Uzbekinvest International Insurance Company Limited

Own Risk Solvency Assessment 2020/21

Document Sponsor	Mr. Hasanjon Mamadjonov
Document Owner	Mr. Hasanjon Mamadjonov
Chief Executive Officer	Mr. Hasanjon Mamadjonov
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Contents

1. EXECUTIVE SUMMARY

Uzbekinvest International Insurance Company Limited ('the Company') offers a range of insurance policies designed to protect the business and assets of companies investing in or doing business in the Republic of Uzbekistan. The coverage provides for investment and trade transactions against political risks in Uzbekistan. The investment covers include confiscation, expropriation and nationalisation. The trade covers include contract repudiation and wrongful calling of guarantees. Consistent with prior years no claims have been notified in 2021. The directors are of the view that no additional potential claims were incurred but not reported during the year. As a result, no reserve for outstanding claims or IBNR has been established.

This Own Risk and Solvency Assessment (ORSA) provides details of the Company's current and forward-looking risk profile as at Year End 2021 ("Y/E 2021"). The ORSA process and this report have been developed to draw together the suite of risk management activity carried out at the entity to ensure the most material risks the firm faces are identified, assessed, monitored, managed and mitigated.

This report specifically highlights to the entity's senior management the set of current and emerging risks faced by the Company and the steps being taken to address these.

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulations, legal and ethical standards is a high priority for the Company. The Risk Register is reviewed internally by the Company on a quarterly basis and by the Board on an annual basis. The Company conforms to a proper internal control framework which exists to manage financial risks and ensures that controls operate effectively.

Through this process the Company identifies the risks to which it is exposed and assesses their impact on economical capital. This process is risk based to manage the Company's capital requirements and ensure it has the financial strength and capital adequacy to support the growth of the business and to meet the requirements of policyholders, regulators and business partners.

In particular, the Company is vulnerable to various political or economic events within the Republic of Uzbekistan, which if triggered could result in insurance claims.

In addition, the Company is exposed to financial risks through its financial assets, financial liabilities and policyholder liabilities. In particular, the Company is exposed to interest rate risk, credit risk and liquidity risk.

The principal risks and uncertainties of the Company is financial and insurance risk through its financial assets, financial liabilities and policyholder liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations as they fall due. The major components of financial risk are market risk, credit risk and liquidity risk. The Company primarily faces interest rate risk due to the nature of its investments.

The Company's overall risk management programme focuses on the risks of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company is prudent in its approach to investment and this is reflected in the agreements it has with its investment manager. The Company advocates capital preservation and therefore requires investment in high quality, fixed interest bonds. There are regular investment meetings, and the Company reviews the monthly investment reports provided by the investment manager as a mean of actively managing its exposure to identified investment positions.

Insurance Risk

Insurance Risk refers to fluctuation in timing, frequency, and severity of insured events relative to the expectations of the time of expectations of the time of underwriting. Insurance risk can also refer to fluctuations in the timing and amount of claims settlements and reserves.

Insurance Risk is historically the single most significant risk area within the Company. It is split between four principal key risks (failure of pricing, ineffective strategy, failure to manage risk aggregation) which are all managed through the application of controls by both an outsourcing partner and the Board review of each enquiry and policy issued.

Market Risk

The Company’s Market Risk profile is managed through the “Investment Policy & Guidelines”. The policy sets out investment guidelines for both the entity’s technical reserves and surplus assets. As at Y/E 2021, no reserve for outstanding claims or IBNR has been established. The Company has a low tolerance for Market Risk with a focus on minimising credit and currency exposures. The Company holds a diversified and prudent investment portfolio consisting of high-rated (A-AAA) government bonds, corporate bonds, fiduciary short-term deposits and cash at banks.

2. ENTITY OVERVIEW

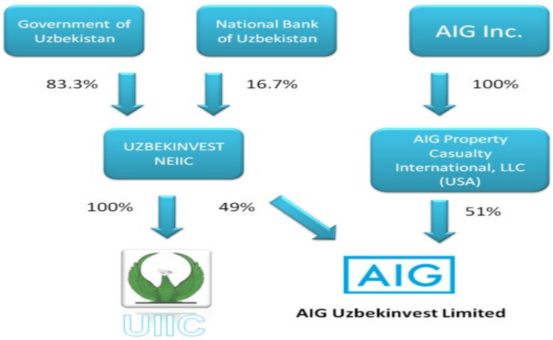
2.1 Organisational Overview

The immediate parent undertaking is Uzbekinvest National Export-Import Insurance Company. The ultimate parent undertaking and controlling party is Uzbekinvest National Export-Import Insurance Company, a company incorporate in the Republic of Uzbekistan.

