



JOINT STOCK COMPANY "NATIONAL FOREIGN ECONOMIC BANK
ACTIVITY OF THE REPUBLIC OF UZBEKISTAN"»



O'ZMILLIYBANK

**BUSINESS PLAN FOR DEVELOPMENT AND EXPANSION OF
ACTIVITIES JSC "NBU" for 2024»**
Tashkent city - 2024y

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Introduction

This Business Plan includes activities planned to be implemented by the JSC “National Bank for Foreign Economic Activity of the Republic of Uzbekistan” in 2024 and represents a financial project of realization of strategic parameters.

The National Bank for Foreign Economic Activity of the Republic of Uzbekistan was established by the Decree of the first President of the country I. Karimov in September 1991.

Based on the Decree of the President of the Republic of Uzbekistan №P11-4540 of November 30, 2019 “On measures to transform the unitary enterprise ‘National Bank for Foreign Economic Activity of the Republic of Uzbekistan’ was transformed into a joint stock company.

The founders of the bank are the Ministry of Finance and the Fund for Reconstruction and Development of the Republic of Uzbekistan.

JSC “National Bank for Foreign Economic Activity of the Republic of Uzbekistan” has been operating for 33 years, being one of the largest banks in Uzbekistan. Stability of this financial institution is reflected in the assessments of authoritative international rating agencies such as “Standard & Poor's”, “MOODY'S”, “Fitch”.

On December 29, 2022 “Standard & Poor's” assigned credit rating to NBU at BB-/b with “Stable” outlook, on February 1, 2022 - BB- senior unsecured debt rating.

On January 31, 2023, MOODY'S assigned NBU a long-term foreign currency deposit rating of Ba3, a short-term foreign currency rating of Ba3, and a base credit assessment of B2. The outlook on the deposit ratings is “Positive”, which confirms the stable market position and financial performance of NBU in the next 12 months.

In turn, Fitch Ratings on January 6, 2023 assigned NBU's Issuer Default Rating, in particular, a long-term rating of “BB-” with a “Stable” outlook and a short-term rating of “B”. “Stable” outlook also reflects the outlook on the sovereign rating.

Main tasks and directions of the bank's activities:

The main tasks and priority directions of JSC NBU for 2024 are: maintaining the Bank's reputation, strengthening international relations and maintaining the Bank's financial stability, further maintaining and strengthening cooperation with the leading banks of the world and IFIs, maintaining leading positions in the banking sector of the country, increasing profit and quality of the Bank's assets.

In accordance with the approved Strategy of the Bank, NBU sets new, complex tasks in 2024:

- - Development of NBU competitiveness;
- - Integration of new processes;
- - Development of the Bank's scoring systems and improvement of credit processes;
- - Scaling up the Bank's services;
- - Introduction of new risk assessment models;
- - Development of the existing CRM system to improve client relations;
- - Implementation of enterprise class systems for effective management;
- - Building skills and acquiring competencies of the Bank's employees;
- - Developing the internal communication system and increasing the Bank's attractiveness among employers in the country;
- - Development of the Bank's ecosystem;
- - Improving the quality of banking services and employee experience by introducing modern technologies and international experience;
- - Analyzing customer loyalty (NPS) of IMB segment with the bank's services
- - Expansion of Call-center functionality for direct sales to the Bank's clients;
- - Development of partnerships with car dealers and real estate developers on car loan and mortgage products;
- - Development of a key performance management system (KPI) for employees;
- - Expanding the transformation of the bank's branch network;

Modeling of bank balance sheet

The Bank intends to continue to intensify its activities in all segments of the banking services and financial markets. In order to ensure achievement of the target parameters of commercial activity is established by this document, the Bank plans to carry out lending operations, operations with securities and investments, operations with financial assets, as

well as intends to expand the volume and range of services provided.

Investments, operations with financial assets, as well as intends to expand the volume and range of rendered services.

The values of all indicators presented in the calculations comply with the requirements of the Central Bank of the Republic of Uzbekistan for capital adequacy, liquidity of the Bank's assets, as well as the use of own funds of banks.

Management of active operations consists in proportional allocation of own and attracted funds in order to optimize profitability at given liquidity levels. At the same time, the total amount of the Bank's assets is projected taking into account possible devaluation of the national currency in 2024 at the level of 10%.

Appendix #1 presents the Bank's balance sheet. When designing the calculated balance sheet, an aggregated structure of balance sheet items was used.

Loan portfolio

- The Bank plans to carry out lending operations in national and foreign currencies both at the expense of internal resources and by attracting funds from international financial institutions and foreign banks.

- In 2024, the Bank plans to have a gross loan portfolio of UZS 103.5 trillion.

- The Bank carries out its lending activities on the basis of the approved Credit Policy, the purpose of which is to ensure efficient, profitable lending activities, control credit risks and use tools to reduce them, including through diversification of types and types of loans granted and collateral accepted for them, maintaining the Bank's liquidity at the established regulatory level.

