

Annual Report 2020

UZB | ENG | RUS

2020



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Address of the Chairman of the Supervisory Board

Dear shareholders, investors, clients and partners!

We are all witnesses to the fact that in 2020, work was actively carried out on digital transformation in the banking and financial sector of Uzbekistan, and the population perceived it with great satisfaction. On the one hand, we understand this as an inevitable process of commercial banks' striving to master the global banking business, and on the other hand, we can say that it was caused by an unexpected pandemic. Indeed, the coronavirus pandemic has become an ordeal for the entire world. Due to the quarantine, an economic crisis occurred and an "economic vacation" was announced. Important decisions timely made in our country under the leadership of President Shavkat Mirziyoyev saved the financial market of the republic, like many other industries, from heavy losses. In particular, in the system of our Bank, the work on the 2nd stage of transformation measures, which began at the beginning of the year in cooperation with the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD), did not stop for a minute. On the contrary, although most projects were completed ahead of schedule due to quarantine conditions, other new projects were launched as needed.

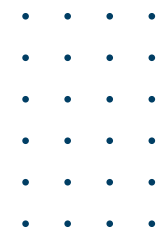
As a result, the Bank has once again proved that it is the most reliable and effective financial intermediary of the government, and has demonstrated to its partners and clients that it is a Bank that has the ability to adapt to any conditions, great strength and potential. In the process of transformation, a corporate governance and risk management system was created that meets international requirements. For this purpose, the Corporate Governance Service was created in the Head Bank and the position of a corporate consultant was introduced. The Bank's Council includes 4 independent members. Under the Council, 5 new committees were created (Strategy, Appointments and remunerations, for large transactions and transactions in which there is an interest, for risk management, Audit committees). A new customer-oriented structure of the Bank was introduced. Based on international experience, organizational structure is divided into 5 blocks, including Corporate, Small and Medium Business, Retail Business, Credit, Operational, Risk and Financial. Our compatriot A. Khamidov, a highly qualified specialist working in the largest banks in the United States, was accepted as an Advisor to the Chairman of the Management Board. For the first time,

the Bank has established a Project Management Office (PMO). One-stop employees (RM) were trained to serve clients in each area of activity. In general, the Bank in 2020 retained its market positions, including among the commercial banks of the republic in total capital (6.7 trillion UZS, an increase of 7% compared to 2019), in total assets (49 trillion UZS, an increase by 34,8 % compared to 2019) and in terms of the volume of loan investments (about 40 trillion UZS, an increase of 35% compared to 2019). The deposit base grew by 2.4 trillion UZS or 1.3 times, up to 11.4 trillion UZS (4th place). During the reporting period, the Central Bank of the Republic of Uzbekistan reduced the refinancing rate twice in order to ensure a balance between maintaining positive real interest rates in the economy, reducing inflation in the context of a pandemic and supporting economic activity. The decrease in the refinancing rate from 16% to 14% led to a decrease in interest rates on credit products in the financial services market. Nevertheless, a sharp decline in the average interest rate of the bank's loan portfolio, which increased from 8.8% to 8.9%, was prevented. The deterioration of the financial situation of clients due to the pandemic in 2020, the temporary cessation of activities led to an increase in problem loans at the bank, especially problem retail loans. Despite this, the share of problem loans in the Bank's system did not exceed 1% of NPL. In the field of automation of financial planning, a financial forecasting system was launched under the program of SAP, Germany. In cooperation with the International Organization for Standardization CERT, an "anti-corruption" system was created. Introduced into practice remunerations based on the KPI system for all employees working in the retail business. In connection with the introduction of new types of services by the bank, and the growth in the volume of income-generating assets, the Bank's revenue plan for 2020 was exceeded by 116%, and the profit plan was exceeded by 101%, respectively, 5.3 trillion UZS of income were received and 798 billion UZS of net profit. In addition, in 2020, through the sale of 243.5 billion pieces ordinary and 370 million pcs. preferred shares, the authorized capital of the bank was formed in the amount of 4.6 trillion UZS, and an average of 21.9 UZS was earned for each ordinary share. In the reporting year, the standards established by the Central Bank of the Republic of Uzbekistan and international financial institutions were strictly observed. In particular, the capital adequacy ratio was 17%, the Tier 1 capital adequacy ratio was 13.1%, and the leverage ratio was 10.3%.

It is known from history that the negative impact of any crisis on the banking system is expressed in a decrease in its liquidity. There fore, during the pandemic, much attention was paid to maintaining liquidity ratios in the Bank's system. As a result, the ratio of coverage of the Bank's liquidity amounted to 206.8%, the ratio of net stable financing - 105.6%, and the share of highly liquid assets - 13.1%. Highly liquid assets grew 2.4 times and amounted to 6.4 trillion UZS. In general, 2020 as always was productive for the Bank. Despite the conditions of the pandemic, many studies, changes, and innovations in management and services have contributed to maintaining the stability of the Bank. The proof of our opinion is the "BB-" ratings assigned to the Bank by the international rating agencies Fitch Ratings and Standard & Poor's, as well as the "AA-" rating by the national rating agency "Ahbor-Reyting".

Dear friends!

As you know, in the Address of the President of the Republic of Uzbekistan to the Oliy Majlis dated December 29, 2020, tasks were set to accelerate the transformation of state-owned companies while implementing structural changes in the economy. It became known that the privatization of Uzpromstroybank, Asakabank, Ipoteka Bank, Aloka Bank, Turonbank and Qishloqqurilishbank is being prepared, and the state share in at least one large bank will be completely sold to strategic investors. In accordance with this, in the current year 2021, the Bank will carry out the third stage of work on the transformation of banking activities with the International Finance Corporation and the European Bank for Reconstruction and Development. On the basis of the "Change management" system, the participation of employees in the transformation processes is constantly intensified. Due to the formation of universal personnel, the Bank will switch to a system of work with clients. The branches of the Bank will be transformed into compact sales channels, all clients in the regions will be served within the framework of a single interbranch turnover (MFO) in any district and city, the functions of the back office will be centralized. Measures will be taken to further increase the bank's resource base.



At the end of my speech, I wish you the best of luck on your joint journey forward, to leave behind the days of trials and take a step towards great goals with a healthy body, boundless courage and new experiences.

I thank you for helping each other, for trust and loyalty, proven over the years.

Yours sincerely,

Aziz Botirovich Voitov

Chairman of the Supervisory Board



Address of the Chairman of the Board



Dear shareholders, investors, clients and partners!

For almost four years we have been working on a completely new model for restructuring the Bank's business - transformation. In this case, all the efforts in the system become important, primarily due to their customer focus.

It should be noted that over the past years, the attitude towards customers in our Bank has been radically changed, a systemic mechanism has been created for working with them, establishing feedback, searching for proposals and solving problems. We also digitized the processes associated with the development of banking products and services, servicing them, marketing, sales and other operations.

At the same time, as the head of our state noted, a big goal is necessarily envisaged - to attract financially stable and reputable investors using advanced banking experience and modern technological solutions.

As you know, the transformation of the banking system is carried out with the active support of consultants from the International Finance Corporation and the European Bank for Reconstruction and Development. I would like to present to your attention the results of this cooperation in 2020: Thus, in the process of transformation, the number of banking services offices created in order to bring the Bank's services closer to customers reached 42, and self-service centers (24/7) - reached 89. In order to create convenience for customers when using banking services, 30 additional electronic queue devices management system have been installed in the branch network, the coverage of which has reached 90%.

To provide digital banking services, a completely new mobile application "Joyda" was launched, which includes 58 completely new types of services for the population. Together with the application, an electronic trading platform (marketplace) was created, which provides the opportunity to remotely purchase services and goods through consumer loans. Also, through this mobile application, services were launched for online allocation of microloans for clients who opened a plastic card at the Bank, conversion of foreign currency into national currency, direct transfer to a plastic card of funds received from the international money transfer system "Zolotaya Korona". The service of online ordering of plastic cards and their delivery to customers, as well as payment of credit debt for individuals by SMS-notification has been introduced. As a result, the number of plastic cards in circulation increased by 31%, and amounted to 1.3 million units, the number of installed terminals increased by 23% and amounted to 35.2 thousand, the network of ATMs and kiosks increased by 24%, their number was 423. Number of users remote services increased 2.1 times and reached 1.7 million. The 3D Secure protection system for Visa cards was launched. As you know, the coronavirus infection, which has spread widely around the world in 2020, has not bypassed our country either, and has caused damage to our socio-economic life. Our Bank has developed measures to mitigate the consequences of the pandemic. According to these measures, 4 trillion UZS will be directed to support 1235 entrepreneurs in a difficult situation due to quarantine, 91 exporters will receive loans in the amount of 2.6 trillion UZS, loans to 3809 customers in the amount of 2.9 trillion UZS were extended for a period of 6 months. 132 exporters received USD 3.6 trillion UZS in funding for replenishment of working capital. In order to ensure fast lending to customers, 26 types of loans for entrepreneurs, 8 types for large enterprises and 22 types of modular loans for the population were introduced. On the basis of this mechanism, 2,197 loans were allocated in the amount of 630 billion UZS. Also, an underwriting system was launched using a new scoring system without taking into account the human factor in lending to entrepreneurs and the population. Thus, the previous five-tier lending system was reduced to a two-tier one. One of the largest projects launched by the Bank in 2020 is the first in Uzbekistan mechanism for financing "green" projects. The number of funded initial projects in this area is 17, which raised funds in the amount of USD 31.9 million. In addition, 978 projects were funded, including 966 projects under regional development programs. These include projects with a production capacity for the production of 5.8 thousand tons of synthetic fibers and fabrics per year - Shakhrisabz Textile LLC in the Shakhrisabz region, for growing agricultural products with a capacity of 5.8 thousand tons per year - Uz-Segang JV in Fergana, for the production of 1.4 million units. finished products and 900 thousand tons of fabric per year - LLC "Sardoba Oksaroy Textile" in the Sardoba region.



This year it is planned to further accelerate the transformation of the bank's activities. To this end, work is underway to create new automated systems in several areas. In particular, a new processing center for the issuance and maintenance of plastic cards of international payment systems will be created. A CRM system will be launched, which will allow us to serve clients anywhere in our republic on the principle of a "one-stop shop". A software loan conveyor system will be introduced to automate the loan distribution system. The unified concept of the transformation of banks is the provision of banking services in a simple and convenient form for the population. Therefore, no matter how much we use the latest cutting-edge IT technologies, the excellence of every offering we offer to customers must lie in its simplicity. In conclusion of my speech, I would like to express my gratitude to our entire team, which works with a sense of involvement, for the stable operation of the bank, and contributes to this difficult and very noble work.

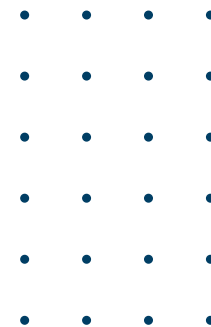
I am confident that our bank, which meets every year with great achievements, approaching its centenary, will become one of the leaders of the financial market during the third renaissance thanks to your dedication, dear colleagues, as well as the loyalty of our partners and clients.

Yours sincerely,

Sakhi Saparmukhamedovich Annaklichev

Chairman of the Board





MISSION AND VALUES OF UZPROMSTROYBANK

MISSION AND VALUES OF UZPROMSTROYBANK

Our mission:

We help creating benefits for humanity, preserving and increasing them. Every word in this sentence is very important to us.

Clients - Our goal is to satisfy the needs of our clients by providing a full range of modern banking services of high quality and reliability. We understand that financial services by themselves are not very interesting to clients; they are only a means of realizing other, significantly more significant needs and goals. We want our clients to value us for helping them achieve these goals.

Employees - are important for Uzpromstroybank and without the implementation of the personal and professional goals of the staff working in it, it is impossible for the bank to realize its goals.

Society - Our mission emphasizes the most important special social role in society - maintaining confidence, reliability and stability in it.

Shareholders - We strive for high standards of corporate governance, we build our work on the principles of openness, transparency and predictability. We strive to be the leader among banks in terms of return on equity and return to shareholders.

State - We are actively involved in the structural transformations of the economy, in the implementation of large investment projects for the modernization, technical and technological re-equipment of the basic sectors of the economy. Our mission sets an ambitious goal of our aspirations - we want to become one of the best financial companies in the country.



PEOPLE. FOR THE GOOD OF SOCIETY

All our actions are aimed at improving the quality of people's life, including customers and employees by assisting to achieve the goals.



RESPONSIBILITY

Each of employee is responsible for the actions and the performance of our responsibilities. We always keep our word in front of every client and shareholder.



SAFETY

We do our best to safeguard clients' funds and personal data, monitor new threats and improve protection.



IMPROVEMENT

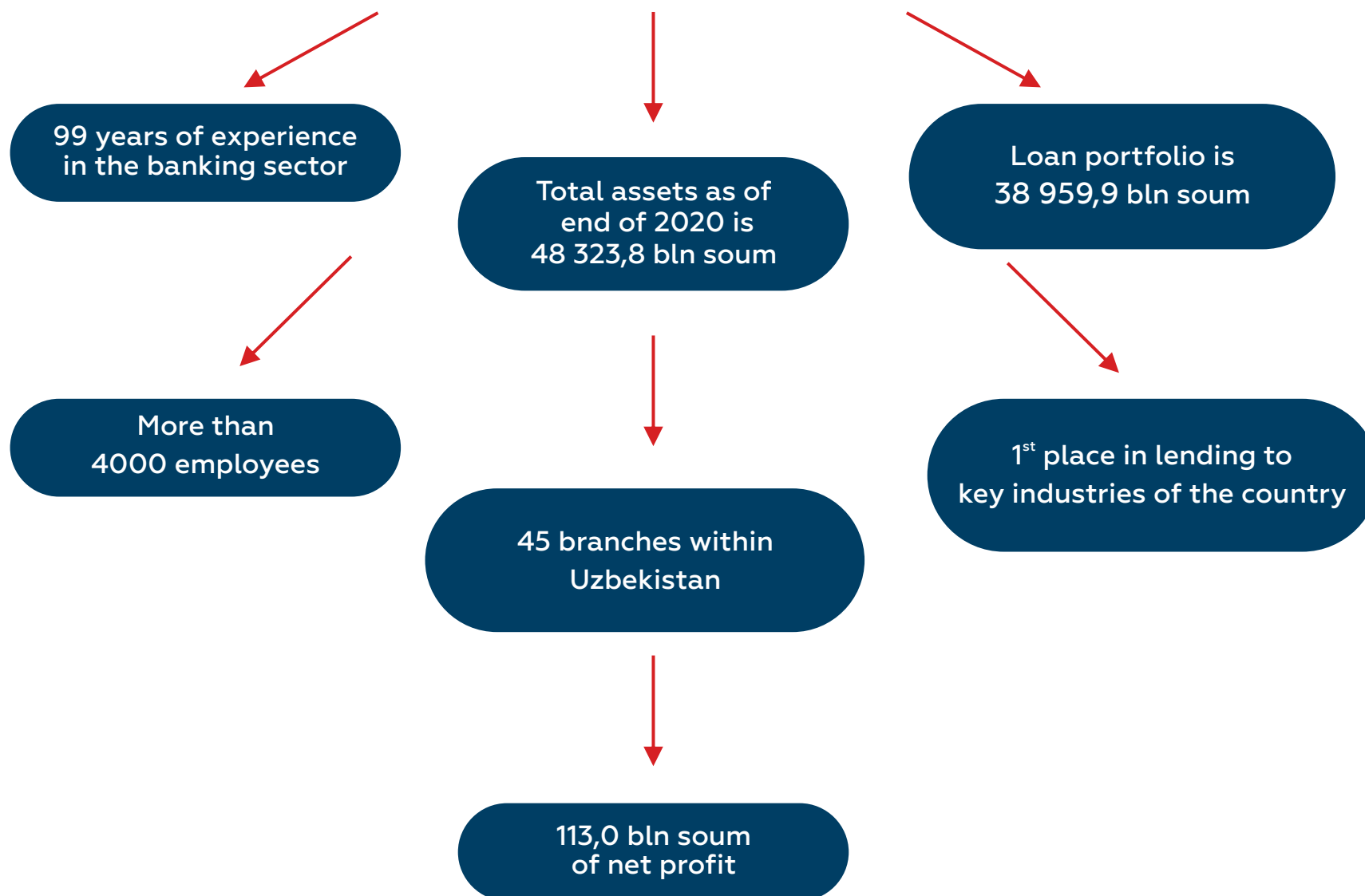
We are constantly working on ourselves and striving for excellence. The constant acquisition of more and more new knowledge is the main criterion for achieving success.

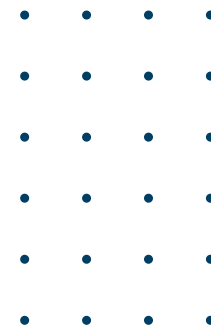


SYNERGY

We extract the maximum synergy from all areas of our business.

KEY FACTS





KEY FINANCIAL RESULTS

KEY FINANCIAL RESULTS. FINANCIAL HIGHLIGHTS

Net interest income exceeded 1.622.08 billion soums, showing an increase of almost 40.16% in 2020.

Due to the growth and diversification of the bank's client base, net commission income increased by 24.56% compared to 2019 and amounted to 320.32 billion UZS.

Uzpromstroybank's total assets increased by 34.81% compared to 2019 and reached 48.32 trillion soums in 2020. Along with the growth of banking operations over the past year, the increase in assets was influenced by the devaluation of the Uzbek sum against the US dollar, which increased by 10% compared to the beginning of 2020 subsequently.

Net loan portfolio of the bank for the reporting period increased by 29.69%, and amounted 38.96 trillion soums. The growth by segments was 39.64% in retail, 50.96% in corporate sector and 11.76% in state organizations.

Despite the active lending to riskier customer segments, the quality of the loan portfolio remains on the high level, as the share of overdue loans (more than 90 days) in the total portfolio in 2020 was 0.66%.

According to IFRS 9, the share of "Stage 3" loans in the total gross loan portfolio was 6.5% and the share of reserves in the gross portfolio – 4.66%.








The Bank's liabilities increased by 43.07% and reached UZS 42.24 trillion.

The deposit base grew by 27.32% and was at the level of 11.62 trillion soums at the end of the year.

This growth was achieved mainly due to the growth of the Bank's portfolio in the retail and corporate segment, where the annual growth was **39.64%** and **50.96%**, respectively. The portfolio of these segments at the end of the reporting year reached **4.36** and **21.94** trillion. sum respectively.

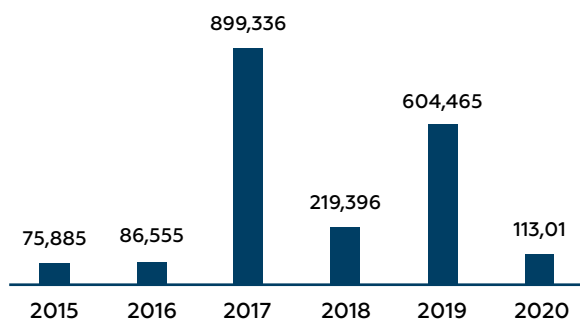
The total capital was **6.08** trillion. sum.
The loan portfolio increased by **29.69%** and amounted to **38.96** trillion soums.

Despite the challenging year, the Bank earned **113.01** billion soums of net profit.
Net interest income exceeded **1.622.08** billion soums, showing an increase of almost **40.16%**.

