpose of passing of a Single Series Extraordinary Resolution shall (subject as provided in Condition 12(b)(iii)) be two or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than 75 per cent. of the principal amount of the Notes for the time being outstanding.

(iii) If within 15 minutes from the time fixed for any such Single Series Noteholder Meeting a quorum is not present, the Single Series Noteholder Meeting shall, if convened upon the requisition of Noteholders, be dissolved. In any other case it shall stand adjourned for such period, being not less than 14 days nor more than 42 days, as may be determined by the chairman either at or after the Single Series Noteholder Meeting. At such adjourned Single Series Noteholder Meeting, one or more persons present in person holding Notes or being proxies or representatives (whatever the principal amount of Notes so held or represented) shall form a quorum and may pass any resolution and decide upon all matters which could properly have been dealt with at the Single Series Noteholder Meeting from which the adjournment took place had a quorum been present at the Single Series Noteholder Meeting, **provided that** at any adjourned Single Series Noteholder Meeting at which it is to be proposed a Single Series Extraordinary Resolution, the quorum shall be two or more persons so present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than 33 ⅓ per cent. of the aggregate principal amount of Notes for the time being outstanding.

(iv) A "**Single Series Ordinary Resolution**" means a resolution passed at a Single Series Noteholder Meeting duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Conditions 12(a), 12(b)(ii) and 12(b)(iii) in respect of any matter other than a Reserved Matter by the affirmative vote of more than 50 per cent. of the aggregate principal amount of the outstanding Notes present in person or represented by proxy.

(v) A "**Single Series Extraordinary Resolution**" means a resolution passed at a Single Series Noteholder Meeting duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Conditions 12(a), 12(b)(ii) and 12(b)(iii) in respect of a Reserved Matter by the affirmative vote of at least 75 per cent. of the aggregate principal amount of the outstanding Notes present in person or represented by proxy.

(vi) A "**Single Series Written Resolution**" means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:

(A) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes; or

(B) in the case of a matter other than a Reserved Matter more than 50 per cent. of the aggregate principal amount of the outstanding Notes.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.

(vii) Any Single Series Ordinary Resolution or Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders, whether or not they attended such Single Series Noteholder Meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be.

(c) **Multiple Series Aggregation – Single limb voting:**

(i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, ***provided that*** the Uniformly Applicable condition is satisfied.

(ii) A "**Multiple Series Single Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 12(a) (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*), as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).

(iii) A "**Multiple Series Single Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(iv) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be.

(v) The "**Uniformly Applicable**" condition will be satisfied if:

(A) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (i) the same new instrument or other consideration or (ii) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or

(B) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to the currency of issuance).

(vi) It is understood that a proposal under Condition 12(c)(i) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).

(vii) Any modification or action proposed under Condition 12(c)(i) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 12(c) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(d) **Multiple Series Aggregation – Two limb voting:**

(i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.

(ii) A "**Multiple Series Two Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 12(a) (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*), as supplemented if necessary, which is passed by a majority of:

(A) at least 66⅔ per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(B) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

(iii) A "**Multiple Series Two Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:

(A) at least 66⅔ per cent. of the aggregate principal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(B) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(iv) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be.

(v) Any modification or action proposed under Condition 12(d)(i) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 12(d) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(e) **Reserved Matters:**

In these Conditions, "**Reserved Matter**" means any proposal:

(i) to change the dates, or the method of determining the dates, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;

(ii) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;

(iii) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;

(iv) to change this definition, or the definition of "Extraordinary Resolution", "Single Series Extraordinary Resolution", "Multiple Series Single Limb Extraordinary Resolution", "Multiple Series Two Limb Extraordinary Resolution", "Written Resolution", "Single Series Written Resolution", "Multiple Series Single Limb Written Resolution" or "Multiple Series Two Limb Written Resolution";

(v) to change the definition of "debt securities" or "Debt Securities Capable of Aggregation";

(vi) to change the definition of "Uniformly Applicable";

(vii) to change the definition of "outstanding" or to modify the provisions of Condition 12(i) (*Notes controlled by the Issuer*);

(viii) to change the legal ranking of the Notes or any of the covenants contained in Condition 3 (*Negative Pledge and Covenants*);

(ix) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, as set out in Condition 8 (*Events of Default*);

(x) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings (including arbitration proceedings) to be taken or the Issuer's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, as set out in Condition 17 (*Governing Law and Arbitration)*;

(xi) to impose any condition on or otherwise change the Issuer's obligation to make payments of or in respect of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;

(xii) to modify the provisions of this Condition 12(e);

(xiii) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security;

(xiv) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in the Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:

(A) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange or substitution or conversion; or

(B) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

(f) **Information:**

Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 12(b) (*Modification of this Series of Notes only*), Condition 12(c) (*Multiple Series Aggregation – Single limb voting*) or Condition 12(d) (*Multiple Series Aggregation – Two limb voting*), the Issuer shall publish in accordance with Condition 13 (*Aggregation Agent; Aggregation Procedures*) and provide the Fiscal Agent with the following information:

(i) a description of the Issuer's economic and financial circumstances which are, in the Issuer's opinion, relevant to the request for any potential modification or action, a description of the Issuer's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;

(ii) if the Issuer shall at the time have entered into any form of debt restructuring and/or shall have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement and where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;

(iii) a description of the Issuer's proposed treatment of its debt other than that which is within the scope of any multiple series aggregation and its intentions with respect to its own debt securities and other major creditor groups; and

(iv) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of Noteholders in Condition 12(a)(iv)(G).

(g) **Claims Valuation:**

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 12(c) (*Multiple Series Aggregation – Single limb voting*) and Condition 12(d) (*Multiple Series Aggregation – Two limb voting*), the Issuer may appoint a calculation agent (the "**Calculation Agent**"). The Issuer shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the Calculation Agent will calculate the par value of the Notes and such affected series of debt securities. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

(h) **Manifest error, etc.:**

The Notes, these Conditions, the Deed of Covenant and the provisions of the Agency Agreement may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature or it is not materially prejudicial to the interests of the Noteholders.

(i) **Notes controlled by the Issuer:**

For the purposes of (i) determining the right to attend and vote at any meeting of Noteholders, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution, (ii) this Condition 12 (*Meetings of Noteholders; Modification*) and (iii) Condition 8 (*Events of Default*), any Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is directly or indirectly owned by or under the Control of the Issuer or by any public sector instrumentality of the Issuer shall be disregarded and be deemed not to remain outstanding, where "**public sector instrumentality**" means the National Bank of the

Republic of Belarus or any department, ministry or agency of the Government or any corporation, trust, financial institution or other entity owned by or under the Control of the Government or any of the foregoing; and "**Control**" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Note will also be deemed to be not outstanding if the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any meeting of Noteholders, or in connection with any Written Resolution, the Issuer shall provide to the Fiscal Agent a copy of the certificate prepared pursuant to Condition 13(e) (*Certificate*) which includes information on the total number of Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is directly or indirectly owned by or under the Control of the Issuer or any public sector instrumentality of the Issuer and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its Specified Office and, upon reasonable request, will allow copies of such certificate to be taken.

(j) **Publication:**

The Issuer shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 13(h) (*Manner of publication*).

(k) **Exchange and Conversion:**

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Issuer's option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders.

13. Aggregation Agent; Aggregation Procedures

(a) **Appointment:**

The Issuer will appoint an aggregation agent (the "**Aggregation Agent**") to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions, the Deed of Covenant or the Agency Agreement in respect of the Notes and in respect of the terms and conditions or bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.

(b) **Extraordinary Resolutions:**

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

(c) **Written Resolutions:**

If a Written Resolution has been proposed under these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

(d) **Electronic Consents:**

If approval of a resolution proposed under these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, is proposed to be given by way of electronic consent, the Aggregation Agent will, as soon as reasonably practicable after the relevant electronic consent has been given, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have consented to the resolution by way of electronic consent such that the resolution is approved. If so, such electronic consent will take place as a Written Resolution, and the Aggregation Agent will determine whether the resolution has been duly approved.

(e) **Certificate:**

For the purposes of Condition 13(b) (*Extraordinary Resolutions*) and Condition 13(c) (*Written Resolutions*), the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 12(b) (*Modification of this Series of Notes only*), Condition 12(c) (*Multiple Series Aggregation – Single limb voting*) or Condition 12(d) (*Multiple Series Aggregation – Two limb voting*), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

(i) list the total principal amount of Notes and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and

(ii) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 12(i) (*Notes controlled by the Issuer*) on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

(f) **Notification:**

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 13 to be notified to the Fiscal Agent and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

(g) **Binding nature of determinations; no liability:**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 13 by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent and the Noteholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(h) **Manner of publication:**

The Issuer will publish all notices and other matters required to be published pursuant to the Agency Agreement including any matters required to be published pursuant to Condition 8 (*Events of Default*), Condition 12 (*Meetings of Noteholders; Modification*) and this Condition 13:

(i) through any clearing system in which the Notes are held;

(ii) in such other places and in such other manner as may be required by applicable law or regulation; and

(iii) in such other places and in such other manner as may be customary.

14. Further Issues

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

*If the Issuer offers further notes with original issue discount (“**OID**”) for U.S. federal income tax purposes as part of a further issue, this may negatively affect the price of the outstanding Notes following a further issuance. For further information, please see “Taxation – United States Federal Income Taxation” and consult with your tax advisers with respect to the implications of any decision by the Issuer to undertake a further issuance of debt securities with OID.*

15. Notices

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the Financial Times) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of the first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

In addition, so long as Notes are listed on the London Stock Exchange and the rules of that Exchange so require, notices will also be published in a daily newspaper of general circulation in the place or places required by such rules and/or on the website of the

London Stock Exchange. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange or relevant authority on or by which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published through more than one medium, on the date of the first publication through all required media.

In addition, notices to the Noteholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail to the holders (or the first named of joint holders) at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

Noteholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

16. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

17. Governing Law and Arbitration

(a) *Governing law*: The Notes (including a dispute relating to their existence, validity or termination) and any non-contractual obligation or other matter arising out of or in connection with the Notes shall be governed by, and construed in accordance with, English law. The governing law of this Condition 17 (*Governing Law and Arbitration*) shall also be the substantive law of England.

(b) *Arbitration*: Any dispute, claim, difference or controversy arising out of or in connection with the Notes (including any dispute relating to their existence, validity or termination, or any non-contractual obligation or other matter arising out of or in connection with the Notes) (a "**Dispute**") shall be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition 17(b) (*Arbitration*). For these purposes:

(i) any Request for Arbitration (as defined in the Rules) may be served on the Issuer by any Noteholder lodging the same with the Fiscal Agent;

(ii) the seat, or legal place of arbitration, shall be London, England;

(iii) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions. The claimant(s) and the respondent(s) shall nominate an arbitrator respectively. The third arbitrator, who shall be the chairman of the tribunal, shall be nominated by the two party-nominated arbitrators within thirty (30) days of the last of their appointments;

(iv) the language of the arbitration shall be English; and

(v) any award of the tribunal shall be binding from the day it is made, and the Issuer hereby waives any right to refer any question of law and any right of appeal on the law and/or merits to any court.

Nothing in these dispute resolution provisions shall be construed as preventing any Noteholder from seeking conservatory or similar interim relief in any court of competent jurisdiction.

(c) *Service of Process*: For the purposes of any court proceedings commenced in support of, or in relation to, arbitral proceedings brought under this Condition 17 (*Governing Law and Arbitration*), process may be served in England at the Embassy of the Republic of Belarus to the United Kingdom of Great Britain and Northern Ireland currently residing at 6 Kensington Court, London W8 5DL, United Kingdom and the Issuer agrees that, if for any reason such agent shall cease to be such agent for service of process, it will appoint a third party agent for service of process in England. Nothing in this Condition shall affect the right of any party to serve process in any other manner permitted by law.

(d) *Waiver of immunity*:

To the extent that the Issuer may in any jurisdiction claim for itself or its revenues, assets or properties ("**Sovereign Assets**") immunities from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or legal process, in all cases related to the Notes, and to the extent that in any such jurisdiction there may be attributed to itself or its Sovereign Assets such immunity (whether or not claimed), the Issuer hereby irrevocably agrees for the benefit of the Noteholders not to claim and confirms that any such immunity is or has been irrevocably waived to the fullest extent permitted by the laws of such jurisdiction. In particular, but without limitation, the Issuer submits to the jurisdiction of the English court and any arbitral body constituted in accordance with this Condition 17 (*Governing Law and Arbitration*).

To the extent that the Issuer or any of its Sovereign Assets may be entitled in any jurisdiction to any immunity from set-off or any similar right or remedy, and to the extent that there shall be attributed, in any jurisdiction, such an immunity, the Issuer hereby irrevocably agrees not to claim and confirms that any such immunity is or has been irrevocably waived to the fullest extent permitted by the laws of such jurisdiction with respect to any claim, suit, action, proceeding, right or remedy arising out of or in connection with the Notes.

The waiver of immunity by the Issuer herein shall not constitute a waiver of immunity in relation to: (a) property, including any bank account, used by a diplomatic or consular mission of the Issuer or its special missions or delegations to international organisations, including their heads and other employees (except to the extent they are appointed as process agent and it is required for any service of process pursuant to Condition 17(c) (*Service of process*)), (b) property of military character and under the control of a military authority or defence agency of the Issuer and (c) property located in Belarus that is used for public or governmental purposes (as distinct from property dedicated to a commercial use). The Issuer reserves the right to plead sovereign immunity under the Foreign Sovereign Immunities Act of 1976 with respect to actions brought against it in any court of or in the United States of America under any United States federal or state securities law.

(e) *Consent to enforcement*:

The Issuer further irrevocably consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any Sovereign Assets whatsoever (irrespective of their use or intended use) of any order or judgment, made or given in connection with any Dispute.

(f) *Consolidation of Disputes*:

(i) In this Condition:

"**Consolidation Order**" means an order by a Tribunal that a Primary Dispute and a Linked Dispute be consolidated and heard as one dispute in the same arbitral proceedings.

"**Linked Agreement**" means the Notes, the Deed of Covenant, the USD A Restricted Global Note Certificate, the USD A Unrestricted Global Note Certificate, the Agency Agreement and any other agreement entered into in connection with the issue of the Notes.

"**Linked Dispute**" means any Dispute and/or any dispute, claim, difference or controversy arising out of or in connection with any Linked Agreement (including any dispute relating to its existence, validity or termination or any non-contractual obligation or other matter arising out of or in connection with it), in which a Request for Arbitration is served after a Request for Arbitration has been served in respect of a Primary Dispute.

"**Primary Dispute**" means any Dispute and/or any dispute, claim, difference or controversy arising out of or in connection with any Linked Agreement (including any dispute relating to its existence, validity or termination or any non-contractual obligation or other matter arising out of or in connection with it) in which a Request for Arbitration has been served before a Request for Arbitration is served in relation to a Linked Dispute.

"**Tribunal**" means any arbitral tribunal appointed under the Notes or any Linked Agreement.

(ii) If any Linked Dispute raises issues of fact and/or law which are substantially the same as or similar to issues raised in any Primary Dispute then, notwithstanding that a Tribunal may already have been agreed or appointed in respect of the Linked Dispute, any party (the "**Notifying Party**") to both the Primary Dispute and the Linked Dispute (the "**Notified Disputes**") may apply, by service of a written notice (a "**Consolidation Notice**") in accordance with this Condition, to the Tribunal appointed in relation to the Primary Dispute for a Consolidation Order.

(iii) The Notifying Party must serve the Consolidation Notice on all parties to the Notified Disputes, and on any arbitrators already appointed or agreed in connection with any Notified Dispute.

(iv) The Tribunal appointed in relation to the Primary Dispute may make a Consolidation Order on hearing an application brought under Condition 17(f)(ii) above if it considers it just, equitable and procedurally efficient to do so and that no party to either the Primary Dispute or the Linked Dispute would be materially prejudiced as a result of such consolidation. In determining whether to make a Consolidation Order, the Tribunal must take account of:

(i) the likelihood and consequences of inconsistent decisions if consolidation is not ordered;

(ii) any fault on the part of the party seeking consolidation to make a timely application; and

(iii) the likely consequences of consolidation in terms of cost and time.

(v) If the Tribunal appointed in respect of the Primary Dispute makes a Consolidation Order:

(i) it will immediately, to the exclusion of the other Tribunal appointed in a Linked Dispute, have jurisdiction to resolve finally the Notified Disputes;

(ii) it must order that notice of the Consolidation Order and its effect be given immediately to any arbitrators already appointed in relation to the Linked Dispute and to all parties to the Notified Disputes;

(iii) any appointment of an arbitrator in relation to the Linked Dispute before the date of the Consolidation Order will terminate immediately and that arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:

(A) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;

(B) his entitlement to be paid his proper fees and disbursements; and

(C) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision;

(iv) it may also give any other directions it considers appropriate to:

(A) give effect to the Consolidation Order and make provisions for any costs which may result from it (including costs in any arbitration terminated as a result of the Consolidation Order); and

(B) ensure the proper organisation of the arbitration proceedings and the proper formulation and resolution of the issues between the parties.

(v) If a Tribunal appointed in respect of the Primary Dispute arising under a Linked Agreement makes a Consolidation Order which confers on that Tribunal jurisdiction to resolve a Linked Dispute arising under the Notes, that Consolidation Order and the award of that Tribunal will bind the parties to the Linked Dispute arising under the Notes.

(vi) For the avoidance of doubt, where a Tribunal is appointed under the Notes or any Linked Agreement, the whole of its award (including any part relating to a Linked Dispute) is deemed for the purposes of the New York Convention on the Recognition and Enforcement of Arbitral Awards 1958 to be contemplated by the Notes and that Linked Agreement.

(vii) Each of the Issuer and the Noteholders hereby waives any right to object to the validity and/or enforceability of any arbitral award made by a Tribunal following the grant of a Consolidation Order on the basis that such award was made in arbitral proceedings which were consolidated under this Condition 17(f) or in accordance with an equivalent provision under another Linked Agreement.

(vi) Should the Tribunal appointed in relation to the Primary Dispute decline appointment in respect of the Linked Dispute, any rights to submit a Linked Dispute arising under the Notes to separate arbitration proceedings under Condition 17(b) (*Arbitration*) shall be unaffected.

TERMS AND CONDITIONS OF THE USD B NOTES

The following is the text of the Terms and Conditions of the USD B Notes which (subject to completion and amendment) will be endorsed on each Note in definitive form. The wording appearing in italics below is included for disclosure purposes only and does not form part of the Terms and Conditions of the USD B Notes.

The U.S.$500,000,000 5.875 per cent. Notes due 24 February 2026 (the "**Notes**") of the Republic of Belarus, acting through the Ministry of Finance of the Republic of Belarus (the "**Issuer**"), are constituted by a deed of covenant dated 24 June 2020 (as amended and/or supplemented from time to time, the "**Deed of Covenant**") entered into by the Issuer and are issued subject to and with the benefit of an agency agreement dated 24 June 2020 (as amended and/or supplemented from time to time, the "**Agency Agreement**") made between the Issuer, Citigroup Global Markets Europe AG as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), Citibank, N.A., London Branch as fiscal agent (the "**Fiscal Agent**" which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), the transfer agents (the "**Transfer Agents**" which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). References herein to the "**Agents**" are to the Registrar, the Fiscal Agent, the Transfer Agents and the Paying Agents and any reference to an "**Agent**" is to any one of them.

Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Covenant and subject to their detailed provisions. References to a specific Condition herein shall be to a Condition of the Notes. The Noteholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below.

1. Form, Denomination and Status

(a) *Form and denomination*: The Notes are in registered form, in the denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (each, an "**Authorised Denomination**").

(b) *Status of the Notes*: The Notes constitute direct, general, unconditional and (subject to the provisions of Condition 3 (*Negative Pledge and Covenants*)) unsecured obligations of the Issuer and rank and will rank *pari passu*, without preference among themselves, with all other unsecured External Indebtedness of the Issuer from time to time outstanding; provided, however, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay such other External Indebtedness at the same time or as a condition of paying sums due on the Notes and vice versa.

2. Register, Title and Transfers

(a) *Register*: The Registrar will maintain a register (the "**Register**") in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly. A certificate (each, a "**Note Certificate**") will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

(b) *Title*: The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

(c) *Transfers*: Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Note may not be transferred unless the principal amount of the Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of the Notes not transferred are Authorised Denominations. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor.

(d) *Registration and delivery of Note Certificates*: Within three business days of the surrender of a Note Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(e) *No charge*: The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(f) *Closed periods*: Noteholders may not require transfers to be registered during the period of 15 calendar days ending on the due date for any payment of principal or interest in respect of the Notes.

(g) *Regulations concerning transfers and registration*: All transfers of the Notes and entries on the Register are subject to the detailed regulations concerning the transfer of the Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

3. Negative Pledge and Covenants

(a) *Negative pledge*: So long as any Note remains outstanding (for the purposes of these Conditions "**outstanding**" shall have the meaning ascribed to it in the Agency Agreement) the Issuer will not create or permit to be outstanding, and will procure that there is not created or permitted to be outstanding, any mortgage, charge, lien, pledge or any other security interest (each a "**Security Interest**") other than a Permitted Security Interest (as defined below) upon, or with respect to, any of its present or future assets or revenues or upon the official external reserves of the Issuer (which expression includes the gold reserves of the Issuer by whomsoever and in whatsoever form owned or held or customarily regarded and held out as the official external reserves) or any part thereof to secure any Relevant Indebtedness (as defined below), unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all the action necessary to ensure that:

(i) all amounts payable by it under the Notes are secured equally and rateably with such Relevant Indebtedness;

(ii) such other security or other arrangement is provided for the Notes as is approved by an Extraordinary Resolution (as defined in Condition 12(b) (*Modification of this Series of Notes only*)) of the Noteholders.

(b) *Interpretation*: For the purposes of these Conditions:

"**External Indebtedness**" means any obligation for money borrowed or raised, which is payable in or by reference to a currency which is not the lawful currency for the time being of the Republic of Belarus;

"**Relevant Indebtedness**" means (a) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which (i) are for the time being or are capable of being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other such securities market and (ii) are denominated in a currency other than the Belarusian rouble and (b) any guarantee or indemnity in respect of any such indebtedness.

"**Permitted Security Interest**" means:

(i) any Security Interest upon property (or any revenues therefrom) to secure the Relevant Indebtedness incurred for the purpose of financing the acquisition or construction of such property;

(ii) any Security Interest existing on any property (or any revenues therefrom) at the time of its acquisition;

(iii) any Security Interest securing Relevant Indebtedness incurred for the purpose of Project Financing provided that (i) the holders of such Relevant Indebtedness expressly agree to limit their recourse to the assets and revenues of such project as the principal source of repayment of such Relevant Indebtedness and (ii) the property over which such Security Interest is granted consists solely of such assets and revenues;

(iv) any Security Interest existing on the original date of issue of the Notes; and

(v) the renewal or extension of any Security Interest described in subparagraphs (i) to (iv) above, provided that the principal amount of the Relevant Indebtedness secured thereby is not increased; and

"**Project Financing**" means any arrangement for the provision of funds which are to be used solely to finance a project for the acquisition, construction, development, or exploitation of any property pursuant to which the persons providing such funds agree that the principal source of repayment of such funds will be the project and the revenues (including insurance proceeds) generated by such project.

(c) *Covenants*: So long as any Note remains outstanding the Issuer shall:

(i) at all times have and exercise full rights of ownership in respect of the International Monetary Assets of the Issuer and procure that the National Bank of the Republic of Belarus at all times has and exercises full authority, power and control in respect of the International Monetary Assets of the Issuer; and

(ii) duly obtain and maintain in full force and effect all governmental approvals (including any exchange control and transfer approvals) which may be necessary or advisable under the laws of the Issuer for the execution, delivery and performance of all obligations arising under the Notes by it and duly take all necessary and advisable governmental and administrative action in the Republic of Belarus in order to make all payments to be made under the Notes as required by these Conditions.

In these Conditions, "**International Monetary Assets**" means all official holdings of gold, Special Drawing Rights, Reserve Positions in the Fund and Foreign Exchange of the Government or any agency or department of the Government from time to time, the terms "**Special Drawing Rights**", "**Reserve Positions in the Fund**" and "**Foreign Exchange**" have, as to the types of assets included, the meanings given to them in the International Monetary Fund's ("**IMF**") publication entitled "*International Financial Statistics*" or such other meanings as shall be formally adopted by the IMF from time to time and "**Government**" means the government of the Issuer.

4. Interest

(a) *Interest Accrual*: The Notes bear interest from (and including) 24 June 2020 (the "**Issue Date**") to (but excluding) the due date for redemption at the rate of 5.875 per cent. per annum in respect of the Notes (the "**Rate of Interest**"), payable semi-annually in arrear on 24 February and 24 August in each year (each, an "**Interest Payment Date**") commencing on 24 February 2021 for the period commencing on (and including) the Issue Date to (but excluding) 24 February 2021 (and thus a long first interest period), all subject as provided in Condition 6 (*Payments*).

Each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an "**Interest Period**".

(b) *Cessation of Interest*: Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Calculation of Interest for an Interest Period*: For the first Interest Period (the period commencing on (and including) the Issue Date to (but excluding) 24 February 2021) interest shall be calculated in accordance with Condition 4(d) below. In respect of each Interest Period thereafter the amount of interest payable in respect of each Note shall be calculated by applying the Rate of Interest to the principal amount of such Note, dividing the product by two and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

(d) *Calculation of Interest for any other Period*: If interest is required to be calculated for any period other than an Interest Period, it will be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the day count fraction (which shall be determined on the basis of a year of 360 days consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed), rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the Authorised Denomination of such Note divided by the Calculation Amount, where "**Calculation Amount**" means U.S.$1,000.

The determination of the amount of interest payable under Conditions 4(c)(*Calculation of Interest for an Interest Period*) and 4(d) (*Calculation of Interest for any other Period*) by the

Paying and Transfer Agent shall, in the absence of manifest and proven error, be binding on all parties.

5. Redemption and Purchase

(a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 24 February 2026, subject as provided in Condition 6 (*Payments*).

(b) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraph (a) (*Scheduled redemption*) above.

(c) *Purchase*: The Issuer may at any time purchase Notes in the open market or otherwise and at any price.

(d) *Cancellation*: All Notes so redeemed or purchased by or on behalf of the Issuer shall be cancelled and may not be reissued or resold.

6. Payments

(a) *Principal:* Payments of principal on the Notes shall be made by U.S. dollar cheque drawn on, or, upon application by a Holder of a Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to a U.S. dollar account maintained by the payee with, a bank in London and New York City and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(b) *Interest*: Payments of interest on the Notes shall be made by U.S. dollar cheque drawn on, or, upon application by a Holder of a Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to a U.S. dollar account maintained by the payee with, a bank in London and New York City and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(c) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (Taxation). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) *Payments on business days:* Where payment on the Notes is to be made by transfer to a U.S. dollar account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated and, where payment is to be made by U.S. dollar cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a business day or (B) a cheque mailed in accordance with this Condition 6 (*Payments*) arriving after the due date for payment or being lost in the mail. In this paragraph "**business day**" means any day on which banks are open for general business (including dealings in foreign currencies) in London and New York City and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).

(e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

(f) *Record date*: Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

7. Taxation

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of a Relevant Jurisdiction, unless the withholding or deduction of Taxes is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

(a) the Holder of which is liable for Taxes in respect of such Note by reason of its having some connection with the Relevant Jurisdiction other than the mere holding of the Note; or

(b) where the relevant Note Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had surrendered the relevant Note Certificate on the last day of such period of 30 days.

In these Conditions:

(c) "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

(d) "**Relevant Jurisdiction**" means the Republic of Belarus or any political subdivision thereof or any authority therein or thereof having power to tax; and

(e) Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 7 (*Taxation*).

8. Events of Default

If any of the following events occurs and is continuing:

(a) *Non-payment*: a default is made in the payment of any amount of principal or interest due in respect of the Notes or any of them and the default continues for a period of 14 days in the case of interest; or

(b) *Breach of other obligations*: the Issuer fails to perform or observe any of its other obligations under or in respect of the Notes or the Deed of Covenant and (except in any case where the failure is incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) such default continues for a period of 30 days after written notice requiring the same to be remedied, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of the Fiscal Agent; or

(c) *Cross-default of Issuer*:

(i) any other loan or debt of the Issuer becomes due and repayable prematurely by reason of an event of default (however described);

(ii) the Issuer fails to make any payment in respect of any loan or debt on the due date for payment or at the expiry of any grace period originally applicable thereto;

(iii) any security given by the Issuer for any loan or debt becomes enforceable; or

(iv) default is made by the Issuer in making any payment due under any guarantee and/or indemnity given by it in relation to any loan, debt or other moneys of any other person,

provided that the aggregate amount of any such loan or debt of the Issuer or any loan, debt or other moneys in relation to which the Issuer has given any security, guarantee and/or indemnity is in excess of U.S.$25,000,000; or

(d) *Repudiation, moratorium, etc.*: the Issuer repudiates or declares a general moratorium on or in respect of its indebtedness or any part thereof or the Issuer ceases to be a member of the IMF or to be eligible to use the general resources of the IMF; or

(e) *Legality and validity*: the validity of the Notes or the Deed of Covenant is contested by the Issuer, or the Issuer denies any of the Issuer's obligations under the Notes or it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Deed of Covenant or any such obligations are or become unenforceable or invalid; or

(f) *Failure to take action, etc.*: any regulation, decree, consent, approval, licence or other authority (or any other action required to be taken, fulfilled or done), which is necessary:

(i) to enable the Issuer to perform its obligations under the Notes or the Deed of Covenant or for the validity or enforceability thereof; or

(ii) to make the Note and the Deed of Covenant admissible in evidence in the courts of the Republic of Belarus,

expires or is withheld, revoked or terminated or otherwise ceases to remain in full force and effect or such other action is not taken,

then any Note may, by written notice addressed by the Holder thereof to the Issuer and delivered to the Issuer (with a copy to the Specified Office of the Fiscal Agent), be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further action or formality.

9. Prescription

Claims for principal and interest on redemption shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

10. Replacement of Note Certificates

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

11. Agents

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The initial Agents and their initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar or fiscal agent and additional or successor paying agents and transfer agents; *provided, however, that* the Issuer shall at all times maintain (a) a fiscal agent and a registrar and (b) a paying agent and a transfer agent in London.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

12. Meetings of Noteholders; Modification

(a) **Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions:**

(i) The Issuer may convene a meeting of Noteholders at any time in respect of the Notes in accordance with the provisions of the Agency Agreement. The Issuer will determine the time and place of the meeting and will notify the Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.

(ii) The Issuer or the Fiscal Agent will convene a meeting of Noteholders if the holders of at least 10 per cent. in principal amount of the outstanding Notes (as defined in the Agency Agreement and described in Condition 12(i) (*Notes controlled by the Issuer*)) have delivered a written request to the Issuer or the Fiscal Agent (with a copy to the Issuer) setting out the purpose of the meeting. The Fiscal Agent will agree the time and place of the meeting with the Issuer promptly. The Issuer or the Fiscal Agent, as the case may be, will notify the Noteholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.

(iii) The Issuer (with the agreement of the Fiscal Agent) will set the procedures governing the conduct of any meeting in accordance with the Agency Agreement. If the Agency Agreement does not include such procedures, or additional procedures are required, the Issuer and the Fiscal Agent will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.

(iv) The notice convening any meeting will specify, *inter alia*:

(A) the date, time and location of the meeting;

(B) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;

(C) the record date for the meeting, which shall be no more than five business days before the date of the meeting;

(D) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;

(E) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar system through which the Notes are traded and/or held by Noteholders;

(F) whether Condition 12(b) (*Modification of this Series of Notes only*), Condition 12(c) (*Multiple Series Aggregation – Single limb voting*) or Condition 12(d) (*Multiple Series Aggregation – Two limb voting*) shall apply and, if relevant, in relation to which other series of debt securities it applies;

(G) if the proposed modification or action relates to two or more series of debt securities issued by it and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;

(H) such information that is required to be provided by the Issuer in accordance with Condition 12(f) (*Information*);

(I) the identity of the Aggregation Agent and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 12(g) (*Claims Valuation*); and

(J) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.

(v) In addition, the Agency Agreement contains provisions relating to Written Resolutions. All information to be provided pursuant to paragraph 12(a)(iv) above shall also be provided, *mutatis mutandis*, in respect of Written Resolutions.

(vi) A "**record date**" in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.

(vii) An "**Extraordinary Resolution**" means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.

(viii) A "**Written Resolution**" means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.

(ix) Any reference to "**debt securities**" means any notes (including the Notes), bonds, debentures or other debt securities issued by the Issuer in one or more series with an original stated maturity of more than one year.

(x) "**Debt Securities Capable of Aggregation**" means those debt securities which include or incorporate by reference this Condition 12 and Condition 13 (*Aggregation Agent; Aggregation Procedures*) or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

(b) **Modification of this Series of Notes only:**

(i) Any modification of any provision of, or any action in respect of, these Conditions or the Agency Agreement in respect of the Notes may be made or taken if approved by a Single Series Ordinary Resolution, a Single Series Extraordinary Resolution or a Single Series Written Resolution (each as defined below), as set out below.

(ii) For the purposes of a meeting of Noteholders convened in respect of this series of Notes only and for the purposes of passing a Single Series Ordinary Resolution and/or a Single Series Extraordinary Resolution (a "**Single Series Noteholder Meeting**") at any such Single Series Noteholder Meeting, any one or more persons present in person holding Notes or proxies or representatives and holding or representing in the aggregate not less than 50 per cent. in principal amount of the Notes for the time being outstanding shall (except for the purposes of passing a Single Series Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted at any such Single Series Noteholder Meeting unless the requisite quorum be present at the commencement of business. The quorum at any such Single Series Noteholder Meeting convened for the purpose of passing of a Single Series Extraordinary Resolution shall (subject as provided in Condition 12(b)(iii)) be two or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than 75 per cent. of the principal amount of the Notes for the time being outstanding.

(iii) If within 15 minutes from the time fixed for any such Single Series Noteholder Meeting a quorum is not present, the Single Series Noteholder Meeting shall, if convened upon the requisition of Noteholders, be dissolved. In any other case it shall stand adjourned for such period, being not less than 14 days nor more than 42 days, as may be determined by the chairman either at or after the Single Series Noteholder Meeting. At such adjourned Single Series Noteholder Meeting, one or more persons present in person holding Notes or being proxies or representatives (whatever the principal amount of Notes so held or represented) shall form a quorum and may pass any resolution and decide upon all matters which could properly have been dealt with at the Single Series Noteholder Meeting from which the adjournment took place had a quorum been present at the Single Series Noteholder Meeting, **provided that** at any adjourned Single Series Noteholder Meeting at which it is to be proposed a Single Series Extraordinary Resolution, the quorum shall be two or more persons so present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than 33 ⅓ per cent. of the aggregate principal amount of Notes for the time being outstanding.

(iv) A "**Single Series Ordinary Resolution**" means a resolution passed at a Single Series Noteholder Meeting duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Conditions 12(a), 12(b)(ii) and 12(b)(iii) in respect of any matter other than a Reserved Matter by the affirmative vote of more than 50 per cent. of the aggregate principal amount of the outstanding Notes present in person or represented by proxy.

(v) A "**Single Series Extraordinary Resolution**" means a resolution passed at a Single Series Noteholder Meeting duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Conditions 12(a), 12(b)(ii) and 12(b)(iii) in respect of a Reserved Matter by the affirmative vote of at least 75 per cent. of the aggregate principal amount of the outstanding Notes present in person or represented by proxy.

(vi) A "**Single Series Written Resolution**" means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:

(A) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes; or

(B) in the case of a matter other than a Reserved Matter more than 50 per cent. of the aggregate principal amount of the outstanding Notes.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.

(vii) Any Single Series Ordinary Resolution or Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders, whether or not they attended such Single Series Noteholder Meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be.

(c) **Multiple Series Aggregation – Single limb voting:**

(i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, ***provided that*** the Uniformly Applicable condition is satisfied.

(ii) A "**Multiple Series Single Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 12(a) (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*), as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).

(iii) A "**Multiple Series Single Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(iv) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be.

(v) The "**Uniformly Applicable**" condition will be satisfied if:

(A) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (i) the same new instrument or other consideration or (ii) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or

(B) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to the currency of issuance).

(vi) It is understood that a proposal under Condition 12(c)(i) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).

(vii) Any modification or action proposed under Condition 12(c)(i) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 12(c) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(d) **Multiple Series Aggregation – Two limb voting:**

(i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.

(ii) A "**Multiple Series Two Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 12(a) (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*), as supplemented if necessary, which is passed by a majority of:

(A) at least 66⅔ per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(B) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

(iii) A "**Multiple Series Two Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:

(A) at least 66⅔ per cent. of the aggregate principal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(B) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(iv) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be.

(v) Any modification or action proposed under Condition 12(d)(i) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 12(d) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(e) **Reserved Matters:**

In these Conditions, "**Reserved Matter**" means any proposal:

(i) to change the dates, or the method of determining the dates, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;

(ii) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;

(iii) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;

(iv) to change this definition, or the definition of "Extraordinary Resolution", "Single Series Extraordinary Resolution", "Multiple Series Single Limb Extraordinary Resolution", "Multiple Series Two Limb Extraordinary Resolution", "Written Resolution", "Single Series Written Resolution", "Multiple Series Single Limb Written Resolution" or "Multiple Series Two Limb Written Resolution";

(v) to change the definition of "debt securities" or "Debt Securities Capable of Aggregation";

(vi) to change the definition of "Uniformly Applicable";

(vii) to change the definition of "outstanding" or to modify the provisions of Condition 12(i) (*Notes controlled by the Issuer*);

(viii) to change the legal ranking of the Notes or any of the covenants contained in Condition 3 (*Negative Pledge and Covenants*);

(ix) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, as set out in Condition 8 (*Events of Default*);

(x) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings (including arbitration proceedings) to be taken or the Issuer's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, as set out in Condition 17 (*Governing Law and Arbitration)*;

(xi) to impose any condition on or otherwise change the Issuer's obligation to make payments of or in respect of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;

(xii) to modify the provisions of this Condition 12(e);

(xiii) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security;

(xiv) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in the Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:

(A) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange or substitution or conversion; or

(B) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

(f) **Information:**

Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 12(b) (*Modification of this Series of Notes only*), Condition 12(c) (*Multiple Series Aggregation – Single limb voting*) or Condition 12(d) (*Multiple Series Aggregation – Two limb voting*), the Issuer shall publish in accordance with Condition 13 (*Aggregation Agent; Aggregation Procedures*) and provide the Fiscal Agent with the following information:

(i) a description of the Issuer's economic and financial circumstances which are, in the Issuer's opinion, relevant to the request for any potential modification or action, a description of the Issuer's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;

(ii) if the Issuer shall at the time have entered into any form of debt restructuring and/or shall have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement and where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;

(iii) a description of the Issuer's proposed treatment of its debt other than that which is within the scope of any multiple series aggregation and its intentions with respect to its own debt securities and other major creditor groups; and

(iv) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of Noteholders in Condition 12(a)(iv)(G).

(g) **Claims Valuation:**

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 12(c) (*Multiple Series Aggregation – Single limb voting*) and Condition 12(d) (*Multiple Series Aggregation – Two limb voting*), the Issuer may appoint a calculation agent (the "**Calculation Agent**"). The Issuer shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the Calculation Agent will calculate the par value of the Notes and such affected series of debt securities. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

(h) **Manifest error, etc.:**

The Notes, these Conditions, the Deed of Covenant and the provisions of the Agency Agreement may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature or it is not materially prejudicial to the interests of the Noteholders.

(i) **Notes controlled by the Issuer:**

For the purposes of (i) determining the right to attend and vote at any meeting of Noteholders, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution, (ii) this Condition 12 (*Meetings of Noteholders; Modification*) and (iii) Condition 8 (*Events of Default*), any Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is directly or indirectly owned by or under the Control of the Issuer or by any public sector instrumentality of the Issuer shall be disregarded and be deemed not to remain outstanding, where "**public sector instrumentality**" means the National Bank of the

Republic of Belarus or any department, ministry or agency of the Government or any corporation, trust, financial institution or other entity owned by or under the Control of the Government or any of the foregoing; and "**Control**" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Note will also be deemed to be not outstanding if the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any meeting of Noteholders, or in connection with any Written Resolution, the Issuer shall provide to the Fiscal Agent a copy of the certificate prepared pursuant to Condition 13(e) (*Certificate*) which includes information on the total number of Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is directly or indirectly owned by or under the Control of the Issuer or any public sector instrumentality of the Issuer and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its Specified Office and, upon reasonable request, will allow copies of such certificate to be taken.

(j) **Publication:**

The Issuer shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 13(h) (*Manner of publication*).

(k) **Exchange and Conversion:**

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Issuer's option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders.

13. Aggregation Agent; Aggregation Procedures

(a) **Appointment:**

The Issuer will appoint an aggregation agent (the "**Aggregation Agent**") to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions, the Deed of Covenant or the Agency Agreement in respect of the Notes and in respect of the terms and conditions or bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.

(b) **Extraordinary Resolutions:**

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

(c) **Written Resolutions:**

If a Written Resolution has been proposed under these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

(d) **Electronic Consents:**

If approval of a resolution proposed under these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, is proposed to be given by way of electronic consent, the Aggregation Agent will, as soon as reasonably practicable after the relevant electronic consent has been given, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have consented to the resolution by way of electronic consent such that the resolution is approved. If so, such electronic consent will take place as a Written Resolution, and the Aggregation Agent will determine whether the resolution has been duly approved.

(e) **Certificate:**

For the purposes of Condition 13(b) (*Extraordinary Resolutions*) and Condition 13(c) (*Written Resolutions*), the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 12(b) (*Modification of this Series of Notes only*), Condition 12(c) (*Multiple Series Aggregation – Single limb voting*) or Condition 12(d) (*Multiple Series Aggregation – Two limb voting*), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

(i) list the total principal amount of Notes and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and

(ii) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 12(i) (*Notes controlled by the Issuer*) on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

(f) **Notification:**

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 13 to be notified to the Fiscal Agent and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

(g) **Binding nature of determinations; no liability:**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 13 by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent and the Noteholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(h) **Manner of publication:**

The Issuer will publish all notices and other matters required to be published pursuant to the Agency Agreement including any matters required to be published pursuant to Condition 8 (*Events of Default*), Condition 12 (*Meetings of Noteholders; Modification*) and this Condition 13:

(i) through any clearing system in which the Notes are held;

(ii) in such other places and in such other manner as may be required by applicable law or regulation; and

(iii) in such other places and in such other manner as may be customary.

14. Further Issues

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

*If the Issuer offers further notes with original issue discount ("**OID**") for U.S. federal income tax purposes as part of a further issue, this may negatively affect the price of the outstanding Notes following a further issuance. For further information, please see "Taxation – United States Federal Income Taxation" and consult with your tax advisers with respect to the implications of any decision by the Issuer to undertake a further issuance of debt securities with OID.*

15. Notices

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the Financial Times) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of the first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

In addition, so long as Notes are listed on the London Stock Exchange and the rules of that Exchange so require, notices will also be published in a daily newspaper of general circulation in the place or places required by such rules and/or on the website of the London Stock Exchange. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange or relevant authority on or by which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published through more than one medium, on the date of the first publication through all required media.

In addition, notices to the Noteholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail to the holders (or the first named of joint holders) at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

Noteholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

16. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

17. Governing Law and Arbitration

(a) *Governing law*: The Notes (including a dispute relating to their existence, validity or termination) and any non-contractual obligation or other matter arising out of or in connection with the Notes shall be governed by, and construed in accordance with, English law. The governing law of this Condition 17 (*Governing Law and Arbitration*) shall also be the substantive law of England.

(b) *Arbitration*: Any dispute, claim, difference or controversy arising out of or in connection with the Notes (including any dispute relating to their existence, validity or termination, or any non-contractual obligation or other matter arising out of or in connection with the Notes) (a "**Dispute**") shall be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition 17(b) (*Arbitration*). For these purposes:

(i) any Request for Arbitration (as defined in the Rules) may be served on the Issuer by any Noteholder lodging the same with the Fiscal Agent;

(ii) the seat, or legal place of arbitration, shall be London, England;

(iii) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions. The claimant(s) and the respondent(s) shall nominate an arbitrator respectively. The third arbitrator, who shall be the chairman of the tribunal, shall be nominated by the two party-nominated arbitrators within thirty (30) days of the last of their appointments;

(iv) the language of the arbitration shall be English; and

(v) any award of the tribunal shall be binding from the day it is made, and the Issuer hereby waives any right to refer any question of law and any right of appeal on the law and/or merits to any court.

Nothing in these dispute resolution provisions shall be construed as preventing any Noteholder from seeking conservatory or similar interim relief in any court of competent jurisdiction.

(c) *Service of Process*: For the purposes of any court proceedings commenced in support of, or in relation to, arbitral proceedings brought under this Condition 17 (*Governing Law and Arbitration*), process may be served in England at the Embassy of the Republic of Belarus to the United Kingdom of Great Britain and Northern Ireland currently residing at 6 Kensington Court, London W8 5DL, United Kingdom and the Issuer agrees that, if for any reason such agent shall cease to be such agent for service of process, it will appoint a third party agent for service of process in England. Nothing in this Condition shall affect the right of any party to serve process in any other manner permitted by law.

(d) *Waiver of immunity*:

To the extent that the Issuer may in any jurisdiction claim for itself or its revenues, assets or properties ("**Sovereign Assets**") immunities from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or legal process, in all cases related to the Notes, and to the extent that in any such jurisdiction there may be attributed to itself or its Sovereign Assets such immunity (whether or not claimed), the Issuer hereby irrevocably agrees for the benefit of the Noteholders not to claim and confirms that any such immunity is or has been irrevocably waived to the fullest extent permitted by the laws of such jurisdiction. In particular, but without limitation, the Issuer submits to the jurisdiction of the English court and any arbitral body constituted in accordance with this Condition 17 (*Governing Law and Arbitration*).

To the extent that the Issuer or any of its Sovereign Assets may be entitled in any jurisdiction to any immunity from set-off or any similar right or remedy, and to the extent that there shall be attributed, in any jurisdiction, such an immunity, the Issuer hereby irrevocably agrees not to claim and confirms that any such immunity is or has been irrevocably waived to the fullest extent permitted by the laws of such jurisdiction with respect to any claim, suit, action, proceeding, right or remedy arising out of or in connection with the Notes.

The waiver of immunity by the Issuer herein shall not constitute a waiver of immunity in relation to: (a) property, including any bank account, used by a diplomatic or consular mission of the Issuer or its special missions or delegations to international organisations, including their heads and other employees (except to the extent they are appointed as process agent and it is required for any service of process pursuant to Condition 17(c) (*Service of process*)), (b) property of military character and under the control of a military authority or defence agency of the Issuer and (c) property located in Belarus that is used for public or governmental purposes (as distinct from property dedicated to a commercial use). The Issuer reserves the right to plead sovereign immunity under the Foreign Sovereign Immunities Act of 1976 with respect to actions brought against it in any court of or in the United States of America under any United States federal or state securities law.

(e) *Consent to enforcement*:

The Issuer further irrevocably consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any Sovereign Assets whatsoever (irrespective of their use or intended use) of any order or judgment, made or given in connection with any Dispute.

(f) *Consolidation of Disputes*:

(i) In this Condition:

"**Consolidation Order**" means an order by a Tribunal that a Primary Dispute and a Linked Dispute be consolidated and heard as one dispute in the same arbitral proceedings.

"**Linked Agreement**" means the Notes, the Deed of Covenant, the USD B Restricted Global Note Certificate, the USD B Unrestricted Global Note Certificate, the Agency Agreement and any other agreement entered into in connection with the issue of the Notes.

"**Linked Dispute**" means any Dispute and/or any dispute, claim, difference or controversy arising out of or in connection with any Linked Agreement (including any dispute relating to its existence, validity or termination or any non-contractual obligation or other matter arising out of or in connection with it), in which a Request for Arbitration is served after a Request for Arbitration has been served in respect of a Primary Dispute.

"**Primary Dispute**" means any Dispute and/or any dispute, claim, difference or controversy arising out of or in connection with any Linked Agreement (including any dispute relating to its existence, validity or termination or any non-contractual obligation or other matter arising out of or in connection with it) in which a Request for Arbitration has been served before a Request for Arbitration is served in relation to a Linked Dispute.

"**Tribunal**" means any arbitral tribunal appointed under the Notes or any Linked Agreement.

(ii) If any Linked Dispute raises issues of fact and/or law which are substantially the same as or similar to issues raised in any Primary Dispute then, notwithstanding that a Tribunal may already have been agreed or appointed in respect of the Linked Dispute, any party (the "**Notifying Party**") to both the Primary Dispute and the Linked Dispute (the "**Notified Disputes**") may apply, by service of a written notice (a "**Consolidation Notice**") in accordance with this Condition, to the Tribunal appointed in relation to the Primary Dispute for a Consolidation Order.

(iii) The Notifying Party must serve the Consolidation Notice on all parties to the Notified Disputes, and on any arbitrators already appointed or agreed in connection with any Notified Dispute.

(iv) The Tribunal appointed in relation to the Primary Dispute may make a Consolidation Order on hearing an application brought under Condition 17(f)(ii) above if it considers it just, equitable and procedurally efficient to do so and that no party to either the Primary Dispute or the Linked Dispute would be materially prejudiced as a result of such consolidation. In determining whether to make a Consolidation Order, the Tribunal must take account of:

(i) the likelihood and consequences of inconsistent decisions if consolidation is not ordered;

(ii) any fault on the part of the party seeking consolidation to make a timely application; and

(iii) the likely consequences of consolidation in terms of cost and time.

(v) If the Tribunal appointed in respect of the Primary Dispute makes a Consolidation Order:

(i) it will immediately, to the exclusion of the other Tribunal appointed in a Linked Dispute, have jurisdiction to resolve finally the Notified Disputes;

(ii) it must order that notice of the Consolidation Order and its effect be given immediately to any arbitrators already appointed in relation to the Linked Dispute and to all parties to the Notified Disputes;

(iii) any appointment of an arbitrator in relation to the Linked Dispute before the date of the Consolidation Order will terminate immediately and that arbitrator will be deemed to be *functus officio.* The termination is without prejudice to:

(A) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;

(B) his entitlement to be paid his proper fees and disbursements; and

(C) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision;

(iv) it may also give any other directions it considers appropriate to:

(A) give effect to the Consolidation Order and make provisions for any costs which may result from it (including costs in any arbitration terminated as a result of the Consolidation Order); and

(B) ensure the proper organisation of the arbitration proceedings and the proper formulation and resolution of the issues between the parties.

(v) If a Tribunal appointed in respect of the Primary Dispute arising under a Linked Agreement makes a Consolidation Order which confers on that Tribunal jurisdiction to resolve a Linked Dispute arising under the Notes, that Consolidation Order and the award of that Tribunal will bind the parties to the Linked Dispute arising under the Notes.

(vi) For the avoidance of doubt, where a Tribunal is appointed under the Notes or any Linked Agreement, the whole of its award (including any part relating to a Linked Dispute) is deemed for the purposes of the New York Convention on the Recognition and Enforcement of Arbitral Awards 1958 to be contemplated by the Notes and that Linked Agreement.

(vii) Each of the Issuer and the Noteholders hereby waives any right to object to the validity and/or enforceability of any arbitral award made by a Tribunal following the grant of a Consolidation Order on the basis that such award was made in arbitral proceedings which were consolidated under this Condition 17(f) or in accordance with an equivalent provision under another Linked Agreement.

(vi) Should the Tribunal appointed in relation to the Primary Dispute decline appointment in respect of the Linked Dispute, any rights to submit a Linked Dispute arising under the Notes to separate arbitration proceedings under Condition 17(b) (*Arbitration*) shall be unaffected.

FORM OF NOTES

The following information relates to the form, transfer and delivery of the Notes. Capitalised terms used but not defined herein have the meanings provided in the sections entitled "*Terms and Conditions of the USD A Notes*" and "*Terms and Conditions of the USD B Notes*".

Form of Notes

The Unrestricted Notes in relation to each Series of Notes will be represented by the relevant Unrestricted Global Note Certificate, which will be deposited with the common depositary for Euroclear and Clearstream, Luxembourg, and registered in the name of Citivic Nominees Limited as nominee of a common depositary for, Euroclear and Clearstream, Luxembourg. Beneficial interests in the Unrestricted Global Note Certificates may be held only through Euroclear or Clearstream, Luxembourg or their participants at any time. By acquisition of a beneficial interest in the relevant Unrestricted Global Note Certificate, the purchaser thereof will be deemed to represent, among other things, that it acquired such beneficial interest in accordance with Regulation S. See "*Subscription and Sale*" and "*Transfer Restrictions*".

The Restricted Notes in relation to each Series of Notes will be represented by the relevant Restricted Global Note Certificate, which will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee of, DTC. Beneficial interests in the relevant Restricted Global Note Certificate may only be held through DTC or its participants at any time. Beneficial interests in the Restricted Global Note Certificates may only be held by persons who are QIBs, holding their interests for their own account or for the account of one or more QIBs. By acquisition of a beneficial interest in the relevant Restricted Global Note Certificate, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the relevant Restricted Global Note Certificate. See "*Subscription and Sale*" and "*Transfer Restrictions*".

The Global Note Certificates will each have an ISIN number and a Common Code.

Beneficial interests in the Global Note Certificates will be subject to certain restrictions on transfer set out therein, under "*Transfer Restrictions*" and in the Agency Agreement (as defined in the relevant Conditions) and such Global Note Certificates will bear a legend as set out under "*Transfer Restrictions*".

Except in the limited circumstances described below, owners of beneficial interests in the Global Note Certificates will not be entitled to receive physical delivery of the Notes.

Exchange of Global Note Certificates for Individual Note Certificates

The Restricted Global Note Certificates will be exchanged in whole (but not in part) for duly authenticated and completed individual note certificates (the "**Restricted Individual Note Certificates**") and the Unrestricted Global Note Certificates will be exchanged in whole (but not in part) for duly authenticated and completed individual note certificates (the "**Unrestricted Individual Note Certificates**", together with the Restricted Individual Note Certificates, the "**Individual Note Certificates**") upon the occurrence of an Exchange Event.

For these purposes an "**Exchange Event**" means that:

- In case of the Unrestricted Global Note Certificates only, Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so; or

- DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Restricted Global Note Certificates or ceases to be a clearing agency (as defined in the United States Securities Exchange Act of 1934), or is at any time no longer eligible to act as such, and the Issuer is (in the case of DTC ceasing to be a depositary) unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or

- any of the circumstances described in Condition 8 (*Events of Default*) of the Conditions for each Series of Notes occurs.

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, each person having an interest in such Global Note Certificate must provide the Registrar (as defined in the relevant Conditions) (through the relevant clearing system) with such information as the Issuer and the Registrar may require to complete and deliver Individual Note Certificates (including the name and address of each person in which the Notes represented by the Individual Note Certificates are to be registered and the principal amount of each such person's holding). In addition, whenever the Restricted Global Note Certificates are to be exchanged for Restricted Individual Note Certificates, each person having an interest in the relevant Restricted Global Note Certificate must provide the Registrar (through the relevant clearing system) with a certificate given by or on behalf of the holder of each beneficial interest in the relevant Restricted Global Note Certificate stating either (i) that such holder is not transferring its interest at the time of such exchange or (ii) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Notes and that the person transferring such interest reasonably believes that the person acquiring such interest is a QIB and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A. The Restricted Individual Note Certificates issued in exchange for interests in the relevant Restricted Global Note Certificate will bear the legends and be subject to the transfer restrictions set out under "*Transfer Restrictions*".

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the relevant Global Note Certificate within five business days of the delivery, by or on behalf of the registered holder of the relevant Global Note Certificate to the Registrar of such information as is required to complete and deliver such Individual Note Certificates against the surrender of the relevant Global Note Certificate at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of the Notes scheduled to the Agency Agreement and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Clearing System Accountholders

Each of the persons shown in the records of DTC, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note Certificate (each an "**Accountholder**") must look solely to DTC, Euroclear, Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the holder of such Global Note Certificate and in relation to all other rights arising under such Global Note Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under a Global Note Certificate will be determined by the respective rules and procedures of DTC, Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note Certificate, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of such Global Note Certificate.

Transfers of Interests in the Global Note Certificates

Transfers of interests in the Global Note Certificates within DTC, Euroclear and Clearstream, Luxembourg or any other relevant clearing system will be in accordance with their respective rules and operating procedures. None of the Issuer, the Registrar, the Joint Lead Managers or the Agent (as defined in the relevant Conditions) will have any responsibility or liability for any aspect of the records of DTC, Euroclear, Clearstream, Luxembourg or any other relevant clearing system or any of their respective participants relating to payments made on account of beneficial ownership interests in a

Global Note Certificate or for maintaining, supervising or reviewing any of the records of DTC, Euroclear. Clearstream, Luxembourg or any other relevant clearing system or the records of their respective participants relating to such beneficial ownership interests.

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holdings of the Notes. Consequently, the ability to transfer interests in a Global Note Certificate to such persons will be limited. Because clearing systems only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Note Certificate to pledge such interest to persons or entities which do not participate in the relevant clearing systems, or otherwise take actions in respect of such interest, may be affected by the lack of an Individual Note Certificate representing such interest.

Subject to compliance with the transfer restrictions described under "*Transfer Restrictions*", transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg accountholders, on the other, will be effected by the relevant clearing systems in accordance with their respective rules and through action taken by the DTC Custodian, the Registrar and the Paying Agent (as defined in the relevant Conditions).

Transfers of Notes between accountholders in Euroclear and/or Clearstream, Luxembourg and transfers of Notes between participants in DTC will generally have a settlement date two business days after the trade date (T+2). The customary arrangements for delivery versus payment will apply to such transfers. See "*Subscription and Sale – Settlement*" for further information.

Transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg accountholders, on the other, will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Global Note Certificate will be effected through the Agent, the DTC Custodian, the relevant Registrar and any relevant Transfer Agent (as defined in the relevant Conditions) receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) two business days after the trade date for the disposal of the interest in the relevant Global Note Certificate resulting in such transfer and (ii) two business days after receipt by the Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately. The customary arrangements for delivery versus payment between Euroclear and Clearstream, Luxembourg accountholders or between DTC participants are not affected.

For a further description of restrictions on the transfer of the Notes, see "*Subscription and Sale*" and "*Transfer Restrictions*".

Upon the issue of the Restricted Global Note Certificates to be held by or on behalf of DTC, DTC or the DTC Custodian will credit the respective nominal amounts of the individual beneficial interests represented by the relevant Restricted Global Note Certificate to the account of DTC participants. Ownership of beneficial interests in the relevant Restricted Global Note Certificate will be held through participants of DTC, including the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in the relevant Restricted Global Note Certificate will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee. DTC has advised the Issuer that it will take any action permitted to be taken by a Noteholder represented by the relevant Restricted Global Note Certificate held by or on behalf of DTC (including, without limitation, the presentation of the relevant Restricted Global Note Certificate for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in the relevant Restricted Global Note Certificate are credited, and only in respect of such portion of the aggregate nominal amount of the relevant Restricted Global Note Certificate as to which such participant or participants has or have given such direction. However, in certain circumstances, DTC will exchange the relevant Restricted Global Note Certificate for the relevant Restricted Individual Note Certificates (which will bear the relevant legends set out in "*Transfer Restrictions*").

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Note Certificates among participants and accountholders of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Registrar, the Joint Lead Managers or the Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their respective operations.

While the Global Note Certificates are lodged with DTC, Euroclear, Clearstream, Luxembourg or any relevant clearing system, the Individual Note Certificates will not be eligible for clearing and settlement through such clearing systems.

Amendments to Conditions

Each Global Note Certificate contains provisions that apply to the Notes that they represent, some of which modify the effect of the relevant Conditions. The following is a summary of those provisions:

Payments

Each payment made in respect of any Global Note Certificate will be made to the person shown as the holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Due Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which such Global Note Certificate is being held is open for business.

Distributions of amounts with respect to book-entry interests in the Unrestricted Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Fiscal Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Holders of book-entry interests in the relevant Restricted Notes holding through DTC will receive, to the extent received by the Fiscal Agent, all distribution of amounts with respect to book-entry interests in such Notes from the Fiscal Agent through DTC. Distributions in the United States will be subject to relevant U.S. tax laws and regulations.

A record of each payment made will be entered in the Register by or on behalf of the Fiscal Agent and shall be prima facie evidence that payment has been made.

Payment Business Day

In relation to payments made in respect of the Unrestricted Global Note Certificates, so long as the Unrestricted Global Note Certificates are held on behalf of Euroclear and Clearstream, Luxembourg or any other clearing system, the definition for "**business day**" in Conditions 6(d) of the Conditions for each Series of Notes, shall be amended and shall be any day which is a day on which banks are open for general business (including dealings in foreign currencies) in London and New York City.

Record Date

Each payment in respect of a Global Note Certificate will be made to the person shown as the holder in the Register at the close of business in the relevant clearing system on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Note Certificate is being held is open for business.

Notices

Notwithstanding Condition 15 (*Notices*) of the Conditions for each Series of Notes, while all the Notes are represented by the Global Note Certificates and the Global Note Certificates are, registered in the name of DTC's nominee or deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to

DTC and/or Euroclear and/or Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 15 (*Notices*) of the Conditions for each Series of Notes on the date of delivery to DTC and/or Euroclear and/or Clearstream, Luxembourg.

USE OF PROCEEDS

The net proceeds of the issue of the Notes, amounting to approximately U.S$1,239,870,000, will be used by the Issuer for refinancing the Issuer's external public debt.

The net proceeds of the Offering will not be directed to any activity that would be prohibited for a United States, EU or UK person or entity under sanctions laws, directives or regulations applicable to them. None of the proceeds of the issue of the Notes will be used to fund activities or persons in violation of sanctions introduced by the EU, the UK or the United States.

