



Ministry of Finance
of the Republic of Uzbekistan

May, 2021

NEWSLETTER № 21

Ministry of Finance of the Republic of Uzbekistan



1. Key developments

S&P Global Ratings

The international rating agency S&P Global Ratings published a regular report on the Republic of Uzbekistan. Accordingly, Uzbekistan's rating has been maintained at **"BB-"**, while the outlook has been revised from "negative" to **"stable"** due to the followings:

- ✓ The economy expanded 1.6% in real terms over 2020, making Uzbekistan one of the few countries to maintain positive real growth rate;
- ✓ Short-term fiscal and external risks have decreased;
- ✓ Fiscal position outperformed the Agency's expectation (4.5% to GDP in 2020);
- ✓ Uzbekistan's external balance sheet performance was better than expected. **(page 14)**



"Raiffeisen Research" recognizes **Uzbekistan** as **"Poland" in Central Asia**. The country consistently outperformed on the economic growth front and managed to avoid an outright recession in 2020 in the context of the COVID-19 crisis. **(page 16)**



"bne Intelligence" published the article named **"Strengthening the foundation of the Uzbek capital markets infrastructure"**. **(page 16)**



The State Assets Management Agency of the Republic of Uzbekistan announced the sale of 100 percent state shares of **"UzAgroEksportBank" JSBC** and **"Poytaxt Bank" JSC**.



Mandate letter has been signed between the Ministry of Finance, **"Uzpromstroybank" JSC** and the EBRD. It envisages the EBRD's participation in the pre-privatisation transformation process of "Uzpromstroybank" JSC through the provision of a credit facility worth U.S.\$ 50 mn convertible to equity. **(page 15)**

Content

1. Key developments.....	1
2. Statistics at glance.....	2
3. Reforms Agenda.....	3
4. Macroeconomic Environment.....	4
5. Foreign Trade Turnover.....	5
6. Monetary Policy and Banking Sector.....	6
7. Borrowing Statistics.....	7
8. Domestic Treasury Securities.....	8
9. Sovereign Eurobonds.....	12
10. Uzbek corporate Eurobonds.....	13
11. International Ratings and Indices.....	14
12. MoF Activities.....	15
13. Reports.....	16

2. Statistics at a glance



Economic Statistics

- ❖ As of June 1, 2021, the inflation rate constituted **10.9%** (yoy) in comparison to 14.0% (yoy) of the same period last year;
- ❖ As of May 1, 2021, official reserve assets of the country reached **U.S.\$ 34.2 bn**, an increase of U.S.\$ 2.9 bn compared to the same period in the previous year;
- ❖ In January-April 2021, the total foreign trade turnover amounted to **U.S.\$ 10.3 bn**, a decrease of U.S.\$ 0.4 bn;
- ❖ In January-April 2021, the volume of industrial products equaled **UZS 124.3 tn** (~U.S.\$ 11.8 bn)¹ with a real growth rate of 6.6%(yoy);
- ❖ In January-April 2021, the volume of provided services equaled **UZS 82.8 tn** (~U.S.\$ 7.9 bn)¹ with a real growth rate of 19.8%(yoy);
- ❖ In January-April 2021, the volume of construction amounted to **UZS 29.5 tn** (~U.S.\$ 2.8 bn)¹ with a real growth rate of 0.8%(yoy);
- ❖ As of April 1, 2021, the State debt³ amounted to **U.S.\$ 23.2 bn** (40.1% of GDP), of which, State external debt – **U.S.\$ 21.0 bn** (36.3% of GDP) and State domestic debt – **U.S.\$ 2.2 bn** (3.8% of GDP);
- ❖ As of June 1, 2021 MoF had outstanding treasury bills and bonds equal to **UZS 3.2 tn** (~U.S.\$ 0.3 bn)⁴. In January-May, 25 auctions were conducted and the total volume of issued T-bills and bonds reached **UZS 2.1 tn** (~U.S.\$ 0.2 bn)⁵.

Note 1: Average official exchange rate for January – March 2021, USD/UZS = 10 506

Note 2: Average official exchange rate for January – April 2021, USD/UZS = 10 505

Note 3: Debt borrowed on behalf of the Republic of Uzbekistan and under its guarantee

Note 4: Official exchange rate for 1 June 2021, USD/UZS = 10 568

Note 5: Average official exchange rate for January – May 2021, USD/UZS = 10 514

Indicators	As of May 1, 2020	As of May 1, 2021
Inflation, % (yoy) ¹	14.0	10.9
Industry statistics, UZS tn	107.4	124.3
Service statistics, UZS tn	62.9	82.8
Construction works, UZS tn	23.3	29.5
Official Reserve Assets, U.S.\$ bn	31.3	34.2
Foreign trade turnover, U.S.\$ bn	10.7	10.3
Broad money, U.S.\$ bn	9.8	10.2
State domestic debt, U.S.\$ bn ²	2.1	2.2
State external debt, U.S.\$ bn ²	21.1	21.0

¹ As of June 1, 2020 and June 1, 2021













² As of April 1, 2020 and April 1, 2021

Sovereign Eurobonds	Currency	Price ³	YTM ³
UZBEK 4 ¾ 02 20 24	USD	106.58%	2.24%
UZBEK 5 ¾ 02 20 29	USD	111.72%	3.62%
UZBEK 3.7 25 11 30	USD	99.14%	3.81%
UZBEK 14 ½ 11 25 23	UZS	101.00%	14.00%

³ As of June 1, 2021

Source: Bloomberg BVAL pricing

Exchange rates as of May 1, 2021

 USD/UZS = 10 509.11	-5.93	
 RUB/UZS = 141.51	+0.92	
 EUR/UZS = 12 735.99	+47.49	
 GBP/UZS = 14 649.70	+45.36	
 CNY/UZS = 1 624.71	+3.07	
 CHF/UZS = 11 558.63	+75.57	

Source: Central Bank of the Republic of Uzbekistan

Presidential Decree №6243 «On measures to ensure equality and transparency in land relations, reliable protection of land rights and their transformation into market assets»

(8 June 2021)

- ❖ The Presidential Decree was adopted in order to protect land property rights in Uzbekistan, determine the economic value of land and turn it into a market asset.
- ❖ In accordance with the Decree, the following changes will come into force from August 1, 2021:
 - ✓ land plots to **the private sector** will be allocated on the basis of **property** and **lease rights**, to state organizations - on the basis of the right of **permanent use**;
 - ✓ procedure for allocating land with the right of inherited lifelong possession, permanent possession and temporary use will be abolished;
 - ✓ agricultural lands will be allocated based on the results of **an open electronic tender**, allocated only on the basis of the **lease right**;
 - ✓ non-agricultural land is sold through **an electronic online auction** on the basis of **property** and **lease rights**;
 - ✓ land plots to state organizations are allocated with the right of permanent use by the decision of khokims of regions and Tashkent city;
 - ✓ in all cases, land plots are separated only from **empty** and **reserved lands**.
- ❖ The Cabinet of Ministers, as an exception, has the right to lease land directly in the following cases:
 - ✓ state research and educational institutions for conducting research and scientific tests in agriculture;
 - ✓ for agro-industrial clusters as per request of Ministry of Agriculture;
 - ✓ for implementation of large investment projects worth at least the equivalent of U.S.\$ 10 mn;
 - ✓ for enterprises, international associations and organizations, foreign legal entities and individuals with foreign investment.

Resolution of the Cabinet of Ministers №343 «On further improvement of the system of assessment of the level of environmental pollution»

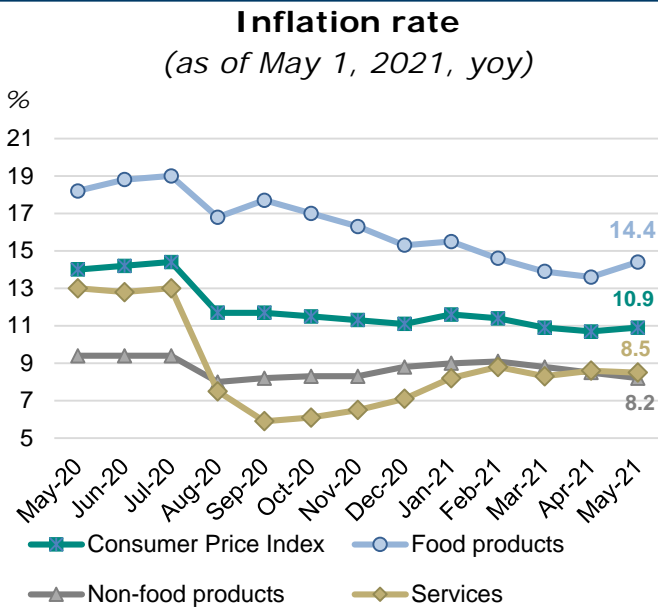
(3 June 2021)

- ❖ The State Committee for Ecology and Environmental Protection has created **the Unified Geoinformation Database** of the state environmental monitoring system.
- ❖ Environmental monitoring program of the Republic of Uzbekistan for 2021–2025 was approved, which envisages:
 - ✓ water resources, sources of air and soil pollution monitoring;
 - ✓ pollution of atmospheric air, surface and ground waters and soil monitoring;
 - ✓ hazardous exogenous geological process monitoring;
 - ✓ ash ecosystems monitoring;
 - ✓ flora and fauna monitoring;
 - ✓ transboundary environmental pollution monitoring;
 - ✓ integration of the electronic database of state monitoring of the environment into the Unified Geoinformation Database;
 - ✓ strengthening the material and technical base of analytical laboratories and modernization of control and measuring equipment;
 - ✓ implementation of scientific work and innovation.
- ❖ State Committee for Ecology and Environmental Protection of the Republic of Uzbekistan has been assigned the following tasks:
 - ✓ coordinating the activities of ministries, departments and business associations to implement the measures provided for in the Program;
 - ✓ creating the Unified Geoinformation Database by December 1, 2021;
 - ✓ providing departments of monitoring of environmental pollution with 8 mobile laboratories, modern control and measuring equipment by the end of 2021;
 - ✓ ensuring the generalization and in-depth analysis of information on the state of the environment, as well as the publication of an annual bulletin and a national report every 3 years.

4. Macroeconomic Environment

Inflation rate

Inflation rate settled **10.9% (yoy)** in May, 2021, following 0.2% rise compared to April, 2021 (from 10.7% to 10.9%). The consolidated CPI in annual terms for May 2021 was 3.1 points lower than in May last year (14.0%(yoy)), and 2.8 points lower than in May 2019 (13.7%(yoy)).