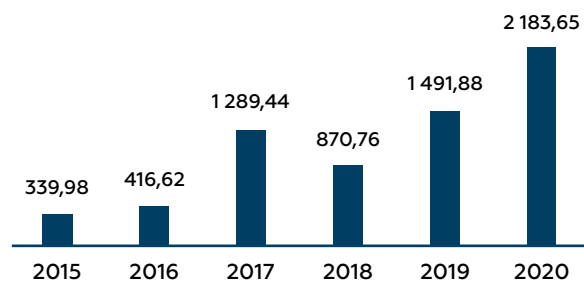
	December 31, 2019	December 31, 2020	Change throughout the year
Total assets	35 846,1	48 323,85	 34,81%
Loan portfolio, gross	30 686,2	40 862,67	 33,16%
Deposits	9 123,97	11 616,96	 27,32%
Bank equity	6 320,57	6 080,87	 3,79%
Net interest income	1157,32	1,622.08	40,16%
Net commission income	257,2	320,32	 24,56%
Operating costs	659,4	790,45	 15,18%
Profit for period	604,47	113,01	 81,3%

Key financial results

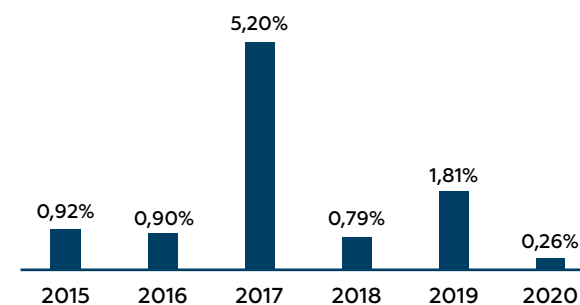
Net income
Bln soums



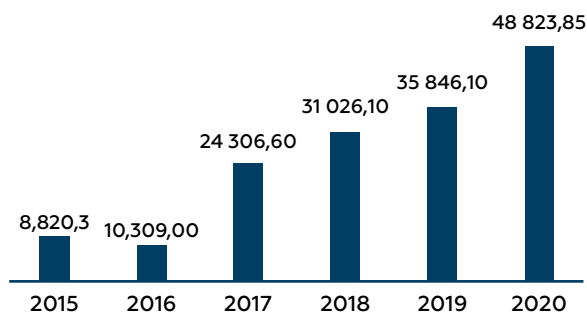
Operating income before provisions
Bln soums



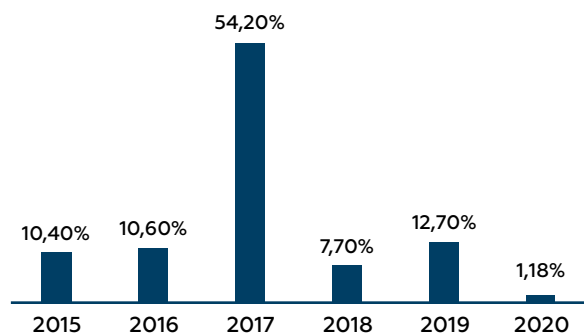
Return on Assets (ROA)



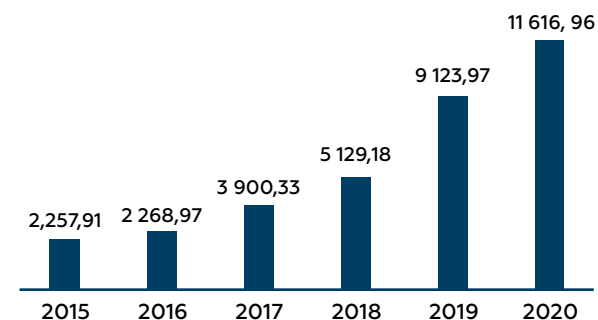
Assets
Bln soums

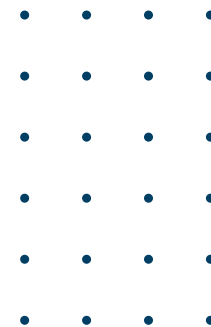


Return on Equity (ROE)



Deposits
Bln soums





PERFORMED TRANSFORMATION ACTIVITIES IN UZPROMSTROYBANK

1. In order to implement transformation activities of Uzpromstroybank, the bank is actively cooperating with the International Finance Corporation and the

2. At the 1st stage of transformation process in 2018 there were carried out diagnostics of the main activities of the bank.

3. At the second stage of the transformation program, the following works were completed:

- A Project Management Office (PMO) was created to facilitate the transformation process;
- In order to improve the corporate governance system 4 independent members with international experience in banking and finance spheres were attracted to the Bank's Supervisory Board (the total number of Board members is 9), 3 of which are foreign experts;

Corporate Governance Service in the Board was introduced and it was created 3 new committees, in particular:

1. Strategy Committee. 2. Nominating and remuneration Committee. 3. Committee on major deals and related party transactions.

- a new client-oriented organizational structure of the bank was established;
- the risk management system is set in accordance with international requirements;
- 53 centers for banking services and 89 self-service points operating on a 24/7 schedule were established;
- an underwriting system was introduced to simplify the lending process and make a one-level decision on loan granting;
- new types of modular credit products were developed: 8 for corporate clients, 27 for business entities and 22 for the population;

"JOYDA" mobile application, which includes a marketplace for the goods remote purchase was launched;

- SQB consultancy company was created to assist entrepreneurs in developing business plans, property appraisal, and expertise an import contracts

4. In 2021 the third phase of the transformation process began

- along with the International Finance Corporation a new business model will be implemented throughout the regional network;
- Bank branches will be converted into compact salespoints;
- customers of all regions and the Republic of Karakalpakstan will be able to be served at any salespoint within the "single regional MFO" framework;

- Back-office functions will become centralized;
- A client-oriented service system will be created;
- By increasing the number of universal employees for each client an individual approach will be provided;
- CRM-system that is being implemented will allow providing services to customers on a "single window" principle (Q4 2021);
- Software system of credit conveyor will allow to automate the loans granting process (Q4 2021);
- A new processing center for issuing and servicing plastic cards of international payment systems will be created in the Q2 2021;
- Daunch of the automated financial planning program within SAP system will be established in the Q2 2021;
- Data warehouse - DWH for data storage and analysis will be created (Q2 2021).

The bank's new strategy

The main strategy for the transformation of Uzpromstroybank into universal bank operating on the principles of market economy was defined.

Within the framework of the strategy the work is being carried out mainly in 7 directions:

Improving operational efficiency;

Improving the customer service quality;

Diversification of the loan portfolio and resource base;

Modernization of information technology infrastructure;

Bringing the risk management system in accordance with international standards;

Improvement of clients' financial literacy as well as bank employees skills;

Improvement of credit policy, introduction of innovative and remote services

The bank's key strategy is to increase customer's banking product consumption load by offering a better banking experience and better financial solutions.

In order to meet this goal the strategy was formed around the bank's business line (corporate business, SME and retail business), where Balanced Scorecard system indicators for each block were formed (Balanced ScoreCard).

Thus, each business area has clearly defined goals for financial performance along with customer service, internal processes as well as human resource management. The functions and tasks of all supporting departments are sharpened to facilitate business areas. The "Green Banking" department forms green products for all business areas clients, funding them with resources with attractive terms.

Transaction Banking Department provides a full range of trade finance instruments, automates all transaction services which in its turn allows Uzpromstroybank becoming as the leading bank of Uzbekistan in transactional business (covering not less than 15% of the country's financial market).

In order to ensure involvement of each employee comprehensive manner to achieve the bank's strategic missions, these objectives are now cascaded within the context of each direction down to the individual specialist.

In the light of increasing bank employees motivation, a KPI system is introduced which stimulates the achievement of high efficiency in the provision of services. At the initial stage, this system will be applied to retail services, at a later stage to all bank's branches, as well as to the Board and the Council of the Bank.

CREDIT RATINGS

On September 9, 2020 and May 17, 2021, by the international rating agencies Fitch Ratings and Standard and Poor's, the Bank was assigned a credit rating in accordance with international standards. In particular, by Fitch Ratings on May 17, 2021, the Bank was assigned a credit rating in the direction of Long-term Issuer Default Rating in foreign and national currency at the level of BB- with a Stable outlook.

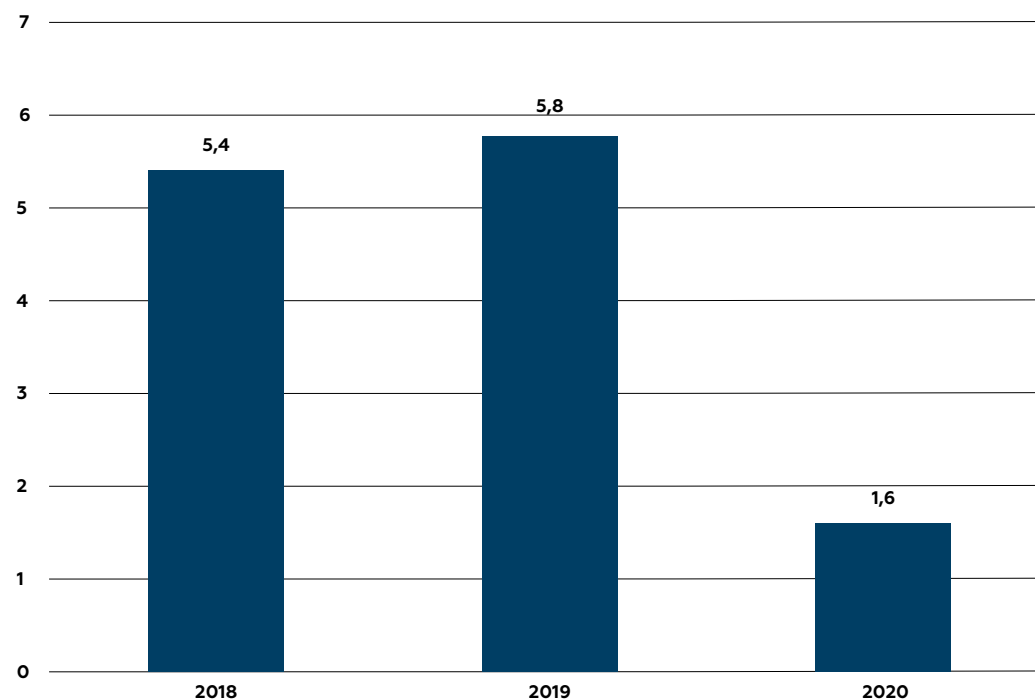
Moreover, in the area of "Short-term issuer default rating in foreign and national currency", a rating was assigned at "B" with a "Stable" outlook.

On June 8, 2021 Standard and Poor's assigned a "BB-" rating with a "Negative" outlook, in the direction of "Long-term foreign currency rating".

MACROECONOMICS

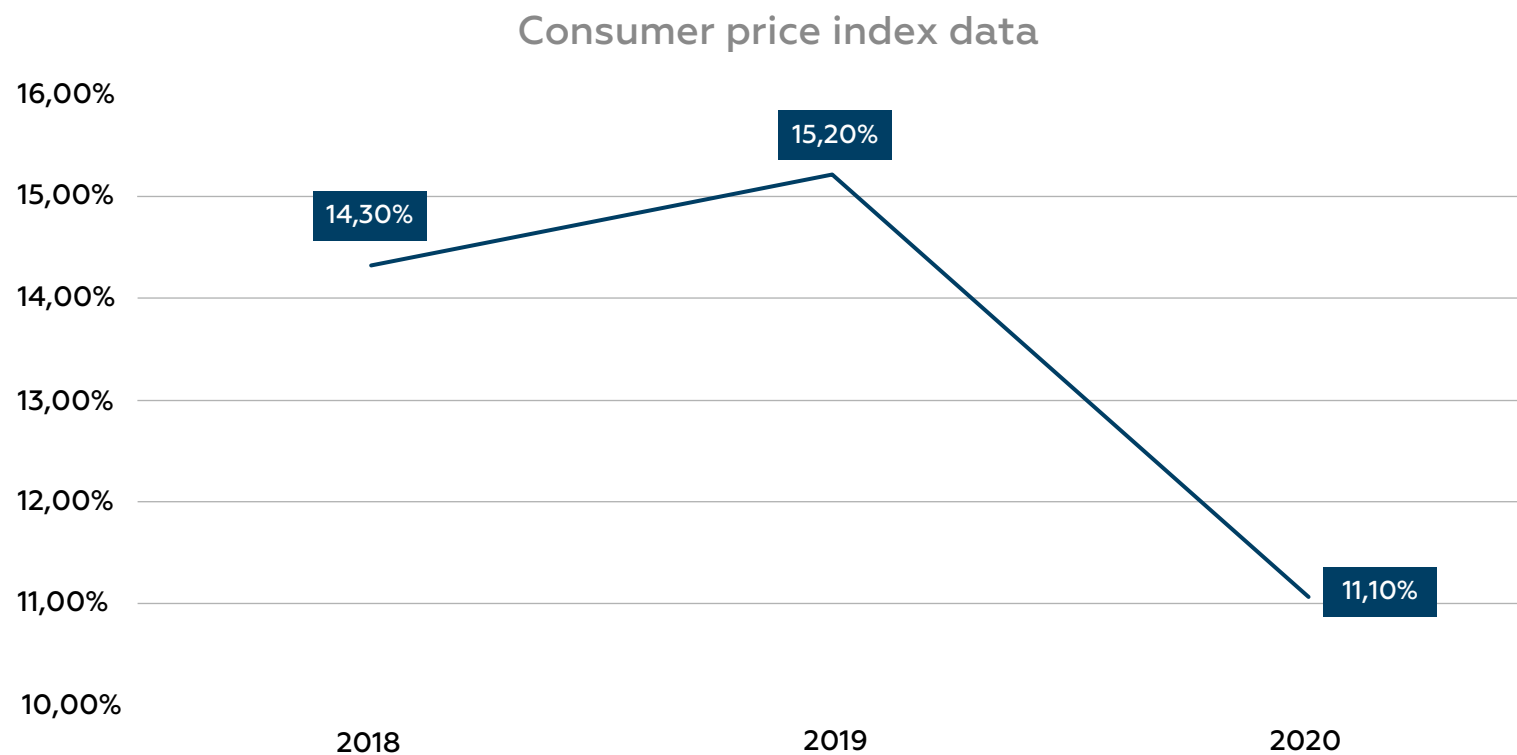
According to preliminary estimates, in 2020, the gross domestic product (hereinafter - GDP) of the Republic of Uzbekistan in current prices amounted to 580,203.2 billion UZS, and compared to 2019, increased in real terms by 1.6%. The GDP deflator in relation to 2019 prices was 11.9%. In 2020, GDP per capita at current prices amounted to 16 949.1 thousand UZS (USD 1 685.5) and in comparison with 2019, decreased by 0.3%.

Real GDP growth rate (in percent)

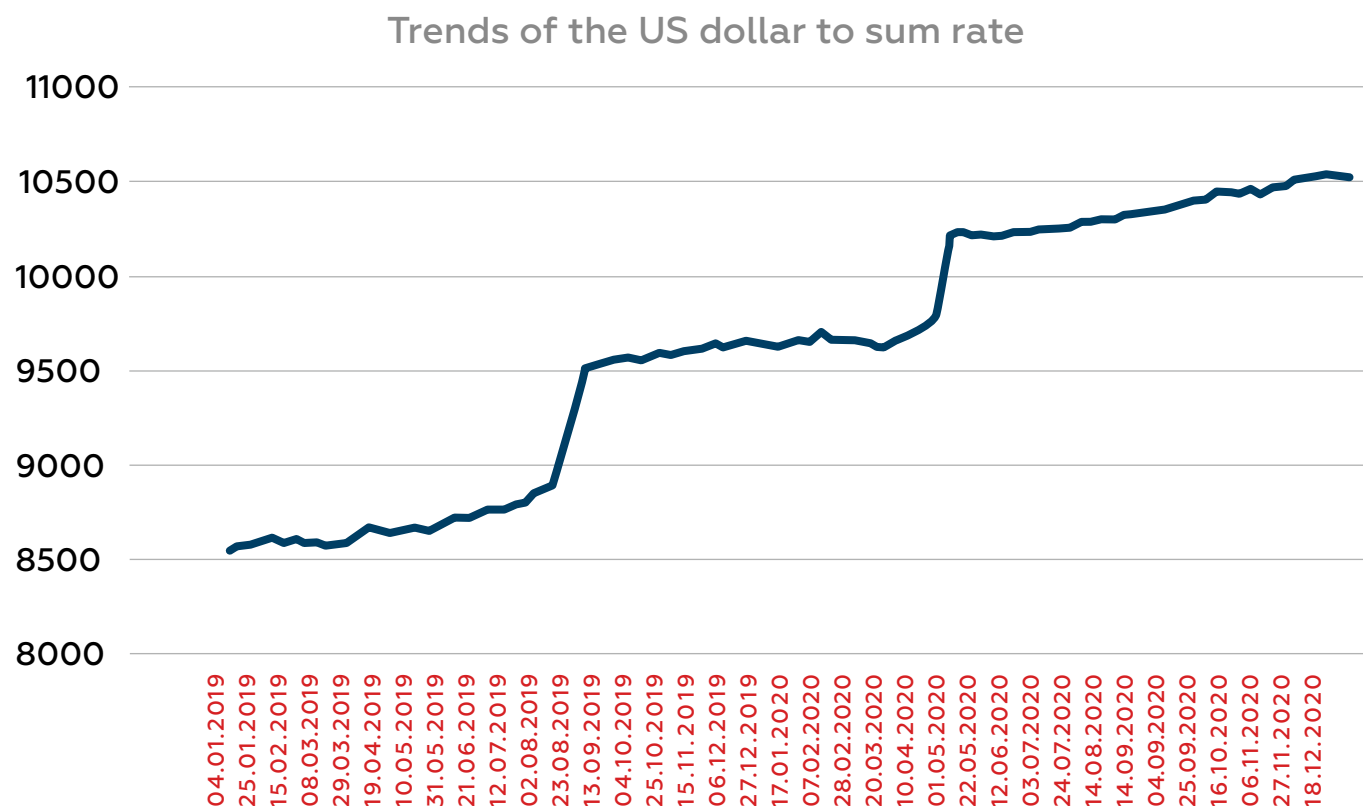


In connection with the pandemic caused by the coronavirus in 2020, GDP growth slowed to 1.6% against 5.8% in 2019 and 5.4% in 2018. At the same time, the GDP deflator index slowed down to 111.9% after 118.6% in 2019 and 127.5% in 2018.

In accordance with the Decree of the President of the Republic of Uzbekistan "On improving monetary policy, with a phased transition to an inflation targeting regime", the Central Bank of the Republic of Uzbekistan began to apply an inflation targeting policy, due to which the consumer price index (CPI) in 2020 decreased to 11.1% from 15.2% in 2019. According to the policy of the Central Bank, it is planned to achieve the CPI indicator below 10% in 2021.

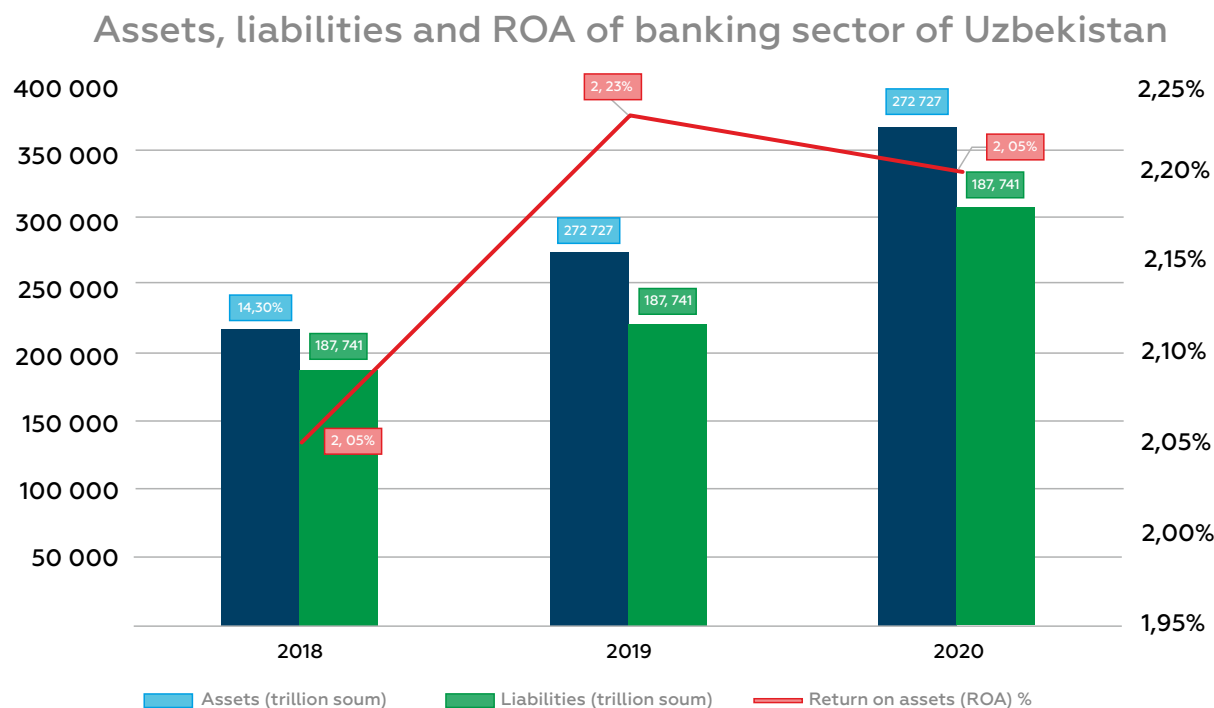


One of the main factors behind the growth of inflation is the devaluation of the Uzbek So'm. As part of the policy of neutral reserves, the Central Bank is intervening to strengthen the exchange rate of the national currency. The rise in the price of gold in recent years, especially in 2020, has opened up additional opportunities for active operations in the foreign exchange market. In 2020, the devaluation of Soum amounted to 10.1% against 14% in 2019.