The Company depends on AIG Uzbekinvest Limited who acts as its agent for business development and also manages the outsourcing arrangements with AIG UK Services Limited such as accounting, actuarial, claims, company secretary, risk management and underwriting. The investment managers and custodian of the asset portfolio is outsourced to Credit Suisse AG respectively.

The Company has two employees as per the organisation chart below. The Chief Executive Officer manages the operations and outsourcing activities of the Company and also sits on the Board of Directors. The Service Manager of Investment projects reports directly to the Chief Executive Officer.

The governance structure has been designed to ensure that the Chief Executive Officer is able to provide the appropriate levels of oversight to business development and outsourcing arrangements.



2.2 Business Overview

Uzbekinvest International Insurance Company Limited (the Company) was set up in November 29, 1994 to offer political risk insurance to potential and existing investors, thereby removing many of the uncertainties of investing in an unknown market. The main objective of the company is to offer political risk insurance to encourage new foreign investment in the infrastructure, natural resource development and industrial production in Uzbekistan.

2.3 Line of Business Overview

The Company writes one line of business - political risk. For Solvency II purposes, political risk falls under credit and suretyship insurance line of business. Premium levels are low and are expected to remain relatively consistent in the short term.

Consistent with prior years no claims have been notified in 2021. The directors are of the view that no additional potential claims were incurred but not reported during the year. As a result, no reserve for outstanding claims or IBNR has been established.

The Company intends to continue offering insurance policies designed to protect the business and assets of foreign companies investing or doing business in the Republic of Uzbekistan.

The target list and potentials of the Company is based on the projects that cover agriculture sector, textile, transport, oil & gas industries, energy sector, auto and machinery, as well as the trade credit facilities between Uzbek state-owned and foreign commercial banks.

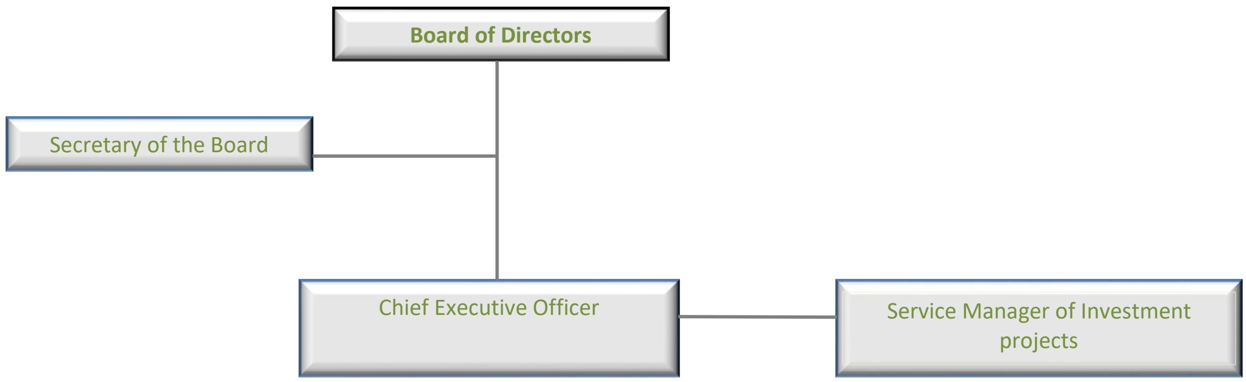
2.4 Distribution Overview

The Company transacts political risk insurance for foreign investors in infrastructure, natural resource development and industrial production, as well as for foreign commercial banks providing trade credit facilities for the state-owned banks in the Republic of Uzbekistan.

All business insured by the Company is accepted on its behalf by an underwriting agency – AIG Uzbekinvest Limited, established for this purpose. The use of such an agency enables the company to be established in a cost-effective way and to employ the considerable world-wide resources of AIG to assist in the production of business. Underwriting process, claim handling and other insurance issues are affected in the United Kingdom. AIG Uzbekinvest Limited is a member company of AIG.