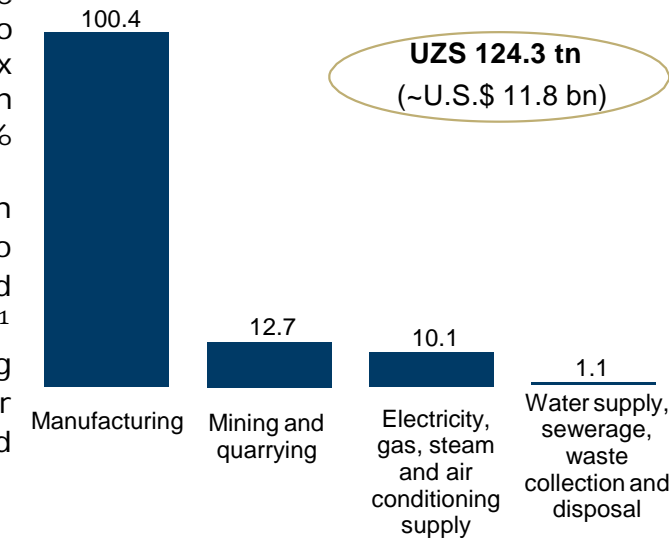


Industry statistics

In **January-April 2021**, the volume of the industrial products amounted to **UZS 124.3 tn (~U.S.\$ 11.8 bn)¹**, the index of physical volume of industrial production in January-April 2021 amounted to 6.6% (yoy)².

In the structure of production manufacturing amounted to UZS 100.4 tn (~U.S.\$ 9.6 bn)¹, mining and quarrying UZS 12.7 tn (~U.S.\$ 1.2 bn)¹ electricity, gas, steam and air conditioning UZS 10.1 tn (~U.S.\$ 1.0 bn)¹ and water supply, sewerage, waste collection and disposal UZS 1.1 tn (~U.S.\$ 0.1 bn)¹.

Industrial output

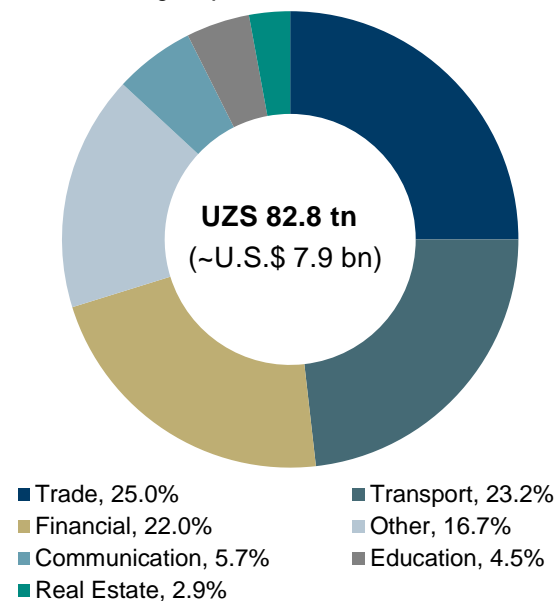
(January-April 2021, UZS tn)


Service statistics

Market services in **January-April 2021** reached **UZS 82.8 tn (~U.S.\$ 7.9 bn)¹** with a real growth rate of 19.8 % (yoy)².

As of May 1, 2021 the largest share of enterprises and organisations operating in the service sector constituted 50.9% of the total number of organisations. In the structure of market services falls on trade services (25.0%), transport (23.2%), financial services (22.0%), communication and information services (5.7%).

Services statistics

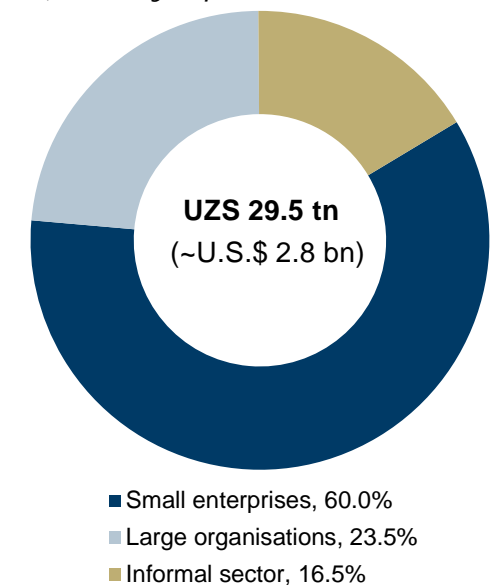
(January-April 2021, % in total)


Construction statistics

In **January-April 2021**, the construction works amounted to **UZS 29.5 tn (~U.S.\$ 2.8 bn)¹** with a real growth rate of 0.8% (yoy)².

As of May 1, 2021, the number of enterprises and organisations in the construction sector amounted to **42 782 thousand units** with 4 924 thousand units increase compared with the last year.

Construction works

(January-April 2021, % in total)


Note 1: Average official exchange rate for January – April 2021, USD/UZS = 10 505

Note 2: The information provided in service, industry and construction section is preliminary, the growth rates in these sectors are calculated based on comparative price level indices that are relative indicators that characterize the change in the volume of products (goods and services) in the compared periods

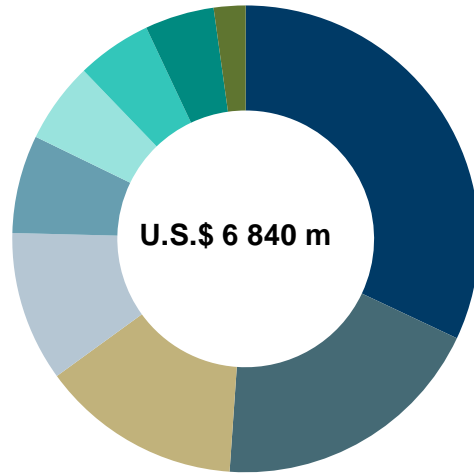
Source: State Committee of the Republic of Uzbekistan on Statistics

5. Foreign Trade Turnover

Structure of Imports

(January-April 2021, % in total)

- Machinery and transport equipment, 32.0%
- Manufactured goods, 19.1%
- Chemicals and similar products, 13.9%
- Food and live animals, 10.4%
- Various finished goods, 6.8%
- Services, 5.6%
- Mineral fuels and similar materials, 5.2%
- Non-food raw materials, 4.8%
- Other goods, 2.2%



Foreign Trade Turnover

In January-April 2021, the foreign trade turnover (FTT) constituted **U.S.\$ 10 322 m**, a decrease by U.S.\$ 3 482.0 m, compared to the same period last year. Negative balance of foreign trade in the amount of U.S.\$ 3 358 m was recorded.

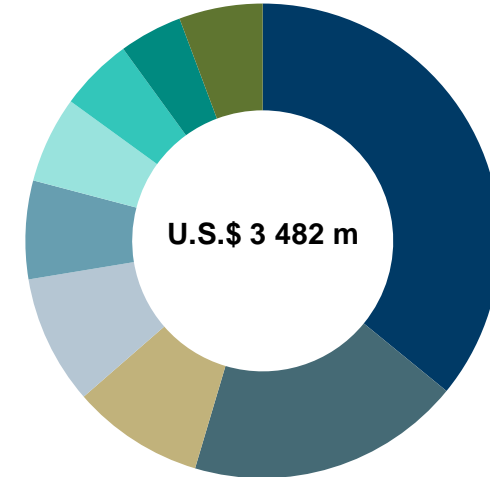
As of May 1, 2021, exports reached **U.S.\$ 3 482 m**, while the total number of exporting entities amounted to 3 986 units.

Imports amounted to **U.S.\$ 6 840 m**, the main share of which is occupied by industrial goods (19.1%), food and live animals (10.4%) and services (5.6%).

Structure of Exports

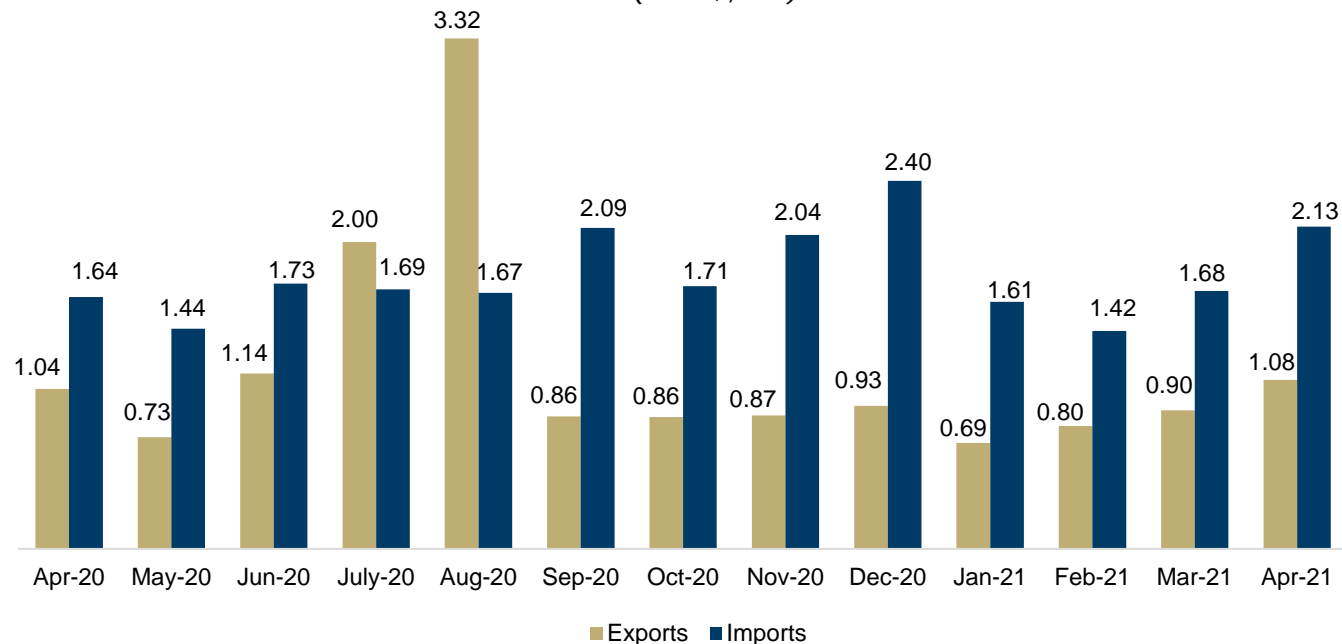
(January-April 2021, % in total)

