

**SQB**  
**Development Strategy**  
**for 2024–2026**



## The 2<sup>nd</sup> largest bank in terms of total assets

The Bank's assets amounted up to UZS 72.5 trillion as at 1 October 2023, which account for 11.8% of the total market share



## The best ESG-bank in Uzbekistan

The best green bank in Central Asia at year-end 2020 according to AIFC; the Best Bank Awards 2022 winner according to the financial edition *Asiamoney* and the Green Trade winner awarded by EBRD



## Automated budgeting system

SAP Quality Awards-2021



## Ranked No.1 in Customer Experience Index

among banks in Uzbekistan and No. 3 – in Central Asia's ranking of Customer Experience Index, an independent survey conducted by Senteo Inc.



## The Corporate Business Development Leader award

under UZCARD FORUM 2023

**SQB is a bank steeped in history, that stands out on the market due to its brand being instantly recognizable, providing a broad range of products, and offering customer-tailored and high-quality service**

### Retail customers



**1.5 mln**

About 50% of the customer base are people aged 25 to 44

**5.1%**

is the Bank's market share of Premium and Affluent customers

**4,233**

Is the number of the Bank's employees as at 1 October 2023

**~89**

branches

### Market shares



**14.7% 5.4%**

of corporate portfolio

of retail portfolio

**7.9%**

of mortgage loans

**6.9%**

of deposit portfolio

### Corporate customers



**71,852**

account for a 12.1% of corporate and SME customers of the total number of companies operating in Uzbekistan