OVERVIEW OF THE REPUBLIC OF BELARUS

Location and Population

The Republic of Belarus is a country in Eastern Europe bordering Russia to the East, Poland to the West, Lithuania and Latvia to the North and Ukraine to the South. The distances from Minsk to Moscow, Warsaw, Vilnius, Riga and Kiev are 700 kilometres, 550 kilometres, 215 kilometres, 470 and 580 kilometres, respectively.

The area of the territory of the Republic of Belarus is 207.6 thousand square kilometres and the length of the state border is 2,969 kilometres. At its widest points, the Republic of Belarus stretches for 560 kilometres from north to south and for 650 kilometres from west to east. The terrain of the Republic of Belarus is predominantly flat, and includes many lakes and marshlands. Forest covers more than a third of the country.

The Republic of Belarus is crossed by numerous oil, gas and oil related product pipelines, railways, highways, navigable waterways and telecommunication lines between Western Europe and Russia and Asian countries. The most direct transportation routes linking Russia with the countries of Western Europe, and the Baltic and Black Seas, are through the Republic of Belarus.

The Republic of Belarus is a unitary, democratic and social state of law. The effective Constitution of the Republic of Belarus was adopted in 1994 and amended by national referenda on 24 November 1996 and 17 October 2004.

Administratively, the Republic of Belarus is divided into six regions (oblasts) (Brest, Vitebsk, Gomel, Grodno, Mogilev and Minsk) plus the city of Minsk (the capital of the Republic of Belarus), 118 districts, 115 cities and towns and 85 urban villages. As at 1 January 2020, the population of the Republic of Belarus was estimated at 9.4 million people, with 77.6 per cent. of the population living in cities and urban centres. The city of Minsk has a population of more than 2.0 million, approximately 20 per cent. of the total population. According to 2009 census data, ethnic Belarusians constitute more than 80 per cent. of the Republic of Belarus' total population. Other ethnic groups include Russians, Poles, Ukrainians, Jews and others. The national languages of the Republic of Belarus are Belarusian and Russian.

The following table sets forth a breakdown of the Republic of Belarus' population by age and gender on average for 2019.

		Gender		Total Population
	Percentage of Population	Male	Female	(Male and Female)
Age				
0-15	17.9	870,327	821,646	1,691,973
Working age (male 16-61 and 6 months, female 16-56 and 6 months)	57.8	2,875,860	2,594,472	5,470,332
Above working age (male over 61 and 6 months, female over 56 and 6 months)	24.3	665,803	1,637,567	2,303,370
Total	**100.0**	**4,411,990**	**5,053,685**	**9,465,675**

Source: National Statistical Committee

Note: Preliminary data excluding population census in 2019.

Approximately 50 per cent. of the Belarusian population identify themselves as holding religious beliefs, of which approximately 80 per cent. are Belarusian orthodox Christians.

Freedom of religion is guaranteed in the Constitution of the Republic of Belarus. The country has more than 3,524 religious organisations of 25 confessions and directions. Among them are Orthodox communities, Roman Catholic, Pentecostal (Christians of Evangelical Faith), Baptist, Seventh Day Adventist, Lutheran, Jewish and Muslim. The leading role in the religious life of the country is provided by the Belarusian Orthodox Church.

History

From the early 10th century until the 13th century a number of different states existed on the territory of present day the Republic of Belarus, with the principalities of Polotsk, Turov and Novgorod being the most important.

These principalities formed a large confederation within Kievan Russia where the relations between the princes were based on suzerainty and vassalage. During the 10th to 12th centuries, some of the major principalities became independent and were ruled by local dynasties, but from the middle of the 13th century until the end of the 18th century, the Belarusian lands formed a part of the Grand Duchy of Lithuania. The Grand Duchy existed as a fully independent sovereign state from the middle of the 13th century until 1569, when it became one of the two federated entities within the Polish Commonwealth *(Rzecz Pospolita).*

After *Rzecz Pospolita* was divided, Belarus became part of the Russian Empire and lost its separate identity, as reflected in the official name, the North-Western Lands, given to it in 1840. From 1801, the ethnic territory of the Belarusians formed part of the Minsk, Mogilev, Vitebsk, Grodno and Vilnia provinces of Russia.

During World War I, whilst still occupied by German troops, the Belarusian People's Republic was proclaimed as a national bourgeois-democratic state on 25 March 1918. It failed, however, to become an independent country, having insufficient time to form a constitution or to set state boundaries.

On 1 January 1919, the Belarusian Soviet Socialistic Republic ("**BSSR**") was formed. Its political and economic life was under the control of a central government. Non-communist parties and organisations were banned, and administrative functions were performed by the Communist Party machinery. At the same time, the Constitution of the BSSR declared that all power was delegated to the Councils of Workers', Peasants' and Soldiers' Deputies.

On 27 July 1990, the Declaration of State Sovereignty was adopted. Following the collapse of the Soviet Union, the Republic of Belarus officially declared independence on 25 August 1991.

Government

The Constitution and the President

The Republic of Belarus is a presidential republic, governed by the President, the Council of Ministers and the National Assembly (as defined below). The Republic of Belarus' current constitution (the "**Constitution**") was adopted in 1994, with amendments and additions adopted by national referenda held on 24 November 1996 and 17 October 2004, and is the fifth constitution in the history of the Republic of Belarus' constitutional development. The Constitution defines the Republic of Belarus as a unitary democratic social state of law. The Constitution is the basis for the development of the Republic of Belarus' legislation.

The legal status, duties and powers of the President are determined by the Constitution and the Law of the Republic of Belarus No. 3602-XII dated 21 February 1995 entitled "On the President of the Republic of Belarus" (as amended). The Constitution and this law provide that the President is the Head of State and the guarantor of the Constitution and the civil and human rights of the Republic of Belarus and that the President is to be elected directly by the people of the Republic of Belarus for renewable terms of office of five years. Alexander Lukashenko has been the President since 1994 and following amendments made to the Constitution in 2004, there is no longer any limit on how many times the President can be re-elected.

The President has a wide range of powers. He calls regular and extraordinary elections to the House of Representatives (as defined below), the Council of the Republic (as defined below) and local representative bodies; appoints the Prime Minister upon confirmation by the House of Representatives; appoints the Council of Ministers; makes appointments to local executive and administrative bodies; and appoints the chairperson of each of the constitutional and supreme courts from among the judges of those courts upon confirmation by the Council of the Republic. The President also appoints six of the twelve judges of the constitutional court (with the remaining six appointed by the Council of the

Republic) and all judges of the courts of general jurisdiction and economic courts. The President signs bills, grants pardons to convicted citizens, introduces national and public holidays and confers state awards, ranks and titles and performs other functions. The President forms and heads the Security Council of the Republic of Belarus and is the Commander-in-Chief of the Armed Forces of the Republic of Belarus.

In accordance with the Constitution, the President can issue edicts, decrees and orders on the basis of and in accordance with the Constitution, which have binding force in the territory of the Republic of Belarus.

The last Presidential elections took place in 2015. Four candidates participated in the elections, including the incumbent President, Mr. Lukashenko. A number of parties and associations were represented in the elections, including the Liberal Democratic Party of the Republic of Belarus, the Belarusian Social Democratic party "Hramada" and the Belarusian Patriotic Party. Mr. Lukashenko ran as an independent candidate and did not represent any political party. 87.2 per cent. of the electorate took part in the 2015 elections, and Mr. Lukashenko was elected as President by 83.5 per cent. of the votes.

The next presidential elections are scheduled for 9 August 2020.

The Executive Power

Executive power in the Republic of Belarus is exercised by the Government, as represented by the Council of Ministers. The Council of Ministers comprises the Prime Minister, his deputies and his ministers. In addition, the Council of Ministers may include heads of other national bodies of public administration. In its activities the Council of Ministers is accountable to the President, who appoints its members and receives a quarterly report on the work done by the Council of Ministers. The Council of Ministers is also responsible to the National Assembly (as defined below).

The Prime Minister is appointed by the President with the consent of the House of Representatives. In the event of two consecutive failures by the House of Representatives to appoint a Prime Minister the President has the right to appoint an acting Prime Minister, dissolve the House of Representatives and call a new election. The Council of Ministers normally acts for the duration of the President's term of office and relinquishes its responsibility when a new President is elected. The President can dismiss the Council of Ministers at any time according to the procedure stipulated by the Constitution.

On 3 June 2020, the President of the Republic of Belarus authorised the dismissal of the incumbent Council of Ministers headed by Mr. Sergey Rumas. On 4 June 2020, the President appointed the new Council of Ministers, with Mr. Roman Golovchenko to serve as Prime Minister.

The Legislature and Main Political Parties

The representative and legislative body of the Republic of Belarus is the national assembly (the "**National Assembly**"). It comprises two chambers: the house of representatives as further discussed below (the "**House of Representatives**") and the council of the republic as further discussed below (the "**Council of the Republic**").

The House of Representatives consists of 110 deputies directly elected by the people of the Republic of Belarus for renewable terms of four years. The election of deputies is carried out on the basis of universal, free, equal and direct voting by secret ballot. The Council of the Republic is made up of territorial representatives and consists of 64 members, 48 of which are elected by the local Councils of Deputies for each of the six regions of the Republic of Belarus (which each elect eight members), eight of which are elected by the Council of Deputies for the city of Minsk and eight of which are appointed by the President. Unlike members of the Council of the Republic, a deputy of the House of Representatives may also be a member of the Council of Ministers. No person may be a member of both chambers of the National Assembly at the same time, nor can a member of either chamber hold either the office of President or be a judge. Each chamber of the National Assembly gathers for two regular sessions a year. The first session opens on 2 October and lasts no longer than 80 days. The second session opens on 2 April and lasts no longer than 90 days. Extraordinary meetings can be called by a Presidential edict.

The duties of the House of Representatives include, among other things, consideration of draft legislation, setting the timetable for elections of the President, approving the President's candidate for the position of Prime Minister and approving or declining the Government's programmes of activities. The House of Representatives also has the power to pass a vote of no-confidence in the Government. The President has the power to dissolve, and call for new elections to, the House of Representatives.

The Council of the Republic performs the following duties:

- approving or declining proposed amendments to the Constitution and draft legislation passed by the House of Representatives;
- approving the appointment by the President of senior judicial officers, senior officers within the National Bank, the attorney-general and the chairperson of the central electoral commission;
- electing six judges of the constitutional court;
- electing six members of the central electoral commission;
- overruling decisions of local Councils of Deputies that do not comply with applicable law and dissolution of those bodies in the event of systematic non-compliance and in certain other cases prescribed by law;
- investigation of serious allegations initiated by the House of Representatives against the President and dismissal of the President if there are grounds for such dismissal; and
- considering and approving presidential edicts on establishing a state of emergency and the imposition of martial law, full or partial mobilisation and performing other duties.

The central electoral commission is the state body responsible for the preparation and running of the state elections for the office of the President, the House of Representatives, the Council of the Republic, the local Councils of Deputies, and the running of national referenda (the "**Central Electoral Commission**"). The President appoints six members of the Electoral Commission, including the Chairperson, and the remaining six members are appointed by the Council of the Republic. The Electoral Commission's term of office is five years.

The latest elections to the House of Representatives were held in September 2016. The current composition of the House of Representatives includes 94 independent deputies who do not belong to any political party (and who have not announced their party membership), eight deputies from the Communist Party of Belarus, three deputies from the Republican Party of Labour and Justice, three deputies from the Belarusian Patriotic Party, one deputy from the Liberal Democratic Party of Belarus and one deputy from the United Civil Party.

The latest elections to the Council of the Republic were also held in September 2016. The current composition of the Council of the Republic comprises 64 members and does not have any dominant political party.

As at the date of this Prospectus, there were 15 political parties registered in the Republic of Belarus, including the Liberal Democratic Party, the Belarusian Social Sports Party, the Belarusian Party "Green", Social Democratic Party of Popular Accord, the Belarusian Agrarian Party, the Republican Party, the Conservative Christian Party - BPF, the Republican Party of Labour and Justice, the Belarusian left party "Fair world", the United civil party, the Belarusian patriotic party, the Belarusian Social Democratic party "Hramada" and the Communist party of Belarus.

The elections to the House of Representatives and the Council of the Republic were held in November 2019. The next elections to the House of Representatives and the Council of the Republic are to be held by 5 November 2023.

The Constitution of the Republic of Belarus provides for several forms of direct democracy, including referenda, direct elections and the All-Belarusian Assembly.

Judicial System

The Republic of Belarus has a separate constitutional court and courts of general jurisdiction. The formation of emergency courts is prohibited. The constitutional court is responsible for ensuring that presidential edicts and orders and legislation from the National Assembly, as well as any other exercise of constitutional power, comply with the Constitution (the "**Constitutional Court**"). The system of courts of general jurisdiction consists of the supreme court of the Republic of Belarus, regional courts, economic regional courts and district courts. The courts of general jurisdiction oversee criminal, administrative and civil cases.

The Constitutional Court is comprised of 12 judges who cannot be older than 70 years of age. Six judges of the Constitutional Court are appointed by the President with the remainder being elected by the Council of the Republic. Judges of the Constitutional Court shall be appointed for 11 years and may be appointed for a new term. Members of the Constitutional Court cannot be removed until the end of their term. The Chairperson of the Constitutional Court is appointed by the President with the consent of the Council of the Republic. The term of office of the Chairperson of the Constitutional Court is five years.

All judges of the Supreme Court and the courts of general jurisdiction are appointed and may be removed by the President.

Local Government

Local government within the Republic of Belarus is organised on a regional, district, city, town, settlement and village basis on the principle of self-government for regional and local issues. Such self-government is exercised by citizens through local Councils of Deputies, executive and administrative authorities, other local authorities, local referenda, meetings and other forms of direct participation in government and public affairs.

The heads of local executive and administrative bodies are appointed (and dismissed) by the President, and these appointments are confirmed by the local Councils of Deputies.

Local Councils of Deputies (including the Council of Deputies for the city of Minsk) make decisions based on current legislation and have exclusive powers on the following issues:

- approval of economic and social development programmes and local budgets, including reports on their outcomes;
- imposition of local taxes and duties;
- management of municipal property; and
- holding local referenda.

Local Deputies are elected for renewable terms of four years by the relevant constituencies. The most recent local elections took place in the Republic of Belarus on 18 February 2018. The next local elections are to be held by 18 January 2022.

International Relations

Overview

The geopolitical and geo-economic situation, existing experience of statehood and of forging international cooperation and an export-oriented economy (the share of export comprises more than 60 per cent. of GDP) determine the multi-vector Belarusian foreign policy.

Adhering to common approaches on the development of relations with all foreign partners, the Republic of Belarus is concentrating its foreign policy efforts on a number of key areas.

Among the main priorities are neighbouring states, primarily the Russian Federation. Strategic and allied relations with the Russian Federation are based on the Treaty on the Creation of the Union State (see "*–Relations with Russia*") and other integrations in the post-Soviet space, such as the EAEU, CIS and Collective Security Treaty Organisation ("**CSTO**"), where the Republic of Belarus plays an active role.

As one of the initiators of integration processes in Eurasia, Belarus continues to take steps with the members of the EAEU to strengthen its potential and increase resilience to growing external challenges. In 2020, Belarus chairs the governing bodies of the EAEU. The representative of Belarus was elected for a 4 year term as the chairperson of the Board of the Eurasian Economic Commission (the "**EAEC**").

In the international arena, Belarus is a participant in promoting partnership between integration and cooperation projects. Being on the periphery of the EAEU and the EU, Belarus supports the formation of sustainable mechanisms for a full-fledged dialogue between these integrations, involving the progressive convergence of the EAEU and the EU, the creation of a common economic space "from Lisbon to Vladivostok" with possible further expansion. Belarus supports the conjunction of processes in the EAEU with the development of integration within the SCO, the Silk Road Economic Belt and Association of South East Asian Nations ("**ASEAN**").

Building a constructive interaction with the CIS states is one of the priority areas of Belarusian foreign policy, and is aimed at developing mutually beneficial and multifaceted economic cooperation, providing mutual support for Commonwealth partners at international and regional platforms.

The most significant trade and economic partner for Belarus after Russia among the post-Soviet countries is Ukraine. The attained high dynamics of Belarusian-Ukrainian inter-sectorial and inter-regional relations is sustained by the contacts at high and the highest levels, as well as developed mechanisms of intergovernmental, inter-agency, inter-regional and business collaboration.

In the West the priority for the Republic of Belarus is the process of developing relations and intensifying cooperation with the EU and the United States, which has been progressively moving forward in recent years.

Relations with the EU continue to grow and Belarus is beginning to witness positive outcomes through various mediums, including investment, political and other cooperation. Investment cooperation with the EU continues to expand rapidly. Negotiations with the EU on visa facilitation and readmission agreements have been successfully completed, with the agreements signed in Brussels on 8 January 2020, ratified by Belarus in April 2020, approved by the Council of the EU on 27 May 2020, and expected to come into force on 1 July 2020.

Relations between Belarus and the United States are gradually improving. There is an increase in bilateral trade in goods and services, and the level of political contacts is rising. Two countries made joint decision to restore the functioning of diplomatic missions at the ambassadorial level.

The Republic of Belarus intensifies political and economic interaction with traditional and new partners in Asia, Latin America, the Middle East and Africa, as well as upgrades cooperation with major partners to the strategic level, which has already been achieved with China.

The main priority in foreign economic activity for Belarus is promotion and diversification of Belarusian exports based on the principle of equal distribution of Belarusian exports between the EAEU, the EU and other partners.

During 2019, Belarus paid close attention to the disarmament and arms control processes. As practical steps aimed at creating atmosphere of trust and substantial fulfilment of the Belarusian idea of a new broad international dialogue on security, Belarus at the level of the President announced a proposal to adopt a multilateral political declaration for the responsible countries on non-deployment of the intermediate and short-range missiles in Europe in light of the termination of the Treaty on the Elimination of Intermediate and Short-Range Missiles, as well as the initiative of creating the belt of "digital neighbourhood". A number of significant events on global and regional security were held in Minsk, including the International Counter-Terrorism Conference under the auspices of the United Nations "Countering Terrorism Through Innovative Approaches and the Use of New and Emerging Technologies", and the second major expert forum on the platform of "Minsk Dialogue Initiative" on the topic "European Security: Stepping Back from the Brink".

Relations with IFIs

For further information on Belarus' relations with the EFSD, the IMF, the World Bank and certain other IFIs, see "*Public Debt—Relationships with IFIs*".

Relations with Russia

Belarus has traditionally had close ties with Russia and Russia remains Belarus' largest and most important political and economic partner and is one of Belarus' most significant trading partners.

In 1999, a Treaty on Establishing a Union State (the "**Union Treaty**") between the two countries was signed. This treaty set a goal of creating an economic union in which there is free movement of goods, services, capital and labour and equal conditions by which businesses may operate and in which there are equal rights across the areas of employment, wages, education, health care and other social benefits. Currently, the governing bodies of the Union State are the Higher State Council of the Union State and the Council of Ministers of the Union State. The Permanent Committee of the Union State functions as their working apparatus. In accordance with the Union Treaty, the functions of the Parliament of the Union State are discharged by the Parliamentary Assembly of the Union of Belarus and Russia. It comprises 36 deputations, which are formed by both houses of the parliaments of both countries (36 participants from each country). As at the date of this Prospectus, Russia and Belarus continue active cooperation and implementation of goals outlined in the Union Treaty, including unification of legislation and economic integration.

The goals of the Union Treaty are addressed step-by-step (with the deepening of integration in economic and social spheres). Relations between Russia and the Republic of Belarus are based on the irrevocable principle of preserving the sovereignty of the two states. The two countries also cooperate in a common defence policy and coordinate with respect to foreign policy. Belarusian and Russian cooperation in the military field has developed gradually. The regional force grouping of the armed forces of the Republic of Belarus and the armed forces of Russia and a unified regional air defence system are in operation. The countries effectively cooperate in the military and technical sphere.

In order to develop bilateral trade, the Republic of Belarus and Russia signed a bilateral free trade agreement on 13 November 1992, a treaty establishing a Belarus-Russian customs union on 6 January 1995 and a treaty on improving trade and economic cooperation on 23 March 2007.

The aggregate value of bilateral trade in 2018 amounted to U.S.$35.6 billion, which represented an increase of 9.6 per cent. as compared to 2017. Exports from Belarus to Russia for 2018 amounted to U.S.$13.0 billion, which represented an increase of 0.7 per cent. as compared to 2017. Imports from Russia for this period amounted to U.S.$22.6 billion, which represented an increase of 15.4 per cent. as compared to 2017.

In 2019 bilateral trade reached U.S.$35.6 billion (a decrease of 0.2 per cent. as compared to 2018). Belarusian exports in 2019 amounted to U.S.$13.6 billion (an increase of 4.5 per cent. as compared to 2018), while imports from Russia amounted to U.S.$22 billion (a decrease of 2.8 per cent. as compared to 2018).

The aggregate value of bilateral trade between Belarus and Russia in the first quarter of 2020 amounted to U.S.$6.9 billion (a decrease of 14.5 per cent. compared to the first quarter of 2019). Belarusian exports to Russia in the first quarter of 2020 amounted to U.S.$3.2 billion (an increase of 6.1 per cent. compared to the same period in 2019), while imports from Russia amounted to U.S.$3.7 billion (a decrease of 26.8 per cent. compared to the same period in 2019).

The Republic of Belarus' main exports to Russia comprise milk and dairy products, transport vehicles, spare parts for tractors and automobiles, meat and furniture. Its imports from Russia primarily comprise oil, oil products, gas, cars and metal products.

A number of oil and gas pipelines from Russia to the EU and a significant portion of Russian oil and gas exports run through the Republic of Belarus. In 2018, the transit of natural gas through the Republic of Belarus amounted to 42 billion cubic metres.

Russia is the main source of FDI in the Republic of Belarus and is the principal provider of external funding to the Republic of Belarus. FDI sourced from Russia totalled U.S.$2.962 billion (34.7 per cent. of all raised FDI), and U.S.$2.849 billion (37.3 per cent.) in 2018 and 2017, respectively. FDI sourced from Russia in 2019 totalled U.S.$2.865 billion (39.6 per cent. of all raised FDI). The share of FDI from the Russian Federation in January-March 2020 amounted to 33.9 per cent. of the total volume of FDI attracted by the Republic of Belarus (U.S.$0.721 billion).

Relations with Russia and Kazakhstan under the Customs Union, Common Economic Space and member states of the EAEU

Since 2007, the presidents of Belarus, Russia and Kazakhstan signed a number of treaties for the creation of a three-member Customs Union, to advance cooperation and integration on issues not already addressed by the framework of the CIS. A Common Customs Code entered into force as amongst all three countries on 6 July 2010. The Customs Union is viewed as a transitional step towards the formation of a common economic space.

In November 2011, Belarus, Russia and Kazakhstan signed a framework of 17 joint agreements for the establishment of the Common Economic Space (the "**CES**") to promote free movement of goods, services, capital and workforce within it. The agreements set out common principles in respect of competition, industry subsidies and currency management policies.

On 29 May 2014, the Presidents of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation signed the EEUT, which became effective as at 1 January 2015. The EAEU is an international economic organisation whose main goals are as follows:

- providing conditions for sustainable development of economies of the member states for advance in living standards of their population;
- striving for establishment of a common market of goods, services, capital and labour resources within the framework of the EAEU; and
- comprehensive modernisation, cooperation and improving competitiveness of national economies in globalisation environment.

At present, five states are the members of the EAEU: the Republic of Armenia (since 2 January 2015), the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic (since 12 August 2015), and the Russian Federation. In addition, any interested state may obtain observer status within the EAEU. On 14 May 2018, the status of an observer state was granted to the Republic of Moldova.

The EAEC was established in November 2011 and started operating in February 2012. The EAEC is a supranational governing body and acts as the regulatory body of the EAEU. The decisions of the EAEC are binding on each of the EAEU member states. The EAEC carries out its functions in accordance with the EEUT and international agreements of the EAEU in the following areas: customs tariff and non-tariff regulation; customs administration; technical regulation; sanitary, veterinary and quarantine phytosanitary measures; crediting and distribution of import custom duties, creating trade regimes with third party countries; external trade statistics; macroeconomic, competition, currency and energy policies; industrial and agricultural subsidies; natural monopolies; government and/or municipal procurement; mutual trade in services and investments; transport and forwarding; intellectual property rights; labour migration; financial markets (including banking, insurance, currency and securities markets); other areas specified by the EEUT and international agreements of the EAEU. In particular, in 2019, bilateral free trade agreements were signed between the EAEU and each of China and Iran.

The EAEU has substantially contributed to the formation of unified policies in the spheres of foreign trade regulation, technical regulation, and competition rules in cross-border markets. On 1 January 2018, the EAEU Customs Code entered into force. A single market for medicines and medical devices has been created, and mutual trade in services in a significant number of sectors has been liberalised. On 20 December 2019, the Agreement of Pension Provision for Workers of the Member States of the EAEU was signed.

The EAEU has entered into trade agreements with Vietnam, China, Iran, Singapore and Serbia. As at the date of this Prospectus, negotiations in respect of the creation of free trade zones with Egypt, Israel and India were underway.

In 2020, the Republic of Belarus chairs the EAEU bodies.

Relations with CIS States

Cooperation between the Republic of Belarus and other CIS states is based on bilateral treaties and constitutes an important objective of the Republic of Belarus' foreign policy. The key trade partners of the Republic of Belarus among the CIS countries are the Russian Federation, Ukraine and Kazakhstan.

In October 2011, the Republic of Belarus, the Republic of Armenia, the Republic of Kazakhstan, the Kyrgyz Republic, Moldova, the Russian Federation, Tajikistan and Ukraine signed an agreement on the establishment of a free trade zone, which abolishes customs duties among the parties and restricts unilateral introduction of foreign trade protection measures within the free trade zone. In May 2013, the Protocol on Application of the Agreement on the Free Trade Zone as of 18 October 2011 was signed by the parties as well as the Republic of Uzbekistan. As at the date of this Prospectus, this Protocol has not become effective in respect of Tajikistan.

Following on from the Agreement on the Free Trade Zone in June 2016, the Republic of Belarus, the Republic of Armenia, the Kyrgyz Republic, the Russian Federation and Tajikistan signed the Protocol on Rules and Procedures of Regulation of state procurement determining the goals and principles of regulation in the field of state procurement, as well as the terms of introduction of technologies ensuring disclosure and transparency of procurement. As at the date of this Prospectus, this Protocol has not become effective in respect of Tajikistan.

In 2018, the volume of external trade between the Republic of Belarus and CIS states amounted to U.S.$43.1 billion (an increase of 11.7 per cent., or U.S.$4.5 billion, as compared to 2017). Exports to CIS countries in 2018 amounted to U.S.$18.8 billion (an increase of 7.3 per cent., or U.S.$1.3 billion, as compared to 2017), and imports from CIS states amounted to U.S.$24.3 billion (an increase of 15.3 per cent., or U.S.$3.2 billion, as compared to 2017).

In 2019, the volume of external trade in goods between the Republic of Belarus and other CIS countries amounted to U.S.$43.3 billion (increased by 0.7 per cent., or U.S.$0.2 billion, compared to 2018). Exports to the CIS countries in 2019 amounted to U.S.$19.3 billion (increased by 3.2 per cent., or U.S.$0.5 billion, compared to 2018), while imports from the CIS countries amounted to U.S.$24 billion (decreased by 1.1 per cent., or U.S.$0.3 billion, compared to 2018).

In the first quarter of 2020, the volume of external trade in goods between the Republic of Belarus and other CIS countries amounted to U.S.$8.4 billion (a decrease of 12.1 per cent., or U.S.$1.2 billion, compared to the same period of 2019). Exports to CIS countries in the first quarter of 2020 amounted to U.S.$4.2 billion (an increase of 2.6 per cent., or U.S.$0.1 billion, compared to the first quarter of 2019), while imports from CIS countries amounted to U.S.$4.2 billion (a decrease of 23.1 per cent., or U.S.$1.3 billion, compared to the first quarter of 2019).

Oil products, dairy products, trucks and tractors are the main commodity items of Belarusian export to CIS countries.

Cooperation with the WTO

The Republic of Belarus applied to join the WTO in 1993.

In 1997–2005, seven meetings of the WTO Working Party on Belarus' Accession were held. After 2005, work continued as informal consultations (5 rounds of consultations of the Working Party Chairman with the WTO members).

In 2016, Belarus' accession process to the WTO intensified: the composition of the Interdepartmental Commission on the Accession of the Republic of Belarus to the WTO has been updated; negotiation delegation formed; chief negotiator appointed; all accession documents updated.

Since 2017, the meetings of the WTO Working Party on Belarus Accession resumed at the WTO headquarters in Geneva. Five such meetings were held in 2017-2019, the last of which was held in July 2019. The next meeting of the Working Party is planned following the normalisation of the epidemiological situation in connection with the COVID-19 pandemic.

In November 2018, a delegation of the WTO Secretariat headed by the Deputy General Director Alan Wolff visited Minsk. Following the visit, in the annual report of the WTO Director General Roberto Azevedo, Belarus was for the first time included into the list of countries that are in the strategic focus of the WTO Secretariat for 2019 and 2020.

In view of the COVID-19 pandemic, a number of planned accession-related events, including the 13th Working Party Meeting, were postponed. However, Belarus has retained active contacts with the WTO Secretariat and continued negotiations on the bilateral basis though videoconferencing tools with all interested WTO Members.

As at June 2020, bilateral market access protocols have been concluded with 22 WTO Members. The negotiations on Belarus' accession to the WTO are planned to be finalised by the end of 2020.

Relations with the EU

The EU is the second most important trade and economic partner of the Republic of Belarus and main provider of international technical assistance.

In recent years, there have been more positive dynamics in the relationship between the Republic of Belarus and the EU. After the Republic of Belarus undertook a number of steps in line with European expectations, including measures for liberalisation of social life and activation of dialogue and interaction with the Office for Democratic Institutions and Human Rights at the OSCE in the context of presidential (2015) and parliamentary (2016) elections, the EU has initiated a process for the normalisation of relations with the Republic of Belarus, including the activation of bilateral contacts and mitigation of the earlier restrictions.

On 15 February 2016, the EU Council for Foreign Affairs approved the so-called "Conclusions on Belarus", providing for further steps to strengthen political relations with the Republic of Belarus, as well as the expansion of trade and economic cooperation, *inter alia,* through engagement with European financial institutions (including the European Investment Bank (the "**EIB**") and the EBRD).

On 25 February 2016, the EU Council also took the decision to cancel the majority of restrictive measures it had imposed with regard to the Republic of Belarus, save for an arms embargo and sanctions related to four natural persons. On 27 February 2017, the EU decided to make biathlon equipment exempt from the arms embargo and on 28 February 2018 the EU also exempted small-gauge sporting weapons and ammunition.

High-level contacts and visits by senior officials of European entities and the EU member states to the Republic of Belarus have resumed.

Johannes Hahn, the EU Commissioner for European Neighbourhood Policy and Enlargement Negotiations, visited the Republic of Belarus in April and June 2015 and again in January, June and October 2018. In March 2016, the EU Special Representative for Human Rights, Stavros Lambrinidis, visited the Republic of Belarus. In June 2018, Mariya Gabriel, the EU Commissioner for Digital Markets and Society visited the Republic of Belarus. In August 2018, Vytenis Andriukaitis, the EU Commissioner for Healthcare and Food Products Safety visited the Republic of Belarus. In February 2019, the EU Commissioner for Budget and Human Resources, Günther Oettinger, visited the Republic of Belarus.

In 2015, the dialogue with the EU with regard to human rights was renewed. Six meetings have taken place to date with the latest one held in Brussels on 18 July 2019.

The Belarus-EU Coordination Group (the "**CG**") was created in 2016 with the purpose of continuing structured political dialogue and a regular discussion of key issues and priority areas of interaction between the Republic of Belarus and the EU. As at the date of this Prospectus, eight meetings of the CG have taken place, with the latest one taking place in Brussels on 17-18 December 2019. The scope of sectoral interaction with the European Commission has also been expanded and expert dialogues occur on a regular basis in the fields of ecology, economics and finance, customs and foreign trade.

The normalisation of political relations has been accompanied by substantive steps aimed at the development of trade and economic and humanitarian cooperation. On 6 September 2016, the decision of the European Commission on the application of the mandate of the EIB for the Republic of Belarus was published in the official journal of the EU, which became effective on 26 September 2016. The signing of the framework agreement between the Republic of Belarus and the EIB, laying the legal foundation for implementation of the EIB's projects in the Republic of Belarus, was completed on 15 May 2017. The agreement came into effect on 9 August 2017.

During the visit of Alexander Stubb, Vice-President of the EIB, to Minsk on 20-21 November 2018, the EIB signed the first credit agreements to support small and medium enterprises ("**SMEs**") in the amount of EUR50 million (through JSC Belagroprombank) and EUR25 million (through JSC Belarusbank) and to reconstruct a Minsk water treatment plant in the amount of EUR85 million. During the visit to Minsk of the EIB Vice President Vazil Hudak on 24 July 2019, the EIB signed loan agreements on the reconstruction of the M7 Minsk-Vilnius highway and the Kamenny Log checkpoint on the Belarusian-Lithuanian border (EUR110 million) and modernisation of water treatment systems (EUR66 million).

With the support of the EU, on 7 September 2016, the Board of Directors of the EBRD approved the strategy for the Republic of Belarus for 2016-2019, which provides for deep involvement of the EBRD to work with the Belarusian state sector, so long as the Republic of Belarus follows the path of economic reforms. In 2019, the EBRD funding in the Republic of Belarus totalled approximately EUR400 million. The Republic of Belarus was ranked in the top ten countries by the volume of EBRD funding, approaching the top five rank.

In 2016, the Republic of Belarus and the European Commission jointly held for the first time a Belarusian Investment Forum in Vienna. On 27 October 2017, a Belarus – European Economic Forum took place in Luxembourg with the participation of the Prime Minister of the Republic of Belarus.

Since 2016, the EU has doubled its assistance to the Republic of Belarus under annual bilateral programmes to EUR 28-30 million. In 2018-2020, the amount of raised funds under these programmes is expected between EUR83 million and EUR107 million. At the same time, the Republic of Belarus continued to participate in a new cycle of cross-border cooperation programme of the EU "Latvia-Lithuania-Belarus" and "Poland-Belarus-Ukraine" for 2014-2020 (with the total budget exceeding EUR300 million), as well as in regional and topical programmes of the EU in the fields of energy efficiency, education, nuclear safety, integrated border management, migration, and other spheres. A new generation of EU cross-border cooperation programmes for 2021 – 2027 covering Belarus ("Poland – Belarus – Ukraine", "Lithuania – Belarus", "Latvia – Belarus" and "Baltic Sea Region") is under preparation. Since 2017, the EU has extended the "Twinning" program for public administration support to Belarus, since 2019 – the EU / OECD SIGMA program. Since May 2020, negotiations have been in progress on the first EU direct budget support scheme for Belarus amounting to EUR50 million.

On 13 October 2016, at the meeting of the Interior Ministers of EU member states in Luxembourg the Declaration on Mobility Partnership was signed by the Republic of Belarus, the EU and seven EU member states. In October 2018, the Republic of Belarus commenced the realisation of the Mobility Partnership project on prevention of illegal migration, funded for up to EUR7 million.

On 7 February 2017, the EU Council abolished import quotas on Belarusian textile products.

The Republic of Belarus participates in the Eastern Partnership ("**EaP**"), the EU's initiative which was launched in Prague in May 2009 with the purpose of improving political, economic and trade relations between the EU and its six Eastern neighbours, being Armenia, Azerbaijan, the Republic of Belarus, Georgia, Moldova and Ukraine.

The Foreign Minister of the Republic of Belarus, Vladimir Makei, led the Belarusian delegation at the Brussels EaP Summit on 24 November 2017. During the summit, the parties signed an arrangement to include the Republic of Belarus in the indicative TEN-T network maps.

According to the indicative plan of action of the European Commission and the World Bank, approved in January 2019 and relating to investing in parts of Trans-European Transport Network in the territory of the EaP, the realisation of these projects in the Republic of Belarus will require approximately EUR1 billion of foreign investments until 2030.

On the basis of the final declaration of the Riga summit of the EaP in May 2015, the Republic of Belarus and the EU commenced negotiations on bilateral priorities of the partnership for the period until 2020, covering four areas: strengthening of state institutions and efficient state governance; economic development and market opportunities; connectivity, power engineering, environment protection and climate change; mobility and interpersonal contacts.

In 2019, Belarus and the EU completed negotiations on visa facilitation and readmission agreements. These agreements were signed in Brussels on 8 January 2020, ratified by Belarus in April 2020, and approved by the Council of the EU on 27 May 2020.

The Republic of Belarus cooperates with the EU in the field of transport and environment. Having the status of observer in the Northern Dimension ("**ND**"), the Republic of Belarus participates in the activities of the Northern Dimension Environmental Partnership ("**NDEP**"), the Northern Dimension Partnership on Transportation and Logistics ("**NDPTL**") and the Northern Dimension Partnership in Public Health and Social Wellbeing. In particular, a number of projects are being implemented in the environment-oriented sphere, financed by the NDEP Fund, Nordic Investment Bank ("**NIB**") and the EBRD. Activation of project activities and elaboration of opportunities of getting financial support of the project in the transport sphere is an important area of participation of the Republic of Belarus in the NDPTL. In June 2017, the Republic of Belarus acceded to the Eastern European Energy Efficiency and Environment Partnership ("**E5P**"). Currently, a number of projects in the area of waste disposal, waste water treatment and energy saving are being realised in the Republic of Belarus under the E5P and the NDEP.

The Republic of Belarus maintains good relations with a number of the EU member states, such as Germany, Italy, France, Spain, Austria, Belgium, the Netherlands, Poland, Latvia, Hungary, the Czech Republic, Romania, Slovenia and Slovakia.

Political dialogue has intensified with these states. In 2017-2019 a number of visits took place: to Belarus by the federal presidents of Austria and Germany, the President of Serbia, the Chairman of the Presidium of Bosnia and Herzegovina, the Federal Chancellor of Austria, the Prime Ministers of Latvia and Slovakia, the Foreign Ministers of Austria, Belgium, Hungary, Germany, Latvia, Romania, Slovakia, Turkey, Finland and Sweden. Official visits of the President of the Republic of Belarus to Austria, Serbia, Turkey, visits of the Prime Minister of the Republic of Belarus to Hungary, Italy, Luxembourg, Slovakia, Minister of Foreign Affairs of the Republic of Belarus to Belgium, Germany, Spain, Latvia, Czech Republic, Sweden were organised.

The Republic of Belarus provides for the transit of goods, services and energy products to the EU, developing the relevant infrastructure and maintaining smooth functioning and safety of mainstream gas and oil pipelines coming from Russia to the EU. A significant portion of Russian energy exports to the EU countries run through the Republic of Belarus. The Republic of Belarus is implementing a number of programmes aimed at improving industrial standards to the EU level. The Republic of Belarus seeks to expand the export of food and agricultural products to EU markets and is therefore developing its certification system.

After declining in 2015 and 2016, the volume of bilateral trade with the EU grew in 2017-2018. In 2017, bilateral trade reached U.S.$14.5 billion (an increase of 29.7 per cent. compared to 2016). Belarusian exports to the EU in 2017 amounted to U.S.$7.8 billion (an increase of 38.6 per cent. compared to 2016), while imports from the EU amounted to U.S.$6.7 billion (an increase of 20.5 per cent. compared to 2016). The positive trade balance reached U.S.$1.1 billion, compared to U.S.$136.2 million in 2016. The EU's share of total Belarus exports amounted to 26.8 per cent. in 2017 (24 per cent. in 2016), and Russia's share amounted to 44.1 per cent. in 2017 (46.5 per cent. in 2016).

In 2018 the Republic of Belarus' exports to the EU amounted to U.S.$10.2 billion (an increase of 29.9 per cent. as compared to 2017), while imports from the EU for the year ended 31 December 2018 amounted to U.S.$7.2 billion (an increase of 7.6 per cent. as compared to 2017). The positive trade balance reached U.S.$3.0 billion as compared to U.S.$1.1 billion for 2017.

In 2019, Belarusian exports to the EU amounted to U.S.$8.4 billion (a 17.5 per cent. decrease as compared to 2018), imports amounted to U.S.$7.3 billion (a 3.4 per cent. increase as compared to 2018). The balance is positive in the amount of U.S.$1.1 billion.

In the first quarter of 2020, Belarusian exports to the EU amounted to U.S.$1.1 billion (a 29.7 per cent. decrease as compared to the first quarter of 2019), whereas imports amounted to U.S.$1.6 billion (a 2.2 per cent. increase as compared to the first quarter of 2019). The balance is negative in the amount of U.S.$0.5 billion.

In 2019, U.S.$4.2 billion of foreign investments were attracted from the EU countries, including U.S.$3.4 billion – in the form of FDI (in 2018 – U.S.$5.4 billion and U.S.$4.6 billion, respectively).

In the first quarter of 2020, U.S.$1.2 billion of foreign investments were attracted from the EU countries, including U.S.$1.0 billion – in the form of FDI (in the first quarter of 2019 – U.S.$1.5 billion and U.S.$1.3 billion, respectively).

The United Kingdom's recent exit from the EU is not expected to affect its bilateral relations with the Republic of Belarus.

Relations with the United States of America

The development of relations with the United States of America (the "**United States**" or "**US**") is one of the priorities of Belarusian foreign policy.

Due to focused efforts by both countries, since 2012, the Belarusian-American relations have been steadily improving. The level and intensity of contacts is increasing, and the atmosphere of mutual trust is being gradually restored. Belarus and the United States are developing cooperation in areas of common interest, including international security, non-proliferation of arms, the fight against international organised crime, human trafficking, and anti-Semitism. A productive dialogue has been established with the US National Security Council, and Belarus-US military cooperation has resumed. The parties are working together to develop bilateral economic cooperation. As a result of the development of a constructive dialogue, the United States canceled or suspended economic sanctions against certain Belarusian companies. Interdepartmental contacts and exchanges of visits by representatives of government bodies and business circles of the two countries have intensified.

The United States made a balanced assessment of the results of the 2015 presidential elections and the 2016 and 2019 parliamentary elections in the Republic of Belarus. The remaining concerns of the United States regarding human rights and democracy are the subject of continuing bilateral discussions. Since 2015, the two sides have also been engaged in a human rights dialogue.

The United States Department of State has cancelled the negative recommendation issued to US banks concerning cooperation with the Republic of Belarus in the placement of Belarusian bonds (Eurobonds) in the United States, and has revised from negative to neutral or positive the wording of the recommendation given to US investors regarding possible capital investments in and other cooperation with the Republic of Belarus. The United States has started the creation of the American Chamber of Commerce in Belarus.

In September 2014, New York hosted the Belarusian Investment Forum with the support of the United States. At the event, a high-ranking representative of the US Department of State encouraged American businesses to develop economic cooperation with the Republic of Belarus.

In March 2015, the United States lifted sanctions against PA "Belorusneft" imposed in 2011 for cooperation with Iran in the oil sphere on the part of the enterprise.

On 30 October 2015, the United States suspended sanctions against the "Belneftekhim" group and its subsidiaries. On 22 October 2019, the sanctions were suspended for 18 months, until 26 April 2021.

In December 2016, on invitation of the US Department of State, a high-level Belarusian economic delegation visited the United States. During the visit, government representatives of the two states discussed the issues of systemic development of the Belarus – US economic, trade and investment cooperation.

In March 2018, the Export-Import Bank of the United States approved the inclusion of the Republic of Belarus in the list of countries to which short-term and mid-term export loans could be provided for transactions of American exporters with government and private counter-parties.

In March 2019, the Republic of Belarus lifted the restrictions applicable since 2008 limiting the number of staff that may be present in the US Embassy in Minsk. The parties are now negotiating the matter of restoring a mutual diplomatic presence up to the level of ambassadors.

One of the important milestones in the development of the political dialogue between the United States and Belarus at this stage was the first in 26 years visit by the US Secretary of State Michael Pompeo to Belarus, which took place on 1 February 2020.

The parties develop interregional cooperation at the level of Belarusian regions and cities and most US states. Around ten cooperation agreements were concluded between regions, cities and chambers of commerce. Honorary consuls of the Republic of Belarus now operate in California and Florida. The US Embassy in the Republic of Belarus provides assistance in organising visits of representatives of American companies to the Republic of Belarus.

The first bilateral Belarus – US SME forum was held in April 2017 in the United States. In 2017 and 2018, national expositions of the Republic of Belarus were held in the United States at major international exhibitions.

The United States is one of the main investors in the Belarusian economy. As at 1 January 2020, 186 joint ventures and foreign enterprises with American capital were acting in the Republic of Belarus (187 as at 1 April 2020).

In 2017, the United States invested U.S.$66.7 million in the Republic of Belarus (an increase of 30.5 per cent. compared to 2016), including U.S.$55.1 million of direct investments (an increase of 14.3 per cent. compared to 2016), of which U.S.$20.6 million was FDI on a net basis (an increase of 37.0 per cent. compared to 2016).

In 2018, the United States invested U.S.$71.8 million in the Republic of Belarus (an increase of 7.7 per cent. compared to 2017), including U.S.$54.5 million of direct investments (a decrease of 1.2 per cent. compared to 2017), of which U.S.$25.5 million were direct investments on a net basis (an increase of 24.2 per cent. compared to 2017).

In 2019, the United States invested U.S.$81.6 million in the Republic of Belarus (an increase of 13.6 per cent. compared to 2018), including U.S.$74.5 million of direct investments (an increase of 36.7 per cent. compared to 2018), of which U.S.$43.9 million was foreign direct investment on a net basis (an increase of 72.0 per cent. compared to 2018).

In the first quarter of 2020, the United States invested U.S.$35.6 million in the Republic of Belarus (an increase of 7.8 per cent. compared to the first quarter of 2019), including U.S.$34.7 million of direct investments (an increase of 8.7 per cent. compared to the first quarter of 2019), of which U.S.$24 million was foreign direct investment on a net basis (a decrease of 9.6 per cent. compared to the first quarter of 2019).

Belarusian goods exported to the United States in 2018 amounted to U.S.$270.5 million (an increase of 19.9 per cent. as compared to 2017). The trade balance is negative – U.S.$166.8 million (an increase of 8.5 per cent. as compared to 2017).

Belarusian goods exported to the United States in 2019 amounted to U.S.$194.2 million (a decrease of 28.2 per cent. compared to 2018). The trade balance is negative – U.S.$468.8 million.

Belarusian goods exported to the United States in the first quarter of 2020 amounted to U.S.$39.2 million (a decrease of 34 per cent. compared to the first quarter of 2019). The trade balance is negative – U.S.$136.1 million.

In 2018, service exports to the US amounted to U.S.$711.9 million (an increase of 25.2 per cent. compared to 2017), while imports amounted to U.S.$87.4 million (an increase of 7.6 per cent.).

In 2019, the service exports to the US amounted to U.S.$1,069.2 million (an increase of 49.6 per cent. compared to 2018), whereas imports amounted to U.S.$128.6 million (an increase of 47.9 per cent. compared to 2018).

In the first quarter of 2020, service exports to the US amounted to U.S.$298 million (an increase of 45 per cent. compared to the first quarter of 2019), whereas imports amounted to U.S.$34.3 million (an increase of 54 per cent. compared to the first quarter of 2019). Approximately 90 per cent. of the exports were attributable to computer technology, telecommunications and information services. Products of the Hi-Tech Park ("**HTP**") residents take lead among the exported computer services.

The United States provides technical and humanitarian assistance to the Republic of Belarus aimed to support significant social, economic, science and technology, medical and other projects. In 2019, the United States provided U.S.$23.6 million (in 2018 – U.S.$11.4 million) in foreign charitable assistance and remained the leader among donor countries in terms of the volume of aid provided to Belarus.

In June 2019, the United States extended the trade relations regime for the Republic of Belarus until June 2020. Further developments on the extension of the trade relations regime are expected by the end of June 2020.

The US government continues the practice of applying tariff restrictive measures to certain categories of Belarusian exports. In January 2018, the United States imposed a 280.0 per cent. anti-dumping duty on carbon and alloy steel rods from the Republic of Belarus. In October 2018, the anti-dumping measures introduced in 2001 were extended for a further 5 years in relation to building fittings manufactured by the Belarusian Metal Works. The antidumping duty for Belarusian fittings is 114.53 per cent.

In May 2020, the beginning of oil supply from the US to Belarus was announced. Cooperation with the US in the oil sector is part of Belarus' efforts to ensure its energy security through diversifying its oil supplies. See also "*The Economy of the Republic of Belarus—Oil*".

The Republic of Belarus has consistently advocated the complete lifting of US sanctions and the normalisation of Belarusian-American relations. The Republic of Belarus and the United States of America continue to work together to improve the bilateral relations, develop dialogue and remove issues of concern to the parties on the bilateral agenda. This process is expected to be supported by the exchange of ambassadors planned for 2020.

Relations with countries in Latin America and Caribbean countries

The strengthening of relations of the Republic of Belarus with Latin American countries, as well as major regional integration groups, is an important goal of Belarusian foreign policy.

Argentina, Brazil, Ecuador, Colombia, Mexico and Cuba are the key trade partners of the Republic of Belarus in Latin America. At the same time, Belarus is focused on the development and growth of external trade relations with other Latin American and Caribbean countries.

In the first quarter of 2020, the total volume of foreign trade between Belarus and Latin American and Caribbean countries amounted to U.S.$241.8 million. Exports to Latin American and Caribbean countries amounted to U.S.$134.8 million, while imports amounted to U.S.$107 million.

In 2019, the total volume of foreign trade between Belarus and Latin American and Caribbean countries amounted to U.S.$1.4 billion. Exports to Latin American and Caribbean countries amounted to U.S.$770.0 million, while imports amounted to U.S.$662.8 million.

In 2018, the total volume of foreign trade between Belarus and Latin American and Caribbean countries amounted to U.S.$1.4 billion, representing an increase of 30.5 per cent., or U.S.$317.6 million, compared to 2017. Exports to Latin American and Caribbean countries amounted to U.S.$853.5 million, representing an increase of 37.8 per cent., or U.S.$234.3 million, while imports amounted to U.S.$504.8 million, representing an increase of 19.7 per cent. compared to 2017, respectively.

In 2017, Belarusian exports to Latin American and Caribbean countries amounted to U.S.$619.2 million, representing an increase of 5.1 per cent. compared to 2016. In 2017, imports from Latin American and Caribbean countries amounted to U.S.$421.6 million, representing an increase of 37.1 per cent. compared to 2016.

Relations with Asian countries

Developing foreign trade cooperation with countries in Asia has become increasingly important for the Republic of Belarus' foreign policy. The Republic of Belarus intends to further diversify its export markets and focus on developing cooperation with China, India, Vietnam, Indonesia, Pakistan, Korea and Japan. Principal types of goods exported to Asia are potash fertilisers, dairy products, vehicles and ferrous metals. The Republic of Belarus intends to diversify the types of goods exported to Asia in the future and to increase exports of services.

In the first quarter of 2020, the volume of external trade with Asian countries amounted to U.S.$2.2 billion. Exports amounted to U.S.$0.8 billion, while imports amounted to U.S.$1.4 billion.

In 2019, the volume of external trade with Asian countries amounted to U.S.$9.87 billion (increase by 8.8 per cent. compared to 2018). Exports amounted to U.S.$3.98 billion (increase by 4.9 per cent. compared to 2018), while imports amounted to U.S.$5.89 billion (increase by 11.6 per cent. compared to 2018).

In 2018, the volume of external trade with Asian countries amounted to U.S.$9.1 billion. Exports amounted to U.S.$3.8 billion, while imports amounted to U.S.$5.3 billion.

In 2017, the volume of external trade with Asian countries amounted to U.S.$7.9 billion compared to U.S.$6.5 billion in 2016. Exports to Asian countries amounted to U.S.$3.0 billion compared to U.S.$2.6 billion in 2016, while imports amounted to U.S.$4.9 billion compared to U.S.$3.9 billion in 2016.

China is one of the largest creditors and investors in the Republic of Belarus. The Chinese Export-Import bank and the China Development Bank are the leaders in the financing of the joint Belarusian-Chinese projects in the Republic of Belarus among Chinese financial institutions. In 2019, Belarus became the seventieth member of the Asian Infrastructure Investment Bank, which opens up new opportunities for financing infrastructure projects in the Republic of Belarus.

The Republic of Belarus positions itself as a bridge between China and the countries of the EU within the framework of the Belt and Road Initiative. The largest project of bilateral cooperation within the framework of the initiative is Industrial Park "Great Stone".

In May 2017, the Edict of the President of the Republic of Belarus No. 166 "On the development of a special legal regime of the China-Belarus Industrial Park "Great Stone" (the "**Great Stone Park**") came into force. The Edict is aimed at guaranteeing a favourable legal regime for the residents of the industrial park in comparison with the other regimes in the Republic of Belarus and the EAEU countries. As at May 2020, there were 60 residents registered in the Great Stone Park.

The Republic of Belarus is actively developing cooperation with Hong Kong (China). In January 2017, an agreement on the mutual visa abolition and an agreement on avoidance of double taxation and prevention of revenue and property fiscal evasion were signed.

In 2019, the total volume of foreign trade between Belarus and China (including Hong Kong, Macau and Taiwan) amounted to U.S.$4.6 billion, whereas exports to China amounted to U.S.$712.6 million, and imports amounted to U.S.$3.9 billion.

Principal Belarusian export items in 2019 included potash fertilizers (U.S.$366.4 million), cellulose (U.S.$48.9 million), specific goods (U.S.$48.6 million), polyamide plastics (U.S.$35.1 million), frozen beef (U.S.$33.5 million), dairy products (U.S.$27.9 million), timber (U.S.$26.8 million), poultry (U.S.$24.5 million) and milk whey (U.S.$22 million).

In the first quarter of 2020, the volume of trade between the Republic of Belarus and mainland China amounted to U.S.$0.9 billion. The volume of Belarusian exports was U.S.$94.4 million, representing a decrease of 57.9 per cent. compared to the first quarter of 2019, and the total volume of Belarusian imports was U.S.$0.8 billion, representing an increase of 3 per cent. compared to the first quarter of 2019. The negative trade balance in the first quarter of 2020 amounted to U.S.$0.7 billion.

In 2019, the volume of trade between the Republic of Belarus and mainland China amounted to U.S.$4.5 billion. The volume of Belarusian exports was U.S.$675.5 million, representing an increase of 40.2 per cent. compared to 2018, and the total volume of Belarusian imports was U.S.$3.8 billion, representing an increase of 20.7 per cent. compared to 2018. The negative trade balance in 2019 amounted to U.S.$3.1 billion.

In 2018, the volume of trade between the Republic of Belarus and mainland China amounted to U.S.$3.6 billion. The volume of Belarusian exports was U.S.$481.9 million, representing an increase of 33.3 per cent. compared to 2017, and the total volume of Belarusian imports was U.S.$3.2 billion, representing an increase of 15.0 per cent. compared to 2017. The negative trade balance in 2018 amounted to U.S.$2.7 billion.

In 2017, the volume of trade between the Republic of Belarus and mainland China amounted to U.S.$3.1 billion. The volume of Belarusian exports was U.S.$361.5 million, representing a decrease of 23.5 per cent. compared to 2016, and the total volume of Belarusian imports was U.S.$2.7 billion, representing an increase of 28.9 per cent. compared to 2016. The negative trade balance in 2017 amounted to U.S.$2.4 billion.

In 2018, the Republic of Belarus received gross investment from China in the amount of U.S.$339.9 million, including U.S.$186.9 million in direct investment (compared with U.S.$271.9 million and U.S.$112.8 million, respectively, in 2017 and U.S.$251.2 million and U.S.$99.5 million, respectively, in 2016). In 2019, the Republic of Belarus received gross investment from China in the amount of U.S.$169.7 million, including U.S.$135.4 million in direct investment.

Principal Belarusian export items in 2018 included potash fertiliser (U.S.$279.5 million), polyamide plastics (U.S.$45.9 million), raw flax and processed flax (U.S.$7.6 million), condensed and powdered milk and cream (U.S.$37.3 million), stone products (U.S.$6.8 million), and whey (U.S.$21.0 million).

The President of the Republic of Belarus visited China on a working visit from 8-10 June 2018. During the visit, he signed an agreement on visa-free travel for the holders of regular passports, and 2018 has been proclaimed the Year of Belarus Tourism in China. In 2019, as part of the Year of Education of Belarus in China, the export of educational services (U.S.$14.5 million), the range of agreements with Chinese universities was expanded, and new centres for studying Belarus in China were created. The Year of Regional Cooperation between Belarus and China is planned to be held in 2020.

Belarus views Vietnam as an important partner in the Southeast Asia region. In September 2019, the first factory to assemble trucks made by the Belarusian automobile engineering company MAZ has been commissioned in Vietnam.

In the first quarter of 2020, the total volume of foreign trade between Belarus and Vietnam amounted to U.S.$33.1 million, exports to Vietnam amounted to U.S.$11.7 million, and imports amounted to U.S.$21.4 million. The trade balance is negative for Belarus in the amount of U.S.$9.7 million.

In 2019, the total volume of foreign trade between Belarus and Vietnam amounted to U.S.$211 million, exports to Vietnam amounted to U.S.$108.2 million, and imports amounted to U.S.$102.9 million. The trade balance is positive for Belarus in the amount of U.S.$5.3 million.

Principal Belarusian export items in 2019 included potash fertilizers (U.S.$75.1 million), storage devices (U.S.$5 million), animal intestines (U.S.$3.5 million), special vehicles (U.S.$2.7 million), parts for cars and tractors (U.S.$2.2 million), raw and processed flax (U.S.$1.8 million), and polyamides (U.S.$1.1 million).

On 9 December 2019, the Government of Vietnam decided to extend the visa-free regime for the citizens of the Republic of Belarus.

The Republic of Belarus is also focused on strengthening cooperation with India. The visit of the President of the Republic of Belarus to India in September 2017 laid the foundation for further improving and developing the relationship between the two countries. The Republic of Belarus and India agreed to cooperate in the development of the international transport corridor "North-South".

Member states of the ASEAN are considered as promising for diversification and increase of Belarusian exports. The October 2019 Agreement on Establishment of the Free Trade Zone between the EAEU and Singapore can be utilised as a foothold for establishment of joint enterprises aimed at the common market of the ASEAN.

The Republic of Belarus has also been strengthening cooperation with member states of the SCO. The Republic of Belarus advocates for the bolstering the SCO economic as one of the major factors for stability in the Eurasian region and throughout the world. The Republic of Belarus sees the establishment of transcontinental transport corridors, including related transport, energy, communications and customs arrangements, as a promising area of multilateral commercial and investment cooperation between EAEU and SCO nations. Blending China's Silk Road Economic Belt initiative and the EAEU may become a key aspect of such joint work.

Other potentially productive lines of cooperation among SCO member states comprise information, food and nuclear security and IT development, as declared by the President of the Republic of Belarus at the SCO summit in Qingdao, China, on 9-10 June 2018 and Bishkek, Kyrgyzstan, on 13-14 June 2019.

Relations with countries of Africa and the Middle East

The broadening of cooperation with 66 dynamically developing countries of Africa and the Middle East and 11 international regional organisations has become an increasingly important element of the Belarus' foreign policy.

Similar positions on current issues of the international agenda, as well as similar approaches to addressing matters of socioeconomic development, have contributed to the increased cooperation between Belarus and the Middle East and African countries in all fields.

Economic diplomacy remains to be particularly important for the Republic of Belarus with its export-oriented economy. As such, in its relations with African countries, Belarus has been focusing on promoting cooperation through expanding the export of goods and services. Belarus is systematically working on entering new markets in the African continent.

As an important part of its cooperation with the Gulf countries and Israel, Belarus has been focusing on investment cooperation and has been implementing joint investment projects in the fields of creation of new industries, construction, agriculture, hotels, trade, and other spheres. Several countries have already established joint ventures to produce modern automobiles and tractors based on Belarusian technologies. Furthermore, Belarusian enterprises and organisations actively participate in international exhibitions and fairs held in Africa and the Middle East.

Participation in the Central European Initiative

The Republic of Belarus has been a member of the Central European Initiative ("**CEI**") since 1996. In 2017, the Republic of Belarus presided over the CEI for the first time. The main topic of the Belarusian presidency was the "Promotion of connectivity in a Wider Europe", which included the development of transport and logistical infrastructure, harmonisation of standards and customs procedures, introduction of modern information technologies for simplification of trade and development of cross-border services and other measures for barrier-free trade and economic and investment cooperation.

During the Belarusian presidency, various summits and meetings took place: the summit of the CEI Heads of Governments, a meeting of foreign ministers, an informal meeting of foreign ministers under the auspices of the United Nations General Assembly, ministerial conferences on connectivity and science, a CEI Parliamentary Assembly session, a business forum on energy efficiency, a meeting of the heads of chambers of commerce and various scientific seminars.

It is upon a motion from the Republic of Belarus that the CEI Plan of Action for 2018-2020 has come to include cooperation at different levels as part of the EU-EaP neighbourhood policy as a strategic guideline. It also incorporates specific subjects for project implementation, including the development of information and communication technologies, the encouragement of the digital economy, the establishment of digital transport corridors from the Mediterranean to the Baltic, the expansion of transit links and assistance with the setting-up of logistics chains with a view to creating a common digital market in Central and Eastern Europe (the "**CEE**") and on the European continent as a whole, and the maintenance and promotion of connectivity between the EU and China, with an ever greater role for CEE countries.

The visit of the newly appointed Secretary General of the CEI, Roberto Antonione, to Minsk in April 2019 provided for constructive cooperation of Belarus with this organisation.

