



**Joint Stock Company 'National Bank for Foreign Economic
Activity of the Republic of Uzbekistan**



O'ZMILLIYBANK

**Business Plan for the Development and Expansion of the Activities of JSC
'NBU' for 2025
For 2025**

г. Ташкент - 2025г

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Introduction

This Business Plan includes the activities planned for implementation by the Joint Stock Company "National Bank for Foreign Economic Activity of the Republic of Uzbekistan" in 2025 and represents a financial project for the realization of strategic parameters.

The National Bank for Foreign Economic Activity of the Republic of Uzbekistan was established by a 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 No. PP-4540 dated November 30, 2019, "On Measures for the Transformation of the State Enterprise 'National Bank for Foreign Economic Activity of the Republic of Uzbekistan' into a Joint Stock Company 'UzNatsBank'," the bank was transformed into a joint-stock company.

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

The Joint Stock Company "National Bank for Foreign Economic Activity of the Republic of Uzbekistan" has been operating for 33 years and is one of the largest banks in Uzbekistan. The stability of this financial institution is reflected in the ratings of prestigious international rating agencies such as "Standard & Poor's," "MOODY'S," and "Fitch."

On August 23, 2024, the agency "SP Global Ratings" assigned UzNatsBank a credit rating of BB-/b with a "Stable" outlook».

On September 12, 2024, the agency "MOODY'S" assigned UzNatsBank a long-term foreign currency deposit rating of "Ba3," a short-term foreign currency rating of "Ba3," and a baseline credit assessment of "B1." The outlook for the deposit ratings is "Positive," confirming the stable market position and financial performance of UzNatsBank over the next 12 months.

In turn, the agency Fitch Ratings, on November 15, 2024, assigned UzNatsBank issuer default ratings, specifically a long-term rating of "BB-" with a "Stable" outlook and a short-term rating of "B." The "Stable" outlook also reflects the forecast for the sovereign rating.

Main Objectives and Areas of Activity of the Bank:

The main objectives and priority areas for JSC "UzNatsBank" in 2025 are as follows: maintaining the bank's reputation, strengthening international connections, ensuring the bank's financial stability, furthering cooperation with leading banks worldwide and international financial institutions, maintaining leadership positions in the country's banking sector, increasing profits, and improving the quality of the bank's assets.

In accordance with the approved Bank Strategy, UzNatsBank sets the following new, comprehensive objectives for 2025:

- Development of UzNatsBank's competitiveness;
- Integration of new processes;
- Development of the bank's scoring systems and improvement of credit processes;
- Scaling up the bank's services;
- Implementation of new risk assessment models;
- Development of the existing CRM system to improve customer relationships;
- Implementation of corporate-class systems for efficient management;
- Enhancement of employees' skills and acquisition of competencies;
- Development of internal communication systems and increasing the bank's attractiveness as an employer in the country;
- Improvement in the quality of banking services and employee experience through the implementation of modern technologies and international practices;
- Analysis of customer loyalty (NPS) in the bank's MMB service segment;
- Expansion of Call-center functionality for direct sales to bank clients;
- Development of partnerships with car dealers and construction companies for auto loan and mortgage products;
- Development of performance management systems (KPIs) for employees;
- Expansion of the bank's branch network transformation;
- Centralization of the bank's branch network with optimization of staffing.;

Bank

Balance

Modeling

The bank intends to continue activating its activities across all segments of the banking services and financial markets. The main goal of balance planning is to ensure the sustainability of the bank's financial indicators, which includes maintaining an adequate level of liquidity and capitalization. The planning also took into account the achievement of target profitability indicators, which requires optimizing the structure of assets and liabilities.

All the values presented in the calculations meet the requirements of the Central Bank of the Republic of Uzbekistan,

which are related to capital adequacy, liquidity of the bank's assets, and the use of the bank's own funds.

Active operations management involves the proportional placement of both own and borrowed funds to optimize profitability at given liquidity levels. The total amount of the bank's assets is forecasted with a potential devaluation of the national currency by 10% in 2025.

Appendix No. 1 presents the projected balance of the Bank. The projected balance structure uses an aggregated classification of balance sheet items.

Credit Portfolio

The bank plans to conduct lending operations in both national and foreign currencies using internal resources as well as attracting funds from international financial institutions and foreign banks.

In 2025, the bank plans a gross credit portfolio of 118.2 trillion UZS.

The bank conducts its lending activities based on the approved Credit Policy, aimed at ensuring efficient, profitable lending, controlling credit risks, and using instruments to reduce these risks, including by diversifying the types and forms of credit, collateral requirements, and maintaining the bank's liquidity at the established normative level.