**BB-**

According to Fitch Ratings Inc. and S&P Global Ratings

**uzA+**

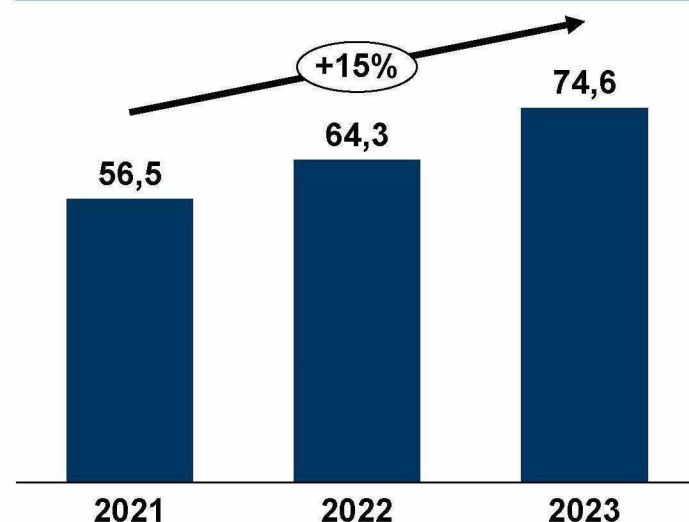
According to Ahbor-Reyting

100+лет

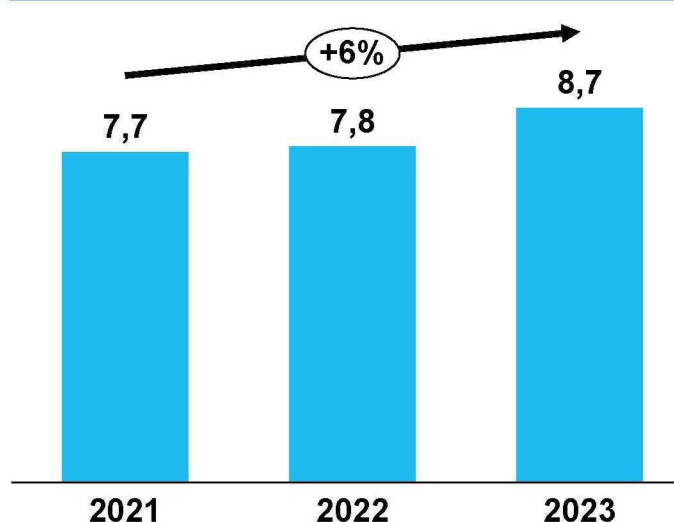


# Financial results for the previous period

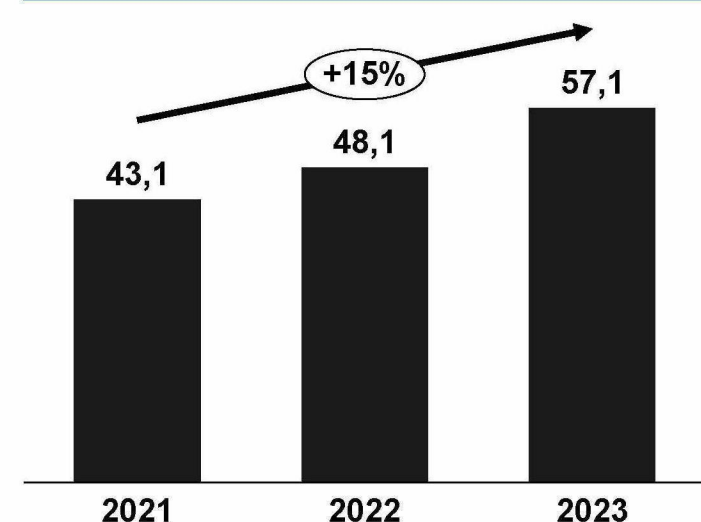
ASSETS, UZS trillion



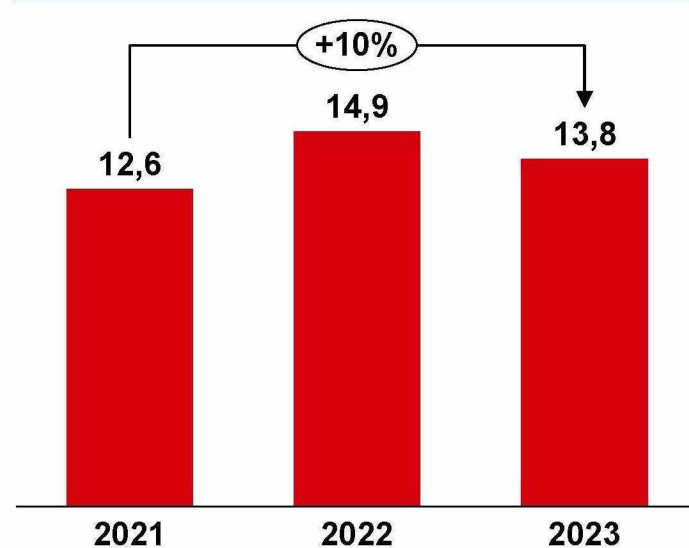
EQUITY, UZS trillion



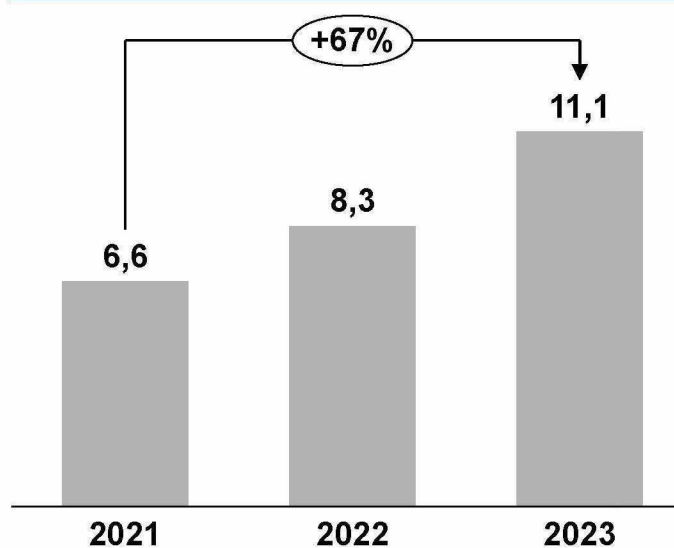
LOANS, UZS trillion



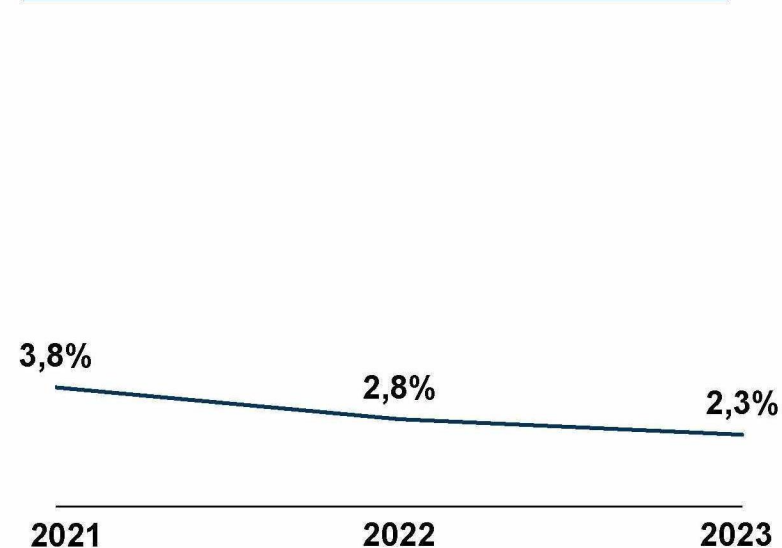
DEPOSITS, UZS trillion



INCOME, UZS trillion



NPL, %






# As a result of the transformation, SQB improved its business processes and strengthened its customer focus, which helped to consolidate its market position

## SQB Digital Transformation

-  The process of monitoring and collecting debts was digitized through the FIS Collection module
-  In cooperation with KPMG, an IT strategy for 2023-2027 has been developed
-  SAP Budgeting system implemented
-  The MyID system for remote customer identification via the JOYDA mobile app has been launched
-  iSPRING online employee training platform launched
-  Digital Banking division has been created to expand remote services

## Initiatives implemented as part of the SQB transformation

- |  |   |   |
|--|---|---|
| <ul style="list-style-type: none"><li>• More than 20 experts from the IFC and EBRD were involved in 18 areas.</li><li>• The corporate governance system was improved, with five independent foreign members added to the board of directors.</li><li>• Five committees were created under the Bank's board.</li><li>• The organizational structure was adapted to international standards.</li><li>• Customers were divided into three segments (commercial banks, SMEs, and retail banks), and separate structural divisions were organized.</li><li>• RM managers were introduced to enhance the personalization of customer service.</li><li>• An underwriting system was created for effective credit risk management.</li></ul> | <ul style="list-style-type: none"><li> Green Banking was created and green products were developed.</li><li>• New service model was introduced in all branches, and branch activities were refocused on sales.</li><li>• Employee motivation was organized based on a KPI system.</li><li>• New modern IT center was launched.</li><li>• The international anti-corruption standard ISO 37001:2016 was implemented.</li><li>• All branches switched to a SINGLE MFO.</li><li>• CRM system for customers based on the “single window” principle was launched.</li></ul> | <ul style="list-style-type: none"><li>• 55 top management specialists were trained at the Skolkovo Moscow School of Management</li><li>• Information and cybersecurity system was improved</li><li>• Contact center was transformed into a sales channel</li><li>• The share of customer service employees reached 59%</li><li>• Business process management office was created</li></ul> |
|--|---|---|