Relations with the OSCE

The Republic of Belarus is involved in the OSCE, which is the largest regional forum for political dialogue among 57 participant states on a wide range of issues, including military-political, economic-environmental and human dimensions of security.

Currently one of the most pressing issues for the Republic of Belarus on the OSCE agenda is the settlement of the Ukrainian crisis. Starting from 2014, the Republic of Belarus has been making consistent efforts to help resolve the crisis in neighbouring Ukraine, including by providing the venue and facilitating regular meetings of the Trilateral Contact Group on Ukraine and its thematic working groups, supporting the activity of the OSCE Special Monitoring Group in Ukraine, which aims at implementing Minsk Agreements.

Belarus advocates for the development of partnerships between major international organisations active in the field of security in the Euro-Atlantic area based on the Cooperative Security Platform. In this context, an important element is the development of co-operation between the OSCE and the CSTO in countering new challenges and threats.

In advocating for a broad international dialogue on security issues in order to reduce tensions on the European continent, Belarus is contributing to the development of a unifying agenda for the OSCE.

The Republic of Belarus maintains open and constructive relations with the OSCE Secretariat and the relevant structures of the OSCE, including through project interaction in such areas as environmental protection, human rights, rule of law and gender equality.

The Republic of Belarus continues to develop a constructive dialogue with the OSCE Office for Democratic Institutions and Human Rights (the "**ODIHR**"), including on issues related to the further improvement of electoral legislation and its practical application.

Relations with the Council of Europe

The Council of Europe (the "**CoE**") is an international organisation comprising 47 European countries, including the 28 EU member states.

The Republic of Belarus is not currently a member of the CoE, however, it is a party to a number of conventions adopted by the CoE's member states, including the 1998 Criminal Law Convention on Corruption and the 1999 Civil Convention on Corruption. The Republic of Belarus is also a member of the Group of States against Corruption, which is the CoE's monitoring body against corruption. In June 2019, Belarus signed the Convention for the Suppression of Counterfeiting of Medical Products and Similar Crimes Involving Threats to Public Health (MEDICRIME).

The Action Plan of the CoE for the Republic of Belarus in 2016-2018 was successfully realised which included projects in the spheres of democracy, human rights and the rule of law. A new document for the next project period is currently under discussion. The Action Plan for 2019-2021 has been adopted and agreed.

The positive dynamics of the dialogue between the National Assembly of the Republic of Belarus and the Congress of Local and Regional Authorities of the CoE was observed. An agreement was reached on harnessing the expert potential of the CoE in order to improve national legislation in the field of local self-government.

The Republic of Belarus takes part in the implementation of the Partnership for Good Governance program, the umbrella program of the CoE and the EU, which provides for cooperation with the EaP countries in various sectors (including the fight against corruption, cybercrime and judicial reform).

COVID-19 Impact

In December 2019, the emergence of a new strain of COVID-19 was reported in Wuhan, Hubei Province, China. This new strain has subsequently spread throughout the world, including to Belarus. On 27 February 2020, Belarus reported its first case of the virus with the number of COVID-19 cases increasing continuously since. On 11 March 2020, the World Health Organization declared COVID-19 a global pandemic. The outbreak of COVID-19 has had and will likely continue to have an adverse impact on the global economy (including Belarus), the severity and duration of which is difficult to predict. See "*Risk Factors—Risks Relating to Belarus—The economic effects of the outbreak of COVID-19 could adversely affect Belarus' economy*".

COVID-19 related measures adopted in Belarus

<u>General and Epidemiological Response Measures</u>

The Government has been continuously monitoring the situation relating to the spread of the COVID-19 pandemic. A dedicated inter-agency working group under the leadership of the Deputy Prime Minister has been formed to coordinate ongoing activities in prevention and control of the COVID-19 outbreak, and the Ministry of Healthcare has maintained ongoing dialogue with the World Health Organization and healthcare agencies in other countries.

Up to the date of this Prospectus, Belarus has not imposed strict nationwide lockdown measures and has been combatting the spread of the COVID-19 pandemic among the public predominantly through encouraging social distancing, including by adjusting the schedule of public transport, imposing a partial prohibition on entertainment, sports, scientific and other public events, and promoting remote working arrangements.

To curb the spread and incidence of COVID-19 in Belarus, the Government has introduced a COVID-19 Action Plan, as well as a number of specific regulations and measures, including the following:

- Government Resolution No. 163 dated 21 March 2020 on allocation of BYN2.35 million from the republican budget for financing activities aimed at prevention of COVID-19 entry and outbreak;
- Government Resolution No. 149 dated 17 March 2020, which temporarily banned the export of certain non-food goods such as respirators, eye-protection goggles, full face-piece respirators and filters for such respirators, medical masks, disposable and chemical overall suits, overshoes, pathogen coats, medical gloves, medical surgical coats, disposable medical kits, breathing equipment and gas masks;
- epidemic monitoring of COVID-19, flu, acute respiratory infections and community-acquired pneumonia conducted both countrywide and by regions, which enables to assess the existing situation in an efficient and comprehensive manner;
- dedicated sanitary and epidemiologic response measures designed to prevent COVID-19 entry and outbreak (quarantine control of those who arrive via distant thermometry, questioning at the border and imposition of a 14 days' post-arrival self-quarantine);

- specific procedures for heavy-duty vehicles in transit via the Republic of Belarus, including customs and border control rules, designated locations for trucks fueling as well as drivers' meals and rest;
- requirements with respect to individuals infected with COVID-19, as well as first-and second-degree contacts of individuals infected with COVID-19 with the former having respiratory symptoms;
- penalties have been introduced in case of self-isolation breach (administrative (penalty up to 50 basic values or administrative arrest) or criminal (up to imprisonment) sanctions);
- enhanced disinfection and cleaning of public transport, airports, railway terminals, hotels, public eating facilities, stores and other public spaces;
- health monitoring of school and university students;
- enhanced control of sanitary conditions in student dormitories, hotels and other places of accommodation;
- mobilisation of healthcare institutions to provide healthcare services to patients with COVID-19; streamlining of operations of outpatient hospitals; monitoring of bed stock and necessary adjustments subject to existing environment; enhanced control over procurement of medicines, medical appliances and disinfectants; regular assessment of medical equipment condition;
- launch of a network of laboratories for COVID-19 testing;
- increase of 2020 quotas for manufacturing of alcohol-containing antiseptics and disinfectants (pursuant to Resolution of the Council of Ministers No. 221 dated 14 April 2020);
- pursuant to the recommendation of the Ministry of Healthcare, permission to pharmacies to sell antiseptics and disinfectants in the amount of more than 100 ml of per customer in order to contain the growth of acute respiratory infection cases;
- access of medical staff and the general population to protective wear, the manufacturing of which has been arranged in the country;
- financial incentives for medical staff involved in providing care to COVID-19 patients; and
- active media engagement to increase public awareness of COVID-19 prevention, and dedicated hotlines established in every region.

The above measures have been developed in line with the WHO guidelines and adjusted to the existing risks and epidemiologic environment. WHO representatives noted that the actions taken by the Government are adequate during the visit of the WHO delegation to the Republic of Belarus on 8-11 April 2020. As at the date of this Prospectus, Belarus continued to follow the approach recommended by WHO with maximum laboratory testing, isolation of first-level contacts, and informing the population of the importance of social distancing and other measures. The Government expects that the restrictions introduced in view of the COVID-19 pandemic could be gradually relaxed subject to favourable dynamics in the number of registered COVID-19 cases and overall improvement of the epidemiological situation.

Social and Economic Response Measures

In addition to the general measures outlined above, the Republic of Belarus has introduced a suite of economic and social support measures aimed at offsetting the negative socioeconomic impact of the COVID-19 pandemic.

On 24 April 2020, the President of Belarus adopted Edict No. 143 "On Economy Support" ("**Edict No. 143**"), envisaging measures aimed at supporting the industries most affected by the pandemic (including the healthcare system, transport sector, tourism, retail and entertainment sphere), ensuring the sustainable operations of the real sector of Belarus' economy and safeguarding the social security of the population. Edict No. 143 envisages, among other measures, the introduction of tax deferrals and instalments, rental holidays, rental rates freeze, decreased property tax rates and land lease fees for selected categories of payers. Edict No. 143 also recommends that property owners grant deferrals to their tenants and reconsider rental fees to account for tenants' reduced revenues.

The Government has also adopted a number of other acts aimed to ensure socioeconomic stability amid the pandemic, including Resolution No. 229 dated 15 April 2020, which allows organisations and entrepreneurs not to depreciate fixed and intangible assets used thereby in entrepreneurial activity. Furthermore, on 28 May 2020, the President of Belarus adopted Edict No. 178 "On Temporary Measures of State Support of Employers and Certain Categories of Citizens" ("**Edict No. 178**"), which envisages an extended duration for provision of state targeted social assistance and subsidies for employers to ensure the payment of minimal wage to part-time workers. See also "*The Economy of the Republic of Belarus—Gross Domestic Product*".

Among other measures, Belarus has also introduced additional payments to medical and nursing homes staff, paid sick leaves for individuals who have contacted with COVID-19-infected persons and are involved in childcare, and benefits in utilities payment to unemployed persons. Additional measures have been taken to create dedicated call centers, enhance procurement for healthcare institutions, including protective wear and chemicals, and accommodate the needs of individuals arriving from regions with an adverse epidemic environment. In particular, Belarus has been implementing measures for the repatriation of Belarusian citizens with Belavia flights, and the provision of Belarusian citizens located in countries with an adverse epidemic environment with essential goods, food and coverage of essential expenses.

Financial Sector Response Measures

The National Bank has introduced a number of regulatory changes with the aim of fostering economic activity in Belarus.

In particular, the National Bank has temporarily (until 31 December 2020) eased a number of prudential requirements applicable to Belarusian banks, including in respect of regulatory capital and capital adequacy for risk coverage, single debtor exposure, liquidity, and classification of assets with credit risk exposure and respective provisioning. For banks with deteriorating liquidity, the National Bank has been offering loans with a maturity from 3 to 6 months loans at the refinancing interest rate. See also "*Monetary and Financial System—Banking Sector—Miscellaneous*".

On 20 May 2020, the National Bank announced decreases in the refinancing rate from 8.75 per cent. to 8 per cent., the overnight credit interest rate from 9.75 per cent. to 9 per cent., and the overnight deposit interest rate from 7.75 per cent. to 7 per cent. These measures are expected to contribute to price and financial stability in Belarus.

The National Bank has recommended banks to consider providing loan and interest repayment holidays (with the extension of the loan maturity date) to individuals who provide documents evidencing deterioration of their financial standing and failure to discharge their obligations under loan agreements. Banks are also advised to refrain from increasing interest rates in cases of legal entities' and individual debtors' loan restructuring (including in the form of deferrals and holidays) and to abstain from introducing excessive fees and restrictions for banking operations. The National Bank has also enabled a number of remote and online banking operations.

Microlenders and leasing companies are advised to refrain from imposing penalties in case of the debtors' (leaseholders') failure to discharge obligations under the relevant agreements and to allow repayment deferrals subject to provision of supporting documentation.

With a view to support economic activity, the National Bank has also decreased payment fees within the United Payment and Information Space for utility companies, licensed insurance companies and e-commerce companies. Furthermore, companies are financially incentivised to use electronic payments.

Expected Impact of the COVID-19 Pandemic

While the economic and fiscal cost of COVID-19 is difficult to predict, the Government anticipates a sizeable negative impact of the pandemic on the economy. In general, considerable uncertainty and unpredictability remains in respect of the further development of the situation, spread of the pandemic and its macroeconomic consequences, as well as any related shocks in financial and commodities markets.

In the first quarter of 2020, the volume of GDP amounted to BYN30.2 billion. In real terms, compared to the first quarter of 2019, GDP decreased by 0.3 per cent., primarily as a result of a decline in industry and transport, partially offset by positive trends in the sectors of information and communications, construction and agriculture. Belarus expects a further decline in the second quarter of 2020, primarily in the most vulnerable sectors of the economy, including transport, trade, tourism and hospitality. A moderate recovery of economic activity is expected to begin against the backdrop of the gradual lifting of restrictive measures in the world in the third quarter of 2020, which is expected to positively influence the economy of Belarus. It is estimated that the recovery of economic activity will continue increasingly in the fourth quarter of 2020. The Government expects public debt not to exceed 40 per cent. of GDP at the end of 2020.

In April 2020, the IMF has published a revised global economic outlook, providing updated GDP growth estimates taking into account the economic consequences of the COVID-19 pandemic. They have forecast that Belarus' real GDP will decline by 6.0 per cent. in 2020. In their outlook for 2021, the IMF predicts growth of 3.5 per cent. for Belarus. The IMF also projects that consumer prices will increase by 6.5 and 4.9 per cent. in 2020 and 2021, respectively, on an year-on-year basis. In May 2020, the World Bank indicated in its economic update that it expects Belarus' economy to contract by at least 4 per cent. in 2020. With the trajectory of the virus, and therefore its economic impact, still subject to significant uncertainty, these estimates may well be revised in the future.

At the beginning of 2020, inflation accelerated from 4.7 per cent. in December 2019 in annual terms to 5.4 per cent. in April, exceeding the target for 2020 (no more than 5 per cent.). However, it is estimated that the effect of pro-inflationary factors will be short-lived. It is estimated that by early 2021, the annual growth rate of prices will not exceed 5 per cent. It is further expected that the reduction of the refinancing rate from to 8 per cent. per annum from 20 May 2020 will increase the availability of credit for businesses and households, thereby contributing to consumer and investment activity.

COVID-19 financial aid

Since the outbreak of the COVID-19 pandemic, the Republic of Belarus has approached several multilateral institutions with financial support requests. The Government expects to receive financing from IMF to support its balance of payment and budget. Financing from EIB (EUR 100 million) and the World Bank (EUR 90 million) is to be spent on emergency healthcare needs.

In May 2020, the World Bank has approved a EUR90 million package to be used for strengthening Belarus' national healthcare system. This financing will be used primarily for funding medical supplies and equipment to help detect COVID-19, including testing kits, personal protective equipment, laboratory reagents, and training. In addition, this financial package is expected to help Belarus in the acquisition and distribution of modern ambulances and essential ambulance equipment. The corresponding loan agreement was signed on 1 June 2020.

In addition, discussions with the World Bank regarding financial aid for social protection were also underway as the date of this Prospectus. EBRD, IFC, the World Bank, EIB and AIIB are also considering increasing existing and opening new credit facilities with Belarusian banks with a view to support the real sector, including SMEs. In particular, the World Bank together with AIIB is planning to extend EUR100 million to the Development Bank of the Republic of Belarus (the "**DBRB**" or the "**Development Bank**") for the purposes of supporting private SMEs.

As at the date of this Prospectus, IFC experts were exploring the possibility of extending credit lines to partner banks to finance Belarusian organisations affected by the COVID-19 pandemic. On 27 May 2020, the IFC announced its intention to extend a loan in an amount equivalent to U.S.$75 million to Priorbank OJSC and a loan in an amount equivalent to U.S.$25 million to Priorbank OJSC's subsidiary, Raiffeisen Leasing JLLC. The allocation of the respective credit lines is expected to be approved by the IFC Board of Directors on 29 June 2020. See also "*Public Debt—Relations with IFIs*".

THE ECONOMY OF THE REPUBLIC OF BELARUS

Introduction

The years immediately after the Republic of Belarus acquired its independence in 1991 were accompanied by a severe economic crisis. Until the mid-1990s, the Republic of Belarus' basic macroeconomic indicators consistently worsened, primarily as a result of the economic disintegration of the Soviet Union, poor management of and low efficiency in its economy and misdirected economic stabilisation measures.

Since 1996, the social and economic policy of the Republic of Belarus has been focused on transforming the economy into a socially oriented market economy.

However, the pace of reform has been slow and some commentators have criticised the Republic of Belarus for failing to reform its economy sufficiently from a state-dominated system and for not actively promoting the private sector. In particular, such commentators have pointed to the Government's emphasis on full employment, the widespread use of subsidies and the absence of large scale privatisations as factors which have prevented the expansion of non-traditional sectors within the economy.

The Republic of Belarus' economy remains dominated by the state and is planned and administered by the Government. The public sector represented approximately 44 per cent. of Belarus' GDP in 2019.

Social and economic development dynamics in the Republic of Belarus have largely been determined by global trends, which were marked by a substantial deterioration in external economic conditions in 2015 and 2016. These included the contraction of the Russian and Ukrainian economies (the major trading partners of the Republic of Belarus), including a sharp fall in investment demand, the devaluation of national currencies in the EAEU member states and a drop in prices in the oil and potash fertiliser markets, as well as adverse condition in the markets for other Belarusian exports. The unfavourable external economic environment limited opportunities for growth the Belarusian economy and led to decreased exports and declining GDP in real terms. Real GDP in 2015 and 2016 declined by 3.8 per cent. and 2.5 per cent., respectively.

The adaptation to external conditions during 2015-2016 led to the tightening of monetary and fiscal policy. The macroeconomic stabilisation measures taken by the Government and the National Bank included fiscal consolidation, enhanced control of money supply, switching to a more flexible exchange rate regime, exchange rate adjustment, and alignment of wage increases with rises in labour productivity. Authorities also introduced measures to stimulate and support export sales (including a reduction in the mandatory sale of foreign currency revenues of export-oriented companies) and to stabilise the financial positions of enterprises. In 2016, such actions resulted in recovery dynamics of industrial production volumes, and increased physical volumes of goods for export.

2017 was characterised by a steady recovery of economic activity and consolidation of the emerging positive trends in the economy of the Republic of Belarus. GDP in current prices for 2017 amounted to BYN105.7 billion and increased in real terms by 2.5 per cent. compared to 2016. Industry was the main driver of growth (recording an increase of 6.1 per cent. compared to 2016), with growth resulting from improvements in quality parameters, such as the minimum level of inventories for the last five years, growth in the profitability of sales and increases in net profit. The volume of investments in fixed assets increased by 5.1 per cent. in 2017 compared to 2016.

In 2017, the level of inflation decreased to 4.6 per cent., and stability in the domestic currency market increased (this facilitated a reduction in normative mandatory sales of foreign currency earnings of enterprises from 20 per cent. in 2016 to 10 per cent. in 2017 and a complete abolition of such mandatory sales in 2018). The Belarusian ruble's exchange rate versus major currencies also stabilised and gold and foreign currency reserves increased (by U.S.$2.4 billion to U.S.$7.3 billion, respectively, as at 1 January 2018). In 2017, interest rates on new loans denominated in Belarusian rubles almost halved (from 20.5 per cent. in December 2016 to 11.3 per cent. in December 2017).

The Belarusian economy continued its growth in 2018, driven by renewed growth in exports, investment activity and household disposable income in 2017. In 2018, GDP grew by 3.1 per cent. as compared to

2017, while industrial output increased by 5.7 per cent. The growth in proceeds of enterprises and the balance achieved on the monetary market resulted in an increase in lending to enterprises and a 6.0 per cent. increase in capital investment in 2018 compared to 2017. Inflation in December 2018 was 5.6 per cent. compared to December 2017.

In 2019, the GDP growth rate was 1.2 per cent. Information and communication technology (which grew by 0.5 percentage points), agriculture (which grew by 0.2 percentage points) and the processing industry (which grew by 0.3 percentage points) have been the main drivers of GDP growth. Investment activity and household disposable income also showed robust growth, with the volume of investments in fixed assets increasing by 5.6 per cent. in 2019 as compared to 2018.

In 2019, the economy generally maintained internal and external macroeconomic balances. Inflation in December 2019 was 4.7 per cent., which corresponded to the target for 2019. Current account to GDP in 2019 was negative 1.8 per cent. (in 2018, current account to GDP was negative 0.04 per cent.). In the course of 2019, international reserve assets increased by U.S.$2.2 billion and as at 1 January 2020 reached a historic maximum of U.S.$9.4 billion.

In the first quarter of 2020, the GDP growth rate was a negative 0.3 per cent., with industry (declining by 0.7 percentage points) and transport activity (declining by 0.3 percentage points) having the main negative impact, partially offset by growth in information and communication (by 0.5 percentage points), construction (by 0.3 percentage points) and agriculture (by 0.1 percentage points). The volume of investments in fixed assets for the first quarter of 2020 increased by 4 per cent. compared to the first quarter of 2019. Inflation in March 2020 amounted to 2.7 per cent. compared to December 2019, which exceeded the target set for the first quarter of 2020 (2.5 per cent.).

The shadow economy in the Republic of Belarus amounted to approximately 10 per cent. in 2015-2018. In 2014, the Government introduced and continues to implement a strategic plan for combating the shadow economy through complex control measures over industries, which have historically had a high risk of concealment of income. Such measures have included, *inter alia,* the mandatory installation of taxi meters (which led to an increase in tax income in respect of the taxi industry in 2016), the introduction of electronic tracking systems and electronic invoices systems. Control measures have been targeted at both legal entities and individuals.

In 2016, due to the fall in global oil prices (the average price of Urals crude oil in 2016 amounted to U.S.$42 per barrel as compared to the initial forecast of U.S.$50 per barrel used in budget preparation), the budget of the Republic of Belarus experienced a shortfall of export duties on oil and oil products and oil export fees in an aggregate amount of approximately BYN1 billion.

In this regard, in 2017-2019, a more cautious approach to budget planning based on an expectation of stable oil prices was adopted. The forecast for the socio-economic development of the economy in 2017 was based on an average annual price for Urals crude oil of U.S.$35 per barrel. The actual price of Urals crude oil was U.S.$53 per barrel. In 2018, the Republic of Belarus continued to base its annual state budget on a more conservative price of Urals oil (average annual price for Urals crude oil of U.S.$43 per barrel). The actual average price of Urals oil in 2018 was U.S.$70 per barrel, which allowed the Republic of Belarus to make an early repayment of public debt in the amount of U.S.$0.5 billion in December 2018. In 2019, budget of the Republic of Belarus was based on an average annual crude oil price of U.S.$60 per barrel. The actual average price of Urals in 2019 amounted to U.S.$63.6 per barrel.

The Law of the Russian Federation "On customs tariff" and the Tax Code of Russian Federation were amended with effect from 1 January 2019. According to these amendments, the Russian "tax manoeuvre" is to be completed within six years by decreasing the Russian export customs duty for crude oil by 5 per cent. per year to reach zero by 2024, with a simultaneous increase in the mineral extraction tax. In addition, Belarus is required to reduce the export customs duty it charges on oil products by the same amount as Russia is reducing its export customs duty on crude oil. These changes are expected to lead to a price increase for Russian crude oil supplied to the Republic of Belarus and to a decrease in proceeds Belarus receives from export customs duties for oil products. Reflecting these changes, the 2020 budget of the Republic of Belarus takes into account an estimated 27 per cent. decrease of proceeds from these export duties. Moreover, to guarantee the efficiency of oil processing in the Republic of Belarus, excise duties for oil products have been reduced by 25 per cent. with effect from 1 January 2019.

Gross Domestic Product

Between 2014 and 2019, the average annual increase in the Republic of Belarus' GDP in real terms was approximately 0.3 per cent.

The following table sets forth information on the Republic of Belarus' GDP in nominal terms and in real terms for the periods indicated:

	Year ended 31 December						Three months ended 31 March
	2014	**2015**	**2016(1)**	**2017(1)**	**2018(1)**	**2019(1)**	**2020(1)**
Nominal GDP, total							
At current prices, *BYN million*	805,792,707	899,098,124	94,949.0	105,748.2	122,319.7	131,951.7	30,212.0
At current prices, *U.S.$ million*(2)..........	78,536	55,317	47,479	54,698	59,955	63,174	13,282.3
Real GDP growth, *total (%)*	1.7	(3.8)	(2.5)	2.5	3.1	1.2	(0.3)
Nominal GDP, per capita							
At current prices, *BYN million*	85.0	94.7	9.9(3)	11.1(3)	12.9(3)	14.0(3)	—
At current prices, *U.S.$ thousand*	8.3	5.8	5.0	5.8	6.3	6.7	—
Real GDP growth per capita, *(%)*	1.6	(4.0)	(2.6)	2.5	3.3	1.9	—

Source: National Statistical Committee

Notes:

(1) Post re-denomination of the Belarusian ruble. See "*Exchange Rate Information*".

(2) Calculated using the average exchange rate for the relevant year.

(3) BYN thousands.

In 2018, GDP amounted to BYN122.3 billion, representing an increase of 3.1 per cent. in real terms as compared to 2017, which was mainly due to the continuing increase in Belarusian industry. GDP for 2017 was BYN105.7 billion, which represented an increase of 2.5 per cent. in real terms compared to 2016, mainly due to an expansion in industrial output and the stabilisation of global oil prices.

In 2019, GDP amounted to BYN132.0 billion, representing an increase of 1.2 per cent. in real terms compared to 2018, which was mainly due to the positive contribution from the principal types of economic activity, particularly the information and communication sector, as well as the industry, construction, processing industry and agriculture sectors.

In the first quarter of 2020, the volume of GDP amounted to BYN30.2 billion. In real terms, compared with the first quarter of 2019, GDP decreased by 0.3 per cent., with the main negative effect experienced by the processing and transport sectors, partially offset by growth in information and communications, construction and agriculture.

As at the date of this Prospectus, the economy of Belarus was expected to experience the main decline brought about by the COVID-19 pandemic in the second quarter of 2020. A moderate recovery in economic activity is expected to begin in the third quarter of 2020 on the back of the gradual lifting of restrictive measures globally. The economy is expected to recover more actively in the fourth quarter of 2020.

To mitigate the negative consequences of the COVID-19 pandemic on Belarus' economy, the Government, together with the National Bank, prepared and has been implementing a set of measures aimed at ensuring the stable operation of the economy amid the deteriorating epidemiological situation (the "**Set of Measures**"). The measures taken are aimed at supporting the most vulnerable sectors of the economy, ensuring the sustainable operation of the real sector, and maintaining the social security of the population.

As part of the implementation of the Set of Measures, a number of regulatory acts were adopted, including Edict No. 143 dated 24 April 2020, aimed at maintaining the financial condition of business entities amid the slowdown in entrepreneurial activity caused by the COVID-19 pandemic.

Edict No. 143 defines the types of economic activity that are most susceptible to the adverse effects of the epidemiological situation, including, among others, tourism, temporary accommodation and catering, retail trade of selected non-food goods, healthcare, education, transport activities, operations with real estate for a fee or on a contractual basis. Edict No. 143 applies to all business entities whose principal type of economic activity has been included in the list.

Edict No. 143 provides for deferral and installment payment of taxes, rental vacations, a moratorium on increasing base rent and rent payments, reduction of property taxes and land rent payments for certain categories of payers, and the possibility for individual entrepreneurs to switch to different taxation and single tax recalculation modes in connection with temporary failure to carry out activities, as well as certain other measures aimed at maintaining the financial condition of business entities.

In addition to the support measures envisaged by Edict No. 143, on 15 April 2020, the Government adopted Resolution No. 229 "On the non-depreciation of fixed assets and intangible assets in 2020", which provides organisations and individual entrepreneurs with the right to decide on the possible non-depreciation of fixed assets and intangible assets used thereby in entrepreneurial activity.

Furthermore, in order to maintain social stability, on 28 May 2020, the President of the Republic of Belarus adopted Edict No. 178, providing employers with the option to receive subsidies for additional payments up to the minimum wage for their employees in case of forced part-time employment or declaration of downtime from 1 May 2020 to 31 July 2020, as well as payment of contributions to the SPF; in addition, the period for the provision of state targeted support to citizens who have been dismissed in May-July 2020 is extended to 31 August 2020.

In order to increase the level of social protection of public sector employees, as well as to ensure the stable functioning of budgetary organisations and individual institutions located abroad, on 28 May 2020, the President of the Republic of Belarus also adopted Edict No. 179 "On Remuneration of Labour", which provides for the maintenance of wages of budgetary employees organisations at a level not lower than the minimum wage and the implementation of the corresponding surcharges in case of involuntary underemployment or announcement of downtime, and also envisages the possibility of using the funds of the republican and local budgets to finance the expenses of budgetary organisations in case of insufficient funds being received from income-generating activities. The implementation of these measures is expected to increase the sustainability of enterprises in the difficult economic conditions caused by the COVID-19 pandemic, minimise the decline in the standard of living of the population, help prevent a critical drop in domestic demand and provide an opportunity for a swift economic recovery.

As at the date of this Prospectus, the Government was continuing to work on the elaboration of further measures aimed at ensuring the stable operation of the economy, based on the analysis of incoming operational data on the state of the economy and the proposals of government bodies, business communities and industry associations.

The following table sets out the structure and growth rates of GDP for each of the periods indicated:

	Year ended 31 December								
	2014			2015			2016[(1)]		
	GDP	Structure	Nominal growth	GDP	Structure	Nominal growth	GDP	Structure	Nominal growth
	(BYN million)		*(%)*	*(BYN million)*		*(%)*	*(BYN million)*		*(%)*
Final consumption expenditure	536,508,508	66.6	23.7	609,580,484	67.8	13.6	66,619.0	70.2	9.3
of which:									
Households	420,821,860	52.2	23.9	470,058,692	52.3	11.7	51,121.5	53.8	8.8
General government	110,830,927	13.8	23.0	134,161,262	14.9	21.1	14,862.5	15.7	10.8
Non-profit institutions serving households	4,855,721	0.6	19.4	5,360,530	0.6	10.4	635.0	0.7	18.5
Gross capital formation	280,746,519	34.8	7.9	261,050,469	29.0	(7.0)	25,140.2	26.4	(3.7)
of which:									
Gross fixed capital formation	267,719,502	33.2	7.3	257,630,415	28.6	(3.8)	24,155.1	25.4	(6.2)
Changes in inventories	13,027,017	1.6	—	3,420,054	0.4	—	985,1	1.0	—
Net exports of goods and services	(6,199,878)	(0.8)	—	959,380	0.1	—	(181.0)	(0.2)	—
Statistical discrepancy	(5,262,442)	(0.6)	—	27,507,791	3.1	—	3,370.8	3.6	—
GDP	**805,792,707**	**100**	**20.1**	**899,098,124**	**100**	**11.6**	**94,949.0**	**100**	**5.6**

	Year ended 31 December								
	2017[(1)]			2018[(1)]			2019[(1)(2)]		
	GDP	Structure	Nominal growth	GDP	Structure	Nominal Growth	GDP	Structure	Nominal Growth
	(BYN million)		*(%)*	*(BYN million)*		*(%)*	*(BYN million)*		*(%)*
Final consumption expenditure	74,138.8	70.1	11.3	84,758.7	69.3	14.3	93,572.7	70.9	10.4
of which:									
Households	56,843.4	53.7	11.2	64,491.2	52.7	13.5	71,558.5	54.2	11.0
General government	16,552.6	15.7	11.4	19,252.5	15.7	16.3	20,916.2	15.9	8.6
Non-profit institutions serving households	742.8	0.7	17.0	1,015.0	0.9	36.6	1,098.0	0.8	8.2
Gross capital formation	29,641.6	28.1	17.9	34,346.0	28.1	15.9	38,238.3	29.0	11.3
of which:									
Gross fixed capital formation	27,661.6	26.2	14.5	32,081.3	26.2	16.0	35,636.1	27.0	11.1
Changes in inventories	1,980	1.9	—	2,264.7	1.9	—	2,602.2	2.0	–
Net exports of goods and services	223.6	0.2	—	1,854.8	1.5	—	(637.7)	(0.5)	–
Statistical discrepancy	1,744.2	1.6	—	1,360.2	1.1	—	778.4	0.6	–
GDP	**105,748.2**	**100**	**11.4**	**122,319.7**	**100**	**15.7**	**131,951.7**	**100**	**7.9**

Source: National Statistical Committee

Notes:

(1) Data post re-denomination of the Belarusian ruble. See "*Exchange Rate Information*".

(2) Preliminary data.

Principal Sectors of the Economy

The following table illustrates the breakdown of the public sector and private sector in the Republic of Belarus as a percentage of total GDP as at the dates indicated:

	As at 31 December					
	2014	2015	2016	2017	2018	2019(2)
			(percentages)			
Public sector(1)	46.0	46.5	46.7	46.0	45.1	44.5
Private sector	54.0	53.5	53.3	54.0	54.9	55.5
Total GDP	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: National Statistical Committee

Notes:

(1) Includes companies where the state owns at least 50 per cent. plus one share.

(2) Preliminary data.

The following tables set out Belarus' GDP by economic sector and as a percentage of gross value added ("**GVA**") for each of the periods indicated:

	Year ended 31 December								
	2014			2015			2016		
	BYN billion(1)	*% of GVA*	*Real growth*(2)	*BYN billion*(1)	*% of GVA*	*Real growth*(2)	*BYN billion*(1)	*% of GVA*	*Real growth*(2)
Agriculture, forestry and fishing	58,847.5	8.3	2.5	56,492.2	7.2	(2.4)	6.5	8.0	3.8
Construction	83,377.6	11.7	(1.3)	70,488.6	9.0	(10.2)	5.4	6.6	(15.8)
Industry	201,704.2	28.3	2.4	223,447.3	28.7	(6.2)	24.0	29.2	(0.5)
Trade	98,054.8	13.8	7.2	109,273.6	14.0	(2.1)	10.4	12.7	(7.3)
Transport	45,890.4	6.4	1.2	49,712.9	6.4	(6.4)	5.4	6.6	0.3
Other activities(3)	223,917.0	31.5	0.6	270,258.2	34.7	(0.2)	30.3	36.9	(1.0)
GVA	**711,791.5**	**100.0**	**2.0**	**779,672.8**	**100.0**	**(3.9)**	**82.0**	**100.0**	**(2.6)**
Net taxes on products	94,001.2		(0.1)	119,425.3		(3.2)	12.9		(1.3)
GDP	**805,792.7**		**1.7**	**899,098.1**		**(3.8)**	**94.9**		**(2.5)**

	Year ended 31 December									Three months ended 31 March		
	2017			2018			2019(4)			2020(4)		
	BYN billion(1)	*% of GVA*	*Real growth*(2)	*BYN billion*(1)	*% of GVA*	*Real growth*(2)	*BYN billion*(1)	*% of GVA*	*Real growth*(2)	*BYN billion*(1)	*% of GVA*	*Real growth*(2)
Agriculture, forestry and fishing	8.0	8.7	4.3	8.1	7.7	(3.4)	9.0	7.8	3.1	0.9	3.6	4.6
Construction	5.6	6.1	(4.6)	6.5	6.2	4.8	7.4	6.4	3.1	1.7	6.5	6.3
Industry	27.8	30.3	6.0	31.7	30.3	5.2	33.9	29.6	0.9	7.6	29.5	(2.7)
Trade	10.9	11.9	3.8	12.3	11.7	5.8	12.3	10.8	0.0	2.8	10.9	(0.5)
Transport	6.1	6.6	6.3	7.2	6.9	4.2	7.8	6.8	(1.6)	1.9	7.5	(4.9)
Other activities(3)	33.3	36.4	(0.5)	39	37.2	1.6	44.3	38.6	1.9	10.9	42.0	1.8
GVA	**91.7**	**100.0**	**2.5**	104.8	100.0	3.1	**114.7**	**100.0**	**1.3**	**25.8**	**100.0**	**(0.1)**
Net taxes on products	14.0		2.8	17.5		3.4	17.3		0.9	4.4		(2.1)
GDP	**105.7**		**2.5**	**122.3**		3.1	**132.0**		**1.2**	**30.2**		**(0.3)**

Source: National Statistical Committee

Notes:

(1) Nominal value. 2016-2019, three months ended 31 March 2020 data post re-denomination of the Belarusian ruble. See "*Exchange Rate Information*".

(2) Rate of real annual growth, percentage.

(3) Includes services on temporary accommodation and catering; information and communication; financial and insurance activities; real estate, renting and services to consumers; public administration, professional, scientific and technical activities; education; health and social services; artwork; sports; entertainment and leisure; other services.

(4) Preliminary data.

Industry

The industrial sector of the Republic of Belarus includes the mining industry, the processing industry, the supply of electric power, gas, steam, hot water and air conditioning, water supply, waste collection, treatment and disposal and pollution mitigation operations. The processing industry accounts for over 85 per cent. of the industrial sector and includes the following types of economic activities: the manufacturing of food products, beverages and tobacco products, textile goods, clothing, leather and fur goods, wooden and paper products; printing and reproduction of recorded information media; the manufacturing of coke, petrochemical and chemical products, basic pharmaceutical products and medicines, manufacturing of rubber and plastic goods, other non-metallic mineral products; metallurgical production and the manufacturing of finished metal goods other than machines and equipment, the manufacturing of computer hardware, electronic and optical equipment, manufacturing of electric equipment, machines and machinery not included in other groups, manufacturing of the means of transport and transport equipment, manufacturing of other finished goods, repairs and assembling of machines and equipment.

The table below shows the percentage change in the rate of industrial production in real terms for the periods indicated:

	Year ended 31 December						Three months ended 31 March
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
	(increase/decrease over comparable period of previous period, in %)						
Total Industry	**1.9**	**(6.6)**	**(0.4)**	**6.1**	**5.7**	**1.0**	**(2.7)**
Of which:							
Mining industry	55.6	(7.8)	(0.8)	3.3	3.1	0.4	(1.8)
Processing industry	0.1	(7.1)	(0.1)	6.9	5.8	1.3	(2.1)
Food, beverages and tobacco	(1.5)	(1.2)	2.5	3.5	3.7	2.1	6.0
Textiles, clothing, leather and fur goods	(3.9)	(15.0)	4.7	5.1	4.0	(2.3)	(0.2)
Wood and paper products, printing and reproduction of recorded information media	4.3	(7.1)	10.2	14.1	13.8	4.8	12.1
Coke and refined petroleum products	8.5	0.5	(17.0)	(0.1)	1.4	(5.2)	(42.0)
Chemical products	28.9	6.2	(3.7)	9.8	6.2	(1.2)	(16.3)
Basic pharmaceutical products and medicines	2.0	38.5	4.4	10.1	8.9	1.3	5.2
Rubber and plastic products, other non-metallic mineral products	(7.0)	(15.4)	(4.8)	4.0	2.0	3.1	5.2
Metallurgical production. Finished metal products, except machinery and equipment	1.9	(9.7)	0.1	4.1	1.5	9.8	8.6
Computer, electronic and optical equipment	5.1	4.8	3.0	5.9	(0.4)	2.0	10.7
Electric equipment production	(20.4)	(20.2)	10.7	5.2	4.1	1.9	(2.2)
Machinery and equipment not included into other categories	(21.4)	(24.9)	5.8	25.6	13.3	(7.4)	(12.2)
Vehicles and equipment	(23.2)	(13.3)	12.1	(9.4)	14.1	18.4	17.7
Production of other finished products; repair and installation of machinery and equipment	(11.0)	(5.1)	2.6	8.7	6.5	1.9	(12.7)

	Year ended 31 December						Three months ended 31 March
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
	(increase/decrease over comparable period of previous period, in %)						
Electricity, gas, steam, hot water and air conditioning supply........	3.1	(2.6)	(0.9)	2.7	7.0	(0.9)	(5.8)
Water supply; collection, treatment and disposal activities, activities to eliminate pollution	0.6	(7.6)	(7.6)	0.1	(0.1)	2.3	1.9

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Source: National Statistical Committee

The table below shows the volume of industrial production in each sector for the periods indicated:

	Year ended 31 December(1)												Three months ended 31 March	
	2014		2015		2016		2017		2018		2019		2020	
	BYN million	*(%)*	*BYN million*	*(%)*	*BYN million*	*(%)*	*BYN million*	*(%)*	*BYN million*	*(%)*	*BYN million*	*(%)*	*BYN million*	*(%)*
Total Industry	**67,434.8**	**100.0**	**73,959.0**	**100.0**	**81,794.9**	**100.0**	**94,306.0**	**100.0**	**110,363.9**	**100.0**	**113,493.2**	**100.0**	**26,636.0**	**100.0**
of which:														
Mining industry	896.7	1.3	901.5	1.2	1,014.4	1.2	1,195.9	1.3	1,487.5	1.3	1,475.7	1.3	322.3	1.2
Processing industry....	59,776.4	88.6	64,391.6	87.1	70,051.9	85.7	83,052.5	88.0	97,737.4	88.6	100,577.0	88.6	22,901.7	86.0
Food, beverages and tobacco......................	16,100.9	23.9	17,667.9	23.9	20,724.5	25.3	23,180.0	24.6	25,133.1	22.8	27,621.5	24.3	7,126.4	26.8
Textiles, clothing, leather and fur goods .	2,580.0	3.8	2,583.3	3.5	3,236.6	4.0	3,683.1	3.9	3,985.1	3.6	3,744.5	3.3	957.5	3.6
Wood and paper products, printing and reproduction of recorded information media	1,998.2	3.0	2,404.3	3.3	3,158.2	3.9	3,890.2	4.1	5,112.2	4.6	5,017.7	4.4	1,288.3	4.8
Coke and refined petroleum products	10,984.6	16.3	12,113.1	16.4	10,496.7	12.8	13,218.1	14.0	17,173.9	15.6	16,732.7	14.7	2,558.4	9.6
Chemical products	6,177.1	9.2	7,666.9	10.4	6,682.8	8.2	8,365.9	8.9	10,303.7	9.3	10,452.8	9.2	2,185.0	8.2
Basic pharmaceutical products and medicines..................	513.1	0.8	846.3	1.1	997.6	1.2	1,139.0	1.2	1,251.5	1.1	1,349.7	1.2	345.8	1.3
Rubber and plastic products, other non-metallic mineral products	6,011.3	8.9	5,448.2	7.4	6,128.8	7.5	7,155.7	7.6	7,562.9	6.9	7,361.3	6.5	1,714.4	6.4
Metallurgical production Finished metal products, except machinery and equipment	4,371.9	6.5	4,632.7	6.3	4,943.4	6.0	6,131.5	6.5	7,419.4	6.7	7,560.7	6.7	1,758.8	6.6
Computer, electronic and optical equipment	806.4	1.2	973.8	1.3	1,282.6	1.6	1,573.7	1.7	1,709.4	1.5	1,725.8	1.5	401.9	1.5
Electric equipment production.................	1,589.4	2.4	1,781.2	2.4	2,271.1	2.8	2,490.1	2.6	2,706.9	2.5	2,859.4	2.5	663.7	2.5

	Year ended 31 December[1]												Three months ended 31 March	
	2014		2015		2016		2017		2018		2019		2020	
	BYN million	*(%)*	*BYN million*	*(%)*	*BYN million*	*(%)*	*BYN million*	*(%)*	*BYN million*	*(%)*	*BYN million*	*(%)*	*BYN million*	*(%)*
Machinery and equipment not included into other categories..................	3,989.6	5.9	3,555.2	4.8	4,507.6	5.5	6,070.8	6.4	7,934.9	7.2	7,400.2	6.5	1,692.5	6.4
Vehicles and equipment	2,397.3	3.6	2,177.7	2.9	2,635.5	3.2	2,732.0	2.9	3,450.9	3.1	4,645.2	4.1	1,218.4	4.6
Production of other finished products; repair and installation of machinery and equipment	2,256.7	3.3	2,541.2	3.4	2,986.6	3.7	3,422.3	3.6	3,993.4	3.6	4,105.6	3.6	990.6	3.7
Electricity, gas, steam, hot water and air conditioning supply ...	5,583.1	8.3	7,405.3	10.0	9,388.5	11.5	8,551.3	9.1	9,395.8	8.5	9,542.7	8.4	2,923.0	11.0
Water supply; collection, treatment and disposal activities, activities to eliminate pollution....................	1,178.6	1.8	1,260.6	1.7	1,340.0	1.6	1,506.4	1.6	1,743.3	1.6	1,897.7	1.7	489.0	1.8

Source: National Statistical Committee

Note:

(1) All years post re-denomination of the Belarusian ruble. See "*Exchange Rate Information*".

A significant portion of industrial output is attributable to state-owned enterprises and enterprises with state participation. The following table illustrates the structure of industrial output in current prices by form of property for the periods indicated:

	Year ended 31 December						Three months ended 31 March
	2014	**2015**	**2016**	**2017**	**2018**	**2019[(1)]**	**2020[(1)]**
				(%)			
Public sector	13.0	14.8	15.3	14.1	14.5	14.3	17.8
Private sector[(1)]	87.0	85.2	84.7	85.9	85.5	85.7	82.2
of which private sector with state participation.	58.9	57.4	54.7	56.3	63.4	60.2	54.0
Total output..................	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: National Statistical Committee

Notes:

(1) Includes companies with foreign investment.

The Government has set a number of key performance indicators (profitability of sales, energy efficiency, growth rate of goods and services export and others) for public authorities. These indicators are used as targets for economic forecasts, as well as for the elaboration of organisations' development business plans and action plans for the reduction of the cost of raw materials, as well as administrative, non-operating and other expenses.

A number of processing industries, such as metallurgical production, the manufacturing of petrochemical and chemical products, the manufacturing of machines and equipment, electric equipment, computer hardware, electronic and optical equipment, vehicles and equipment, basic pharmaceutical products and medicines, clothing and footwear, and the supply of electric power and steam consume considerable amounts of imported resources, which are imported primarily from CIS countries (mainly from Russia). In turn, these countries and the EU countries are the main consumers of finished products produced in the Republic of Belarus. On the other hand, the manufacturing of meat and dairy products, the timber and lumber industry as well as the pulp and paper industry mainly use Belarusian raw materials.

In 2017, the industrial output growth rate was 6.1 per cent. due to the following: the manufacturing of food products, beverages and tobacco products increased by 3.5 per cent.; textile goods, clothing and leather and fur goods increased by 5.1 per cent.; wood and paper products, printing and reproduction of recorded information media increased by 14.1 per cent.; chemical products production increased by 9.8 per cent., basic pharmaceutical products and medicines increased by 10.1 per cent.; rubber and plastic products and other non-metallic mineral products increased by 4.0 per cent.; metallurgical production and finished metal products except machinery and equipment, increased by 4.1 per cent.; computer hardware, electronic and optical equipment increased by 5.9 per cent.; electric equipment increased by 5.2 per cent.; machinery and equipment not included in other groups increased by 25.6 per cent.; and the manufacturing of other finished products; repairs, machine and equipment assembly increased by 8.7 per cent.

In 2018, the industrial output growth rate was 5.7 per cent., with the manufacturing of food products, beverages and tobacco products increasing by 3.7 per cent.; textile goods, clothing and leather and fur goods increasing by 4.0 per cent.; wood and paper products, printing and reproduction of recorded information media increasing by 13.8 per cent.; coke and refined petroleum products increasing by 1.4 per cent; chemical products increasing by 6.2 per cent.; basic pharmaceutical products and medicines increasing by 8.9 per cent.; rubber and plastic products and other non-metallic mineral products increasing by 2.0 per cent.; metallurgical production and finished metal products except machinery and equipment increasing by 1.5 per cent.; electric equipment increasing by 4.1 per cent.; machinery and equipment not included in other groups increasing by 13.3 per cent.; vehicles and equipment increasing by 14.1 per cent; and the manufacturing of other finished products, repairs, machinery and equipment assembly increasing by 6.5 per cent.

In 2019, the industrial output growth rate was 1.0 per cent. due to the following: manufacturing of food products, beverages and tobacco products increased by 2.1 per cent.; wood and paper products, printing and reproduction of recorded information media increased by 4.8 per cent.; basic pharmaceutical products and medicines increased by 1.3 per cent.; rubber and plastic products and other non-metallic mineral products increased by 3.1 per cent.; metallurgical production and finished metal products except machinery and equipment increased by 9.8 per cent.; computer, electronic and optical equipment increased by 2.0 per cent.; electric equipment increased by 1.9 per cent.; vehicles and equipment increased by 18.4 per cent.; and the manufacturing of other finished products, repairs, machinery and equipment assembly increased by 1.9 per cent.

In the first quarter of 2020, industrial output declined by 2.7 per cent. compared to the first quarter of 2019. The decrease was primarily attributable to the decrease in industrial production indices in six out of 13 sub-sectors of the manufacturing industry: production of textiles, clothes, leather and fur – by 0.2 per cent; production of coke and petroleum products – by 42 per cent.; production of chemical products – by 16.3 per cent; production of electrical equipment – by 2.2 per cent.; production of machinery and equipment not included in other categories – by 12.2 per cent.; production of other finished products, repair, installation and equipment – by 12.7 per cent. In turn, an increase in industrial production indices was demonstrated in seven out of 13 sub-sectors of the processing industry: food, beverage and tobacco products – by 6 per cent.; manufacturing of wood and paper products, printing activities and duplication of recorded media – by 12.1 per cent.; production of basic pharmaceutical products and pharmaceuticals – by 5.2 per cent.; production of rubber and plastic products, other non-metallic mineral products – by 5.2 per cent.; metallurgical production, manufacturing of finished metal products, except machinery and equipment – by 8.6 per cent.; manufacturing of computing, electronic and optical equipment – by 10.7 per cent.; production of vehicles and equipment – by 17.7 per cent.

Trade and Catering

In 2018, 64,365 retail facilities and 13,371 public catering facilities operated in the Republic of Belarus. Public catering facilities include canteens (33.7 per cent. of the total); cafes, bars and snack bars (28.7 per cent.); restaurants, including fast food restaurants (5.2 per cent.); mini-cafes and cafeterias (18 per cent.) and other facilities (14.4 per cent.). The share of private and foreign ownership in the Republic of Belarus in the retail turnover is more than 90 per cent., in the turnover of public catering – more than 77 per cent.

In 2019, 65,777 retail facilities and 13,965 public catering facilities operated in the Republic of Belarus. Public catering facilities include canteens (32 per cent. of the total); cafes, bars and snack bars (29.6 per cent.); restaurants, including fast food restaurants (5.3 per cent.); mini-cafes and cafeterias (18.4 per cent.) and other facilities (14.7 per cent.). Similarly to 2018, in 2019, the share of private and foreign ownership in the Republic of Belarus in the volume of retail turnover exceeded than 90 per cent, and in the turnover of public catering – exceeded 78 per cent.

The recovery of the economy and increasing consumer demand contributed to growth in retail trade turnover, which reached BYN45.2 billion in 2018 (an increase of 8.3 per cent. in real terms compared to 2017). Retail trade turnover of legal entities reached BYN40.2 billion (an increase of 10.7 per cent. compared to 2017), and turnover of public catering reached BYN2.6 billion (an increase of 12.6 per cent. compared to 2017).

Increasing consumer demand contributed to growth in retail trade turnover, which reached BYN49.3 billion in 2019 (an increase of 4.2 per cent. in real terms compared to 2018). Retail trade turnover of legal entities reached BYN44.7 billion (an increase of 5.8 per cent. compared to 2018), and turnover of public catering reached BYN2.9 billion (an increase of 6.4 per cent. compared to 2018).

In the first quarter of 2020, retail turnover amounted to BYN12.5 billion, increasing by 7.9 per cent. compared to the first quarter of 2019. In the first quarter of 2020, retail trade turnover of trade organisations amounted to BYN11.4 billion, demonstrating a 9.4 per cent. increase in comparable prices to the level of the previous year. The turnover of public catering amounted to BYN680.5 million, increasing by 1.5 per cent. compared to the first quarter of 2020.

A gradual decrease in growth rates in retail trade is expected in the first half of 2020 as a consequence of the deterioration in the working conditions of enterprises, forced downtime and the transfer of part of workers to underemployment in light of the COVID-19 pandemic, which will entail a decrease in individuals' incomes and, accordingly, consumption.

Under these conditions, the growth rate of food trade is expected to remain at the level of 2019, and the growth in trade in non-food products will slow down until June 2020 inclusively (by an average of 20-25 per cent. of the average monthly volume of trade in non-food products).

In the second half of 2020, a gradual increase in trade volumes (up to 102 per cent. growth on an annual basis) is expected due to the projected economic recovery and the restoration of normal operation of organisations.

Construction

In 2016, the volume of contract work decreased by 14.8 per cent. compared to 2015. The GVA of the construction sector was 5.7 per cent. of GDP in 2016 compared to 7.8 per cent. in 2015.

In 2017, the volume of construction contract work decreased by 3.7 per cent. as compared to 2016. The GVA of the construction sector was 5.3 per cent. of GDP (5.3 per cent. in 2018). The volume of housing construction also decreased, with the total area of housing construction decreasing from 5.5 million square metres in 2011 to 3.8 million square metres in 2017.

In 2018, the construction sector began to recover, with the total volume of construction contract work increasing by 5.2 per cent. compared to 2017.

The volume of construction contracting work in 2019 compared to 2018 increased by 0.1 per cent. In 2019, the GVA of the construction sector was 5.6 per cent. of GDP (compared to 5.3 per cent. in 2018). In 2019, the total square footage of commissioned housing amounted to 4.1 million square meters, as compared to 4 million square meters in 2018.

In the first quarter of 2020, the total square footage of commissioned housing amounted to 1 million square meters, and the volume of construction contracting work increased by 7.9 per cent. compared to the first quarter of 2019. The share of GVA of the construction sector in GDP amounted to 5.6 per cent., as compared to 5.1 per cent. in the first quarter of 2019.

The COVID-19 pandemic is not expected to have a significant negative impact on the implementation of the volume of contracted work planned for 2020 (102.2 per cent. at comparable prices to the level of 2019) due to the possibility of continuing works subject to compliance with social distancing measures, import substitution of construction materials, and sufficient labour.

Transport

By virtue of its geographical position, the Republic of Belarus is at the centre of the basic transport routes that connect Western Europe with the East and the regions of the Black Sea coast with the countries of the Baltic Sea. The transport sector accounted for 6.5 per cent., 5.9 per cent., 5.8 per cent. and 5.7 per cent. of GDP in the first quarter of 2020, 2018-2019, 2017 and 2016, respectively. The Republic of Belarus' transportation infrastructure includes:

- pipelines for the transportation of natural gas, oil, and oil products across the Republic of Belarus' territory;
- a well-developed network of railways, part of which is included in international transport corridors No. 2 and No. 9;
- a well-developed network of public automobile roads;
- regular and charter air routes from Minsk and regional airports (Brest, Vitebsk, Grodno, Gomel); and
- navigable internal waterways in the Republic of Belarus.

Moreover, the Republic of Belarus is an important link in the Economic Silk Road belt, which provides for close cooperation with China on the modernisation of transport infrastructure, including the construction and reconstruction of roads and railways and electrification of sectors of the Belarusian railway.

Given the importance of the Republic of Belarus' transport routes for the Belarusian economy, maintaining transport and logistic infrastructure is an important priority for the Government. Investment in the maintenance and modernisation of the transport infrastructure is financed through the relevant enterprises operating in the transportation sector and the public sector budget among others by means of raising funds from the EBRD (road P80, M-3 highway, reconstruction of regional bridges), the World Bank (M-5 and M-6 highways), the EIB (highway M-7\E28 and road border transition point "Kamenny Log") as well as within the framework of the PPP mechanism (a pilot project with the EBRD for the reconstruction of the M-10 highway). In 2018 and 2019, expenditure of the republican budget for the financing of the Republic of Belarus' road network amounted to approximately BYN0.7 billion (approximately U.S.$0.35 billion) per year. Maintenance of the oil and gas pipeline networks in 2018 was financed by the relevant enterprises operating the respective networks.

The COVID-19 pandemic has had a significant impact on transport activities, especially in the field of international passenger transport by air, rail and road. The support measures envisaged in Edict No. 143 are expected to assist in mitigating the negative consequences of the COVID-19 pandemic, including as relates to the activities of the transport complex.

In the context of the COVID-19, the Republic of Belarus continues to adhere to the principle of openness to cross-border flows and ensures the uninterrupted operation of all organisations and facilities involved in servicing cargo and passengers.

In order to reduce the risk of the spread of COVID-19 in Belarus and to streamline the international road transport on Belarus' territory, on 25 March 2020, the Council of Ministers of the Republic of Belarus adopted Resolution No. 171 "On measures to prevent the importation and spread of infection caused by the coronavirus (COVID-19)". This Resolution provides in particular, for measures aimed at organising activities in the sphere of international road transport in the context of a global pandemic, including measures of self-isolation for drivers involved in international transportation; determination of the list of republican highways and specialised venues for stopping (parking) for rest and meals for drivers, as well as refuelling vehicles in the territory of the Republic of Belarus; clarification of cases of deviation from routes; setting deadlines for drivers in transit through the territory of the Republic of Belarus for crossing the territory of Belarus and leaving Belarus' territory.

The following table sets forth data on freight transportation in the Republic of Belarus for the periods indicated:

	Year ended 31 December						Three months ended 31 March
	2014	2015	2016	2017	2018	2019	2020
Freight transportation volume, *thousand tonnes*	467,486	447,212	417,643	439,471	455,503	427,849	89,745
Freight turnover, *million tonnes-kilometres*	131,402	125,957	125,820	133,348	138,838	130,842	29,085

Source: National Statistical Committee

Communication

The Republic of Belarus has completed the modernisation of its international and long-distance telecommunications networks through the replacement of analogue equipment with digital equipment and has been taking further proactive measures to develop national information and telecommunications infrastructure, which includes the construction of multi-service networks for electronic telecommunications and the implementation of intellectual platforms (multiservice IMS platforms). This has created conditions for providing each user with a whole set of services, ranging from telecommunications and broadband Internet connections to Internet protocol television broadcasting services.

The Republic of Belarus was the first among the CIS countries to have fully switched to digital on-air TV broadcasting: 99.45 per cent. of the territory of the Republic of Belarus is covered with the first multiplex, which broadcasts eight television programmes included in the mandatory public package; 95.12 per cent. is covered with the second multiplex, which broadcasts 18 television programmes; and 93.66 per cent. of the territory is covered with the third multiplex, which broadcasts 18 television programmes.

There are three mobile electric telecommunications operators in the Republic of Belarus providing services to the general public, as well as one infrastructure operator. As at 1 April 2020, mobile telecommunications services covered 98.7 per cent. of the territory of the Republic of Belarus. In addition, a long-term evolution ("**LTE**") mobile electric telecommunications network and LTE-based services have been developing rapidly. During 2019, 1,124 LTE base stations (261 in the first quarter of 2020) were put into operation, which allowed to increase the coverage of cell movable telecommunication services of LTE standard from 75.7 per cent. to 76 per cent. The aggregate number of base stations built from the moment of project launch is 2,792. The services are available in Minsk, all regional and district centres as well as in other populated settlements with over 50,000 inhabitants.

From 2014 to 2019, the share of the GVA of the information and communications technology sector in total GDP increased from 3 per cent. to 6.6 per cent.

Information technology

In the past several years, the Republic of Belarus has earned the reputation of the leading information technology ("**IT**") developer in the Eastern European region. Belarusian IT companies have regularly appeared in the internationally recognised Global Outsourcing 100 and Software 500 lists.

At the end of 2019, six Belarusian companies were listed in the Global Outsourcing 100 list and ten companies were included in Software 500 list at the end of 2018. In December 2016, The Wall Street Journal nicknamed the Republic of Belarus "The Silicon Valley of Eastern Europe" and Forbes in November 2018 called the Republic of Belarus "a global centre of artificial intelligence development". In 2005, the HTP was established in the Republic of Belarus for the development of the software industry and the attraction of foreign investment. HTP is now one of the leading innovative IT clusters in Europe, with over 55,000 software engineers experienced in different fields of software development. Companies resident in HTP enjoy special preferences, such as (i) a favourable tax regime until 2049, including exemptions from profit tax and value added tax ("**VAT**"); (ii) lower personal income tax; (iii) exterritorial principle of registration (the company can become a resident of HTP even if its legal registered address is outside the territory of HTP); and (iv) access to a qualified workforce.

At the CES 2019 exhibition in Las Vegas two residents of HTP were called the most innovative in the world: Teslasuit won an award in the category of Virtual and Augmented Reality, whereas the service for monitoring of female health Flo won an award in the Software and Mobile Applications nomination. In the annual Financial Times FT1000 ranking published in March 2020, mobile game developer and publisher Gismart was named the fastest growing company in the gaming industry. Having demonstrated revenue growth of almost 9,000 per cent. between 2015 and 2018, Gismart held the sixth place in the general list of the fastest growing businesses in Europe.

Some major international companies have already opened research and development ("**R&D**") centres in the Republic of Belarus, including Yandex, SK hynix (the world's second largest memory chipmaker and the world's fifth largest semiconductor company, based in South Korea), IAC (a large American media and Internet company, with over 150 brands across 100 countries), Mapbox (the company that created one of the world's leading platforms for positioning, mapping and design in real time), and Kaseya (one of the leaders in the sphere of products for management of IT infrastructure).

In December 2017, the decree "On Digital Economy Development" that, *inter alia,* legalised initial coin offerings ("**ICOs**"), cryptocurrencies and smart contracts in the Republic of Belarus, was signed by the President of the Republic of Belarus and came into force on 28 March 2018 (the "**Decree on Digital Economy Development**"). Adoption of the Decree on Digital Economy Development makes the Republic of Belarus the first jurisdiction globally with comprehensive legal regulation of businesses based on blockchain technology. The Decree on Digital Economy Development does not include any restrictions or special requirements for the creation, issue, storage, sale or exchange of digital tokens, or for the operation of cryptocurrency exchanges and platforms. Activities related to mining, creation, acquisition and sale of digital tokens will remain tax-free until 2023. As at the date of this Prospectus, three residents who carry out the activity connected with use of digital signs (tokens) are registered in HTP: Currency Com Bel LLC (since 19 December 2018), Cryptotrade LLC (since 5 July 2019) and DFS LLC (since 3 October 2019).

The Decree on Digital Economy Development provides for, *inter alia:*

- broader spheres of activities and access to HTP with its wide range of tax exemptions and benefits. Apart from IT, companies operating in other high-tech sectors will qualify for HTP residency;
- further improvement/liberalisation of the operating environment for HTP residents: lifting restrictions on capital flows and in the area of foreign trade operations;
- the extension of existing benefits for HTP residents to 2049;
- new legal doctrines (English law) to be introduced;
- legislative framework for implementation of blockchain technology, use of tokens and cryptocurrencies;
- abolition of permit requirement for residents of HTP to employ foreign specialists; and
- arranging of IT education within HTP's framework.