- Manufactured goods, 35.9%
- Services, 18.7%
- Food and live animals, 9.0%
- Chemical products, 8.8%
- Various finished products, 6.7%
- Machinery equipment, 5.9%
- Non-food raw materials, 5.0%
- Mineral fuels, 4.3%
- Other goods, 5.7%



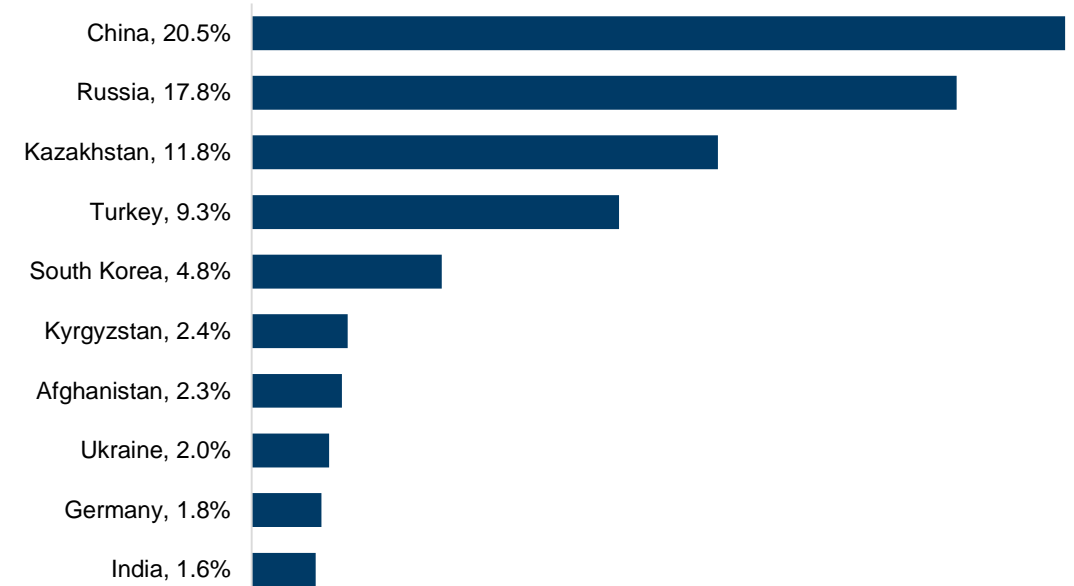
Exports and Imports of goods and services

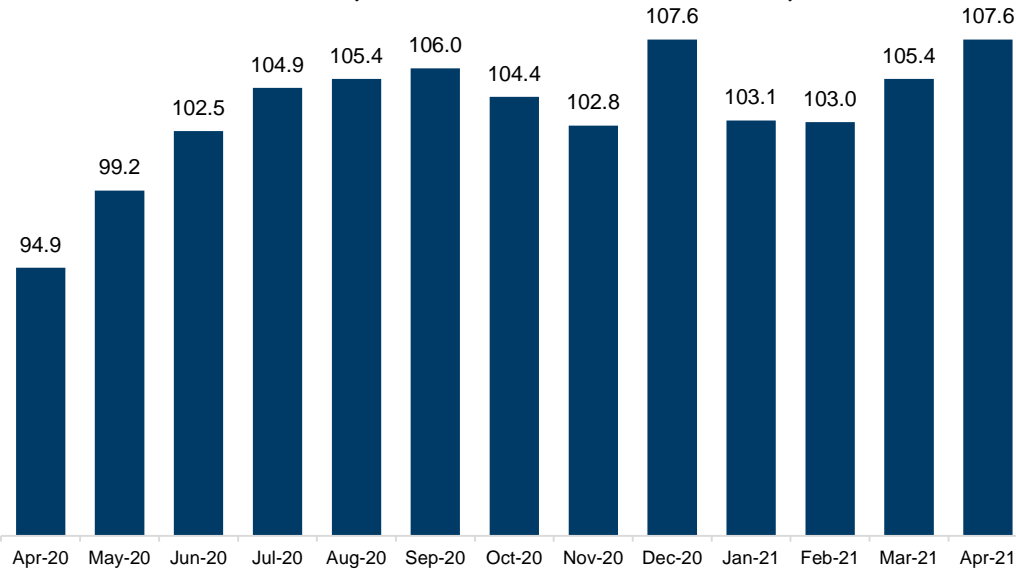
(U.S.\$, bn)



Top 10 countries in foreign trade with Uzbekistan

(January-April 2021, % share in total FTT)



Broad Money (M2)*(to the end of month, UZS tn)***Broad Money (M2)**

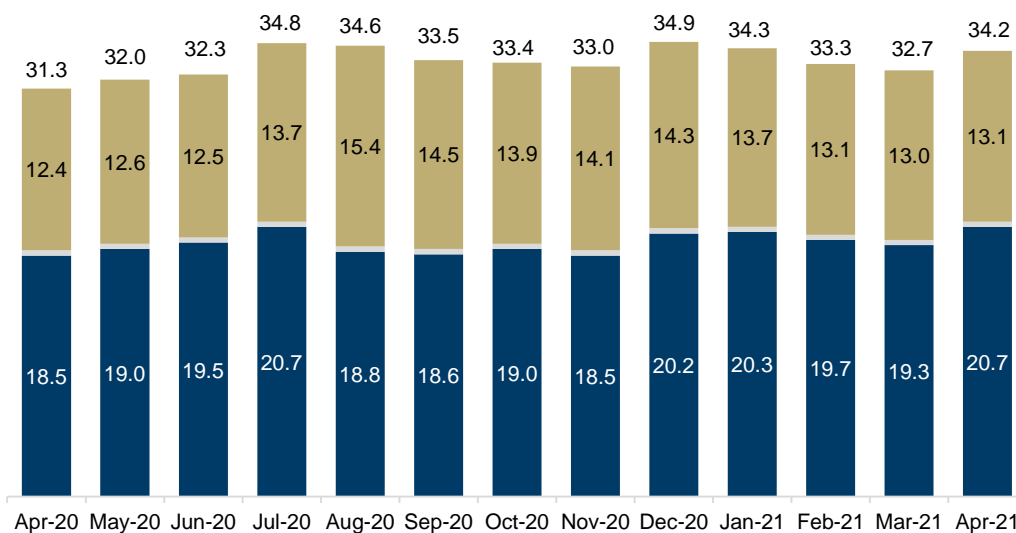
As of May 1, 2021, broad money constituted **UZS 107.6tn** (~U.S.\$ 10.2 bn)⁽¹⁾, while the growth rate equaled **13.4%** compared to the same period of last year.

The volume of money supply in national currency constituted UZS 71.9 tn (~U.S.\$ 6.8 bn)⁽¹⁾, of which currency in circulation and transferable deposits in national currency amounting to respective UZS 23.5 tn (~U.S.\$ 2.2 bn)⁽¹⁾ and UZS 23.8 tn (~U.S.\$ 2.3 bn)⁽¹⁾ and other deposits in national currency UZS 24.6 tn (~U.S.\$ 2.3 bn)⁽¹⁾.

As of May 1, 2021, foreign currency deposits in national currency equivalent reached to UZS 35.7 tn (~U.S.\$ 3.4 bn)⁽¹⁾.

Official Reserve Assets*(as of May 1, 2021, U.S.\$ bn)*

■ Monetary gold ■ SDRs ■ Foreign currency reserves

**Official Reserve Assets**

As of May 1, 2021, official reserve assets constituted **U.S.\$ 34.2 bn** with an increase of **9.2%** in comparison to the previous year.

In the composition of official reserve assets, foreign currency reserves constituted U.S.\$ 13.1 bn, gold U.S.\$ 20.7 bn and SDRs U.S.\$ 0.4 bn.

Liquidity in the banking system

Indicators	May 1, 2020	May 1, 2021
Highly liquid assets (bn UZS)	34 638	54 552
Immediate liquidity ratio (minimum: 25%)	53.7%	73.7%
Liquidity coverage ratio (minimum: 100%)	184.5%	155.1%
Net stable funding ratio (minimum: 100%)	107.1%	112.4%
Ratio of highly liquid assets to total assets (in %)	11.5%	14.8%

Banking system stability indicators*UZS bn*

Indicators	4M2020	4M2021
Regulatory Tier 1 capital to RWA	18.80%	15.73%
Regulatory Tier 1 capital	47 979	53 553
Risk-weighted assets	255 245	340 368
Liquid assets to total assets	13.93%	15.02%
Liquid assets	41 977	57 581
Total assets	301 358	383 278
Capital to risk-weighted assets	21.38%	17.79%
Capital at the end of period	54 578	60 562
Risk-weighted assets	255 245	340 368
NPL to total gross loans	2.21%	4.37%
Non-performing loans	5 218	12 933
Total gross loans	236 594	296 085

Source: Central Bank of the Republic of Uzbekistan

Note 1: Average official exchange rate for January-April 2021, USD/UZS = 10 505

7. Borrowing Statistics

Sources of financing of State external debt¹ (as of April 1, 2021)

	Asian Development Bank - U.S.\$ 5.0 bn
	World Bank - U.S.\$ 3.8 bn
	Export-Import Bank of China – U.S.\$ 2.0 bn
	China Development Bank – U.S.\$ 2.0 bn
	Japan International Cooperation Agency - U.S.\$ 1.9 bn
	International investors - U.S.\$ 1.7 bn
	Islamic Development Bank – U.S.\$ 0.9 bn
	Japanese Bank for International Cooperation - U.S.\$ 0.4 bn
	Economic development and cooperation fund and others - U.S.\$ 1.0 bn
	Other IFIs and foreign government financial organisations - U.S.\$ 2.3 bn
Total State external debt - U.S. \$ 21.0 bn	