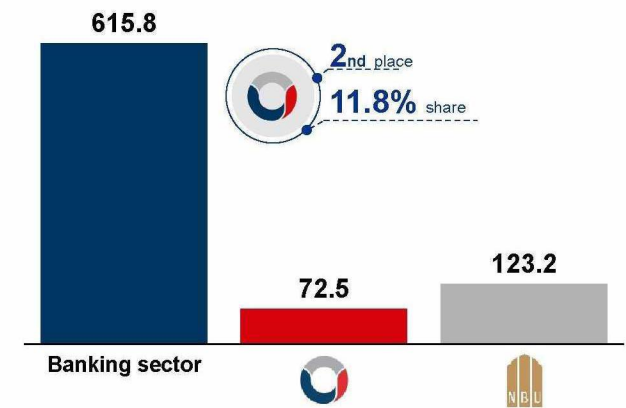




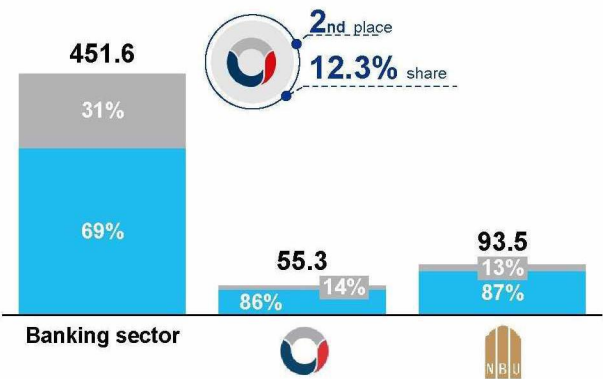
# SQB is a leader in the market in terms of key indicators

The Bank's current position in terms of the banking sector indicators compared to the Bank's immediate competitor as of October 1, 2023

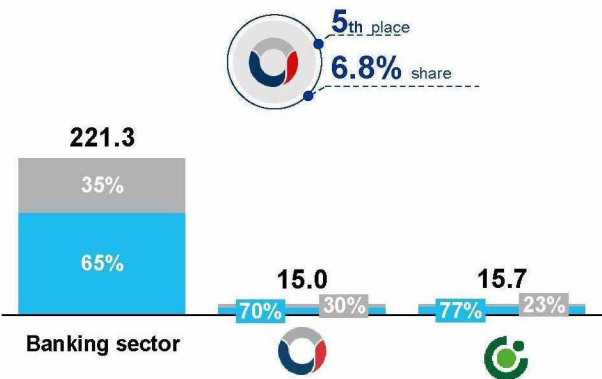
Assets, UZS trillion



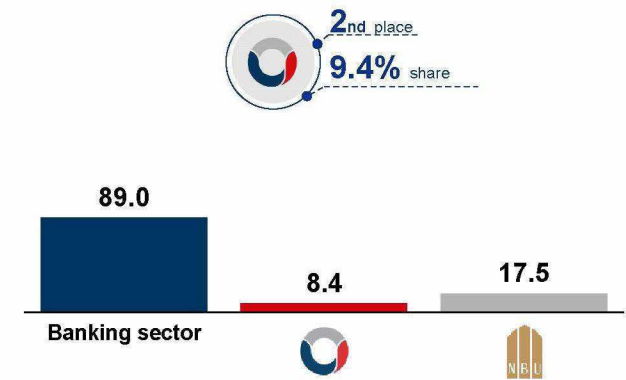
Loans, UZS trillion



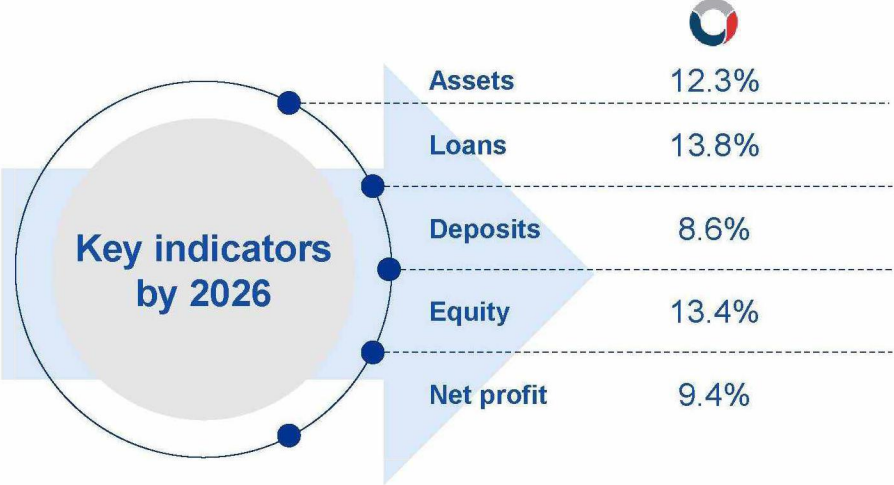
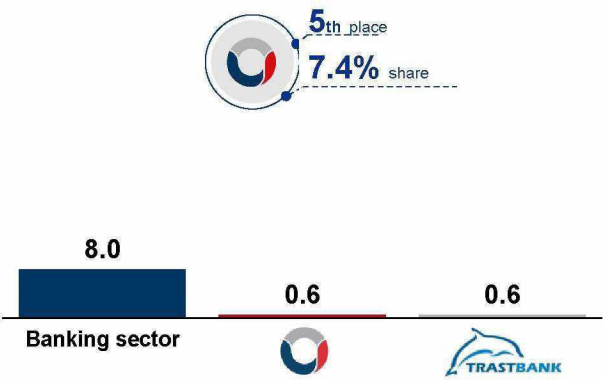
Deposits, UZS trillion