As a result of the Decree on Digital Economy Development adoption, HTP performance indicators grew significantly. Export of software and IT-services by HTP companies in 2018 amounted to approximately U.S.$1,400 million, representing a 32.2 per cent. increase compared to 2017. As at

1 January 2020, HTP hosted 751 residents. In 2019, 320 new companies were registered in HTP. The number of employees grew by more than 10,000 people.

Based on the results of the January-May 2020, the Supervisory Board of the HTP decided to register 82 companies as HTP residents. As such, the total number of HTP residents reached 818 companies, which employ more than 61,000 people.

In 2019, the export of software and IT services to HTP amounted to U.S.$1,965.8 million, an increase of 37.4 per cent. compared to 2018. Of the total software and IT exports, 46.8 per cent. were supplied to the United States, 30.5 per cent. to Europe, and 4.7 per cent. to Russia and the CIS.

In the first quarter of 2020, the export of software and IT services to HTP amounted to U.S.$558.5 million, an increase of 36.1 per cent. compared to the first quarter of 2019. Of the total software and IT exports, 46.7 per cent. were supplied to the United States, 28.8 per cent. to Europe, and 4.8 per cent. to Russia and the CIS.

Due to HTP's activities in the sphere of computer services export per capita the Republic of Belarus is included in the top-30 states (as per UNCTAD data for 2018).

According to the International Finance Corporation (the "**IFC**"), by 2020 the revenue of the IT sector in the Republic of Belarus is expected to reach U.S.$3-4 billion. As at 31 December 2019, 59 per cent. of HTP residents are companies with Belarusian capital and 41 per cent. are companies with foreign and joint capital. In 2019, 93 per cent. of software produced in HTP was exported, with 44.7 per cent. supplied to the United States, 45.8 per cent. to Europe and 4.7 per cent. to Russia and other CIS countries.

The following table sets forth data on the IT sector in the Republic of Belarus for the periods indicated:

	Year ended 31 December				**For the three months ended 31 March**
	2016	**2017**	**2018**	**2019**	**2020**
Export of IT services, U.S.$ million	958.9	1,206.7	1,589.4	2,118.8	595.3
Share of IT services in total amount of export of services, %	13.9	15.3	18.0	22.0	27.0
HTP IT services export, U.S.$ million	811.0	1,009.1	1,396.6	1,966.2	558.5
Share of HTP IT services in export of IT services, %	85.2	84.4	88.8	93.4	94.3

Source: National Statistical Committee

Agriculture, Forestry and Fishing

In 2019, 390.5 thousand people, or 9.0 per cent. of the total work force, were engaged in the agriculture, forestry and fishing sectors. In 2019, agriculture, forestry and fishing accounted for 6.8 per cent. of GDP, as compared to 6.4 per cent. in 2018, 7.6 per cent. in 2017 and 6.9 per cent. in 2016.

Following the disintegration of the Soviet Union and the economic disruption experienced in the Republic of Belarus in the early 1990s, agricultural production and exports of agricultural and food products from the Republic of Belarus contracted sharply. Beginning in 2000, as a result of measures supporting large agricultural enterprises, agricultural production gradually started to grow again. In parallel, the Government began to encourage greater agricultural specialisation, placed more emphasis on modernisation of equipment and introduced more advanced agricultural technologies. These measures proved to be successful in restoring the profitability of a majority of agricultural enterprises. From 2005 to 2010, the Government implemented a state programme for the revitalisation and development of rural areas. The programme provided for subsidies for the purchase and application of organic and mineral fertilisers to improve the fertility of lands, lime treatment of sour lands and measures relating to the effective use of ameliorative systems. Emphasis was placed on innovative solutions, reconstruction and modernisation of the agricultural sector and upgrading tractors and machinery of agricultural enterprises.

In 2011-2015, the Government implemented a programme for the continued development of rural areas. The programme provided for subsidies for large-scale investment projects and for the purchase of fertilisers, protective equipment, fuels, lubricants and spare parts. The emphasis of the programme is on increasing the effectiveness of the agricultural industry, updating it technologically and promoting its export potential. In addition to the programme, the Government implemented measures encouraging consolidation among meat and milk producers within regions and country-wide, to increase efficiency and benefit from economies of scale.

Since 2016, the implementation of the next Government program aimed at developing agrarian businesses, based on increasing competitiveness, efficiency and exports, has begun.

As a result of these actions, in the period from 2011 to 2019, the production of agricultural products at farms of all categories grew by 17.8 per cent. The production of grain (in after-treatment weight) increased to 7.3 million tonnes in 2019 as compared to 7 million tonnes in 2010. The production of meat increased to 1.7 million tonnes in 2019 compared to 1.4 million tonnes in 2010.

In 2016, the production of agricultural products at farms of all categories grew by 3.3 per cent. in real terms compared to 2015. During the same period, the production of meat increased by 1.0 per cent. and the production of milk grew by 1.3 per cent. In 2016, the total volume of grain produced (in after-treatment weight) decreased by 13.8 per cent. compared to 2015, primarily as a result of unfavourable weather conditions.

In 2017, on the back of increased demand, the production of agricultural products at all types of farms increased by 4.2 per cent. in real terms as compared to 2016. Milk production in 2017 increased by 2.5 per cent., and meat production decreased by 0.1 per cent. Grain production (in after-treatment weight) in 2017 was approximately 8.0 million tonnes, an increase of 7.1 per cent. compared to 2016.

In 2018, the production of agricultural products decreased by 3.3 per cent. compared to 2017. Milk production in 2018 increased by 0.3 per cent., and meat production increased by 3.1 per cent. compared to 2017. Grain production (in weight after refinement) in 2018 amounted to 6.2 million tonnes and decreased by 23.1 per cent. compared to 2017.

In 2019, agricultural production in farms of all categories increased (in comparable prices) by 2.9 per cent. compared to 2018. Milk production in 2019 increased by 0.7 per cent., whereas production of meat decreased by 0.2 per cent. In 2019, grain production (in weight after refinement) amounted to 7.3 million tonnes, and increased by 19.2 per cent. compared to 2018.

In the first quarter of 2020, the volume of agricultural production in farms of all categories increased (in comparable prices) by 5.5 per cent compared to the first quarter of 2019. Milk production in the first quarter of 2020 increased by 5.7 per cent compared to the corresponding period of 2019, whereas meat production increased by 4.7 per cent.

The table below shows the volumes of agricultural production at farms of all categories:

	Year ended 31 December						For the three months ended 31 March
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**[(2)]
Agricultural products (in current prices)[(1)]............	128,991	135,378	15,502	18,043	18,843	20,639[(2)]	2,896[(2)]
Including:							
crop production.............	61,350	60,582	7,177	8,464	8,538	9,459	n/a
livestock production	67,641	74,796	8,325	9,579	10,305	11,180	n/a

	Year ended 31 December						For the three months ended 31 March
	2014	2015	2016	2017	2018	2019	2020(2)
Total harvest of grain crops and grain legume crops (in after-treatment weight), *thousand tonnes*	9,564	8,657	7,461	7,993	6,151	7,331	n/a
Production of main types of livestock products realisation of cattle and poultry livestock for slaughter (in live weight), *thousand tonnes*............	1,548	1,661	1,678	1,676	1,729	1,725	0.442
production of milk, *thousand tonnes*............	6,703	7,047	7,140	7,321	7,345	7,394	1,835

Source: National Statistical Committee

Notes:

(1) The data is given in accordance with the National Classification of the Republic of Belarus OKRB 005-2011 "Types of economic activity". 2014-2015 data in BYN billions. 2016-2019 data in BYN million reflecting the re-denomination of the Belarusian ruble. See "*Exchange Rate Information*".

(2) Preliminary data.

The table below sets forth changes in production volumes of agricultural products at farms of all categories in real terms for the periods indicated:

	Year ended 31 December						Three months ended 31 March
	2014	2015	2016	2017	2018	2019(1)	2020(1)
Agricultural products (in comparable prices)......................	3.1	(2.5)	3.3	4.2	(3.3)	2.9	5.5
of which:							
crops....................	9.6	(9.7)	5.9	6.2	(6.1)	5.7	0.4
livestock..............	(2.9)	4.8	1.0	2.4	(0.8)	0.6	5.1

Notes:

(1) Preliminary data.

To facilitate the further development of the agricultural sector and an increase in exports, key priorities for the Government include improving the quality control of production and competitiveness of Belarusian agricultural products in foreign markets. At present, the process for the accession of the Republic of Belarus to the WTO has intensified. The Republic of Belarus' membership in the WTO is expected to help increase the competitiveness of Belarusian goods and services, strengthen the Republic of Belarus' position in international trade and increase the attractiveness of the business and investment climate. See "*Overview of the Republic of Belarus—International Relations—Cooperation with the WTO*".

Fuel and Energy

The fuel and energy industry (the "**FEI**") of the Republic of Belarus forms a key component of the Republic of Belarus' economy and includes the extraction, transportation, storage, manufacture and distribution of the main energy carriers: natural gas, oil and oil products, solid fuels, and electrical and thermal energy. FEI has well-developed production infrastructure, including a network of oil and gas pipelines, as well as power transmission lines. Intensive development of the sector took place in the 1950s and 1970s, with the construction of power plants, electricity and heating networks, and gas and oil pipelines to create a solid energy base for developing all other parts of the economy, particularly the heavy machinery manufacture and metallurgy and chemical and petrochemical subsectors. The energy system of the Republic of Belarus is a continuously developing complex, joined with the common operation pattern. Natural gas consumption represents approximately 60 per cent. of the total domestic consumption of fuel and energy resources. Russia accounts for more than 90 per cent. of total fuel and energy imports.

The NPP project is expected to allow the Republic of Belarus to partially reduce its reliance on imported natural gas, reduce the price of electric power and raise the energy security of the Republic of Belarus. See "*—Electricity—NPP*" below.

The main goal of the energy policy implemented by the Republic of Belarus is to satisfy the needs of the economy and the country's population for energy resources on the basis of their most efficient use while reducing the environmental burden. To implement a system-based approach in the energy field for the period through 2035, the Concept of Energy Security of the Republic of Belarus (the "**Concept**") has been developed and introduced. The Concept outlines the following basic principles for the long-term development of the country's fuel and energy complex with the below objectives:

- improvement of energy independence of the country;
- increasing the diversity of suppliers and energy resource types (including up to 30 per cent. of oil imports planned to be sourced outside Russia by 2024);
- ensuring the reliability of the supply of fuel and energy resources to end consumers, proper maintenance of the main production capacities and attracting investment in fixed assets of the TEC at an acceptable level;
- reducing the share of GDP attributed to the energy industry; and
- improvement of the resistance of the county's economy to the changing prices for imported energy resources.

Implementation of the energy conservation policy in the Republic of Belarus in the period 2005-2017 led to an increase in GDP across the country by 50.7 per cent. with almost no increase in the consumption of fuel and energy resources ("**FER**"). Gross consumption of FER increased by just 1.2 per cent. by 2017 as compared to 2005. In recent years, significant work has been done to commit local FER to the Republic of Belarus' fuel and energy balance.

According to Government statistics, energy independence of the Republic of Belarus (the share of primary energy production in the gross consumption of FER) in 2018 amounted to 15.5 per cent., while the share of primary energy production from renewable energy sources accounted for 6.2 per cent. of the gross consumption of FER. The priority areas of development are meeting the needs of the economy and the population of the country in energy resources on the basis of their most efficient use while reducing the environmental burden. The fuel and energy sector faces the task of reducing the economic risks associated with dependence on these sources of energy. In parallel, there is a focus on maintaining the level of domestic energy supplies for the Republic of Belarus' fuel and energy sector, including renewable energy sources.

Oil

International crude oil prices have fluctuated widely during the period from 2012 to the date of this Prospectus as a result of global supply and demand dynamics, general economic conditions, competition from other energy sources as well as other factors. According to the Platts global news agency, the average annual price of Brent crude oil for the year ended 31 December 2019 was U.S.$64.21 per barrel, compared with an average of U.S.$71.3 per barrel in 2018, U.S.$54.19 per barrel in 2017, U.S.$43.73 per barrel in 2016, U.S.$52.39 per barrel in 2015 and U.S.$98.95 per barrel in 2014. The sharp decline in oil prices in 2015 and 2016 adversely affected the Russian economy as one of the largest oil exporters, and indirectly negatively affected the Belarusian economy as Russia is its main trading partner and many export industries of the Republic of Belarus are oriented towards Russia. Furthermore, as oil products represent a significant portion of the Republic of Belarus' exports, the decrease in global oil prices led to an export shortfall of oil and oil products for the Republic of Belarus. For example, exports of oil and oil products decreased by U.S.$2.9 billion in 2016 as compared to 2015 and by U.S.$3.6 billion in 2015 as compared to 2014. In 2017 and 2018, following the stabilisation of global oil prices, export of oil and oil products increased by U.S.$1.4 billion and U.S.$1.4 billion as compared to 2016 and 2017, respectively. In 2019, export of oil and oil products decreased by U.S.$1.4 billion as compared to 2018 reflecting the decrease in oil prices.

In the first quarter of 2020, Brent oil prices have been registered at levels as low as U.S.$19.33 per barrel in April 2020 on the back of falling demand amid economic activity slowdowns triggered by the COVID-19 pandemic and the failure of key oil producing economies to agree on production cuts. Although oil prices have partially rebounded and stood at U.S.$38.28 per barrel of Brent crude oil as at 15 June 2020, the uncertainty caused by the ongoing COVID-19 pandemic and concerns around high oil production levels may have a further negative impact on oil prices. The relatively low prices in 2020 and any future fluctuations in international oil prices may have a material impact on the Belarusian economy and its fiscal revenues, balance of payments, external reserves and future financial condition.

Moreover, since 1 January 2019, Russia has been implementing a "tax manoeuvre" in the oil sector, which provides for a gradual decrease of the export customs rates for Russian charges for crude oil with a simultaneous increase of the tax on mineral resource extraction. At present, sales of oil by Russia to the Republic of Belarus are not subject to Russia's export duties. As the Russian oil mineral extraction tax rate increases, the price of oil from Russia will increase for the Republic of Belarus. Therefore, as a result of the "tax manoeuvre", the oil price for the Republic of Belarus will increase. The "tax manoeuvre" process is expected to be completed by 2024, at which point the Republic of Belarus will need to purchase oil from Russia at market prices. The Government estimates that the "tax manoeuvre" will result in an approximately U.S.$6.7 billion loss for the Belarusian economy in 2019-2024, including a U.S.$1.7 billion loss for the state budget (based on the annual volume of deliveries of 18 million tonnes, and U.S.$63.6 per barrel and U.S.$60 per barrel oil prices in 2019 and 2020-2024, respectively). Belarus is currently investigating alternative crude oil sources and has already made sample purchases from Norway, Azerbaijan, Saudi Arabia and the United States in the first half of 2020 in an effort to diversify its supplier base by at least 30 per cent. by 2024.

The table below sets forth data relating to oil consumption in the Republic of Belarus for the periods indicated:

	Year ended 31 December						**Three months ended 31 March**
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
	(million tonnes)						
Processing	22.3	23.0	18.6	18.1	18.2	17.85	2.76
Extraction	1.65	1.65	1.65	1.65	1.67	1.69	0.42
Imports from Russia	22.5	22.9	18.1	18.07	18.25	18.0	1.56
Imports from other countries	—	—	0.04	0.06	—	—	0.35
Exports from the Republic of Belarus	1.62	1.62	1.62	1.62	1.64	1.65	—

Source: National Statistical Committee

The table below sets forth data on transit of Russian oil through JSC "Gomeltransneft-Druzhba":

	Year ended 31 December						Three months ended 31 March
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Amount of oil transit through JSC "Gomeltransneft-Druzba" (*million tonnes*)	49.0	52.4	52.8	49.6	49.0	43.9	12.6
Proceeds from transit of crude oil from Russia through the territory of Belarus, *U.S.$ million*	223.3	168.4	180.4	204.8	201.2	186.6	55.3

Source: Belarusian State Concern for Oil and Chemistry (Belneftekhim Concern)

The Republic of Belarus and Russia have had a number of disputes in the past regarding the level of duty to be imposed on Russian crude oil exports to the Republic of Belarus, including a dispute in the Economic Court of the CIS in 2010. The Republic of Belarus withdrew its claim against Russia in the Economic Court of the CIS following the implementation of the new agreement with Russia in December 2010 and the launch of the Customs Union. Under the new agreement, Russia has abolished duties on crude oil and oil products exported to the Republic of Belarus. Export duties on exports of crude oil from Russia and oil products produced from crude oil imported from Russia to countries outside the Customs Union will be paid to Russia. The Republic of Belarus and Russia agree the quantity of crude oil supplies at the intergovernmental level on an annual basis. Terms of supply are agreed by Belarusian processing plants and Russian crude oil suppliers.

The Republic of Belarus and Russia agree the amount of crude oil supplied at the intergovernmental level on an annual basis. The table below shows the agreed amounts of crude oil supplies from Russia, the amount of crude oil actually supplied and average prices for the periods indicated:

	Year ended 31 December						Three months ended 31 March
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Agreed amount of crude oil supplies from Russia, *million tonnes*	23.0	23.0	24.0	24.0	24.0	24.0	24.0(1)
Crude oil supplied from Russia, *million tonnes*......	22.5	22.9	18.1	18.02	18.2	18.0	1.56
Average price per 1 tonne, *U.S.$*	338.9	247.2	218.7	294.0	373.8	365.6	268.3

Source: National Statistical Committee, Belarusian State Concern for Oil and Chemistry (Belneftekhim Concern)

Note:

(1) Agreed amount of oil supplies from Russia for 2020.

Proceeds for the transit of Russian crude oil through JSC "Gomeltransneft-Druzhba" were U.S.$186.6 million, U.S.$201.2 million, U.S.$204.8 million, U.S.$180.4 million and U.S.$168.4 million in 2019, 2018, 2017, 2016 and 2015, respectively. A Presidential Edict adopted in January 2020 introduced an environmental tax for the transportation of oil and/or petroleum products through the territory of the Republic of Belarus by main pipelines. The environmental tax rate is set at the level of BYN0.35 for the transportation of 1 tonne of oil and/or oil products per 100 kilometres.

In April 2017, the governments of the two countries reached an agreement on the annual delivery of Russian oil to the Republic of Belarus in the period from 2017 to 2024 by pipeline transport in the amount of 24 million tonnes. This agreement is fixed in the Protocol on Amendments to the Intergovernmental Agreement on Measures to Settle Trade and Economic Cooperation in the Field of Oil and Oil Products Export of 12 January 2007 (the "**Protocol**").

In April 2019, Druzhba oil pipeline was contaminated by a supply of dirty oil from the Russian Federation, which led to a temporary shutdown of the pipeline and one of the Belarusian oil refineries. In the period from August to November 2019, the entire volume of underdelivered (as a result of the shutdown) oil for export was transported. The decrease in tax revenue in the second quarter of 2019 as a result of the incident was offset by the higher revenue for the remaining period of the year.

In May 2020, as part of Belarus' efforts to diversify its oil supplies and ensure its energy security, the start of delivery of oil to Belarus from the United States was announced.

Electricity

Electric power production is the most important industry in the fuel and energy sector in the Republic of Belarus. This is one of the largest sectors of the economy, which is traditionally in possession of high technical and engineering resources, making it a key industry in the economy as a whole. Production facilities of the Republic of Belarus' energy system have sufficient capability to satisfy domestic demand. Nevertheless, when economically expedient, the Republic of Belarus imports a portion of electric power. The main producer of electricity in the Republic of Belarus is the state production association of power industry "Belenergo" (GPO "Belenergo").

The table below shows electricity consumption, production and imports in the Republic of Belarus for periods indicated:

	Year ended 31 December						Three months ended 31 March
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
	(billion kWh, besides the percentage)						
Domestic consumption	38,035	36,704	36,339	36,929	37,794	37,926	9,832
Domestic production	34,717	34,083	33,318	34,343	38,784	40,264	10,225
% of total consumption	91.3	92.9	91.7	93.0	102.6	106.2	103.5
Imports from Russia	1,425	2,815	3,181	2,733	0.050	0.031	0.01
% of total consumption	3.7	7.7	8.8	7.4	—	—	—
Imports from Ukraine......	2,401	0,001	—	—	—	0.0	0.0
% of total consumption	6.3	0.003	—	—	—	—	—

Source: Ministry of Energy

Given the commissioning of new highly efficient generating capacities in the country, including the planned NPP, no electricity has been imported since 2018. Belarus expects this situation to continue, particularly once the NPP becomes operational.

In the Republic of Belarus, purposeful work is being carried out to modernize the main production capacities of the Belarusian energy system and implement energy-saving measures in accordance with state industry programs. This makes it possible to increase the efficiency of electric and thermal energy production, as well as to ensure the involvement of local fuel and energy resources, including renewable energy resources, in the country's fuel and energy balance.

The implementation of the energy system modernisation programme for the period from 2014 to 2019 has allowed the Republic of Belarus to:

- reduce the specific fuel consumption for the production of 1 kWh of electricity per 6.1 grams of standard fuel (from 246.8 to 240.7 grams of standard fuel per 1 kWh); and
- to reduce the technological energy consumption in electric networks by 1.66 percentage points (from 9.35 to 7.69 per cent.).

In 2016, the Power Industry Development Programme 2016-2020 and the Complex Plan for Electric Power Production Development through 2025 were approved, providing for the launch of the NPP. In 2018, the cross-industry complex action plan of power consumption increase until 2025 was approved.

In May 2014, the Republic of Belarus, Russia and Kazakhstan signed the EEUT, which obliged the parties to create a common electric power market. During the period from 2015 to 2019, the parties have been implementing a number of preparatory measures, including the adoption of the EAEU Common Electric Power Market Concept by the Supreme Eurasian Economic Council and preparation of the EAEU Common Electric Power Market Program, international treaty establishing a common electricity market. The creation of the EAEU common electric power market is aimed at establishing competitive relations in the field of interstate energy product supply to promote growth in the number of suppliers of such resources and diversity of prices offered for such resources. The expected result of such actions is a decrease in payments for imported energy resources for end consumers in the Republic of Belarus.

Before the creation of the EAEU Common Electric Power Market, the Republic of Belarus (via GPO “Belenergo”) and Russia (via PJSC “Inter RAO”) co-operated within the framework of bilateral contracts for power supplies. Electricity imported by the Republic of Belarus shall not be charged export duty in Russia.

NPP

Since 2010, the Republic of Belarus has been increasing its electrical production infrastructure in order to diversify its energy production facilities. In March 2011, the Government of the Republic of Belarus signed a contract with the government of Russia for the “turnkey” construction of the NPP in the Republic of Belarus (with a total design output of up to 2,400MW).

To start construction of the power plant, in 2012, the Republic of Belarus entered a number of design and development contracts with Atomstroyexport, a branch of Rosatom, the Russian national nuclear corporation. To finance the NPP construction in the Republic of Belarus, in November 2011, the Republic of Belarus and Russia signed a U.S.$10 billion export credit loan, which fully covers the expected expenses required to put the NPP into operation.

In January 2012, a contract for exploration works and the development of design documentation on the NPP was signed, stipulating the stage by stage issuing of design documents, including for preparatory works (e.g., the foundation pit). The contract for the development of the design documentation has been fulfilled.

In March 2012, the contract for preparatory works was signed. The works on the production facilities and the foundation pit for the first unit of the NPP have been performed in full. The production facilities (62 units) required for construction of the NPP were commissioned in 2015. At the stage of preparatory works in 2011, the Republic of Belarus completed the main NPP infrastructure construction projects (the pioneering production base required for construction of the NPP, external power supply networks, access motor road, access relating to rail track). Construction of residential infrastructure for the NPP is in progress.

As at the date of this Prospectus, full-scale works under the general contract are in progress on the construction of the first and second power units of the NPP. The commissioning of the first power unit of the NPP is planned in February 2021 upon such unit reaching the design capacity, whereas the commissioning of the second power unit is planned in May 2022 upon reaching the design capacity. As at the date of this Prospectus, in view of the postponement of the commissioning of the first and second power units of the NPP (originally, the commissioning of the first power unit of the NPP was planned in 2018, and the commissioning of the second power unit was planned in 2019; subsequently, the commissioning of the first power unit was postponed to December 2019, and the commissioning of the second power unit was postponed to July 2020, with further postponement to February 2021 and May 2022, respectively), Russia and Belarus were in discussions to agree on amending the terms of the NPP loan, with the final approval and implementation of domestic procedures underway on both sides.

All of the nuclear energy industry development works in the Republic of Belarus, including the creation of national nuclear infrastructure required for the development of nuclear power industry, as well as the NPP construction, are performed in compliance with recommendations of the International Atomic Energy Agency.

The NPP will allow the Republic of Belarus to:

- annually decrease the consumption of imported natural gas to increase the energy security of the Republic of Belarus;
- reduce greenhouse gas emissions;
- ensure the removal of obsolete and inefficient generating capacities from the Belarusian energy system;
- improve the economy of the country and the development of other branches of the national economy;
- provide a powerful impetus for the development of the region surrounding the NPP site.

Natural Gas

The main directions of development of the gas sector for the medium term are defined in the Industry Program for Improving the Reliability of Gas Supply Systems of the Republic of Belarus for 2018 – 2020 No. 25. The implementation of a range of industry programs is expected to increase the level of safety, reliability and efficiency of the gas distribution system of the republic, reduce the risk of emergencies in the supply of natural and liquefied gas to consumers, as well as reduce production and operating costs of gas supplying organisations.

The main tasks for gas supplying organisations are:

- maintaining the reliability of the gas distribution system;
- application of new energy-saving technologies and more advanced equipment in order to reduce the loss of fuel and energy resources;
- adoption of regulatory legal documents of the EAEU governing the formation, functioning and development of the common EAEU gas market.

The Republic of Belarus imports natural gas from Russia. The Republic of Belarus transports natural gas through the "Yamal-Europe" pipeline, which accounts for about 25 per cent. of Russia's gas exports, as well as through "Gazprom Transgaz Belarus" (formerly – Beltransgaz). According to the bilateral intergovernmental agreement with Russia entered into in 2011, the gas transport pipelines in the territory of the Republic of Belarus belong to "Gazprom" and are managed and maintained by "Gazprom Transgaz Belarus". In accordance with Russian legislation, natural gas supplied to the Republic of Belarus is exempt from the Russian export duty at the level of 30 per cent.

The table below shows the data of domestic consumption, import of natural gas, price for the imported gas and the price for gas transit through the territory of the Republic of Belarus in the periods indicated.

	Year ended 31 December						Three months ended 31 March
	2014	2015	2016	2017	2018	2019	2020
			(billion cubic metres)				
Domestic consumption..s	20.05	18.79	18.64	19.01	20.33	20.26	5.173
Import from Russia	20.05	18.79	18.64	19.01	20.33	20.26	5.173
			(U.S.$/thousand cubic metres)				
Price of imported natural gas	166.4	140.6	132.8	142.3	129.0	127.0	127.0
			(U.S.$ million)				
Price of the gas transited through Belarus	505.7	424.8	356.1	363.5	336.1	321.2	67.06

Source: Ministry of Energy

In November 2011, the Republic of Belarus and Russia signed a Long Term Natural Gas Supply Contract (the "**LT Contract**") for an undetermined period. The LT Contract provides for a significant reduction in natural gas prices for the Republic of Belarus starting from 1 January 2012 (U.S.$165.6/thousand cubic metres) compared to the average price in the fourth quarter of 2011 (U.S.$305.7/thousand cubic metres). The LT Contract stipulated a fixed price of natural gas for 2012. From 2013 through 2017, the price of natural gas for the Republic of Belarus under the LT Contract has been determined based on the price of natural gas for consumers in the Yamalo-Nenets Autonomous Okrug of Russia plus the cost of transporting natural gas from the place of extraction to the border of the Republic of Belarus, the costs of storing natural gas in Russia's underground tanks and the expenses of PJSC "Gazprom" for the sale of natural gas. In accordance with the amendments to the LT Contract on gas supplies for the Republic of Belarus for the period 2018-2019 signed on 13 April 2017, the price for natural gas imported from Russia during each settlement year will be fixed at U.S.$129 and U.S.$127 per thousand cubic metre, respectively. The LT contract was prolonged until 31 December 2020 at a price of U.S.$127 per thousand cubic metre. The LT Contract stipulates that Russia will guarantee supplies of natural gas to the Republic of Belarus in amounts sufficient for satisfaction of domestic demand in the Republic of Belarus in the full amount. In May 2020, PJSC "Gazprom" alleged that it recognised a U.S.$165.57 million debt owed by Belarus for purchases of gas under the LT Contract. The Ministry of Energy and the Government do not acknowledge this debt, noting that the settlements for imported natural gas from Russia are carried out by the relevant Belarusian gas supplying entities in line with the existing contracts.

In August 2012, the Republic of Belarus and PJSC "Gazprom" announced the launch of a new programme to promote the use of natural gas as motor fuel. In November 2012, PJSC "Gazprom" announced the implementation of a broad scale programme of investment in "Gazprom Transgaz Belarus" to upgrade the gas supply and storage facilities in order to ensure efficient use of such facilities and a 30 per cent. growth of the Russian gas transport to the EU through the Republic of Belarus.

In May 2014, the Republic of Belarus, Russia and Kazakhstan signed the EEUT, which obliged the parties to create a common EAEU gas market not later than 1 January 2025.

The Republic of Belarus takes part in developing documents defining approaches to creating and functioning of common energy markets for gas and electric power. The programme for the formation of the common gas market of the EAEU was approved by the Resolution of the Supreme Eurasian Economic Council No. 18 dated 6 December 2018.

The Decision of the Supreme Eurasian Economic Council dated May 31, 2016 No. 7 approved the Concept for the formation of the EAEU common gas market, and the Decision of the Supreme Eurasian

Economic Council dated 6 December 2018 No. 18 approved the Program for the formation of a common gas market of the EAEU.

The creation of the EAEU common gas market is aimed at establishing competition in the supply of interstate energy products to promote growth in the number of suppliers of such resources and diversity of prices offered for such resources. This is expected to lead to a decrease in payments for imported energy resources for end consumers in the Republic of Belarus while the Republic of Belarus' proceeds from the transit of natural gas through its territory are not expected to be materially affected.

Inflation

Before 2008, the Government relied primarily on price controls to reduce inflation. Regulated prices (tariffs) were applied to a wide range of goods or services produced or supplied in the Republic of Belarus that were intended for domestic consumption. As a result of measures taken by the Government to stabilise the balance of payments and the economy, the inflation rate declined from 16.2 per cent. in 2014 to 4.7 per cent. in 2019 (the 2019 target estimate was for inflation not to be higher than 5 per cent.).

In accordance with the Main Directions of Monetary Policy for 2020, the National Bank and the Government set a target to limit the inflation rate of the consumer price index to not higher than 5.0 per cent. At the beginning of 2020, inflation accelerated from 4.7 per cent. in December 2019 in annual terms to 5.4 per cent. in April, exceeding the target for 2020 (no more than 5 per cent.). However, it is estimated that the effect of pro-inflationary factors will be short-lived. It is estimated that by early 2021, the annual growth rate of prices will not exceed 5 per cent. See also "*Overview of the Republic of Belarus—COVID-19 Impact*".

The following table sets out past values of the consumer price index and target values going forward:

	As at 31 December						
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Index of consumer prices to December of the previous year, %	116.2	112.0	110.6	104.6	105.6	104.7	105.0[(1)]

Source: National Bank

(1) Estimates.

The following table presents the percentage of increase in consumer prices and producer prices for each of the periods indicated:

	As at December						As at 31 March
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
				(%)			
Consumer price index	16.2	12.0	10.6	4.6	5.6	4.7	2.7
Monthly average[(1)]	1.3	0.9	0.8	0.4	0.5	0.4	0.9
Price index of industrial product manufacturers[(2)]	12.6	17.0	8.9	11.2	6.4	4.4	2.6
Monthly average[(1)]	1.0	1.3	0.7	0.9	0.5	0.4	0.9

Source: National Statistical Committee

Notes:

(1) Average monthly growth rate of the relevant index.

(2) Calculations in accordance with OKRB 005-2011 classifications.

Employment, Wages, Pensions and Social Security

Wages

Starting from 2011, there have been significant changes in government regulation of wages, including the liberalisation of remuneration in commercial organisations and the extension of the rights of employers. A new regulatory framework was adopted in 2010 and 2011, which was aimed at reducing administrative barriers and restrictions for entrepreneurs. These employers are granted broad rights and can apply various labour remuneration systems, taking into account the effectiveness of each employee and the financial results of entrepreneurial activities.

Remuneration for employees who work in public (budgetary) organisations before 1 January 2020 was based on a tariff system, which included centrally fixed wage grades and tariff coefficients based on the 27-grade Common Tariff Scale and a first-class wage rate fixed by the Government. Increases in remuneration levels of such employees were achieved by means of increases in the first-class wage rate. During the period from 2011 to 2019, the first-class wage rate for remuneration of budgetary employees was increased on 19 occasions from BYN15.1 to BYN41.0 (after re-denomination of the Belarusian ruble). In general, during this period, the first-class wage rate increased more than twofold. As a result, in the period from 2011 to 2019, the nominal accrued average monthly wage of budgetary employees increased by 2.7 times. In the period from 2011 to 2019, the nominal accrued average monthly wage of budgetary employees increased by 5.3 per cent.

From 1 January 2020, remuneration to budgetary employees is paid on the basis of a new tariff system, which includes a base salary rate and an 18-grade tariff scale. In the first quarter of 2020, the nominal average monthly wage in budgetary organisations amounted to BYN909.4, and in March 2020 amounted to BYN928.4.

The minimum wage is the governmental minimum social standard in the sphere of remuneration of labour of employees. The procedure for setting the minimum wage was revised in 2014. In accordance with the revised Law of the Republic of Belarus No. 124-Z dated 17 September 2002 "On Determination of and Procedure for Increase of the Minimum Wage" the minimum monthly wage has been established on an annual basis, taking into account economic opportunities for the central and local budgets, as well as employers, in material goods and services, the level of employment and labour productivity, the forecast value of growth in consumer prices and the level of nominal accrued average monthly earnings. Collective bargaining agreements could provide for a higher minimum monthly wage.

The minimum monthly wage is established by the Council of Ministers. In January 2020, the monthly minimum wage was set at BYN375.0 (approximately U.S.$178), as compared to BYN330 (approximately U.S.$153) in January 2019, BYN305 (at prices after denomination at a weighted average exchange rate of approximately U.S.$153) in January 2018, BYN265 (approximately U.S.$136) in January 2017, BYN230 (approximately U.S.$121) in January 2016.

The table below shows data regarding the fluctuation of the wage index for the periods indicated:

	Year ended 31 December												**Three months ended 31 March**	
	2014		**2015**		**2016**		**2017**		**2018**		**2019**(3)		**2020**(3)	
	BYN	*(%)*(1)	*BYN*	*(%)*(1)	*BYN*	*(%)*(1)	*BYN*	*(%)*(1)	*BYN*	*(%)*(1)	*BYN*	*(%)*(1)	*BYN*	*(%)*(1)
Average Monthly Nominal Accrued Wage(2)................	605.2	19.6	671.5	10.9	722.7	7.6	822.8	13.9	971.4	18.1	1,092.9	12.5	1,155.4	13.9
Real Wage	—	1.3	—	(2.3)	—	(3.8)	—	7.5	—	12.6	—	6.5	—	8.9

Source: National Statistical Committee

Notes:

(1) Change of the index as compared to the same period of the previous year, %.

(2) Taking re-denomination into account. See "*Exchange Rate Information*".

(3) Excluding micro-organisations and small organisations without departmental subordination.

In the first quarter of 2020, growth in the real monthly wage accelerated to 8.9 per cent, whereas the average monthly nominal accrued wage for the same period amounted to BYN1,155.4 (approximately U.S.$475). In 2019, growth in the real monthly wage amounted to 6.5 per cent., and the average monthly nominal accrued wage for the same period amounted to BYN1,092.9 (approximately U.S.$523).

In 2018, growth in the real monthly wage accelerated to 12.6 per cent., and the average monthly nominal accrued wage for the same period amounted to BYN971.4. In 2017, the nominal average monthly wage in the Republic of Belarus increased by 13.9 per cent. as compared to 2016, reaching BYN822.8 (approximately U.S.$426). The increase in real wages for the same period was 7.5 per cent. During 2016, the nominal accrued average monthly wage increased by 7.6 per cent. to reach BYN722.7 (approximately U.S.$361 (average weighted exchange rate in 2016)). The decrease in real wages for the same period amounted to 3.8 per cent.

The table below shows the nominal accrued average monthly wage according to types of economic activity for the periods indicated:

	Year ended 31 December						Three months ended 31 March
	2014	2015	2016	2017	2018	2019(3)	2020(3)
				(BYN million)(2)			
Agriculture, forestry and fishing	458.37	492.83	506.9	585.2	684.7	787.1	825.2
Industry	634.95	686.14	750.9	869.1	1,012.0	1,125.5	1,186.3
Construction	760.44	754.71	736.2	818.8	973.0	1,159.1	1,253.8
Wholesale and retail trade; repair of cars and motorcycles	559.80	620.05	665.5	769.3	891.3	977.2	1,062.3
Transport activities, warehousing, postal and courier activities	615.41	673.71	730.0	813.3	959.8	1,055.0	1,134.1
Information and communication	1,036.37	1,579.1	2,033.1	2,376.6	2,777.2	3,178.8	3,972.1
Other activities(1)	540.17	619.79	657.3	726.4	—	—	—
Total average	**605.24**	**671.50**	**722.7**	**822.8**	**971.4**	**1,092.9**	**1,155.4**

Source: National Statistical Committee

Notes:

(1) With regard to services of temporary accommodation and food; financial and insurance activities; real estate transactions; professional, scientific and technical activities; activities in the field of administrative and auxiliary services; governmental management; education; healthcare and social services; creative work, sports, entertainment and leisure; provision of other types of services.

(2) Taking into account re-denomination. See "*Exchange Rate Information*".

(3) Excluding micro-organisations and small organisations without departmental subordination.

Employment

In recent years, the Belarusian labour market has been characterised by a reduction in labour resources, which is primarily the result of a decrease in the size of the employable population. Belarus has been implementing policies to encourage employment.

As at the date of this Prospectus, the situation in Belarus' labour market remained stable and was characterised by a slowdown in the decline in the number of employed population.

In 2018, the size of employed population decreased by 15,700 people or by 0.4 per cent. as compared to 2017. In 2019, based on preliminary data, the size of the employed population decreased by 7,900 people (compared to 2018) and amounted to 4,330.1 thousand people. The number of people employed in Belarus' economy in the first quarter of 2020 amounted to 4,333.7 thousand people, remaining largely in line with the same indicator for the first quarter of 2019.

The table below sets forth certain data on employment in the periods indicated:

	Average for the year ended 31 December						For the three months ended 31 March
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
	(thousand people)						
Labour resources[1] on average for the period	5,934.7	5,874.8	5,797.6	5,745.6	5,730.1	—	—
% of total size of population	62.6	61.9	61.0	60.5	60.4	—	—
Employed[2] on average for the period..................	4,550.5	4,496.0	4,405.7	4,353.6	4,337.9	4,330.1[6]	4,333.7
Unemployed people[3] as at the end of the period....	24.2	43.3	35.3	22.9	12.5	8.8	10.0
Number of unemployed people as percentage of the workforce as at the end of the period	0.5	1.0	0.8	0.5	0.3	0.2	0.2
Number of unemployed (as per International Labour Organisation ("**ILO**") methodology)[4]	226.9	272.8	301.8	293.4	244.9	213.3	206.7
Actual unemployment rate as % of the workforce (as per ILO methodology)[5]..............	5.1	5.2	5.8	5.6	4.8	4.2	4.1

Source: National Statistical Committee, Ministry of Labour and Social Protection of Population

Notes:

(1) Labour resources are the population that is involved in economy or able to work, including those who do not work for some reason. Labour resources comprise able-bodied population of employable age and employed persons who are older or younger than the employable age. Able-bodied population of employable age is the resident population of employable age (from 16 years to the established retirement age), except unemployed persons who receive pensions, including: disability pension, group I and II (including disabled pensioners among national servicemen); pension for length of service; contributory retirement pension. Apart from the resident population, in the course of calculation of the size of able-bodied population of employable age the number of foreign citizens involved in economy of the Republic of Belarus is considered.

(2) Population involved in economy (employed population) comprises people who work for a wage or salary, as well as self-employed persons who work to gain profit or income, as well as persons who are temporarily absent. The size of employed population comprises people who perform work (assist) in organisations, the founder (participant) of which is a member of a household or a relative. The difference between the total number of labour resources and number of employed persons is determined by the fact that a certain portion of labour resources are not engaged in search for jobs during a certain period of time, for example, persons who are on maternity leave, on leave to attend to a child up to the age of three years; persons who study in educational institutions and who do not combine study with labour activities; persons who manage a household.

(3) Unemployed people registered in labour, employment and social protection bodies are able-bodied citizens who are permanently resident in the territory of the Republic of Belarus, who do not have job and salary, who registered in labour, employment and social protection bodies at their permanent place of residence with the purpose of searching for suitable work, who are searching for jobs and are ready to commence such work.

(4) According to the recommendations of the ILO, unemployed persons are persons of 15-74 years of age corresponding to the following criteria during the survey week: have no work (gainful occupation); job-hunting by all means available; ready to start working.

(5) Actual unemployment rate is a ratio of unemployed persons of 15-74 years of age to the workforce (employed and unemployed) of this age group.

(6) Preliminary estimate.

There is an ongoing trend of redistribution of the number of employed people from the public to private sector. For a breakdown of the public and private sectors (including state participation in the private sector) as a percentage of GDP, see "—*Principal Sectors of the Economy*". The following table sets forth the average distribution of employed persons among the public and private sectors of the Republic of Belarus' economy for the periods indicated:

	Average for the year ended 31 December					
	2014	**2015**	**2016**	**2017**	**2018**	**2019[(2)]**
			(thousand people)			
Involved in economy – total	4,550.5	4,496.0	4,405.7	4,353.6	4,337.9	4,330.1
Of which:						
Public sector	1,771.6	1,765.3	1,769.7	1,744.7	1,720.4	1,706.6
Private sector[(1)]	2,778.9	2,730.7	2,636.0	2,608.9	2,617.5	2,623.5
a			*(% of total)*			
Public sector	39.0	39.3	40.2	40.1	39.7	39.4
Private sector[(1)]	61.0	60.7	59.8	59.9	60.3	60.6

Source: National Statistical Committee

Notes:

(1) Includes companies with foreign investment, reformed companies and companies with state participation.

(2) Preliminary estimate.

The following table sets forth the annual average distribution of persons employed in the principal sectors of the Republic of Belarus' economy for the periods indicated:

	Average for the year ended 31 December					
	2014	**2015**	**2016**	**2017**	**2018**	**2019[(2)]**
			(thousand people)			
Agriculture, forestry and fishing	428.2	430.7	425.1	416.6	404.9	390.5
Industry	1,117.2	1,063.8	1,027.1	1,023.3	1,028.6	1,019.7
Construction	376.7	350.3	308.0	280.7	276.2	268.6
Wholesale and retail sale; repair of cars and motorcycles	649.7	650.6	633.5	616.3	617.7	633.7
Transport activities, warehousing, postal and courier activities	305.4	300.3	297.0	299.0	298.1	295.8
Information and communication	91.7	96.1	98.8	104.5	113.9	120.0
Other types of economic activities[(1)]	1,581.6	1,604.2	1,616.2	1,613.2	1,598.5	1,601.8
Total	**4,550.5**	**4,496.0**	**4,405.7**	**4,353.6**	**4,337.9**	**4,330.1**

Source: National Statistical Committee

Notes:

(1) Services of temporary accommodation and food; financial and insurance activities; real estate transactions; professional, scientific and technical activities; activities in the field of administrative and auxiliary services; governmental management; education; healthcare and social services; creative work, sports, entertainment and leisure; provision of other types of services; private household activities relating to hiring domestic servants.

(2) Preliminary estimate.

Unemployment Benefits

Since 1 January 2007, unemployment benefits have been financed by the SPF, a state extra-budgetary fund managed by the Ministry of Labour and Social Protection.

The amount of unemployment benefits ranges from 70 per cent. to 200 per cent. of a so-called base value, a metric set by the Government and adjusted from time to time. As at 1 January 2019, the base value amounted to BYN25.5 (approximately U.S.$11.3). As at 1 January 2020, the base value amounted to BYN27.

In December 2018, the average monthly unemployment compensation amounted to BYN26.4 (approximately U.S.$12.2), which amounted to 2.4 per cent. of the average nominal wage, and in December 2017, the average monthly unemployment compensation amounted to BYN26 (approximately U.S.$13, or 2.7 per cent. of the average nominal wage).

In December 2019, the average monthly unemployment benefit amounted to BYN27.47 (approximately U.S.$13), or 2.2 per cent. of the average nominal wage.

As at 1 April 2020, the average monthly unemployment benefit amounted to BYN28.96 (approximately U.S.$11), or 2.4 per cent. of the average nominal wage.

The duration of unemployment benefits may not exceed 26 calendar weeks within each 12 month period calculated from the date of registration as being unemployed. For unemployed persons that have worked for 25 years or more for men or 20 years or more for women, the duration of unemployment benefits is increased by two weeks for each year of work above these thresholds.

During 2020-2023, no substantial changes are expected in unemployment benefits expenditures.

Pensions and Other Benefits

In the Republic of Belarus, there is a solidarity pension system with defined benefits.

The main source of financing pensions is mandatory contributions for pension insurance, paid by employers and employees to the state extra-budgetary SPF.

Pensions are periodically raised (taking into account growth in earnings and changes in the cost of living) on the basis of targeted decrees of the President of Belarus within the budget of the SPF, but in any event at least once a year. In general, the old-age pension is maintained at a level of around 40 per cent. of the average salary of employees. In recent years, pension expenditures accounted for approximately 9 per cent. of GDP.

For the purpose of adaptation of the pension system to the aging population, pension expense growth is systematically managed. From 1 January 2017, the retirement age has gradually been increased (every year for 6 months) until reaching the age of 58 years for women and 63 years for men in 2022. The requirements for the length of service to qualify for a pension are also being raised to 20 years.

The pension terms for 2020 are as follows:

- for men: reaching the age of 62 years, having length of service of at least 25 years, including work with the payment of contributions to the social security fund for at least 17 years and 6 months;

- for women: reaching the age of 57 years, having length of service of at least 20 years, including work with the payment of contributions to the social security fund for at least 17 years and 6 months.

Citizens who are not eligible for a labour (insurance) pension are assigned a social pension (minimum guarantee ("flat" pension), the amount of which is tied to the subsistence level).

Pensions are periodically increased taking into account the growth of workers' incomes and changes in the cost of living (changes in the size of the living wage budget) within the limits of the financial resources of the SPF budget. The size of the average pension awarded upon reaching the pension age was BYN421.82 (approximately U.S.$201.7) in 2019, as compared to BYN352.11 (approximately U.S.$172.9) in 2018, BYN309.56 (approximately U.S.$160.2) in 2017 and BYN292.22 (approximately U.S.$147) in 2016. In April 2020, the average pension amounted to BYN446.73 (approximately U.S.$179).

In general, since 2017, the average pension has consistently exceeded 210 per cent. of a pensioner's subsistence level (243 per cent. in April 2020).

The state pension can be supplemented by pension payment in programs of voluntary pension insurance in insurance organisations. Employers and employees can participate in these programs voluntarily at their own expense.

Government Sponsored Social Assistance

According to the National Statistical Committee of the Republic of Belarus, in 2019, the share of the low-income population of the Republic of Belarus amounted to 5.0 per cent., as compared to 5.6 per cent. in 2018 and 5.9 per cent. in 2017. The share of low-income population in the first quarter of 2020 amounted to 4.7 per cent. The low-income population includes the population with the level of per capita disposable resources below the subsistence minimum budget. The value of the monthly subsistence minimum budget per capita average in 2018 amounted to BYN210.6 (approximately U.S.$103.2), in 2019 – BYN228.7 per month (approximately U.S.$109.5), and in the first quarter of 2020 – BYN244.4 (approximately U.S.$109.4). See "—*Employment, Wages, Pensions and Social Security—Wages*".

To keep the income of this group of people at a guaranteed minimum level, a system of state social targeted assistance has been in operation in the Republic of Belarus since 2001. Since this time, almost 3.6 million people have received targeted assistance, with total payments amounting to more than BYN549 million (taking account of the re-denomination of the Belarusian ruble). In 2018, targeted social assistance was received by 302,347 citizens, and the total amount of state targeted social assistance amounted to BYN92.5 million. In 2019, 294,980 citizens received targeted social assistance in the total amount of BYN94.2 million. In the first quarter of 2020, 86,987 citizens received targeted social assistance in the total amount of BYN26.9 million.

Targeted assistance is provided in the form of monthly payments and one-off payments for food, medicine, clothing and certain other items.

The Republic of Belarus has been developing a set of measures aimed at counteracting the negative impact of the COVID-19 pandemic on the social sphere. In order to strengthen the social protection of the population and ensure social stability amid the COVID-19 pandemic, on 28 May 2020, the President of the Republic of Belarus adopted Edict No. 178, which is aimed, *inter alia*, at simplifying the procedure for providing government social sponsored assistance.

Edict No. 178 provides for the implementation of the following measures until 31 August 2020 with a view to maintain the income of citizens affected by the pandemic at the level of the minimum social guarantee (cost of living budget on average per capita):

- extension of the period of the provision of previously assigned government social sponsored assistance in the form of a monthly social allowance to each citizen whose was due to receive such allowance only up to May-July 2020; and

- introduction of a simplified approach to the calculation of the average per capita income for citizens applying for government social sponsored assistance in the form of a monthly social allowance (information on income would need to be provided for the three months preceding the month of application for assistance rather than for twelve months; the property status of the family (e.g. ownership of real estate or vehicles) will not be taken into account for the purposes of providing assistance).

FDI and Privatisation

Overview

Attracting FDI is an important priority for the Government. FDI comprises capital from purchasers of shares by foreign investors through direct investment in enterprises, reinvested earnings and inter-company loans, where the foreign investor holds at least 10 per cent. of a Belarusian company's shares or voting power. FDI is a component of total foreign investment, which is a broader category including direct, portfolio, capital and other investments in the form of cash, shares and other securities, credit, technology, machinery and equipment, and intellectual and other property. The principal document regulating investment in the Republic of Belarus is the Law No. 53-Z dated 12 July 2013 "On Investments", which provides explicit and transparent definitions for "investment" and "investor" and related rules governing the methods of investment and fundamental guarantees of protection for investors.

In line with their Belarusian peers, foreign investors enjoy the advantages of the preferential investment regimes and guarantees of their rights and investment protection.

The Presidential Decree No. 10 dated 6 August 2009 "On the creation of additional conditions for making investments in the Republic of Belarus" (as amended) enables an investor to secure additional guarantees of protection for its capital inputs, as well as preferences and privileges for the implementation of an investment project, by entering into an appropriate investment agreement with the Republic of Belarus.

In May 2010, the President of the Republic of Belarus established the National Agency for Investment and Privatisation ("**NAIP**"). NAIP is authorised to represent the interests of the Republic of Belarus in matters relating to attraction of investment to the Republic of Belarus and facilitates the interaction of investors with the Republican state administration bodies, other state organisations subordinate to the Government of the Republic of Belarus, as well as local executive and administrative bodies. The NAIP's priority areas also include:

- information and consulting support for investment in the territory of the Republic of Belarus;
- preparation, execution, presentation and maintenance of updated investment projects and proposals;
- ensuring transparent mechanisms for cooperation with government agencies and organisations;
- development and implementation of measures aimed at forming the investment image of the Republic of Belarus;
- informing about investment proposals and objects of state property subject to privatisation;
- organisation and holding of forums, conferences, and other events dedicated to investment in the Republic of Belarus and abroad;
- maintaining a unified information base on investment-related matters, including a unified register of investment projects for FDI (particularly in connection with the privatisation of state property), as well as posting on the official website of the NAIP lists of objects proposed for concession contracts with the Republic of Belarus and administrative-territorial units; and
- post-investment support for companies with foreign capital.

The Republic of Belarus is seeking to attract further investment through an attractive tax and customs regime, including the operation of six existing free economic zones (one in each region) where a special tax and customs regime is applicable to residents of such zones. These special tax and customs regimes make it easier for local businesses to achieve higher profitability, which in turn makes such businesses more attractive for foreign investors. Further, the Government has sought to encourage investment in rural areas of the Republic of Belarus by establishing beneficial tax regulations for such areas. The

Republic of Belarus' Government attracts investors through establishing unrestricted FDI access to a diversified range of assets and lifting restrictions on profit repatriation. The Republic of Belarus also facilitates attracting FDI within the framework of a preferential regime in respect of the implementation of such investment projects as the "Great Stone" China-Belarus Industrial Park, HTP, the Avgustov Canal tourist and recreation park, and the "Bremino-Orsha" Special Economic Zone. The main areas pursued by the above regimes are aimed at fostering high-tech, import-substituting and export-oriented industries.

The main benefits available to the residents of the Great Stone Park include the following:

- exemption from (i) real estate tax on the objects located in the Great Stone Park, irrespective of the purposes of their use, and (ii) land tax on the sites located in the Great Stone Park until 14 June 2062;
- exemption from profit tax in respect of the profits of the residents of the Great Stone Park from the sale of goods, works and services produced by them in the Great Stone Park territory for a period of 10 years. After this period, the profit tax is paid at a rate reduced by 50 per cent. in respect of the profits of the residents of the Great Stone Park from the sale of goods, works or services produced by them in the Great Stone Park;
- non-inclusion of the exchange rate differences in the composition of non-operating income or expenses for the purpose of profit tax calculation for the entire duration of the special legal regime until 14 June 2062;
- full VAT credit for the residents in respect of purchasing (import) of goods, works and services, proprietary rights, which are used for development of the Great Stone Park design plans, constructing, equipping of the objects in the Great Stone Park; and
- personal income tax reduction to nine per cent. of the employment income paid by the residents of the Great Stone Park (until 1 January 2027) and an option to pay social security contributions in an amount not exceeding average monthly wage in the Republic of Belarus.

The advantages of the Great Stone Park include the following:

- "one-stop shop" services for residents;
- status of "territorial" special economic zone which provides maximum privileges and simplifications for both logistical and production activities under the EAEU Customs Code;
- lower prices for energy carriers;
- discount prices for natural gas and electric power;
- a local logistics area offering simplified customs clearance arrangements;
- the possibility to build facilities according to applicable foreign regulations;
- the possibility to execute a number of foreign exchange transactions other than in compliance with the applicable requirements of currency control legislation;
- visa-free entry for persons interested in or having already made investment in the Great Stone Park for up to 180 days; and
- a "grandfather clause" protecting residents from any legislative changes increasing taxes.

The residents of the free economic zones (the "**FEZ**") of the Republic of Belarus enjoy the following main benefits:

- exemption from profit tax in respect of profits of FEZ residents deriving from sale of goods, works and services produced by them to other FEZ residents or for export;

- exemption from real estate tax within a three-year period starting from the date of registration of the company as a FEZ resident on buildings and structures created (acquired) within this period; on buildings and structures constructed in FEZ regardless of the purpose for which they are used, *provided that* during the preceding quarter the goods, works and services produced by the residents were exported and (or) sold to other FEZ residents;

- exemption from land tax and rent for land plots: (i) at facilities design and construction stages. This exemption is limited to a five-year period starting from the date of registration of the company as a FEZ resident; (ii) on land plots in the territory of the FEZ regardless of the purpose or the use of the land plots, *provided that* during the preceding quarter the goods, works and services produced by the residents were exported and (or) sold to other FEZ residents;

- exemption from payment of state duty for obtaining special permits for the right to work in the Republic of Belarus to foreign citizens and stateless persons who are attracted by a FEZ resident for the implementation of an investment project in the territory of the FEZ; and

- exemption from VAT charged by customs authorities upon a FEZ resident's placement of any goods manufactured or otherwise obtained using foreign goods (which are covered by the free customs zone procedure) under the customs procedure of clearance for domestic use.

"Bremino Orsha" Special economic zone ("**SEZ**") was opened in June 2019 in Bolbasovo town in Vitebsk region. The SEZ has an advantageous location due to the access to the international railway line, the Orsha international airfield, the intersection of E30/E95, and close proximity to the border of the Russian Federation.

A special legal regime has been approved for the period of 50 years on the territory of the SEZ.

The main benefits available to the residents of SEZ include, *inter alia*, the following:

- exemption from profit tax in respect of the profits of the residents of SEZ from the sale of goods, works and services produced by them in the SEZ territory for a period of 9 years;

- exemption from real estate tax for a period of 20 years;

- non-inclusion of the exchange rate differences in the composition of non-operating income and expenses for the purpose of profit tax calculation until 1 January 2033;

- exemption from income tax, tax on dividends and general income tax for a period of 5 years when the profit is declared (for founders of resident companies and joint enterprises);

- full deduction of VAT during facilities construction and equipping;

- exemption from VAT in respect of import of equipment, components, spare parts, raw materials and goods for an investment project; vehicles under custom codes 8704, 8705, 8709, 8716 and sub position 870120 10 until 31 December 2023; aircrafts and railway rolling stocks that are not manufactured in the Republic of Belarus;

- exemption from customs duties in respect of equipment, components, spare parts, raw materials and goods imported for an investment project; and

- preservation of the legal regime (tax legislation) up to 1 January 2028.

Attracting FDI is also possible within the framework of a private-public partnership pursuant to the Law of the Republic of Belarus No. 345-Z dated 30 December 2015 "On Private-Public Partnership" (as amended).

Due to the work on improvements of the business environment conducted in recent years the Republic of Belarus is consistently rated among the top-50 countries with the best business environment according to Doing Business report of the World Bank.

According to the Doing Business 2020 report, the Republic of Belarus ranked 49 among 190 countries surveyed (37^{th} in Doing Business 2019) and received 74.3 points out of 100 in terms of favourable conditions for doing business (as compared to 74.4 points in the previous year). Belarus' ranking decrease in the Doing Business 2020 report is mainly due to the faster improvement in indicators in other countries.

The Government participates in some infrastructure and investment projects by issuing State guarantees or by becoming a party to investment agreements. The parties may have disagreements on commercial and other matters while implementing such projects and, as a result, the Government could become subject to legal claims by investors.

HTP is one of the leaders among innovative IT clusters in Central and Eastern Europe today and hosts more than 800 residents. Unlike many parks in Europe or Asia, HTP is a virtual hi-tech park. It means that the legal conditions of HTP are valid within the whole territory of Belarus. The resident companies of HTP are exempt from all corporate taxes, including VAT and profit tax, as well as customs duties. Individual income tax has a fixed rate of 9 per cent. for the employees of HTP companies.

The Decree on Digital Economy Development adopted in 2017 has contributed to the strong growth of the IT industry in the country. Export of software and IT-services by HTP companies in 2018 amounted to U.S.$1.5 billion, representing a 34.2 per cent. increase as compared to 2017, and in 2019 amounted to U.S.$2.2 billion, representing a 47.1 per cent. increase as compared to 2018. In 2019, HTP residents attracted FDI in the amount of U.S.$263.2 million, representing a 19.1 per cent. increase as compared to 2018. In the first quarter of 2020, the export of services by HTP resident organisations increased by 41.9 per cent compared to the first quarter of 2019 and amounted to U.S.$0.6 billion. See "*The Economy of the Republic of Belarus – Information technology*".

Litigation

As at the date of this Prospectus, the Government is subject to three investment claims:

- In March 2018, Delta Belarus Holdings BV (the Netherlands) filed a request for arbitration with the International Centre for Settlement of Investment Disputes (the "**ICSID**") against the Republic of Belarus. The claim relates to an alleged investment into CJSC Delta Bank, which went insolvent in 2015, and stems from the revocation of its licence. The claimant asserts breaches of a number of provisions of the Netherlands-Belarusian Bilateral Investment Treaty on the part of Belarus, and seeks up to U.S.$82.2 million plus interest in compensation. The arbitration proceedings are ongoing. A hearing is expected to take place in the first quarter of 2021.

- In January 2018, the Russian non-public joint-stock company "GRAND EXPRESS" filed a request for arbitration with the ICSID against the Republic of Belarus. The claim relates to an alleged investment into Osipovichi Wagon Building Plant, the assets of which were sold at an auction by bailiffs. The claimant asserts breaches of a number of provisions of the Agreement on Encouragement and Mutual Protection of Investments of the Eurasian Economic Community and the Treaty on the Eurasian Economic Union on the part of Belarus. The claims are estimated at approximately U.S.$200 million, but have not yet been quantified. The arbitration proceedings are ongoing. A hearing is expected to take place in the fourth quarter of 2020.

- In November 2017, the Russian limited liability company "MANOLIUM-PROCESSING" initiated an investment arbitration against the Republic of Belarus under the UNCITRAL 2013 Arbitration Rules. The claimant alleges that the Republic of Belarus has expropriated the claimant's assets and failed to treat its investment fairly and equitably. The claimant seeks up to U.S.$176.3 million plus interest in compensation. The hearing on the merits has already taken place, and the tribunal is currently deliberating.

FDI

The following table sets forth certain data regarding FDI as at and for the periods indicated:

	As at 31 December						As at 31 March
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
				(U.S.$ million)			
FDI (received by the Republic of Belarus in the given period)..........	10,168.9	7,241.4	6,928.6	7,634.2	8,537.1	7,233.2	2,128.4
FDI on a net basis(1).........	1,811.7	1,611.8	1,307.2	1,246.8	1,634.9	1,327.2	1,455.8
FDI (the amount accumulated in the Republic of Belarus as at the end of the reporting period)..........	6,655.8	6,436.5	6,722.3	7,429.6	7,936.6	8,871.5	8,429.5

Source: National Statistics Committee

Note:

(1) FDI on a net basis (net of the indebtedness owed to the direct investors for goods, work or services).