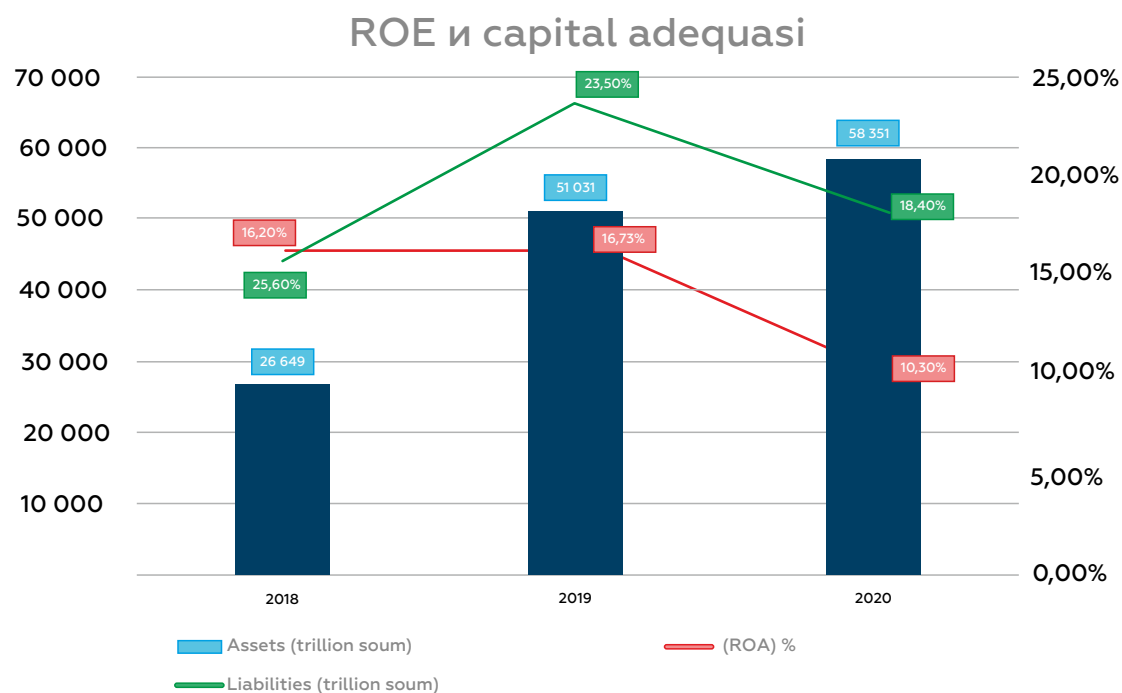


Banking sector

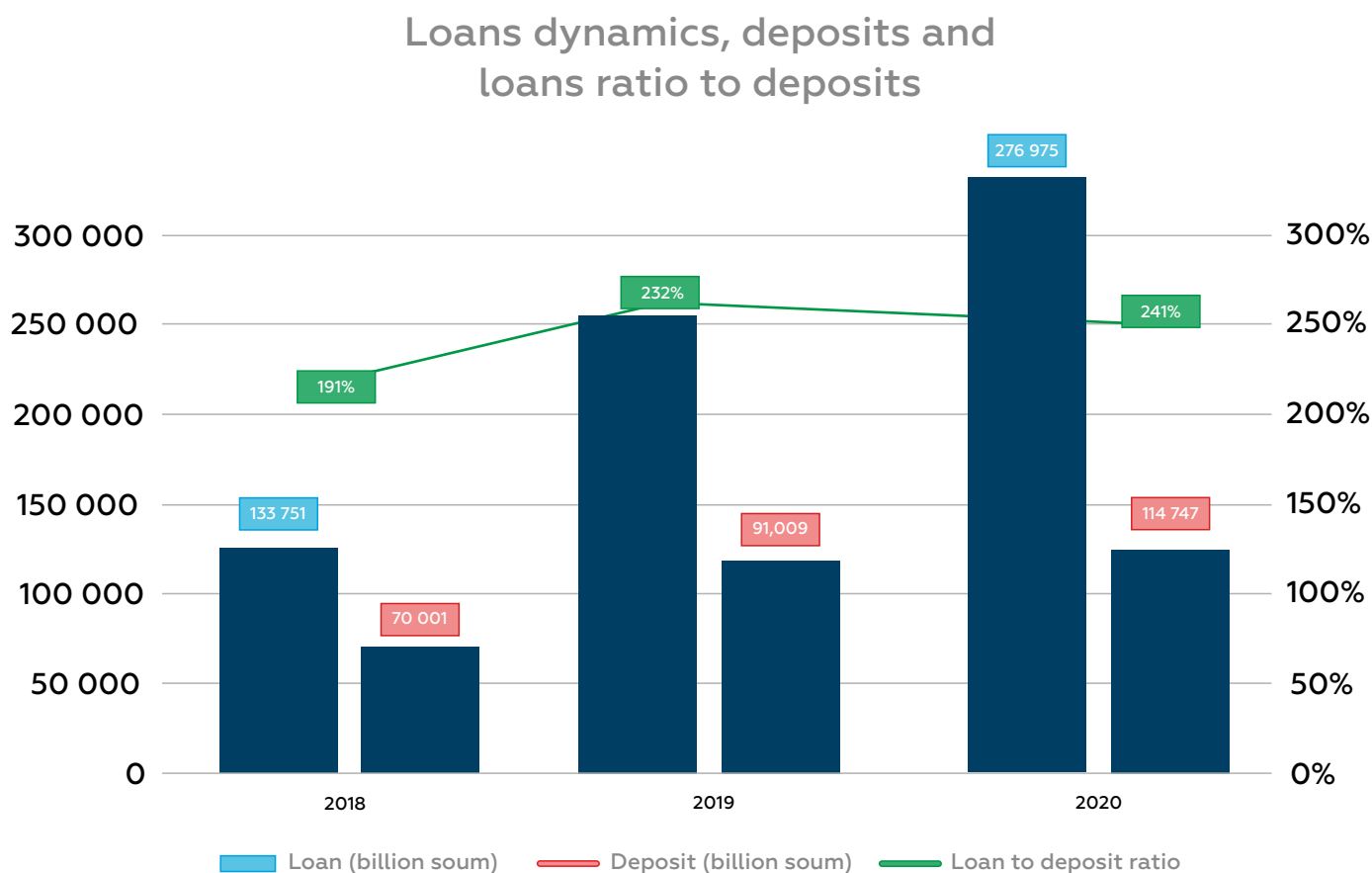
Over the past three years, the banking sector has shown growth in a number of indicators. The total assets of banks in 2020 amounted to 366.1 billion UZS against 272.7 billion UZS in 2019 and 214.4 billion UZS in 2018. Liabilities increased from 187.7 billion UZS in 2018 to 307.8 billion UZS in 2020. The return on assets ROA in 2019 showed an increase compared to 2018 and increased from 2.05% to 2.23%, and in 2020 ROA showed a slight decrease and reached 2.20%.



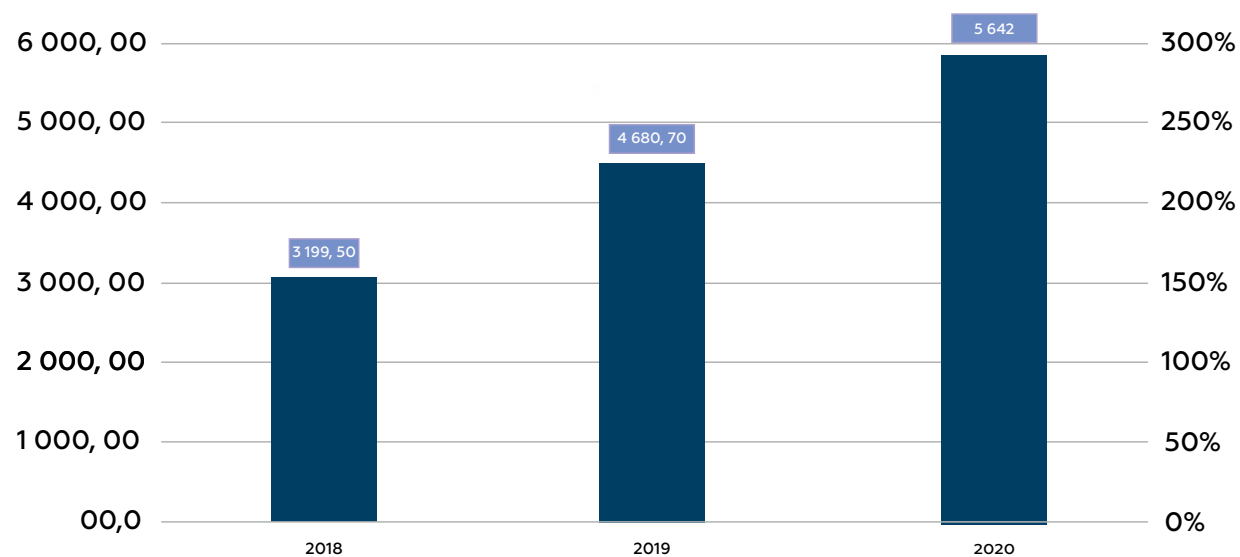
The total capital of banks in 2019 showed a sharp increase, having almost doubled from 26.6 billion UZS in 2018, up to 51.1 billion UZS in 2019, and in 2020 the capital of banks of the Republic of Uzbekistan amounted to 58.4 billion UZS, which is 7 billion UZS or 12% more than in 2019. In 2020, due to the Covid-19 pandemic, the return on equity (ROE) significantly decreased and amounted to 10.3% against 16.73% in 2019. In addition, in 2020, the banking sector's capital adequacy ratio deteriorated, which amounted to 18.4% against 23.5% in 2019.



The loan portfolio and deposit base of banks show a growing trend. Bank loans in 2020 reached UZS 276.9 billion against UZS 133.8 billion in 2018, and deposits increased from UZS 70.1 billion to UZS 114.8 billion. The growth in the ratio of loans to deposits shows that the amount of loans issued by banks is growing faster than deposits. In 2020, the ratio of loans to deposits reached 241% against 191% in 2018.



The profit of the banking sector shows a growing dynamics and in 2020 amounted to 5.6 trillion UZS, which is 1.9 trillion UZS more than in 2018. Profit of the banking sector shows a growing dynamics and in 2020 it was 5.6 trillion soums, which is 1.9 trillion soums more than in 2018.



In addition, in 2020, the Central Bank of the Republic of Uzbekistan reduced the refinancing rate twice

Date	Rate in %
25.09.2018 – 14.04.2020	16
15.04.2020 – 11.09.2020	15
11.09.2020	14

BUSINESS MODEL

The bank is working on reorganizing the bank, focused on building a client-centric model for developing its business in a competitive environment.

Thanks to IFC experts, fundamental work has been done over the past time to revise business processes, regulations, procedures, the organizational structure of the bank and other areas.

In particular, the management system and organizational structure were successfully implemented, using the best international practices, in accordance with which, were created: Business, Credit (CCO), Operational (COO), Risk (CRO), Finance (CFO) - support blocks.

An effective corporate governance system has been created, a Supervisory Board has been formed, which includes professional managers, and 4 independent members with international management experience have been involved.

The risk management system has been improved, which is an essential element of the new business model.

Thanks to fruitful cooperation and joint efforts with the IFC, the credit process was completely restructured, which made it possible to optimize the credit cycle, simplify the work with collateral and improve customer service.

Also, together with experts, the current model of servicing business areas was completely revised. And now the bank has a diversified customer base by industry and type of business: corporate, small and medium-sized businesses. A sales and service system is being created based on client managers individually assigned to clients.

A new business model of the bank is currently being implemented. This process began in a pilot mode in the Bukhara region and its subordinate branches, with a phased implementation in all branches.

Moreover actively continues activities in the areas of risk management, operational block, other business areas and IT. Information systems and related infrastructure remain one of the most significant and difficult areas of the Bank's transformations. To carry out these transformations, it is necessary to restructure not only the entire IT architecture of the bank, but also the infrastructure support services for working with clients, actively involving international specialists in this area.

Thanks to well-coordinated work with experts, the bank intends to effectively fulfill the tasks of transformation in order to become a modern technological bank in accordance with international standards. The main client segments of the bank are corporate, small and medium-sized, as well as retail business.

Based on this, the key products of corporate business, as well as small medium-sized businesses, include loans, deposits, Internet banking services, terminal rental and corporate plastic cards, letter of credit services, settlement and cash services, bank guarantees, conversion of funds, engineering services.

For the retail business, a new mobile application with a marketplace function has been launched, conversion services, international money transfer services, services for accepting utility and other one-time payments, services through self-service devices (ATMs and self-service terminals), services for the issuance and maintenance of international plastic cards and national currency cards are also provided.

How does the Bank differ from other banks on the market (in terms of clients, products, processes)?

By the end of 2020, the number of clients reached 1.4 million units. Of these, 1.3 million units are retail clients, 1.3 thousand corporate units and 64.4 thousand units small and medium-sized businesses.

As part of the bank's strategy, priority areas for the medium term have been identified. One of the main objectives of the strategy is to improve relationships with your customers and raise them to a completely different level of importance, strengthening your positioning in the market.

The bank has already taken a number of important measures, singling out the SME segment as an independent and rather extensive client portfolio. This will allow a deeper look at the problems of this segment and develop the most appropriate plan of actions and measures for the development of small and medium-sized businesses, as well as standardize processes and products that maximize the value proposition.

The bank plans to attract more than 20% of new customers annually by developing new banking services, in addition, the main task is to attract customers from newly created enterprises.

The main goal of the bank is to help a client grow and develop from a small micro-segment to medium and large companies. Thus, the bank in its activities plans to increase its client base and increase loyalty among representatives of this segment, acting not only as a service organization, but also as a consultant in the development of their business activities.

The Bank has successfully implemented a management system and organizational structure that uses the best international practices.

The following business blocks have been created: Business, Credit (CCO), Operational (COO), Risk (CRO), Financial (CFO) - block. All structural divisions are divided into the above business blocks. Also, the bank is working to improve the activities of service offices. By the end of 2020, the number of service offices of the Bank was:

Business class - 45

Standard class - 57

Smart class - 300

Fast class - 164

24/7 self-service class - 89

The branch network will also be a tool for brand promotion, ensuring coverage of the client base, maintaining leadership in the field of customer service, increasing the volume of cooperation with retail clients and clients of the small and micro-business segment.

The Bank will continue to ensure the active development of remote sales and service channels using the Internet and mobile banking in the future, and also assumes the development of information support and product sales through the contact center, the Bank's website and social networks.

At the same time, the Bank plans to expand its presence in the regions and in the local financial market, aimed at solving the problems of increasing financial literacy using digital technologies. At the same time, the opening of new points of sale will be carried out exclusively on condition of their high efficiency (profitability). In the future, the bank also plans to reorganize regional branches with their transition to a two-tier model, including the Head Office and subordinate additional offices in the following formats: universal (providing a full range of services to legal and physical clients) and basic (providing a full range of services to retail clients).

In building up the bank's assets, the key resources for the bank are the following:

- lines of credit from foreign banks, IFIs, local funds,
- customer deposit base,
- securities issued by the bank, including Eurobonds.
- total capital.

STRATEGY. Short-term and long-term goals of the Bank, including within the framework of the adopted strategy for 2019-2021, are that the Bank needs to switch to a strategy of effective growth and improvement of the business structure. It is necessary to focus on clearly identified "points of growth" - the most promising products and segments in which Uzpromstroybank has the greatest potential for revenue growth. The Bank's strategy for 2021 envisages the continuation of the given vector of the Bank's development.

The Bank's key objectives and initiatives include the creation of a stable diversified client base capable of generating low-risk income. The priority is to actively participate in the country's economic development and strategic national projects, providing its clients with a wide range of opportunities for infrastructure transformation of backbone industries by providing banking services in accordance with international standards. Improving the efficiency of its businesses - corporate, small and medium-sized, retail through knowledge of the industry specifics of each client and application of the most relevant banking instruments.

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When choosing a strategy, the Bank is guided by the tasks set by the government of the Republic on reforming the banking sector, carrying out comprehensive transformations aimed at creating a modern banking system, increasing investment attractiveness and introducing new standards of banking services. Since 2021 the Bank's strategy targets to move to a customer-centric business model with the expansion of digital service channels to ensure the availability and quality of services. The key goal of the bank for 2021 will be to focus its activities on strengthening the existing and developing new products and services, transforming the branch network and strengthening the integration of partnership with existing and new external and internal strategic partners.

MAIN GOALS AND INITIATIVES:

- Implementation of innovative and high-tech solutions to ensure fast and effective satisfaction of our customers' needs;
- Development of a personal approach and building partnerships with clients - as a fundamental principle of the bank's work;
- Delivery of complex financial and technological solutions and products;
- When selecting investment projects, take into account the impact on sustainable development and energy efficiency;
- Diversification of income due to the growth of cross-selling;
- Improving the remote banking service (hereinafter referred to as RBS) interface usability, focusing on the best available applications on the market and connecting new payment services;

- To organize more convenient settlement and cash services, including a significant improvement in IT solutions for interaction with the client;

- Improve products, making them more client-oriented, including increasing the speed of processing client requests, simplifying work, creating a single operational window for clients

The Bank's development strategy for the period 2019-2021 was adopted in 2019 and is being successfully implemented by achieving its goals. During the previous strategic period, the Bank retained the title of a stable and reliable bank for corporate clients and significantly developed the infrastructure for servicing the country's population. Despite the significantly worsened economic situation in 2020, under the negative impact of the COVID-19 pandemic, the Bank due to the teamwork of all divisions was able to meet most of its objectives and form a significant planned projects portfolio to further expand its activities within the implementation of the Strategy. Currently, the Bank continues to hold leading positions in the banking sector maintaining its place in the top three largest banks by key financial indicators. The Bank's development strategy is aimed at transforming itself into a universal bank based on market principles by expanding its business and diversifying its investment portfolio with a focus on small and retail business.

A fundamental transformation of the banking sector is underway, aimed at stimulating the development of the private sector, increasing the investment attractiveness of banks, and the availability and quality of banking services.

In particular, Uzpromstroybank, at the 1st stage of transformation in August-December 2018, carried out diagnostics of the main activities of the bank together with the International Finance Corporation. Diagnosed – corporate governance, organizational structure, business segments, risk management, information technology and business processes, as well as the possibility of creating a "green bank". At the second stage of the transformation program, which began in July 2019, together with the International Finance Corporation, 14 areas of work were identified and 20 experts were involved.

Over the past time, the Bank's team, with the participation of IFC experts, has done fundamental work on its comprehensive reform within the framework of the project, and most of the targets and sets of measures aimed at developing the Bank have been successfully implemented. Significant successes have been achieved in almost all areas of core business. The management system and organizational structure have been

Successfully implemented, in which the responsibility for specific areas of business and supporting functions within the so-called blocks are clearly formalized, as well as the corresponding "verticals" have been formed throughout the structure. The new organizational structure of the bank is maximally focused on clients and, in accordance with the best international practices, the following were created: Business, Credit (CCO), Operational (COO), Risk (CRO), Finance (CFO) - support blocks.

The Bank's Supervisory Board has involved 4 independent members with international experience in the banking sector. Also, to improve corporate governance under the Supervisory Board, 5 specialized committees. The risk management system has been improved, which is an essential element of the new business model. In addition, in this direction, at present, work is being completed on the implementation of the procedure for applying the main indicators of operational risk management (KRI-Key Risk Indicators). The credit process has been completely rebuilt, which allows to significantly optimize the time for issuing loans and reduce the costs of considering loan applications, while ensuring the effectiveness of credit risk management systems.