Equity, UZS trillion



Net income, UZS trillion



■ Retail ■ Legal entities

Source: the Central Bank of the Republic of Uzbekistan, banks' NAS quarterly reports as of October 1, 2023



## MISSION

**Your success is our concern: we trust, grow, prosper together**

- The mission of our Bank is to be a reliable partner and act as a support for our customers, and also contribute to the economic development and prosperity of our country. We are striving for their success and growth by providing high quality services and products that meet the needs and expectations of the people of Uzbekistan. Our goal is to be not only a financial institution, but also an active participant in building a prosperous future for our nation

## VISION

**We are building a world-class bank**

adhering to the principles of customer-centricity, leadership in innovation, ensuring safety, commitment to sustainable development, and contribution to the development of employees and Uzbekistan

## LONG-TERM POSITIONING

**Your path to success: choose the leaders - choose us!**

- We position ourselves as a reliable partner for everyone who strives for financial success, including those who are at the very beginning of their financial journey. Our bank is the ideal choice for people of all ages. Choosing our bank, the customer chooses a financial industry leader that will help to achieve financial goals and ambitions

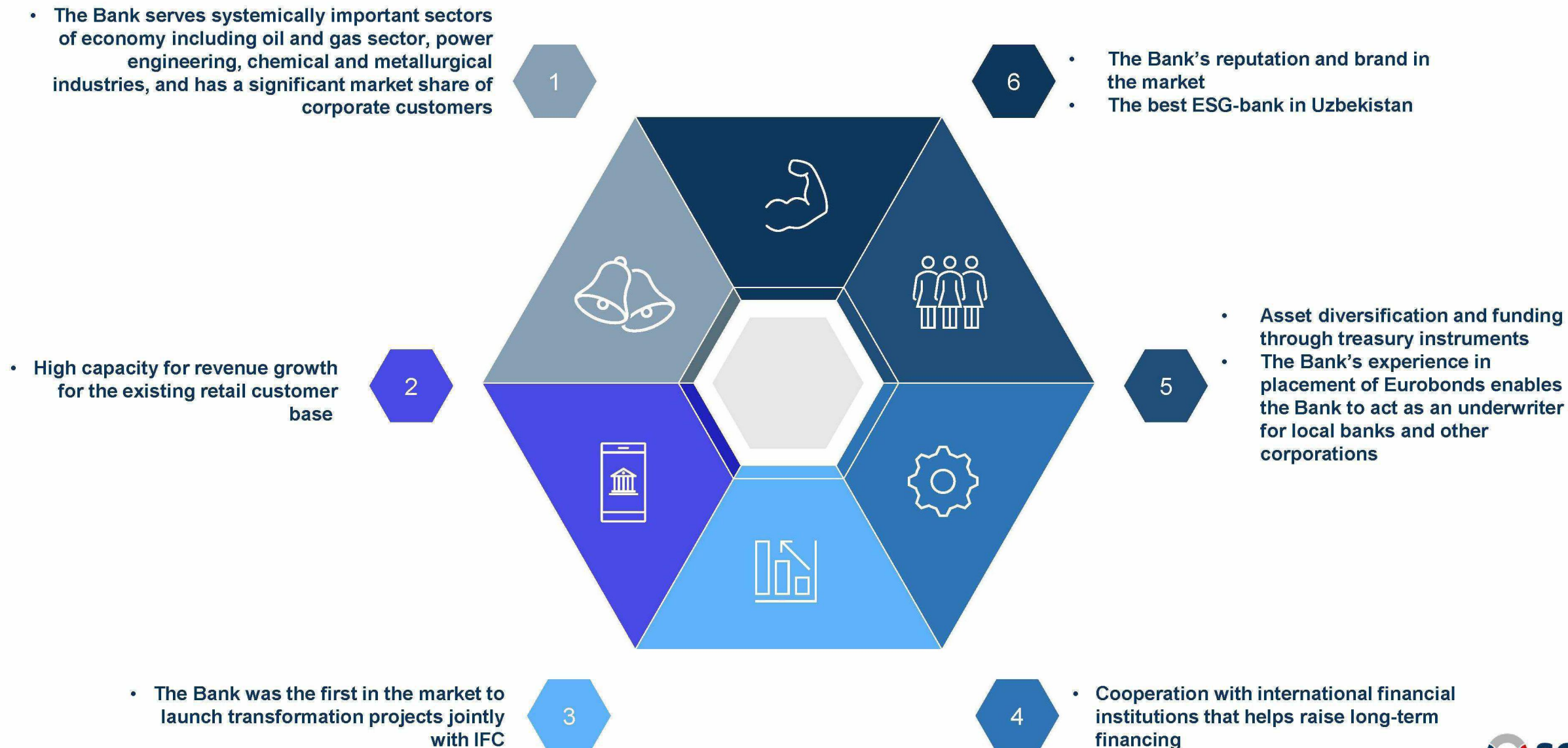


## Bank values





## Strengths, directions and opportunities for the Bank development identified in the course of analysis will become the cornerstone of SQB's new strategy