In 2014-2019, the FDI inflow amounted to U.S.$47.7 billion. In 2019, the amount of FDI accumulated in the Republic of Belarus increased to U.S.$8,871.5 million from U.S.$7,936.6 million and U.S.$7,429.6 million as at 31 December 2018 and 2017, respectively. In the first quarter of 2020, the FDI inflow amounted to U.S.$2.1 billion. As at 1 April 2020, the amount of FDI accumulated in the Republic of Belarus decreased to U.S.$8,429.5 million from U.S.$8,871.5 as at the end of 2019.

The following table shows net FDI inflows in the Republic of Belarus by country of origin (excluding the banking sector, real estate sales and taxes to the budget) for the periods indicated:

	As at 31 December						As at 31 March
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
				(%)			
CIS.................................	**30.1**	**39.0**	**34.8**	**31.0**	**44.4**	**28.1**	**28.3**
including Russia..........	28.3	38.1	33.0	29.1	41.7	25.8	26.7
EU countries, including	**52.4**	**51.0**	**53.8**	**52.9**	**33.8**	**47.7**	**59.0**
Cyprus........................	20.5	33.2	25.6	30.6	13.5	26.6	24.4
The Netherlands..........	7.6	2.4	6.5	3.7	(2.5)	3.9	11.2
Germany......................	2.4	2.1	2.4	2.5	5.5	3.9	5.1
Poland........................	1.9	1.9	1.5	3.7	3.4	2.1	1.7
Latvia.........................	1.6	0.4	1.9	5.9	2.5	1.6	1.2
Great Britain................	5.1	3.6	1.4	1.7	2.4	2.7	2.4
Ireland........................	0.0	0.0	0.1	0.3	2.8	1.3	0.1
USA..............................	1.9	1.9	1.4	2.0	2.1	4.3	2.0
UAE..............................	0.1	0.9	0.9	1.8	3.6	4.8	0.4
China (including Hong Kong and Chinese Taipei)........................	4.1	3.0	3.3	3.8	9.3	10.5	1.3

Source: National Statistical Committee

During 2014-2019, Russia and the EU countries remained the largest investors in the economy of the Republic of Belarus, accounting for 25.8 per cent. and 47.7 per cent. of FDI, respectively, in 2019. In the first quarter of 2020, the EU countries accounted for 59.0 per cent. of total FDI, whereas Russia accounted for 26.7 per cent. of total FDI.

The following table shows net FDI inflows in the Republic of Belarus by the sectors in which FDI has been received (excluding proceeds from real estate sales and taxes to the budget) for the periods indicated:

	Year ended 31 December						Three months ended 31 March
	2014	2015	2016	2017	2018	2019	2020
				(%)			
Industrial sector..............	37.1	26.2	38.7	38.0	31.0	31.7	37.9
Financial and insurance activities.........................	20.9	18.3	11.1	17.2	26.8	25.5	18.4
Transport activities..........	1.2	9.8	14.3	6.1	18.1	3.9	5.4
Wholesale and retail; repairs of cars and motorcycle......................	14.9	18.3	8.2	9.4	6.5	11.2	17.9
Communications	1.3	9.4	12.4	12.8	0.5	13.1	10.8
Construction...................	7.9	3.4	6.0	3.2	4.7	4.1	1.3
Real estate operations......	4.9	4.4	3.7	3.0	2.7	3.9	2.1
Agriculture, forestry and fishing industry	1.7	5.0	(1.1)	0.6	1.2	1.3	1.7
Other	10.1	5.2	6.7	9.7	8.5	5.3	4.5

Source: National Statistical Committee

In 2014-2019, net FDI was mostly attributable to the industrial sector and the financial and insurance sectors. In 2019, the net FDI inflow in manufacturing industry was 31.7 per cent. of the total volume, in finance and insurance – 25.5 per cent., and in communications – 13.1 per cent.

In the first quarter of 2020, the net FDI inflow in manufacturing industry comprised 37.9 per cent. of the total volume, in financial and insurance activities – 18.4 per cent. of the total volume, and in wholesale and retail trade, car and motorcycle repair – 17.9 per cent. of the total volume.

Privatisation

Privatisation in the Republic of Belarus first began in 1991 when the Government adopted a programme which covered all the basic forms of denationalisation and privatisation, including, sales at auction, tenders and the free transfer of shares of relevant enterprises to members of labour collectives in exchange for privatisation vouchers made available to the population. In order to create favourable conditions for investment activities by acquiring state property in the Republic of Belarus, a number of significant acts of legislation have been adopted over the recent years, with account to global practice and expertise.

Privatisation in the Republic of Belarus is carried out through the sale of shares in the authorised charter capital of state enterprises on the conditions provided for by the legislation on privatisation. The privatisation methods are auction, competition and sale of shares of open joint stock companies based on the results of the preceding trust management procedures provided for by the relevant regulations. The initial selling price of privatisation objects is set at their market value. The bidding procedure seeks to ensure the openness and transparency of privatisation. Privatisation of state property was one of the most significant steps towards the transformation of the Republic of Belarus from a country with a centralised economy to a country in which a private sector has been created and there are a number of private institutions (joint-stock companies, banks and insurance companies).

Prior to September 2012, the Government introduced privatisation based on three-year privatisation plans. The last such plan was for 2011 to 2013.

In September 2012, the President abolished the old system of privatisation planning and, consequently, the 2011 to 2013 privatisation plan was abolished. In October 2012, the Government approved a new plan for 2011-2013 providing for transformation of state enterprises into open joint-stock companies.

Under the plan, 35 enterprises were reformed in 2011, 15 enterprises were reformed in 2012, and 78 in 2013. Although no plan was adopted for 2014-2017, privatisation has continued.

Under new privatisation principles in force since October 2012, privatisation is carried out on a case-by-case basis and any enterprise in the country can be privatised. The State Property Committee has issued recommendations for the sale of shares and enterprises as property complexes. The recommendations have been approved by the Government and distributed to the State authorities, organisations, regional executive committees and Minsk city executive committee as guidance.

Belarusian legislation provides equal rights to foreign and domestic investors for participating in the privatisation of state property. The following persons may participate in the process of privatisation: individuals, including individual entrepreneurs, foreign citizens and stateless persons, as well as legal entities of the Republic of Belarus, except for state-owned organisations and business entities, in the authorised fund of which the shares (participatory interests) owned by the Republic of Belarus and/or its administrative and territorial units exceed 50 per cent., foreign states and their administrative and territorial units, international organisations, foreign legal entities, as well as foreign unincorporated organisations.

In 1991-2017, over 5,000 state enterprises were reformed. The so-called "small" privatisation has been virtually completed in full in the sphere of retail trade, services (catering and amenity services), consumer goods manufacturing, food industry, wood-working industry, construction, the processing of agricultural products and agriculture servicing sector.

In 2011-2018, over 350 state unitary enterprises were transformed into open joint-stock companies in such industries as petrochemical, machine-building and instrument-making industry, so that these companies could be subsequently privatised using foreign investments, where practical. Such major national enterprises as MAZ, BELAZ, BELOMO, Minsk Motor Plant, Integral, Belaruskali and others have been transformed into joint-stock companies.

During the period from 2011 to 2019, 12 transactions were concluded with non-residents of the Republic of Belarus for the sale of shares of business entities belonging to the Republic of Belarus for BYN73,321 million (before the denomination), or U.S.$2,525.8 million. The President of Belarus supported the sale in 2017-2019 of shares of joint stock companies owned by the Republic of Belarus in the trading system of the Belarusian Currency and Stock Exchange OJSC. Three deals for the sale of shares were concluded in 2017-2019 in the aggregate amount of U.S.$380 thousand through a modern electronic auction site, which the Government continues to use for the privatisation of shares.

The chart below sets forth the annual privatisation receipts for the periods indicated:

	As at 31 December					
	2014	**2015**	**2016**	**2017**	**2018**	**2019**
			(U.S.$ million)			
Privatisation revenue	5.3	—	—	—	—	—

Source: National Statistical Committee

Belinvestbank

On 12 May 2015, the Republic of Belarus signed a Memorandum of Understanding between the Government of the Republic of Belarus and the EBRD, which provides for the EBRD to invest in Belinvestbank and for the Government to subsequently sell at least 75.0 per cent. of shares of Belinvestbank to a strategic investor.

Work is currently ongoing between the Republic of Belarus and the EBRD regarding the EBRD's investment into the capital of Belinvestbank.

The EBRD's proposed investment in the capital of Belinvestbank is expected to increase Belinvestbank's efficiency, strengthen its position in the domestic and foreign markets, increase the volume of business and foreign borrowing, and therefore enhance its investment attractiveness.

BALANCE OF PAYMENTS AND FOREIGN TRADE

Balance of Payments

In 2019, the foreign trade operations of the Republic of Belarus provided for a current account deficit of U.S.$1.2 billion, or 1.8 per cent. of GDP (as compared to a surplus of U.S.$24.2 million, or 0.04 per cent. of GDP in 2018). The financial account balance (excluding operations with reserve assets and related items) in 2019 was negative and amounted to U.S.$2.5 billion (the positive balance in 2018 amounted to U.S.$0.3 billion).

The table below sets out the Republic of Belarus' balance of payments for the periods indicated:

	Year ended 31 December						For the three months ended 31 March	
Balance Sheet Items	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2019**	**2020**
				(U.S.$ million)				
I. Current account....	***(5,227.7)***	***(1,831.1)***	***(1,611.8)***	***(952.4)***	***24.2***	***(1,165.6)***	***(1,056.3)***	***(1,238.8)***
as a per cent. of GDP for the period...	(6.7)	(3.2)	(3.3)	(1.7)	0.04	(1.8)	(7.8)	(9.2)
1. Goods and services.....................	**(444.1)**	**132.4**	**(8.8)**	**100.1**	**929.1**	**(292.7)**	**481.8**	**495.1**
Export.........	43,375.6	32,854.1	29,983.7	36,595.4	42,267.8	41,931.1	9,768.6	8,665.7
Import.........	43,819.7	32,721.7	29,992.5	36,495.3	41,338.7	42,223.8	9,286.8	8,170.6
1.1. Goods	**(2,635.4)**	**(2,142.5)**	**(2,511.3)**	**(2,978.9)**	**(2,502.8)**	**(4,076.5)**	**(439.0)**	**(543.1)**
Exports (in FOB prices)	35,423.3	26,164.3	23,099.8	28,690.2	33,429.8	32,314.7	7,671.9	6,459.2
Import (in FOB prices)	38,058.7	28,306.8	25,611.1	31,669.1	35,932.6	36,391.2	8,110.9	7,002.3
1.2. Services	**2,191.3**	**2,274.9**	**2,502.5**	**3,079.0**	**3,431.9**	**3,783.8**	**920.8**	**1,038.2**
Export.........	7,952.3	6,689.8	6,883.9	7,905.2	8,838.0	9,616.4	2,096.7	2,206.5
Import.........	5,761.0	4,414.9	4,381.4	4,826.2	5,406.1	5,832.6	1,175.9	1,168.3
2. Primary income	**(2,459.1)**	**(2,497.6)**	**(2,214.6)**	**(2,082.5)**	**(2,146.3)**	**(1,909.5)**	**(1,793.1)**	**(1,937.1)**
Credit..........	827.7	551.4	615.8	843.5	1,183.3	1,141.7	217.1	241,0
Debit...........	3,286.8	3,049.0	2,830.4	2,926.0	3,329.6	3,051.2	2,010.2	2,178.1
3. Secondary income.....................	**(2,324.5)**	534.1	611.6	1,030.0	**1,241.4**	**1,036.6**	**255.0**	**203.2**
Credit............	1,902.8	1,430.3	1,546.0	2,259.8	2,719.3	2,672.7	610.2	546.8
Debit............	4,227.3	896.2	934.4	1,229.8	1,477.9	1,636.1	355.2	343.6
II. Capital account...	***7.7***	***4.6***	***6.5***	***1.5***	***20.4***	***34.9***	***0.7***	***3.4***
Credit..........	10.0	6.1	10.0	5.7	22.2	37,6	1.1	4.2
Debit...........	2.3	1.5	3.5	4.2	1.8	2.7	0.4	0.8
Balance according to current account and capital account **Net lending (+) / net borrowing (-) ....**	***(5,220.0)***	***(1,826.5)***	***(1,605.3)***	***(950.9)***	***44.6***	***(1,130.7)***	***(1,055.6)***	***(1,235.4)***
III. Financial account (balance according to financial account) **Net lending (+) / net borrowing (-)* ....**	***(2,260.4)***	***(702.1)***	***(1,228.9)***	***(1,730.2)***	***329.3***	***(2,452.1)***	***(835.5)***	***(33.3)***
3.1. Direct investment................	**(1,788.6)**	**(1,545.7)**	**(1,124.0)**	**(1,208.5)**	**(1,371.3)**	**(1,300.0)**	**(1,308.5)**	**(1,439.6)**
Net acquisition of financial assets	73.4	106.6	122.9	67.8	55.2	(26.7)	(84.6)	29.4
Net incurrence of liabilities.	1,862.0	1,652.3	1,246.9	1,276.3	1,426.5	1,273.3	1,223.9	1,469.0
3.2. Portfolio investments..............	**19.6**	**952.1**	**(646.1)**	**(1,264.8)**	**585.3**	**(500.8)**	**77.4**	**49.3**

Balance Sheet Items	Year ended 31 December 2014	2015	2016	2017	2018	2019	For the three months ended 31 March 2019	2020
Net acquisition of financial assets	23.1	8.9	(42.6)	(6.5)	80.8	33.3	0.9	(1.3)
Net incurrence of liabilities.	3.5	(943.2)	603.5	1,258.3	(504.5)	534.1	(76.5)	(50.6)
Including the government sector	0.0	(989.7)	(2.7)	1,394.8	(192.4)	165.7	0.4	0.0
3.3. Financial derivatives................	**29.6**	**24.7**	**2.3**	**(0.2)**	**4.6**	**2.8**	**6.6**	**7.8**
Net acquisition of financial assets	2.0	0.5	(0.8)	(0.9)	6.9	5.3	5.4	9.7
Net incurrence of liabilities.	(27.6)	(24.2)	(3.1)	(0.7)	2.3	2.5	(1.2)	1.9
3.4. Other investments.............	**(521.0)**	**(133.2)**	**538.9**	**743.3**	**1,110.7**	**(654.1)**	**389.0**	**1,349.2**
Net acquisition of financial assets	(218.0)	442,4	(929.8)	60.6	1,657.7	(64.0)	5.9	1,362.2
3.4.1. Other equity participation instruments.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.4.2. Debt instruments.....	(218.0)	442.4	(929.8)	60.6	1,657.7	(64.0)	5.9	1,362.2
3.4.2.1. The National Bank	77.0	61.0	8.6	(61.4)	99.8	(58.6)	(145.4)	(0.6)
3.4.2.2. Depository institutions, except for the National Bank	(157.6)	345.7	(531.9)	(1,588.9)	174.2	(1,182.1)	(444.8)	779.1
3.4.2.3. The government sector	0.0	0.0	0,0	0.0	0.0	0.0	0.0	0.0
3.4.2.4. Other sectors........	(137.4)	35.7	(406.5)	1,710.9	1,383.7	1,176.7	596.1	583.7
Foreign cash and bank deposits	*30.1*	*278.6*	*163.9*	*1,078.8*	*772.2*	*919.6*	*251.2*	*254.0*
Loans and borrowings...............	*88.4*	*(37.2)*	*(48.3)*	*51.5*	*62.0*	*52.4*	*10.3*	*(14.1)*
Insurance, pension programs, standard protection plans	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Trade credits and advances	*(249.4)*	*(188.5)*	*(522.9)*	*575.0*	*564.2*	*200.4*	*335.4*	*356.6*
Other receivables......	*(6.5)*	*(17.2)*	*0.8*	*5.6*	*(14.7)*	*4.3*	*(0.8)*	*(12.8)*
Net incurrence of liabilities	303.0	575.6	(1,468.7)	(682.7)	547.0	590.1	(383.1)	13.0
3.4.1. Other equity participation instruments.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Balance Sheet Items	Year ended 31 December 2014	2015	2016	2017	2018	2019	For the three months ended 31 March 2019	2020
3.4.2. Debt instruments.....	303.0	575.6	(1,468.7)	(682.7)	547.0	590.1	(383.1)	13.0
3.4.2.1. The National Bank	988.5	(393.8)	(769.3)	(343.8)	(12.7)	(121.0)	(82.0)	(61.5)
3.4.2.2. Depository institutions, except for the National Bank	(212.2)	(637.5)	(644.3)	(1,583.1)	660.9	157.3	(75.1)	824.9
3.4.2.3. The government sector	(1,365.4)	1,158.8	1,040.6	915.9	553.8	(19.8)	(353.6)	(159.8)
3.4.2.4. Other sectors........	892.1	448.1	(1,095.7)	328.3	(655.0)	573.6	127.6	(590.6)
Foreign cash and bank deposits	*0.0*	*0.0*	*0.0*	*0.0*	*0.1*	*(295.3)*	*(76.0)*	*(10.5)*
Loans and borrowings...............	*846.3*	*732.6*	*(729.8)*	*367.3*	*(114.5)*	*521.0*	*95.8*	*159.4*
Insurance, pension programs, standard protection plans	*(0.2)*	*0.0*	*0.1*	*0.0*	*0.0*	*0.3*	*0.0*	*(0.3)*
Trade credits and advances	*54.0*	*(292.2)*	*(370.5)*	*(45.6)*	*(514.3)*	*316.0*	*106.5*	*(741.0)*
Other payables..........	*(8.0)*	*7.7*	*4.5*	*6.6*	*(26.3)*	*31.6*	*1.3*	*1.8*
IV. Statistical net errors and omissions.................	**(450.7)**	**504.3**	**859.0**	**584.4**	**178.0**	**480.1**	**296.5**	**(547.5)**
V. Balance sheet overall balance	**(3,410.3)**	**(620.1)**	**482.6**	**1,363.7**	**(106.7)**	**1,801.5**	**76.4**	**(1,749.6)**
VI. Financing...........	**(3,410.3)**	**(620.1)**	**482.6**	**1,363.7**	**(106.7)**	**1,801.5**	**76.4**	**(1,749.6)**
6.1. Reserve assets.................	(1,410.3)	(620.1)	482.6	2,063.7	(106.7)	1,801.5	76.4	(1,749.6)
6.2. Loans and borrowings from the IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6.3. Exceptional financing............	2,000.0	0.0	0.0	700.0	0.0	0.0	0.0	0.0

Source: National Bank

(1) The numbers in the table were calculated based on the analytical representation method.

Current Account

The deficit in foreign trade in goods and services in 2019 amounted to U.S.$0.3 billion, or 0.5 per cent. of GDP, as compared to surplus U.S.$0.9 billion, or 1.5 per cent. of GDP in 2018. The deficit of foreign trade in goods amounting to U.S.$4.1 billion was partially offset by a surplus in foreign trade in services in the amount of U.S.$3.8 billion.

The foreign trade turnover of goods of the Republic of Belarus in 2019 decreased by 0.9 per cent. as compared to 2018 and amounted to U.S.$68.7 billion (calculated based on the methodology of the balance of payments). The decrease in foreign trade was due to a decrease in exports of goods by 3.3 per cent. The decrease in the value of exports was due to both a reduction in average prices (decreased by 2.5 per cent.) and a decrease in physical volumes of deliveries (commodity mass of exports decreased by 0.4 per cent.). The decrease in the value of exports was mainly due to a decrease in the supply of mineral products (by 18.9 per cent. as compared 2018), predominantly petroleum products. See "*Economy of the Republic of Belarus – Industry – Fuel and Energy – Oil*".

The highest growth rates were in food products and agricultural raw materials, transport, machinery and equipment.

The import of goods increased by 1.3 per cent., or U.S.$0.5 million, in 2019 against the background of an increase in the commodity stock of imports (by 4.3 per cent.) and a decrease in average import prices (by 1.9 per cent.). The main negative impact on the balance of foreign trade in goods was in intermediate goods, mainly energy.

The negative primary income balance was U.S.$1.9 billion in 2019 (U.S.$2.1 billion in 2018) resulting from net payments of investment income (U.S.$2.7 billion) exceeding the net inflow of income from compensation of temporary employees (U.S.$0.8 billion).

The secondary income balance was positive in the amount of U.S.$1.0 billion (1.6 per cent. of GDP), which reflects the excess of current transfers from abroad to the Republic of Belarus over their payments abroad.

The 14.9 per cent. growth in foreign trade goods turnover in 2018 was due to the 16.5 per cent. increase in export and the 13.5 per cent. increase in import of goods. Growth of the total value of export was due to both an increase in average export prices (a 10.1 per cent. growth in 2018 compared to 2017) and an increase in volumes (a 5.3 per cent. growth in 2018 compared to 2017). Import growth in 2018 was mainly due to an increase in average prices (6.9 per cent. growth in 2018 compared to 2017) and an increase in volumes (5.0 per cent. growth in 2018 compared to 2017).

Capital Account

In accordance with the IMF methodology, the capital account shows capital transfers between residents and non-residents and the acquisition and disposal of non-produced, non-financial assets (such as natural resources, contracts, licences and goodwill) between residents and non-residents. In 2019, the Republic of Belarus recorded a capital account surplus of U.S.$34.9 million.

Financial Account

The financial account records transactions that involve financial assets and liabilities that take place between residents and non-residents. Based on the results for 2019, the Republic of Belarus was a "net borrower". The financial account balance in standard representation of payment balance (including operations with reserve assets) in 2019 was negative and amounted to U.S.$0.7 billion (in 2018 the positive balance was U.S.$0.2 billion). Net foreign liabilities amounted to U.S.$2.4 billion, while the foreign assets of residents of the Republic of Belarus increased by U.S.$1.7 million to U.S.$21.0 million.

Attracting financial resources to the Republic of Belarus was carried out mainly by depository organisations (the net foreign borrowing of which amounted in 2019 to U.S.$1.5 billion), as well as by organisations of other sectors of the economy (whose net foreign borrowing amounted to U.S.$1.1 billion, mainly due to the inflow of FDI). As a result, external debt liabilities decreased by U.S.$0.1 billion. The public administration sector's operations aimed at the repayment of external debt liabilities (on a net basis) in the amount of U.S.$0.1 billion resulted in net lending to the rest of the world.

The FDI inflow in the Republic of Belarus (subject to withdrawals) in 2019 amounted to U.S.$1.3 billion, representing a 10.7 per cent. decrease as compared to 2018. U.S.$0.7 billion of FDI in 2019 was attributable to reinvested profits of Belarusian financial and non-financial organisations. U.S.$0.5 million of FDI representing 35.5 per cent. of net inflow of FDI in 2019 came from Russia. Large volumes of FDI in 2019 were received from residents of Cyprus, China, UAE, Germany, Switzerland and the USA. Processing industry, financial and insurance activities, information and communication were the key industries for FDI in 2019.

In 2019, foreign economic operations with portfolio investment provided net borrowing of financial resources from the rest of the world in the amount of U.S.$0.5 billion as compared to net lending to the rest of the world of U.S.$0.6 billion in 2018.

Operations with other investments (such as deposits, credits and loans, trade loans and prepayments, other foreign assets (except reserve assets) and liabilities) 2019 resulted in net lending of U.S.$0.7 billion (compared to U.S.$1.1 billion in 2018).

Foreign Trade

The Republic of Belarus is implementing a multi-faceted foreign trade policy and actively participates in the international integration processes. The Republic of Belarus maintains trade relations with more than 200 countries. Exports are one of the main priorities of the development of the Belarusian economy and account for more than half of the country's GDP.

In the first quarter of 2020, exports to CIS countries grew by U.S.$106.1 million, and to Russia by U.S.$183.7 million. In the same period, exports to the EU declined as a result of a decrease in the supply of petroleum products.

In 2019, exports to CIS countries (other than Russia) grew by U.S.$0.6 billion, and to Russia by U.S.$0.6 billion. In the same period, exports to EU countries declined as a result of a decrease in the supply of petroleum products.

In 2018, exports grew across all markets, including by U.S.$2.3 billion, or 29.8 per cent., to EU member states (representing the fastest growing export rate), U.S.$1.3 billion, or 7.3 per cent., to the CIS countries, including the EAEU countries where the export increase was U.S.$0.28 billion, or 2.1 per cent., and by U.S.$88.8 million, or 0.7 per cent., to Russia.

The main driver of growth in Belarusian exports was an increase in average export prices, primarily prices for energy sources and other intermediate goods such as fertilisers and ferrous metals. An increase in consumer export resulted from the growth in volumes of both food and non-food commodity groups. At the same time average export prices for food products decreased, primarily prices for dairy products and sugar, while prices for non-food consumer goods increased. Export of investment goods was characterised by a minor increase in both average prices and volumes.

The decrease in the volume of exports in 2019 is due to a decrease in average export prices (primarily for energy and other intermediate goods, as well as non-food products) and the physical volumes of exported goods.

In the first quarter of 2020, the foreign trade deficit amounted to U.S.$1.1 billion. In 2019, the foreign trade deficit amounted to U.S.$6.4 billion. In 2018, the foreign trade deficit amounted to U.S.$4.5 billion, compared to U.S.$5.1 billion in 2017 and U.S.$4.1 billion in 2016. The main reason for the decrease in the foreign trade deficit in 2018 as compared to 2017 was a larger increase in average export prices compared to an increase in average import prices and an increase in export volumes.

In the first quarter of 2020, the foreign trade turnover of goods of the Republic of Belarus amounted to U.S.$14.3 billion, which is 13.6 per cent. less than the level of the first quarter of 2019. In 2019, foreign trade turnover in goods of the Republic of Belarus amounted to U.S.$72.3 billion, which represented a decrease of 0.1 per cent. compared to 2018. In 2018, foreign trade turnover in goods amounted to U.S.$72.3 billion, which represented an increase of 14 per cent. compared to 2017. In 2017, foreign trade turnover of goods in the Republic of Belarus amounted to U.S.$63.5 billion in 2017, which represented an increase of U.S.$12.4 billion, or 24.1 per cent. compared to 2016.

In the first quarter of 2020, export of goods amounted to U.S.$6.6 billion and decreased by 14.7 per cent. compared to the first quarter of 2019. In turn, the import of goods increased by 12.6 per cent. and reached U.S.$7.7 billion. In 2019, export of goods amounted to U.S.$32.9 billion, representing a 2.9 per cent. decrease compared to 2018. In turn, import of goods increased by 2.3 per cent. and amounted to U.S.$39.3 billion. In 2018, exports of goods amounted to U.S.$33.9 billion, representing a 16 per cent. increase compared to 2017, while imports of goods amounted to U.S.$38.4 billion, representing a 12.3 per cent. increase compared to 2017. In 2017, exports of goods amounted to U.S.$29.2 billion, representing a 24.2 per cent. increase compared to 2016, while imports of goods amounted to U.S.$34.3 billion, representing a 24.0 per cent. increase compared to 2016. Exports of goods amounted to

U.S.$23.5 billion in 2016, representing a 11.7 per cent. decrease compared to 2015, and to U.S.$26.7 billion in 2015, representing a 26.1 per cent. decrease. In 2016, the Republic of Belarus imported U.S.$27.6 billion of goods, representing a 8.9 per cent. decrease compared to 2015, and U.S.$30.3 billion of goods was imported in 2015, representing a 25.2 per cent. decrease.

The following table shows the Republic of Belarus' trade balance by principal geographic area for each of the periods indicated:

	2014	2015	2015 / 2014 (%)	2016	2016 / 2015 (%)	2017	2017 / 2016 (%)	2018	2018 / 2017 (%)	2019	2019 / 2018 (%)	Three months ended 30 March 2020	Q1 2020 / Q1 2019 (%)
						(U.S.$ million)							
Foreign trade in goods - total													
turnover	76,582.9	56,951.9	74.4	51,147.2	89.8	63,474.9	124.1	72,348.1	114.0	72,278.4	99.9	14,296.7	86.4
export...........	36,080.5	26,660.4	73.9	23,537.3	88.3	29,240.0	124.2	33,907.0	116.0	32,936.5	97.1	6,636.3	85.3
import	40,502.4	30,291.5	74.8	27.609.9	91.1	34,234.9	124.0	38,441.1	112.3	39,341.9	102.3	7,660.4	87.4
balance.........	(4,421.9)	(3,631.1)		(4,072.6)		(4,994.9)		(4,534.1)		(6,405.4)		(1,024.1)	
CIS countries													
turnover	45,294.6	32,419.0	71.6	31,193.4	96.2	38,564.4	123.6	43,062.7	111.7	43,381.3	100.7	8,443.2	87.9
export...........	21,107.5	14,076.2	66.7	14,647.7	104.1	17,493.4	119.4	18,762.4	107.3	19,355.6	103.2	4,228.6	102.6
import	24,187.1	18,342.8	75.8	16,545.7	90.2	21,071.0	127.3	24,300.3	115.3	24,025.7	98.9	4,214.6	76.9
balance.........	(3,079.6)	(4,266.6)		(1,898.0)		(3,577.6)		(5,537.9)		(4,670.1)		14.0	
Russian Federation													
turnover	37,371.2	27,541.6	73.7	26,254.8	95.3	32,496.8	123.8	35,605.9	109.6	35,551.8	99.8	6,888.5	85.5
export...........	15,181.0	10,398.4	68.5	10,948.0	105.3	12,897.7	117.8	12,986.5	100.7	13,568.9	104.5	3,187.6	106.1
import	22,190.2	17,143.2	77.3	15,306.8	89.3	19,599.1	128.0	22,619.4	115.4	21,982.9	97.2	3,700.9	73.2
balance.........	(7,009.2)	(6,744.8)		(4,358.8)		(6,701.4)		(9,632.9)		(8,414.0)		(513.3)	
Countries outside CIS													
turnover	31,288.3	24,532.9	78.4	19,953.8	81.3	24,910.5	124.8	29,285.4	117.6	28,897.1	98.7	5,853.5	84.3
export...........	14,973.0	12,584.2	84.0	8,889.6	70.6	11,746.6	132.1	15,144.6	128.9	13,580.9	89.7	2,407.7	65.8
import	16,315.3	11,948.7	73.2	11,064.2	92.6	13,163.9	119.0	14,140.8	107.4	15,316.2	108.3	3,445.8	104.9
balance.........	(1,342.3)	635.5	74.4	(2,174.6)	89.8	(1,417.3)		1,003.8		(1,735.3)		(1,038.1)	

Source: National Statistical Committee

The Republic of Belarus exports more than 1,000 commodity items, including mineral products (oil and oil products, liquefied gas, salt, cement), chemical products (fertilisers, chemical fibres and yarns, caprolactam, tyres), foodstuffs (dairy products, meat products and sugar) and feedstock. A wide range of Belarusian sophisticated products, agricultural equipment, cargo vehicles and cars, buses, carriages, road-building machinery, technological equipment and electrical equipment, TV sets, refrigerators, gas stoves, washing-machines, microelectronic goods and optical instruments, is in stable demand externally. The Government is focused on fostering growth in the technology space, as described in "*The Economy of the Republic of Belarus—Principal Sectors of the Economy—Information Technology*".

In recent years, Belarusian export has been diversifying, with a decrease in the share of mineral products (mainly oil products) and an increase in the share of certain other product groups. The share of mineral products in the total export volume decreased from 34.2 per cent. in 2014 to 21.5 per cent. in 2019 (10.3 per cent. in the first quarter of 2020), while the share of chemical products increased from 17.3 per cent. to 19.3 per cent. (20.4 per cent. in the first quarter of 2020), ferrous and non-ferrous metals and metal objects– from 6.5 per cent. to 7.3 per cent. (8.4 per cent. in the first quarter of 2020), and wood and paper/pulp products – from 2.8 per cent. to 5.2 per cent. (6.4 per cent. in the first quarter of 2020). Foodstuffs and agricultural feedstock represented a significant share in total export volumes, comprising 15.3 per cent. in 2014 and 16.6 per cent. in 2019. (8.4 per cent. in the first quarter of 2020)

A U.S.$4.7 billion increase in total exports in 2018 as compared to 2017 was due to a significant increase in the export of intermediary goods of Belarusian origin, including oil products (by U.S.$1.2 billion), potash fertilisers (by U.S.$454.8 million), ferrous metals (by U.S.$250 million), crude oil (by U.S.$203.3 million) and rip-sawn timber (by U.S.$176.7 million).

At the same time, there was an increase in exports of investment and non-food consumer goods, including high added-value products such as cargo vehicles (by U.S.$268.7 million), TV sets (by U.S.$39.8 million), passenger cars for 10 or more passengers (by U.S.$37.5 million), automobiles (by U.S.$20.6 million) and refrigerators and freezers (by U.S.$13.5 million). In 2016, exports of road-building machinery increased by 2.4 times, automobiles increased by 2.0 times, buses increased by 1.7 times, agricultural machinery increased by 33.9 per cent., and cargo vehicles increased by 10.8 per cent. Significant growth was also achieved for certain items included in household appliances, light industry goods, woodworking products and foodstuffs.

The decrease in total exports in 2019 by U.S.$970.5 million was mainly due to a decrease in the export of mineral products by U.S.$1.6 billion (18.9 per cent. decrease), particularly oil products (decrease by U.S.$1.3 billion) and bitumen mixtures (reduction by U.S.$248 million). In addition, export decreased in such categories as chemical products – by U.S.$92.0 million, or by 1.4 per cent., including antiknock agents, antioxidants, inhibitors, thickeners (by U.S.$77.2 million.); leather raw materials, furs and products from them – by U.S.$16.2 million, or by 22.3 per cent., primarily due to the decrease in exports of processed leather after tanning from cattle skins (by U.S.$8.2 million) and fur raw materials (by U.S.$5.8 million); metal products – by U.S.$15.8 million, or by 0.7 per cent., primarily due to the decrease in export of non-alloy steel wire (by U.S.$38.6 million).

At the same time, there was an increase in the export of food and agricultural goods, where export increased by U.S.$248.1 million, or 4.8 per cent., including milk and cream milk products (by U.S.$308.9 million), and engineering services (by U.S.$236.7 million, or by 4.3 per cent.).

A decrease of U.S.$1,146.7 million in exports of goods in the first quarter of 2020 was mainly due to a decrease in the export of mineral products by U.S.$1,161.7 million (62.9 per cent.) – the main items that underpinned the decline are petroleum products (decrease by U.S.$908.6 million) and crude oil (decrease by U.S.$182.2 million). In addition, exports fell in the following product groups: chemical industry and rubber – by U.S.$238.6 million (15 per cent.), with the principal decrease experienced in potash fertilisers (by U.S.$225.4 million); vehicles – by U.S.$61 million (9.4 per cent.), with the main decrease seen in trucks (by U.S.$112.5 million); metal products – by U.S.$5.2 million (0.9 per cent.), with the main decrease seen in seamless pipes, tubes and profiles made of ferrous metals (U.S.$10.6 million).

The following table shows the commodity composition of Belarusian exports for each of the periods indicated:

	2014		2015		2016		2017		2018		2019		Three months ended 31 March 2020	
	U.S.$ million	**% of total export volume**	**U.S.$ million**	**% of total export volume**	**U.S.$ million**	**% of total export volume**	**U.S.$ million**	**% of total export volume**	**U.S.$ million**	**% of total export volume**	**U.S.$ million**	**% of total export volume**	**U.S.$ million**	**% of total export volume**
Food industry products and feedstock	5,528.0	15.3	4,368.6	16.4	4,164.1	17.7	4,904.3	16.8	5,217.8	15.4	5,465.9	16.6	1,386.2	20.9
Chemical industry production, rubber (including chemical fibres and yarns)	6,227.2	17.3	5,682.9	21.3	4,736.0	20.1	5,386.0	18.4	6,453.5	19.0	6,361.5	19.3	1,350.8	20.4
Machines and equipment	2,923.5	8.1	2,042.6	7.6	2,382.1	10.1	2,756.8	9.4	2,784.8	8.2	2,916.3	8.8	680.7	10.3
Wood and paper-pulp products	1,017.3	2.8	859.1	3.2	1,013.0	4.3	1,319.2	4.5	1,652.6	4.9	1,719.6	5.2	426.4	6.4
Ferrous, non-ferrous metals and metalware	2,361.9	6.5	1,737.3	6.5	1,614.5	6.9	2,056.8	7.0	2,417.7	7.1	2,401.9	7.3	558.0	8.4
Mineral products	12,327.3	34.2	7,935.0	29.8	5,053.8	21.5	7,160.8	24.5	8,736.7	25.8	7,085.2	21.5	686.6	10.3
Textile and textile products	913.7	2.5	642.3	2.4	780.8	3.3	849.3	2.9	922.0	2.7	939.6	2.9	229.7	3.5
Hides, furs and goods made of them	80.8	0.2	77.1	0.3	70.2	0.3	79.5	0.3	72.5	0.2	56.3	0.2	15.4	0.2
Means of transport	2,548.9	7.1	1,647.9	6.2	1,972.7	8.4	2,532.4	8.7	2,785.0	8.2	2,890.3	8.8	591.0	8.9
Other products	2,151.9	6.0	1,667.6	6.3	1,750.1	7.4	2,185.8	7.5	2,864.4	8.5	3,099.9	9.4	711.5	10.7
Total	**36,080.5**	**100**	**26,660.4**	**100**	**23,537.3**	**100**	**29,240.0**	**100**	**33,907.0**	**100**	**32,936.5**	**100**	**6,636.3**	**100**

Source: National Statistical Committee

The principal market for Belarusian exports is Russia. In 2019, exports to Russia amounted to U.S.$13.6 billion, increasing by 4.5 per cent., or by U.S.$582.4 million. In 2019 and 2018, exports to Russia accounted for 38.3 per cent. and 41.2 per cent. of Belarusian exports, respectively.

In the first quarter of 2020, exports to Russia amounted to U.S.$3.2 billion and increased by 6.1 per cent., or by U.S.$183.7 million, compared to the first quarter of 2019. Russia's share in Belarusian exports increased from 38.6 per cent. in the first quarter of 2019 to 48 per cent. in the first quarter of 2020.

In 2018, export to Russia was U.S.$13 billion (a 0.7 per cent. increase compared to 2017). Belarusian export to Russia was U.S.$12.9 billion in 2017 (a 17.8 per cent. increase compared to 2016) and U.S.$10.9 billion in 2016 (a 5.3 per cent. increase compared to 2015), which was due in part to an overall increase in export volumes. In 2017 and 2016, exports to Russia accounted for 44.1 per cent. and 46.5 per cent. of Belarusian exports, respectively.

The EU is the second largest export market for the Republic of Belarus. Exports to EU countries in the first quarter of 2020 amounted to U.S.$1.1 billion and decreased by 29.7 per cent., or by U.S.$472.7 million, compared to the first quarter of 2019. In the first quarter of 2020, exports to the EU amounted to 16.9 per cent. of Belarusian exports.

In 2019, exports to EU countries amounted to U.S.$8.4 billion and decreased by 17.5 per cent., or by U.S.$1.8 billion. In 2019 and 2018, exports to the EU accounted for 30 per cent. and 25.5 per cent. of Belarusian exports, respectively. In 2018, exports to the EU increased by U.S.$2.4 billion, representing a 29.8 per cent. increase compared to 2017, and its share amounted to 30.0 per cent. Exports to the EU amounted to U.S.$7.8 billion in 2017 representing an increase of 38.6 per cent. compared to 2016. The share of the EU in the exports of the Republic of Belarus increased to 26.8 per cent. in 2017 from 24.0 per cent. in 2016. U.S.$5.7 billion of goods was exported to EU countries in 2016.

For the purposes of increasing possibilities to expand exports into Asia, Africa, America and Oceania countries, the Republic of Belarus is working with its trade partners to improve access to foreign markets by entering into trade agreements.

In the first quarter of 2020, exports to Asia, Africa, America and Oceania amounted to U.S.$1.1 billion and decreased by 12.4 per cent. compared to the first quarter of 2019. This was due to a decrease in the export of potash fertilizers – by 31.7 per cent., tractors and truck tractors – by 18.4 per cent., rods hot rolled in unalloyed steel bays – by 29.1 per cent., polyamides – by 7.2 times, butter – by 7.1 times, oil products – by 1.8 times, and condensed and dried milk and cream – by 19.4 per cent. In 2019, exports to "far regions" countries (Asia, Africa, America and Oceania) amounted to U.S.$5.4 billion and increased by 0.5 per cent. compared to 2018. This was mainly due to increased export of potash fertilizers by 2.3 per cent., tractors – by 30.4 per cent., wood pulp – by 3.5 times, longitudinally sawn timber – by 1.8 times, beef – by 5 times, poultry – by 1.8 times, hot-rolled stainless steel – by 23.9 per cent., and trailers and semi-trailers – by 4 times.

In 2017, exports to Asia, Africa, America and Oceania amounted to U.S.$4.3 billion, which represented growth of 18.4 per cent. compared to 2016. This was due to a 10.8 per cent. increase in exports of potash fertilisers, a 250 per cent. increase in exports of condensed and powdered milk and cream a 180 per cent. increase in exports of semi-finished products from plain steel, a 50 per cent. increase in exports of trucks, a 720 per cent. increase in sugar exports, a 38.5 per cent. increase in exports of tractors and cargo vehicles, a 90 per cent. increase in exports of petroleum products, a 520 per cent. increase in butter exports and a 840 per cent. increase in exports of seamless ferrous metal tubes, pipes and shapes.

In 2019, the Republic of Belarus exported goods to ten new countries, including Haiti, Somalia, DPRK, Cape Verde, Surinam, Virgin Islands, Falkland Islands, Maldives, Jersey Island and Guadelupe. The total volume of export to these countries amounted to U.S.$411.9 thousand.

In 2018, the Republic of Belarus exported goods to 17 new countries. The total volume of export to these countries amounted to U.S.$446 thousand. The key export goods are automobiles, potash fertilisers, electric equipment for ignition and running of internal combustion engines, wheat and rye-wheat flour.

Some of the traditional products sold by Belarusian enterprises have entered new markets: oil products (Malta, India, the Philippines and Madagascar), potash fertilisers (Mozambique, El Salvatore, Niger and Cambodia), trucks (Serbia, Indonesia, China, the Philippines and Ethiopia), cheese and quark (Iraq and Bulgaria), tractors including truck tractors (Ireland, Cambodia, Canada, India and Senegal), furniture and its parts (Saudi Arabia, Myanmar, Ireland, Syrian Arab Republic and Qatar), butter (Denmark, Serbia, Saudi Arabia, Morocco and Uzbekistan), condensed and powdered milk and cream (the Bolivarian Republic of Venezuela, Japan, the Islamic Republic of Iran, Lithuania, Cameroon and Bangladesh).

The table below shows the classification of exports by geographical allocation for each of the periods indicated:

	2014	Share in total volume, %	2015	Share in total volume, %	2016	Share in total volume, %	2017	Share in total volume, %	2018	Share in total volume, %	2019	Share in total volume, %	Three months ended 31 March 2020	Share in total volume, %
							(U.S.$ million)							
Export - total	**36,080.5**	**100.0**	**26,660.4**	**100.0**	**23,537.3**	**100.0**	**29,240.0**	**100.0**	**33,907.0**	**100.0**	**32,936.5**	**100.0**	**6,636.3**	**100.0**
Russia	15,181.0	42.1	10,398.4	39.0	10,948.0	46.5	12,897.7	44.1	12,986.5	38.3	13,568.9	41.2	3,187.6	48.0
EU countries	10,667.9	29.6	8,549.0	32.1	5,655.9	24.0	7,840.0	26.8	10,173.9	30.0	8,396.0	25.5	1,120.7	16.9
of which:														
UK	2,928.9	8.1	2,940.5	11.0	1,079.7	4.6	2,382.1	8.1	3,068.3	9.0	2,312.9	7.0	194.6	2.9
Netherlands	1,708.9	4.7	1,149.7	4.3	926.9	3.9	1,102.4	3.8	1,424.9	4.2	803.9	2.4	135.6	2.0
Germany	1,654.1	4.6	1,086.2	4.1	944.3	4.0	1,118.1	3.8	1,455.3	4.3	1,306.8	4.0	143.0	2.2
Lithuania	1,038.5	2.9	964.0	3.6	767.0	3.3	848.3	2.9	1,156.3	3.4	1,060.5	3.2	223.0	3.4
Poland	843.9	2.3	766.3	2.9	814.5	3.5	1,084.1	3.7	1,344.6	4.0	1,291.6	3.9	286.7	4.3
Latvia	501.5	1.4	598.1	2.2	269.9	1.1	349.8	1.2	485.2	1.4	397.3	1.2	63.9	1.0
Ukraine	4,063.7	11.3	2,514.9	9.4	2,845.7	12.1	3,364.7	11.5	4,062.2	12.0	4,143.4	12.6	704.2	10.6
China	640.3	1.8	781.0	2.9	472.7	2.0	361.5	1.2	481.9	1.4	675.5	2.1	94.4	1.4
Kazakhstan	879.4	2.4	525.1	2.0	363.9	1.5	592.2	2.0	783.3	2.3	823.5	2.5	163.1	2.5
Brazil	709.5	2.0	521.2	2.0	441.0	1.9	439.9	1.5	585.5	1.7	588.0	1.8	93.2	1.4
Other countries	3,938.7	10.8	3,370.8	12.6	2,810.1	12.0	3,744.0	12.9	4,883.7	14.0	4,741.2	14.3	1,273.1	19.2

Source: National Statistical Committee

Belarusian imports primarily comprise energy resources (oil and natural gas), primary products, materials, and components (metals and metal ware, feedstock for chemical production, machine parts) and technological equipment.

In the first quarter of 2020, imports amounted to U.S.$7.7 billion, of which 16.4 per cent. (U.S.$1.3 billion) were attributable to mineral products, 27 per cent. (U.S.$2.1 billion) – to machinery, equipment and vehicles, 16.2 per cent. (U.S.$1.2 billion) – to products of the chemical industry, and 15.1 per cent. (U.S.$1.2 billion) – to food products and agricultural raw materials. In 2019, imports amounted to U.S.$39.3 billion, of which 25.6 per cent. or U.S.$10.1 billion were mineral products, 26.2 per cent. or U.S.$10.3 billion – machinery, equipment and transport, 14.3 per cent. or U.S.$5.6 billion – chemical products, 11.6 per cent. or U.S.$4.6 billion – food products and agricultural raw materials.

In 2018, imports amounted to U.S.$38.4 billion, of which 29.6 per cent, or U.S.$11.4 billion, were mineral products, 24.2 per cent, or U.S.$9.3 billion, were machinery, equipment and transport, 14.2 per cent, or U.S.$5.4 billion, were chemical industry products, and 11.4 per cent, or U.S.$4.4 billion, were food products and agricultural raw materials.

Imports amounted to U.S.$34.2 billion in 2017, representing an increase of U.S.$6.6 billion, or 24.0 per cent. as compared to 2016. The increase was due to increases in import of machinery, equipment and transport (which accounted for U.S.$1.6 billion of the increase), chemical products (which accounted for U.S.$0.9 billion of the increase) and food and agricultural feedstock (which accounted for U.S.$0.5 billion of the increase).

The share of machines, equipment and transport in Belarusian import volumes increased from 25.3 per cent. in 2014 to 26.2 per cent. in 2019 (27.0 per cent. in the first quarter of 2020), and the share of food industry products and agricultural feedstock decreased from 11.8 per cent. in 2014 to 11.6 per cent. in 2019 (15.1 per cent. in the first quarter of 2020). The share of chemical industry goods and rubber remained at a stable level at 14.2 per cent. in 2014 and 14.3 per cent. in 2019 (increasing to 16.2 per cent. in the first quarter of 2020), while the share of textile and textile products increased from 2.1 per cent. in 2014 to 3.2 per cent. in 2019 (3.4 per cent. in the first quarter of 2020).

The following table sets forth a breakdown of Belarusian imports by commodity for the periods indicated:

	2014		2015		2016		2017		2018		2019		Three months ended 31 March 2020	
	U.S.$ million	**% of total import volume**	**U.S.$ million**	**% of total import volume**	**U.S.$ million**	**% of total import volume**	**U.S.$ million**	**% of total import volume**	**U.S.$ million**	**% of total import volume**	**U.S.$ million**	**% of total import volume**	**U.S.$ million**	**% of total import volume**
Food industry products and feedstock	4,788.7	11.8	4,406.2	14.5	4,026.4	14.6	4,523.6	13.2	4,373.6	11.4	4,582.8	11.6	1,159.6	15.1
Chemical industry production, rubber (including chemical fibres and yarns)	5,737.5	14.2	4,106.2	13.6	4,121.9	14.9	4,987.5	14.6	5,449.0	14.2	5,613.7	14.3	1,239.1	16.2
Machines and equipment	7,386.2	18.3	5,422.6	17.9	4,838.8	17.5	6,082.3	17.8	6,904.5	18.0	7,484.0	19.0	1,497.4	19.5
Wood and paper-pulp products	887.3	2.2	598.2	2.0	568.9	2.1	672.3	2.0	783.1	2.0	795.5	2.0	179.8	2.3
Ferrous, non-ferrous metals and metalware	3,703.9	9.1	2,535.1	8.4	2,505.8	9.1	3,411.3	10.0	3,810.6	9.9	3,747.9	9.5	814.6	10.6
Mineral products	12,146.9	30.0	9,429.3	31.1	7,582.8	27.5	9,919.9	29.0	11,350.4	29.5	10,052.0	25.6	1,256.8	16.4
Textile and textile products	843.8	2.1	585.3	1.9	802.7	2.9	1,035.4	3.0	1,161.7	3.0	1,248.5	3.2	262.3	3.4
Hides, furs and goods made of them	158.9	0.4	80.5	0.3	90.3	0.3	122.1	0.4	124.1	0.3	111.4	0.3	23.3	0.3
Means of transport	2,850.7	7.0	1,659.2	5.5	1,484,5	5.4	1,821.5	5.3	2,387.3	6.2	2,827.1	7.2	573.4	7.5
Other products	1,998.5	4.9	1,468.9	4.8	1,587.8	5.7	1,659.0	4.7	2,096.8	5.5	2,879.0	7.3	654.1	8.7
Total	**40,502.4**	**100**	**30,291.5**	**100**	**27,609.9**	**100**	**34,234.9**	**100**	**38,441.1**	**100**	**39,341.9**	**100**	**7,660.4**	**100**

Source: National Statistical Committee

In the first quarter of 2020, imports from CIS countries amounted to U.S.$4.2 billion, while imports from countries outside the CIS amounted to U.S.$3.4 billion. In 2019, imports from CIS countries amounted to U.S.$24 billion, and imports from non-CIS countries – to U.S.$15.3 billion.

In 2018, imports from CIS countries reached U.S.$24.3 billion, while imports from non-CIS countries amounted to U.S.$14.1 billion.

In 2017, imports from CIS countries reached U.S.$21.1 billion, or 61.5 per cent, of total imports, representing a 27.3 per cent. increase as compared to 2016, while imports from non-CIS countries amounted to U.S.$13.2 billion, or 38.5 per cent, of total imports, representing an increase of 19.0 per cent. as compared to 2016.

In 2016, imports from CIS countries amounted to U.S.$16.5 billion, or 59.9 per cent. of total imports, representing a 9.8 per cent. decrease as compared to 2015. Imports from non-CIS countries amounted to U.S.$11.1 billion, or 40.1 per cent, of total imports, representing a decrease of 7.4 per cent. as compared to 2015.

In 2015, imports from CIS countries amounted to U.S.$18.3 billion, or 60.6 per cent. of total imports, representing a 24.2 decrease as compared to 2014, while imports from non-CIS countries amounted to U.S.$11.9 billion, or 39.4 per cent, of total imports, representing a 26.8 decrease as compared to 2014.

Russia accounts for approximately half of imports in value terms. In the first quarter of 2020, imports from Russia amounted to U.S.$3.7 billion (48.3 per cent. of total imports). In 2019, imports from Russia amounted to U.S.$22 billion. In 2018, imports from Russia amounted to U.S.$22.6 billion. In 2017, imports from Russia grew by U.S.$4.3 billion to reach U.S.$19.6 billion. In 2017, imports from Russia increased across a wide range of goods. In 2016, U.S.$15.3 billion of goods were imported from Russia, which represented 55.4 per cent. of total imports, a decrease of 10.7 per cent. as compared to 2015. U.S.$17.1 billion of goods were imported from Russia in 2015, which represented 56.6 per cent. of total imports, a decrease of 22.7 per cent. as compared to 2014.

The EU has consistently had a high share of Belarusian imports (at around 20 per cent.). In the first quarter of 2020, imports from the EU amounted to U.S.$1.6 billion. In 2019, imports from the EU countries amounted to U.S.$7.3 billion. In 2018, imports from the EU amounted to U.S.$7.1 billion. Imports from the EU countries in 2017 increased by U.S.$1.2 billion as compared to 2016 to reach U.S.$6.7 billion. The Republic of Belarus imported U.S.$5.5 billion of goods from the EU in 2016, representing a 5.4 per cent. decrease as compared to 2015 and in 2015 it imported U.S.$5.8 billion of goods from the EU in 2015, representing a decrease of 38.3 per cent. as compared to 2014.

In the first quarter of 2020, imports from Asia amounted to U.S.$1.4 billion, or 18 per cent. of total imports. In 2019, imports from Asian countries amounted to U.S.$5.9 billion, or 15 per cent. of total imports. In 2018, the Belarusian imports amounted to U.S.$5.3 billion, or 13.8 per cent. of total imports. In 2017, imports from Asian countries increased to U.S.$4.9 billion or 14.3 per cent. of total imports in 2017. In 2016 and 2015, imports from Asian countries amounted to U.S.$3.9 billion, which represented 14.0 per cent. and 12.8 per cent. of total imports in 2016 and 2015, respectively.

China is the most significant source of imports among the Asian countries. In the first quarter of 2020, imports from China amounted to U.S.$0.8 billion, which represented 11.1 per cent. of total imports. In 2019, imports from China amounted to U.S.$3.8 billion, which represented a 20.7 per cent. increase compared to 2018. In 2018, imports from China amounted to U.S.$3.2 billion, which represented a 15 per cent. increase as compared to the year ended 31 December 2017. In 2017, imports from China increased to U.S.$2.7 billion, which represented an increase of 28.9 per cent. The Republic of Belarus imported U.S.$2.1 billion of goods from China in 2016, a decrease of 11.3 per cent. compared to 2015.

In the first quarter of 2020, average prices of imported goods decreased by 2.5 per cent., while the volume of physical supplies increased by 6.2 per cent. In 2019, average prices of imported goods decreased by 1.9 per cent., and the volume of physical deliveries increased by 4.3 per cent. In 2018, average import prices and volumes of deliveries in physical terms increased by 6.9 per cent. and 5.0 per cent., respectively. In 2017, average import prices increased by 9.4 per cent. and volumes increased by 13.3 per cent. In 2016, average import prices decreased by 6.4 per cent. and volumes decreased by 2.6 per cent. In 2015, average import prices and volumes decreased by 15.6 per cent. and 11.4 per cent., respectively, as compared to 2014.

The table below sets forth a breakdown of Belarusian imports by geography for the periods indicated:

	2014	Share in total volume, %	2015	Share in total volume, %	2016	Share in total volume, %	2017	Share in total volume, %	2018	Share in total volume, %	2019	Share in total volume, %	Three months ended 31 March 2020	Share in total volume, %
							(U.S.$ million)							
Import – total......	**40,502.4**	**100.0**	**30,291.5**	**100.0**	**27,609.9**	**100.0**	**34,230.7**	**100.0**	**38,441.1**	**100.0**	**39,341.9**	**100.0**	**7,660.4**	**100.0**
Russia..................	22,190.2	54.8	17,143.2	56.6	15,306.8	55.4	19,599.1	57.2	22,619.4	58.8	21,982.9	55.9	3,700.9	48.3
EU countries.........	9,448.6	23.3	5,833.5	19.3	5,519.7	20.0	6,653.4	19.4	7,162.1	18.6	7,264.0	18.5	1,552.0	20.3
of which:														
Germany...........	2,465.3	6.1	1,385.5	4.6	1,332.6	4.8	1,727.1	5.0	1,850.6	4.8	1,724.3	4.4	403.9	5.3
Poland	1,535.0	3.8	1,085.8	3.6	1,185.2	4.3	1,339.0	3.9	1,207.4	3.1	1,329.4	3.4	291.6	3.8
Italy	1,165.9	2.9	636.7	2.1	576.4	2.1	693.8	2.0	789.4	2.1	802.9	2.0	161.2	2.1
France...............	424.2	1.0	320.7	1.1	243.3	0.9	299.7	0.9	325.1	0.8	345.9	0.9	81.7	1.1
Lithuania	365.4	0.9	277.8	0.9	265.5	1.0	318.4	0.9	356.8	0.9	384.1	1.0	65.1	0.9
Czech Republic .	411.6	1.0	275.7	0.9	192.5	0.7	197.5	0.6	275.8	0.7	239.8	0.6	55.3	0.7
Netherlands	482.6	1.2	211.1	0.7	209.9	0.8	300.4	0.9	323.8	0.8	419.9	1.1	100.5	1.3
China...................	2,373.2	5.9	2,401.2	7.9	2,129.5	7.7	2,745.3	8.0	3,158.2	8.2	3,796.7	9.7	849.7	11.1
Ukraine................	1,688.9	4.2	951.5	3.1	985.4	3.6	1,220.8	3.6	1,402.9	3.7	1,697.2	4.3	376.3	4.9
Turkey	463.2	1.1	487.9	1.6	734.9	2.7	807.6	2.4	802.4	2.1	759.2	1.9	166.7	2.2
USA.....................	507.6	1.3	445.9	1.5	515.3	1.9	379.3	1.1	437.2	1.1	663.0	1.7	175.3	2.3
Other countries.....	3,830.7	9.4	3,028.3	10.0	2,418.3	8.7	2,829.4	8.3	2,858.9	7.4	3,178.9	8.0	839.5	10.9

Source: National Statistical Committee

MONETARY AND FINANCIAL SYSTEM

The National Bank

The National Bank was established as the central bank of the Republic of Belarus in December 1990 following the enactment of the Belarusian laws entitled "On the National Bank of the Republic of Belarus" and "On Banks and Banking Activities in the Republic of Belarus". The National Bank was established on the basis of the Belarusian Republican Bank of the USSR State Bank, which had represented the Belarusian banking system prior to independence.

The National Bank is a central bank and a government body of the Republic of Belarus, which carries out its activities in accordance with the Constitution, the Charter of the National Bank, the Bank Code, relevant Belarusian legislation and legal acts passed by the President and is independent in its activity. The National Bank is accountable to the President. The Charter of the National Bank sets out provisions relating to its status as a legal entity, its functions, its operations, the organisation of its activities, its property and its governing bodies. In particular, the Charter of the National Bank provides that the National Bank's objectives are to:

- support price stability;
- ensure stability of the banking system of Belarus; and
- ensure that Belarus' payment system functions in an efficient, reliable and secure manner.

The governing body of the National Bank is the Board of the National Bank. The number of the Board members is determined by the President. Currently, the Board of the National Bank comprises nine members. Each member of the Board of the National Bank is appointed by the President (and approved by the Council of the Republic). The duties of the Board of the National Bank include:

- reviewing and submitting to the President, in concert with the Government, the monetary policy guidelines for the forthcoming financial year;
- providing the annual performance report of the National Bank for approval of the President;
- establishing, with the agreement of the President, the rate of foreign capital participation in the banking system;
- making decisions regarding the regulation of credit relations and money circulation, establishment of settlement procedures and foreign exchange regulation and other duties.

Development Bank of the Republic of Belarus

The Belarus Financial Sector Assessment prepared by the World Bank and published in November 2009 recommended that the authorities establish a dedicated agency that would take over all existing government-directed loans and associated state funding from state-owned commercial banks. This agency was to become the sole channel of budget funding for state development programs. The objective was to reduce the role of the government in the governance of state-owned commercial banks, limit the excessive credit growth stimulated by directed lending, allow commercial banks to operate on market terms and thereby improve the allocation of credit in the economy, increase the transparency of directed lending, and support the implementation of monetary policy. This recommendation was echoed in subsequent IMF reports. It was planned that the Government would gradually reduce the volume of direct lending to public enterprises, while expanding lending on a commercial basis. Full cancellation of direct lending is expected in 2021.

Following this recommendation the Development Bank was established in 2011 as a joint-stock company under Presidential Edict No. 261 of 21 June 2011 ("**Edict No. 261**"), last amended on 19 December 2019. In accordance with the provisions of the Edict No. 261 the Development Bank did not need to receive special permission (license) for performing banking activities in order to perform transactions specified in the Edict No. 261. Edict No. 261 explicitly prohibits DBRB from providing banking operations to individuals, opening current (settlement) accounts to legal entities and individual entrepreneurs and using cash. In 2016, the DBRB became subject to regulations of the National Bank in terms of banking supervision with some exceptions in comparison with commercial banks.

The Council of Ministers holds a 96.482 per cent. stake in DBRB. Key government figures, including the Prime Minister, are members of DBRB's Supervisory Board, allowing the state to maintain close oversight of the DBRB's activities. DBRB's Supervisory Board also includes five independent directors (62.5 per cent. of the Supervisory Board).

The initial aim of the Development Bank, as set out in the Edict No. 261 and DBRB's Articles of Association, was twofold: to finance projects included in state programs and to acquire other banks' assets related to state programs. In December 2011 Belarusbank and Belagroprombank transferred directed lending assets to the value of BYN0.2 billion to DBRB. This was followed by transfers of BYN0.6 billion in 2012 and BYN0.5 billion in 2013. DBRB also received a further BYN0.1 billion in transfers of assets from Belagroprombank in 2014. The transfers were at par value, including for NPLs, which effectively strengthened the balance sheets of the state banks.