A model for servicing business areas has been built, taking into account the client base by industry and type of business: corporate, small and medium business. A sales and service system based on Relationship managers, individually assigned to clients, has been introduced. The main goals and objectives of the Bank's Strategic Development Plan for 2021-2023 have been identified, which provides for building the foundations of an ecosystem in the basic sectors of the economy (oil, gas, chemical, energy) by organizing an interconnected chain of large corporate clients and serving small businesses, covering the retail service infrastructure of enterprises operating personnel.

The IFC also initiated a proposal to position the Bank as the first bank in the Central Asian region with opportunities to develop green finance in the process of transformation. To date, a Department of Green Banking has been created, and the bank's specialists have been trained on the topic of green financing.

It can be noted that for the bank this was another step towards conscious activity and increased responsibility for the development of the country, the ability to become one of the first structures to support this initiative.

Today the bank focuses on the implementation of the "green office" concept, the dissemination of best practices and technological solutions of advanced experience and branding. The bank also strives to become an example for changing the mindset among the population on the frugal attitude to energy ecological resources. In addition, the Transactional Banking model was revised, aimed at increasing the client base and expanding the range of products and services of foreign economic activity.

In particular, transaction banking specialists launched 9 new products for international payments (letters of credit, bank guarantees, international bank payments through a correspondent bank account), providing all types of trade finance services, offering services depending on the financial situation of the client.

With a view to improve the operational efficiency of the bank and to optimize business processes, an operational unit was created based on international standards. With the support of experts, work is underway to centralize the functions of the back office.

In 2021, the third stage of the transformation process began. Particular attention will be paid to the transition to a single MFO and to create conditions for the provision of services to clients in any convenient place to standardize sales channels. Also, within the framework of this work, continue:

- compliance with the requirements of international standards;
- optimization of business processes;
- universalization of personnel for customer service;
- Personnel professional development in new business processes and modern automated system

A new action plan with experts from the International Finance Corporation for 2021 has also been developed. In the first half of 2021, the training of members of the Supervisory Board on the international management system, the implementation and improvement of scoring, rating and reporting developed in the field of risk management will be completed.

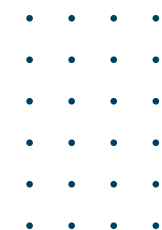
In the direction of corporate business, by the end of the 2nd quarter, it is provided for:

- introduction of 2 new credit products based on cash flow with the possibility of remote receipt.
- development of a strategy and plan for structured financing, including the formation of a list of promising projects.

In the Q3 2021, it is planned to offer a new type of banking services for consulting and production of competitive products for small and medium-sized businesses, as well as to organize the search for new international markets to increase exports.

In the area of retail business, by the end of this year, to complete work on covering all types of retail services for personnel of the infrastructure of corporate, small and medium-sized businesses. In accordance with the Human Resources Strategy for 2021-2025, by the end of the 4th quarter of 2021, new IT solutions for training, professional development, and the introduction of a KPI model for assessing the effectiveness of each employee will be introduced in the HR area. During the reporting year, an ecosystem will be created for Green Banking, taking into account the needs of customers and offering a specialized "green" financial product. The strategy development and marketing process will also be completed, including Green Branding.

As part of the work plan with IFC, a new direction for working with problem loans was included, which ensures an improvement in the quality of the loan portfolio and provides opportunities for detecting early warning signals by introducing new automated mechanisms into practice.



Supervisory Board

Chairman of the Supervisory Board

Voitov Aziz Botirovich - First Deputy Minister of Investments and Foreign Trade of the Republic of Uzbekistan

Members of the Supervisory Board

Mukhtarov Ulugbek Khakimovich - Deputy Executive Director of the Fund for Reconstruction and Development of the Republic of Uzbekistan

Sultanov Dilshod Shukhratovich - Deputy Minister of Finance of the Republic of Uzbekistan

Abdinazarov Bobur Kalandarovich - Deputy Minister of Economic Development and Poverty Reduction

Mustafaev Khurshed Bakhtiyorovich - Director of the Department of the Ministry of Finance of the Republic of Uzbekistan



Independent members of the Supervisory Board

Yulia Aleksandrovna Aizup - Advisor to the Chairman of Sberbank OJSC (Russia)

Christoph Alexander Hans-Jürgen von Gleich - Member of the Board of Directors of a global construction company (Kazakhstan)

Ferdinand Willem Tuinstra - Member of the Supervisory Board of Travel Union (Lithuania)

Yakubov Murat Akbarovich - Partner of the international audit company "Grant Thornton Uzbekistan"

Supervisory Board members decided to create 5 new committees under the Supervisory Board in accordance with international standards:

Audit Committee

Risk Oversight Committee

Nomination and Remuneration Committee

Strategy Committee

Committee on Major and Related Party Transactions

Audit Committee

Chairman of the Committee - Mukhtarov U.

Committee members - Aizup Y., Sultanov D.

In order to organize and maintain an appropriate system of internal control, an Audit Committee was created, which includes 3 members of the Supervisory Board of Uzpromstroybank. The Audit Committee includes one foreign independent member with extensive experience in the field of internal audit (Y. Ayzup).

The work plan of the committee was approved for 2020. The plan included such tasks as monitoring the implementation of the audit service work plan, studying quarterly audit reports and submitting to the Bank's Supervisory Board, etc. The plan of the Audit Committee was fully implemented.

The Bank's includes the Audit Committee, which conducted its activities in accordance with the regulations approved by the Bank's Supervisory Board. According to the 4th clause of the regulation, one of the main tasks of the Committee is to assist the Supervisory Board of the Bank in the formation of the Bank's policy on the issues of external and internal audit of the Bank, as well as financial reporting and information disclosure".

The main tasks and competence of the Committee

The main task of the Committee is to assist the Supervisory Board of the Bank in:

- survey of the Audit Service reports submitted for each internal audit;
- reviewing of quarterly reports on internal audit and their submission to the Bank's Supervisory Board;
- rendering assistance to the Bank's Supervisory Board in the development of terms of reference for external auditors;
- coordination of work on managing the implementation of the recommendations of the Internal Audit Service and external auditors with the Chairman of the Bank's Management Board;
- control over the elimination of problems and deficiencies identified in the course of the audit of the external and internal audit, as well as the implementation of the recommendations of the auditors on the part of the Bank's Management Board;
- providing independence and preventing interference from the members of the Management Board and other heads of the bank's divisions in the activities of the Audit Service, as well as in the content and scope of inspections;
- approval of employees of the audit service on the proposal of the chief auditor;
- formation of the Bank's policy on issues of external and internal audit of the Bank, as well as financial reporting and information disclosure;
- ensuring the independent and proper quality of the internal and external audit of the Bank and eliminating the identified deficiencies;
- interaction with the Bank's internal audit service and supervision of its activities;

- interaction with the Bank's internal audit service and supervision of its activities;
- rendering assistance to the Bank's Supervisory Board in assessing the proposals of the external auditor, preparing recommendations to the Bank's Supervisory Board on the selection of an external auditor;
- assessing the independence of the external auditor, determining the scope and frequency of the external audit, establishing the remuneration for the external auditor of the Bank;
- consideration of reports of external auditors, including a letter addressed to management, and their submission to the Bank's Supervisory Board;
- in the implementation of interaction and termination of relations between the Bank and the external auditor, ensuring the process of conducting an external audit, as well as in assessing the quality of external audit;
- observation the development, adoption and verification of the Bank's accounting policies, which are the basis for the Bank's financial reporting;
- supervising the organization and practice of accounting in the Bank;
- ensuring the integrity of the systems for organizing reporting and information disclosure in the Bank;
- overseeing the process of financial reporting by the Bank.

RISK CONTROL COMMITTEE

Risk Control Committee. Chairman of the committee is Ferdinand Tuinstra.

Committee members - Yakubov M., Mustafoev H.

The Risk Control Committee was established to determine the bank's risk appetite, manage and control risks, as well as to ensure compliance with prudential norms and limits, to support capital and liquidity management plans and the bank's internal control system.

The committee is formed by the decision of the Council of the Bank. The composition of the Committee is approved by the decision of the Bank's Board. The members of the committee can be elected only by the Board of the Bank. The Committee may include at least three members of the Bank's Management Board together with the Chairman of the Committee. The members of the committee should have experience in risk management in the activities of banks or other financial institutions and have specialized knowledge to be able to exercise their powers as members of the committee. The term of office of the members elected to the Committee is determined by the Board of the Bank.

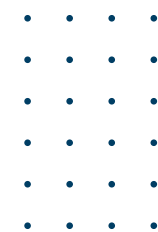
The main tasks of the Committee are as follows:

- 1) rendering assistance to the Council of the Bank in the development and adoption of the risk management strategy, the Bank's policies on the analysis and control of risks, the construction and operation of the internal control system, as well as the implementation of the compliance control function in the Bank;
- 2) providing assistance to the Bank's Council in supervising the activities of the Bank's Management Board on compliance with relevant policies and rules, the functioning of risk management and internal control systems, as well as ensuring proper interaction of the Bank's Management Board with the compliance service as part of the latter's compliance risk management function;
- 3) assisting the Council of the Bank in the formation, maintenance, assessment and development of the risk culture of the Bank, ensuring awareness of risks in the process of making management decisions, developing plans to improve the risk management system, internal control systems and compliance control of the Bank in accordance with the requirements of the legislation and acceptable international practices;
- 4) providing the Council of the Bank with proposals and recommendations on determining the parameters of risk appetite, target requirements for the size and quality of capital and liquidity of the Bank, building a system of limits on the Bank's operations and key indicators of the risk profile; 5) informing the Council of the Bank about significant risks of the Bank's activities in the present and future periods, the best ways to minimize them, current and potential shortcomings of the risk management system, internal control and compliance control systems, measures to eliminate such shortcomings;

- 5) rendering assistance to the Bank's Council in matters of interaction with the chief risk manager, compliance controller and compliance service of the Bank on their competence and responsibilities, organizing regular vertical communications of the members of the Bank's Council with participants in the risk management system, internal control systems and compliance control of the Bank;
- 6) assistance to the Bank's Council in working out decisions on the functioning and development of the risk management system, internal control and compliance control systems in the Bank;
- 7) assistance to the Bank's Council in working out decisions on the functioning and development of the risk management system, internal control and compliance control systems in the Bank;
- 8) assisting the Council of the Bank in developing decisions related to the definition and enforcement of corporate values, relevant codes, policies and processes;
- 9) rendering assistance to the Council of the Bank in ensuring the promotion of proper corporate decision-making, compliance with the legislation and internal rules of the Bank, as well as due consideration and mitigation of risks to the business reputation of the Bank;
- 10) assistance to the Council of the Bank in working out decisions on other issues referred to the competence of the Committee in accordance with these Regulations.

In order to ensure the fulfillment of the assigned tasks in a timely manner, the Committee conducts its activities in accordance with the annual work plan. The Committee carries out its work in accordance with the annual work plan of the Commission, which must be developed by the Committee and approved by the Board of the Bank. The work plan approved by the Management Board of the Bank can be changed and/ or supplemented at the suggestion of the Committee.

In order to ensure transparency of information, the members of the Committee should receive the necessary and sufficient amount of information and documents to give a fully substantiated opinion on any issue considered by the Bank's Management Board and the Committee.



With a view to ensure transparency of information, the members of the Committee should receive the necessary and sufficient amount of information and documents to give a fully substantiated opinion on any issue considered by the Bank's Management Board and the Committee. They can also express their opinion on any issues facing the Committee, and ask to reflect their opinion in the minutes of the meeting of the Committee or include his written comments in the minutes of the meeting of the Committee together with the decision of the committee. If a member of the Committee is personally interested in making a decision on an issue on the agenda of the Committee, as well as in cases stipulated by legislation or internal documents of the bank, he or she does not have the right to vote. Each member of the Committee has one vote. Each member of the Committee can vote only for himself. Cannot vote on behalf of another member of the Committee. In some cases, the decisions of the commission can be made by absentee voting. Revision of decisions of the Committee by absentee voting is determined by the Chairman of the Committee individually and in agreement with the members of the Committee, taking into account the complexity of the issues and the need for prompt consideration. Decision making by absentee voting is valid upon receipt of voting ballots (in paper or electronic form) within the time period established by the Chairman of the Committee, and if there is a quorum for the number of these ballots. The items on the agenda will be adopted based on the results of voting with the collected ballots. If ballots are submitted after the specified deadline, the quorum will not be taken into account when summing up the voting results.



STRATEGY COMMITTEE

Strategy Committee

Chairman of the Committee - Yakubov M.

Committee members - A. Voitov, Alexander von Gleich.

The Bank is working on continuous and consistent improvement of the Corporate Governance System, taking into account the interests of stakeholders, clearly adhering to high standards and using the best international experience. In order to comply with the international level, in 2018 the Bank entered into an agreement with the International Finance Corporation to cooperate and transform its activities into a modern, dynamically developing and financially stable multilateral development institution that is significant both for its shareholders and key partners. Significant results have been achieved in cooperation with the International Finance Corporation (IFC) and with the active participation of its consultants in the corporate governance system. To ensure the effective work of the Committees, the Regulations on the Committees were prepared and approved, which clearly formulated the main tasks and principles of their functioning. The ways of communication of the Committees with the relevant departments of the Head Office through the secretaries appointed by the Board of the bank, from among the leading specialists related to the area of activity of the departments, have been determined.

Recognizing the importance of adhering to high standards of corporate governance in order to ensure sustainable business development, the composition of the Bank's Council has been significantly changed. At the extraordinary general meeting of shareholders of the bank on June 9, 2020, the composition of the Bank's Council was updated in accordance with the requirement of the Law "On Banks and Banking Activities". At the same time, out of 9 elected members of the Bank's Council, 4 members are independent directors with extensive experience in the areas of audit, risk management, as well as work in corporate governance bodies in foreign financial institutions and commercial banks.

In 2020, the election of independent members to all committees under the Bank's Council was ensured, while in three committees independent members were elected as chairpersons of the Committees (Risk Oversight Committee, Nomination and Remuneration Committee and Strategy Committee). In the reporting year, the Regulation on the Strategy Committee under the Council of JSCB "Uzpromstroybank" was approved.

For the period of 2019-2020, 50 committee corporate meetings were held under the Bank's Council. A mechanism has been developed to conduct an annual assessment of the work of the Council, its committees and each member in particular. For the planned period, the goals and objectives of assessing the activities of the Bank's Council, its committees, as well as each member of the Council were developed. The work of the committees under the Council of the bank is carried out in accordance with the approved work plan. Also, in accordance with the bank's development strategy, by decision of the shareholders, it was decided to increase the number of independent directors in the bank's Council. It is planned to select and form a list of candidates for election to the Bank's Council in accordance with the qualification requirements established for the members of the Council and the bank's development strategy.

The efficient organization of the day-to-day activities of the Bank's Council and its committees is one of the important tasks of corporate governance.

In order to ensure maximum transparency and reasonableness of management decisions of the management, the Bank adheres to the policy of increasing the availability and quality of information about the Bank's activities, which is reflected on the Bank's website and in the media. The Bank is making every effort to further improve corporate governance and implement internationally recognized approaches in the financial sector.

The main task of the Committee is to provide recommendations to the Council of the Bank in:

- a) adoption by the Council of the Bank of grounded and effective decisions on the development, approval and implementation of the development strategy of the Bank;
- b) development and implementation of the Bank's development strategy;
- c) interaction with the Management Board of the Bank and implementation of current control over the activities of the Management Board of the Bank;
- d) operational interaction on behalf of the Bank (if necessary) with state bodies exercising control and supervisory functions in relation to the Bank, as well as other state bodies and interested third parties.

NOMINATION AND REMUNERATION COMMITTEE

Nomination and Remuneration Committee

The Chairman of the committee is Alexander von Gleich.

Committee members - A. Voitov, B. Abdinazarov.

The main task of the Committee is to provide recommendations to the Council of the Bank in:

- a) recruiting, encouraging and, if necessary, replacing the management team, including in identifying candidates who have the appropriate qualifications for membership in the Council, as well as in preparing recommendations for nominating these persons for election to the Council;
- b) ensuring transparency in the selection of candidates for the Board and the Management Board of the Bank;
- c) formation of committees of the Council of the Bank;
- d) carrying out regular evaluations of the Council and evaluating the effectiveness of the work of its committees;
- e) keeping records of the fulfillment of duties by members of the Council regarding remuneration of members of the Management Board, the Auditing Commission;
- f) the implementation by the Council of the Bank of control over the proper formation and implementation of material incentive plans, as well as the acquisition of shares of the Bank by its employees;
- g) preparation of an annual report on the policy and practice of remuneration, which will be part of the annual report of the bank;
- g) ensuring proper disclosure of information on remuneration paid to members of the Board and key management personnel.

COMMITTEE ON LARGE DEALS AND CONCERNS

Chairman of the Committee - Abdinazarov B.

Committee members - Ferdinand Tuinstra, Mustafoev H.

The Committee is created for preliminary study and provision of recommendations to the Council of the Bank in ensuring the proper resolution of conflicts of interest, protection of the property interests of the Bank and its shareholders when the Bank makes major transactions, transactions in which the Bank has an interest, transactions unusual in the Bank's activities and other transactions of the Bank, not related to the regular activities of the Bank (hereinafter collectively referred to as the "Transactions"), prevention of abuse in the execution of Transactions and minimization of the negative potential of Transactions, as well as in the adoption of decisions by the Bank's Council of decisions on transactions.

The concepts of "major transaction" and "a transaction in which a joint stock company has an interest" are defined in the Law of the Republic of Uzbekistan "On joint stock companies and protection of shareholders' rights". Other transactions, the decision on which must be made by the Council of the Bank or submitted to the general meeting of shareholders of the Bank on the recommendation of the Committee, may be the reorganization of the Bank, the formation of the authorized capital or property of subsidiaries, the Bank's participation in consortia, an increase in the Bank's liabilities by more than 25% (twenty five percent) of the value of the assets of the Bank and other transactions outside the ordinary activities of the Bank.

The main tasks of the Committee are to provide recommendations to the Council of the Bank in:

- a) developing, adopting and monitoring compliance with the Bank's internal rules aimed at preventing the negative consequences of a conflict of interest associated with the execution and execution of Transactions, the use of insider information and the inadmissibility of insider trading;
- b) development, acceptance and control of compliance with the Bank's internal rules related to the conditions and procedure for making Transactions, monitoring their execution, as well as publishing information on the execution and performance of Transactions;
- c) exercising control over the activities of the Management Board to develop and ensure compliance with business processes related to the execution and execution of Transactions;
- d) making decisions on the execution of Transactions or raising the issue of making Transactions for the adoption of an appropriate decision by the general meeting of shareholders of the Bank;
- e) in working out decisions on other issues within the competence of the Committee in accordance with these Regulations.

Plans for the current year are control over the correct execution of the developed Procedure on the conditions and procedure for concluding transactions, as well as a report to the Bank's Council on the work done on decisions, conclusions and recommendations on major transactions and related-party transactions sent to the Committee, as well as on its activities.

CORPORATE CONSULTANT SERVICE

In order to ensure that the management, control and officials of the Bank comply with corporate governance procedures, the requirements of the current legislation, the Bank's Charter, this Code and the Bank's internal documents guaranteeing the exercise of the rights and legitimate interests of shareholders, the Bank provides for the position of a corporate adviser.

The corporate adviser is appointed and dismissed by the decision of the Council of the bank, and is accountable to him and supervised in his activities. The activities of the Corporate Adviser are governed by the Regulations on the Corporate Adviser. The Corporate Advisor is an official of the Bank and the head of the Bank's structural division - the Corporate Governance Service. The main task of the Corporate Advisor is to organize effective interaction between shareholders and the Bank, the Council and the Management Board, including control of executive discipline in implementing decisions of the General Meeting of Shareholders of the Bank and the Council of the Bank. The Bank takes the necessary measures to ensure the independence of the Corporate Adviser, creates conditions for the smooth and efficient performance by the Corporate Adviser of its functions.