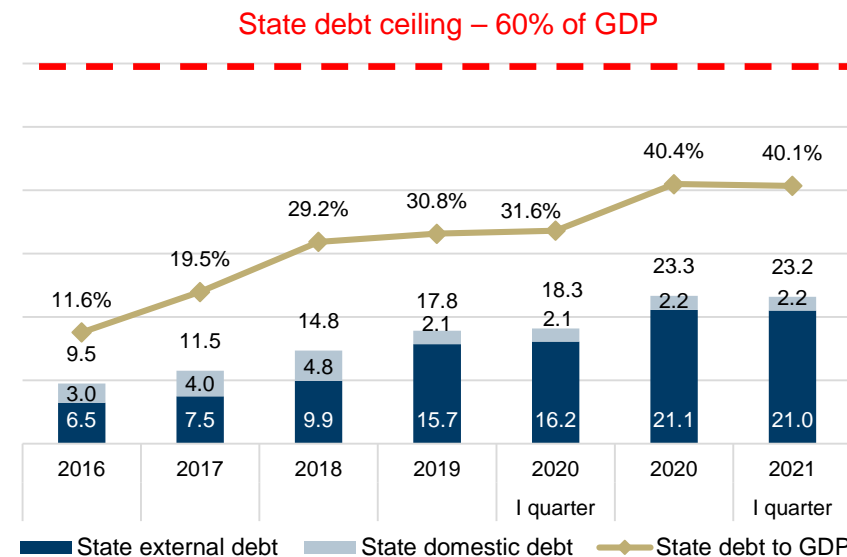
Total State debt

As of April 1, 2021, the State debt² of Uzbekistan amounted to **U.S.\$ 23.2 bn** equivalent or **40.1%** of GDP decreasing by **U.S.\$ 133.7 mn** or **0.3%** ratio to GDP. In particular:

State external debt amounted to **U.S.\$ 21.0 bn** or 36.3% of GDP decreasing by **U.S.\$ 73.6 mn** or 0.2% ratio to GDP;

State domestic debt amounted to **U.S.\$ 2.2 bn** or **3.8%** of GDP decreasing by **U.S.\$ 60.1mn** or **0.1%** ratio to GDP.

Total State debt (as of January 1, 2021, U.S.\$ bn)



Use of proceeds of State external debt¹ (as of April 1, 2021)

	Budget support & Financial Sector – U.S.\$ 4.4 bn
	Electric power and - U.S.\$ 3.0 bn
	Energy (oil and gas) - U.S.\$ 2.6 bn
	Transport & Transport Infrastructure – U.S.\$ 2.4 bn
	Agriculture - U.S.\$ 2.3 bn
	Housing & communal services - U.S.\$ 2.0 bn
	Commercial banks - U.S.\$ 1.3 bn
	Chemical industry - U.S.\$ 1.1 bn
	Education & healthcare - U.S.\$ 0.7 bn
	Telecommunications - U.S.\$ 0.2 bn
	Others - U.S.\$ 1.0 bn
Total State external debt - U.S. \$ 21.0 bn	

Note 1: State debt statistics are constantly being improved with the help of IFIs and lending institutions
Note 2: Debt borrowed on behalf of the Republic of Uzbekistan and under its guarantee

8. Domestic Treasury Securities

Auction results of Domestic Treasury Securities

As of June 1, 2021 the Ministry of Finance had outstanding treasury bills and bonds amounting to **UZS 3.2 tn** (~U.S.\$ 0.3 bn)¹. In January – May 2021, the total number of 25 auctions conducted reached and the total volume of issuance of T-bills and bonds reached **UZS 2.1 tn** (~U.S.\$ 0.2 bn)². In the long term, Ministry of Finance aims at remaining committed to the development of the domestic government debt market, continuous diversification of debt instruments in terms of both tenor and tranche amount and gradually widening the investor base by working in collaboration with the Central Bank of Uzbekistan.

Type of Government Securities	Date of auction	Maturity date	Announced volume, (UZS bn) ³	Fixed coupon rate	Aggregate amount of bids submitted, (UZS bn) ³	Volume of securities issued, (UZS bn) ³	Weighted average YTM	Outstanding amount, (UZS bn) ³
6-months	26 Dec 2018	26 Jun 2019	200.0	zero-coupon	239.3	197.1	14.15%	Redeemed
12-months	27 Dec 2018	27 Dec 2019	200.0	16%	225.8	200.0	14.22%	Redeemed
3-years	28 Dec 2018	24 Dec 2021	200.0	16%	216.5	200.0	14.87%	200.0
12-months	19 Feb 2019	19 Feb 2020	60.0	15%	122.0	60.0	13.33%	Redeemed
12-months	27 Feb 2019	27 Feb 2020	40.0	15%	82.0	40.0	12.98%	Redeemed
12-months	5 Mar 2019	4 Mar 2020	30.0	15%	30.0	30.0	14.94%	Redeemed
12-months	12 Mar 2019	11 Mar 2020	40.0	15%	109.3	40.0	14.54%	Redeemed
12-months	19 Mar 2019	18 Mar 2020	80.0	15%	140.5	80.0	12.94%	Redeemed
12-months	8 May 2019	7 May 2020	100.0	15%	494.1	100.0	11.02%	Redeemed
12-months	15 May 2019	14 May 2020	100.0	15%	463.9	100.0	10.47%	Redeemed
18-months	22 May 2019	18 Nov 2020	100.0	15%	283.4	100.0	10.04%	Redeemed
18-months	4 Jun 2019	1 Dec 2020	100.0	15%	231.4	100.0	9.82%	Redeemed
2-years	12 Jun 2019	9 Jun 2021	100.0	15%	315.0	100.0	8.93%	100.0
2-years	19 Jun 2019	16 Jun 2021	100.0	15%	479.0	100.0	7.73%	100.0
3-years	5 Jul 2019	1 Jul 2022	100.0	15%	375.0	100.0	10.11%	100.0
3-years	12 Jul 2019	8 Jul 2022	100.0	15%	176.3	100.0	10.41%	100.0
160-days	17 Jul 2019	24 Dec 2019	200.0	zero-coupon	202.1	200.0	12.72%	Redeemed
160-days	19 Jul 2019	26 Dec 2019	300.0	zero-coupon	435.0	300.0	14.89%	Redeemed

Note 1: Official exchange rate for 1 June 2021, USD/UZS = 10 568

Note 2: Average official exchange rate for January – May 2021, USD/UZS = 10 514

Note 3: Nominal value of each bill and bond is equal to UZS 1.0 m.

All calculations are derived based on the nominal value of the securities issued

Source: Ministry of Finance of the Republic of Uzbekistan

8. Domestic Treasury Securities

Type of Government Securities	Date of auction	Maturity date	Announced volume, (UZS bn) ¹	Coupon rate	Aggregate amount of bids submitted, (UZS bn) ¹	Volume of securities issued, (UZS bn) ¹	Weighted average YTM	Outstanding amount, (UZS bn) ¹
12-months	17 Jan 2020	16 Jan 2021	200.0	16%	628.0	200.0	12.98%	Redeemed
9-months	20 Jan 2020	19 Oct 2020	300.0	zero-coupon	368.0	300.0	14.18%	Redeemed
2-years	20 Jan 2020	17 Jan 2022	200.0	16%	453.2	200.0	14.87%	200.0
12-months	6 Apr 2020	6 Apr 2021	750.0	16%	770.0	750.0	15.97%	Redeemed
12-months	9 Apr 2020	9 Apr 2021	250.0	16%	360.0	250.0	15.95%	Redeemed
12-months	10 Apr 2020	10 Apr 2021	300.0	16%	310.0	300.0	15.97%	Redeemed
18-months	13 Apr 2020	11 Oct 2021	150.0	16%	89.8	89.8	15.97%	89.8
12-months	6 May 2020	4 Nov 2020	500.0	15%	550.0	500.0	14.91%	Redeemed
3-months	8 May 2020	7 Aug 2020	100.0	zero-coupon	241.0	100.0	14.39%	Redeemed
4-months	11 May 2020	8 Sep 2020	100.0	zero-coupon	141.0	100.0	14.39%	Redeemed
130-days	14 May 2020	21 Sep 2020	100.0	zero-coupon	241.5	100.0	14.61%	Redeemed
12-months	28 May 2020	26 Nov 2020	470.0	15%	570.0	470.0	14.93%	Redeemed
150-days	12 Jun 2020	9 Nov 2020	100.0	zero-coupon	261.0	100.0	14.17%	Redeemed
150-days	8 Sep 2020	05 Feb 2021	100.0	zero-coupon	296.0	100.0	14.39%	Redeemed
6-months	17 Sep 2020	18 Mar 2021	300.0	zero-coupon	350.0	300.0	13.90%	Redeemed
150-days	21 Sep 2020	18 Feb 2021	100.0	zero-coupon	104.0	100.0	13.78%	Redeemed
6-months	28 Sep 2020	29 Mar 2021	235.0	zero-coupon	285.0	235.0	13.87%	Redeemed
6-months	8 Oct 2020	8 Apr 2021	235.0	zero-coupon	305.0	235.0	13.77%	Redeemed
6-months	9 Oct 2020	9 Apr 2021	300.0	zero-coupon	397.0	300.0	13.92%	Redeemed
9-months	20 Oct 2020	20 Jul 2021	300.0	zero-coupon	97.2	97.2	13.92%	97.2
18-months	18 Nov 2020	18 May 2022	100.0	14%	138.0	100.0	13.56%	100.0
18-months	1 Dec 2020	31 May 2022	100.0	14%	97.0	97.0	13.81%	97.0
12-months	2 Feb 2021	1 Feb 2021	200.0	zero-coupon	483.7	200.0	12.51%	200.0
3-months	9 Feb 2021	11 May 2021	50.0	zero-coupon	165.0	50.0	11.67%	Redeemed
6-months	9 Feb 2021	10 Aug 2021	50.0	zero-coupon	180.5	50.0	11.42%	50.0
6-months	16 Feb 2021	17 Aug 2021	50.0	zero-coupon	220.0	50.0	12.13%	50.0
6-months	23 Feb 2021	24 Aug 2021	50.0	zero-coupon	156.5	50.0	12.42%	50.0
2-years	23 Feb 2021	23 Feb 2023	200.0	14%	229.6	200.0	13.35%	200.0

Note 1: Nominal value of each bill and bond is equal to UZS 1.0 m.
All calculations are derived based on the nominal value of the securities issued