In January 2013 the Development Bank's mandate was broadened to allow it to provide export financing, including for export leasing (of at least U.S.$0.2 million as per the latest amendment to the Edict No.261). Beginning in late 2014, the bank has started providing investment loans to private SMEs via partner banks.

The current version of Edict No. 261, which came into effect on December 25, 2019, removes the task of acquiring bank assets from the list, introduces other changes to the current mandate of the Development Bank and expands the list of its current tasks.

At present, therefore, the DBRB's primary tasks include:

- Financing capital-intensive long-term investment and high social significance projects, particularly those specified in the various Belarus government development programs;
- Financing self-selected projects;
- Lending to public-private partnership activities;
- Ensuring its own financial security, sustainable, safe and liquid functioning;
- Issuing bank guarantees;
- Attracting external loans;
- Placement of temporarily available funds on the most efficient basis, including with non-resident banks;
- Acting as an export bank supporting Belarusian producers focused on overseas markets;
- Supporting development and extending investment credit to SMEs; and
- Serving as an agent of the government for managing so-called "family capital" – lump sums payable in non-cash form, introduced in late 2014, to families with three children or more, which have to be managed for 18 years.

As at the end of 2019, the Development Bank was the third largest bank in Belarus in terms of assets. DBRB's assets increased 2.5 times from BYN3.7 billion at the end of 2014 to BYN9.5 billion at the end of 2019. Its main assets were BYN4.9 billion in loans to customers and securities for sale of BYN3.1 billion. DBRB's equity amounted to BYN2.4 billion, up from BYN1.2 billion in 2014, providing sizable capital buffers for DBRB with general capital adequacy ratio at 26.3 per cent. The original sources of financing for the DBRB were government deposits from the Ministry of Finance, which were linked to the transfer of loans under directed lending programs from the state-owned commercial banks, as well as issued bonds. In 2013, the Development Bank started borrowing from the interbank market. In May 2019, the DBRB issued two tranches of debut Eurobonds, with the first tranche totalling U.S.$500 million, and the second tranche totalling BYN210 million.

The table below sets forth key figures based on the IFRS financial statements of DBRB:

	2014	2015	2016	2017	2018	2019
			(BYN million)			
Total assets	**3,741**	**4,844**	**5,295**	**6,145**	**7,876**	**9,524**
Due from banks...........	152	253	334	465	558	607
Loans to customers	2,245	2,857	3,153	3,578	4,471	4,943
Securities available for sale.............................	1,177	1,507	1,521	1,728	2,351	3,107
Total liabilities...........	**2,567**	**3,356**	**3,750**	**4,440**	**5,749**	**7,112**
Due to banks	336	679	986	1,496	2,273	2,489
Deposits of the government bodies	477	656	662	587	919	1,051
Debt securities issued..	1,696	1,849	1,828	1,888	1,923	3,306
Equity.........................	**1,174**	**1,487**	**1,545**	**1,705**	**2,127**	**2,413**
Net profit (loss)..........	**63**	**131**	**112**	**228**	**327**	**286**
General capital adequacy ratio, %........	32.46	32.60	30.45	30.79	28.32	26.32
BYN/U.S.$..................	1.1850	1.8569	1.9585	1.9727	2.1598	2.1036

Source: DBRB data

Monetary and Exchange Rate Policy

The Belarusian ruble was introduced as the official currency of the Republic of Belarus in May 1992. On 1 January 2000, the Belarusian ruble was redenominated at a rate of old BYN1,000 to new BYN1. Further, in 1 July 2016, the Belarusian ruble was redenominated at a rate of old BYN10,000 to new BYN1.

At the beginning of 2009, the National Bank changed from the peg of the Belarusian ruble to the U.S. dollar and the Russian ruble, to the peg of the ruble to a currency basket including the U.S. dollar, the Euro and the Russian ruble (in equal proportions). See "*Risk Factors—Risks Relating to the Republic of Belarus—The Belarusian currency is subject to volatility*". This change allowed the National Bank greater flexibility in responding to currency price fluctuations. The move to shadow the U.S. dollar and the Euro was motivated by the importance of such currencies in foreign economic operations, as demonstrated by the volumes of such currencies traded in the domestic money market and by the volume of the savings in these currencies across the population. The move to shadow the Russian ruble as an intermediary monetary target is based on Russia being the Republic of Belarus' most important foreign trading partner, its main market for non-raw material exports and its main supplier of manufacturing resources.

In 2015-2019, the implementation of the exchange rate policy of the National Bank was carried out in a floating rate mode. Currency interventions were used to smooth out the fluctuations of the foreign currency basket value, as well as to purchase foreign currency to replenish gold and currency reserves with a steady excess of its supply over demand in the domestic foreign exchange market.

As at 1 November 2016, the foreign currency basket configuration was modified: the Russian ruble share was increased to 50 per cent. (from 40 per cent.), the U.S. dollar's share remained at 30 per cent. and the Euro's share was decreased to 20 per cent.(from 30 per cent.). This was done in order to take account of the significant share of Russia in the Republic of Belarus' exports.

The depreciation of the Belarusian ruble against the foreign currency basket in 2017 amounted to 6.0 per cent. Over the same period the depreciation of the Belarusian ruble against U.S. dollar was 0.7 per cent., as compared to 15.2 per cent. against the Euro and 5.7 per cent., against the Russian ruble.

The Belarusian ruble strengthened against the foreign currency basket during 2018 by 1.1 per cent. as compared to 31 December 2017. Over the same period the depreciation of the Belarusian ruble against the U.S. dollar and Euro was 9.5 per cent. and 5.0 per cent., respectively, while the appreciation of Belarusian ruble against Russian ruble was 9.2 per cent.

The depreciation of the Belarusian ruble against the basket of currencies in 2019 amounted to 2.7 per cent. as compared to 31 December 2018. In 2019, the Belarusian ruble appreciated against the U.S. dollar and the Euro by 2.6 per cent. and 4.9 per cent., respectively, while the Belarusian ruble weakened by 9.4 per cent. against the Russian ruble.

In the first quarter of 2020, the Belarusian ruble depreciated against the U.S. dollar by 23.7 per cent., against the Euro by 22.4 per cent., and against the Russian ruble – by 4.2 per cent. The value of the basket of currencies increased by 8.6 per cent.

The following table sets out the average official exchange rates of the Belarusian ruble for the indicated currencies for the periods indicated (calculated as the arithmetical mean):

	2014	**2015**	**2016**(1)	**2017**(1)	**2018**(1)	**2019**(1)	**Three months ended 31 March 2020**(1)
Exchange Rate							
U.S.$	10,226.90	15,905.05	1.9876	1.9324	2.0377	2.0914	2,3282
EUR..............................	13,578.33	17,654.54	2.2001	2.1831	2.4052	2.3423	2,5525
Russian rubles	270.64	261.35	2.9744(2)	3.3124(2)	3.2571(2)	3.2327(2)	3,3553(2)

Source: National Bank

Notes:

(1) Post re-denomination of the Belarusian ruble. See "*Exchange Rate Information*".

(2) Per RUR100.

In accordance with the Charter of the National Bank, the main objective of the National Bank's monetary policy is to ensure price stability.

In 2016-2019, monetary and credit policy was aimed at maintaining macroeconomic stability and controlling inflation. Consumer inflation decreased from 10.6 per cent. in 2016 to 4.7 per cent. in 2019.

The following table sets out the index of consumer prices for the previous years and the target estimates for the future:

	As at 31 December						
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Index of consumer prices, in % to December of the previous year	116.2	112.0	110.6	104.6	105.6	104.7	up to 105.0(1)

Source: National Bank

Note:

(1) Estimates.

Liquidity and Money Supply

To regulate the money supply and the liquidity of the banking sector, the National Bank uses standing facilities (such as credit, overnight deposits), performs bilateral operations (fixed lombard credit and two-way swaps) and open market operations (lombard credit auctions, repo operations, auctions on issuance of short-term Belarusian ruble bonds and deposit auctions). The National Bank's operations are divided into liquidity support operations and liquidity withdrawal operations.

The following table sets out the monetary indices for each of the periods indicated:

	As at 31 December						As at 31 March
	2014	2015	2016(1)	2017(1)	2018(1)	2019(1)	2020(1)
	(BYN billion unless otherwise specified)						
Index							
Cash in circulation (M0)	13,923.8	14,236.1	1,790.6	2,346.6	2,991.6	3,708.3	3,535.47
Active monetary aggregates in BYN (M1)..........................	41,764.6	42,733.3	5,324.6	7,302.9	8,615.7	10,274.9	8,877.54
Monetary aggregates in BYN (M2)	90,844.5	90,496.3	10,807.7	14,070.2	16,899.0	21,523.3	19,813.92
Rate of growth as compared to previous year, *(%)*	14.5	(0.4)	19.4	30.2	20.1	27.4	(7.9)
Broad monetary aggregates (M3)........	239,442.7	326,938.8	33,935.0	39,848.5	43,232.9	48,509.7	52,630.12
Rate of growth as compared to previous year, *(%)*	23.9	36.5	3.8	17.4	8.5	12.2	8.5
Monetary base	39,139.1	44,962.5	4,579.1	7,169.3	8,623.9	9,431.3	9,952.13
Deposits in BYN	76,227.5	74,899.5	8,849.1	11,340.0	13,002.7	16,444.6	14,768.18
Current	27,840.8	28,497.2	3,533.9	4,956.4	5,624.2	6,566.6	5,342.07
Term......................	48,386.7	46,402.3	5,315.1	6,383.6	7,378.5	9,878.0	9,426.11
Deposits in foreign currency...................	137,705.6	218,787.8	20,842.4	23,113.1	23,998.1	25,336.8	31,216.79
Current	23,394.9	35,478.6	3,274.5	5,129.7	6,1815	7,429.5	9,825.81
Term......................	114,310.7	183,309.2	17,567.9	17,983.5	17,816.6	17,907.4	21,390.98
Credit advanced by banks	313,988.6	377,771.2	35,851.0	38,762.5	44,061.0	48,388.9	55,650.62

Source: National Bank

Note:

(1) Post re-denomination of the Belarusian ruble. See "*Exchange Rate Information*".

In 2019, changes in monetary aggregates reflected the National Bank's policy of control over the money supply as part of the monetary targeting regime aimed at price stability. In 2019, broad monetary aggregate M3 increased by 12.2 per cent. (the increase in the average monthly broad money supply in December 2019 as compared to December 2018 was 11.4 per cent). As a result of measures taken to de-dollarise the economy, the share of the foreign currency component in the structure of the broad money supply decreased by 5.7 per cent. in 2019, the monetary aggregate in Belarusian rubles M2 increased by 27.4 per cent. Term deposits of individuals increased by 6 per cent.

In the first quarter of 2020, the broad monetary aggregate M3 increased by 8.5 per cent. (the increase in the average monthly broad monetary mass in March 2020 as compared to March 2019 was 17.1 per cent.). The share of the currency component in the structure of the broad money supply increased by 2.9 per cent., and the monetary aggregate in Belarusian ruble M2 decreased by 7.9 per cent. Term deposits of individual increased by 6 per cent.

In order to reduce the level of dollarisation of the national economy, the Government of the Republic of Belarus and the National Bank on 4 December 2019 approved an updated Action Plan for de-dollarising the economy, pursuant to which work is being carried out with a view to amend the legislation establishing exceptions to the use of foreign currency in settlements between residents of the Republic of Belarus, as well as in the expression of monetary obligations between them. In addition to the measures provided for by the Action Plan, the National Bank is implementing other measures aimed at strengthening the national currency and increasing the effectiveness of the monetary policy.

In order to create conditions allowing to maintain the attractiveness of local currency savings to the population, the coupon on deposits in national currency is set at a higher level than on deposits in foreign currency, which also seeks to reduce the level of dollarisation.

These measures contributed to the reduction of the dollarisation of the broad money supply from 60.9 per cent. on 1 January 2019 to 55.6 per cent. on 1 January 2020.

In the first quarter of 2020, the level of dollarisation of the broad money supply increased to 62.4 per cent.

Gold and Foreign Exchange Reserves

The Republic of Belarus' gold and foreign exchange reserves consist largely of foreign currency reserves held in deposit accounts with banks outside the Republic of Belarus or invested in securities and treasury bills issued by non-Belarusian issuers, gold holdings, IMF special drawing rights ("**SDRs**") and other assets.

The table below sets out total foreign reserve assets held by the National Bank as at the dates indicated:

	As at 31 December						As at 31 March
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
				(U.S.$ million)			
Foreign currency............	2,882.8	1,953.7	2,420.1	4,282.2	4,203.5	5,556.6	4,715.4
Gold[(1)]...........................	1,637.1	1,432.2	1,720.3	1,939.9	1,934.7	2,387.2	2,556.8
SDRs.............................	538.7	515.2	499.8	529.5	517.1	513.9	508.2
Other assets[(2)]	0.5	274.7	286.9	563.7	502.2	935.8	6.1
Total gold and foreign exchange reserve assets	**5,059.1**	**4,175.8**	**4,927.2**	**7,315.3**	**7,157.6**	**9,393.5**	**7,786.5**

Source: National Bank

Notes:

(1) Gold was valued per ounce at U.S.$1,199.25, U.S.$1,062.25, U.S.$1,159.10, U.S.$1,296.50, U.S.$1,281.65, U.S.$1,523.0 and U.S.$1,608.95 as at 31 December 2014, 2015, 2016, 2017, 2018 and 2019 and as at 31 March 2020, respectively.

(2) Including assets such as reverse repos, funds in trusts and accrued interest.

Due to the need to maintain gold and foreign exchange reserves and cover the current account deficit, in 2011-2016, the Government stepped up its efforts to privatise state property and attract foreign investment and financing using EFSD funds. In 2011, the Republic of Belarus topped up its international reserve assets by U.S.$2.5 billion following the privatisation of Beltransgaz. See "*The Economy of the Republic of Belarus—Privatisation*".

As at 1 April 2020, the volume of gold and foreign exchange reserves amounted to U.S.$7.8 billion, a decrease of U.S.$1.6 billion compared to 1 January 2020, which corresponds to 2.3 months of import of goods and services.

The decrease in the level of international reserve assets in first quarter of 2020 was due to the planned repayment by the Government and the National Bank of the Republic of Belarus of external and internal liabilities in foreign currency in the amount of U.S.$1.3 billion, as well the sale of foreign currency by the National Bank at the auction of the Belarusian Currency and Stock Exchange.

Gold and foreign exchange reserves were replenished in 2019 mainly due to the purchase by the National Bank of foreign currency at the auctions of the Belarusian Currency and Stock Exchange OJSC, the receipt of taxes, duties and other payments in foreign currency to the budget, as well as issuance by the Ministry of Finance and the National Bank of bonds denominated in foreign currency.

The Government and the National Bank will continue to maintain gold and foreign exchange reserves at an economically safe level and improve their structure by reducing debt financing.

Interest Rates

In 2019, the interest rate policy was in line with the current economic situation and was aimed at creating conditions for achieving the inflation target.

In the context of macroeconomic stabilisation and a decrease in inflation in 2019, the refinancing rate was reduced to 9 per cent. per annum, the rate for constantly available liquidity support operations was reduced to 10 per cent. per annum, with the rate for constantly available liquidity withdrawal operations fluctuating between 8.5 to 8 per cent. per annum over the year (subsequently returning to the level of 8 per cent. per annum). Thus, a symmetric interest rate corridor was provided. In March 2020, the average interest rates on the credit and deposit market were at the following levels:

- on new term bank deposits in Belarusian rubles – 7.5 per cent. per annum;
- on new term bank deposits in foreign currency – 0.6 per cent. per annum;
- on new bank loans in Belarusian rubles – 10.7 per cent. per annum; and
- on new bank loans in foreign exchange – 4.3 per cent. per annum.

In February 2020, the refinancing rate was reduced to 8.75 per cent. per annum, while the rate for constantly available liquidity support operations was reduced to 9.75 per cent. per annum, and the rate for constantly available liquidity withdrawal operations fluctuating was reduced to 7.75 per cent. per annum. Thus, a symmetric interest rate corridor was provided.

On 20 May 2020, in an effort to mitigate the negative economic impact of the COVID-19 pandemic and contribute to price and financial stability in the country, the National Bank announced decreases in the refinancing rate from 8.75 per cent. (previously in effect from 19 February 2020) to 8 per cent., the overnight credit interest rate from 9.75 per cent. to 9 per cent., and the overnight deposit interest rate from 7.75 per cent. to 7 per cent. See "*Overview of the Republic of Belarus—COVID-19 Impact*".

The table below shows the average refinancing rate set by the National Bank, the average interbank market annual rate, average rate on new deposits and average rate on new loans as a rate per annum for each of the periods indicated (excluding loans issued on preferential conditions in accordance with decisions of the President of the Republic of Belarus covered by the funds of the national and local authorities).

	On average for the year ended 31 December						**On average for the three months ended 31 March**
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
			(% per annum)				
Index							
Average refinancing rate .	21.5	24.9	21.2	13.4	10.3	9.8	8.9
Average interbank market annual rate	25.3	30.9	21.3	9.6	10.7	10.2	9.2
Average rate for new term deposits:							
in BYN	28.4	29.7	15.4	6.3	7.1	8.0	7.5

	On average for the year ended 31 December						On average for the three months ended 31 March
	2014	2015	2016	2017	2018	2019	2020
			(% per annum)				
in foreign currency	4.9	4.9	3.2	1.7	1.1	1.2	0.7
Rate for new loans:							
in BYN	35.5	38.4	26.3	13.9	11.2	11.1	10.7
in foreign currency[(1)] ...	9.2	10.0	8.8	6.5	5.2	4.8	4.2

Source: National Bank

Notes:

(1) Loans issued in freely convertible currency.

Banking Sector

As at 1 April 2020, the banking sector of the Republic of Belarus consisted of 24 active banks, five of which were state-owned, 14 of which were controlled by foreign investors (four of these banks were 100 per cent. foreign-owned) and five of which were controlled by private non-foreign capital. As at 1 April 2020, five representative offices of foreign banks were active in the territory of the Republic of Belarus: two of Russian banks, one of a Chinese bank, one of a German bank and one of an interstate bank. As at 1 April 2020, the share of foreign investment in the total volume of the authorised funds registered by Belarusian banks totalled 19.7 per cent.

In 2008, the Decree of the President of the Republic of Belarus No. 22 dated 4 November 2008 "On Guarantees of Safety of Monetary Funds of Natural Persons Placed on Accounts and (or) in Bank Deposits" (as amended) came into force. Pursuant to this decree, the state guarantees safety of natural persons' monetary funds in Belarusian rubles and foreign currencies placed in current and/or term deposit accounts with Belarusian banks. The mentioned decree provides for 100 per cent. reimbursement of funds (with no limitation on the amount) in the currency of the account in the event the National Bank revokes the license of the relevant bank.

The following table sets out certain data relating to the banking sector in the Republic of Belarus as at the dates indicated:

	As at 31 December						As at 31 March
	2014	2015	2016	2017	2018	2019	2020
			(post-redenomination)				
Total number of banks[(1)] .	31	26	24	24	24	24	24
Banks in which the share ownership of state exceeds 50%....................	5	5	5	5	5	5	5
Banks in which the share ownership of foreign investors exceeds 50%	20	16	14	14	14	14	14
Other banks	6	5	5	5	5	5	5
Total equity of banks, *BYN million*	6,507.9	8,001.5	8,628.7	9,631.4	10,607.4	11,605.2	11,733.3
Total assets of banks, *BYN million*[(2)]	48,153.1	63,046.3	64,467.0	66,679.6	73,706.4	78,344.5	89,552.8
Total loans to customers (gross), *BYN million*	31,398.9	37,777.1	35,851	38,762.5	44,061.0	48,388.9	55,650.6
of which:							
in national currency.....	15,429.4	16,183.3	15,761.8	19,077.7	22,723.2	25,849.4	27,493.0
in foreign currency	15,969.5	21,593.9	20,089.1	19,684.8	21,337.8	22,539.6	28,157.7

	As at 31 December						As at 31 March
	2014	2015	2016	2017	2018	2019	2020
				(post-redenomination)			
Total provisions for impairment, *BYN million*.	1,118.2	1,916.6	2,319.1	2,688.4	3,486.5	3,658.8	4,123.7
Total deposits, *BYN million*	21,427.3	29,520.7	29,946.0	34,795.5	37,489.8	42,302.8	46,561.9
of which:							
in national currency.....	7,656.7	7,616.1	9,019.7	11,579.6	13,392.2	16,809.4	15,130.2
in foreign currency......	13,770.6	21,904.6	20,926.3	23,215.8	24,097.6	25,493.5	31,431.6
Tier 1 capital adequacy ratio, %(3).........................	11.5	13.0	13.0	12.8	12.5	13.0	12.1
Adequacy of regulatory capital, %(4).....................	17.4	18.7	18.6	18.5	17.7	17.9	15.1

Source: National Bank

Notes:

(1) Excluding those banks which are in the process of being liquidated.

(2) Including those banks which are in the process of being liquidated.

(3) The Tier I capital adequacy ratio established by the National Bank from 1 January 2016 is at least 6 per cent. . Starting from 1 January 2018, the Tier I capital adequacy ratio is at least 8.5 per cent. for systemically important banks of significance group I, at least 8 per cent. for systemically important banks of significance group II, and at least 7 per cent. for other banks. As part of the countercyclical measures taken by the National Bank in light of the COVID-19 pandemic until 31 December 2020, the size of the conservation buffer was reduced from 2.5 per cent. to 2.25 per cent. (from 25 March 2020) and subsequently to 2 per cent. (from 22 April 2020). Accordingly, from 22 April 2020 to 31 December 2020, the Tier I capital adequacy ratio is at least 8 per cent. for systemically important banks of significance group I, at least 7.5 per cent. for systemically important banks of group II, and at least 6.5 per cent. for other banks.

(4) The minimum regulatory capital adequacy ratio is 12.5 per cent. (10 per cent. plus the conservation buffer of capital from 1 January 2019 in the amount of 2.5 per cent). The regulatory capital adequacy ratio is at least 10 per cent. The regulatory capital adequacy ratio taking into account the conservation buffer was set at the level of least 12.5 per cent. from 1 January 2019, at least 12.25 per cent. from 25 March 2020 and at least 12 per cent. from 22 April to 31 December 2020.

The following table sets out certain data relating to the Belarusian banking sector as at the dates indicated:

	As at 31 December						As at 31 March
	2014	2015	2016	2017	2018	2019	2020
Return on total assets, in %	1.7	1.0	1.3	1.4	1.6	1.5	1.4
Return on the regulatory capital, in %....................	13.1	8.4	10.8	9.6	10.7	10.9	10.6
Revenue, BYN million(1).	759.4	585.9	884.9	886.7	1,096.3	1,175.2	209.1
Problem assets (Group III, IV, V)(2), BYN million(1).........................	1,445.0	2,767.2	5,139.8	5,549.2	2,789.3	2,727.4	3,619.6
of which, in local currency, BYN million(1).	587.8	1,011.2	2,028.4	1,928.4	684.1	861.6	1,154.9
Net interest margin, %(3)..	4.2	4.0	5.2	5.1	4.5	4.0	4.0

Notes:

(1) Post re-denomination.

(2) From 1 April 2018, problem assets include assets which are subject to credit risk and are classified under V-VI risk groups, as well as restructured debt, which is classified under IV-VI risk groups.

(3) Net interest margin is defined as the ratio of the difference between interest income and interest expense to the average value of assets that generate income for the year.

The following table sets forth the share of distressed assets, NPLs and NPAs as at the dates indicated:

	As at 31 December						As at 31 March
	2014	2015	2016	2017	2018	2019	2020
The share of problem assets (III-V risk groups) in assets subject to credit risk, %(1)	4.4	6.8	12.8	12.9	—	—	—
The share of problem assets (IV and V risk groups) in assets subject to credit risk, %(1)	0.9	1.9	4.0	2.0	—	—	—
The share of NPAs in assets subject to credit risk, %(2)	—	—	—	—	5.0	4.6	5.3

Source: National Bank

Notes:

(1) This classification of NPAs ceased to apply on 1 April 2018.

(2) From 1 April 2018, NPAs include assets which are subject to credit risk and are classified into V-VI risk groups, as well as restructured debt, which is classified in IV-VI risk groups.

As at 1 April 2020, the total assets of the Belarusian banking sector reached the equivalent of BYN89,552.8 million. At that date, deposits amounted to the equivalent of BYN46,561.9 million, and own capital amounted to the equivalent of BYN11,733.3 million. The average profitability of regulatory capital in the banking sector reached 10.2 per cent. as at 1 April 2020.

The increase in the share of NPLs in 2015 and 2016 was mainly attributable to the generally unfavourable economic conditions in the global and Belarusian financial markets. In order to align the international and Belarusian approaches to the formation of special reserves to cover possible losses, banks have been applying a new procedure for classifying assets exposed to credit risk by risk groups since April 2018. This new categorisation introduced a concept of non-performing assets, or NPAs, and increased the number of risk groups from five to six and assigned new minimum reserve requirements for each group of assets. NPAs include assets which are subject to credit risk and are classified into V-VI risk groups, as well as restructured debt, which is classified in IV-VI risk groups. Prior to 1 April 2018, the share of problem assets was calculated as the ratio of problem assets subject to credit risk (attributed to the III-V risk groups) to all assets subject to credit risk.

As at 1 April 2020, the share of NPAs in the Belarusian banking sector was 5.3 per cent. DBRB's bad debt ratio based on NPAs under the National Bank's categorisation was 1.9 per cent. as at the same date.

The following table sets out information regarding deposits in the Belarusian banking sector by the type of customer as at the date indicated:

	As at 31 December						As at 31 March
	2014	2015	2016	2017	2018	2019	2020
	(BYN million) (post-redenomination)						
Deposits by public sector	1,882.1	2,149.2	2,553.8	3,884.6	3,667.1	4,368.5	4,354.8
Deposits by private sector	5,360.5	7,141.2	7,307.8	9,475.0	10,051.9	12,071.2	13,095.3
Deposits by natural persons	13,433.3	19,272.0	19,074.2	20,103.5	22,174.3	24,019.3	27,151.1
Deposits by non-banking credit and finance institutions	751.4	958.3	1,010.1	1,332.3	1,596.4	1,843.8	1,190.7
Total deposits	**21,427.3**	**29,520.7**	**29,946.0**	**34,795.5**	**37,489.8**	**42,302.8**	**46,561.9**

Source: National Bank

The following table sets out certain data regarding the loan portfolio of the Belarusian banking sector by the type of borrower as at the dates indicated:

	As at 31 December						As at 31 March
	2014	2015	2016	2017	2018	2019	2020
				(BYN million)			
Total loan portfolio	31,398.86	37,777.12	35,851.0	38,762.5	44,061.0	48,388.9	55,650.6
of which:							
loans to public sector	14,413.56	16,994.65	15,759.8	15,619.8	16,499.0	17,054.8	19,848.3
loans to private sector[1]	10,334.2	13,198.06	11,860.2	12,613.9	13,901.5	14,919.1	18,130.6
loans to natural persons	6,293.61	6,878.84	7,155.4	9,031.9	11,596.4	14,048.8	14,772.5
loans to non-banking credit and finance institutions	357.49	705.57	1,075.6	1,496.9	2,064.0	2,366.2	2,899.3
NPAs[2]	309.7	767.5	1,625.2	856.9	—	—	—

Source: National Bank

Notes:

(1) Private sector includes enterprises with state participation. See "*The Economy of the Republic of Belarus – Principal Sectors of the Economy*".

(2) Assets that are subject to credit risk and classified as assets of IV and V group of risk.

Banking Supervision

The principal document setting out the legislative scope of banking activities in the territory of the Republic of Belarus is the Banking Code adopted in 2000 (the "**Banking Code**"). The Banking Code codifies the fundamental elements of banking supervision in the Republic of Belarus as well as the rights and responsibilities of the National Bank in respect of its banking regulatory functions. In 2012, amendments were made to the Banking Code which significantly broadened the scope of banking supervision. In particular, the National Bank was granted the power to set requirements for corporate governance and risk management systems and to monitor Belarusian banks' compliance with such requirements.

The National Bank is the central bank and the state body of the Republic of Belarus. The National Bank regulates credit relations and money circulation and determines the procedure for settlements. The primary objectives of the National Bank in the field of banking supervision are to maintain the stability of the banking system of the Republic of Belarus and to protect interests of depositors and other creditors.

The basic provisions relating to the operation of banks and other non-banking credit and finance institutions operating in the territory of the Republic of Belarus are specified in certain regulatory and legal acts of the National Bank, including:

- procedures for state registration and licensing of banks and non-banking credit and finance institutions;
- an instruction on the secure functioning requirements (ratios) for banks and non-banking credit and finance institutions;
- instructions on the corporate governance requirements for banks and non-banking credit and finance institutions;
- instructions on the requirements to organisation of risk management systems at banks, bank groups and bank holdings, and non-banking credit and finance institutions;

- instructions on the requirements to organisation of internal control systems at banks, bank groups and bank holdings, and non-banking credit and finance institutions;
- instructions on the disclosure of information by banks and non-banking credit and finance institutions, including information regarding shareholders and ultimate beneficial owners of a bank to ensure data transparency for market participants and other interested individuals;
- instructions on the supervision of banking activity on a consolidated basis;
- an instruction on supervisory response measures that may be applied by the National Bank to banks and non-banking credit and finance institutions for breach of prudential or other mandatory regulations;
- instructions on procedures for the creation and use of a special reserve for possible losses on the assets that exposed to credit risk of a banks and non-banking credit and finance institutions subject to credit risk;
- an instruction on the requirements (regulations) for the safe operation of bank groups and bank holdings; and
- instructions on the regulation of audit activities in banks, bank groups and bank holdings.

The current banking supervision system in the Republic of Belarus entails supervision of banks on an individual and consolidated basis and overall risk analysis of the banking system in general.

Supervision of banks and non-banking credit and finance institutions on an individual and consolidated basis includes:

- registering and licensing banks and non-banking credit and finance institutions;
- off-site documentary supervision based on submitted balance sheets and financial statements, prudential reporting, audit reports and other relevant information;
- on-site supervision based on inspections and audits to assess the financial condition, the internal control and risk management policies of banks and their compliance with prudential and other mandatory regulations; and
- liquidation of insolvent banks and non-banking credit and finance institutions and supervising procedures for revocation of banking licences.

DBRB is not a commercial bank and it is not subject to the same level of banking supervision. In particular, procedures for licensing of banks and non-banking credit and finance institutions, instructions on supervision of banking activity on a consolidated basis and special procedures of the insolvency regulation are not applicable to DBRB. In 2016, the National Bank introduced banking supervision over the activities of DBRB, requiring DBRB to adopt certain changes to its corporate governance policies and procedures and to comply with prudential and other requirements in the area of secure functioning. DBRB is required to comply with all requirements applicable to commercial banks except for minimal size of regulatory capital, LCR, norms of participation in statutory funds of other commercial entities and seven out of eight risk concentration ratios applicable to commercial banks (which are set out below).

Overall macroprudential supervision of the banking system in general includes:

- evaluation of systemic risks and analysis of the sector-wide trends and financial indicators;
- improving early detection mechanisms for risks in the financial system; and
- developing appropriate response measures.

Under the Banking Code, the National Bank shall establish prudential regulation of banking activities in the Republic of Belarus and supervise compliance therewith. The system of prudential regulation adopted by the National Bank is based on recommendations from the Basel Committee on Banking Supervision and includes:

- minimum capital requirements for newly established and existing banks;
- capital adequacy required to cover the main risks associated with banking activities (credit, market and operational risks);
- leverage limits;
- liquidity management;
- requirements for limiting the authorised funds of other commercial organisation;
- concentration risk and currency risks limits; and
- provisioning requirements to cover possible losses on assets and off-balance operation subject to credit risk.

For details of the National Bank's minimum capital and capital adequacy, liquidity management requirements and its currency risk limits, see "*Risk Management — Liquidity Risk*".

The National Bank's concentration risk limits include the following:

- maximum exposure ratio for one debtor;
- maximum exposure ratio for a group of debtors;
- total large exposures ratio;
- maximum exposure ratio for one related party and related individuals;
- maximum exposure ratio for one related party and related legal entities;
- maximum exposure ratio for one corporate related party and related persons;
- total exposure ratio for corporate related parties and related persons and individual related parties and related legal entities;
- total exposure ratio for individual related parties and related individuals; and
- maximum average amount of risk in respect of countries not included in group "A".

Of these nine ratios, the only ratio applicable to DBRB is the total large exposures ratio. See "*Risk Management—Liquidity Risk*" for details of this ratio.

For further detail regarding credit risk and provisioning, see "*Risk Management—Credit Risk*".

The National Bank is constantly working on improving the banking supervision and capital adequacy standards in the Republic of Belarus based on standards of the Basel Committee of Banking Supervision (Basel II and Basel III).

The IMF and World Bank mission to the Republic of Belarus in its FSAP in 2016 acknowledged considerable progress in the development of the banking supervision system. Similarly, in its 2017 staff report the IMF recognised the steps the Republic of Belarus has taken to address financial sector risks and encouraged the Republic of Belarus' continued implementation of the FSAP recommendations. There is a wide range of statutory and regulatory rules in place as well as an established process of banking supervision which includes inspections and remote supervision, constant implementation of the Basel norms of capital adequacy, an established process of formation of reports as part of the Internal

Capital Adequacy Assessment Procedures, and an improved methodology of banks classification according to level of risk.

In 2016, the National Bank in close cooperation with IMF specialists carried out an independent Asset Quality Review ("**AQR**") of nine Belarusian banks, which accounted for more than 92 per cent. of the banking sector's aggregate assets. DBRB was not subject to the AQR. International audit companies such as KPMG, Deloitte, Ernst & Young, PricewaterhouseCoopers, PKF were engaged to conduct the AQR procedure. The main goal of the AQR was to receive an independent assessment of the credit risk assumed by the banks and whether its compensation could be covered by existing capital. The results of the AQR showed that the banking sector's capital level is sufficient to successfully counter possible effects of negative events.

In May 2017, the second stage of the AQR of Belarusian banks was completed. The procedure involved a review of 15 banks that did not participate in the first stage of this procedure in 2016. These 15 banks accounted for approximately 7 per cent. of the banking sector's aggregate assets. An analysis of the results of the assessment showed that the adjustments to the capital adequacy ratio based on the results of the diagnostic study are generally insignificant and, given the small proportion of the assets of the evaluated banks, do not have a significant impact on the stability of the entire banking sector.

In 2009, legislation on credit histories came into effect in the Republic of Belarus, pursuant to which a database of credit histories of natural and legal persons of the Republic of Belarus was created. All credit institutions must provide information regarding their borrowers to the database. The legislation provides an increase in the safe functioning of the banking system, including through a more efficient system for transferring accurate information about future and existing borrowers and a more accurate assessment of credit risk. Starting in 2012, in accordance with the plan to implement Basel III standards, a methodology of estimating the capital, leverage, and liquidity indicators was developed and all Belarusian banks were supervised in their estimates of these indicators. As at 1 January 2016, capital indicators with regard to the Basel III conservation buffer and leverage were introduced as mandatory rules of safe functioning. The NSFR indicators as well as the liquidity risk monitoring tools have been introduced as mandatory requirements for banks since 1 January 2018.

Since 1 January 2018, a countercyclical buffer and a buffer of systemic significance have also been established, serving as supplements to the Tier 1 base capital. The methodology for determining systemically important banks, non-bank credit and financial organisations was approved. In order to improve corporate governance, minimum requirements for the organisation of a system of rewards and compensations in banks have been established. The requirements to the risk management system of banks, DBRB and non-bank credit and financial organisations have been expanded by including the cyber-risk in the operational risks' scope.

Starting from 1 April 2018, the National Bank has enhanced the requirements for the organisation of banks and the organisation of internal procedures for capital adequacy assessments and risk management by the DBRB, as well as introduced a number of significant changes in approaches to determining the source and its assessment, debt classification and formation of special reserves.

Starting from 1 March 2019, a new standardised approach to calculating credit risk was partially implemented.

In December 2019 – January 2020, the National Bank rolled out a procedure for remote supervision of banks' activities through regulation of the process of the National Bank's generally supervisory assessments and early warning system. Starting from 1 March 2019, the range of information on the internal capital adequacy assessments procedure and risk management to be submitted by banks and the DBRB to the National Bank for the purpose of conducting a supervisory review of their respective activities has been expanded.

The plans of the National Bank for 2020 envisage the further implementation of the Basel Committee's standards, including a new standardised approach to calculating the magnitude of operational risk.

The National Bank establishes the procedure for the creation and use of special reserves by banks, DBRB, and non-banking credit and finance organisations to cover potential losses on assets and operations not reflected in the balance sheet.

Depending on the level of credit risk, in order to form special reserves assets exposed to credit risk fall under the following groups:

- standard group (I risk group) - reserve requirement: from 0.5 per cent. to 2 per cent.;
- supervised group (II risk group) - reserve requirement: from 5 per cent. to 20 per cent.;
- supervised group (III risk group) - reserve requirement: from 20 per cent. to 30 per cent.;
- supervised group (IV risk group) - reserve requirement: from 30 per cent. to 50 per cent.;
- doubtful group (V risk group) - reserve requirement: from 50 per cent. to 100 per cent.; and
- default group (VI risk group) - reserve requirement: 100 per cent.

In 2019, experts of the International Monetary Fund, in the framework of technical assistance, analysed the approaches used by the National Bank for compliance with international prudential criteria in this area. According to the results of the analysis, IMF experts noted that the National Bank has made significant progress regarding the compliance of the applied approaches with international prudential criteria in the field of asset classification, formation of special reserves and determination of NPAs.

In addition to the increase in the number of the risk groups, the procedure for asset classification has also been changed to depend on applicable assessment criteria. Credit risk shall now be assessed with special emphasis on the borrower's repayment discipline and the number of days by which the performance of its obligations has been delayed.

Furthermore, the concept of NPAs has been introduced to include assets which are subject to credit risk and are classified within the V-VI risk groups, as well as restructured debt, which is classified within the IV-VI risk groups.

Definition of "high quality collateral" and the classification of assets secured by such collateral

A category of "high quality collateral" which includes security in the form of guarantees issued by the Government and the National Bank, pledges of local currency securities of the Republic of Belarus and the National Bank, guarantees, suretyships and pledges of securities of governments and central banks of other countries which have international "A" ratings, "A" rated banks, international financial organisations and development banks, or insurance of payment default or payment non-performance risks or business insurance by "A" rated insurance company, or in the form of deposit of monetary funds or bank's own debt securities, was introduced.

Debt secured by high quality collateral is classified into I risk group, regardless of the existence of any negative information regarding the debtor and/or presence of any signs of its financial instability, which requires a special reserve in the minimum amount of 0.5 per cent. to 2.0 per cent. of the total amount of the collateral within this group.

For loans secured with high-quality security, their classification is carried out depending on the duration of the overdue debt.

Definition of "restructured indebtedness" and classification

The restructuring of indebtedness means revisions of certain terms and conditions of a loan agreement relating to term, payments, and the execution of an agreement with the debtor to provide for a new asset to result in the termination of obligations between the bank and the debtor under the loan agreement (e.g., an extension of a new loan or an acquisition of debtor's debt securities) due to the debtor's inability to fulfil its obligations to a bank carried out in order to create conditions that would ensure timely fulfilment of obligations by the debtor to the bank.

One key indication of the restructuring is the debtor's inability to honour its obligations to the bank.

Restructured indebtedness shall not be classified into a risk group of a level lesser than that to which they belonged before the decision to proceed with the restructuring was made. Following that decision, the indebtedness falling under I-III risk groups shall be treated as falling under IV risk group. Reclassification of restructured debt is possible if payments on the principal debt were made by the debtor on time and in full continuously for at least 12 months after the debt had been restructured in accordance with the terms of the amended agreement, and there were no signs of financial instability or other negative information about the debtor. Reclassified restructured debt cannot be classified into risk group I.

From April 2020, it is planned to classify restructured debt depending on the number of times it has been restructured. A special classification procedure is provided for short-term debt secured by high-quality guarantees from the Government of the Republic of Belarus. In particular, it is envisaged to classify it as restructured only if the terms of the loan agreement are changed more than twice, while the amount of reserve for this debt classified in risk group IV is set from 5 to 50 per cent. (for loans that are not secured by state guarantees, the amount of the reserve is 30-50 per cent.).

It is possible to restructure debt previously written off by the Bank from a special reserve on off-balance sheet accounts. Restored restructured debt is subject to classification in risk group IV.

Procedure for classification and creation of special reserves in respect of assigned receivables

The list of assets for which special reserves shall be created by a bank has been extended to include receivables due from a third party assigned by a debtor in favour of a bank, extension of advances or other prepayments, deferred or instalment payments for any goods, works, or services (commercial loan), and the execution of an agreement relating to disposal of assets by a bank resulting from the termination of liabilities regarding assets exposed to credit risks in return for a deferred or instalment payment arrangement granted to a debtor.

Changes to classification of securities in banks' trading portfolio

Classification of securities exposed to devaluation risks was harmonised with that of securities held until maturity.

Nonetheless, it is still provided that no special reserves are required in regard to securities in the trading portfolio that are assessed by the bank at fair value.

Changes to the procedure for creating special reserves for contingent liabilities which may be forgone by the bank once the counterparty starts to show any signs of financial instability and/or there emerges other negative information in its respect

Banks have the right to refrain from classifying, and creating special reserves for contingent liabilities if a bank entitled to repudiate such obligations after counterparty's financial standing deteriorates or upon the emergence of negative information about its ability to perform the obligations to the bank.

If the bank has not used this right, the contingent liability is subject to mandatory classification with the formation of a special reserve in the appropriate amount. Failure by a bank to exercise its discretion means that the respective asset shall be classified according to the general procedure and the bank shall create applicable special reserves.

Retail Consumer Protection

In order to ensure the transparency of financial services, enhance the quality of such services and limit individuals' debt burden, the Government of Belarus has introduced a number of measures aimed at protecting the rights of retail banking consumers.

The amendments to the Bank Code envisage, *inter alia*, the following measures:

- prohibition of unilateral change of interest on loans and deposits by banks in a manner which adversely affects the consumer;
- providing consumers with a right to repay retail loans prior to maturity without notifying the lender even if such right is not stipulated in the loan agreement; and
- imposing an obligation on banks to notify borrowers and guarantors of any amounts becoming overdue and provide information regarding the amount of outstanding indebtedness free of charge.

In addition, Belarusian legislation provides for the mandatory calculation of individuals' debt burden ratios when assessing the creditworthiness of retail customers.

The Belarusian system of deposit insurance was established pursuant to the Law of the Republic of Belarus No. 369-Z dated 8 July 2008 "On the Guaranteed Repayment of Deposits of Individuals" (as amended) and the Decree of the President of the Republic of Belarus No. 22 dated 4 November 2008 (as amended).

100 per cent. of the aggregate amount of deposits in national or foreign currency (including interest accrued thereon) of individuals (other than individual entrepreneurs) is subject to repayment irrespective of the number of such deposits provided that the underlying bank account or bank deposit agreement has been entered into with a bank or a financial organisation registered and licenced in Belarus and duly registered with the Agency for Guaranteed Repayment of Deposits.

The reserves of the Agency for Guaranteed Repayment of Deposits are formed from the following types of irrevocable contributions made by its members:

- registration contribution (in the amount of 0.5 per cent. of the normative capital of the relevant bank at the 1st date of the month in which licence to such bank is issued); and
- regular quarterly contributions (which as at the date of this Prospectus amounted to 0.3 per cent. of the balance of a bank's attracted deposits).

Miscellaneous

Some adjustments have also been made to address practical experience of applying prescribed approaches to classification and creation of special reserves.

Approaches of identifying and assessing risk sources for factoring operations were brought up to date. In classifying indebtedness under recourse factoring, banks have been entitled to choose between a debtor and a person to be targeted by recourse for solvency assessment purposes. In classifying indebtedness under factoring based on a multifactor model providing for a guarantee by an import factor to perform the obligations to the bank in the event of the debtor's default, the bank may choose between the debtor and the import factor for solvency assessment purposes.

The approach to the treatment of assets as encumbered assets was also adjusted.

Existing requirements to classification and formation of special reserves do not apply to the bonds issued by the Republic of Belarus, the National Bank, the governments or central banks of "A" rated countries, "A" rated banks, international financial organisations and development banks. Should those assets be classified as encumbered, the banks shall identify the risk source, classify such assets and create special reserves in respect of such assets.

Banks are also obliged to create special reserves in the amount of 100 per cent. of an asset's value where a bank has no right to claim compensation for the value of such encumbered asset disposed of by third parties.

Assets shall not be classified as encumbered for the purposes of classifying assets and creating special reserves if the right to dispose of such assets arises from the bank's non-performance of its obligations.

The National Bank has the power to change prudential requirements in relation to specific banks depending on each bank's financial condition and compliance with the capital adequacy rules and other mandatory requirements of the National Bank. In 2015-2016, the National Bank revoked the licences of five banks. Only one of them was declared bankrupt, and the decision in question was made taking into account the information received from the bank's temporary administration, due to the bank's failure to comply with several licence requirements and the formation of poor financial situation which in turn led to the bank's failure to perform its obligations to depositors and other creditors. For three banks, the revocation of licence was mainly due to non-compliance with the licensing requirement for the amount of regulatory capital of the bank, lack of clear prospects of increasing the capital, violation of other banking legislation requirements that could have endangered the interests of the bank's depositors and other creditors, in some cases coupled with the losses sustained by the bank and the results of its inspection. One more bank's licence was revoked because of its shareholders' decision to liquidate the bank. As at 1 March 2019, two of the five banks completed the liquidation process (and were excluded from the Unified State Register of Legal Entities and Individual Entrepreneurs).

In May 2012, the National Bank increased the minimum capital requirements for all banks, irrespective of them being licenced to grant loans. Starting from 1 January 2014, all banks were required to have the minimum capital totalling the equivalent of EUR15 million. Starting from 1 January 2015, all banks were required to have the minimum capital totalling the equivalent of EUR25 million. Starting from 1 January 2016, the minimum regulatory capital requirement for all banks was set at BYN450 billion. Taking into account that the established minimum regulatory capital requirement is adjusted for the consumer prices index every quarter, in first quarter of 2020, its value amounted to BYN58.1 million re-denominated.

The state-provided guarantee of deposits and increased demand for capital helped to largely prevent the outflow of deposits from the Belarusian banking sector. In December 2011, the Government conducted a recapitalisation of state-owned banks totalling approximately BYN15 trillion (BYN1.5 billion as adjusted for denomination) to increase their regulatory capital.

Subsequent increases of state-owned banks' charter funds were conducted in December 2013 (by BYN130 million), December 2014 (by BYN7.2 million), July 2015 (by BYN1.1 billion), December 2015 (by BYN33.3 million), September 2016 (by BYN107.6 million), May 2017 (by BYN427.9 million), June 2018 (by BYN8.8 million), November 2018 (by BYN11.0 million), January 2019 (by BYN30.0 million), June 2019 (by BYN3.3 million).

In order to mitigate the negative economic impact of the COVID-19 pandemic and offer additional support to the financial sector, thereby promoting consumption, the National Bank has decided to apply a number of countercyclical measures, and has relaxed a number of prudential requirements until 31 December 2020:

- when classifying assets subject to credit risk, contingent liabilities and forming the respective special reserves, banks are granted the right to:
    - assess in Belarusian rubles the special reserves for covering possible losses on assets subject to credit risk and contingent liabilities in foreign currency at the official exchange rate of the Belarusian ruble set by the National Bank in relation to the corresponding foreign currency on 1 March 2020;
    - not take into account the criterion of sufficiency of foreign currency receipts from the debtor;
    - include debt on assets subject to credit risk and contingent liabilities in foreign currency as secured, insufficiently secured and unsecured, excluding requirements to cover

remuneration amounts (interest, commission and other similar remuneration) due within the next 12 months;

  - assign collateral received for assets subject to credit risk and contingent liabilities in foreign currency to high-quality collateral, excluding requirements for covering remuneration amounts (interest, commission and other similar remuneration) due within the next 12 months;

  - not recognize debt as restructured regardless of the number of changes made to the relevant agreements based on an assessment of the debtor's cash flow and its ability to meet its obligations to the bank;

  - assess the quality and sufficiency of collateral received as collateral for assets subject to credit risk and contingent liabilities in foreign currency without taking into account the requirements for the frequency of such assessment.

- the value of the applicable conservation capital buffer was reduced to 2 percentage points (on 25 March 2020, the value was reduced from 2.5 to 2.25 percentage points);

- the maximum amount of risk per debtor (a group of related debtors) was set at 35 per cent. (previously 25 per cent.) of a bank's regulatory capital;

- banks have the right to apply a credit risk level of 100 per cent. for credit debt and securities of systemically important borrowers when calculating the regulatory capital adequacy indicator, and if the debt is secured by Government guarantees – 20 per cent. for debt in foreign currency and 0 per cent. for debt in Belarusian rubles (previously, the risk level was 150 per cent. regardless of the collateral and currency);

- the minimum size of the regulatory capital of a bank or non-bank credit and financial institution is fixed at the amount effective as at 1 March 2020 and will not be adjusted to the consumer price index;

- banks are granted the right not to reduce the level I fixed capital by the amount of intangible assets (net of accrued depreciation) acquired in 2020;

- the liquidity coverage ratio for banks was set at a level of 80 per cent. (previously 100 per cent.). In case of decrease in a bank's liquidity level, the National Bank would be able to extend the refinancing period and provide loans to such a bank for a period of three to six months at the refinancing rate; and

- banks classified as systemically significant banks of significance group I are entitled to include an irrevocable credit line opened by the National Bank in the composition of highly liquid assets of level 1 for the purposes of calculating the indicator characterising the fulfilment of the liquidity coverage standard.

In addition, the National Bank recommended banks to direct 2019 profits and retained earnings of previous years to such banks' reserve and authorised funds (rather than the payment of dividends). See also "*Overview of the Republic of Belarus—COVID-19 Impact*".

Structure of the Banking Sector

As at 1 April 2020, the assets of state-owned banks JSC Savings Bank Belarusbank, JSC "Belagroprombank", Belinvestbank, OJSC "Bank Dabrabyt", OJSC "Paritetbank" accounted for 63.0 per cent. of total banking assets of the Republic of Belarus. The table below sets forth information regarding the five largest commercial banks in the Republic of Belarus as at 1 April 2020 (excluding DBRB):

	As at 1 April 2020[1]			
	Total Assets	% of Banking Sector Assets	Total Equity	% of Banking Sector Equity
	(U.S.$ billion)			
JSC Savings Bank Belarusbank	13.9	40.5%	1.5	35.3%
JSC "Belagroprombank"	5.0	14.7%	0.7	16.2%
BPS-Sberbank	2.2	6.3%	0.3	6.3%
Bank BelVEB OJSC	2.1	6.2%	0.2	5.8%
Belgazprombank	2.1	6.2%	0.3	6.1%

Source: National Bank

Note:

(1) For convenience, these figures have been translated into U.S. dollars at the BYN/U.S.$ exchange rate as reported by the National Bank as at 1 April 2020, which was BYN2.6023 per U.S.$1.00.

As at 1 April 2020, seven systemically important banks were included in the first group of importance: JSC "JSSB Belarusbank", JSC "Belagroprombank", Belgazprombank, BPS-Sberbank, "Priorbank" JSC, Bank BelVEB OJSC and Belinvestbank. Effective from 1 January 2020, the second group of importance includes Alfa-Bank, CJSC VTB Bank (Belarus), JSC "Minsk Transit Bank", "Bank Dabrabyt" JSC and OJSC "Paritetbank".

Liabilities

The following table sets forth a breakdown of the banking system's liabilities by currency for the periods indicated:

	As at 31 December						As at 31 March
	2014	2015	2016	2017	2018	2019	2020
Total liability of the banking system, *BYN million.*	48,153.1	63,046.3	64,467.0	66,679.6	73,706.4	78,344.5	89,552.8
of which:							
in Belarusian ruble	22,829.7	23,827.7	24,641.5	29,270.0	32,828.9	38,882.7	39,706.0
in foreign currency	25,323.4	39,218.7	39,825.6	37,409.6	40,877.5	39,461.8	49,846.8

Source: National Bank

The change between 2014 and 2016 in the share of liabilities in foreign currency in the total volume of liabilities of banks is mainly due to the change in the Belarusian ruble exchange rate relative to foreign currencies and the corresponding revaluation of liabilities in foreign currency.

Anti-Money Laundering Legislation and Measures

The Republic of Belarus takes an active part in the fight against money laundering and the financing of terrorism.

In 2003, the Department of Financial Monitoring of the Republic of Belarus was created. The Department carries out activities aimed at prevention of legalisation of illegally acquired financings and combating financing of terrorism (AML / CFT). The Department of Financial Monitoring of the Republic of Belarus has been a member of the Group of Financial Intelligence Units "Egmont" since 2007.

On 6 October 2004, the Republic of Belarus became a member of the Eurasian Group on Combating Money Laundering and Financing of Terrorism ("**EAG**"). EAG has been an associate member of the Financial Action Task Force ("**FATF**") since June 2010.

In 2000, the Republic of Belarus adopted an anti-money laundering law and, in 2004, established a government body similar to FATF to combat corruption. Each government body has a designated unit monitoring corruption and the Government periodically adopts programmes on anticorruption measures.

In order to bring national legislation into line with international standards, on 30 June 2014, the Law of the Republic of Belarus No. 165-Z "On measures to prevent the legalisation of proceeds from crime, terrorist financing and financing of proliferation of weapons of mass destruction" was adopted.

During 2018-2019 the existing anti-money laundering system was inspected by EAG experts. The final report was presented by the experts on the Plenary Meeting of the Group held in November 2019 in Turkmenistan. Upon consideration of the report the Plenary Meeting of EAG made the following conclusions:

- the competent authorities showed good understanding of the risks related to money laundering and financing of terrorism;
- the existing interagency collaboration is a strength of the anti-money laundering system of the country;
- the Belarusian legislative framework is sufficient to detect and investigate crimes related to money laundering and terrorism financing, and the competent authorities demonstrated quite effective practices counteracting these types of crimes;
- representatives of the financial authorities, professional members of the securities market, insurance companies, casinos, notaries, real estate registrars and other organisations understand their responsibilities in combating money laundering and financing of terrorism, use a risk-oriented approach and are supervised by the government agencies;
- the Republic of Belarus applied sufficient measures for providing mutual legal assistance, including extradition and other forms of international assistance.

Pursuant to procedures established in January of 2020, the report was officially published on the official internet resource of the EAG.

Anti-Corruption Legislation and Measures

Belarus attributes significant importance to combating corruption. In 2004, a government body similar to FATF was established to combat corruption. Each government body has a designated unit monitoring corruption, and the Government periodically adopts programs on anticorruption measures.

Until 2016, the principal document which served as the basis of anti-corruption activities in Belarus was the Law of the Republic of Belarus No. 165-Z dated 20 July 2006 "On Combating Corruption" (as amended). It outlined the range of subjects of corruption offenses; at the legislative level it defined a system of measures to combat and prevent corruption, as well as a list of offences and corruption-related crimes. The law identified a number of constraints and special requirements for public officials, as well as establishing powers of special units responsible for combating corruption, such as units of the prosecutor's office, office of internal affairs and national security agencies.

On 15 July 2015, the President of the Republic of Belarus signed a new law "On Combating Corruption", which entered into force on 24 January 2016. This act provides for the extension of the system of measures to combat corruption, in particular, limitation of joint government servicing of close relatives, prohibition of appointment to executive positions of persons which were discharged by discrediting circumstances, introducing an institute of social control for the purpose of combating corruption, simplifying of administrative procedures, and providing of education on anticorruption issues.

The Republic of Belarus has ratified and fulfilled the requirements of the main international instruments on the fight against corruption, such as the Council of Europe Criminal Law Convention on Corruption, signed in Strasbourg on 27 January 1999; the United Nations Convention against Transnational

Organised Crime, signed by the Republic of Belarus on 14 December 2000; the United Nations Convention against Corruption of 31 October 2003; and the Convention on Civil Liability for Corruption of 4 November 1999 (ratified in 2005).

In the Transparency International's 2019 Corruption Perceptions Index survey of 180 countries, the Republic of Belarus was ranked 66th.

Domestic Capital Markets

Government Securities

The Ministry of Finance as the issuer of government securities is actively pursuing efforts to develop the domestic financial market. In order to attract temporary free monetary funds of legal entities and individuals, residents and non-residents of the Republic of Belarus to finance the republican budget deficit and refinance the public debt the Ministry of Finance allocates government bonds denominated in Belarusian rubles and government bonds denominated in foreign currency on the domestic financial market. The government bonds may be short-term with maturity period of up to one year ("**GKO**") and long-term with maturity period of more than one year ("**GDO**"). Bondholders may be legal entities and individuals, both residents and non-residents of the Republic of Belarus. Government bonds may have a fixed or floating interest rate or may be issued at a discount to the principal. Government bonds may be placed through a direct sale agreement entered into between the Ministry of Finance and the purchaser of the government bonds, or through the Belarusian Exchange, including in the form of organising auctions.

As at 31 December 2019, the outstanding principal amount of government bonds was U.S.$4,159.9 million. As at 31 December 2019, the weighted average interest rate on foreign currency borrowings raised in the domestic market amounted to 5.19 per cent. per annum. The weighted average interest rate on bonds denominated in Belarusian rubles amounted to 2.74 per cent. per annum. For more detailed information, see "*Public Debt—Internal Public Debt*".

Corporate Securities

The securities market of the Republic of Belarus is characterised by a sufficiently high level of functional and technological development of the basic elements of the infrastructure.

The trading of securities of various types, such as shares and bonds, is concentrated on the national electronic trading platform, the Belarusian Exchange.

The Belarusian Exchange aims to further develop its automated trade technologies to increase their speed, reliability and transparency. Being a full-fledged member of the Federation of Euro-Asian Stock Exchanges and an associate member of the World Federation of Exchanges, the Belarusian Exchange seeks to introduce best practices of the world exchange industry into its operations.

A two-level depositary system consisting of the Republican Central Securities Depository and several second-level depositories performs automated accounting, settlement and storage of securities.

Securities (stocks and bonds) are issued by economic entities and circulated on the market mainly in non-documentary (electronic) form. In the process of providing exchange trading and settlement and clearing procedures, the possibilities of electronic document circulation and electronic digital signature are actively used.

The standards and technologies of functioning of the Belarusian depository system provide an opportunity for integration into the global financial market. The Republican Central Securities Depository has established correspondent relations with a number of foreign depositories.

In accordance with the Partnership Agreement concluded with the Association of National Numbering Agencies (ANNA), the Republican Central Securities Depository acts as the National Numbering Agency of the Republic of Belarus. This allows the Republican Central Securities Depository to assign international identification codes to the issues of securities of Belarusian issuers. Further integration of the Belarusian stock market into the global depository and settlement and clearing system will make the securities market even more open and understandable for foreign investors and will open up standard entry and exit opportunities for investors to the market.

The key element of the securities market infrastructure are the professional participants of the securities market (brokers, dealers and trustees), whose activities are licenced and regulated by the state. As at 1 April 2020, there were 59 professional participants of the securities market in the Republic of Belarus (24 banks, the National Bank, the DBRB and 33 non-banking enterprises), of which 56 professional participants conducted dealer activity, 56 conducted brokerage activity, and 22 conducted trust management activity.

The development of the bond market and the infrastructure necessary for this is one of the priorities in the Republic of Belarus in the formation of the modern financial market. Over the past few years, a wide range of debt instruments – state bonds, bank bonds, corporate bonds, municipal and housing bonds – has been introduced into the practice of the market. In 2019 in the Republic of Belarus started conducting securitisation operations.

The Belarusian Exchange is represented by shares issued by open and closed joint-stock companies. As at 1 April 2020, there were 4,218 joint-stock companies in the Republic of Belarus, 2,273 of which are open joint-stock companies.

The total market value of all shares listed on the Belarusian Exchange at 1 April 2020 is BYN34.0 billion. The total volume of shares of open joint-stock companies increased by 2.9 per cent. compared to 1 April 2019.

In the first quarter of 2020, the volume of transactions for the purchase and sale of shares of joint stock companies in the secondary market amounted to BYN93.9 million.

The market of corporate bonds is represented by debt instruments issued by banks, as well as enterprises of the real sector of the economy. At 1 April 2020, the total number of bond issuers was 210, among which 22 were banks, the DBRB and 187 non-banking enterprises (including the 1 issuer of bonds as part of securitisation operations).

The total value of issue of corporate bonds of various types as at 1 April 2020 was BYN18.6 billion, which is 7.5 per cent. higher compared to 1 April 2019. As at 1 April 2020, the share of banks' bonds accounted for 47.7 per cent. of the total volume of all bond issues, with the share of enterprises comprising the remaining 52.3 per cent.

In accordance with the Belarusian legislation, the nominal value of bonds issued in the territory of the Republic of Belarus can be expressed both in Belarusian rubles and in foreign currency. As at 1 April 2020, among all corporate bonds traded on the territory of the Republic of Belarus, the share of bonds denominated in Belarusian rubles was 53.2 per cent., in U.S. dollars – 30.5 per cent., in Euro – 12.6 per cent. and in Russian rubles – 3.7 per cent.

In the first quarter of 2020, the volume of purchase and sale transactions on the secondary market of corporate bonds in the Republic of Belarus amounted to BYN3.0 billion.

The table below provides information on transactions of purchase and sale of shares of open joint-stock companies and corporate bonds made in the secondary market for the periods indicated.