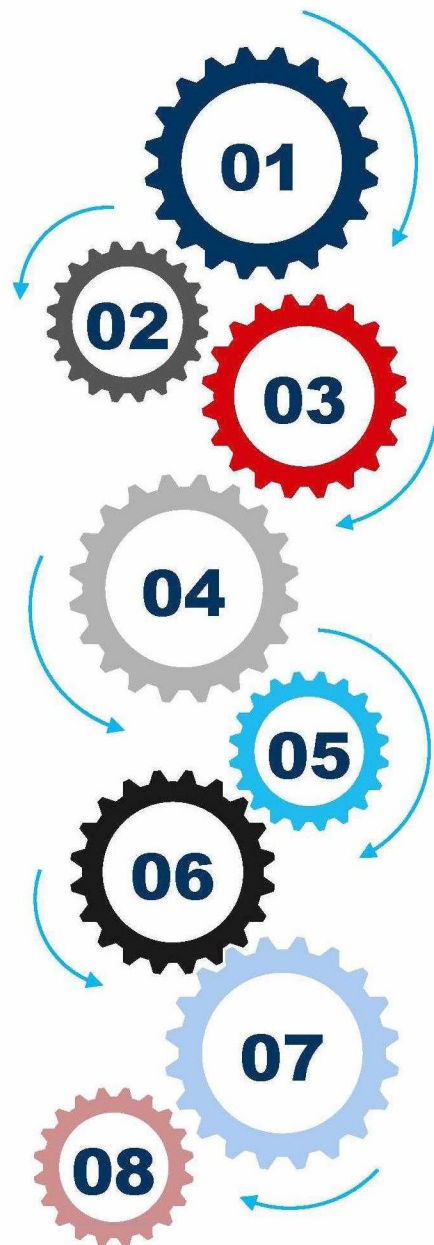
**SQB target strategy will be aimed at maximization of the business value, operating and financial stability as well as at maximization of the Bank's privatization potential**



Note: (1) TCS - Target customer segments; (2) KPI - Key Performance Indicators



## Key provisions of the Bank's development strategy up to 2026



**01**

The Bank's strategy focuses on maintaining the Bank's versatility with emphasis on generating more fee and commission income and increasing the synergy of business segments

**02**

Differentiation of the product line and maintaining a comprehensive product and service offering for target segments

**03**

Primary focus on business segments and development of relevant products

**04**

Staged implementation of the Bank's strategic goals in accordance with the current external economic conditions and the state of the banking sector

**05**

Revenue growth due to: 1) optimization of activities (short-term banking products: non-interest products and medium-term financing; 2) scaling a business, and 3) development of highly profitable products

**06**

Transition to a more flexible risk assessment model in the medium term

**07**

Increasing the efficiency of the Bank's operating model (organization chart, HR transformation, processes, automation, centralization)

**08**

The promising SQB model will provide for transition from traditional banking to an innovative, technological and customer-oriented model in the medium term

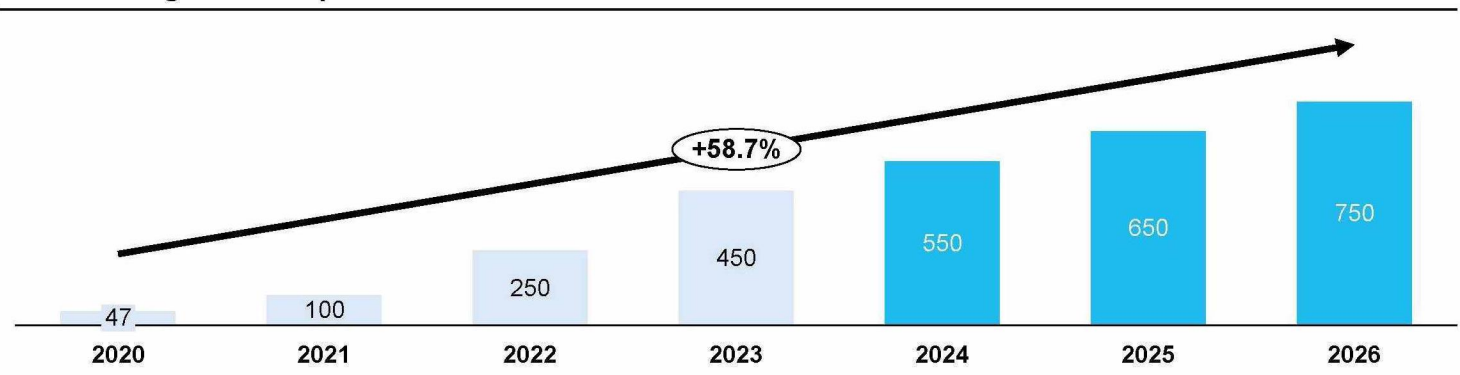


**SQB is a pioneer in green financing in Uzbekistan that actively promotes sustainable development and provides green loans to support business**

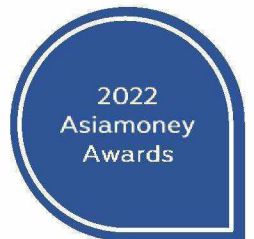


- Responsible use of resources and mitigation of the Bank's own environmental impact
- Fair working conditions and occupational safety
- Improving corporate governance practices, combating corruption and observing business ethics standards
- Maintaining customer relationship and a socially responsible brand

The Bank's green loan portfolio



CB	MSMEs	RB
<ul style="list-style-type: none"><li>• Green corporate loans</li></ul>	<ul style="list-style-type: none"><li>• Green loans for small and medium-sized businesses</li></ul>	<ul style="list-style-type: none"><li>• Green consumer loans</li><li>• Green mortgage loans</li><li>• Green credit card</li><li>• Green deposit</li></ul>