- Supervises the work of the Committees under the Council of the bank;**
- Prepares and organizes meetings of the Bank's Council**

MANAGEMENT BOARD

Chairman of the Management Board -
Annaklichev Sakhi Saparmukhamedovich (08.29.1975)

First Deputy Chairman of the Management Board -
Akbarjonov Aziz Akbarjonovich (11.09.1985)

Deputy Chairman of the Management Board -
Azimov Zafar Abdumajitovich (14.02.1985)

Deputy Chairman of the Management Board -
Yakubov Shukhrat Israilovich (16.12.1967)

Deputy Chairman of the Management Board -
Tavakkalov Ulugbek Uktamovich (20.11.1978)

Deputy Chairman of the Management Board -
Ergashev Anvarjon Abdumazhitovich (05.10.1973)

Advisor to the Chairman of the Bank's Management Board -
Khamidov Akmal Akramovich (20.10.1982)

Director of the Legal Department -
Norkhuzhaev Bakhritdin Nuritdinovich (14.06.1964)

Chief Accountant - Vohidov Oybek Rozikovich (05.02.1980)

CREDIT COMMITTEE

Deputy Chairman of the Management Board - Chairman
of the Credit Committee;

Deputy Chairman of the Management Board - Deputy
Chairman of the Credit Committee;

Director of the Legal Department - Member of the Credit
Committee;

Director of the Treasury Department - Member of the
Credit Committee;

Director of the Corporate Business Department - Member
of the Credit Committee;

Director of the Small Business Lending Department -
Member of the Credit Committee;

Director of the Problem Loans Department (NPL) -
Member of the Credit Committee;

Composition of the Credit Commission of the branch of JSCB "Uzpromstroybank"

Regional branch:

Head of the Regional Branch - Chairman of the Credit Commission

Deputy Head - Deputy Chairman of the Credit Commission

Legal Counsel - Member of the Credit Commission

Head of Corporate Lending Department - Member of the Credit Commission

Head of Credit Monitoring Department - Member of the Credit Commission

Uzpromstroybank branch credit commission composition

Regional branch:

Branch Manager - Chairman of the Credit Commission Commission;

Deputy Head - Deputy Chairman of the Credit Commission;

Legal Counsel - Member of the Credit Commission;

Head of Corporate Lending Department - Member of the Credit Commission;

Head of Credit Monitoring Department - Member of the Credit Commission;



Branches

Branch Manager - Chairman of the Credit Commission Commission;

Deputy Head - Deputy Chairman of the Credit Commission;

Legal Counsel - Member of the Credit Commission;

Head of Corporate Lending Department - Member of the Credit Commission;

Head of Credit Monitoring Department - Member of the Credit Commission

Committee functions

- Consideration of credit transactions exceeding the established limits for branches;
- Setting rates below certain minimum interest rates approved by the Board of the Bank for certain lending operations;
- Improving the practice of credit and equivalent transactions;
- Making an independent decision on credit operations not exceeding 10% of the bank's capital of the first tier;
- Providing recommendations to the Bank's Management Board on transferring problem assets to accounts "unforeseen circumstances";
- Consideration of changes in the conditions of projects reviewed by the Committees;
- Consideration of the results of the work of structural divisions;
- Consideration of the issue of current work on problem loans and operations equivalent to them;
- Consideration of the issue of extending the terms for loans and equivalent operations;
- Consideration of the issue of expanding or limiting the credit powers of branches;
- Granting, on a one-time basis, powers to the Credit Commissions when allocating loans to finance projects exceeding the limits of branches;
- Consideration and decision-making on the restoration of the status of increasing interest;
- Establishment of credit limits for one borrower or a group of borrowers for branches;
- The committee may also perform other functions depending on the tasks assigned to it.

ALCO

The main goal of the Committee is to optimize the risks arising in banking activities through the process of continuous effective management of the bank's assets and liabilities, ensuring an acceptable level of liquidity and paying special attention to the management of interest rate, currency and liquidity risks. The main tasks of the Committee are:

- Formation of the most optimal structure of the bank's balance sheet
- Determination of the bank's liquidity management policy
- Capital adequacy control and risk diversification
- Development of internal procedures aimed at the implementation of the main goals and objectives of the Committee

The committee consists of 7 members:

Chairman of the Committee - Chairman of the Board of the bank

Deputy Chairman of the Committee - Deputy Chairman of the Management Board
(coordinating the activities of the Treasury)

Director of the Treasury Department

Director of Accounting and Reporting Department

Director of the Department of Strategic Development and Innovation of the Bank

Director of the Risk Management Department

Director of Transaction Banking Department

Currently, in connection with the transformation of the bank and the change in the names of its structural divisions, the composition of the Committee is being revised.

The main goal of the Committee is to determine the main directions of investment activities of JSCB "Uzpromstroybank" and to regulate the formation of a portfolio of securities.

To this end, the Committee performs the following functions:

Investment in debt securities, including government securities;

Study and consideration of issues of investment in the authorized capital (shares) of enterprises, including subsidiaries, with the subsequent submission of proposals to the Board and the Council of the bank;

Monitoring, analysis of the investment portfolio, consideration of issues related to the creation of reserves for possible losses on them, their write-off to off-balance sheet accounts, as well as the conditions for the sale of shares (investments) of the bank, making appropriate proposals to the Board of the Bank. The meetings of the Committee are held as required.

PROJECT COMMITTEE

Composition of the Project Committee

Chairman of the Board of the Bank (S. Annaklichev) - Chairman of the Project Committee;

Advisor to the Chairman of the Bank's Management Board (A. Khamidov) - Deputy

Chairman of the Project Committee;

Director of the Risk Management Department (Z. Usmanov);

Director of the Department of Accounting and Financial Management (O. Vohidov);

Director of the Bank's Strategic Development and Innovation Department (B. Rakhmatov);

Director of the Department of Information Technologies (A. Kenzhaev);

Director of the Internal Control Department (O. Ikramov)

The Project Committee consists of persons holding senior positions in the Head Office.

The Bank's Project Committee is a collegial body created to make decisions on Projects, Project priorities and change the content of Projects. The committee is created to monitor and control the implementation of all projects in the bank, as well as to prevent and resolve problems in a timely manner, and make timely decisions.

Also, the Committee is engaged in the consideration of innovative, priority, global project initiatives that are strategic for the development and transformation of the bank. The Commission oversees projects based on business cases and other factors that affect the scope and benefits of projects.

The Project Committee is an independent collegial body that carries out its activities in the form of meetings.

Meetings of the Project Committee are held in person, at least 1 (one) time per quarter and, as necessary, based on the projects portfolio characteristics implemented in the bank, may be more frequent.

Meetings may be held online in exceptional cases if the meeting was required more than once in the current calendar month.

Chairman of the Project Committee:

- manages the activities of the Project Committee;

- coordinates the schedule and approves the agenda of the meetings;

Makes decisions on attracting persons who are not members of the Project Committee to participate in the meetings of the Project Committee;

Gives instructions and organizes control over their implementation within the powers of the Project Committee.

The main functions and rights of the Project Committee:

The Project Committee, within its competence, performs the following functions:

ensures the implementation of the Bank's Project Management Policy;

Considers project initiatives and economic feasibility, makes decisions on the launch, suspension and closure of projects;

Approves the form and frequency of reporting on bank projects;

Approves the Charter and the Project Implementation Plan;
considers the risks and problems associated with the implementation of the project, and also makes decisions on their elimination and prevention;

Appoints a curator and project manager;
monitors implementation and evaluates the achievement of project targets;

Agree on the allocation of resources for the implementation of projects within the planned budget;
Reviews interim and final reports on projects;

Agrees and / or sets a deadline for preparing and submitting a post-project monitoring plan to determine the effect of the project;

Makes decisions on amendments to the Project Charter;
Exercise other powers in the field of project management in the bank.

TENDER COMMISSION

The Tender Commission includes representatives appointed by the Ministry of Investments and Foreign Trade of the Republic of Uzbekistan, as well as the Republican Design Institute "Uzengineering" under the Cabinet of Ministers of the Republic of Uzbekistan. The Secretary of the Tender Commission is one of the employees of the Administrative and Economic Department.

The composition of the Tender Commission is as follows:

Deputy Chairman of the Management Board - Chairman of the Tender Commission;

Director of the Administrative Department - Deputy Chairman of the Tender Commission;

Director of the Legal Department;

Director of the Department for Strategic Development and Innovation of the Bank;

Director of the Department of Accounting and Financial Management;

Director of the Department of Security and Information Protection;

Director of the Transaction Banking Department.

REMUNARATION COMMITTEE

Minutes of the meeting of the Council of JSCB "Uzpromstroybank" No. 2019/12 dated from December 25, 2019. the Regulation "On the Nomination and Remuneration Committee of the Council of the Bank" was approved. The committee is created for preliminary study and provision of recommendations, preparation of draft decisions of the Bank's Council on issues related to HR management policies, succession and replacement of personnel, personnel development and payment of remuneration to members of the Management Board and the Audit Commission.

In its activities, the Committee is accountable to the Council of the bank and is guided by the legislation of the Republic of Uzbekistan, the Charter of the bank and this Regulation.

The main task of the Committee is to provide recommendations to the Bank's Council in:

- recruiting, encouraging and, if necessary, replacing the management team, including in identifying candidates who have the appropriate qualifications for membership in the Council, as well as in preparing recommendations for nominating these persons for election to the Council;
- ensuring transparency in the selection of candidates for the Board and the Management Board of the Bank;
- formation of committees of the Council of the bank;
- regularly evaluating the Council and evaluating the performance of its committees;

The committee is created on the basis of the decision of the Bank's Council. The quantitative and personal composition of the Committee is determined by the decisions of the Council of the bank. Only members of the Bank's Council can be elected to the Committee. The Committee must have at least three members, including the Chairman of the Committee.

When electing members of the Committee, their education, professional training, work experience on issues falling within the competence of the Committee, skills in working with financial and economic documentation and other special knowledge for the implementation of their powers by the members of the Committee shall be taken into account.

Persons elected to the Committee can be re-elected an unlimited number of times, since they are current members of the Bank's Council.

REMUNERATION SYSTEM

The policy for determining and paying remuneration to members of the Council of the Joint Stock Commercial Bank "Uzpromstroybank" has been developed and approved in accordance with the requirements of the current legislation of the Republic of Uzbekistan on banks and banking activities, taking into account the best practices of corporate governance, including in banks.

In particular, in accordance with Articles 33 and 34 of the Law of the Republic of Uzbekistan dated November 5, 2019 No. 580 "On Banks and Banking Activities" "the bank must have a clearly defined organizational structure of corporate governance that determines, among other things, the policy and methods of remuneration of employees, contributing to and consistent with reasonable and effective risk management", and to the competence of the Bank's Council referred to "approval and control over the implementation of other internal policies of the bank."

JSCB "Uzpromstroybank" pays remuneration to the members of its Council of the bank for the performance of their respective duties. The Bank recognizes that information on remuneration paid to members of the Council may become a matter of concern to the Bank's shareholders due to the concentrated interest in the relationship between such remuneration (its structure, size and actual payments) and the long-term results of the Bank's activities.

The Bank also acknowledges that, in accordance with the Organization for Economic Co-operation and Development (OECD) Corporate Governance Principles, the development and disclosure of a policy on remuneration of bank council members is considered good Boards practice.

In this regard, the introduction and implementation of this Policy serves the purpose of ensuring the effective functioning of the Bank, as well as has a positive impact on the compliance of the Bank's activities in terms of strategy, risk profile and risk appetite.

According to the corporate governance best practices, properly formed application of the remuneration system is acknowledged as one of the main sources for effective corporate governance implementation. At the same time, any remuneration policy should disclose information regarding the performance of activities, including measurable standards, with the priority of the company's long-term interests over short-term plans.

This policy is conditioned by the fact that remuneration received by the Bank's Board members and its shareholders is established in accordance with long-term interests of the Bank. In its Policy on the determination and remuneration payment, including during its development and implementation, the Bank is guided by the following principles:

1. The remuneration of the Council shall be determined in accordance with the prevailing market conditions (taking into account a reasonable approach), and the costs associated with the performance of their official duties shall be compensated / paid by the Bank;
2. the amount and structure of remuneration are determined by the degree of involvement (participation) in the work of the Council, the qualifications of a member of the Council and the content of the duties performed by him;
3. The amount of remuneration is calculated in such a way as to induce a member of the Council to properly perform his duties in the Council, but in such a way that this does not serve as a factor in his loss of independence in performing the functions of a member of the Council;
4. Discrimination in the appointment and payment of remuneration to members of the Council, including based on gender, race, ethnicity, religion, is not permissible.

Major deals and related party transactions

1. On attraction a large credit line from Credit Suisse AG" (London Branch, United Kingdom) in the amount of 100 million euros and 50 million euros
2. On attraction a large credit line from (London Branch, United Kingdom) ICBC Standard Bank in the amount equivalent to USD 100 million nominated in uzbek soums (hereinafter referred to as UZS)
3. On approval of the issue of attracting an additional amount of 11.5 million Euro at the expense of the credit line of Roseximbank JSC in order to finance the investment project "Construction of the Tashkent Metallurgical Plant" JV Toshkent Metallurgiya Zavodi LLC. 11.5 million Euro
4. On attracting a credit line from Credit Suisse AG (Switzerland) in the amount of up to USD 122.2 million (preliminary) for the construction of the Bank's head office on the territory of the Toshkent City IDC. USD 122.2 million

Shareholders

At the end of 2020, the prevailing shareholder of the bank is the Fund for Reconstruction and Development of the Republic of Uzbekistan with 82.09% shares, the Ministry of Finance of the Republic of Uzbekistan with 12.77% shares, Uztransgaz JSC 1.21% shares, other legal entities with 3.27 %, as well as individuals with 0.66% share.



Dividends are paid from the Bank's net and retained earnings of previous years. Dividends on preferred shares can also be paid out of the special funds of the Bank. The bank is obliged to pay declared dividends on each type of shares. Dividends may be paid in cash or other legal tender or in securities of the Bank by decision of the general meeting of shareholders. Payment of dividends on preferred shares of the bank with securities is not allowed. The decision to pay dividends for each type of shares, the size of the dividend, the form and procedure for its payment is made by the General Meeting of Shareholders on the basis of the financial statements, provided there is an auditor's report on the reliability of the financial statements.

The decision to pay dividends for each type of shares, the size of the dividend, the form and procedure for its payment is made by the General Meeting of Shareholders on the basis of the financial statements, provided there is an auditor's report on the reliability of the financial statements. The bank's decision to pay dividends for the first quarter, six months and nine months of the financial year must be made within three months after the end of the relevant period. The amount of dividends cannot exceed the amount recommended by the Supervisory Board of the Bank. The persons registered in the register of shareholders of the Bank formed for the general meeting of shareholders, at which a decision on the payment of dividends to shareholders is made, are entitled to receive dividends on shares.

Bank shares

The number of ordinary shares - **243 551 784 442**,
par value – **19 UZS**, quote price - **15.5 UZS**.

Market price as of the date of the last transaction -
15.5 UZS.

The number of preferred shares - **370,000,000**,
par value – **19 UZS**, quotation price - **37.21 UZS**.

Market price on the date of the last transaction -
37.21 UZS

Authorized capital - **4 634 513 904 398 UZS**

Market capitalization - **3 788 820 358 851 UZS**

Risk management

Risk appetite is defined as an expression of the total amount and / or quality of risks that the bank agrees to accept or reject in advance in order to achieve the strategic goals of the bank's business plan and take risks.

Based on its business model and strategy, the Bank assumes the following risks:

- 1 Credit risk
- 2 Strategic risk
- 3 Market risk
- 4 Liquidity risk
- 5 Capital adequacy risk
- 6 Concentration risk
- 7 Operational risk
- 8 Reputation risk

Risk appetite sizing process

To effectively manage the level of risk acceptance, the bank introduces restrictions on the indicators of the risk profile, which can be mandatory or recommended. Mandatory risk profile limits for bank branches are the maximum and minimum limits, which are set as follows:

Risk profile indicators characterizing the bank's risk appetite indicators in accordance with the decisions of the bank's collegial management bodies;

Risk indicators characterizing the external mandatory standards of the bank's activity;

Risks specific to financial covenants entered into under long-term financial agreements with the Bank, including attracted subordinated loans;

Risk profile indicators that describe the main internal constraints set for the Bank in accordance with this policy.

When determining the maximum values of the risk profile indicators, the bank proceeds from the following principles:

- control should not set softer limits on the risk profile of the border, which may lead to a violation of risk appetite indicators, mandatory standards, financial agreements and other obligations established in the bank's internal documents;

- encourage the Bank's structural divisions to carry out their activities as a result of insignificant deviations from historical or target values of the risk profile indicators and constantly pay attention to the established risk limits;

- maximum limits for the period of a financial year should be set quarterly, taking into account the growth rates of banking activities established in the model of the Bank's business plan for the next financial year;

- on the initiative of the risk management department, in addition to limits, an upper or lower control (signal) can be established, allowing one to approach the limit values and detect violations.

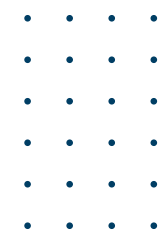
Ensuring compliance with established limits

The Risk Management Department regularly calculates the values of the risk profile indicators, analyzes the change in the values obtained in comparison with the previous period and ensures compliance with the established limits. Based on the results of monitoring the indicators of the risk profile and monitoring compliance with the restrictions for each indicator, the Bank can obtain the following classified results in accordance with the status of the risk profile:

"Low risk" level is issued if the control signal and threshold values are not violated;

"Mean risk" level is given only in case of violation of the threshold values of control signals;

If the threshold values of the risk profile are violated, the **"High risk"** level is assigned;



If there is a risk of violation of limits, the Risk Management Department records violations of the values of control signals according to the indicators of the risk profile and notifies the department responsible for compliance with the established limits, as well as jointly develops proposals to prevent exceeding the limits of the risk profile.

In case of violation of the limit, the Risk Management Department immediately notifies the collegial management bodies and the unit responsible for compliance with the limits established for this indicator of the risk profile, and develops final proposals to promptly eliminate the excess or revise the corresponding risk profile. In case of technical impossibility or inappropriateness of immediate elimination of violations, the unit responsible for compliance with the established risk profile limits has the right to contact the bank's management with a request to temporarily exceed the maximum risk profile limits.

Violation of the "limit value" of mandatory limits will be discussed at a meeting of the Bank's Supervisory Board if there is a positive opinion of the Management Board and a positive written opinion of the Risk Management Department.

Permission of the Management Board of the Bank to temporarily exceed the maximum risk limits of risk indicators is approved only in writing, indicating the period of validity of the permit. A copy of the permit must be sent by the Risk Management Department to the Bank's Management Board for review and control.



The main tasks of banking risk management are:

Ensuring awareness of the level of risk accepted by the Bank's governing bodies;
Ensuring sustainable development of the bank in order to achieve strategic goals, achieve operational goals within the framework of the bank's risk appetite (risk appetite);
Effective limitation of the risks assumed by the bank for the timely fulfillment of its obligations to creditors and customers of the bank;
Organization of effective management to ensure bank's capital growth, taking into account the implementation of the strategic goals and objectives of the bank, as well as the adequacy and acceptability of capital required for the development of the bank.

The main tasks of banking risk management are:

Creation of an integrated risk management process as an element of management and improvement of the bank on the basis of a unified standardized approach to risk management methods and procedures;
Creation of an effective integrated risk management system in the Bank;
Approximation of the risk management system to the Basel II and Basel III standards using the best international practices and standards;
Creation of a system for monitoring the risks of the Bank and its individual business processes, which will allow for ongoing risk control;
Timely notification of the Bank's management bodies about the level of risk in banking activities;
prevention of crisis situations and ensuring the normal operation of the bank in the event of a crisis;
Comprehensive monitoring of the risk management system at all levels and within all business processes of the bank.

Compliance

In the system of JSCB "Uzpromstroybank" there are "Rules of internal control on combating the legalization of proceeds from criminal activity, financing of terrorism and financing the proliferation of weapons of mass destruction", approved by the decision of the Supervisory Board of the bank dated August 30, 2017 No. 51/2017. Internal control rules for countering the legalization of proceeds from crime, financing terrorism and financing the proliferation of weapons of mass destruction in the system of JSCB "Uzpromstroybank" were developed in accordance with the laws of the Republic of Uzbekistan "On banks and banking activities", "On bank secrecy" and "On countering the legalization of proceeds from criminal activity, financing of terrorism and financing the proliferation of weapons of mass destruction ", as well as by the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated October 12, 2009 No. 272" On improving the procedure for providing information related to combating the legalization of proceeds from criminal activity , and financing of terrorism" and registered with the Ministry of Justice of the Republic of Uzbekistan May 23, 2017 under No. 2886 "Rules of Internal Control for Counteracting the Legalization of Proceeds from Crime, Terrorist Financing and the Financing of the Proliferation of Weapons of Mass Destruction in Commercial Banks".