Source: Ministry of Finance of the Republic of Uzbekistan

8. Domestic Treasury Securities

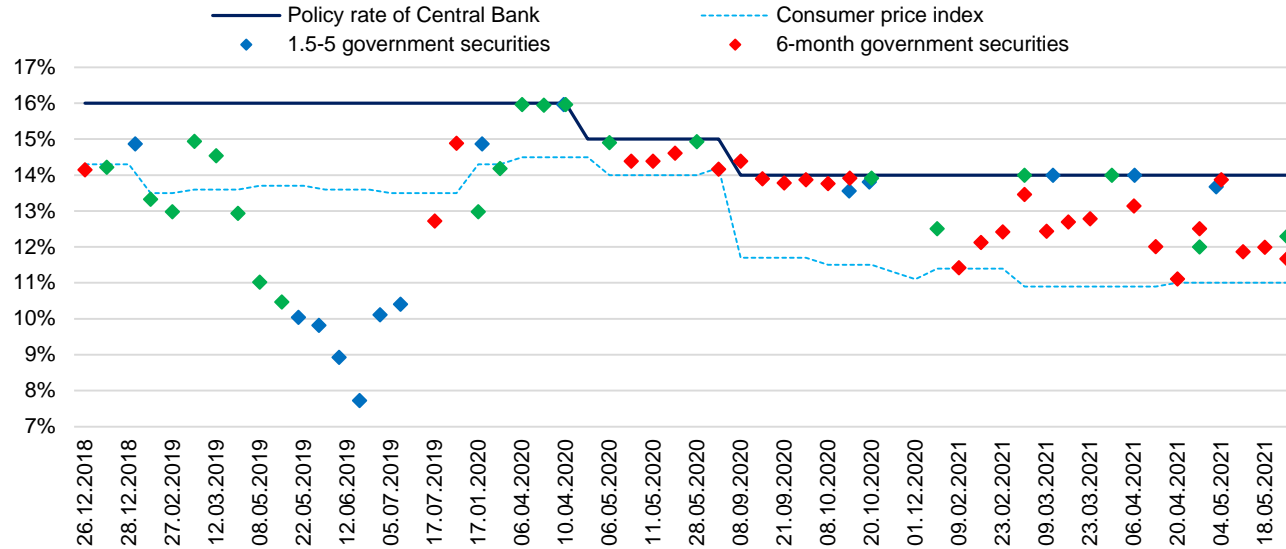
Type of Government Securities	Date of auction	Maturity date	Announced volume, (UZS bn) ¹	Coupon rate	Aggregate amount of bids submitted, (UZS bn) ¹	Volume of securities issued, (UZS bn) ¹	Weighted average YTM	Outstanding amount, (UZS bn) ¹
12-months	2 Mar 2021	31 Aug 2021	50.0	zero-coupon	111.9	50.0	13.46%	50.0
6-months	2 Mar 2021	1 Mar 2022	200.0	zero-coupon	213.7	200.0	14.00%	200.0
6-months	9 Mar 2021	7 Sep 2021	50.0	zero-coupon	235.3	50.0	12.44%	50.0
6-months	16 Mar 2021	14 Sep 2021	30.0	zero-coupon	85.6	30.0	12.70%	30.0
6-months	23 Mar 2021	21 Sep 2021	30.0	zero-coupon	42.3	30.0	12.79%	30.0
12-months	30 Mar 2021	29 Mar 2022	200.0	zero-coupon	162.4	122.6	14.00%	122.6
3-years	30 Mar 2021	31 Mar 2024	100.0	14%	10.0	10.0	14.00%	10.0
6-months	6 Apr 2021	5 Oct 2021	30.0	zero-coupon	108.5	30.0	13.14%	30.0
6-months	13 Apr 2021	12 Oct 2021	50.0	zero-coupon	287.2	50.0	12.01%	50.0
6-months	20 Apr 2021	19 Oct 2021	50.0	zero-coupon	261.1	50.0	11.11%	50.0
5-years	27 Apr 2021	30 Apr 2026	100.0	14%	166.0	100.0	12.65%	100.0
12-months	27 Apr 2021	26 Apr 2022	200.0	zero-coupon	497.2	200.0	12.00%	200.0
6-months	27 Apr 2021	26 Oct 2021	50.0	zero-coupon	160.1	50.0	12.37%	50.0
6-months	4 May 2021	2 Nov 2021	50.0	zero-coupon	87.1	50.0	12.69%	50.0
6-months	11 May 2021	9 Nov 2021	50.0	zero-coupon	342.7	10.0	11.87%	10.0
6-months	18 May 2021	16 Nov 2021	30.0	zero-coupon	86.4	30.0	11.90%	30.0
6-months	25 May 2021	23 Nov 2021	30.0	zero-coupon	85.0	30.0	11.67%	30.0
12-months	25 May 2021	24 May 2022	200.0	zero-coupon	433.5	200.0	12.15%	200.0
2-years	25 May 2021	25 May 2023	200.0	14%	343.9	200.0	13.14%	200.0

Note 1: Nominal value of each bill and bond is equal to UZS 1.0 m.
All calculations are derived based on the nominal value of the securities issued

Source: Ministry of Finance of the Republic of Uzbekistan

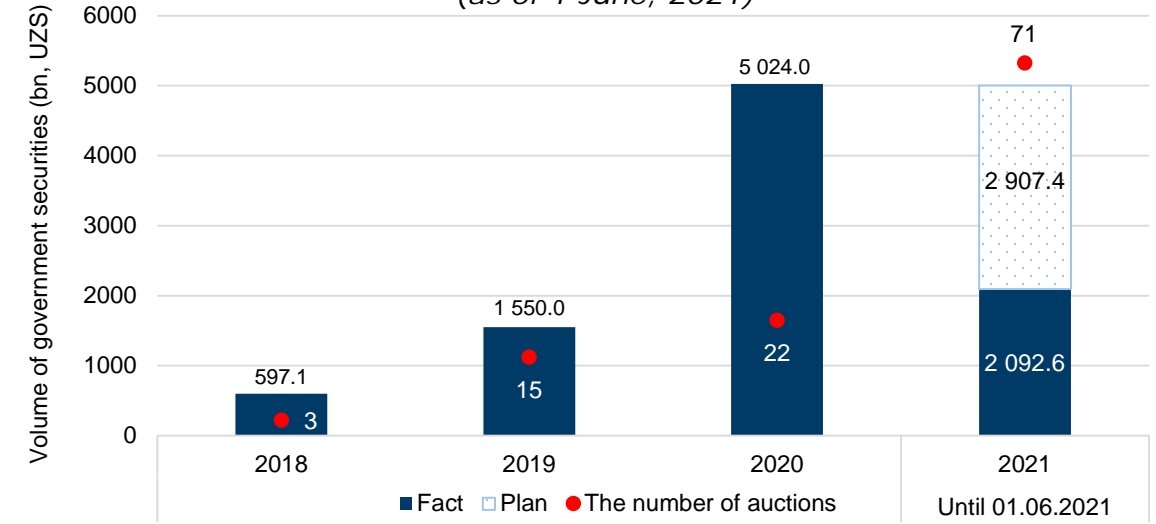
8. Domestic Treasury Securities

Yield of government securities issued in 2018-2021

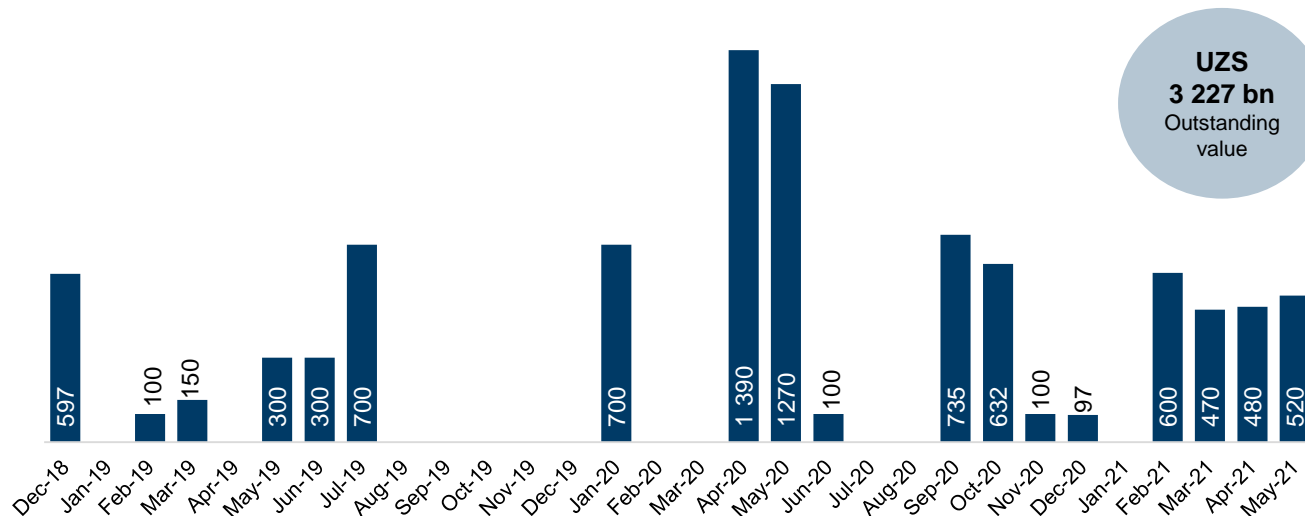


Information on conducted auctions and placed government securities in 2018-2021

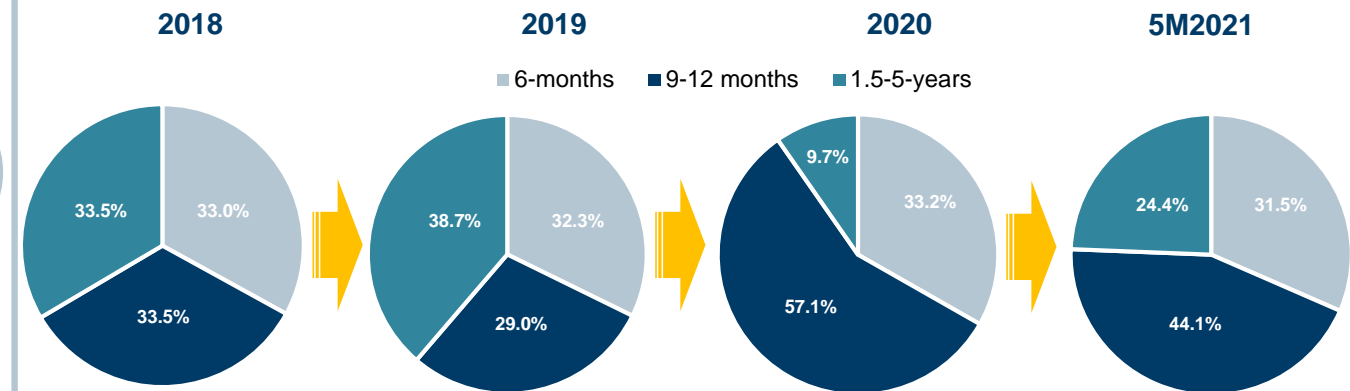
(as of 1 June, 2021)