Deal of the Year  
Green trading



The largest volume of  
climate loans provided in the  
2022 financial year



The best green bank

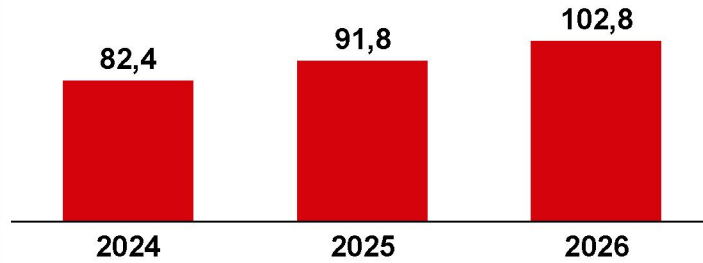


The best ESG bank

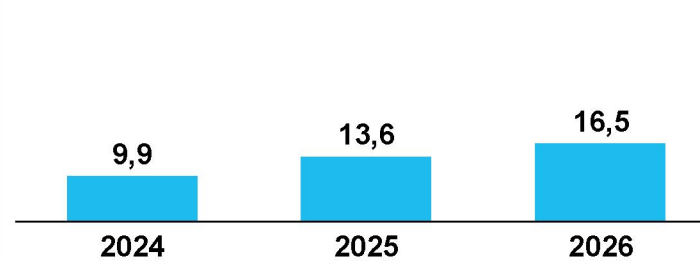


# Key Strategic Goals until 2026

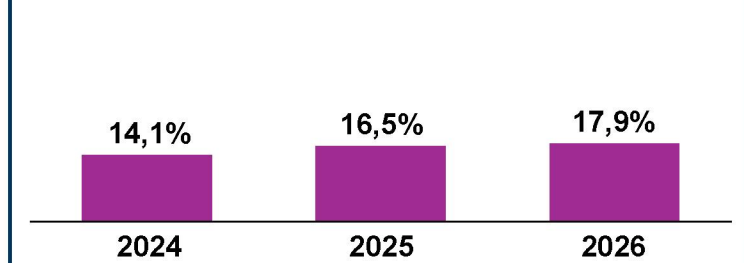
ASSETS, UZS trillion



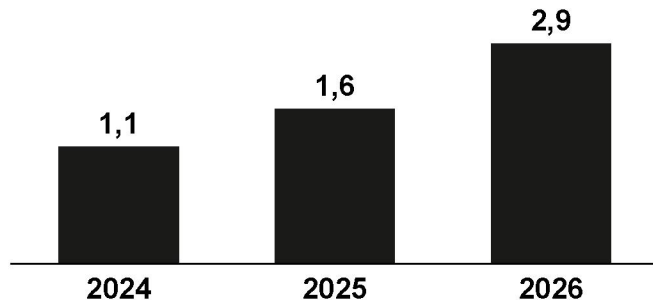
EQUITY, UZS trillion



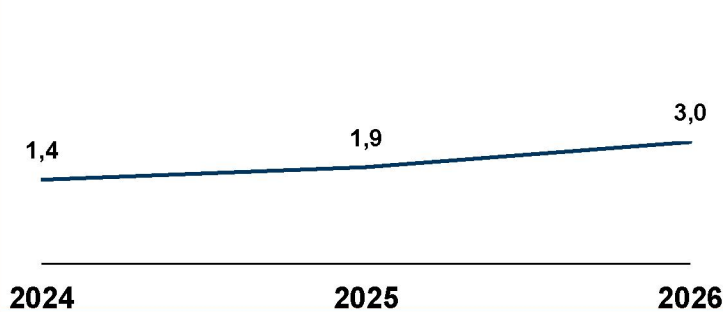
CAPITAL ADEQUACY RATIO, %



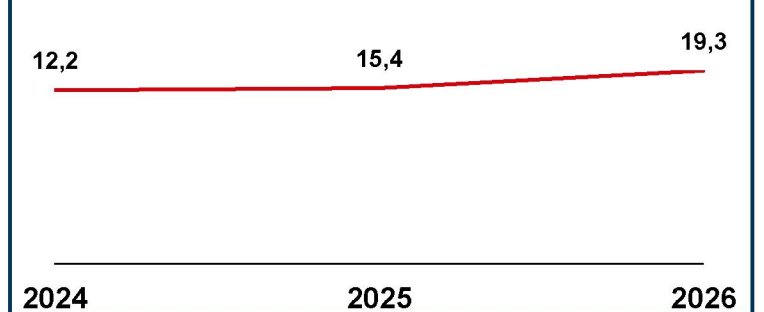
NET PROFIT, UZS trillion