	Year ended 31 December						Three months ended 31 March
	2014	2015	2016	2017	2018	2019	2020
	(post-redenomination)						
Corporate bonds - purchase and sale transactions, the organised secondary market							
Number of transactions...	1,446	1,600	1,773	1,645	2,021	1,993	268
Value of transactions, *BYN million*....................	2,471.8	3,325.7	2,309.1	1,663.9	3,150.5	2,809.9	340.9
Corporate bonds - purchase and sale transactions, uncoordinated secondary market							
Number of transactions...	3,662	5,182	6,514	4,466	8,543	12,430	2,532
Value of transactions, *BYN million*....................	4,476	8,762	7,142	5,560.7	15,220.6	17,740.3	2,685.1
Shares of OJSC - purchase and sale transactions, organised secondary market							
Number of transactions...	5,815	3,257	2,805	3,622	2,909	3,371	710
Value of transactions, *BYN million*....................	47.9	20.2	50.3	84.2	95.7	34.5	92.7
Shares of OJSC - purchase and sale transactions, uncoordinated secondary market							
Number of transactions...	4,817	2,872	1,269	1,268	1,152	1,892	1,425
Magnitude of transactions, *BYN million*	116.8	36.7	8.1	108.9	16.2	145.3	1.2

Source: Ministry of Finance

Regulation of the securities market

In the Republic of Belarus, the functions of state regulation of the securities market are performed by the Ministry of Finance.

The Republic of Belarus applies a policy of intensive development of the securities market, including the development of legislation, creation of new financial instruments, improving the systems for investor protection, increasing market transparency, setting out issue mechanisms, securities trading and access to financial markets to comply with best international practices. Recently, a number of strategic innovations and projects have been implemented which are expected to significantly improve the conditions for functioning of the financial markets and create new growth areas for the Belarusian economy.

In 2015, the Law of the Republic of Belarus No. 231-Z dated 5 January 2015 “On the Securities Market” came into force, implementing a comprehensive approach to the regulation of the securities market. The development of this law took into account international standards of financial market regulation. The law pays significant attention to the protection of investors’ rights, ensuring equal conditions for access to market information for various categories of investors and transparency of securities issuers.

The adoption in 2016 of the Edict of the President of the Republic of Belarus of 3 March 2016 No. 84 "On Issues of Issue and Circulation of Shares Using Foreign Depositary Receipts" was an important step in creating conditions for the entry of Belarusian enterprises through the mechanisms of issuing shares to international markets using depositary receipts. The Presidential Edict No. 154 dated 11 May 2017 "On financing commercial organisations for the assignment of rights (claims)" entered into force on 1 July 2018. The edict is designed to establish a legal framework for financing business entities for the assignment of rights (claims) under loans, credits, and other indebtedness by issuing new type of bonds.

The Law of the Republic of Belarus No. 52-Z dated 17 July 2017 "On Investment Funds" entered into force on 23 July 2018. The law is aimed at forming an institute and mechanisms for collective investments, which is an important step allowing a wide number of investors to use securities market instruments.

These legal acts were developed in close cooperation with international experts and organisations.

The Republic of Belarus is focused on developing relations with international organisations, studying best practice across global stock markets and applying mechanisms and regulatory conditions of advanced economies to the Belarusian securities market. This is aimed at developing the Belarusian stock market, enhancing the investment possibilities of the various market players, among others through attracting international investors. The strategic area for the Ministry of Finance is joining the International Organisation of Securities Commissions (IOSCO). The first step is joining this international organisation as an associated member. In order to ensure effective cooperation between the Ministry of Finance and IOSCO on 1 July 2019, the Resolution of the Council of Ministers of the Republic of Belarus No. 436 "On the entry of the Ministry of Finance into the International Organisation of Securities Commissions" was adopted.

The Republic of Belarus pays special attention to its interaction in the area of securities market development in the EAEU. The Government plans to complete the formation of the common financial market of the EAEU by 2025. As part of this work, barriers for rendering services are proposed to be lifted, and free movement of capital among between member states is to be promoted.

In November 2018, an agreement on harmonisation of financial market legislation of EAEU member states was signed at the meeting of the Council of the EAEC. Work continues on the formation of a common financial market of the EAEU member states, which is expected to be completed by 2025. As part of this work, it is planned to remove barriers to trade in services and free movement of capital between member states. In 2019, the Concept for the Formation of the EAEU Common Financial Market was approved. The Agreement on Harmonization of the Legislation of the Member States of the EEC in the Field of Financial Market entered into force from 1 March 2020. In the development of this agreement, work is underway to prepare a plan for harmonizing the legislation of the EAEU member states in the financial sphere, the implementation of which will create a basis for creating a common financial market of the EAEU. A number of core documents for the common financial market are negotiated, including a road map of formation for the common EAEU stock exchange space, an agreement on the admission of brokers and dealers of one EAEU member state to trading (with trade organisers) on exchanges of other member-states and an agreement on mutual access to placement and trading of securities on an exchange with EAEU member states; an agreement on mutual admission to placement and circulation of securities at organised tenders in the EAEU member states.

The key areas for the development of the securities market in the Republic of Belarus include the following:

- activation of sales of state-held blocks of shares through the stock exchange;
- cancellation of the preemptive right of the governing bodies of the issuer to purchase shares;
- granting a joint-stock company the right to make a decision on the acquisition of its own shares for subsequent market-maker transactions with these shares in order to maintain their liquidity;

- the ability of a joint-stock company to acquire its shares owned by the state when they are sold at auction;
- introducing a qualified investor into the securities market practice as a new infrastructure element;
- establishing the procedure for issuing and circulating bonds intended for qualified investors;
- realisation of the possibility of issue and circulation of a new type of bonds – bonds with separate circulation of par value and coupons;
- the provision of a stimulating tax regime for investment funds, as well as for the income of investors received from participation in such funds;
- creation of a mechanism for direct access to trading on individual securities on the stock exchange for various categories of investors, including individuals;
- formation of legislative conditions for corporate actions in joint-stock companies using remote access systems;
- creating a single repository;
- clarification of the conditions for issuing unsecured bonds;
- implementation of measures aimed at introducing amendments to the rules for issuing exchange-traded bonds, including within the framework of "programs" for exchange-traded bonds;
- admission of foreign brokers, dealers and trust managers to perform transactions with bonds on the organised market of the Republic of Belarus without obtaining a national special permit (license);
- creating conditions for the development of the market for government securities issued in national currency;
- improving the mechanisms for placing government bonds by introducing the possibility of their remote sale through the stock exchange;
- increasing market openness and financial literacy of its participants, ensuring the protection of the rights and legitimate interests of consumers of services in the securities market.

In view of the outbreak of the COVID-19 pandemic and the related deterioration of the economic environment, the Ministry of Finance has been assessing the likelihood of the decrease in investment activity in the bond market and paying particular attention to indicators of financial and economic activities of issuers of bonds. In order to protect the interests of all participants in the stock market, the Ministry of Finance has strengthened its ongoing monitoring of the bond segment, and continuously analyzes and monitors the financial statements submitted by issuers.

Insurance Market

As at 1 April 2020, 16 insurance organisations were operating on the insurance market of the Republic of Belarus, including eight state-owned companies and companies in which over 50 per cent. of their authorised capital are owned by the state, and six insurance companies with foreign capital.

As at 1 April 2020, the assets of the insurance organisations amounted to U.S.$1,963.2 million as compared to U.S.$1,857.6 million in 2019, U.S.$1,748.6 million in 2018, U.S.$1,636.7 million in 2017, U.S.$1,415.9 million in 2016, U.S.$1,587.0 million in 2015 and U.S.$2,067.3 million in 2014. As at 1 April 2020, the ratio of insurance reserves to the total assets of the insurance organisations amounted to 48.1 per cent. as compared to 47.3 per cent in 2019, 43.9 per cent. in 2018, 40.9 per cent. in 2017, 38.0 per cent. in 2016, 34.6 per cent. in 2015 and 33.3 per cent. in 2014.

As at 1 April 2020, the ratio of government securities to the total insurance reserves amounted to 39.5 per cent. as compared to 36.9 per cent in 2019, 40.6 per cent in 2018, 29.3 per cent. in 2017, 48.3 per cent. in 2016, 42.8 per cent. in 2015 and 29.0 per cent. in 2014.

As at 1 April 2020, the ratio of bank deposits to the total insurance reserves amounted to 35.9 per cent. as compared to 38.1 per cent in 2019, 31.6 per cent. in 2018, 35.8 per cent. in 2017, 31.2 per cent. in 2016, 43.2 per cent. in 2015 and 45.9 per cent. in 2014. As at 1 January 2020 and as at 1 April 2020, no insurance reserves were invested in securities issued by Belarusian banks (except for shares) or securities issued by the local executive and regulatory authorities. In 2018, 0.04 per cent. of insurance reserves were invested in securities issued by Belarusian banks (except for shares) or securities issued by the local executive and regulatory authorities, while in 2017 such reserves amounted to 3.5 per cent., and in 2016 – to 0.2 per cent. In 2014-2015, no reserves were invested in such securities.

As at 1 April 2020, the remaining 10.6 per cent. of the insurance reserves were invested in other investment facilities and placed on bank accounts (current, currency and special accounts) as compared to 10.9 per cent., 12.2 per cent., 15.8 per cent., 9.7 per cent., 14.0 per cent. and 25.1 per cent. in 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

As at 1 April 2020, insurance premiums under direct insurance and co-insurance contracts amounted to U.S.$170.0 million as compared to U.S.$671.0 million in 2019, U.S.$602.0 million in 2018, U.S.$554.0 million in 2017, U.S.$496.8 million in 2016, U.S.$518.6 million in 2015 and U.S.$711.4 million in 2014, respectively.

The following table sets out the main indicators of the insurance market for the periods indicated:

	Year ended 31 December						Three months ended 31 March
	2014	2015	2016	2017	2018	2019	2020
Assets of the insurance organisations, U.S.$ million.............................	2,067.3	1,587.0	1,415.9	1,636.7	1,748.6	1,857.6	1,963.2
Ratio of insurance reserves to the total assets of the insurance organisations, per cent. ...	33.3	34.6	38.0	40.9	43.9	47.3	48.1
Ratio of government securities to the total insurance reserves, per cent.	29.0	42.8	48.3	29.3	40.6	36.9	39.5
Ratio of bank deposits to the total insurance reserves, per cent.	45.9	43.2	31.2	35.8	31.6	38.1	35.9
Share of insurance reserves invested in securities issued by Belarusian banks (except for shares) or securities issued by the local executive and regulatory authorities, per cent..........	–	–	0.2	3.5	0.04	–	–
Share of the insurance reserves invested in other investment facilities and placed on bank accounts (current, currency and special accounts), per cent.	25.1	14.0	9.7	15.8	12.2	10.9	10.6

	Year ended 31 December						Three months ended 31 March
	2014	2015	2016	2017	2018	2019	2020
Insurance premiums under direct insurance and co-insurance contracts, U.S.$ million............................	711.4	518.6	496.8	554.0	602.0	671.0	170.0

State Price Regulation

In 2011-2016, the Republic of Belarus has adopted a number of measures to significantly reduce the scope of state price regulation. Currently, the EEUT and the Law of the Republic of Belarus No. 255-Z dated 10 May 1999 "On Pricing" (as amended) constitute the legal framework for regulated prices in the Republic of Belarus. The Belarusian laws stipulate that regulated prices (tariffs) in the Republic of Belarus are applicable to: (i) goods produced (sold) and services provided (rendered) by natural monopolies, as well as goods (works and services) of legal entities and individual entrepreneurs included in the State Register of Economic Entities Occupying a Dominant Position on commodity markets of the Republic of Belarus (republican and local levels); and (ii) certain goods (works and services), a specific list which is adopted by the President or the Council of Ministers once the President has ordered it (such lists includes, amongst other things, essential goods and services such as housing services and utilities, transport communication, catering products sold in educational institutions, medications and medical care). This list has been expanded several times. In 2016, it was expanded to include five items of major social importance (milk and dairy products, meat, bread, eggs, fresh chicken and baby food) and in 2017 it was expanded to include potatoes and fresh vegetables, in 2019 – semolina, grain millet, white bread, products of bakeries (long loaf) from wheat flour, separate types of meat products, cheese, fresh apples, tea.

In order to implement the provisions of the EEUT, in 2014, the Council of Ministers adopted a resolution providing that prices for socially important goods, previously controlled on a regular basis, can be regulated for no more than 90 days in one year in case of a significant increase in prices, sharp shortage of certain goods or certain imbalance in the market.

In 2019 the position "transportation of passengers by the public internal water transport in the regular message" and also "dental services "orthodontic" has been excluded from the sphere of state regulation of the prices (tariffs).

The liberalisation of the prices (tariffs) in the Republic of Belarus is expected to be continued. Currently, work on aimed at the exclusion of the following items from the sphere of the state price regulation is conducted: precious metals and gemstones at banking operations; services of telecommunication in accession of data transmission networks to a uniform republican data transmission network, inclusion of data transmission networks in a uniform republican data transmission network, providing access to a uniform republican data transmission network and also services in use of infrastructure of a uniform republican data transmission network; the realtor services connected with objects of uninhabited fund and also on the realtor services rendered to legal entities; the medicines produced by the organisations of Republic of Belarus (according to the list determined by the Council of Ministers of the Republic of Belarus).

At the same time, it is planned to exclude services of public telecommunication (stationary landline phones) from the list of spheres of natural monopolies and service of a mail service, in connection with loss of criteria of natural monopoly by them.

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PUBLIC FINANCE

Budget of the Public Sector of the Republic of Belarus

The consolidated budget of the public sector of the Republic of Belarus (the "**Public Sector Budget**") consists of the Republic of Belarus' consolidated budget (the republican budget and local budgets), the budgets of state extrabudgetary funds and monetary funds from income-generating activities of budget organisations. Until 2020, there were four state extrabudgetary funds in total: the SPF, the State Extrabudgetary Fund of Universal Services at the Ministry of Communications and Informatisation, the State Extrabudgetary Fund of the Department for Punishment Execution at the Ministry of Internal Affairs and the State Extrabudgetary Fund of Civil Aviation (the latter three being referred to herein as the "**Other Funds**"). The largest fund among the four was the SPF budget. Prior to 2010, the SPF had been included in the republican budget. With effect from 2020, the State Extrabudgetary Fund of Universal Services at the Ministry of Communications and Informatisation and the State Extrabudgetary Fund of Civil Aviation have been included in the republican budget, while the State Extrabudgetary Fund of the Department for Punishment Execution at the Ministry of Internal Affairs has been eliminated.

In the Republic of Belarus, a budgetary classification has been applied since 2006, which has been developed based on the guidelines of the IMF on public finance statistics GFSM-2001 and their updated version GFSM-2014. The budgetary classification is a unified classification and is used for the preparation, approval and performance of the republican budget and local budgets, state special purpose budgetary and extrabudgetary funds, as well as the extrabudgetary funds of budget-financed institutions and organisations.

In 2016, the Republic of Belarus' Public Sector Budget generated a surplus of BYN1,397.4 million, or 1.5 per cent. of GDP. In 2016, the revenues of the Public Sector Budget amounted to BYN38,886.5 million, or 41.0 per cent. of GDP, while expenditures amounted to BYN37,489.1 million, or 39.5 per cent. of GDP.

In 2017, the Republic of Belarus' Public Sector Budget generated a surplus of BYN3,137.6 million, or 3.0 per cent. of GDP. The revenues of the Public Sector Budget amounted to BYN42,917.3 million, or 40.8 per cent. of GDP, while expenditures amounted to BYN39,779.7 million, or 37.8 per cent. of GDP.

In 2018, the surplus of the Public Sector Budget amounted to BYN4,918.9 million, or 4.0 per cent. of GDP, and the revenues of the Public Sector Budget amounted to BYN50,847.9 million, or 41.8 per cent. of GDP, while expenditures amounted to BYN45,929.0 million, or 37.8 per cent. of GDP for the period.

In 2019, the surplus of the Public Sector Budget amounted to BYN3,253.6 million, or 2.5 per cent. of GDP. The revenues of the Public Sector Budget amounted to BYN53,986.2 million, or 40.9 per cent. of GDP, while expenditures amounted to BYN50,732.3 million, or 38.4 per cent. of GDP for the period.

During the first quarter of 2020, the surplus of the Public Sector Budget amounted to BYN322.6 million, or 1.1 per cent. of GDP. The revenues of the Public Sector Budget amounted to BYN12,633.1 million, or 41.8 per cent. of GDP, while expenditures amounted to BYN12,310.5 million, or 40.7 per cent. of GDP for the period.

The following table sets out the Public Sector Budget of the Republic of Belarus for each of the periods indicated:

	2014	2015	2016	2017	2018	2019	Three months ended 31 March 2020
			in BYN million (post re-denomination)				
Revenues							
Tax revenues............	18,901.7	22,276.7	23,852.2	26,340.5	31,491.8	32,969.7	7,427.1
including:							
income tax................	3,209.2	3,700.9	3,937.9	4,338.6	5,162.7	5,915.7	1,524.6
profit tax	1,999.4	2,181.9	2,325.0	2,915.1	3,277.7	3,799.4	225.0
property taxes...........	961.8	1,233.6	1,592.3	1,615.4	1,737.2	1,607.3	343.2
VAT.........................	6,982.9	7,267.1	8,235.0	9,247.7	10,551.5	11,259.1	3,254.5
excise taxes..............	2,123.1	1,944.2	2,185.6	2,342.5	2,621.8	2,791.9	708.4
tax revenues from foreign trade.............	1,841.5	3,918.6	3,431.8	3,546.6	5,501.5	4,747.1	711.2
other taxes[(1)].............	1,783.8	2,030.4	2,144.6	2,334.6	2,639.4	2,849.2	660.2
Revenues of the SPF[(2)]	9,307.5	10,450.6	10,329.9	11,225.3	13,119.3	14,792.7	3,956.1
Non-tax revenues[(3)]...	3,001.4	3,828.0	4,648.3	5,284.0	6,162.8	6,140.2	1,249.9
Revenues of Other Funds	—	25.0	56.1	67.5	74.0	83.6	—
Total revenues	**31,210.6**	**36,580.3**	**38,886.5**	**42,917.3**	**50,847.9**	**53,986.2**	**12,633.1**
Expenditures (economic classification)							
Current expenses.......	16,876.1	20,184.9	22,272.6	23,233.2	26,375.8	29,050.8	7,103.4
including:							
wages and salaries.....	5,222.4	6,129.0	6,520.1	7,090.7	8,582.3	9,505.7	2,511.1
charges on wages and salaries	1,434.5	1,692.4	1,803.2	1,946.2	2,321.2	2,632.4	703.2
debt service payments	834.2	1,504.9	1,869.2	2,085.7	2,354.9	2,341.5	580.3
subsidies and current transfers[(4)]	5,334.9	6,043.2	6,392.8	5,939.3	6,171.9	7,059.4	1,686.9
other expenses..........	4,050.1	4,815.4	5,687.3	6,171.3	6,945.5	7,511.8	1,621.9
Capital expenditures .	4,306.3	3,622.2	3,470.3	4,353.6	5,903.3	5,827.2	1,076.4
Expenditures of the SPF[(5)]	9,392.6	10,791.4	11,516.3	12,236.8	13,586.1	15,781.9	4,130.7
Credit and loans granted less repayment	(199.8)	703.2	159.8	(96.2)	—	—	—
Financial reserve.......	—	—	—	—	—	—	—
Expenditures of Other Funds	—	9.8	70.1	52.3	63.8	72.4	—
Total expenditures ..	**30,375.2**	**35,311.5**	**37,489.1**	**39,779.7**	**45,929.0**	**50,732.3**	**12,310.5**
Surplus balance (deficit)	**835.4**	**1,268.8**	**1,397.4**	**3,137.6**	**4,918.9**	**3,253.9**	**322.6**
% of GDP	**1.0**	**1.4**	**1.5**	**3.0**	**4.0**	**2.5**	**1.1**
Financing	(835.4)	(1,268.8)	(1,397.4)	(3,137.6)	(4,918.9)	(3,253.9)	(322.6)
including:							
domestic financing....	(257.1)	590.6	(1,248.8)	(6,869.4)	(5,998.0)	(3,518.4)	247.9
external financing	(578.3)	(1,859.4)	(148.6)	3,731.8	1,079.1	264.5	(570.5)
For information: revenues from the sale of state property (including shares)	*35.3*	*12.9*	*17.9*	*4.7*	*100.0*	*56.5*	*1.7*

Source: Ministry of Finance

Notes:

(1) Other taxes include various taxes imposed by the central government and local government authorities. See *Revenues of the Public Sector Budget*.

(2) After consolidation in the amount of subventions transferred from republican budget to SPF.

(3) After consolidation in the amount of subventions transferred from SPF to local budget.

(4) Subsidies and current transfers include such payments to the population as scholarships, pensions to military officers administered through the central government budget, together with subsidies for the reimbursement of mortgage interest for home buyers.

(5) After consolidation in the amount of subventions transferred from SPF to local budget.

The following table sets out certain information to the central Government's budget for each of the periods indicated:

	2014	2015	2016	2017	2018	2019	Three months ended 31 March 2020
			in BYN million (post re-denomination), excluding interest				
Revenues							
Tax revenues	10,231.7	12,743.0	13,091.8	14,431.8	18,656.9	18,698.3	4,208.0
including:							
Profit tax	656.7	817.3	727.3	1.020.7	1,287.6	1,286.2	33.3
VAT	4,818.2	5,014.3	5,682.1	6,380.9	7,960.1	8,493.9	2,479.9
Excise taxes	2,123.1	1,944.2	2,185.6	2,342.5	2,621.8	2,791.9	708.4
Tax revenues from foreign trade	1,841.5	3,918.6	3,431.8	3,546.6	5,501.5	4,747.1	711.2
Other taxes[(1)]	792.2	1,048.6	1,065.0	1,141.1	1,285.9	1,379.2	275.2
Non-tax revenues	1,947.1	3,141.4	3,209.8	2,905.3	2,816.6	2,980.5	766.8
Gratuitous payments	641.3	836.9	1,461.8	2,434.7	2,915.7	2,595.7	161.5
Total revenues	**12,820.2**	**16,721.3**	**17,763.4**	**19,771.8**	**24,389.2**	**24,274.5**	**5,136.3**
Expenditures (economic classification)							
Current expenses	10,754.8	12,848.1	14,767.8	15,050.3	16,545.7	18,395.9	4,297.0
of which:							
wages and salaries	2,008.3	2,305.3	2,413.1	2,672.9	3,321.6	3,466.7	890.8
charges on wages and salaries	348.3	395.9	407.6	451.6	540.3	587.5	147.3
debt service payments	725.2	1,348.5	1,729.0	1,876.4	2,145.7	2,163.2	538.3
subsidies and current transfers[(2)]	6,090.9	6,755.6	7,887.6	7,514.5	7,485.2	8,885.3	2,060.2
other expenses	1,582.1	2,042.7	2,330.5	2,534.9	3,052.9	3,293.2	660.4
Capital expenditures	1,769.7	1,576.7	1,763.4	2,022.4	3,182.8	2,750.7	628.5
Credits and loans granted less repayments	(246.5)	789.4	219.2	(71.8)	—	—	—
Total expenditures	**12,278.0**	**15,214.1**	**16,750.4**	**17,000.9**	**19,728.5**	**21,146.6**	**4,925.5**
Surplus balance (deficit)[(2)]	**542.2**	**1,507.2**	**1,013.0**	**2,770.9**	**4,660.7**	**3,127.9**	**210.8**
% of GDP	**0.7**	**1.7**	**1.1**	**2.6**	**3.8**	**2.4**	**359.7**
Financing	(542.2)	(1,507.2)	(1,013.0)	(2,770.9)	(4,660.7)	(3,127.9)	(210.8)
including:							
domestic financing	36.1	352.3	(864.4)	(6,502.7)	(5,739.8)	(3,392.4)	359.7
external financing	(578.3)	(1,859.4)	(148.6)	3,731.8	1.079.1	264.5	(570.5)

Source: Ministry of Finance

Notes:

(1) Other taxes include various taxes imposed by the central government authorities.

(2) Including the governmental grants from the republican budget to the SPF budget to cover non-insurance expenses.

Public Sector Budget Revenues

During the first quarter of 2020, Public Sector Budget revenues amounted to BYN12,633.1 million, or 41.8 per cent. of GDP. Revenues increased by 3.0 per cent. compared to the same period of 2019. Tax revenues are the main source of budget revenues of the Republic of Belarus, and during the first quarter of 2020 they amounted to 58.8 per cent. of the aggregate income of the Public Sector Budget. The income of the SPF totalled 31.3 per cent. of the income of Public Sector Budget.

In 2019, Public Sector Budget revenue amounted to BYN53,986.2 million, or 40.9 per cent. of GDP, an increase of 6.2 per cent. compared to 2018. In 2019, tax revenues comprised 61.1 per cent. of the aggregate income of the Public Sector Budget. The income of the SPF totalled 27.4 per cent. of the income of the Public Sector Budget.

In 2018, the Public Sector Budget revenues amounted to BYN50,847.9 million, or 41.8 per cent. of GDP. Revenues increased by 18.5 per cent. as compared to 2017. In 2018, tax revenues were the main income source for the budget of the Republic of Belarus and amounted to 61.9 per cent. of the aggregate income of the Public Sector Budget. The income of the SPF totalled 25.8 per cent. of the income of the Public Sector Budget.

In 2017, the Public Sector Budget revenues amounted to BYN42,917.3 million, an increase of 10.4 per cent. as compared to 2016. Tax revenues represented the principal source of budgetary revenues, accounting for 61.4 per cent. of the total Public Sector Budget revenues in 2017 as compared to 61.3 per cent. in 2016.

In 2016, the Public Sector Budget revenues amounted to BYN38,886.5 million. Tax revenues represented the principal source of budgetary revenues, accounting for 61.3 per cent. of the total Public Sector Budget revenues in 2016. The other significant contributor to budgetary revenues is revenues of the SPF, comprised mainly of contributions paid by employers and employees. SPF revenues amounted to 26.6 per cent. of the Public Sector Budget revenues in 2016.

VAT accounted for 43.2 per cent., 46.7 per cent. and 41.7 per cent. of the total Public Sector Budget revenues in years ended 31 December 2018, 2017 and 2016, respectively. VAT is levied on a range of goods and services. VAT rate is currently established at 20 per cent.

Revenues from foreign trade duties, profit tax, income tax, and excise duties accounted for 22.6 per cent., 13.4 per cent., 21.2 per cent. and 10.7 per cent., respectively, of the total Public Sector Budget's revenues in the year ended 31 December 2018.

Revenues from foreign trade duties, profit tax, income tax, and excise duties accounted for 17.9 per cent., 14.7 per cent., 21.9 per cent. and 11.8 per cent., respectively, of the total Public Sector Budget's revenues in 2017. Revenues from foreign trade duties, profit tax, income tax, and excise duties accounted for 19.3 per cent., 13.1 per cent., 22.2 per cent. and 12.3 per cent., respectively, of the total Public Sector Budget's revenues in 2016.

Corporate profit tax is levied at a flat rate of 18 per cent. on gross revenues of enterprises, 25 per cent. for banks, insurance organisations and micro-financial entities, and 10 per cent. for science and technology parks, technology transfer centres and residents of science and technology parks. Income tax is levied at a flat rate of 13 per cent. on non-business individuals' income and 16 per cent. for business income of individual entrepreneurs, advocates and notaries. Individual entrepreneurs are individuals engaged in commercial and entrepreneurial activities without establishing a separate legal entity registered in such capacity. They are subject to income tax on income from the relevant entrepreneurial activities. All other individuals pay income tax on their employment income and other earnings, where there is a taxable item. The unified tax rates levied on individual entrepreneurs and other individuals are set per month in BYN according to the Tax Code depending on the types of activity and place of business (Minsk, regional centres, large cities and other settlements). Such rates can be decreased (but no more than twice) by regional councils and Minsk city Councils. Excise taxes are levied on a range of goods, including alcohol, alcoholic beverages, non-food and food products containing alcohol, tobacco products, car gasolines, diesel fuel and marine fuel, liquefied hydrocarbon gas and compressed natural fuel gas used as car fuel, as well as oil for diesel and/or injector engines. Unified excise tax rates are applicable to excisable goods whether imported or manufactured.

Foreign trade payments include customs duties, VAT and excise taxes levied on imported goods. Within the customs territory of the EAEU, a Common Customs Tariff of the EAEU is applied which is a code of import customs duties rates arranged in line with a unified EAEU classification of foreign trade goods. Import customs duties apply to various commodity items, such as tea, coffee, food products, photo and video equipment, textile products, fuel and metals. In the customs territory of the EAEU a mechanism is applied whereby import customs duties are credited and allocated among the budgets of the EAEU member countries based on specific ratios (in 2019 the ratio for the Republic of Belarus was set at 4.56 per cent.; in 2020 – at 4.86 per cent.).

Export customs duties apply to oil and oil products, potash fertilisers, timber, rapeseed and rawhide exported out of the EAEU customs territory. Russia and the Republic of Belarus apply the same rates of export customs duties to oil and oil products exported.

VAT and excise duties are levied on goods intended for foreign trade based on the country of destination. This principle provides for the application of the zero per cent. value added tax and/or exemption from excise taxes on the exports of goods and the levying of VAT and excise taxes on the imports of the goods.

The Republic of Belarus applies the main VAT rate at 20 per cent., while the rate of 10 per cent. is applicable to a number of goods, including food products and goods for children, according to a list approved by the President of the Republic of Belarus. There are also other VAT rates for specific services and goods, e.g. 25 per cent. rate is applied for telecommunications services.

The table below shows the structure of revenues of the consolidated budget broken down by main revenue sources for the periods indicated:

	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**Three months ended 31 March 2020**
			(in percentage of the total revenues)				
Total revenues	**100.0**	**100.0**	***100.0***	**100.0**	**100.0**	**100.0**	**100.0**
including:							
income tax	14.6	13.9	13.8	13.7	13.7	15.1	17.6
profit tax	9.1	8.2	8.2	9.2	8.7	9.7	2.6
property taxes	4.4	4.6	5.6	5.1	4.6	4.1	4.0
VAT	31.8	27.3	28.9	29.2	28.0	28.8	37.5
excise taxes	9.7	7.3	7.7	7.4	7.0	7.1	8.2
tax revenues from foreign trade	8.4	14.7	12.0	11.2	14.6	12.1	8.2
interest for the use of budgetary monetary funds	1.7	2.4	2.0	1.3	1.1	1.4	1.6
dividends on shares (participation interests) owned by the state	4.8	5.7	3.3	5.6	4.1	4.1	1.8
other	15.5	15.9	18.5	17.3	18.2	17.6	18.5

Source: Ministry of Finance

Public Sector Budget Expenditure

In 2016, the Public Sector Budget expenditure increased by 6.2 per cent. to reach BYN37,489.1 million. As a percentage of GDP, expenditure increased by 0.2 per cent. in 2016 as compared to 2015.

In 2017, the Public Sector Budget expenditure increased by 6.1 per cent. to reach BYN39,779.7 million. The key focus areas of the Government's investment programme include construction of the NPP (see "*The Economy of the Republic of Belarus—Principal Sectors of the Economy—Fuel and Energy—NPP*"), the development of an affordable healthcare system and social housing.

In 2018, the Public Sector Budget expenditure amounted to BYN45,929.0 million, or 37.8 per cent. of GDP. The expenditure increased by 15.5 per cent. as compared to 2017. The share of expenditures in the country's GDP increased by 0.2 per cent. in 2018 as compared to 2017.

In 2019, the Public Sector Budget expenditure amounted to BYN50,732.3 million, or 38.4 per cent. of GDP. Financing of expenditures increased by 10.4 per cent. compared to 2018, while the share of expenditures in the country's GDP increased by 0.6 per cent.

During the first quarter of 2020, the Public Sector Budget expenditure amounted to BYN12,310.5 million, or 40.7 per cent. of GDP. Financing of expenditures increased by 10.4 per cent. compared to the same period of 2019, and the share of expenditures in Belarus' GDP increased by 1.6 per cent.

The table below shows a breakdown of the Public Sector Budget expenditure by functional classification for each of the periods indicated:

	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**Three months ended 31 March 2020**
			in BYN million (post re-denomination)				
Expenditures (functional classification)							
Education[(1)]	3,681.6	4,186.4	4,593.7	4,914.8	5,632.8	6,421.5	1,704.9
Environmental protection[(2)]	79.4	78.8	77.3	84.6	95.9	110.0	19.1
Judicial power, law enforcement and safety[(3)]	1,408.8	1,598.9	1,687.9	1,892.1	2,344.1	2,419.7	564.6
National defence[(4)]	736.8	925.3	1,044.5	1,015.0	1,353.9	1,339.4	366.5
National economy	3,356.8	3,881.7	4,253.3	4,280.8	4,806.2	5,546.8	1,203.5
Physical education, sport, culture and mass media[(5)]	684.8	773.6	864.2	937.2	1,158.1	1,287.7	276.3
Public health[(6)]	2,967.8	3,497.7	3,953.9	4,305.1	4,896.4	5,500.7	1,321.3
General public expenses[(7)]	4,750.8	6,296.9	6,901.3	7,267.0	8,228.8	8,387.1	1,897.8
Social policy (including SPF)	10,978.0	12,448.9	12,525.7	13,448.6	15,387.6	17,507.7	4,559.2
Utilities and residential construction[(8)]	1,730.5	1,613.5	1,517.2	1,582.2	1,961.4	2,139.3	397.3
Other Funds	—	9.8	70.1	52.3	63.8	72.4	—
Total expenditures	**30,375.2**	**35,311.5**	**37,489.1**	**39,779.7**	**45,929.0**	**50,732.3**	**12,310.5**

Source: Ministry of Finance

Notes:

(1) Includes the expenses relating to the operation of schools, colleges, universities and other educational organisations, the expenses of state authorities exercising control and supervision over the education system (including wages of staff, transport expenses and other current expenses), the financing of state programmes and various educational science projects, the publishing of textbooks and educational materials.

(2) Includes the expenses relating to the maintenance and recovery of specially protected natural sites, environmental monitoring, maintenance of the state register of natural resources and the expenses of environmental protection authorities.

(3) Includes expenses on judiciary power, law enforcement authorities, prosecution authorities, border control services, the penitentiary system, state security services, notary offices, customs authorities, the expenses relating to dealing with the consequences of emergency situations and natural disasters, programmes and projects in the sphere of law enforcement and the provision of safety and other expenses.

(4) Includes expenses on the defence and military security of the State, maintenance of the armed forces of Belarus, other military expenses, except for the expenses relating to military educational and medical requirements, as well as pensions.

(5) Includes expenses on cultural events, support for mass media, national film production, publications and periodicals, as well as the expenses on state regulation of the above spheres and state programmes.

(6) Includes expenses on the maintenance of public healthcare organisations (wages, healthcare institutions, transport, communications and other current expenses), costs of medical services, centralised purchases of medicines and medical equipment, state sanitary and epidemiological supervision and research in the sphere of public health.

(7) Includes expenses on the servicing of public debt, contributions to international organisations, formation of state reserve funds, expenditures on scientific research, salaries of government officials and other similar expenses, as well as expenses on the state investment programme.

(8) Includes subsidies for the reimbursement of the part of the entities' costs on rendering housing and utility services, the financing of overhauls and current repairs of residential housing.

Each functional line item of the Public Sector Budget expenditure includes current expenses, capital expenditure and subsidies. The most significant subsidies are discussed separately below.

The largest expenditure item in the Public Sector Budget is social policy, funded primarily through the funds of the SPF, expenses on which in 2018 amounted to BYN15,387.6 million. The SPF's expenses relate to social protection, including, for example, child care allowances, the provision of free baby food for children under two years of age and the financing of programmes relating to medical support for children living in areas polluted by the Chernobyl accident and disabled children. Expenses relating to youth policy include various scholarships for young people distinguished in science, education, culture or sports. Starting from 2015, expenses in relation to social policy have included allowances for additional support for multi-child families forming the so-called "family capital" (See "*Business—Ancillary Activities—Family Fund Management*" for details of DBRB's role in managing family capital).

The share of expenditures relating to social policy in the total expenditure of the Public Sector Budget remained relatively constant at 33.4 per cent., 33.8 per cent. and 33.5 per cent. in 2016, 2017 and 2018, respectively.

General public expenditures, expenditures relating to education and expenditures relating to public health accounted for 17.9 per cent., 12.3 per cent. and 10.7 per cent., of total expenditures in 2018, respectively. General public expenditures, expenditures relating to education and expenditures relating to public health accounted for 18.3 per cent., 12.4 per cent., 10.8 per cent., of total expenditures in 2017, respectively. General public expenditures, expenditures relating to education and expenditures relating to public health accounted for 18.4 per cent., 12.3 per cent. and 10.5 per cent., of total expenditures in 2016, respectively. General public expenditures, expenditures relating to education and expenditures relating to public health accounted for 17.8 per cent., 11.9 per cent. and 9.9 per cent., of total expenditures in 2015, respectively.

Wages and salaries of employees (including charges) engaged in the public sector accounted for 22.1 per cent., 22.2 per cent. and 23.7 per cent. of total expenditures of the Public Sector Budget in 2016, 2017 and 2018, respectively.

The following table shows a breakdown of expenditures on subsidies by industries for the periods indicated:

	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**Three months ended 31 March 2020**
			in BYN million (post re-denomination)				
Subsidies							
Agriculture................	1,376.3	1,466.7	1,701.6	1,134.4	1,075.9	1,336.3	364.5
Fuel and energy..........	60.2	64.7	69.3	85.9	106.2	126.6	29.4
Industrial sector, construction and architecture	427.6	638.2	606.6	763.4	792.3	1,012.5	207.4
Physical education, sports, culture and mass media................	73.6	74.1	77.4	80.6	91.5	103.5	24.9
Transportation............	277.9	274.4	329.8	305.9	356.7	427.0	91.7

	2014	2015	2016	2017	2018	2019	Three months ended 31 March 2020
			in BYN million (post re-denomination)				
Utilities	1,173.0	1,077.1	866.3	879.2	879.0	990.3	219.2
Other[(1)]	116.1	136.5	161.7	142.4	192.0	222.5	50.4
Total	**3,504.7**	**3,731.8**	**3,812.8**	**3,391.8**	**3,493.6**	**4,218.7**	**987.5**

Source: Ministry of Finance

Note:

(1) Other subsidies include the compensations for the interest provided to the banks in respect of discounted loans extended to legal entities, the subsidies for the facilitation of employment and the subsidies for the development of small and medium-sized businesses.

Agricultural subsidies include interest rate subsidies for credit facilities advanced by Belarusian banks to agricultural enterprises, the reimbursement of the difference between regulated prices for certain essential food products and the cost of sales incurred by agricultural producers, subsidies for the purchase of mineral fertilisers, the financing of research in the area of agricultural science and other subsidies supporting the agricultural sector.

Utilities subsidies include a partial reimbursement of costs on housing and utility services provided to population, and funds repairs and maintenance of residential housing. The Government plans to phase out subsidies on housing and utilities services to population by 2025.

Transportation subsidies include the reimbursement of the difference between regulated prices (tariffs) set by the regional executive committees, Minsk city executive committees (as agreed with the Ministry of Anti-Monopoly Regulation and Trade of the Republic of Belarus) for transportation services and the cost of sales incurred by transport enterprises.

Transportation subsidies include the reimbursement of the difference between regulated prices (tariffs) set by the Government for transportation services and the cost of sales incurred by transport enterprises.

Physical education, sports, culture and mass media subsidies include subsidies supporting sport clubs, cultural organisations, film production, mass media, publishing houses and video rental enterprises.

Budget Process

The preparation of a draft republican budget commences at least ten months before the beginning of the following financial year. The Ministry of Finance develops preliminary draft budgets and issues directions pursuant to which ministries and other state authorities must submit to the Ministry of Finance materials necessary for the preparation of the draft republican budget for the following financial year.

The draft republican budget, in the form of a draft law, together with the calculations, analytical and other materials, is then presented to the Government for consideration and, by 1 September of the relevant year, the draft law and the estimated indicators for the consolidated budget are forwarded to the President for consideration. The law on the republican budget for the following financial year is adopted by the Parliament of the Republic of Belarus by 1 December of the year preceding the following financial year.

Local budgets are to be considered and approved by the relevant local Councils of Deputies.

A report regarding the performance of the republican budget for the reporting financial year is prepared by 1 March of the year following the reporting financial year and is introduced as a draft law to be considered by the Government.

The Government forwards the draft law on the approval of the report regarding the performance of the republican budget for the reporting financial year to the State Control Committee of the Republic of

Belarus for the Committee to prepare, in the manner prescribed by law, an opinion on the performance of the republican budget for the reporting financial year, and also forwards the draft law to the President of the Republic of Belarus.

The President of the Republic of Belarus introduces to the House of Representatives a draft law on the approval of the report regarding the performance of the republican budget for the financial year within five months of the end of the relevant financial year.

Reports on performance against local government budgets are to be considered and approved by the corresponding local Councils of Deputies.

Annually medium-term financial programmes are developed and approved at the national and local level, and a systematic transition to the performance-oriented method of budget planning is carried out.

2020 Public Sector Budget

Based on the projections of the Ministry of Finance, the Public Sector Budget for 2020 has been prepared with a deficit of BYN1.1 billion, or 0.8 per cent. of GDP, with the revenues accounting for 36.6 per cent. of GDP and expenses accounting for 37.4 per cent. of GDP. The 2020 Public Sector Budget was prepared in accordance with a conservative scenario of economic development, assuming the following average annual parameters: (i) consumer price index (inflation) of 105.0 per cent.; (ii) GDP growth rate of 101.9 per cent.; (iii) refinancing rate of 9.5 per cent. per annum; (iv) oil price of U.S.$60 per barrel (Urals); and (v) U.S. dollar exchange rate of 2.2447 Belarusian rubles and 67.5 Russian rubles against the U.S. dollar. The 2020 Public Sector Budget takes into account the increase in crude oil prices resulting from the Russian "tax manoeuvre" and the related reduction in export custom duties on oil products charged by Belarus and other factors leading to a deficit, including an increase in social costs and external borrowings.

The Law of the Republic of Belarus No. 269-Z "On the Republican Budget for the Year 2020" was adopted on 16 December 2019. The Law of the Republic of Belarus No. 268-Z "On the Budget of State Extrabudgetary Fund of Social Protection of Population of the Republic of Belarus for the Year 2020" was adopted on 16 December 2019.

Tax Reforms

In recent years, a number of gradual changes to the tax system have been implemented in order to improve the investment climate in the Republic of Belarus, to reduce the tax burden and to stimulate growth in the private sector.

From 2011, local contributions for the development of territories, which had been levied on net profit, and service tax were abolished; the rates of environmental tax were reduced; and the requirement of advance payment of VAT and excise taxes was annulled.

From 2012, the profit tax rate was reduced from 24 per cent. to 18 per cent.; a reduced profit tax rate was introduced for enterprises that manufacture innovative and high-tech products; a mechanism for carrying loss onto future periods and a mechanism for accelerated depreciation of equipment and immovable property for profit tax purposes, were introduced. In addition, the tax rate applicable to SMEs using the simplified taxation system was reduced from 8 per cent. to 7 per cent. for entities not paying VAT and from 6 per cent. to 5 per cent. for entities paying VAT.

From 2013, the tax rate applicable for the simplified taxation system was reduced to 5 per cent. for entities not paying VAT and to 3 per cent. for entities paying VAT.

From 2014, organisations became entitled to deduct, for profit tax purposes, expenses on research and development applying a multiplying factor of up to 1.5. The depreciation premium was transformed into an investment deduction, which made it possible, in addition to depreciation charges, to reduce taxable profit by an additional 20 per cent. of the value of equipment and by 10 per cent. of the value of immovable property. In order to simplify tax accounting, the calendar quarter was set as the reporting period for profit tax purposes, with tax being paid based on the actual financial and business indicators for the given quarter. A special order of calculation for profit tax to be paid in respect of the fourth quarter was established.

From 2015, the profit tax rate was increased for banks and insurance companies from 18 per cent. to 25 per cent.; the personal income tax rate was increased from 12 per cent. to 13 per cent.; the zero per cent. VAT rate was set for services involving technical maintenance and repairs of cargo vehicles belonging to non-residents of the Republic of Belarus; the local Councils of Deputies became entitled to increase (or reduce) the tax rates on real estate and land tax by not more than 2.5 times for certain categories of taxpayers (instead of 2.0 times).

From 2016, methodologies for supervising transfer pricing in the Republic of Belarus were improved. The term "beneficial owner" was defined in the Tax Code and a list of documents to certify beneficial ownership was introduced. From 1 July 2016, a mechanism for the flow of electronic VAT invoices was implemented.

From 2017, tax rates on gambling have been raised, depending on income (no more than 2.3 times). Improved tax control due to the introduction of a category of "economically justified costs" (based on a certain criteria provided for by the tax law, expenses can be qualified as economically justified or unreasonable).

From 1 January 2019, the new version of the Tax Code specifies a number of measures aimed at decreasing the tax burden, facilitating economic growth and creating favourable investment conditions, including the following:

- a 1.5 times increase in the size of investment deduction from profit tax (for buildings, constructions, transferring units – from 10 to 15 per cent., for machinery, equipment and transport vehicles – from 20 to 30 per cent.);
- up to a 6 per cent. decrease of profit tax rate and personal income tax rate on dividends provided that within the preceding three years profits have not been distributed among Belarusian shareholders and a full tax exemption if profit has not been distributed among Belarusian shareholders within the preceding five years;
- profit tax benefits for operations with corporate bonds for an unlimited period;
- readjustment of the revenue criteria for a simplified taxation system applied by entities - for the forward-looking inflation rate (5.3 per cent., from BYN1,851,100 to BYN1,949,208), by individual entrepreneurs – by more than twice (from BYN202,700 to BYN420,000);
- a 1.5 times increase (from BYN492,000 to BYN738,000) of the revenue criteria for accounting in ledger of income and expenditure of entities and individual entrepreneurs applying the simplifying tax system;
- an exemption for newly constructed facilities and land plots on which they are built from property taxes (real estate and land tax) in the first year of operation with decreasing coefficients to such tax rates within further four years;
- an abatement of the levy imposed on foreign vehicles using public roads of the Republic of Belarus
- an exemption from real estate tax of facilities under construction;
- abolishing the right of a local council to increase real estate taxes imposed upon real estate objects which are not used or are inefficiently used, as well as abolishing the right of a local council to increase the land tax on land plots occupied by such objects; and

- a decrease in increasing coefficients set up by local councils on property tax rates from 2.5 to 2 times, from 2020.

As far as the simplification of taxes and levies collection is concerned, from 1 January 2019, the new version of the Tax Code provides for the following actions:

- convergence of tax management and accounting (including by means of eliminating the temporary differences when recognising some types of income and expenses);
- simplification of tax management of scaled expenses;
- the right to pay VAT by payers of a unified tax on imputed income;
- increased possibilities for entities to apply simplified accounting when applying the simplified tax scheme due to 1.5 times increase (from BYN492,000 to BYN738,000) in the gross revenue criterion as set up for the ledger of income and expenditures;
- principle of self-imposed unified tax for individual entrepreneurs; and
- the right for individual entrepreneurs to determine sales revenue on accrual basis (for shipment date) when general taxation system and simplified tax system are applied.

Moreover, from 1 January 2019 the new version of the Tax Code simplifies tax administration, including the following:

- new approaches to suspending operations on payers' accounts with indebtedness for current payments to the budget, due to risk-oriented approach providing for payers' segregation into risk groups;
- an introduction of the new method of tax liability performance bond – a bank guarantee;
- improvements of the procedure of accounts receivables collection;
- changes in approaches to fines;
- improvements of transfer pricing control;
- set-offs and returns of overpaid taxes periods are increased from three to five years;
- individuals are allowed to apply to any tax authority (not only at the place of their residence).

The table below shows the tax burden for the periods indicated:

Year ended 31 December					
2014	**2015**	**2016**	**2017**	**2018**	**2019**
24.3%	25.6%	25.1%	24.9%	25.7%	25.0%(1)

(1) Preliminary estimate.

Source: Ministry of Finance

According to the "Doing Business 2020" report of the World Bank, the Republic of Belarus was in 99th position in terms of Taxation out of 190 countries being studied, having improved its rating by 8 points as compared to "Doing Business 2014".

In order to mitigate the negative impact of the COVID-19 pandemic on the economy, on 24 April 2020, the President of the Republic of Belarus signed Edict No. 143, which provides for the following tax relief and support measures for businesses and entrepreneurs:

- local authorities are allowed to change the term of tax and duty payment and the lease allowance for land plots in state ownership payable from 1 April 2020 to 30 September 2020 in the form of deferral with installment payments.
- tax payment deferral, installments and tax credits to legal entities and private entrepreneurs operating in spheres most susceptible to the negative impact of the pandemic;
- local authorities are allowed to decrease land and real estate taxes, as well as lease allowances for land plots granted to certain tenants, payable during the second and third quarter of 2020;
- inclusion of expenses for sanitary and epidemiological measures, as well as for restrictive measures, into non-operating costs for income tax purposes;
- the chosen order of exchange rate differences accounting can be changed once in2020 by making an amendment to the accounting policy;
- for the purposes of offset/repayment of the single tax payable by individual entrepreneurs and other individuals (the "**single tax**") in 2020 due to temporary suspension of entrepreneurial activity, the duration of such suspension can exceed 30 calendar days (previously could not exceed 30 calendar days);
- private entrepreneurs who paid the single tax in 2020 are empowered to choose another taxation regime from the first day of any calendar month 2020 in relation to the activities subject to the single tax;
- costs of disinfectants, sanitizing medication, means of individual protection, and nutrition received in connection with sanitary and epidemiological measures are not recognised as objects of income tax for individuals; and
- the Regional and Minsk City Council of Deputies have been advised to decrease the rate of the single tax during the second and third quarters of 2020.

Social Protection Fund

In the Republic of Belarus, the funds of the state social insurance are managed by the SPF, which was founded on 1 July 1993 as a successor to the Pension Fund and the Social Insurance Fund of the Republic of Belarus.

The SPF finances pensions and allowances payable by law, measures for facilitating employment and other expenses envisaged by legislation on state social insurance. The sources of financing are the mandatory insurance contributions payable by employers and employees, contributions for professional pension insurance and other payments for state social insurance. These funds form the budget of the state extrabudgetary fund of social protection of population of the Republic of Belarus (the "**budget of the fund**"), which is managed by the SPF.

From 2010, the budget of the fund was excluded from the budget and is to be approved through a law on an annual basis. The funds of state social insurance are national property. The fund of the budget is managed via a single treasury account of the Ministry of Finance. A report on the performance of the budget of the fund is submitted to the Ministry of Finance on a quarterly basis.

The following table shows certain financial information relating to the SPF for the periods indicated:

	2014	2015	2016	2017	2018	2019	Three months ended 31 March 2020
			in BYN million (post re-denomination)				
Revenues	9,440.3	10,478.5	11,749.2	12,461.5	13,929.9	15,912.1	4,149.7
including:							
contributions for state social insurance	9,124.8	9,715.2	10,090.8	11,004.2	12,911.6	14,564.9	3,839.9
non-tax revenues(1)	182.7	235.9	239.1	221.1	207.8	227.7	60.3
subventions out of the budget(2)	132.8	527.4	1,419.3	1,236.2	810.6	1,119.4	249.5
Expenditures	9,417.6	10,819.3	11,542.1	12,263.7	13,614.9	15,811.6	4,078.7
including:							
pensions(3)	7,445.1	8,415.8	8,924.8	9,562.3	10,609.1	12,585.0	3,207.5
allowances	1,835.1	2,251.2	2,451.0	2,602.6	2,899.0	3,110.2	844.8
other(4)	137.4	152.3	166.3	98.8	106.9	116.4	26.4
Balance (deficit / surplus)	**22.7**	**(340.8)**	**207.1**	**197.8**	**315.0**	**100.5**	**71.0**

Source: Ministry of Finance

Notes:

(1) Including the interest payable by the banks for the use of monetary funds, fines for breaching legislation and other receipts.

(2) From 2014, non-insurance expenses are to be reimbursed to the budget of the fund out of the budget.

(3) Including expenses on professional pensions.

(4) Including expenses on health resort treatment and rehabilitation of the population, measures to facilitate employment of the population, the financing of specialised educational sports institutions of trade unions, the financing of the SPF's activities and other expenses.

In 2018, the SPF budget generated a BYN315.0 million surplus. The total revenues of the budget of the SPF amounted to BYN13,929.9 million, while expenditures amounted to BYN13,614.9 million.

In 2019, the SPF budget generated a BYN100.5 million surplus (a deficit of BYN117.9 million in state social insurance, and a surplus in professional pension insurance in the amount of BYN218.3 million). The total revenues of the budget of the SPF amounted to BYN15,912.1 million, while expenditures amounted to BYN15,811.6 million.

For the first quarter of 2020, the SPF budget was executed with a surplus in the amount of BYN71.0 million, including state social insurance in the amount of BYN10.3 million and professional pension insurance in the amount of BYN60.7 million. The total revenues of the SPF budget amounted to BYN4,149.7 million, while expenditures amounted to BYN4 078.7 million.

In order to curb the spread of the COVID-19 pandemic and mitigate its negative economic impact, Belarus has adopted a number of measures aimed at providing social support to citizens and organisations (see also "*Overview of the Republic of Belarus—COVID-19 Impact*" and "*Risk Factors—The economic effects of the outbreak of COVID-19 could adversely affect Belarus' economy*"), which will entail additional expenditures of the SPF budget and, accordingly, increase the amount of subventions allocated from the national budget to the SPF budget. Such measures include*, inter alia*:

- Edict of the President of the Republic of Belarus No. 143 "On Economic Support" dated 24 April, 2020, providing for the payment of temporary disability benefits to persons with a child under 10 years of age, if this child is a first- or second-level contact (the total amount of corresponding expenditures is estimated at BYN 4.8 million); and

- Edict of the President of the Republic of Belarus No. 178 “On Temporary Measures of State Support of Employers and Certain Categories of Citizens” dated 28 May 2020, envisaging the right of organisations (except for budget organisations and organisations receiving subsidies) to receive subsidies from the budget of the SPF for the implementation of additional payments to separate categories of workers and payment of mandatory insurance contributions to the SPF (the total amount of potential expenses is estimated at BYN180.0 million).

PUBLIC DEBT

The following table sets out information on Belarus' public debt broken down into external debt and domestic debt as at the dates indicated.

	As at 31 December						As at 31 March
	2014	2015	2016	2017	2018	2019	2020
	(U.S.$ million, except percentages)						
External public debt							
Multilateral loans	**2,964.5**	**2,584.1**	**3,115.4**	**3,724.9**	**3,668.3**	**3,361.2**	**3,259.2**
IMF	79.3	—	—	—	—	—	—
IBRD	589.8	641.8	724.6	821.8	904.5	923.4	908.0
EBRD and Nordic Investment Bank	0.2	0.2	1.8	67.2	81.0	108.1	109.8
EFSD	2,295.2	1,942.1	2,389.0	2,835.9	2,682.8	2,329.7	2,241.4
Bilateral loans	**7,815.7**	**9,062.2**	**9,729.7**	**10,801.9**	**11,225.7**	**11,609.5**	**11,249.3**
Russia	5,176.8	6,187.9	6,608.5	7,602.4	7,904.5	8,110.8	7,924.7
Germany	—	—	—	—	—	—	—
USA	33.6	30.3	26.3	22.7	19.0	15.4	14.9
China	2,490.1	2,844.3	3,094.9	3,176.8	3,302.2	3,483.3	3,309.7
Venezuela	115.2	—	—	—	—	—	—
Bonds	**1,800.0**	**800.0**	**800.0**	**2,200.0**	**2,000.0**	**2,161.8**	**2,125.3**
External public debt, total	**12,580.2**	**12,446.3**	**13,645.1**	**16,726.8**	**16,894.0**	**17,132.5**	**16,633.8**
As a percentage of GDP	**16.0**	**21.9**	**28.4**	**30.6**	**28.2**	**27.1**	**26.4**
Domestic public debt							
State securities	4,082.7	5,247.6	5,225.5	4,651.3	4,115.0	4,159.9	4,005.9
Domestic public debt, total	**4,082.7**	**5,247.6**	**5,225.5**	**4,651.3**	**4,115.0**	**4,159.9**	**4,005.9**
As a percentage of GDP	**5.5**	**9.5**	**10.8**	**8.5**	**6.9**	**6.6**	**6.5**
Total public debt	**16,662.9**	**17,693.9**	**18,870.6**	**21,378.1**	**21,009.0**	**21,292.4**	**20,639.7**
As a percentage of GDP	**21.5**	**31.4**	**39.2**	**39.1**	**35.1**	**33.7**	**32.9**

Source: Ministry of Finance

As at 31 March 2020, the Republic of Belarus had total public debt of U.S.$20,639.7 million, comprising U.S.$16,633.8 million of external public debt and U.S.$4,005.9 million of domestic public debt.

The increases in external public debt in 2016–2019 resulted from an increase in external government loans and the issuance of Eurobonds to refinance existing public debt and to realise investment projects, including the construction of the NPP.

The following table sets out information on the Republic of Belarus' public debt broken down into denomination currencies as at the dates indicated.

	As at 31 December						As at 31 March
	2014	2015	2016	2017	2018	2019	2020
	(U.S.$ million, except percentages)						
External public debt	12,580.2	12,446.3	13,645.1	16,726.8	16,894.0	17,132.5	16,633.8
Domestic public debt denominated in foreign currencies	2,663.9	4,359.1	4,411.6	3,838.0	3,429.3	3,563.8	3,550.6
Domestic public debt denominated in Belarusian ruble	1,418.8	888.5	813.9	813.3	685.7	596.1	455.3
Total public debt	**16,662.9**	**17,693.9**	**18,870.6**	**21,378.1**	**21,009.0**	**21,292.4**	**20,639.7**
Public debt denominated in foreign currencies,	91.5	95.0	95.7	96.2	96.7	97.2	97.8

	As at 31 December						As at 31 March
	2014	2015	2016	2017	2018	2019	2020
			(U.S.$ million, except percentages)				
as a percentage of total...........................							
Public debt denominated in Belarusian ruble, as a percentage of total..	8.5	5.0	4.3	3.8	3.3	2.8	2.2
As a percentage of GDP.............................	**21.5**	**31.4**	**39.2**	**39.1**	**35.1**	**33.7**	**32.9**

Source: Ministry of Finance

As at 31 March 2020, the Republic of Belarus' domestic public debt was denominated in U.S. dollars (54.5 per cent.), Euro (34.0 per cent.), Belarusian rubles (11.4 per cent.) and Russian rubles (0.1 per cent.). As at 31 March 2020, the Republic of Belarus external public debt was denominated in U.S. dollars (87.9 per cent.), Russian rubles (4.6 per cent.), Euro (1.7 per cent.) and Chinese renminbi (5.8 per cent.).

As at 31 March 2020, 78.0 per cent. of domestic public debt was at fixed rates and 22.0 per cent. was at floating rates. As at 31 March 2020, 56.4 per cent. of external public debt was at fixed rates and 43.6 per cent. was at floating rates.

The following table provides information on the residual maturity profile of the Republic of Belarus' public debt as at 31 March 2020:

	As at 31 March 2020				
	Up to 1 year	1-2 years	2-5 years	Over 5 years	Total
			(U.S.$ million)		
External public debt	**1,677.9**	**1,822.2**	**6,239.2**	**6,894.5**	**16,633.8**
Domestic public debt	**728.6**	**324.2**	**1,330.1**	**1,623.0**	**4,005.9**
Domestic public debt denominated in foreign currency..................................	688.5	268.5	1,093.2	1,500.4	3,550.6
Domestic public debt denominated in BYN..............	40.1	55.7	236.9	122.6	455.3
Total.......................................	**2,406.5**	**2,146.4**	**7,569.3**	**8,517.5**	**20,639.7**

Source: Ministry of Finance

Debt Management

The public debt of the Republic of Belarus is managed in accordance with the Budget Code of the Republic of Belarus, the Strategy for Debt Management of the Republic of Belarus in 2015-2020 (the "**Debt Management Strategy**"), as well as other regulations.

Under the Budget Code, the Republic of Belarus unconditionally undertakes to service and repay its external public debt which is payable from the sources of the republican budget and other property owned by the Government. Payments to service and repay public debt have priority as compared to other payments under the central government budget.

In March 2015, the Government approved the Debt Management Strategy, which provides for targets, rules and measures that is intended allow the Republic of Belarus to manage the maturities of its public debt profile and to avoid a significant concentration of payments in the next five years and going forward (subject to the required accumulation of foreign currency reserves and the fiscal position of the Republic of Belarus). The Debt Management Strategy targets a lower cost of borrowing, a longer average maturity and the establishment of a benchmark yield curve. The Debt Management Strategy contemplates that (i) resources mobilised in the form of non-project related government loans in foreign currencies should be used only for the purposes of public debt repayment and gold and foreign currency reserve replenishment; (ii) debt service obligations should be payable from the revenues of republican budget; and (iii) funding sources should be diversified and portfolio risks decreased. The Debt Management Strategy sets out a limit of public debt to GDP at 45 per cent.

The principles on which the Debt Management Strategy is based have been supported by international rating agencies and international financial organisations including the IMF and World Bank. For example, the EFSD has included compliance with the Debt Management Strategy in its funding matrix as a principal controlling mechanism in providing financial support to the Republic of Belarus.

As part of the Debt Management Strategy, the Government plans to annually refinance no more than 75 per cent. of the existing public debt, with the remaining 25 per cent. being repaid from non-debt sources.

Furthermore, the Government sets limits on external and domestic public debt in the relevant central government budget law for a respective financial year. The Law of the Republic of Belarus "On the Republican Budget for the Year 2019" of 30 December 2018 No. 160-Z established a limit of external public debt in the amount of U.S.$21 billion and domestic public debt in the amount of BYN10 billion (approximately U.S.$4.8 billion; exchange rate as at 31 December 2019).