The strategic directions for lending for the bank are:

- Financing projects aimed at creating new jobs, implementing advanced technologies, deep processing of raw materials, import substitution, modernization, and technological re-equipment of industrial enterprises, including food producers and other consumer goods,

expanding the industrial and export potential of regions in the Republic of Uzbekistan, "green" financing, etc.;

- Financing the creation or reconstruction of transport and social infrastructure, energy supply facilities;

- Credit support for the effective functioning of small businesses and private entrepreneurship by providing them with loans to organize and run their business, including modular lending;

- Credit support for the development of entrepreneurship through expanding micro-lending operations;

- Providing various credit products to the population, including modular loans, in real time via plastic cards;

- Financing investment projects using simplified and convenient mechanisms for entrepreneurs for selection, support, and project expertise;

- Lending to priority sectors of the economy.

The flexibility of lending conditions, expansion of the product range, and consideration of individual customer needs will increase the competitiveness of the bank's credit products. Credit availability will be provided to the maximum number of solvent borrowers with effective promotional support. When granting credit, attention will also be paid to consulting and providing additional services to the bank's clients..

Interest Rate Policy of the Bank

The bank's interest rate policy is based on the principles of profitability and self-sufficiency of banking products, as well as the market conditions, including competition, demand, and supply. The interest rate policy is one of the key factors determining the attractiveness of the bank's products for clients.

Capital Investments

The bank places great emphasis on managing its material and technical base. A developed material and technical base creates favorable and comfortable conditions for servicing bank clients, as well as for the work and rest of management and banking staff, improving the bank's efficiency and contributing to high financial results.

The bank will continue to work on implementing and developing innovative banking products, which are reflected in the approved UzNatsBank Strategy. Digitization becomes one of the drivers of the bank's development, promoting increased trust between depositors and UzNatsBank, ensuring transparency in operations.

To increase the efficiency of using human resources and organizing staff work on a single digital platform, the bank will continue to implement the CRM system, which will improve client service quality and automate customer service in a remote mode.

A new mobile platform, MILLIY 3.0, is planned to be created to meet the bank's clients' needs, increase their

loyalty, expand the customer base, and, consequently, increase sales of banking services and stimulate the share of cashless transactions.

The bank will continue its work on introducing 24/7 self-service systems, automated systems for managing electronic queues, and customer service quality assessments.

The bank plans to implement a risk management system that will allow the collection of operational data on the current level of risk exposure, conduct operational calculations for forecasting compliance with standards, covenants, risk appetite indicators, and internal limits for future reporting dates.

Personnel Management

One of the priority areas of the bank's long-term strategy for 2022-2025 is enhancing employee competence in key areas of activity and developing a modern personnel management system, which includes quality recruitment, training, career growth, and promoting the employer's brand.

According to the personnel department's work plan, the following priority tasks are planned:

- Signing contracts for the acquisition of software for remote employee training;
- Signing contracts to pay for services of business trainers for staff training sessions;

- Developing a staff evaluation system using SAP SF and LMS modules for recruitment, training, and adaptation;
- Purchasing a subscription for a remote learning platform;
- Training and enhancing the knowledge of bank employees through various courses, as well as at the bank's training center according to the training plan.

Personnel costs will bring returns over the long term, so they are considered investments in the bank's human capital according to current human resources management concepts. Systematic work on managing personnel costs and evaluating their efficiency is a crucial part of the bank's strategy, and therefore, the financial results of the bank's operations are directly dependent on the effectiveness of personnel expenditures.

UzNatsBank aims to annually increase its profits. However, such increases depend not only on capital investments in expanding or modernizing production activities but also on the correct employee motivation, which can be enhanced through rational and efficient personnel costs..

Planned Balance Indicators of UzNatsBank for 2025

Mln soum.

| Total Assets | Plan for 2025 |
|---|--------------------|
| 1. Cash desk and transfer of funds to the CBU | 5 217 786 |
| 2. Funds in other banks | 10 566 725 |
| 3. Securities portfolio | 7 888 826 |
| 4. Investments | 3 662 934 |
| 5. Credits (net) | 108 130 287 |
| 6 Loan portfolio (gross) | 118 168 289 |
| 7. Fixed assets and pledged property | 2 173 025 |
| 8. Reserves for standard assets | 709 827 |
| 9. Other assets, including | 5 517 326 |
| Overall | 142 447 082 |
| | |
| PASSIVE | Plan for 2025 |
| 1. Customer deposits | 39 283 414 |
| 2. Deposits from other banks | 6 898 538 |
| 3. Loans payable | 58 255 175 |
| 4. Subboard debt obligations and securities, incl. | 13 490 547 |
| 5. Other obligations, including | 3 943 884 |
| 6. Capital | 20 575 524 |
| Overall | 142 447 082 |

Schedule No 2

**Planned indicators of the profit and loss report of the
National Bank for 2025.**

| Name | Plan for 2025 |
|--|---------------|
| Total Interest Income | 16 298 685 |
| Total Interest Expense | 10 723 998 |
| Estimation of possible loan losses | -5 646 164 |
| Total non-interest income | 5 886 655 |
| Total non-interest expenses | 781 392 |
| Total operating expenses | 2 560 569 |
| Income tax | -667 769 |
| Net profit for the reporting period | 1 805 450 |