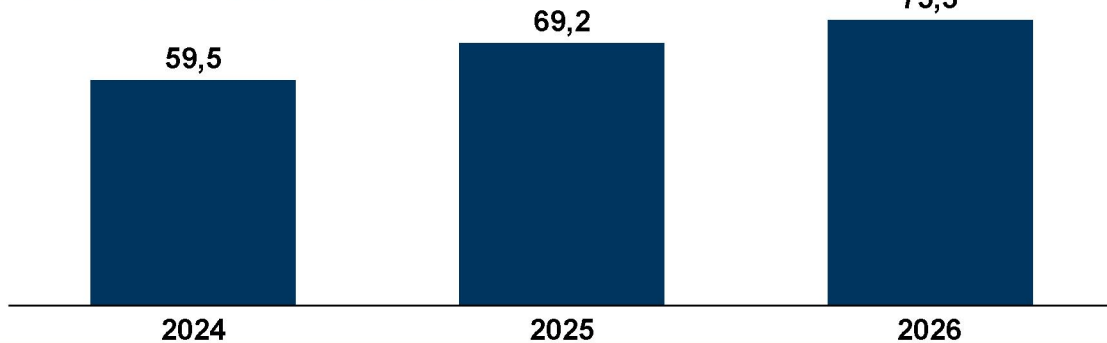
ROA, %



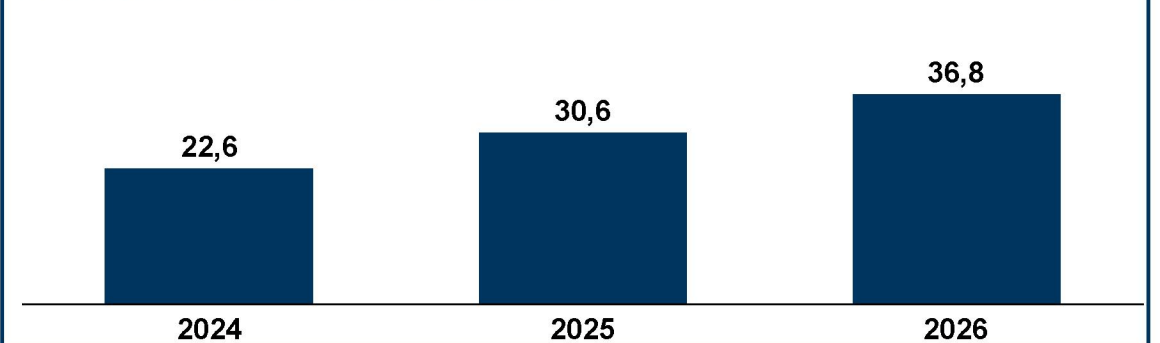
ROE, %



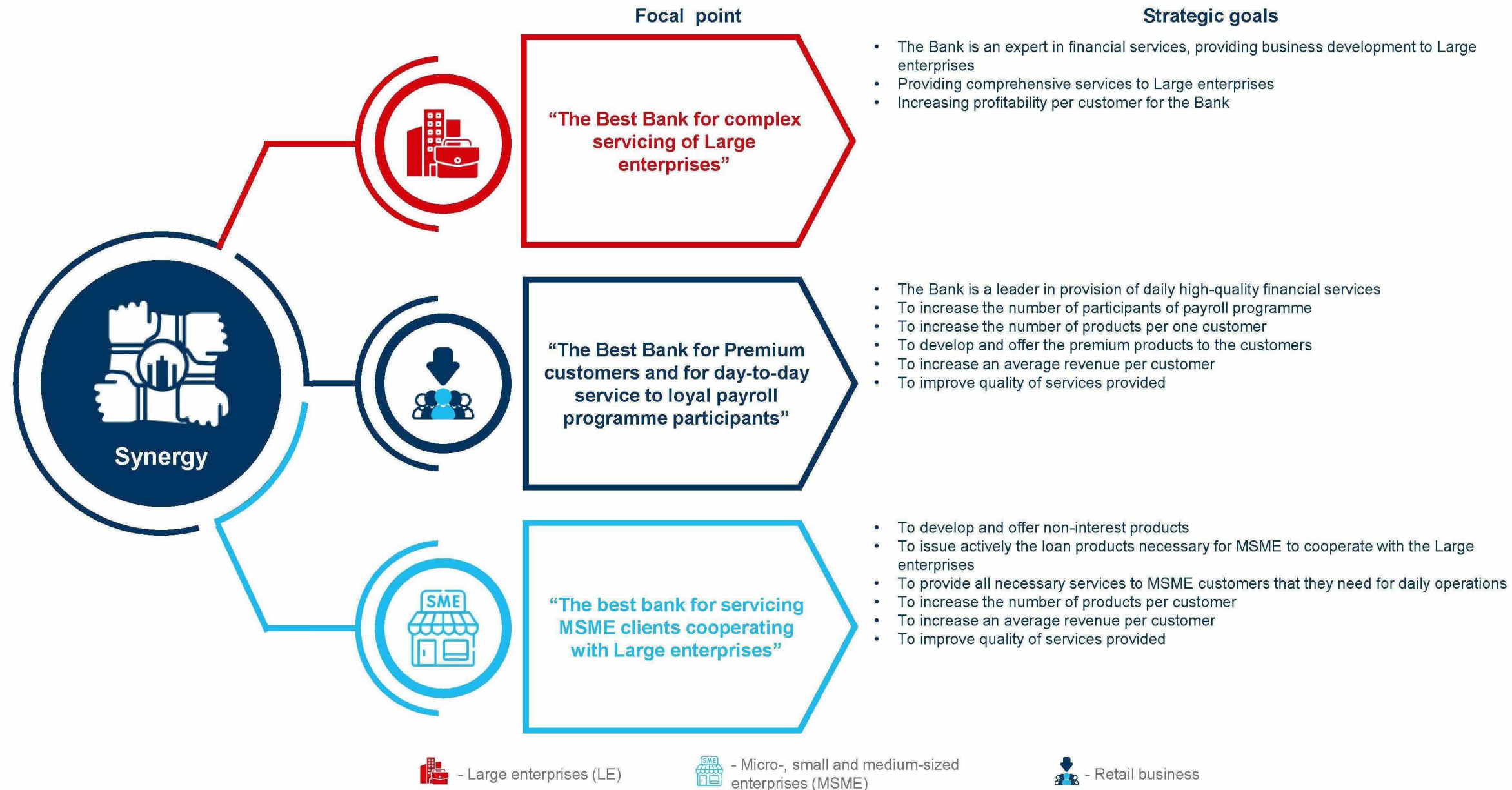
LOAN PORTFOLIO, UZS trillion



DEPOSIT PORTFOLIO, UZS trillion



# SQB competitive advantage will be achieved through **synergy of business segments** and forming a synergistic effect around the Large enterprises





# The bank will focus on supporting businesses at all stages of development and will help clients grow from micro to small, medium, and corporate businesses