The following limits on public debt are set in the Law of the Republic of Belarus "On the Republican Budget for the Year 2020" of 16 December 2019 No. 269-Z:

- external public debt – U.S.$20.5 billion;
- domestic public debt – BYN9.5 billion (approximately U.S.$3.7 billion calculated based on the exchange rate as at 31 March 2020).

Furthermore, as part of its funding diversification strategy, the Government plans to gradually increase the share of local currency denominated bonds in the annual amount of attracted domestic public debt, with a target indicator of no less than 50 per cent. by 2025.

External Public Debt

The external public debt of the Republic of Belarus is the sum of the principal debt of the Republic of Belarus under external government loans and liabilities to be fulfilled in accordance with the guarantees of the Government of the Republic of Belarus on external loans at a certain point in time.

The Republic of Belarus began incurring external public debt in 1992 and as at 31 March 2020, the total amount of external public debt was U.S.$16,633.8 million. As at 31 March 2020, all existing external public debt is long-term. The existing external public indebtedness of the Republic of Belarus has an average rate of interest of 4.2 per cent. and an average maturity of 5.1 years.

The following table provides information on breakdown of the Republic of Belarus' external public debt between investment projects debt and other indebtedness as at the dates indicated:

	As at 31 December						As at 31 March
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
				(%)			
Investment projects	31.7	41.0	43.9	40.7	46.9	49.0	50.7
Other indebtedness	68.3	59.0	56.1	59.3	53.1	51.0	49.3

Source: Ministry of Finance

As at 31 March 2020, bilateral loans amounted to U.S.$11,249.3 million (or 67.6 per cent. of total external public debt), loans from international financial organisations amounted to U.S.$3,259.2 million (or 19.6 per cent. of total external public debt) and bonds on external financial markets amounted to U.S.$2,125.3 million (or 12.8 per cent. of total external public debt). The largest portion of external public debt is attributable to Russia, which accounted for U.S.$7,924.7 million, or 47.6 per cent. of total external public debt. The remaining portion of external public debt was attributable to China

(U.S.$3,309.7 million, or 19.9 per cent. of total external public debt), EFSD (U.S.$2,241.4 million, or 13.5 per cent. of total external public debt), bonds on external financial markets (U.S.$2,125.3 million, or 12.8 per cent. of total external public debt), IBRD (U.S.$908.0 million, or 5.5 per cent. of total external public debt), EBRD and NIB (U.S.$109.8 million, or 0.6 per cent. of total external public debt) and the US (U.S.$14.9 million, or 0.1 per cent. of total external public debt).

The attraction of project-related loans is made to implement foreign-currency-generating investment projects in strategically important spheres. The main creditors for such purposes are China, Russia and IBRD, as described below.

Russia

As discussed above, loans granted by the Russian Government and Russian banks accounted for a significant portion of external debt of the Republic of Belarus. This trend remained over the last few years. In particular, in 2015, the Russian government granted two loans to the Republic of Belarus in the amount of U.S.$870 million with a maturity of 10 years. In September 2017, the Russian government granted a loan to the Republic of Belarus for refinancing its external public debt in the amount of U.S.$700 million. Moreover, the construction of the NPP is financed by loans received from the Russian Government (U.S.$10 billion) and Vnesheconombank (U.S.$500 million). As at 31 March 2020, the Republic of Belarus had utilised U.S.$4.3 billion under the U.S.$10 billion credit line available from the Russian Government and U.S.$443.2 million under the U.S.$500 million credit from Vnesheconombank. As at the date of this Prospectus, in view of the postponement of the commissioning of the first and second power units of the NPP, Russia and Belarus were in discussions to agree on amending the terms of the NPP loan, with the final approval and implementation of domestic procedures underway on both sides.

EFSD

The Republic of Belarus actively cooperates with the EFSD. In June 2011, in order to support its balance of payments and maintain its foreign currency reserves, the Republic of Belarus entered into a U.S.$3 billion 10-year credit agreement with the EFSD (previously known as the ACF) which provided with a three-year grace period. The agreement provided for the performance of a programme of economic measures by the Government and the National Bank. In 2011-2013, the Government and the National Bank performed the programme which resulted in granting five tranches totalling U.S.$2.6 billion. In 2014, the Republic of Belarus commenced the repayment of this debt.

In March 2016, the Republic of Belarus entered into a new loan agreement with the EFSD to provide funding in the amount of U.S.$2 billion by way of seven tranches during 2016-2018. The primary purpose of the funding was to support the reforms of the Government and the National Bank to create conditions that are expected to lead to sustainable growth of the economy through improved economic policy and implementation of structural reforms (such as establishing an independent antimonopoly authority, liberalising prices for goods and services, developing a new conceptual framework of state-owned asset management, strengthening social safety nets in the context of potential unemployment growth, reducing the role of the state in economic activity, privatising state-owned assets, restructuring state-owned sector). During 2016-2018, the Republic of Belarus attracted six tranches in the amount of U.S.$1.8 billion. Although Belarus satisfied all of the conditions of the programme, the last tranche in the amount of U.S.$0.2 billion has not been granted to Belarus.

As at 31 March 2020, the total amount of external public debt owed to the EFSD was U.S.$2,241.4 million.

IBRD

As at 31 March 2020, the Republic of Belarus had external public debt of the IBRD that included 20 loans in the aggregate amount of U.S.$1.7 billion: 19 loans in the amount of U.S.$1.5 billion were attracted for implementation of infrastructure projects in the Republic of Belarus, and one loan in the amount of U.S.$0.2 billion was made with a purpose of supporting structural reforms in the economy, as well as implementation of measures to manage the consequences of the global financial crisis. The outstanding debt on IBRD loans as at 31 March 2020 amounted to U.S.$908.0 million, or 5.5 per cent. of external public debt. In recent years, the loan agreements were made to finance the following projects: in 2015, to modernise a transit route in the amount of U.S.$250 million, to develop forest industry in the amount of U.S.$40.7 million, to enhance the education system in the amount of U.S.$50 million; in 2016, to advance the public finance management system in the amount of U.S.$10.0 million; in 2017, to improve selected aspects of the quality of the health care delivery in the amount of U.S.$125 million; in 2018, to develop the forest industry in the amount of EUR12.0 million, in 2019, to modernise the educational system in the amount of EUR90.0 million, and to improve the efficiency and quality of public services, as well as to implement a sustainable energy project, in the amount of EUR90.0 million.

China

To implement investment projects, the Republic of Belarus closely cooperates with Chinese banks.

As at 31 March 2020, the Republic of Belarus had loan agreements in the aggregate amount of U.S.$4.8 billion, 76.5 per cent. of which is attributable to the Export-Import Bank of China, and 23.5 per cent. – to China Development Bank. Loan agreements in the aggregate amount of U.S.$4.3 billion were concluded for the purposes of implementing projects in the following industries:

- cement industry (U.S.$28.2 million);
- power sector (U.S.$1,339.8 million);
- pulp and paper industry (U.S.$960.3 million);
- road construction (U.S.$662.1 million);
- railroads (U.S.$64.0 million);
- development of the Great Stone Park (U.S.$170.0 million). See "*Economy of the Republic of Belarus—FDI and Privatisation—FDI*"*;*
- car industry (U.S.$158.7 million);
- telecommunications (U.S.$258.6 million);
- textile industry (U.S.$51.8 million); and
- agricultural industry (U.S.$604.8 million).

In addition, on 16 December 2019, a term facility agreement for the amount of 3.5 billion Chinese yuan (approximately U.S.$493.5 million based on the exchange rate as at 31 March 2020) was signed between the Republic of Belarus and the China Development Bank (Shanghai branch).

The outstanding debt of Belarus to China as at 31 March 2020 amounted to U.S.$3,309.7 million.

Eurobonds

As at the date of this Prospectus, three issues of bonds with an aggregate principal amount of U.S.$2,000 million listed on Euronext Dublin were outstanding.

Bonds on the Russian financial market

In July 2019, the Republic of Belarus has registered in Russia a prospectus for sovereign bonds of the series 03-07 in an aggregate principal amount of RUB30.0 billion. As at 31 March 2020, three-year bonds of the series 03-04 in an aggregate principal amount of RUB10.0 billion were placed on the Moscow Exchange in August 2019 with a rate of 8.65 per cent. Five-year bonds of the series 07 in an aggregate principal amount of RUB10.0 billion were placed on the Moscow Exchange in May 2020 with a rate of 8.50 per cent. The issuance of the bonds of the series 05-06 as part of a registered bond programme with an aggregate principal amount of RUB10.0 billion and five-year maturity is planned before the end of 2020.

Debt Payment Record and Estimated Debt Service

The Republic of Belarus adheres to a balanced approach towards public debt management. The core principles include unconditional and timely service of debt obligations. The payments to service and repay public debt have priority as compared to other payments under the central government budget.

Foreign currency public debt repayments in the first quarter of 2020 totalled U.S.$903.0 million, including repayments of domestic public debt in the amount of U.S.$196.4 million (U.S.$157.4 million – the principal amount, U.S.$39.0 million – debt servicing); repayments of external public debt in the amount of U.S.$706.6 million (U.S.$504.9 million – the principal amount, U.S.$201.7 million – debt servicing).

Foreign currency public debt repayments in 2019 totalled U.S.$3.1 billion, including repayments of domestic public debt in the amount of U.S.$0.8 billion (U.S.$0.6 billion – the principal amount, U.S.$0.2 billion – debt servicing); repayments of external public debt in the amount of U.S.$2.3 billion (U.S.$1.5 billion – the principal amount, U.S.$0.8 billion – debt servicing).

In 2019, public debt repayments were partially covered by non-debt related sources, mainly by export custom duties on crude oil and oil products and also non-project related borrowings in the amount of U.S.$1.4 billion. These borrowings include domestic market borrowings in the amount of U.S.$0.8 billion and external market borrowings in the amount of U.S.$0.6 billion.

In 2020, public debt repayments will be covered by non-project related borrowings in the amount of U.S.$2.0 billion (U.S.$0.6 billion – internal borrowings, U.S.$1.4 billion – external borrowings), returns from enterprises-users of project-related government loans in the amount of US$0.2 billion, and Government foreign currency reserves in the amount of US$0.3 billion.

The following table sets out the Republic of Belarus' total external and domestic public debt principal and interest payments for the periods indicated:

	Year ended 31 December						Three months ended 31 March
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
			(U.S.$ million, except percentages)				
Payments for servicing and repaying external public debt, total....	**5,079.7**	**2,607.8**	**1,445.4**	**1,698.6**	**2,790.4**	**2,328.3**	**706.6**
of which:							
Principal..................	4,563.0	2,016.4	892.5	1,029.4	1,997.3	1,511.3	504.9
Interest....................	516.7	591.4	552.9	669.2	793.1	817.0	201.7
Payments for servicing and repaying domestic public debt, total....	**406.7**	**2,045.8**	**2,114.4**	**1,688.1**	**1,190.4**	**929.1**	**227.1**
of which:							
Principal..................	227.3	1,793.7	1,799.6	1,388.6	923.9	712.5	186.1
Interest....................	179.4	252.1	314.8	299.5	267.1	216.6	41.0
Payments for servicing and repaying public debt, total...............	**5,486.4**	**4,653.6**	**3,559.8**	**3,386.7**	**3,981.4**	**3,257.4**	**933.7**
of which:							
Principal..................	4,790.3	3,810.1	2,692.1	2,418.0	2,921.2	2,223.8	691.0
Interest....................	696.1	843.5	867.7	968.7	1,060.2	1,033.6	242.7

Source: Ministry of Finance

The following table sets out details of the projected payments for the years 2020-2025. The expected debt service payments have been calculated on the basis of the Republic of Belarus' debt portfolio, as well as prevailing interest and exchange rates as at 31 March 2020:

	2020	2021	2022	2023	2024	2025
			(U.S.$ million)			
Payments for servicing and repaying external public debt, total	**2,327.4**	**2,819.0**	**2,878.4**	**3,410.4**	**2,534.8**	**2,158.8**
of which:						
Principal[(1)]	1,635.7	2,036.9	2,172.0	2,825.9	2,052.2	1,770.9
Interest	691.7	782.1	706.4	584.5	482.6	387.9
Payments for servicing and repaying domestic public debt, total	**1,093.6**	**415.5**	**686.9**	**432.9**	**526.1**	**485.8**
of which:						
Principal	911.7	271.9	558.2	331.6	434.6	411.1
Interest	181.9	143.6	128.7	101.3	91.5	74.7
Payments for servicing and repaying public debt, total	**3,421.0**	**3,234.5**	**3,565.3**	**3,843.3**	**3,060.9**	**2,644.6**
of which:						
Principal	2,547.4	2,308.8	2,730.2	3,157.5	2,486.8	2,182.0
Interest	873.6	925.7	835.1	685.8	574.1	462.6

Source: Ministry of Finance

Note:

(1) Including planned utilisation of the project finance facilities concluded prior to 31 March 2020 but not yet disbursed.

Domestic Public Debt

Domestic public debt of the Republic of Belarus is the sum of the principal debt of the Republic of Belarus under domestic government loans and the liabilities to be fulfilled in accordance with the guarantees of the Government of the Republic of Belarus on domestic loans at a certain point in time.

As at 31 March 2020, domestic public debt amounted to U.S.$4,005.9 million. As at 31 March 2020, the share of securities with fixed interest rate was 78.0 per cent., whereas the share of securities with floating interest rate was 22.0 per cent.

As at 31 March 2020, the weighted average interest rate on foreign currency denominated securities was 5.0 per cent., the average term of foreign currency denominated securities was 7.1 years, and the average term to maturity was 4.3 years. As at 31 March 2020, the weighted average interest rate on Belarusian rubles denominated securities was 2.5 per cent., the average term of Belarusian ruble denominated securities was 8.3 years, and the average term to maturity was 3.6 years.

The following table sets out the Republic of Belarus' state securities broken down by type as at the dates indicated:

	As at 31 December						As at 31 March
	2014	2015	2016	2017	2018	2019	2020
				(U.S.$ million)			
GKOs	58.1	0.3	0.2	0.1	0.1	0.1	0.1
of which:							
in foreign currency	0.3	0.3	0.2	0.1	0.1	0.1	0.1
in BYN	57.8	—	—	—	—	—	—
GDOs	4,024.6	5,247.3	5,225.3	4,651.2	4,114.9	4,159.8	4,005.8
of which:							

	As at 31 December						As at 31 March
	2014	2015	2016	2017	2018	2019	2020
				(U.S.$ million)			
in foreign currency ...	2,663.6	4,358.8	4,411.4	3,837.9	3,429.2	3,563.8	3,550.6
in BYN	1,361.0	888.5	813.9	813.3	685.7	596.1	455.3
Total	**4,082.7**	**5,247.6**	**5,225.5**	**4,651.3**	**4,115.0**	**4,159.9**	**4,005.9**

Source: Ministry of Finance

Government Guarantees

As at 31 March 2020, the Republic of Belarus had issued state guarantees with regard to external and domestic debt in the amount of U.S.$2,754.5 million, representing 4.4 per cent. of GDP.

In recent years, a number of measures have been taken to limit the amount of guaranteed debt:

- a prohibition on the Government of the Republic of Belarus and local executive and regulatory bodies to provide guarantees for loans issued by Belarusian banks for the implementation of investment projects in the framework of state programs;
- the introduction of annual limits for direct lending; and
- the adoption of a stricter approach to setting limits on external and internal guaranteed debt in the laws on the republican budget for the next fiscal year.

The following table sets out certain information regarding the government guarantees as at the dates indicated.

	As at 31 December						As at 31 March
	2014	2015	2016	2017	2018	2019	2020
			(U.S.$ million, except percentages)				
Underlying debt	**5,734.1**	**5,021.6**	**3,986.9**	**3,931.7**	**3,068.5**	**2,792.9**	**2,754.5**
Percentage of GDP......	**7.5**	**9.0**	**8.3**	**7.2**	**5.1**	**4.4**	**4.4**
of which:							
external guaranteed debt........................	2,270.5	2,725.2	1,975.6	2,136.9	1,679.8	1,671.6	1,701.8
percentage of GDP	2.9	4.8	4.1	3.9	2.8	2.6	2.7
domestic guaranteed debt........................	3,463.6	2,296.4	2,011.3	1,794.8	1,388.7	1,121.3	1,052.7
percentage of GDP	4.6	4.2	4.2	3.3	2.3	1.8	1.7
repaid guaranteed debt (executed guarantees)	319.5	440.1	314.8	214.7	151.2	83.7	9.4
percentage of GDP	0.4	0.8	0.7	0.4	0.3	0.1	0.0

Source: Ministry of Finance

As at 31 March 2020, the total amount of guaranteed public debt stood at U.S.$2,754.5 million, including U.S.$1,701.8 million of external guaranteed debt and U.S.$1,052.7 million of domestic guaranteed debt. The volume of guaranteed public debt has significantly decreased recently, and the Government is planning to continue the implementation of actions aimed to decrease guaranteed public debt, in particular by decreasing guarantees granted to secure obligations of state enterprises.

As at 31 March 2020, 59.4 per cent. of domestic guaranteed public debt was attributable to industrial companies, 34.8 per cent. was attributable to construction companies, 5.7 per cent. – to agricultural companies, and 0.1 per cent. was attributable to companies operating in other industries.

One of the largest exposures is a loan agreement dated 17 June 2016 in the amount of U.S.$1.4 billion, which was signed between JSC Savings Bank Belarusbank and the China Development Bank under the guarantee of the Government for financing the Slavkaliy investment project for the construction of a new mining and processing complex. The goal of the project is to create a modern commercial enterprise for the extraction and processing of potash ore in the Republic of Belarus based on the existing reserves of Nezhinsky, Smolovskiy and Lubansky potassium salt sections, using the latest technological achievements in the field of extraction and processing of potash fertilisers.

The amount of guaranteed debt is subject to limits established by law on the budget for the respective financial year. For 2020, the amount of guarantees with regard to external public debt was limited to U.S.$2.7 billion while the amount of guarantees with regard to domestic public debt was limited to 2.9 billion Belarusian rubles (approximately U.S.$1.1 billion based on the exchange rate as at 31 March 2020). These limits are set in addition to the existing limitations on the overall existing public debt annually set by the budget laws, which do not include guaranteed debt.

Local Government Guaranteed Debt

Under the Budget Code of the Republic of Belarus, debt of local and municipal authorities may be issued in the form of securities placed on the local financial market, guarantees and budget loans. Local and municipal authorities cannot attract external public debt and since 2018 they are not entitled to issue bonds denominated in foreign currency.

Local and municipal authorities unconditionally undertake to service and repay their debt obligations. The respective payments under debt are provided in the relevant budget, as well as supported by property owned by the relevant debtor.

The limits to attract debt by local and municipal authorities are adopted by a local Council of Deputies on annual budget and subject to approval by the Ministry of Finance. The debt of local and municipal authorities has no recourse to the central government budget.

The following table sets out certain information regarding debt and guarantees issued by local and municipal authorities as at the dates indicated.

	As at 31 December						As at 31 March
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
	(U.S.$ million, except percentages)						
Debt and guaranteed debt	**3,378.5**	**2,439.2**	**2,575.1**	**2,662.0**	**2,319.8**	**2,174.0**	**1,837.5**
Percentage of GDP	**4.9**	**4.9**	**5.3**	**4.9**	**4.0**	**3.4**	**3.3**
of which:							
debt	885.6	665.0	1,127.4	1,529.6	1,442.8	1,403.4	1,209.7
percentage of GDP	1.3	1.3	2.3	2.8	2.5	2.2	2.1
guaranteed debt	2,492.9	1,774.2	1,447.7	1,132.4	877.0	770.6	627.8
percentage of GDP	3.6	3.6	3.0	2.1	1.5	1.2	1.2

Source: Ministry of Finance

Relations with IFIs

Borrowings from IFIs have played a significant role in fostering economic and structural reforms in the Republic of Belarus. The resources of these organisations provide long-term support for economic growth and stability of the Republic of Belarus' financial system. The Republic of Belarus' relationships with IFIs demonstrate its commitment to reforming certain economic areas, improving the country's investment environment and increasing the share of foreign investment in the economy.

International Bank for Reconstruction and Development (World Bank)

The Republic of Belarus became a member of the World Bank in 1992. The total volume of financing provided by the World Bank to the Republic of Belarus for the period of 1992-2019 amounted to approximately U.S.$2 billion.

According to the Country Partnership Framework for 2018-2022, the following loan agreements in the total amount of EUR270 million were entered into in 2019:

- additional financing for the Education Modernisation Project for the Republic of Belarus (EUR90 million);
- co-financed with EIB Utility Efficiency and Quality Improvement Project (EUR90 million) and Sustainable Energy Scale-Up Project (EUR90 million).

In May 2020, the World Bank approved a EUR100 million project to support the modernisation of Belarus' higher education system. On 1 June 2020, a EUR90.0 million loan agreement was entered into for the financing of the project "Emergency Response to COVID-19 in the Republic of Belarus".

As at the date of this Prospectus, the World Bank's active portfolio in Belarus exceeded U.S.$1 billion.

Traditionally, the World Bank, having wide expert capabilities, provides the Republic of Belarus with advisory support on a number of factors of socio-economic development. In 2019, together with the Bank's expertise, the active preparation of the "Roadmap for improving the efficiency of the national economy" was continued.

IFC

The Republic of Belarus became the first independent state that formed after the collapse of the Soviet Union which joined the IFC in 1992. From 1992, the IFC has financed 62 investment projects totalling approximately U.S.$845 million in the Republic of Belarus. In the Republic of Belarus, the IFC is conducting both financial support to private sector organisations and advisory services to the Government in the areas of private sector development, business conditions improvement and SMEs support.

The IFC's strategy in the Republic of Belarus is focused on the following: improvement of the investment climate and assistance to development of private sector by means of supporting small and middle enterprises; assistance to development of private segment of banking sector by means of investing and counselling; assistance to development and modernisation of private companies in real sector by means of direct investments and technical examination with a special focus on manufacturing, agricultural business, and energy efficiency.

Investment projects in 2015-2017 were focused on manufacturing of construction materials (Alutech Group of Companies), food retail sale (Rublyovsky outlet chain), banking sector (Belarusky Narodny Bank, MTBank), commercial and residential property ("A-100 development", "Strominvest").

During the implementation of the World Bank Group Partnership Strategy for 2014-2017 fiscal years, IFC invested U.S.$75 million in the financial sector, retail trade in food, commercial and residential real estate, and in the production of building materials in the Republic of Belarus. In addition, IFC raised funds from other financial institutions in the amount of U.S.$6 million and provided trade financing for U.S.$155 million.

IFC is considering the possibility of expanding investment activities in the Republic of Belarus through:

- support projects based on public-private partnership mechanisms;
- financing projects in the banking sector of the Republic of Belarus;
- financing of projects aimed at supporting the development of the private sector, including through the trade finance line.

In 2017, the IFC continued to provide counselling assistance to the Government, other state bodies, organisations and private companies on issues related to improvement of investment climate, improvement of foodstuff safety control system, as well as rendering consultation services to bank institutions.

In 2018, the IFC drafted the new Advisory Program using grants to be received from the EU and Swedish International Development Authority.

The Government and the EU signed an agreement that came into force on 5 April 2018 on the allocation of EUR4.0 million to the IFC for managing the followings actions: business environment enhancement, competition policy development, secured transaction law improvement and trade development.

As at the date of this Prospectus, IFC experts were exploring the possibility of extending credit lines to partner banks to finance Belarusian organisations affected by the COVID-19 pandemic. On 27 May 2020, the IFC announced its intention to extend a loan in an amount equivalent to U.S.$75 million to Priorbank OJSC and a loan in an amount equivalent to U.S.$25 million to Priorbank OJSC's subsidiary, Raiffeisen Leasing JLLC. The allocation of the respective credit lines is expected to be approved by the IFC Board of Directors on 29 June 2020.

Multilateral Investment Guarantee Agency

The Republic of Belarus has been a member of the Multilateral Investment Guarantee Agency (MIGA) since 1992. In July 2011, the Government of the Republic of Belarus and MIGA concluded the agreements on legal protection of guaranteed foreign investments and use of local currency. The agreements were ratified by the Republic of Belarus in May 2012. Ratification of agreements completed the fulfilment by the Republic of Belarus of the conditions of its membership in the MIGA and created legal basis that allows MIGA to apply its guaranteed obligations to the Republic of Belarus.

During the implementation of the World Bank Group's Partnership Strategy for 2014-2017 fiscal years, MIGA issued guarantees worth U.S.$123 million (a project with Priorbank OJSC to provide guarantees in the financial sector).

In 2018, the Government approved the issue of a guarantee to the project implemented by Raiffeisen Bank International AG (investor) through Priorbank JSC in the amount of EUR142.5 million.

EBRD

The Republic of Belarus became a member of the EBRD in 1992. The total volume of financial resources provided by the EBRD for the period of 1992-2019 amounted to approximately EUR2.6 billion, from which about EUR709 million account for the current portfolio. In September 2016, the EBRD strategy for the Republic of Belarus for 2016-2019 was approved, which does not stipulate any restrictions with regard to political and economic components in particular for the public sector. Approval of the fully-fledged Strategy made it possible to broaden the portfolio of the Bank's operations in the Republic of Belarus, including pre-privatisation assistance to state organisations, and is expected to contribute to the expansion of the EBRD's activities in the Republic of Belarus.

Vice-Presidents of the EBRD Philip Bennett and Betsy Nelson (11-15 March 2017), President of the EBRD Suma Chakrabarti (12-14 September 2017, 3-4 March 2019), Vice-President of the EBRD Alain Pilloux (3-8 June 2018), representatives of the EBRD (10-14 September 2018), First Vice-President of the EBRD Jurgen Rigterink (2-5 December 2019), president of EBRD Suma Chakrabarti (5-7 February 2020) visited the Republic of Belarus to discuss topical issues of cooperation at the highest level.

In 2018, the EBRD entered into agreements amounting to approximately EUR360 million, which exceeds the volume of transactions for 2017 (EUR163 million) by 2.3 times. At the same time, the share of sovereign loans comprised approximately 35 per cent. In 2019, the EBRD entered into agreements in the total amount of around EUR390 million, exceeding the volume of transactions recorded in 2018. Based on the results of 2019, Belarus held the ninth place among the countries with the highest annual EBRD operations. In 2019, the share of sovereign loans amounted to approximately 43 per cent.

The EBRD is working to increase the competitiveness of the real sector of the economy work on the pre-privatisation support of organisations in the financial and real sectors of the economy. In particular, Belinvestbank and JSC "Bank Dabrabyt" and a number of state-owned enterprises, including OJSC "Vitebskdrev" and OJSC "Krinitsa".

On 14 September 2017, the credit agreement was signed to promote the capitalisation of Belinvestbank through the provision of a subordinated loan by the Republic of Belarus, providing for an external state loan of EUR50 million from the EBRD and a subordinated loan of the Republic of Belarus to Belinvestbank in the Tier 2 capital.

As part of the pre-privatisation assistance of JSC "Bank Dabrabyt" (previously known as JSC Bank Moscow-Minsk) on 5 December 2019 JSC "Bank Dabrabyt" and the EBRD signed agreements on the allocation of financial resources in the amount of up to BYN11 million for lending to SMEs.

On 5 June 2018 a Memorandum of Understanding was signed between the Great Stone Park and the EBRD.

To assist the Government in improving the management of state property, restructuring and modernisation of organisations, on 13 September 2017, a memorandum of understanding was signed between the Government and the EBRD on improving the management of state-owned enterprises in the Republic of Belarus.

In addition, the EBRD continues to support the development of SMEs in the Republic of Belarus.

In 2017, the DBRB and the EBRD signed a memorandum of understanding aimed to realise certain initiatives in various areas, including SMEs support, pre-privatisation and co-financing.

In addition, on 13 September 2017, an agreement was signed between the EU and the EBRD on the allocation of EUR6 million for the development of the Small Business Advisory Program in the Republic of Belarus, which began in 2011 and is intended to assist in the development of micro- and SMEs with the involvement of Belarusian and foreign consultants. As at 1 January 2020, the amount of financing provided under the agreement totalled approximately EUR2.4 million.

As part of efforts to improve the sustainability and quality of public infrastructure services, the EBRD is continuing to implement its current projects and started preparing new projects. As at the date of this Prospectus, eight loan agreements with EBRD to finance infrastructure projects in the total amount of EUR472 million were entered into. To fund three of these projects, the following loan agreements in the total amount of EUR301.3 million were entered into in 2019, including:

- Vitebsk Region Clean Water Project (EUR15.5 million);
- Belarus Water Sector Framework Extension III-stage (EUR26.8 million);
- Regional bridges and M3 Road Rehabilitation (EUR259 million).

In 2020, a loan agreement is expected to be signed for the implementation of the project "Construction of Energy Infrastructure in the Free Economic Zone of the Republic of Belarus – Phase I (Section No. 10 (Fanipol) of the Free Economic Zone "Minsk").

Since April 2020, representatives of the EBRD have been actively working on the issue of opening new, or increasing the existing, credit lines and lines of trade financing for Belarusian banks to support the real sector of Belarus' economy amid the COVID-19 pandemic.

In addition, the EBRD is actively developing a dialogue on developing the transit potential of the Republic of Belarus and managing the country's road economy. Work is underway to prepare a pilot project on the terms of a public-private partnership for the reconstruction of the section of the M-10 highway. On 26 November 2018, the Edict of the President of the Republic of Belarus No. 461 "On reconstruction of the automobile road" was adopted. The project roadshow was held in the EBRD's headquarters in London on 16 January 2019. In April 2020, the results of the prequalification phase of the tender for the project were announced. Out of eight applications submitted by investors, four were recognised as prequalified, and the corresponding participants were invited to further participate in the tender. The Ministry of Transport and Communications of the Republic of Belarus is continuing to work on the tender.

The most significant investment projects of the EBRD in the private sector in the Republic of Belarus include, *inter alia*, Olivaria Brewery; VMG Industry foreign limited liability company; "Stadler Belarus – rolling stock" project; Kronospan MDF factories of Mark Formelle Group of Companies; and "Belarus:" Zubr Capital Fund-1".

Eurasian Development Bank

The Republic of Belarus became a full member of Eurasian Development Bank ("**EDB**") in June 2008. The representative office of the EDB in Minsk commenced its work in November 2010. The Government and EDB entered into and started working on a Programme of investment interaction in 2018-2020. As at 1 January 2020, the investment portfolio of the EDB in the Republic of Belarus amounted to U.S.$450.68 million. EDB mostly invests in the energy, transport, and industrial sectors, and employs trade finance tools in the financial sector. Since the commencement of its activities in the Republic of Belarus, the cumulative project portfolio of EDB in Belarus has amounted to U.S.$1,642 billion.

Organisation for Economic Cooperation and Development

On 26 January 2018, the position of the Republic of Belarus in the classification of the OECD on country credit risks was updated to reflect the transfer of the Republic of Belarus to the sixth credit risk group. The transfer of the Republic of Belarus to the sixth OECD classification group has allowed to reduce the insurance premiums on export credits provided by foreign banks to Belarusian importing enterprises, which in turn reduced the cost of credit for such companies.

European Investment Bank

In September 2016, the European Commission took a decision on applying the mandate of EIB to the Republic of Belarus. On 15 May 2017, the Framework Agreement between the Republic of Belarus and the EIB, regulating the Bank's activities in the Republic of Belarus, was signed. The framework agreement was ratified by the Law of the Republic of Belarus No. 43-Z of 17 July 2017 and entered into force on 9 August 2017.

On 20-21 November 2018, EIB Vice-President Aleksander Stubb visited the Republic of Belarus. During the visit the respective credit agreements were signed for the following projects:

- Project "Reconstruction of Minsk waste water treatment plant", for the implementation of which each of the EIB and the EBRD provided loans in the amount of EUR84 million (EUR168 million in total for the project); and
- Granting of credit lines to Belarusian banks for the purposes of SME financing. In particular, the EIB granted a credit line to JSC JSSB Belarusbank (EUR25 million) and JSC Belagroprombank (EUR50 million).

On 23-25 July 2019 and 4-5 August 2019 EIB Vice-President Vasil Hudak visited the Republic of Belarus to discuss topical issues of cooperation.

To implement infrastructure projects in the public sector, in 2018-2019, Belarus entered into financing agreements for a total of EUR350 million with the EIB, of which agreements for a total of EUR266 million were entered into in 2019, including:

- "Transport communication of Belarus" – EUR110 million;
- "Utility Efficiency and Quality Improvement"– EUR66 million (co-financing with the World Bank); and
- "Sustainable Energy Scale-Up" – EUR90 million (co-financing with the World Bank).

The EIB also continues to lend to SMEs, intermediated through Belarusian banks. In 2019, the EIB approved the provision of credit for the purposes of SME financing in the amount of EUR125 million: JSC JSSB Belarusbank (EUR85 million), JSC Belagroprombank (EUR20 million), JLLC Raiffeisen Leasing (EUR20 million).

EIB's lending approved in 2018-2019 totalled EUR550 million. In 2020, Belarus has continued consultations with the EIB's experts in respect of extending credit lines to JSC ASB Belarusbank, JSC Belagroprombank and JSC Belinvestbank to support the SME sector. As at the date of this Prospectus, the details for providing such financing were under discussion. In addition, as at the date of this Prospectus, the EIB was considering the extension of EUR100 million financing to the Republic of Belarus to be spent on emergency healthcare needs.

IMF

The Republic of Belarus' membership in the IMF played an important role in the development of international financial relations, including financial and economic cooperation with foreign investors. In 1993 and 1995 at the first stages of transformation of Belarusian economy, credit resources of the IMF facilitated structural reforms in the economy, as well as made it possible to maintain the exchange rate. Due to the global economic crisis, the Republic of Belarus' relationship with the IMF became especially important.

For the purpose of supporting the balance of payment in the period of 2009-2010 the stand-by arrangement program was in effect in the Republic of Belarus. The loan amounted to U.S.$3.5 billion.

In 2015, the Republic of Belarus settled the program liabilities towards the IMF. Implementation of the loan program made it possible to sort out the budget and tax policy, correct the exchange rate in combination with transition to a more flexible regime, toughen the credit policy, limit the scale of directed lending, commence the reforming of financial sector and structural transformations. The measures implemented brought down the influence of negative external factors on the Belarusian economy. Implementation of the national economic program was declared one of the best in the CIS region by the IMF Executive Director W. Kiekens.

Current dialogue with the IMF is carried out through participation of representatives of the Government and the National Bank in annual meetings of the IMF Board of Governors; regular meetings with the IMF's senior permanent representative in Central, Eastern and Southeast Europe, Nadeem Ilahi; annual Article IV missions under provisions of Articles of Agreement of the IMF.

Belarus continues to cooperate with the IMF in the area of technical assistance. In 2019 there were a number of meetings with IMF experts on fiscal risks analysis. IMF experts acknowledged Belarus' progress in creating a database of financial indicators, approving a risk assessment methodology and preparing an annual report on regular basis.

The IMF continues to provide analytical and methodological assistance to improve the efficiency of budget revenues forecasting. In particular, the models of income from value added tax and micromodels for income tax have been updated. As part of improving the quarterly model of medium-term monetary policy design, a review mission of the IMF experts was conducted to improve the satellite model block. In addition, together with the IMF experts, work was carried out on improving approaches to the classification of assets and the regulation of non-performing loans.

In March 2020, the Republic of Belarus requested financial support from the IMF within the Rapid Financing Instrument with the aim to use the attracted funds for mitigating the adverse effects of the COVID-19 pandemic. Currently, the parties are in the phase of discussion on the issue of attracting such funding.

Asian Infrastructure Investment Bank

The Republic of Belarus became a member of the AIIB on 17 January 2019. On 26 December 2019, the Roadmap for Cooperation was adopted between the Republic of Belarus and the Asian Infrastructure

Investment Bank for the medium term. The main areas of cooperation include transport infrastructure, as well as projects in the field of housing and communal services. As at the date of this Prospectus, Belarus was carrying out internal procedures in respect of the first joint project with AIIB for the reconstruction of the M3 Minsk-Vitebsk highway, in particular the R46 Lepel-Polotsk-Russian border section.

In addition, as at the date of this Prospectus, the DBRB and the AIIB were working on a project aimed at supporting the real sector of Belarus' economy, including SMEs.

Other institutions

The Republic of Belarus also currently implements a number of other projects together with international financial institutions and development banks, as well as carrying out its activities to expand cooperation with international financial institutions.

The Republic of Belarus cooperates with NIB on the basis of the framework agreement entered into in 2010. In the Republic of Belarus NIB jointly with the EBRD is implementing a program on water sector. In particular, the respective credit agreement between the Republic of Belarus and NIB was concluded in December 2012 according to which the bank granted a loan of EUR21.2 million for financing the reconstruction of water treatment recovery plants in Brest and Grodno.

In 2015, the framework agreement between the Republic of Belarus and Nordic Environment Finance Corporation ("**NEFCO**") was ratified and became effective. Ratification of the framework agreement made it possible to commence counselling work in the field of preparation of agreements concerning certain facilities in the Republic of Belarus and determination of volumes of provided resources. At present the parties are defining the future projects which can be implemented using NEFCO funding. In January 2019, the Republic of Belarus agreed with NEFCO's proposal to grant credit resources amounting to EUR190,000 to the state forestry enterprise "Cherikov forestry enterprise" for the purpose of purchasing a mobile flaker in order to increase the volumes of bio-fuel production (chip fuel) on account of wood resources. In August 2019, the Republic of Belarus agreed with NEFCO's proposal to grant credit resources amounting to EUR1 million to the LLC "BNB Leasing" for the purpose to finance investments concerning electric vehicle market development in the Republic of Belarus, and clients of the LLC "BNB Leasing" leasing services.

GROSS EXTERNAL DEBT

Gross external debt, at any given time, is defined as the outstanding amount of those actual current and not contingent, liabilities that require payments of principal and/or interest by the debtor at some point in the future and that are owed to non-residents by residents of any economy.

The following table sets forth certain information with respect to the Republic of Belarus gross external debt as at the dates indicated.

	As at 31 December						As at 31 March
	2014	2015	2016	2017	2018	2019	2020
				(U.S.$ million)			
Gross External Debt of the Republic of Belarus	**40,023.8**	**38,258.5**	**37,516.5**	**39,833.8**	**39,288.8**	**40,722.7**	**39,468.5**
Short-term	**12,822.3**	**11,469.6**	**10,618.1**	**9,717.8**	**9,521.9**	**10,193.6**	**9,790.3**
Long-term	**27,201.5**	**26,788.9**	**26,898.4**	**30,116.0**	**29,766.9**	**30,529.1**	**29,678.2**
General Government Sector	**13,117.1**	**12,972.5**	**14,151.4**	**17,260.3**	**17,419.3**	**17,148.3**	**16,747.1**
Short-term	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	13,117.1	12,972.5	14,151.4	17,260.3	17,419,3	17,148.3	16,747.1
Central Bank	**2,187.2**	**1,744.6**	**1,475.4**	**1,111.5**	**797.3**	**996.0**	**915.4**
Short-term	978.2	531.8	81.4	116.9	94.1	120.2	122.9
Long-term	1,209.0	1,212.8	1,394.0	994.6	703.2	875.8	792.5
Deposit Organisations, except for Central Bank	**7,381.4**	**6,442.1**	**5,914.9**	**4,471.2**	**4,906.1**	**5,017.8**	**5,508.1**
Short-term	2,423.9	2,187.2	2,075.6	1,245.8	1,766.7	1,915.3	2,380.9
Long-term	4,957.5	4,254.9	3,839.3	3,225.4	3,139.4	3,102.5	3,127.2
Other Sectors[(1)]	**15,636.0**	**15,363.1**	**14,141.5**	**14,944.0**	**14,057.2**	**15,294.7**	**14,138.5**
Short-term	9,420.2	8,750.6	8,461.1	8,355.1	7,661.1	8,158.1	7,286.5
Long-term	6,215.8	6,612.5	5,680.4	6,588.9	6,396.1	7,136.6	6,852.0
Direct Investment: intercompany financing	**1,702.1**	**1,736.2**	**1,833.3**	**2,046.8**	**2,108.9**	**2,265.9**	**2,159.4**
Gross External Debt/GDP, %[(2)]	**50.9**	**67.3**	**78.0**	**72.8**	**65.5**	**64.4**	**62.5**

Source: National Bank

Notes:

(1) The other sectors include (i) the other financial corporations, and (ii) nonfinancial corporations, households and non-profit institutions serving households (NPISHs). Financial corporations consist of all corporations that are principally engaged in providing financial services, including insurance and pension fund services, to other institutional units. The production of financial services is the result of financial intermediation, financial risk management, liquidity transformation, or auxiliary financial services. Nonfinancial corporations, households and non-profit institutions serving households (NPISHs) are corporations whose principal activity is the production of market goods or nonfinancial services; physical persons in structure of households; and NPISHs.

(2) Gross external debt in per cent. of GDP for the years ended 31 December 2014, 2015, 2016, 2017, 2018 and 2019 and the three months ended 31 March 2020. The annual GDP volume is calculated as the sum of figures in U.S. dollars for the 12 preceding months.

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of the Notes should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Belarus of acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

Belarusian Taxation

Non-Resident Legal Entities

Payments of Principal and Interest to Foreign Legal Entities

Under the Tax Code any payments of principal (upon redemption or at maturity) and interest in respect of the Notes payable by the Issuer to foreign legal entities that are not carrying out activities in Belarus through a permanent establishment are subject to a zero (0) per cent. withholding tax rate.

Capital Gains of Foreign Legal Entities

Capital gains of foreign legal entities (that are not carrying out activities in Belarus through a permanent establishment) from the sale of the Notes will either not be subject to taxation in Belarus or be subject to a zero (0) per cent. withholding tax rate, depending on whether or not such Notes are traded in Belarus.

Corporate Income Tax

Foreign legal entities that do not have a permanent establishment in Belarus will not be subject to corporate income tax in Belarus with respect to payments of principal or interest relating to the Notes.

Foreign legal entities carrying out activities in Belarus through a permanent establishment may be subject to corporate income tax in Belarus in respect of income derived from the Notes and should consult their own tax advisers.

Resident Legal Entities

Belarusian legal entities may be subject to corporate income tax in Belarus in respect of income derived from the Notes initially placed (initially distributed) either out of the territory of Belarus or to non-residents of Belarus or for their benefit and should consult their own tax advisers.

Resident and Non-Resident Individuals

Payments of Principal to, Interest to and Capital Gains of, Individuals

Payments of principal to, interest to and capital gains of, individual Noteholders (whether resident or non-resident of Belarus for tax purposes) in respect of the Notes are exempt from personal income tax in Belarus under the Tax Code.

Gross-up

Condition 7 (*Taxation*) of the Conditions for each Series of Notes, respectively, includes a gross-up provision in the event that any tax is to be withheld or deducted in Belarus. The Tax Code generally permits one party to pay tax for another party from its own funds, which makes the obligation of the Issuer to pay in case of any withholding or deduction such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required under Condition 7 (*Taxation*) of the Conditions for each Series of Notes generally enforceable in Belarus.

However, such statutory permission has only been in force since 1 January 2019 (and prior to 1 January 2019 it had been temporarily introduced for the year ended 31 December 2018) and the tax authorities have been silent as to the applicability of the above-mentioned permission to gross up and as to the validity of gross-up provisions generally. In the absence of any official interpretation or guidance and any practice regarding the validity of gross-up provisions, there is a risk that such statutory permission will not be applied to gross-up provisions such as the ones contained in "*Terms and Conditions of the USD A Notes – Condition 7 (Taxation)*" and "*Terms and Conditions of the USD B Notes – Condition 7 (Taxation)*" and, as a result, the provisions set forth in Condition 7 (*Taxation*) of the Conditions for each Series of Notes, respectively, could be found by a Belarusian court to be unenforceable in Belarus and a foreign judgment or an arbitral award demanding payment resulting from a failure to gross up by the Issuer may not be enforceable in Belarus.

If legislation of Belarus imposes upon the Issuer an obligation to withhold tax and the gross-up obligation under Condition 7 (*Taxation*) of the Conditions for each Series of Notes, respectively, is not permitted or is prohibited by Belarusian law and practice, then amounts payable to the Noteholders would be reduced by an amount equivalent to such taxation. See also "*Risk Factors – Risks Relating to the Notes Generally – Belarusian courts may not enforce gross-up obligations*".

United States Federal Income Taxation

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership, disposition and retirement of the Notes by a U.S. Holder (as defined below) and with respect to the discussion below under the heading "*—Further Issues*", any holder thereof. This summary does not address, except as set forth below, aspects of U.S. federal income taxation that may be applicable to holders that are subject to special tax rules, such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, tax exempt organisations, dealers or traders in securities or currencies or to holders that will hold a Note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes or that have a functional currency other than the U.S. dollar. Moreover, this summary does not address the U.S. federal estate and gift tax, Medicare tax on net investment income or alternative minimum tax consequences of the acquisition, ownership or retirement of the Notes and does not address the U.S. federal income tax treatment of holders that do not acquire the Notes as part of the initial distribution at their initial "issue price".

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), existing and proposed U.S. Treasury Regulations, administrative pronouncements and judicial decisions, each as at the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations, which could affect the tax consequences described herein.

For purposes of this description, a U.S. Holder is a beneficial owner of the Notes who for U.S. federal income tax purposes is (i) an individual citizen or resident of the United States; (ii) a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organised in or under the laws of the United States or any State thereof, including the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust that either (a) is subject to the supervision of a court within the United States and has one or more U.S. persons with authority to control all substantial decisions or (b) has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds the Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax adviser as to the consequences of acquiring, owning or disposing of the Notes.

Prospective investors should consult their own tax adviser with respect to the U.S. federal, state, local and non-U.S. tax consequences of acquiring, owning or disposing of the Notes.

Accelerated Accrual

U.S. Holders that maintain certain types of financial statements and use the accrual method of accounting for U.S. federal income tax purposes generally will be required to include certain amounts in income no later than the time such amounts are reflected on their financial statements. The application of this rule may require U.S. Holders that maintain such financial statements to include certain amounts realised in respect of the Notes in income earlier than would otherwise be the case under the rules described in this summary, although the precise application of this rule is not entirely clear at this time. However, recently released proposed regulations which are not yet in effect but upon which taxpayers may rely, generally would exclude, among other items, original issue discount and market discount (in either case, whether or not de minimis) from the applicability of this rule. U.S. Holders that use the accrual method of accounting should consult with their tax advisors regarding the potential applicability of this rule to their particular situation

Interest

This section assumes that the Notes will be issued with no more than a de minimis amount of original issue discount ("**OID**"). Therefore, interest on a Note including any additional amounts, will generally be includible in a U.S. Holder's gross income as ordinary interest income in accordance with the U.S. Holder's usual method of tax accounting. In addition, interest on the Notes will generally be treated as foreign source income for U.S. federal income tax purposes. Prospective purchasers of Notes should consult their own tax advisers concerning the applicability of foreign tax credit and source of income rules attributable to the Notes.

Sale, Exchange or Retirement

A U.S. Holder will generally recognise gains or losses on the sale or other disposition of a Note equal to the difference between the amount realised on the sale or other disposition and the U.S. Holder's tax basis in the Note. A U.S. Holder's tax basis in a Note will generally be its cost.

Except to the extent attributable to accrued but unpaid interest (which will be taxable as such), a gain or a loss recognised on the sale or other disposition of a Note will be a capital gain or loss and will generally be treated as from sources within the United States. Consequently, a U.S. Holder may not be able to claim a credit for any Belarusian or other foreign tax imposed upon a disposition of a Note, if any, unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources. In the case of a U.S. Holder that is an individual, estate or trust, the maximum marginal federal income tax rate applicable to capital gains is currently lower than the maximum marginal rate applicable to ordinary income if the Notes are held for more than one year. The deductibility of capital losses is subject to significant limitations under the Code.

Further Issues

The Issuer may, from time to time, without notice to or the consent of the relevant holders of an outstanding Series of Notes, create and issue additional debt securities with identical terms and ranking pari passu with each Series of Notes in all respects. The Issuer may consolidate such additional debt securities with an outstanding Series of Notes to form a single series (in respect of such Series of Notes). The Issuer may offer additional debt securities with OID for U.S. federal income tax purposes as part of a further issue. Purchasers of debt securities after the date of any further issue generally will not be able to differentiate between debt securities sold as part of the further issue and the relevant previously issued Series of Notes. If the Issuer were to issue additional debt securities with OID, purchasers of debt securities after such further issue may be required to accrue OID with respect to their debt securities. This may affect the price of the relevant outstanding Series of Notes following a further issuance. The Issuer urges holders to consult with their tax advisers with respect to the implications of any decision by the Issuer to undertake a further issuance of debt securities with OID.

Backup Withholding and Information Reporting

In general, payments of principal and interest on, and the proceeds of a sale, redemption or other disposition of, the Notes, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary are subject to information reporting and may be subject to backup withholding, unless the U.S. Holder provides an accurate taxpayer identification number or certification of exempt status or otherwise complies with the applicable backup withholding requirements. Certain U.S. Holders are not subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will generally be allowed as credit against, or a refund of, a U.S. Holder's U.S. federal income tax liability as long as the holder provides the required information to the IRS in a timely manner.

Foreign Financial Asset Reporting

Individuals and, to the extent provided by the U.S. Secretary of Treasury in regulations or other guidance, certain domestic entities that hold an interest in a "specified foreign financial asset" are required to attach certain information regarding such assets to their income tax return for any year in which the aggregate value of all such assets exceeds the relevant threshold. A "specified foreign financial asset" includes any debt or equity of a non-U.S. entity, to the extent not held in an account at a financial institution, though accounts at non-U.S. financial institutions may themselves be "specified foreign financial assets." Penalties may be imposed for the failure to disclose such information regarding specified foreign financial assets. U.S. Holders are advised to consult their tax advisers regarding the potential reporting requirements that may be imposed on them by this legislation with respect to their ownership of the Notes.

The above summary is not intended to constitute a complete analysis of all tax consequences relating to the ownership of the Notes. Prospective purchasers of the Notes should consult their own tax advisers concerning tax consequences of their particular situations.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the Commission's proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Furthermore, additional EU Member States may decide to become participating Member States. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Citigroup Global Markets Limited, Raiffeisen Bank International AG, Renaissance Securities (Cyprus) Limited and Société Générale (together, the "**Joint Lead Managers**") have, pursuant to the Subscription Agreement, severally and not jointly, agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the USD A Notes and the USD B Notes, as applicable, in the amounts as follows:

	Principal amount of Notes	
Joint Lead Managers	**USD A Notes**	**USD B Notes**
Citigroup Global Markets Limited	U.S.$249,000,000	U.S.$166,000,000
Raiffeisen Bank International AG	U.S.$249,000,000	U.S.$166,000,000
Renaissance Securities (Cyprus) Limited	U.S.$3,000,000	U.S.$2,000,000
Société Générale	U.S.$249,000,000	U.S.$166,000,000
Total	**U.S.$750,000,000**	**U.S.$500,000,000**

The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the relevant Notes. The Issuer will also reimburse the Joint Lead Managers for certain of their expenses, and has agreed to indemnify the Joint Lead Managers against certain losses (including liabilities under the Securities Act), incurred in connection with the issue of the Notes.

The Joint Lead Managers and their respective affiliates may have engaged in transactions with the Issuer in the ordinary course of their banking business, including provision of loan financing, and the Joint Lead Managers may have performed various investment banking, financial advisory and other services for the Issuer, for which they receive customary fees, and the Joint Lead Managers and their respective affiliates may provide such services and receive such fees in the future.

Settlement

The Issuer expects that delivery of the Notes will be made against payment therefor on the Issue Date specified on the cover page of this Prospectus, which will be the fifth business day following the date of pricing (this settlement cycle being referred to as "T+5"). Under Rule 15c6-1 of the United States Exchange Act of 1934, trades in the secondary market are generally required to settle within two days on which banks and financial institutions are open for business in New York, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing or the subsequent two business days will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Notes who wish to trade Notes on the date of pricing or the subsequent two business days should consult their own adviser.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Joint Lead Manager has represented, warranted and undertaken to the Issuer that it proposes to offer the Notes for resale (a) to persons they reasonably believe to be QIBs, within the meaning of Rule 144A under the Securities Act, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (b) in "offshore transactions" (as defined in Rule 902(k) under the Securities Act) in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of any of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if the offer or sale is made otherwise than in accordance with Rule 144A.

Republic of Belarus

Each Joint Lead Manager has represented, warranted and undertaken to the Issuer and each other Joint Lead Manager that the Notes will not be offered, transferred or sold as part of their initial placement (initial distribution) to or for the benefit of any persons (including legal entities) being residents of the Republic of Belarus.

No action constituting an "advertisement" of the Notes or offer of the Notes to an unlimited number of persons may be undertaken in the Republic of Belarus. Following the initial placement (initial distribution) of the Notes, the Notes may not be offered in the secondary market to an unlimited number of residents of the Republic of Belarus.

Russian Federation

Each Joint Lead Manager has represented, warranted and undertaken to the Issuer and each other Joint Lead Manager that the Notes will not be offered, transferred or sold as part of their initial distribution to or for the benefit of any persons (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation.

Prohibition of Sales to EEA and UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA or in the UK. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Each Joint Lead Manager has represented and warranted to the Issuer and each other Joint Lead Manager that:

(a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

General

Each Joint Lead Manager has acknowledged that no action has been or will be taken in any jurisdiction by it that would permit a public offering of the Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required.

Each Joint Lead Manager has undertaken to the Issuer that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus or any related offering material, in all cases at its own expense.

TRANSFER RESTRICTIONS

Unrestricted Notes

Each purchaser of the Unrestricted Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

(a) it is, or at the time Notes are purchased will be, the beneficial owner of such Notes and:

 (i) it is located outside the United States (within the meaning of Regulation S); and

 (ii) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate;

(b) it understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period (as defined in Regulation S), it will not offer, sell, pledge or otherwise transfer such Notes except:

 (i) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S; or

 (ii) to the Issuer; or

 (iii) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB,

 in each case in accordance with any applicable securities laws of any State of the United States;

(c) it understands that the Issuer, the Registrar, the Joint Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Notes represented by an interest in the Restricted Global Note Certificates may also be transferred to a person who wishes to hold such Notes in the form of an interest in the Unrestricted Global Note Certificates, but only upon receipt by the Registrar of a written certification from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act.

Any interest in a Note represented by the relevant Unrestricted Global Note Certificate that is transferred to a person who takes delivery in the form of an interest in a Note represented by the relevant Restricted Global Note Certificate will, upon transfer, cease to be an interest in a Note represented by the relevant Unrestricted Global Note Certificate and become an interest in a Note represented by the relevant Restricted Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Notes represented by the relevant Restricted Global Note Certificate.

Restricted Notes

Each purchaser of the Restricted Notes in reliance on Rule 144A, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged as follows (terms used in the following paragraphs that are defined in Rule 144A have the respective meanings given to them in Rule 144A):

(a) the purchaser is (a) a QIB, (b) acquiring the Notes for its own account or for the account of one or more QIBs, (c) not formed for the purpose of investing in the Notes or the Issuer and (d) is aware, and each beneficial owner of such Notes has been advised that the sale of the Notes to it is being made in reliance on Rule 144A;

(b) the purchaser understands that (1) the Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), (d) pursuant to an effective registration statement under the Securities Act or (e) to the Issuer or any of its respective affiliates, in each case in accordance with any applicable securities laws of any State of the United States and (2) it will, and each subsequent Noteholder represented is required to, notify any purchaser of the Restricted Notes from it of the resale restrictions applicable to the Restricted Notes;

(c) the purchaser understands that the Restricted Global Note Certificates and any Restricted Individual Note Certificate will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THE NOTES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY SECURITIES LAW OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE NOTES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES REPRESENTED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR A PERSON PURCHASING FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (4) TO THE ISSUER, OR ITS AFFILIATES."

(d) if it is acquiring any Notes for the account of one or more QIBs the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and

(e) the purchaser understands that the Issuer, the Registrar, the Joint Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Upon the transfer, exchange or replacement of the Restricted Global Note Certificates or the Restricted Individual Note Certificates, or upon specific request for removal of the legend, the Issuer will deliver only the Restricted Global Note Certificates or one or more Restricted Individual Note Certificates that bear such legend or will refuse to remove such legend, unless there is delivered to the Issuer and the Registrar such satisfactory evidence (which may include a legal opinion) as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Any interest in the relevant Restricted Global Note Certificate that is transferred to a person who takes delivery in the form of an interest in the relevant Unrestricted Global Note Certificate will, upon transfer, cease to be an interest in the relevant Restricted Global Note Certificate and become an interest in the relevant Unrestricted Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in the relevant Unrestricted Global Note Certificate.

Prospective purchasers that are QIBs are hereby notified that sellers of the Restricted Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

GENERAL INFORMATION

1. Authorisation

The issue of the Notes was duly authorised by the Edict of the President of Belarus No. 458 dated 23 November 2018 and by the Resolution of the Council of Ministers of Belarus No. 117-DSP dated 26 February 2020.

2. Listing of Notes

An application has been made to admit the Notes to listing on the Official List of the FCA and to have the Notes admitted to trading on the Regulated Market of the London Stock Exchange. However, no assurance can be given that such application will be accepted. It is expected that admission of the Notes to the Official List of the FCA and to trading on the Regulated Market of the London Stock Exchange will be granted on or about the Issue Date, subject only to the issue of the Notes. The expenses in connection with the admission of the Notes to the Official List of the FCA and to trading on the Regulated Market of the London Stock Exchange are expected to amount to approximately GBP5,250.

3. Litigation

The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the previous 12 months which may have, or have had in the recent past, a significant effect on the Issuer's financial position.

4. Significant Change

Other than as disclosed in the "*Risk Factors*", "*Overview of the Republic of Belarus*", "*The Economy of the Republic of Belarus*", "*Monetary and Financial System*", "*Public Finance*" and "*Public Debt*" sections of this Prospectus in respect of developments relating to the COVID-19 pandemic, since 31 December 2019, there has been no significant change in the figures of the Issuer relating to its tax and budgetary systems, income and expenditure, gross public debt, balance of payments, gross external debt, foreign trade, foreign exchange reserves or to its financial position and resources.

5. Documents Available for Inspection

Physical copies of the budget in the Russian language for the current fiscal year will be available for inspection from the specified office of the Paying Agent in London and electronic copies at http://minfin.gov.by/en/public_debt/outside/ for so long as any of the Notes remains outstanding.

Electronic copies of the Law of the Republic of Belarus "On the Republican Budget for the Year 2018" of 31 December 2017 No. 86-Z (in the Russian language), the Law of the Republic of Belarus "On the Republican Budget for the Year 2019" of 30 December 2018 No. 160-Z (in the Russian language) and the Law of the Republic of Belarus "On the Republican Budget for the Year 2020" of 16 December 2019 No. 269-Z (in the Russian language) may be obtained from the national legal website of Belarus (www.pravo.by). No English translations of such budgets are available.

6. Language

The language of the Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

7. Belarus Taxation

Payments of principal or interest in respect of the Notes payable to foreign legal entities that are not carrying out activities in Belarus through a permanent establishment are subject to a zero (0) per cent. withholding tax rate.

8. Websites

Any reference to websites in this Prospectus is for information purposes only, and such websites shall not form part of this Prospectus.

9. Third Party Information

Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

10. Interested Persons

No person involved in the Offering has any interest in the Offering which is material to the Offering.

11. Yield

The yield to maturity of the USD A Notes is 6.375 per cent. and the yield to maturity of the USD B Notes is 6.125 per cent. The yield to maturity is calculated as at the pricing date on the basis of the relevant Issue Price, the interest rate of the relevant Notes, the redemption amount of the relevant Notes and the tenor of the relevant Notes. It is not an indication of future yield.

12. Delivery of Global Note Certificates

The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg and DTC.

Unrestricted Notes	USD A Notes:	ISIN:	XS2120882183
		Common Code:	212088218
	USD B Notes:	ISIN:	XS2120091991
		Common Code:	212009199
Restricted Notes	USD A Notes:	ISIN:	US07737JAD54
		Common Code:	212123609
		CUSIP:	07737J AD5
	USD B Notes:	ISIN:	US07737JAE38
		Common Code:	219141742
		CUSIP:	07737J AE3

13. Contact Information

The telephone number for the Ministry of Finance is +375 (17) 222 6137.

14. Legal Entity Identifier

The Legal entity Identifier (LEI) code of the Issuer is 635400CVCOWYLHF4ZB08.

THE ISSUER

Republic of Belarus
Ministry of Finance
7 Sovetskaya Street
Minsk, 220010
Republic of Belarus
Telephone number +375 (17) 222 6137

JOINT LEAD MANAGERS AND BOOKRUNNERS

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Raiffeisen Bank International AG
Am Stadtpark 9
1030 Vienna
Austria

Société Générale
29, boulevard Haussmann
75009 Paris
France

JOINT LEAD MANAGER

Renaissance Securities (Cyprus) Limited
Alpha Business Centre, 8th Floor
27 Pindarou Street
1060 Nicosia
Republic of Cyprus

FISCAL AGENT AND PAYING AGENT

Citibank, N.A., London Branch
Citigroup Centre
Canary Wharf
London E14 5LB
United Kingdom

LEGAL ADVISERS

To the Issuer as to US and English law

White & Case LLP
5 Old Broad Street
London EC2N 1DW
United Kingdom

To the Issuer as to Belarusian law

Ministry of Justice
10 Kollektornaya Street
Minsk 220004
Republic of Belarus

To the Joint Lead Managers as to US and English law

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
United Kingdom

To the Joint Lead Managers as to Belarusian law

Egorov Puginsky Afanasiev & Partners
11 Z.Biaduli Street, office 16 (7th floor)
Minsk 220034
Republic of Belarus