The JSCB "Uzpromstroybank" has a department responsible for organizing work in the bank to counter the legalization of proceeds from crime and the financing of terrorism. The internal control system of Uzpromstroybank is organized taking into account the peculiarities of the bank's functioning, the main directions of its activities, as well as the client base and the level of risks associated with clients and their operations.

Compliance structure

The structure of internal control (for combating money laundering and terrorism financing) of Uzpromstroybank includes:

The competence of the Internal Control Department of the Head Bank, as well as the responsible employee in the context of each branch of the bank, includes conducting a customers' proper inspection, determining the customers' risk level, in addition, based on the analysis of activities and account turnovers, during which identified doubtful, suspicious transactions, as well as transactions to be reported under the List of persons ("international" and "national" FT list), timely submitted to the specially authorized state body. The role of the Internal Control Service is key in the banking sector. Since the internal control service, at a minimum, ensures the integrity and safety of assets, reduces fraud and theft of bank assets, and follows the instructions of the management to mitigate risks in order to achieve the set goals. The main function of the Internal Control Service is to organize internal control in the bank's divisions and periodically check its status in all areas, ensure compliance with local legislative and regulatory requirements, minimize the risk of errors, assess and manage risks, constant monitoring, day-to-day control over all banking operations (credit,

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accounting, foreign exchange transactions), risk assessment and risk mitigation.

The Internal Control Department is subordinate and accountable to the Chairman of the Management Board of the Bank. All necessary information is first of all reported to the Chairman of the Management Board of the Bank.

Human Resources

The personnel management system is aimed not only at creating decent working conditions for employees, but also at creating a system that takes into account the interests of employees in the field of career growth and confidence in the future and includes building a system for the selection and placement of personnel, personnel assessment, formation and training personnel reserve, training and development of personnel, their motivation and stimulation, and due to this, the preservation and development of personnel potential, as well as the formation of a highly effective team.

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Employee growth for 2018 – 2020 (table)

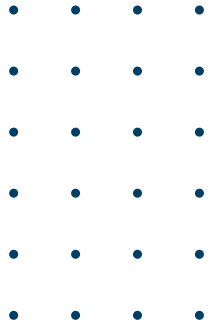
2018	2019	2020
3693	3902	4052

GROWTH OPPORTUNITIES WITHIN THE ORGANIZATION

Career growth is one of the brightest manifestations of an individual's professional development. At Uzpromstroybank, the development of an employee's career is a long-term process that can be aimed at both vertical growth according to a certain career track, and horizontal growth with a change in the career track.

Within the scope of talent management at Uzpromstroybank, the careers of employees are planned, as a rule, for at least 1 and no more than 3 years.

An employee must know not only his prospects for the short and long term, but also what indicators he must achieve in order to count on career advancement. It is for this purpose that a career development plan is being developed. This plan is drawn up by the employee himself with the assistance of the head of the division and the Human Resources Department. This plan includes the implementation of such activities as the passage of professional and psychological courses and trainings (both online and organized within the Bank, as well as external ones), reading the necessary literature, defining strategic goals for the next period (1-3 years), and an action plan to achieve them. Based on the results of the reporting period, the progress in the implementation of this plan is assessed, on the basis of which a decision is made on the further advancement of the employee up the career ladder.



TRAINING ACTIVITY

Training activity

The personnel training and development system is aimed at developing the knowledge, skills, and competencies of key personnel in order to increase labor productivity and ensure the achievement of the required business results in the short and long term; preparing employees for career growth through the development of a talent pool; reducing the stress level of employees through mastering the tasks, skills and abilities necessary for the effective performance of job duties; increasing the loyalty and involvement of personnel in their profession and the Bank; strengthening the attractiveness of the Bank's image as an employer. The basis for planning training and personnel development is a blended learning approach based on proportions 70-20-10:

10% formal training, which includes classroom training, seminars, trainings, lectures, videos, webinars, the use of online resources, internal conferences, an internal corporate library;

20% social training, which consists of informal discussions, communication with colleagues, mentoring with the involvement of both external experts and consultants, and using internal resources, in particular, internal trainers, leaders as moderators during discussions;

70% on-the-job training and motivation of employees for self-training, which can be implemented using methods such as participation or management of important projects, solving problems and tasks, rotating positions, analyzing mistakes, failures, work situations.

MOTIVATION SYSTEM

Motivation is the encouragement of employees to achieve the goals of the company while respecting their interests. In other words, motivation:

- it is the process of balancing company and employee goals to best meet the needs of those involved;
- it is the process of encouraging employees to take action to achieve the goals of the company;
- it is the creation of conditions for the identification of the interests of the organization and the employee, in which what is beneficial and necessary to one becomes just as necessary and beneficial to another.

It is vital that all employees of the company understand that only by achieving the goals of the company can the goals of the employee be achieved. The profit of the organization is the source of payment of additional remuneration. It can be partially used for additional reward of employees, and if the profit is not made, nobody's interests will be achieved.

Personnel motivation based on key performance indicators (KPI), in contrast to the base salary (salary), is focused on achieving long-term and short-term goals of the company, which "motivates the employee to perform his job duties". Whereas the salary is a fixed monthly wage. The system of forming a variable part of monetary remuneration based on KPI stimulates the employee to achieve high individual results, as well as to increase his contribution to collective results and achievements, to the implementation of the company's strategic goals. At the same time, the KPI indicators in the system of forming the variable part of the salary based on the KPI should be quite simple and understandable to employees, and the size of the variable part of the compensation package should be economically justified.

Today the Bank has a competitive remuneration system consisting of fixed and variable parts. The fixed portion is calculated based on the base salary. The variable part is represented by a motivation system that provides for clear and transparent principles for setting target premiums and calculating its actual values based on the recommendation of the head of the division, linking employee remuneration with the strategy, goals and objectives of the Bank. In addition, Uzpromstroybank strives to pay close attention to the effective motivation of personnel and their orientation towards achieving the assigned tasks. When assessing performance, the emphasis is on applying a balanced approach that takes into account the results obtained and the risks assumed.

As part of the transformation, the KPI system is being actively implemented. This system includes a number of indicators developed by heads of departments to assess the effectiveness of the work of their employees. In the process of implementing this system, the Bank strives to build a clear and transparent system of motivation: since planned and actual values are recorded, it is clear to the manager why and how to motivate the employee.

He, in turn, understands well under what conditions and what kind of reward he will receive. The main criterion is measurability (setting measurable goals, performance indicators).

The frequency of payments of the variable part of the remuneration of employees depends on the performance indicators determined for each structural unit, and can be monthly, quarterly or annually.

Personnel policy: consistency with the bank's strategy

The personnel management policy is an activity aimed at forming a working team necessary for the Bank, as well as organizing work for the successful implementation of the strategic goals of the Bank. It is closely interconnected with the Bank's Development Strategy and changes depending on changes made to the Bank's overall Development Strategy. This relationship is reflected in the HR strategy, which focuses on:

- selection of qualified employees, taking into account the formation of the staff, in particular, determining the requirements for employees (for example, developing competency models for all positions, attracting employees who meet these requirements, as well as forming a base of potential candidates, recruiting project teams);
- promotion of personnel in accordance with the current needs of the Bank and the abilities of employees;
- creation and implementation of a system for regular performance assessment based on key performance indicators, decision-making on employees based on this system;
- creating a system of training and development of professional knowledge and competencies of managers and employees aimed at improving labor productivity, developing the required competencies and personal characteristics of employees (including leadership, responsibility for their results, the ability to effectively adapt to constant changes and the ability to develop), with the ability creation of our own training center and the introduction of staffing units of internal trainers;

- development of a remuneration system based on a motivation system, which is aimed at increasing the efficiency of employees;
- development and implementation of programs of material and non-material motivation focused on updating internal motivation and ensuring the involvement of employees in the Bank's activities and a balance between the goals of the Bank and the goals of employees, as well as encouraging employees to fully realize their potential and introduce innovations (including by providing them with social guarantees and benefits);
- creating and establishing a system of internal communications with the aim of involving personnel, introducing the strategic values of the Bank into daily work, creating an image of an attractive employer, as well as team building;
- building the image of an "internal client" in the Bank;
- development of leadership competencies both among managers and ordinary employees.

Goals for the current period

- improvement of the material motivation system for personnel through the development and phased implementation of a system of key performance indicators (KPI) for the entire Bank;
- improvement of the personnel selection system by developing and launching a unified platform for working with vacancies and candidates;
- improvement of the candidate and employee assessment system, in particular, the launch of an automated platform that allows assessing the potential and knowledge of candidates and employees without the participation of the human factor, which will ensure the transparency and objectivity of the process;
- Improvement of the employee development system:
 - continuation of the "Internship from Branches to the Head Office" project, covering more than 500 employees;
 - implementation of the "Friday talks" project in order to timely inform employees about the ongoing transformation processes in the Bank, as well as new products and changes in the business direction, which will allow employees to ask their questions within their competency directly to the Deputy Chairman of the Board and structural divisions directors;

- Sending employees of the Head Office and branches for training abroad; providing an educational platform of international banking, financial institutions and foreign partner organizations for the Bank's employees (1,000 places), involving trainers and experts from IFIs;
- Continuation of the employee training program on the online platform of the European Bank for Reconstruction and Development (RSBP-CA); launch of the third session of the "SQB Ladies' club" project, involving 120 women from the Head Office and branches to participate in the project;
- Initiation of a project to develop "Soft Skills" of the Head Office managers and branches, starting from the departments' head and above, in order to develop leadership skills, critical thinking, acquire competencies for self-education - the ability to constantly read (continuous learning / education, time management, communication skills (art of negotiation, art of persuasion, teamwork, work for the client), stress management, control of emotions (politeness and diplomacy skills), strategic planning, change management;
- Introduction of the business partners HR institute in the Head Office, as well as in the Bukhara branch by optimizing, retraining and universalization of duties performed by HR employees in the branches of Bukhara region;
- Increase staff engagement and loyalty through the development and implementation of the Kaizen teams project, which involves: creation of initiative groups of "Bank's talents" among the employees;
development of business skills on a specialized program for the selected employees;
carrying out activities (Kaizen events) to involve these initiative groups in solving strategic tasks and challenges;
reducing the level of stress by introducing a system of "Gymnastics in the Workplace" during the workday;
improvement of business processes, as well as completion of work on the automation of personnel management processes

Achieved objectives in 2020

We have systematized the work on personnel management, taking into account modern international standards in such areas as recruitment, adaptation of newly hired employees, assessment of the competencies and potential of both candidates and employees, talent management, formation of a personnel reserve for strategically important key positions, as well as training future leaders, building the Bank's brand strategy from the employer's point of view, increasing the level of internal communications, as well as involvement, loyalty to the Bank and staff satisfaction with work. The presence or absence of competencies plays an important role in the effective execution of tasks and the achievement of planned results. In view of this, we have included work with competencies in all processes of work with personnel, from the moment of recruiting to the process of talent management. In particular, we have developed our own corporate competence model, which consists of 11 competencies that are critical for our employees. Based on this model, we evaluate our employees with the aim of further developing their growth zones as part of a career advancement program (both horizontal and vertical).

In this context, special attention is paid to the professional development of our employees. This direction is systematic and includes various projects, for example:

- the project on sending 20 specialists at the level of directors of the relevant departments of the Bank to the branches to study business processes in their areas and identify shortcomings and make operative decisions on their elimination on the spot;
- the project "Internship from branches to the Head Office", according to which 137 participants were selected;
- in the second session of the "SQB Ladies' club" project to promote gender equality among employees, 70 female participants from 45 branches were selected for management positions;
- self-enhancement work and professional development of employees, through which 3,532 employees received training certificates in 12 areas in accordance with the RSBP program.

One of our priority tasks is the organization of work processes that meet modern standards. In this direction, special attention is paid to the automation of processes, as well as to reducing the level of manual labor. In particular, we automated the recruitment system from the moment of creating a recruitment application to sending an invitation (an offer) to a candidate for a job. So called "Electronic facilitator" program was developed and launched, which made possible to automate the process of considering candidates during hiring and relocation in the Bank's branches. These initiatives allowed improving the above processes, increasing responsiveness and reducing the time spent on each of them by 40% on average.

We care about our employees, therefore along with financial motivation we have built a system of non-financial motivation. As part of this system, we launched large-scale projects that allowed us to involve the entire staff. For example:

- informal meetings of managers and employees through "Meetings without ties";
- intellectual game "SQB Zakovat";
- thematic competitions among employees and their children, such as "Book challenge", drawing competition, poetry competition, weekend olympiads;
- a series of psychological trainings from professional psychologists and motivators.

A large-scale survey was conducted to measure the level of personnel engagement and loyalty, in which more than 2,700 employees participated. According to the results of this survey the average level of personnel satisfaction with work at SQB was 82%.

Due to all implemented measures it was possible to reduce the personnel turnover by 0.5% (the personnel turnover rate in 2019 was 8.3%, in 2020 - 7.8%).

External channels of communication were identified. From the most popular social networks such as LinkedIn, Facebook, Telegram, Instagram were identified. Due to the content published on our pages we managed to gather an audience of more than 8000 subscribers. Our publications have a great reach in terms of the number of views. For instance, just one video on what it is like to work at SQB, for the first 4 days on HR pages gathered more than 57,000 views in social networks.

Implementation of measures to promote and increase brand awareness of the Bank as an employer has increased the number of feedbacks to the published vacancies (an average of 100 comments per 1 vacancy, of which 50% of the relevant candidates were less than 1% in the same period last year).

Treasury

The Treasury Department carries out the following operations:

- Attraction and placement of deposits on the interbank market;
- Placement of deposits with the Central Bank of the Republic of Uzbekistan;
- Conversion operations from hard currency to hard currency for legal entities;
- SWAP operations with the Central Bank of the Republic of Uzbekistan, as well as with clients;
- REPO transactions with the Central Bank of the Republic of Uzbekistan;
- Purchase / sale of currency through JSC "Uzbek Republican Currency Exchange" (UzRCE) on behalf of the Bank;
- Investments in government securities.

The Treasury Department works closely with local and foreign banks on banknote and deposit operations. In addition, it carries out operations with the Central Bank on deposit, repo and other transactions. ed government securities, the bank occupies a leading position among the commercial banks of the republic.

The key differences: products, customers and business processes

The presence of a stable resource and capital base allows Uzpromstroybank to actively participate in interbank markets, as well as auctions organized through platforms for the purchase of government securities. At the same time, in terms of the volume of purchased government securities, the bank occupies a leading position among the commercial banks of the republic.

Core mission 2020 and Bank's strategy

The Treasury Department has set the following targets for 2020:

- Increasing the bank's resource base by attracting deposits from the population, as well as issuing and placing securities;
- Increasing the bank's profitability due to effective management of the liquidity buffer;
- Compliance with the mandatory standards established by the Central Bank of the Republic of Uzbekistan for the management of the Bank's liquidity and capita.

At the end of 2020, the department, as part of its activities, achieved the following financial results for products:

- Income from deposits placed with the Central Bank - 8,279.7 million soums;
- Income from deposits placed with other banks - 109 726.7 million soums;
- Interest income on securities - 116,092.0 million soums;
- Income from SPOT operations - 290,164.4 million soums.

Key achievements of the business unit in 2020

As part of the tasks set, the following missions were carried out in 2020:

- The plan for the issued and placed securities of the bank was fulfilled by 112.8%; - The plan for the bank's deposit base was fulfilled by 139.9%;
- The plan for income received from the placement of funds in the interbank market was fulfilled by 105.4%;
- The plan for income received from the purchase of government securities was fulfilled by 234.8%.

Core initiatives and projects 2020

As part of the work on the transformation of the Bank, at the end of 2020, a comprehensive study (Due diligence) of JSCB Uzpromstroybank was carried out by the IFC and the EBRD, and as a result of which international consultants, including experts from KPMG, were attracted in order to transform the Treasury block. This initiative provides for the provision of technical assistance for the project "Improvement of the Treasury and asset and liability management procedures in JSCB Uzpromstroybank.

As part of the transformation of the Treasury Department, with the assistance of KPMG experts, the following activities were carried out:

- Approved a roadmap with KPMG to further improve the Treasury.
- The internal structure of the Treasury Department was updated, a new version of the Regulation on the Treasury Department was approved;
- An interbank plan was developed for the redistribution of functions between the Bank's divisions, unusual functions were transferred to other divisions of the Bank;

Targeted mission for 2021

- Development of a procedure and methodology for managing the structure of the balance sheet, improving the efficiency of asset and liability management;
- Development of a target system for managing cash flows, liquidity;
- Development of forecasting models for liquidity indicators, interest rate and market risks;
- Development of a methodology and procedure for funding planning, diversification of the passive part, compliance with the concentration risk for individual instruments, investors, maturity, etc.
- Simulation of cash flows, development of methods and models for assessing the sensitivity of balance sheet assets and liabilities to changes in the level of interest rates;
- Transfer pricing: development of transfer pricing models for bank products.

Also, the department has set goals to achieve the following financial results in 2021:

- Income on deposits placed with the Central Bank of the Republic of Uzbekistan - 10 764.0 million soums;
- Income on deposits placed with other banks - 128 852.0 million soums;
- Interest income on securities - 125 910.0 million soums;
- Income from SPOT operations - 172 819.0 million soums.

Corporate business

The Corporate Business Department has developed several banking products for financing various areas of the client's project, taking into account the purpose of the loan.

1. "Working Capital" - to replenish working capital.
2. "Salary" - for salary payments
3. "Development" - for the purchase of fixed assets, special machinery, equipment for the purpose of organizing and expanding activities
4. Account current - for payment of goods and services, taxes, payment of earnings to employees
5. Global Limit - use of credit products available in the bank within the credit limit
6. Green Loan - Improving energy efficiency, producing renewable energy sources, producing and purchasing ecotransportation, energy saving amendments to existing buildings, waste reduction and recycling, rational use of water, financing energy costs, and financing other green projects
7. Syndicated loan - Financing of expenses within the framework of an investment project

Position of business products and services on the market: target customers

Our target clients are corporate clients with total annual revenues of 100 billion soums, their suppliers from the small and medium-sized business segment, as well as their employees. Basically, these include enterprises in the oil and gas, chemical, energy, construction, transport and metallurgical industries. Banking products are provided to corporate clients considering the purpose of the loan. The Relationship Manager provides the customer with information about these products. Employees will hold presentations for clients on current banking products. Due to this, the bank is working to attract corporate clients to new banking products.

Advantages and distinctive features

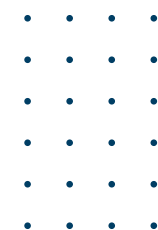
To a large extent, the bank's main advantage over other financial institutions is the amount of capital, which makes possible to finance both major as well as large-scale projects, combined with the flexibility of the service provided, also allows to conduct a better client-oriented policy. The Bank has a significant base of foreign credit lines, which gives the clients an opportunity to receive loans with relatively attractive terms. Apart from this, in terms of banking products Uzpromstroybank is prevailing in syndicated lending along with project, corporate and trade financing. Bank's competitiveness is revealed by availability of powerful client base comprising major industries.

The main goal of the department in 2020 was the completion of the bank's transformation process, with the comprehensive implementation of the new system. Replenishment of the bank's loan portfolio with new corporate clients and increasing the bank's income were among the tasks of the department in 2020.

The results achieved in 2020

In 2020, a number of changes were made to the corporate business department. First, the transformation of the bank was completed and changes were made to the structure of the department. In the structure of the department, the official unit "Relationship Manager" was developed, the KPI system of the bank was fully implemented and partially automated. A "Client Plan" model has been developed for customer analysis and proactive work. A plan has been developed for the top 100 bank clients. 19 new banking products were created for corporate clients. Structured finance department established and new staff recruited. To a large extent, despite the economic crisis during the Covid-19 pandemic, the key initiative of the structural unit was to increase the department's share in the bank's revenues. One of the main priorities of the department was the financing of large projects at the state level. In 2021, there have been changes in several banking products. The Green loan product was developed on the basis of a combination of the Corporate green loan and Corporate green Investment loan products, through which clients are entitled to receive loans in both national and foreign currencies through this product.