Domestic issuance volume dynamics (UZS, bn)



Treasury bills and bonds by maturity (% of total issuance)

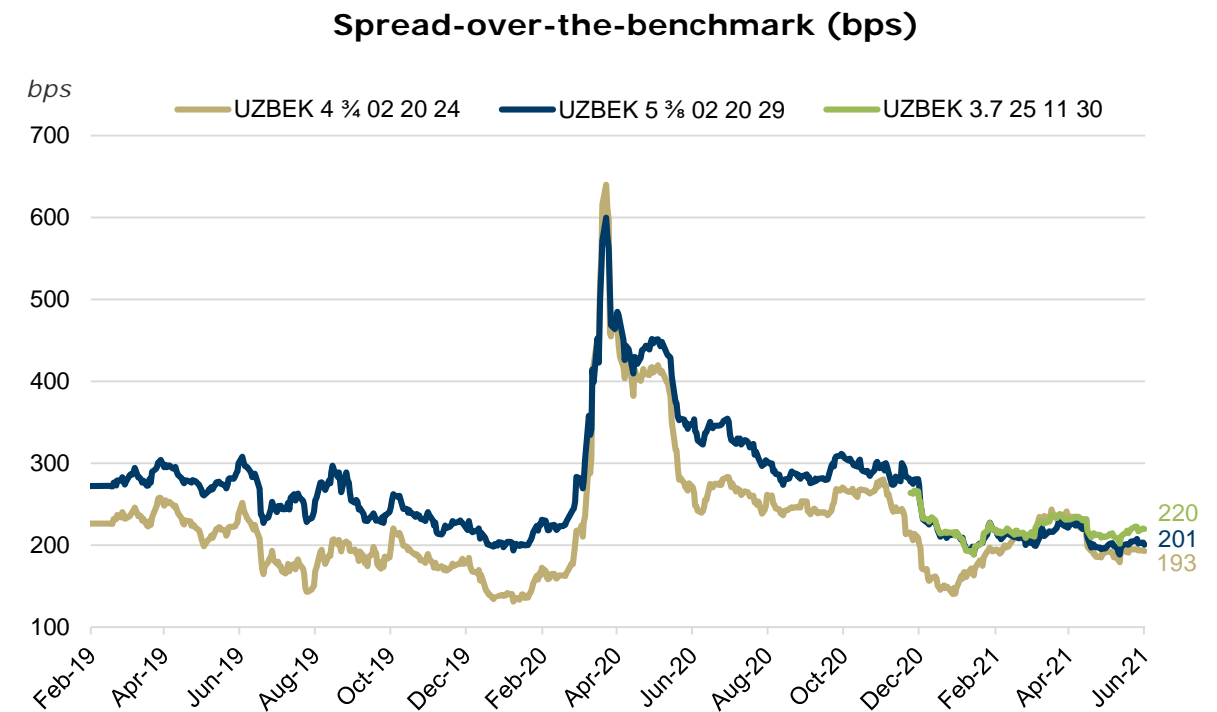
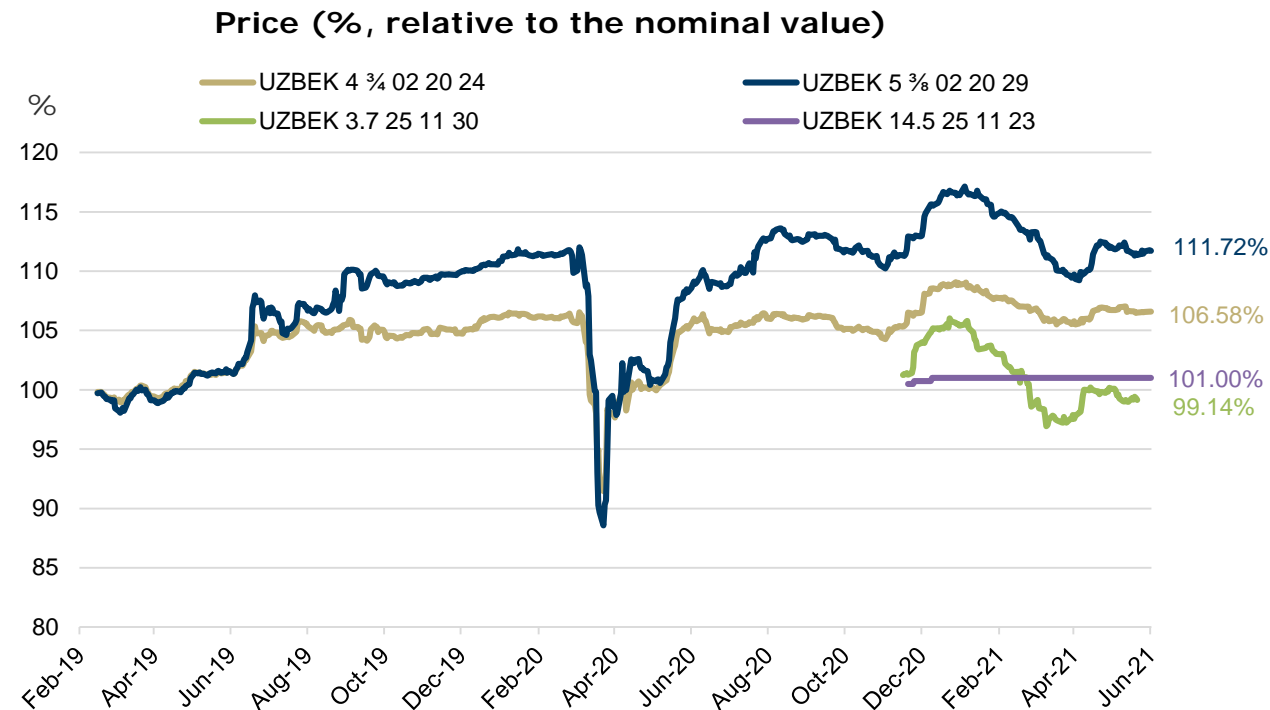
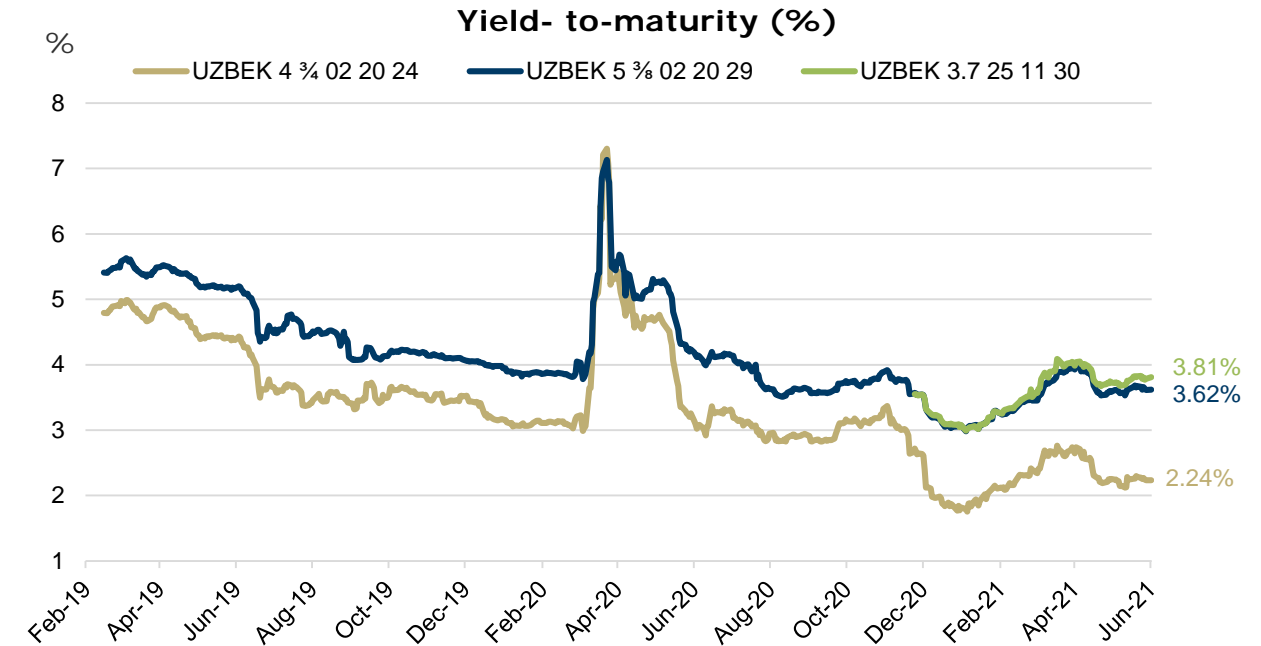


Note 1: Nominal value of each bill and bond is equal to UZS 1.0 m. All calculations are derived based on the nominal value of the securities issued

Source: Ministry of Finance of the Republic of Uzbekistan

9. Sovereign Eurobonds

Settlement Date	Issuer	S&P	Fitch	Coupon(%)	Volume	Maturity
20 Feb 2019	Uzbekistan	BB-	BB-	4.750	U.S.\$ 500 m	20 Feb 2024
20 Feb 2019	Uzbekistan	BB-	BB-	5.375	U.S.\$ 500 m	20 Feb 2029
25 Nov 2020	Uzbekistan	BB-	BB-	3.700	U.S.\$ 555 m	25 Nov 2030
25 Nov 2020	Uzbekistan	BB-	BB-	14.500	UZS 2.0 tn (~U.S.\$ 192.5 m) ⁽¹⁾	25 Nov 2023