- The bank's involvement in all stages of business development: from micro businesses just starting out, to small/medium-sized businesses, right up to corporate businesses
- Use of support tools where entrepreneurs can obtain all the necessary services through a “one-stop shop” approach

## Mikro business



- Package deals with a standard, fixed set of services
- Consulting on business management and financial literacy
- Encouraging the transition to digital service channels

## Small business



- Package deals with a standard, fixed set of services
- Consulting on business management and financial literacy
- Encouraging the transition to digital service channels

## Medium business



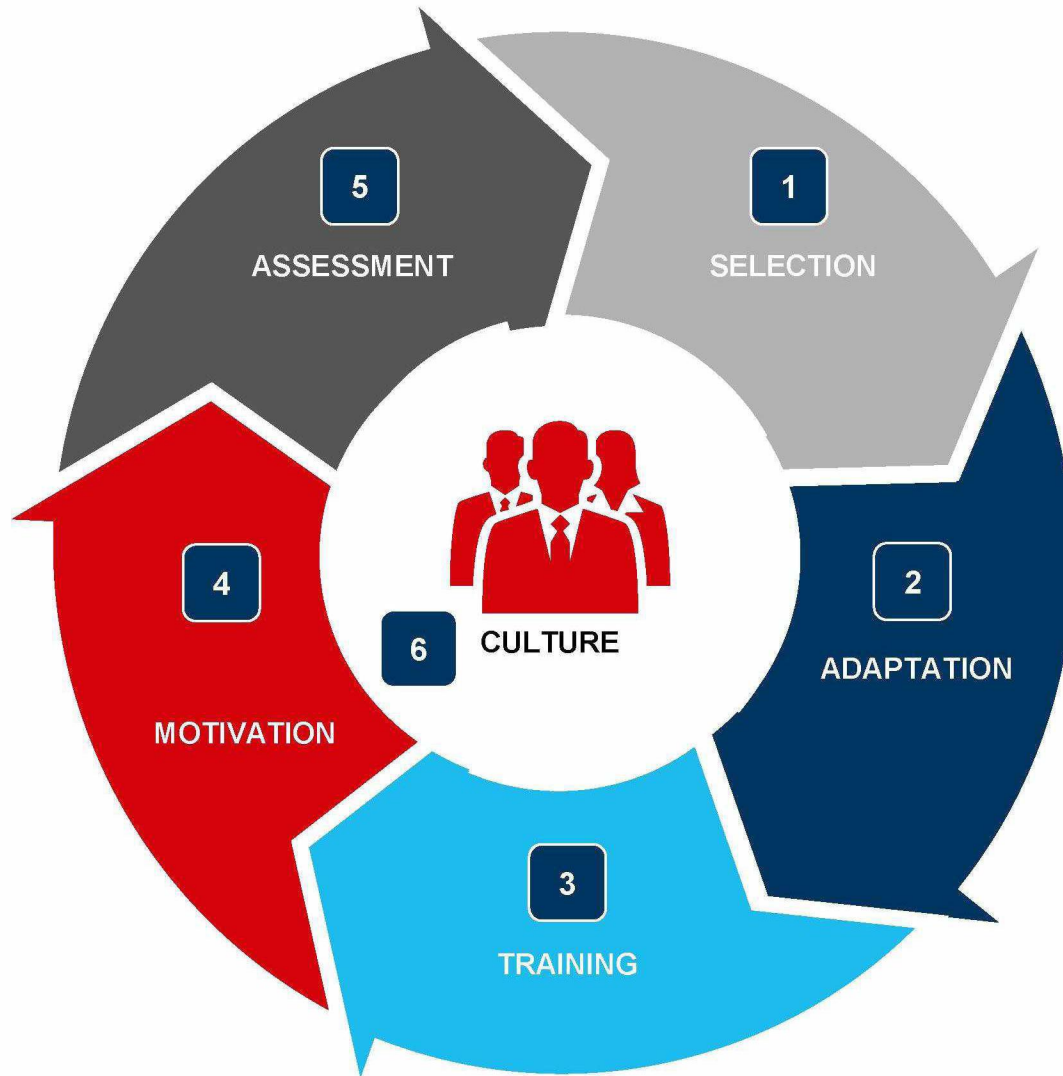
- A range of products similar to that of the micro and small sub-segment, but with the option of customization
- A mix of remote and physical channels, dedicated relationship managers

## Corporate business



- Individual approach to setting product terms and conditions, possibility of customization according to customer needs
- Possibility of visiting the customer, dedicated relationship managers

# Key areas for developing the personnel management system



## KEY CHANGES BY AREA:

- 1** Development of internal and external communication systems, HR branding, and recruitment
- 2** Developing an employee adaptation system
- 3** Improving the effectiveness of the training system
- 4** Implementation of a career and development management system
  - Development of a talent pool
  - Implementation of a grading system
  - Implementation of a results-oriented performance management system
- 5** Expansion of personnel assessment methods based on competency models and performance
- 6** Implementation of a new results-oriented corporate culture



# Agile approach to managing and organizing bank operations

The Agile approach involves:

- moving from isolated organizational units to working in **multifunctional, self-organizing teams** created on the principle of **creating value** for the customer and the bank
- restructuring the **logic of automation** and other changes – moving from projects and Waterfall to Agile/Scrum/Kanban approaches

Leading international financial organizations have implemented the Agile approach.



BENEFITS FOR THE BANK:

- 1 Reducing Time-to-Market
- 2 Growth in engagement and number of active customers
- 3 Growth in customer satisfaction index NPS
- 4 Reduction in Cost of Risk
- 5 Increased employee engagement

The use of Agile will enable the formation of an organizational structure that brings together highly skilled professionals and the necessary resources, allowing for quick and effective decision-making.