In the process of the clients needs survey, the demand for new products of the bank, both in credit and in general services, was mainly identified. In particular, since the beginning of the year, the demand from letter of credit financing to advance payments on import contracts and financing of supply chains has radically increased, which was carried out through negotiations and agreements reached with foreign banks.



In 2021, there have been changes in several banking products. The "Green loan" product was developed based on a combination of "Corporate green loan" and "Corporate green investment loan" products, which will allow customers to obtain loans in both local and foreign currencies through this product. In the process of the clients needs survey, the demand for new products of the bank, both in credit and in general services, was mainly identified. In particular, since the beginning of the year, the demand from letter of credit financing to advance payments on import contracts and financing of supply chains has radically increased, which was carried out through negotiations and agreements reached with foreign banks. In 2021, the department aims to provide accelerated service to corporate clients and create more convenience for customers. It is planned to increase revenue by introducing new banking products and new corporate packages. In order to increase the efficiency of employees' work, the KPI system will be introduced and production facilities created.

Operational boosting

The growth of income in corporate business is planned due to increased financing of potential investment projects and interest-free income of the bank, mainly from transaction banking operations. Lending to corporate clients will be carried out in a conservative manner, financing mainly strategic and economically important loans, as well as funding from repaid loans.



SME

The Department of Small and Medium Business today offers such products as loans, deposits, settlement and cash services, bank guarantees, factoring, DBS. To promote these products, the department carries out advertising in the media, displaying information on advertising banners, websites and social networks. The bank, in comparison with other local financial institutions, is distinguished by good attractiveness, reliability, convenience and quality of service.

Goals in 2020 and the bank's strategy

In connection with the need to develop a new business model and strategy of the bank that meets modern conditions, today the Bank is actively transforming into a high-tech company. As a result, with the participation of IFC experts, radical changes took place in the lending process, which made it possible to significantly optimize the time for issuing loans and reduce the costs of considering loan applications, while ensuring the effectiveness of credit risk management systems, where a new business model and processes were developed that would allow business areas to offer their clients the best services and provide undeniable competitive advantages in the rapidly changing banking market, as well as become an effective basis for increasing the level of profitability and growing market share of the bank.

Beyond that, in particular:

1. The transformation of the bank has been completed and new changes have been made to the structure of the department.
2. The department has created a structured finance management unit and attracted several new specialists.
3. More than 24 new bank credit products have been developed.

Opportunities have expanded in terms of financing large investment projects in priority sectors of the economy by attracting foreign credit lines. The processes of introducing innovative banking products were also accelerated to improve the quality and efficiency of banking services, develop a system for providing retail banking services to the population, as well as provide financial advice and provide information assistance to small businesses and private entrepreneurship. The main goal of the credit policy is to ensure high returns to shareholders from active operations, maintain the bank's liquidity at a sufficient level, diversify risk, establish and guarantee uniformity of procedures, and comply with laws and regulations. 26 loan products have been developed for small and medium-sized businesses. These products are determined by the financial condition of the enterprise, its formation as well as cash receipts.

Changes in the demand curve on the clients' side

Customers send requests for changes in existing loan products and rates. Received applications are reviewed and according to these appeals, the company is inspected by authorized bank employees, thus creating maximum convenience for customers. It should be noted that the pandemic hit businesses hard in 2020. Entrepreneurs who received loans experienced problems with loan repayment, and finished products were not exported by exporting organizations, goods were stuck in warehouses, despite the fact that loans were previously provided to all business entities.

Core missions for 2021

Also, in 2021, the number of loan products for small and medium-sized businesses will decrease from 26 to 11. A simplified system for 11 loan products will be presented, and tariffs and services are set based on the customers' needs. By attracting clients from other banks, intensification of operations and portfolio growth is expected. In this regard, the Bank provides the most convenient services. It should be noted that nonperforming exposures in 2020 were mainly the projects in the context of greenhouses, logistics companies, as well as the construction industry and other sectors.

Green Banking

The main products of Green Banking are Corporate Green Loan (for corporate clients), SME Green Loan (for SME clients), Green Mortgage (for retail business clients). These products are implemented through the bank's business segments (corporate block, SME and retail business).

Goals achieved in 2020

Due to the fact that the Bank's strategy took into account green finance, the plan for the past year was to develop and set policies and procedures for the Environmental and Social Management System (ESMS). According to the strategic plans, the year 2020 was rather successful for the Bank in terms of implemented tasks.

Core missions for 2021

The Department hired an ecologist and a technical expert on a competitive basis, developed an ESMS policy and procedure, provided green financial products, amended the credit policy and lending regulations, conducted trainings for employees of the head office and regional branches, and carried out a number of activities under the "Green Banking" project. In particular, a marketing strategy for 2021 on green products was developed, as well as branding elaborated.

Operational boosting

By launching new products and attracting additional lines for green projects, operations and portfolio growth will be ensured.

Retail

The department is working on the development of new credit and non-credit products. Products such as car loans, mortgage lending under new conditions, online overdraft, etc. are currently in the approval stage. In addition, new types of deposits that are beneficial for clients are being developed. During 2021, the retail business department plans to launch 15 new products (in 2020 this figure was at the level of 7 products). The bank's target clients are employees of the bank's corporate clients associated with payroll projects. This category of clients is offered banking products on favorable terms. E.g., online loans issued through mobile application "Joyda" where products are offered at 23% per annum, while other clients are offered at 26.9%.

Advantages and distinctions: products, clients and processes

The bank has an extensive network of branches and sales departments in all regions of the country and is one of the leaders in terms of IT development and providing remote banking services as well as bank card processing.

Retail loans are issued through a mobile application. In the context of the branch network only auto and mortgage loans are issued. Bank also provides services within retail products.

In 2020, according to the Bank's retail business strategy, a goal was set to establish a process for accepting loans request applications as well as issuing bank cards on remote manner, by transferring the provision of services in remote service channels, along with creation of centralized underwriting scoring system and a new mobile application.

Goals achieved in 2020

The main activity of the Retail Department in 2020 was the promotion of remote customer service.

It should be noted that according to the results of the work fulfilled, the following transactions were performed through the mobile application as a percentage total volume:

- on credit products – 40%;
- on deposit operations – 18%;
- on utility and tax payments – 54%;
- on operations on purchase of foreign currency – 30%.

International money transfers are also switched to remote platforms, including to mobile applications (cash to card) through Western Union and Zolotaya Korona systems.

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A new client-oriented business model has been built.

Particularly, taking in account existing opportunities and advantages the task was to cover retail and corporate clients in the context of its clientele, including those that formed through payroll projects, as well as to increase the salespoint network – centers of banking services. By the end of 2020, the profit of the Retail business amounted to UZS 120 billion. Loans to the amount of 2,298.6 billion soums were issued. The volume of non-interest income increased by UZS 108 billion or 15% compared with the previous year. In order to reduce costs, mitigating operational risks and increase the number of considered applications for microloans, the updated mobile application "Joyda" was launched. In addition to issuing loans, the mobile application has other features with a user-friendly digital interface to provide quality banking services.

The following tasks were accomplished in 2020:

- improved and increased the attractiveness of credit products;
- attractive deposit products were introduced;
- increased the audience of mobile application users according to the 2020 strategy.

Implemented projects:

- loan disbursement (microloans for goods)
- "scoring model" (integration with external databases)
- "marketplace" with external data warehouse
- receipt of "Zolotaya Corona" money transfers
- online chat with the bank
- order of bank cards ("Uzcard" and "Humo")

These products are in great demand from customers. The Retail Business Department according to the marketing research results in the market's consumer segment develops new competitive banking products.

Due to lockdown caused by coronavirus pandemic, a number of borrowers were left without basic income, which for obvious reasons did not allow making repayment of credit indebtedness on timely manner. In view of this, the Bank decided to prolong the credit liability for a 6 months period, which subsequently affected the growth of the credit exposure. At the end of 2020, the amount of the loan portfolio amounted to 4,300.6 billion soums. The share of overdue credits in the loan portfolio amounted to 0.8%.

Innovative solutions in products and processes

On remote loans it is planned to link the interest rate and the credit amount to scoring with a purpose to motivate customers and increase the scoring capacity with the launch of a lighten identification system with centralized control.

To date, the plan for 2021 with a clear reflection of the goals is developed which is aimed implementing the work to attract new customers, as well as reducing the level of arrears. Moreover, it is planned to establish a personal managers mechanism and issue premium cards.

Innovative solutions in products and processes

On remote loans, plans to link interest rate and loan amount to scoring to motivate customers and increase scoring throughput. Launch of lightweight identification with centralized control.

IFI AND IR

During 2020, funds from international financial institutions and banks were attracted in the amount of USD 1.15 billion, including those denominated in national currency in the equivalent of USD 45 million (USD 25 million EBRD, USD 20 million Daryo Finance BV). An automated program "XMI BI" was introduced to record the main obligations of the Bank on loans, deposits and other types of resources attracted from international financial organizations and foreign banks in soums and foreign currency. New types of financial services were attracted in the bank on the principles of Sharia (Financing line agreements with the Islamic Corporation for the Development of the Private Sector and the International Islamic Trade Finance Corporation), and a mechanism for financing green projects was launched; Work is underway to sign an agreement on the allocation of a loan to Uzpromstroybank in the amount of USD 75 million by the International Finance Corporation (IFC), which can be fully or partially converted into common shares of the Bank.

In addition, a number of training seminars were organized for employees of JSCB "Uzpromstroybank" in cooperation with experts from international financial institutions. In particular, a one-year course of the European Bank for Reconstruction and Development on trade finance and combating money laundering, 6 webinars on trade finance and green finance from the Asian Development Bank, a webinar for commercial banks on risk management S&P Global Ratings and ICD seminar on Islamic finance ICRCs were organized. August 18, September 10 and November 24, 2020 JSCB "Uzpromstroybank" organized online meetings with investors (Investor Call) with the assistance of Sberbank and Wood & Co, as well as rating meetings with S&P Global Ratings and Fitch Ratings. In the Best Bank Awards 2020 held by AsiaMoney magazine, Uzpromstroybank was recognized as the winner in the Best Local Bank nomination. JSCB "Uzpromstroybank" was recognized as the best partner bank in Uzbekistan under the Trade Finance Program (TFP) of the Asian Development Bank (ADB) for 2020.

The work carried out jointly with the International Finance Corporation and the European Bank for Reconstruction and Development on the transformation of a financial institution allowed the bank to scale up its business and transform it into a universal bank operating on market principles, diversify its investment portfolio with a focus on small and retail business segments, increase its marketing and brand awareness among the population. Management plans for cooperation with financial institutions for 2021 and beyond.

Goals for the current period and perspective plans

Completion of the process of attracting a loan by the International Finance Corporation (IFC) in the amount of USD75 million, with the option of partial conversion into common shares of the Bank;

Attraction of new synthetic loans denominated in national currency and new financing instruments that were not previously used in the practice of JSCB "Uzpromstroybank", such as the EBRD's Risk Sharing Facility; Elaboration and conclusion of agreements (contracts) to attract new long-term credit lines and trade finance lines;

Active participation in the debt securities market by organizing a new issue and placement of debt securities;

Further improvement of the automated program "XMI BI" for accounting for the main obligations of the Bank on loans, deposits and other types of resources attracted from IFIs and foreign banks

Cooperation with potential investors: IR plans for the current year and beyond

- conducting online meetings (Investor Call) with the assistance of leading banking and financial institutions and ensuring the participation of representatives of JSCB "Uzpromstroybank" in various international, government and interbank events;
- organization of educational seminars and trainings on various relevant topics and attracting experts from IFIs, partner banks and fintech analysts;
- establishing correspondent relations with new banking and financial institutions;
- organization and support of Bank's representatives meetings and conference calls with the investment community;
- Preparation of position materials for investors meetings and maintain outcome report documents, as well as provision of information upon request;
- drafting and updating presentations focused on the Uzbekistan's financial sector other materials concerned the Bank's activities for investors;
- updating the content of the Bank's website IR section;
- maintaining a contacts register with investors and a frequently asked questions survey from;
- monitoring the news background and analytical reports review issued by investment banks, as well as preparing briefing notes on published leading analysts opinions and feedback from investors.

Via implementing of the IR strategy, the following logic objectives are achieved:

- increasing shareholder loyalty;
- developing the shareholder base, expanding the list of contacts and searching for new potential investors;
- building relationships with bank and stock analysts, expanding the number of analysts providing recommendations;
- monitor (and modification, if necessary) of company's overall public actions: press releases, conferences, communication of top managers with mass-media representatives, etc.;
- increasing the level of information transparency via participation in international rating agencies evaluations

Sales channels

The center of banking services and 24/7 is convenient, popular, comfortable, modern, with a high priority among customers (having access to uninterrupted use of ATMs at any time of the day), as well as ease of access to customers in remote regions.

Target clients: individuals, private entrepreneurs and corporate clients of the bank. Realizing the new needs of its customers and striving to meet the market requirements as much as possible, the Banking Services Center improves the quality of services provided and introduces new products and services for 2021. As well as a wide range of services provided, an individual approach to each client, a positive image of the bank gives an advantage over other centers and points in general. In 2020, 8 Banking Service Centers were planned and opened, thus, for the period 2019-2020. a total of 34 Banking Service Centers were opened.

Taking into account the demand and supply of legal entities and individuals, for the convenience and attraction of customers, the maximum use of banking services is involved, through which the number of individuals, according to the results of 2020, increased by 245,327 units and reached 1,323,027 people by the end of the specified year.

The main priorities are:

Improving the service of banking services, increasing the efficiency of processes, increasing the speed of decision-making and customer service in the Banking Service Centers, increasing the number of banking services, as well as maximizing the use of all types of banking services at one point.

In 2021, it is planned to launch deposit operations in addition to the existing comprehensive product line, in order to effectively attract new customers and retain existing ones, since the contribution of individuals is one of the main sources of funding for the Bank.

As well as the implementation of foreign exchange transactions, the introduction of the most relevant services of remote banking services, the implementation of the independent issuance of plastic cards, the authorization of the head of the center for the right to sign and the establishment of the system in the credit direction, namely, the self-registration and issuance of the loan by the employees, which in the future will allow the Center Banking services compete successfully in all segments of the retail business.

The increased convenience in customer service through the use of existing services and the expanded service planned by 2021 will significantly affect the financial result of the Banking Services Center in 2021.

Despite the growing competition in the banking market, advanced qualifications of employees, high-quality service, efficiency and automation of processes, brand recognition and attractiveness, as well as a convenient location, including in remote regions, will lead to the most efficient growth of operations in the Banking Service Centers.

SUBSIDIARIES

"SQB Capital"

The subsidiary of the Bank was established on July 31, 2018. The authorized capital is 362.7 million soums, which is 100% owned by the Bank. According to the Minutes of the Shareholders Meeting No. 2020/20 dated September 22, 2020, it was decided to increase the Fund's charter by 103.4 billion soums. During 2020, the Company financed 2 large projects, such as the creation of a Technopark in the Khorezm region and the creation of a handicraft complex in the Fergana region. The amount of investments in these projects is equal to 30.8 billion soums and 20.0 billion soums, respectively. At the moment, all enterprises created in the Technopark (6 enterprises) have been sold to the potential investors, and construction and installation works have been completed in the craft complex. Moreover, the funding process for other potential projects is in full swing.

"SQB Insurance"

14 branches were created in all regions of the country, the activities of which are carried out at full capacity. All 17 classes received a license to engage in compulsory insurance activities. 198 insurance agents were hired. Reinsurance cooperation agreements were signed with 27 companies (including international reinsurance organizations MOI Broker, broker SKALA, Axiom inre and insurance broker Societe de Courtage Re. A cooperation agreement was signed with the international assistant company REMED Assistance (Turkey) for the implementation of a travel insurance project. SQB Insurance Online, an automated online business process management system, was launched. For the first time in Uzbekistan, SQB Insurance Online software for online insurance (through an electronic policy) was integrated with ELMA banking software (credit conveyor). The rating was obtained on the national scale "UzA +" (High solvency) with a "Stable" forecast. A Telegram bot for online sales has been created, accepting payments through the payment systems PayMe, PayNet, Slick, Upay.

SQB Insurance's activities for 2020 as follows:

Insurance premiums: 13th place;
By assets: 14th place;
Net profit: 12th place;
By investment: 14th place.

Key financial indicators for 2020:

Assets - 81.001.00 million soums
(increased by 116.8% compared to 2019);
Net profit - 4.163.00 million soums
(increased by 43.5% compared to 2019);
Investments - 76.204.00 million soums
(increased by 115.7% compared to 2019);
The bank's investments in the authorized
capital increased 2.75 times to 94.6 billion soums.

Plans for 2021

By the end of 2023, insurance premiums will reach 105.0 billion soums and will strengthen their positions in the rating of insurance premiums, moving up to 5th place. Development of IT technologies and transformation into a digital insurance company: the integration of SQB Online software into banking software to ensure the sale of electronic policies. Securing at least 45% of insurance premium income through online sales. Obtaining an international rating and entering the international reinsurance market. Securing the export of reinsurance premiums. With the help of the bank, negotiations are underway with the rating agencies Fitch, S&P and ExpertRA. Increase in the return on authorized capital by 30%. At the end of 2020, it was 12.0%. By the end of 2023, net profit will reach 19.5 billion soums. The company's assets will amount to 250.0 billion soums. Based on studies provided to develop innovative insurance products.

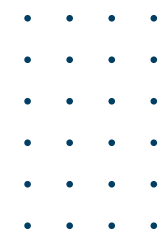
Forecasts for the main financial indicators:

**Assets - 105.000,00
million soums**

**Return on authorized
capital - 22.3%**

**Net profit - 8.200.00
million soums**

Investment - 98.000,00



Plans for 2021



In 2021, SQB Consult LLC plans to conduct a large-scale advertising campaign by posting topical videos on social networks (Facebook, Telegram, Youtube). The via Youtube channel detailed information on obtaining a loan, procedures, credit lines will be provided. Financial literacy classes will be organized and analytical data displayed. It is planned to held professional development courses with practical seminars for JSCB Uzpromstroybank employees on business planning, assessment and audit.

"SQB Consult"

The main goal of SQB Consult is lending to clients of JSCB "Uzpromstroybank". Practical assistance in paperwork, creation of a center that allows you to provide comprehensive services on the principle of a "one-stop shop". "SQB Consult" is working on the development of a business plan, price examination of contracts concluded by Uzpromstroybank, verification of the reliability of appraisal reports submitted by clients. In 2020, to support the construction industry, through an open roundtable, she provided information on the opportunities created for entrepreneurs. Seminars were held with entrepreneurs of the Bank to improve financial literacy. In particular, entrepreneurs welcomed the seminars held in the city of Tashkent and the region, the Republic of Karakalpakstan, the Khorezm region, the Navoi region, the Bukhara region.