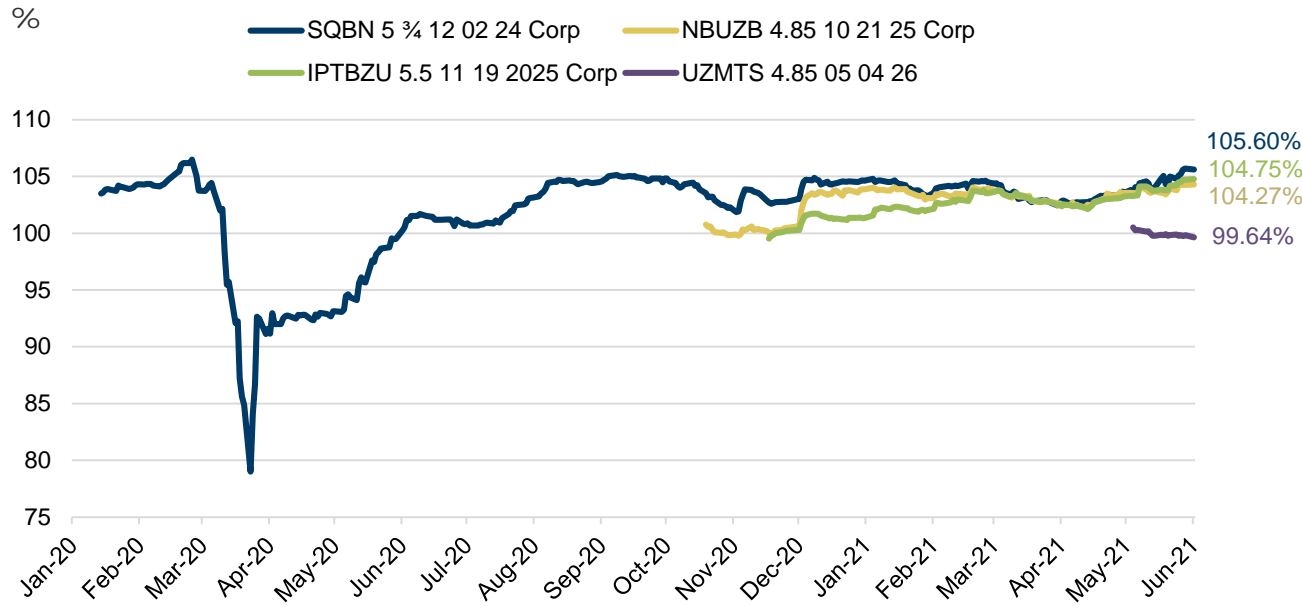


Note 1: Official exchange rate for 19 November 2020, USD/UZS = 10 391

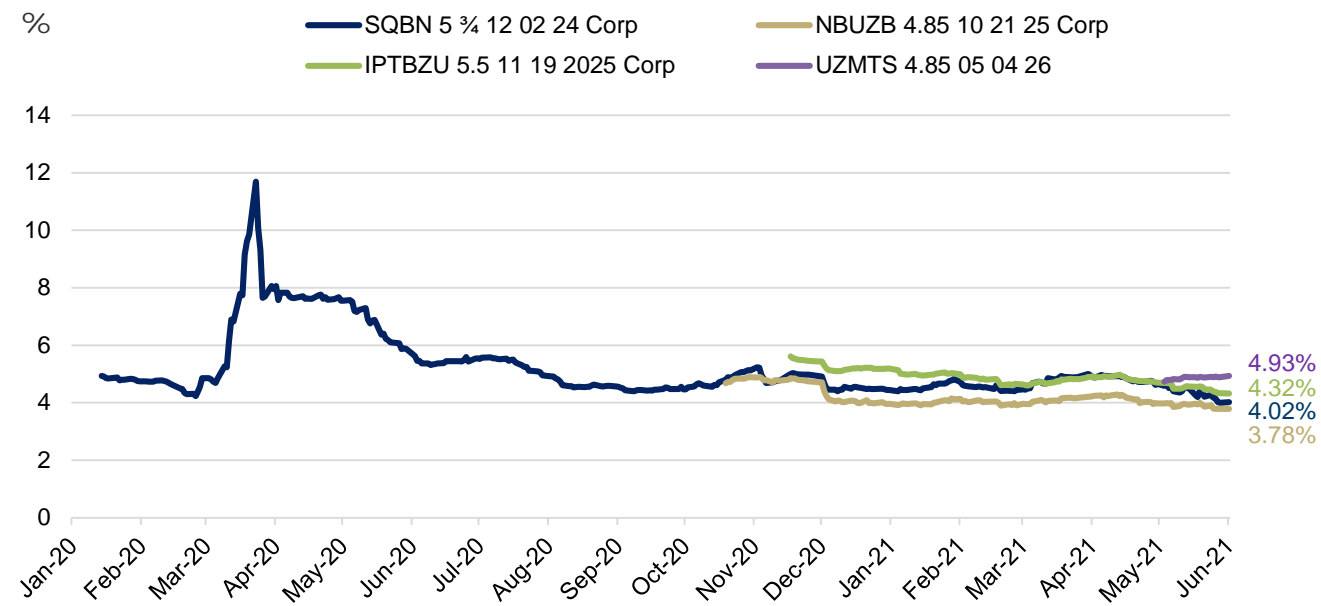
Source: Bloomberg Terminal

10. Uzbek corporate Eurobonds

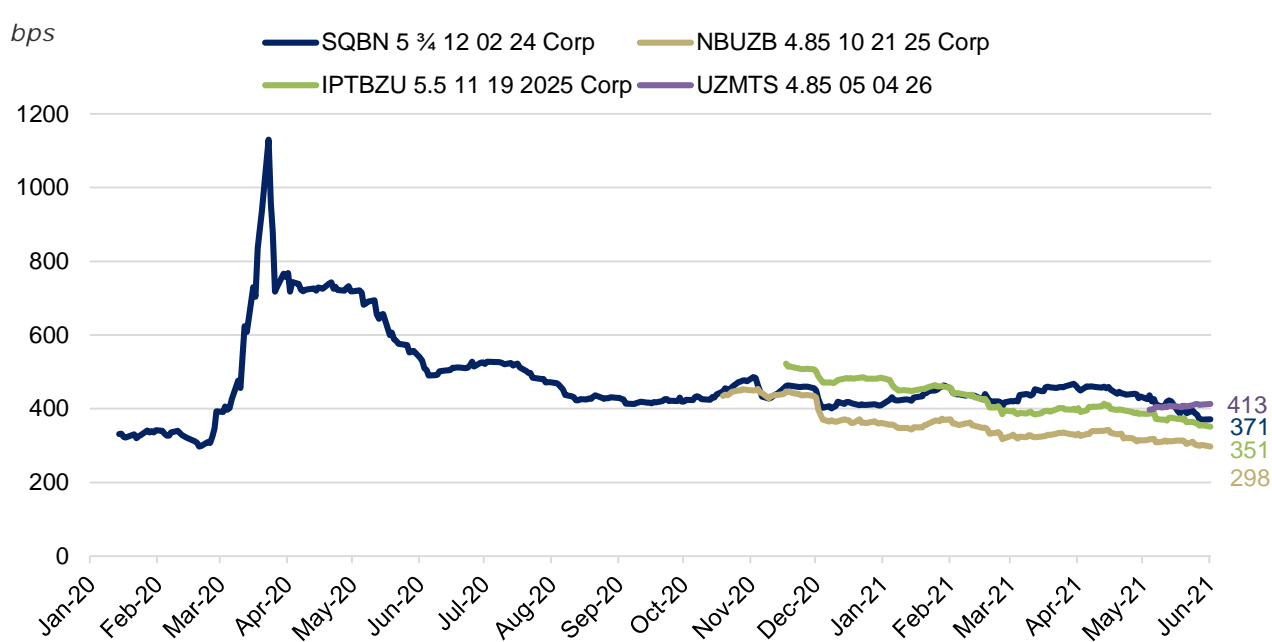
Price (% , relative to the nominal value)



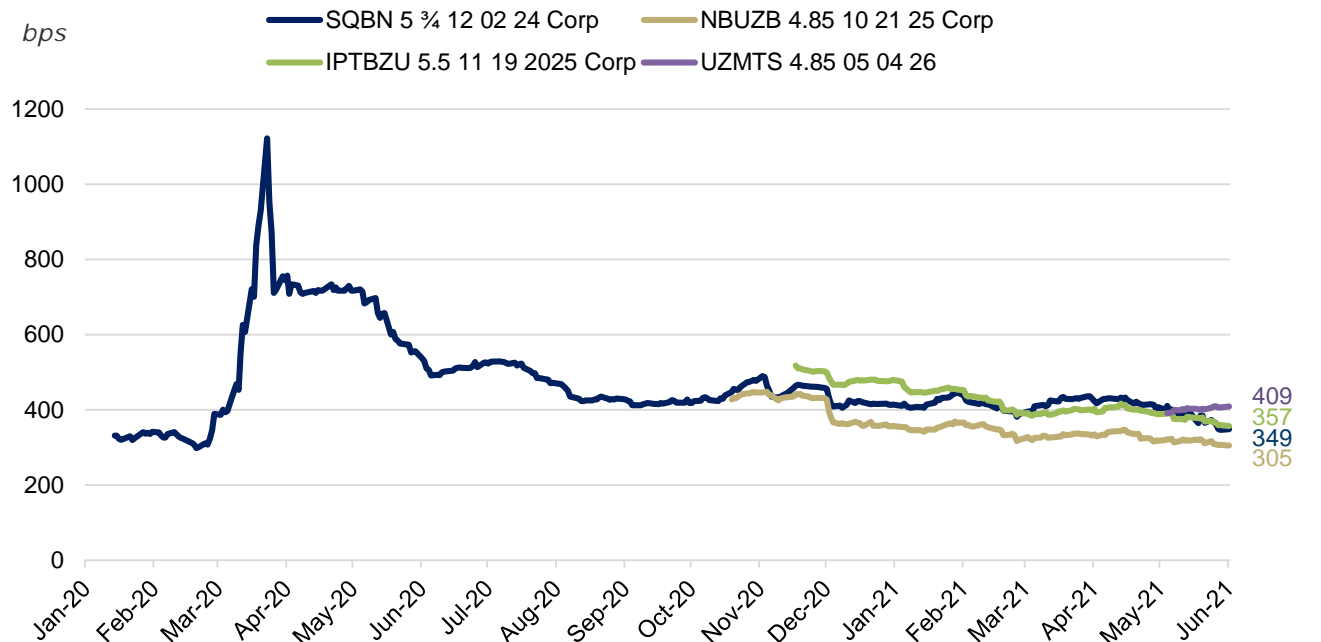
Yield- to-maturity (%)



Spread-over-the-benchmark (bps)



Z-Spread (bps)



S&P Global Ratings

4 June 2021

S&P Global Ratings revised Uzbekistan's outlook from "negative" to "stable"

On June 4, 2021, S&P Global Ratings revised the outlook on its long-term ratings on Uzbekistan to **stable** from **negative**. At the same time, they affirmed the **'BB-/B'** long- and short-term foreign and local currency sovereign credit ratings.