- The strategic directions of lending for the Bank are:

- - lending to ongoing projects aimed at creating new jobs, introduction of advanced technologies, deep processing of raw materials, import substitution, modernization and technological re-equipment of industrial enterprises, including producers of food and other consumer goods, expansion of industrial and export potential of the regions of the Republic of Uzbekistan, “green” financing and others;

- - financing the creation or reconstruction of transportation and social infrastructure facilities, energy supply facilities;



- credit support for the effective functioning of small businesses and private entrepreneurship by providing them with borrowed funds for organizing and conducting business, including modular lending;

- credit support for the development of entrepreneurial activity through the expansion of microcredit operations;

- provision of various types of credit products, including modular ones, to the population in real time through plastic cards;

- financing of investment projects through simplified and convenient for entrepreneurs, mechanisms of project selection, support and expertise;

- lending in priority sectors of the economy;

By increasing the flexibility of lending terms and conditions, expanding the product range, taking into account individual needs of the client, the competitiveness of the Bank's loan products will increase. Loans will be made available to the maximum number of solvent borrowers with effective advertising support. When granting a loan, attention will also be paid to counseling and providing additional services to the Bank's clients.

The Bank's interest rate policy

The Bank's interest rate policy is based on the principles of profitability and self-sufficiency of banking products, as well as on the emerging market conditions, including competition, demand and supply. The interest rate policy is one of the determinants of the attractiveness of banking products for customers.

Capital expenditures

The Bank pays great attention to the management of material and technical base. Developed material and technical base allows to create favorable and comfortable conditions for servicing the bank's customers, work and rest of the management and banking personnel, to increase the efficiency of the bank's activity and will contribute to obtaining high financial results.

The Bank will continue to work on the introduction and development of innovative banking products, reflected in the approved Strategy of NBU. Digitalization is becoming one of the drivers of the Bank's development, which contributes to increasing the level of trust between depositors and NBU and ensuring transparency in operations.

In order to improve the efficiency of human resources, organization of staff work in a

single digital platform of the Bank, the Bank will continue to implement CRM system, which will contribute to improving the quality of customer service and automation of the process of customer service in remote mode.

It is planned to create a new mobile platform MILLIY 3.0, which will allow to meet the needs of the Bank's clients, increase their loyalty, gain client mass, which in turn will also allow to increase the number of sales of banking services and stimulate the share of non-cash payments.

Work will continue on the implementation of a set of self-service systems in 24/7 mode, automated systems for electronic queue management and customer service quality assessment.

As part of the Bank's transformation, in accordance with the approved Action Strategy, the Bank plans to introduce budgeting, transfer pricing, cost allocation systems, as well as purchase equipment for the cost allocation system. This will make it possible to analyze the efficiency of subdivisions, speed up the process of budget formation and coordination, analyze the profitability of the Bank's products, optimize costs and improve the construction of the Bank's business processes.

The Bank is planning to implement a risk management system, which will enable the Bank to obtain operational information on the current level of risk exposure, perform operational calculations to forecast compliance with regulations, covenants, risk appetite indicators and internal limits for future reporting dates.

Personnel management

- One of the priorities in implementing the Bank's long-term strategy for 2022-2025 is to improve employee competence in key areas of activity, develop a modern HR management system, which includes quality recruitment, training, career development and promotion of the employer's brand.

- In accordance with the Work Plan of the HR Department, the following is planned to prioritize the established tasks:

- Conclusion of contracts for the purchase of computer programs for
- Remote training of the Bank's personnel
- Conclusion of contracts for payment for the services of engaged business trainers to conduct training events for the Bank's personnel.
- Development of personnel assessment system using SAP SF and LMS program modules for personnel recruitment, training and adaptation.

- Acquisition of a subscription to a distance learning platform.
- Training and improvement of knowledge of the Bank's employees at various courses and on the basis of the Training Bank according to the training plan.

Personnel costs will bring returns over a long period of time, therefore they are considered in terms of current concepts of human resources management as investments in the Bank's human capital. Systematic work on personnel costs management and evaluation of their efficiency becomes the most important part of the Bank's Strategy, thus, the financial result of the Bank's activity is directly dependent on the efficiency of personnel costs.

JSC NBU strives to increase its profit annually. However, such increase depends not only on capital investments in expansion or modernization of production activities, but also on proper motivation of employees, which can be increased through rational and efficient personnel costs.

Planned balance sheet figures of NBU for 2024 *mln. soums*

Assets	Plan for 2024
1. Cash and cash at the CBRA	4 770 926
2. Due from other banks	12 900 888
3. Securities portfolio	7 528 081
4. Investments	2 565 105
5. Loans (net)	96 591 333
6 Loan portfolio (gross)	103 481 389
7. Property, plant and equipment and pledged property	1 969 040
8. Provisions for standard assets	603 324
9. Other assets, including	5 312 672
Total	131 034 720

PASSIVE	Plan for 2024
1. Customer deposits	33 571 465
2. Deposits from other banks	7 748 456
3. Loans payable	56 177 413
4. Subordinated debt and securities, incl.	10 884 045
5. Other liabilities, including	3 880 104
6. Capital	18 773 237
TOTAL	131 034 720

Schedule № 2

**Planned indicators of the profit and loss statement of
NBU for 2024.**

Mln soums

Name	Plan for 2024г.
Total Interest income	14 680 115
Total Interest expense	9 982 439
Expected credit losses	-6 145 000
Total interest-free income	7 012 391
Total interest-free expenses	780 300
Total operating expenses	2 490 299
Income tax	-573 617
Net profit for the reporting period	1 720 852