Appendix 1

O'ZBEKISTON RESPUBLIKASI MARKAZIY BANKI		THE CENTRAL BANK OF THE REPUBLIC OF UZBEKISTAN
BANK OPERATSIYALARINI AMALGA OSHIRISH UCHUN		
17 -raqamli		
LITSENZIYA		
20 17 yil " 21 " oktabr	Toshkent shahri	
O'zbekiston Respublikasi Markaziy banki Boshqaruvining 20 17 yil " 21 " oktabr dagi		
28/29 sonli qaroriga muvofiq		
«O'zbekiston sanoat-qurilish banki» aksiyadorlik tijorat banki		
100000, O'zbekiston, Toshkent shahri, Yunusobod tumani, Shahrisabz, 3 uy		
<small>(tashkilot nomi va boshqa rekvizitlari)</small>		
quyidagi bank operatsiyalarini so'mlarda hamda xorijiy valyutalarda amalga oshirish huquqiga ega:		
1. Jismoniy va yuridik shaxslarning, shu jumladan, vakil banklarning hisobvaraqlarini ochish va yuritish, hisobvaraqlar bo'yicha hisob-kitob qilish. 2. Omonatlarni jalb etish. 3. Kreditlarning qaytarilishi, foizliligi va muddatligi sharti bilan o'z mablag'lari va jalb etilgan mablag'lar hisobidan o'z nomidan kreditlar berish. 4. Mablag' egasi yoki mablag'ni tasarruf etuvchi bilan tuzilgan shartnomaga binoan pul mablag'larini boshqarish. 5. Chet el valyutasini naqd va naqd bo'lmagan pul shakllarida ichki valyuta bozorida hamda xalqaro pul bozorlarida sotib olish va sotish. 6. Pul mablag'larini, to'lov va hisob-kitob hujjatlarini inkasso qilish. 7. Uchinchi shaxslar nomidan majburiyatlarning bajarilishini talab qilish huquqini olish. 8. Uchinchi shaxslardan majburiyatlarning bajarilishini talab qilish huquqini olish. 9. Qimmatli qog'ozlar chiqarish, xarid qilish, sotish, hisobini yuritish va ularni saqlash, mijoz bilan tuzilgan shartnomaga binoan qimmatli qog'ozlarni boshqarish, qimmatli qog'ozlar bilan boshqa operatsiyalarni bajarish. 10. Bank faoliyati yuzasidan maslahat va axborot xizmatini ko'rsatish. 11. Jismoniy va yuridik shaxslarga hujjatlar va boshqa boyliklarni saqlash uchun maxsus binolar yoki ular ichidagi po'lat sandiqlarni ijaraga berish. 12. Xalqaro bank amaliyotiga muvofiq xorijiy valyutada kreditlar, depozitlar, jam'armalar va boshqa shakllarda mablag'lar jalb etish va joylashtirish hamda o'z mablag'lari doirasida mijozlari foydasiga xorijiy valyutada kafolatlar berish. 13. Moliyaviy lizing. 14. Uchinchi shaxslar nomidan majburiyatlarning bajarilishini nazarda tutuvchi kafolatlar berish. 15. Qimmatbaho metallar va qimmatbaho toshlar bilan bog'liq bo'lgan operatsiyalarni qonunchilikda belgilangan tartibda amalga oshirish.		
Ushbu litsenziya belgilanmagan muddat mobaynida amal qiladi.		
Yuqorida keltirilgan operatsiyalar O'zbekiston Respublikasi Markaziy banki tomonidan o'rnatilgan tartib va iqtisodiy me'yorlar asosida amalga oshiriladi.		
Bank zimmasiga o'z mijozlari operatsiyalari ustidan valyuta nazoratini amalga oshiruvchi agent vazifasi yuklatiladi.		
O'zbekiston Respublikasi Markaziy banki ushbu litsenziya shartlariga o'zgarish va qo'shimchalar kiritishi hamda O'zbekiston Respublikasi "O'zbekiston Respublikasining Markaziy banki to'g'risida" gi va "Banklar va bank faoliyati to'g'risida" gi qonunlarida ko'zda tutilgan hollarda uni bekor qilishi mumkin.		
Bank 1991 yil " 25 " iyun da 17 -raqam ostida Banklarni ro'yxatga olish Davlat kitobiga kiritildi(gan).		
O'zbekiston Respublikasi Markaziy banki Raisi o'rinbosari Sh.X. Atabaev <small>(tashkilot nomi)</small>		
<div style="display: flex; justify-content: space-between;"> <div> Seriya AB № 000039 </div> <div style="text-align: right;">  <small>(imzo)</small> </div> </div>		
<small>"Davlat belgisi" DCHB TBF</small>		

Appendix 2

Major deals and related party transactions

Nº	Date of conclusion	Counterparty name	Subject of the transaction	Amount	Who is the issuer of the transaction
1	31.01.2020	Credit Suisse AG (London branch UK)	On attracting a credit line from Credit Suisse AG bank (London branch of Great Britain) (to attract credit funds in the amount of EUR 100 million and EUR 50 million)	€100 million and €50 million	Credit Suisse AG Bank (London Branch UK)
2	31.01.2020	"ICBC Standard Bank" (London branch UK)	On attracting a credit line from ICBC Standard Bank in the amount equivalent to USD100 million in Uzbek soums	USD 100 million in uzбек soums	"ICBC Standard Bank" (London branch UK)
3	21.07.2020	"ICBC Standard Bank" (London branch UK)	On attraction of an untied credit line "Credit Suisse AG" (London branch, Great Britain)	USD150 million	"ICBC Standard Bank" (London branch UK)
4	20.08.2020	JSC "Regional Electric Networks"	On the allocation of a loan to Regional Electric Networks JSC in the amount of 336.9 billion soums for the purchase of electricity metering devices and related equipment	336.9 billion soums	JSCB "Uzpromstroybank"
5	22.09.2020	LLC "PSB Capital"	On the investment of additional funds in the	103.4 billion soums	JSCB "Uzpromstroybank"

Appendix 3

Membership in non-commercial organizations

1. Association of Banks of Uzbekistan
2. Chamber of Commerce and Industry of Uzbekistan
3. Fund for Guarantee Citizens Deposits in Banks
4. LLC "Credit and Information Analysis Center"
5. JSC "Mortgage Refinancing Company of Uzbekistan"
6. JSC "Small Business Development Guarantee Fund"
7. Trade union

Branches

No.	Name of Bank	Name of branch	Code	Location		Mailing address
				Name of branch	Name of town/district	
a	1	2	3	4	5	6
1	Uzpromstroybank	Khanabad branch	00051	Tashkent region	Honabad	171500 Andijan region, Khanabad, Farogat street, 2.
2	Uzpromstroybank	Andijan regional branch	00075	Andijan region	Andijan	170119 Andijan region, Andijan, Bobur Khiyoboni, 36.
3	Uzpromstroybank	Bunyodkor branch	00076	Andijan region	Angren	170100 Andijan region, Andijan, Amir Temur street, 24.
4	Uzpromstroybank	Karaulbazar branch	00085	Bukhara region	Karaulbazar district	200900 Bukhara region, Karaulbazar, Chulkuvar MSG, Geologov street, 32
5	Uzpromstroybank	Bukhara regional branch	00086	Bukhara region	Bukhara	200107 Bukhara region, Bukhara, B.Naqshband street, 257A.
6	Uzpromstroybank	Muborak branch	00186	Kashkadarya region	Navoi	731000 Kashkadarya region, Muborak district, Muborak, Zanzhirsaroy street, 22/4.
7	Uzpromstroybank	Navoi regional branch	00207	Navoi region	Navoi	210100 Navoi region, Navoi, Kuruvchi street, 7.
8	Uzpromstroybank	Namangan regional branch	00224	Namangan region	Namangan	160103 Namangan region, Namangan, Dustlik hiyoboni, 19.
9	Uzpromstroybank	Samarkand regional branch	00317	Samarkand region	Samarkand	140105 Samarkand region, Samarkand, Mirzo Babur street, 3A.
10	Uzpromstroybank	Shargun branch	00354	Surkhandarya region	Sariasi district	191019 Surkhandarya region, Sariasi district, Shakhtyorskaya street, 29.
11	Uzpromstroybank	Uchtepa branch	00397	Tashkent city	Tashkent district	100123 Tashkent, Uchtepa district, Chilonzor -12, Farhod street, 3a.
12	Uzpromstroybank	Almazar branch	00398	Tashkent city	Tashkent district	100057 Tashkent, Almazar district, O. Babadzhonov street, 10.
13	Uzpromstroybank	Mirzo Ulugbek branch	00399	Tashkent city	Tashkent district	100000 Tashkent, Mirzo Ulugbek district, Istiklol street, 25.

14	Uzpromstroybank	Shahristan branch	00400	Tashkent city	Tashkent district	100039 Tashkent, Yunusabad district, Chinabad street, 49.
15	Uzpromstroybank	Nodirabegim branch	00402	Tashkent city	Tashkent district	100128 Tashkent, Shaykhantakhur district, Zulfiyahonim street, 8a.
16	Uzpromstroybank	Sergeli branch	00403	Tashkent city	Tashkent district	100085 Tashkent, Sergeli district, Sergeli-8, Shokirarik street, 3.
17	Uzpromstroybank	Mirabad branch	00405	Tashkent city	Tashkent district	100015 Tashkent, Mirabad district, Turkiston street, 10.
18	Uzpromstroybank	Tashkent city regional branch	00424	Tashkent city	Tashkent district	100000 Tashkent, Mirzo Ulubek district, Mustakillik shoh kuchasi, 5.
19	Uzpromstroybank	Catartal branch	00426	Tashkent city	Tashkent district	100097 Tashkent, Chilanazar -6, Katartal street, 30.
20	Uzpromstroybank	Chilanazar branch	00427	Tashkent city	Tashkent district	100097 Tashkent, Chilanazar -Ts, Mehr street, 10.
21	Uzpromstroybank	Yunusabad branch	00428	Tashkent city	Tashkent district	100190 Tashkent, Yunusabad district, Uch Kakhramon street, 7.
22	Uzpromstroybank	Yashnabad branch	00432	Tashkent city	Tashkent district	100047 Tashkent, Yashnobd district, Makhtumkuli street, 69.
23	Uzpromstroybank	Al Khorazmiy branch	00434	Tashkent city	Tashkent district	100208 Tashkent, Uchtepa district, Chilonzor-30, 16-a.
24	Uzpromstroybank	Rakat branch	00435	Tashkent city	Tashkent district	100100 Tashkent city, Yakkasaray district, Shokhjakhon street, 2a.
25	Uzpromstroybank	Operations Dept. at Uzpromstroybank	00440	Tashkent city	Tashkent district	100000 Tashkent, Yunusabad district, Shakhrisabz street, 3.
26	Uzpromstroybank	Central operational regional branch	00442	Tashkent city	Tashkent district	100128 Tashkent, Shaykhantakhur district, Abay street, house 10A.
27	Uzpromstroybank	Tashkent regional branch	00490	Tashkent city	Tashkent district	100128 Tashkent, Shaikhantakhur district, Abay street, 10A.
28	Uzpromstroybank	Fergana regional branch	00494	Fergana region	Fergana	150100 Fergana region, Fergana, Komus street, 42.
29	Uzpromstroybank	Kirguli branch	00524	Fergana region	Fergana	150100 Fergana region, Fergana, Fargona street, 19.
30	Uzpromstroybank	Kokand branch	00531	Fergana region	Kokand	150700 Fergana region, Kokand, Amir Temur street, 1A.
31	Uzpromstroybank	Kungrad branch	00591	Republic of Karakalpakstan	Kungrad district	230600 Republic of Karakalpakstan, Kungrad region, Kungrad, T. Ayberganov street, 2.
32	Uzpromstroybank	Takhiatash branch	00616	Republic of Karakalpakstan	Takhiatash district	231000 Republic of Karakalpakstan, Khodjeyli district, Takhiatash, S. Avezov street, 29.
33	Uzpromstroybank	Khorezm regional branch	00853	Khorezm region	Urgench	220100 Khorezm region, Urgench, Anna German street, 22.

34	Uzpromstroybank	Kashkadarya regional branch	00854	Kashkadarya region	Karshi	180119 Kashkadarya region, Karshi, Khanabad street, 2A.
35	Uzpromstroybank	Syrdarya regional branch	00855	Syrdarya region	Gulistan	120100 Syrdarya region, Gulistan, A. Navoi street, 48.
36	Uzpromstroybank	Tukimachilik branch	00862	Bukhara region	Bukhara	200100 Bukhara region, Bukhara, A. Navoiy street, 5.
37	Uzpromstroybank	Chirchik branch	00863	Tashkent region	Chirchik	111700 Tashkent region, Chirchik, Mezhkanalnaya street, building 1A.
38	Uzpromstroybank	Karakalpak regional branch	00868	Republic of Karakalpakstan	Nukus	230100 Republic of Karakalpakstan, Nukus, Aimaghan Shamuratov street, 117A.
39	Uzpromstroybank	Kibray branch	00884	Tashkent region	Kibray district	111200 Tashkent region, Kibray district, Zebiniso street, 7.
40	Uzpromstroybank	Amir-Timur branch	00994	Samarkand region	Samarkand	702419 Samarkand region, Samarkand, Buyuk Ipak yuli street, 13.
41	Uzpromstroybank	Angren branch	01022	Tashkent region	Angren	110200 Tashkent region, Angren, block 5/1 a, 3.
42	Uzpromstroybank	Almalyk branch	01034	Tashkent region	Almalyk	110111 Tashkent region, Almalyk, Amir Temur street, 28.
43	Uzpromstroybank	Surkhandarya regional branch	01045	Surkhandarya region	Termez	190100 Surkhandarya region, Termez, A. Navoiy street, 45A.
44	Uzpromstroybank	Bekabad branch	01100	Tashkent region	Bekabad	110500 Tashkent region, Bekabad, Abbasov street, 264.
45	Uzpromstroybank	Jizzakh regional branch	01152	Jizzakh region	Jizzak	130100 Jizzakh region, Jizzakh city, Sharaf Rashidov street, 7.

APPENDIX 4. Awards

Uzpromstroybank is the winner of the Best Bank in 2020 competition organized by AsiaMoney magazine in the Best Local Bank nomination. The publication noted the growth of assets over the past 12 months by 15.4 percent - 35.4 trillion soums compared to last year. One of the accents was made on the rebranding of the financial institution, a wide infrastructure on a national scale. It is noted: "although the bank believes in the digital banking revolution, it continues to develop its own service structures as the institution with the largest client base in the country." AsiaMoney's message draws special attention to the significance of the USD300 million Eurobonds placed by Uzpromstroybank in November last year on the London Stock Exchange. It was noted that it became the first among Uzbek banks in the world stock market, which means a breakthrough for the country.



2. Uzpromstroybank is the winner of the Choice of the Year 2020 contest! Our bank was recognized as the best in the nomination "The banking system that won the people's trust in 2020", fully justifying the title of the most advanced and open bank in the country, whose activities are widely covered in the media and social networks and were highly appreciated by the strictest jury - their compatriots.

3. JSCB Uzpromstroybank is the winner of the Best Bank of 2021 competition (Best bank awards 2021) in the Best Local Bank nomination! The competition is traditionally held by the international authoritative financial magazine AsiaMoney among the banks of the countries of the Asia-Pacific region every year, and in 2020 our bank has already become its winner in the same nomination. This year, the leadership of Uzpromstroybank ensured the growth of the bank's financial indicators over the past 12 months: assets increased by 29% to USD4.5 billion, and the return on equity increased from 9% to 15%. The number of retail clients increased - now there are 1.16 million, and corporate clients - almost 64,500. Experts also highly appreciated the joint work with the International Finance Corporation and the European Bank for Reconstruction and Development on the transformation of a financial institution. Uzpromstroybank managed to scale the business and transform it into a universal bank operating on market principles, focusing its efforts on small and retail business segments. Separately, the large-scale work on the digitalization of banking services was noted, and as a result, the introduction of the JOYDA software and the SQB Premium service, as well as the development of green banking, specializing in financing sustainable development projects.

APPENDIX 5. List of subsidiaries and dependent companies

Issuer name	Industry type	Share of participation
JSC "Currency Exchange of the Republic of Uzbekistan"	Exchange activity	11,1%
JSC Republican Stock Exchange "Toshkent"	Exchange activity	6,8%
JSCB "Microcreditbank"	Banking activity	0,2%
LLC Magazine "Market, Money and Credit"	Publishing activities	7,7%
LLC Credit Bureau "Credit Information and Analytical Center"	Credit bureau	3,2%
JSC "Kurilishmashlizing"	Leasing activities	6,5%
LLC "United Republican Processing Center"	Payment system	6,0%
JSC "Uzbekistan Mortgage Refinancing Company"	Financial institution	8,0%
LLC "PSB Insurance"	Insurance activities	100,0%
"Credit Bureau" CRIF Credit Information Services "	Credit bureau	8,7%
LLC "PSB CAPITAL"	Management Company	100,0%

JOINT STOCK COMMERCIAL BANK
"UZBEK INDUSTRIAL AND CONSTRUCTION BANK" AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020
(in millions of Uzbek Soums)

	Notes	31 December 2020	31 December 2019
ASSETS			
Cash and cash equivalents	7,37	5,601,186	2,862,574
Due from other banks	8,37	1,859,192	2,037,090
Loans and advances to customers	9,37	38,959,958	30,039,785
Investment securities measured at amortised cost	10,37	540,222	84,648
Financial assets at fair value through other comprehensive income	11	38,024	88,714
Investment in associates	12	993	-
Premises, equipment and intangible assets	13	747,232	435,280
Deferred tax asset	20	167,619	-
Insurance assets	27	5,544	2,391
Other assets	14,37	376,520	276,693
Total assets before non-current assets held for sale		48,296,490	35,827,175
Non-current assets held for sale	15	27,355	18,943
TOTAL ASSETS		48,323,845	35,846,118
LIABILITIES			
Due to other banks	16,37	1,496,004	465,109
Customer accounts	17,37	11,616,958	9,123,970
Debt securities in issue	18,37	3,273,048	2,920,894
Other borrowed funds	19,37	25,683,457	16,803,214
Deferred tax liability	30	-	13,880
Insurance liabilities	27	44,887	15,631
Other liabilities	20,37	128,627	99,520
Subordinated debt	21,37	-	83,332
TOTAL LIABILITIES		42,242,981	29,525,550
EQUITY			
Equity attributable to owners of the Bank:			
Share capital	22	4,640,011	4,640,011
Retained earnings		1,427,469	1,669,225
Revaluation reserve on equity securities at fair value through other comprehensive income		13,384	6,404
Total equity attributable to owners of the Bank		6,080,864	6,315,640
Non-controlling interest		-	4,928
TOTAL EQUITY		6,080,864	6,320,568
TOTAL LIABILITIES AND EQUITY		48,323,845	35,846,118

Approved for issue and signed on behalf of the Management Board on 3 June 2021.

Annaklichev Sakris
Chairman of the Management Board

Vokhidov Oybek
Chief Accountant

JOINT STOCK COMMERCIAL BANK
"UZBEK INDUSTRIAL AND CONSTRUCTION BANK" AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020
(in millions of Uzbek Soums, except for earnings per share which are in Soums)

	Notes	2020	2019
Continuing operations			
Interest income	24,37	3,289,632	2,290,730
Interest expense	24,37	(1,667,555)	(1,133,409)
Net interest income before allowance for expected credit losses on loans and advances to customers		1,622,077	1,157,321
Allowance for expected credit losses on loans and advances to customers	9,37	(1,200,998)	(95,454)
Initial recognition adjustment on interest bearing assets		(19,285)	(12,995)
Net interest income		401,794	1,048,872
Fee and commission income	25,37	401,784	334,039
Fee and commission expense	25	(81,461)	(76,880)
Net gain on foreign exchange translation		100,467	44,750
Net gain from trading in foreign currencies	37	72,569	21,475
Insurance operations income	26	43,444	18,754
Insurance operations expense	26	(17,713)	(5,600)
Change in insurance reserves, net	27	(26,103)	(13,240)
Dividend income		5,477	12,041
Other operating income	28,37	29,773	16,695
Provision for impairment of other assets	31	(12,323)	(17,479)
Recovery/(Provision) for impairment of assets held for sale	15	7,233	(12,488)
Administrative and other operating expenses	29,37	(790,447)	(659,403)
Share of profits of associates		(12)	-
Profit before tax		134,482	711,536
Income tax expense	30	(22,358)	(107,056)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		112,124	604,480
Discontinued operations			
Profit/(Loss) for the year from discontinued operations		889	(14)
PROFIT FOR THE YEAR		113,013	604,466
Attributable to:			
- Owners of the Bank		113,013	604,587
- Non-controlling interest		-	(121)
PROFIT FOR THE YEAR		113,013	604,466
Total basic and diluted EPS per ordinary share (expressed in UZS per share)	32	0.46	4.46
PROFIT FOR THE YEAR		113,013	604,466
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss:			
Fair value gain on equity securities at fair value through other comprehensive income	11	8,725	5,179
Income tax relating to items that will not be reclassified subsequently to profit or loss	30	(1,745)	(1,036)
Other comprehensive income		6,980	4,143
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		119,993	608,609
Attributable to:			
- Owners of the Bank		119,993	608,730
- Non-controlling interest		-	(121)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		119,993	608,609

Approved for issue and signed on behalf of the Management Board on 3 June 2021.

Annaklichev Sakris
Chairman of the Management Board

Vokhidov Dybek
Chief Accountant

The notes set out on pages 9 to 81 form an integral part of these consolidated financial statements

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