In contrast to most emerging markets that saw economic contraction, **Uzbekistan's economy expanded 1.6%** in 2020 and it is forecasted that the growth will accelerate to just **5%** this year.

Uzbekistan's **fiscal position outperformed (deficit of 4.5% of GDP)** Agency's expectations as the government controlled COVID-19-related expenditure increases and high gold prices supported tax revenue. As a result, the government was able to accumulate and save some external budget-support borrowings, increasing its year-end asset position. This supported our measure of the government's net debt to GDP ratio, which at year-end 2020 was 10% of GDP.

Uzbekistan's **external balance sheet performance was also better than expected** last year. At year-end 2020, liquid public and financial sector assets exceeded gross external debt by 10% of current account payments. The Agency expects the external debt accumulation, to moderate over the forecast period through 2024. The government has introduced into budget law a debt ceiling of 60% to GDP for total government debt and an annual signing limit in the amount of \$5 billion for government external borrowing. Also, more stringent rules around project selection were introduced into national legislation.

S&P Global Ratings expects the government's fiscal and the economy's external positions to remain **strong relative to similarly rated peers** over the period through 2024.

According to the Agency, the government's economic reform agenda is currently focused on **improving the operations of SOEs and state-owned banks**, with the aim to fully or partially privatize many of them by year-end 2023. Decreasing the state's involvement in the economy and **attracting FDI** are two key priorities for the government.

Source: <https://spglobal.com>

12 May 2021



Fitch Ratings has assigned AGROS HAYOT LLC at "B+", the Outlook is Stable.

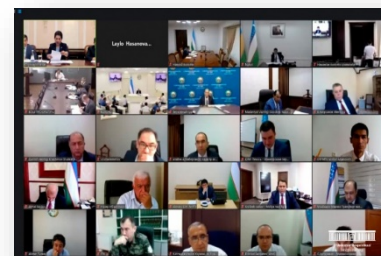
The assignation of "B+" credit rating to AGROS HAYOT is a good signal for the local insurance market.

AGROS HAYOT has made a lot of innovations to be worthy of this rating. In particular, it has continuously improved business processes. The company controls all business factors, demonstrates its stable position in attracting foreign investment, strong customer base and the ability to maintain a wisely chosen company development strategy.

Source: <https://fitchratings.com>

10 May 2021

The Republican Council approved three additional Action plans for 2021



On May 26, 2021, a regular online meeting of the Republican Council on International Ratings and Indices was held under the leadership of the Chairman of the Senate of the Oliy Majlis of the Republic of Uzbekistan, Chairman of the Council Tanzila Narbayeva.

The first issue on the agenda of the meeting is to improve the position of the Republic of Uzbekistan in priority international ratings and indices in the socio-economic and political-legal spheres. In the first quarter, the implementation of the action plan for 2021 took place.

The next protocol of the council approved an Action Plan of additional measures for 2021 of the Index of Economic Freedom, published by the Heritage Foundation, and an Action Plan for the implementation of measures aimed at further improving the position of the Republic of Uzbekistan in the World Bank's "Women, Business and the Law" index, and an Action Plan for the preparation of the country for the stage-by-stage reflection in the "International Property Rights Index" of the Property Rights Alliance.

Source: <https://ratings.gov.uz>



9 June 2021

Mandate letter has been signed with the EBRD

On June 9 this year, a mandate letter was signed between the Ministry of Finance, "Uzpromstroybank" JSC and the EBRD at the Ministry of Economic Development and Poverty Reduction.

The mandate letter provides for the EBRD's participation in the pre-privatization transformation of "Uzpromstroybank" JSC through the provision of a credit line in the amount of U.S.\$ 50 mn. It is envisaged that as part of the transformation, the loan provided will be converted into the authorized capital of the bank, as a result of which the EBRD will become a shareholder of "Uzpromstroybank" JSC.

During the meeting, information was provided on the implementation of reforms in the field of transformation and privatization of enterprises, as well as banks with the participation of the state. The parties discussed the role and assistance provided by the EBRD in these processes.

Source: <https://www.mf.uz>

2 June 2021

"New challenges and further improvement of the business climate in Uzbekistan: taxes, customs and other measures"

On June 2, 2021, the Ministry of Finance of the Republic of Uzbekistan organised a "virtual" round table on the topic "New challenges and further improvement of the business climate in Uzbekistan: taxes, customs and other measures".

The first session of the round table discussed issues of tax and customs policy aimed at improving the business climate in Uzbekistan.

During the session, issues of tax and customs policy related to further simplification of legislation, more complete compliance by taxpayers with its requirements, as well as improvement of customs rules that encourage FDI were discussed.

At the same time, the measures taken to digitalise tax administration are aimed at facilitating compliance with legal requirements and fulfilling obligations.

The second session of the round table discussed other challenges that stand in the way of further improving the business climate in Uzbekistan.

During this session, experts from the International Finance Corporation (IFC) shared recommendations aimed at **transparency** and **predictability** of the trading environment, as well as at speeding up and simplifying trade procedures.

Source: <https://www.mf.uz>

26 May 2021

The Roundtable on the Development of Capital Market Infrastructure

On May 26 of this year, the Ministry of Finance held a regular round table on the development of capital market infrastructure. At this meeting, organized in the form of an exchange of views, presentations were made by consultants of the US Treasury – Emmitt Summers and Thomas Lanier, consultant of the European Bank for Reconstruction and Development Paul Lee, heads of the National Association of Investment Institutions, the Republican Stock Exchange "Tashkent", JSC "Republican Currency Exchange of Uzbekistan", the Central Securities Depository, investment consultant "AbrauCapital" and the management of the company "Avesta Investment Group".



The participants of the event exchanged views on the problems that have accumulated over the past years in the capital market infrastructure, and ways to solve them. In particular, the lack of backup servers and the data processing center of the State Unitary Enterprise of the information and resource center of the stock market, non-compliance with the

requirements of existing servers and software, the lack of open accounts of the Central Securities Depository in the Central Bank, the lack of integration of trading platforms of the stock and currency exchanges, and 98% of all trades do not pass through the stock exchange.

Also, the Ministry of Finance, together with international experts, is studying international experience and analyzing the available opportunities for upgrading the center's servers and software, as well as implementing mutual integration of trading platforms of stock and currency exchanges.

At the end of the event, it was once again emphasized that the Ministry of Finance will continue to actively cooperate with international financial organizations, foreign investors, brokers, experts and other specialists in order to develop the capital market infrastructure and attract more foreign and local investments to the capital market.

Source: <https://www.mf.uz>

17 May 2021



Uzbekistan Economic Insights: On the footsteps of Poland and Ukraine

Strengthening the foundation of the Uzbek capital markets infrastructure

- ❖ On May 17, 2021, Raiffeisen Research published an analytical report entitled “**Uzbekistan Economic Insights: On the footsteps of Poland and Ukraine**”. The report cites a number of economic factors. In particular:
- ❖ The country consistently outperformed on the economic growth front and managed to avoid an outright recession in 2020 in the context of the COVID-19 crisis (as Poland did during the Global Financial Crisis).
- ❖ **Through the cycle** and incl. the COVID-19 crisis years **GDP growth** in Uzbekistan is likely to **average ~5% 2016-2022f** (vs. 2.5% in the rest of Eastern Europe/Central Asia). Such (out-)performance is usually the result of long-term **sound economic policies, accumulated resilience, effective crisis management** and some specifics of GDP measurement.
- ❖ Moreover, **given stability-oriented fiscal policy** of recent years, authorities had been now in a position to counteract the crisis in a meaningful way without boosting the public debt-to-GDP ratio substantially above 40% of GDP.
- ❖ In addition to long-term institutional reforms, the establishment of an **independent central bank in monetary policy and banking supervision**, as well as the creation of an **efficient banking sector**, are important (first) milestones or the foundation layer along a successful long-term economic transformation.
- ❖ Uzbekistan's **foreign trade** has developed **very dynamically in recent years**.
- ❖ The invite for foreign capital in the banking sector resonates well with the generally **growing appetite** for **Uzbek risk** by **international investors**. **Foreign banks** have unmistakably **increased their exposures** towards **Uzbekistan** significantly in recent years.

May 2021



Strengthening the foundation of the Uzbek capital markets infrastructure

- ❖ Previously unthinkable reforms have embraced many aspects of Uzbek economy and society. Presidential reforms in areas such as taxation, foreign exchange regional co-operation, green energy, direct communication between the government and the general populace have been in the international media spotlight and have attracted the attention of international investment community.
- ❖ Uzbekistan has become an active player in international debt markets, where the government and state-owned banks have issued not only conventional Eurobonds in US dollars, but also **Eurobonds issued in Uzbek soum**, and banks are also getting long-term Uzbek soum-denominated loans from the international financial institutions (IFIs) and private sector;
- ❖ Banks have played the key role in funding the impressive growth Uzbekistan has been experiencing over the last four years. The companies and banks that will be listed on the local stock exchange are and have been indicated in the past as “companies and banks not for immediate sale”. They include many of the most attractive companies in the entire economy:

- | | |
|--|---------------------------|
| 1. National Bank for Foreign Economic Activities of Uzbekistan | 9. Uztransgaz |
| 2. Navoi Mining and Metallurgical Plant | 10. Uzbekinvest |
| 3. Almalyk Mining and Metallurgical Plant | 11. Uzagrosugurta |
| 3. Uzmetkombinat | 12. Qurilishmashlizing |
| 5. Uzbekistan Airways | 13. Uzavtosanoat |
| 6. Uzbekneftegaz | 14. Qishloq Qurilish Bank |
| 7. Agrobank | 15. Mikrokreditbank |
| 8. Xalq banki | |

Ministry of Finance of the Republic of Uzbekistan
Debt Management Office

Contact us

29, Istiqlol, Yunusobod distr., Tashkent city, 100017, the Republic of Uzbekistan

Phone: (+99871) 239-48-12, E-mail: DMO@mf.uz

Web-site: www.mf.uz