2.5 Governance Structure

Organisation chart



The governance structure of the Company for year 2020:

1. **Chief Executive Officer**
    - Mr. Hasanjon Mamadjonov
2. **Service Manager of Investment Projects**
    - Mr. Mirkobul Miromonov
3. **Secretary of the Board**
    - Ms. Kate Hillery
4. **Board of Directors**
    - Mr. Sardor Umurzakov (Chairman)
    - Mr. Shukhrat Vafaev,
    - Mr. Hasan Mamadjonov
    - Mr. Rustam Khalikov
    - Mr. Shahruh Abdurashidov

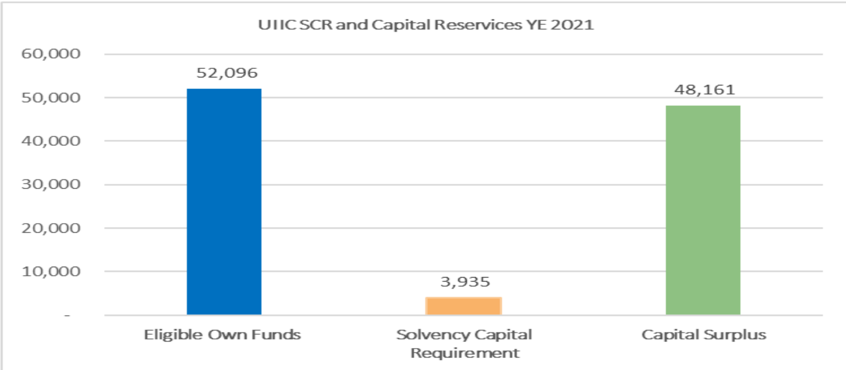
3. Solvency & Capital Assessment

The ratio of eligible own funds for SCR and MCR calculated using the standard formula as at 31 December 2021 amounts to 1,324% and 1,789% respectively. The Company is steadfast in its approach in maintaining a strong capital position and thus safeguarding the solvency level.

The Company advocates capital preservation. The Company identifies the risks to which it is exposed and assesses their impact on own funds over the business planning period. This process is risk based to manage the Company's capital requirements and ensure it has the financial strength and capital adequacy to support the growth of the business.

	Actual Y/E 2021 USD K
SCR	3,935
MCR	2,911
Ratio of eligible own funds to SCR	1,324%
Ratio of eligible own funds to MCR	1,789%

Based on Y/E 2021, UIIC's capital resources stand at USD 52,096k. This capital position delivers surplus capital of USD 48,161k and a Solvency Capital Requirement of USD 3,935k.



3.1 Solvency Capital Requirement (SCR)

The SCR is the amount of funds that the Company is required to hold in line with the Solvency II Directive. The SCR calculation is a formula based figure calibrated to ensure that all quantifiable risks are taken into account.

The assessment of the SCR using the standard formula approach is based on a modular approach consisting of; non-life, market, and counterparty default risks with associated sub-modules. These are aggregated in the standard formula using correlation matrices, both at the sub-module and the main module level. The operational risk component and adjustments for risk absorbing effect of future profit sharing and deferred taxes are then allowed for, to give the overall SCR.

The table below highlights the capital requirements for each risk module:

	Actual Y/E 2021 USD K
Market risk	2,516
Counterparty default risk	2,65
Non-life underwriting risk	2,275
Diversification	(1,135)
Intangible asset risk	
Basic Solvency Capital Requirement	**3,921**
Operation Risk	14
Loss-absorbing capacity of technical provisions	
Loss-absorbing capacity of deferred taxes	

Diversification effect due to RFF in SCR aggregation for article 304	
Solvency Capital Requirement	**3,935**

3.2 Minimum Capital Requirement (MCR)

The Company uses the Standard Formula to calculate its Minimum Capital Requirement (MCR). The amount of the MCR for the reporting period is USD 2,911k.

	Actual Y/E 2021 USD K
Linear MCR	33
SCR	3,935
MCR cap	1,771
MCR floor	984
Combined MCR	984
Absolute floor of the MCR	2,911
Minimum Capital Requirement	**2,911**

4. Risk Profile & Assessment of Risk Exposure

This section of the ORSA details the major risks to which UIIC is exposed. In each case the business activity which drives the risk set out, alongside the risk management and mitigation UIIC has implemented to control the risk and finally a forward looking assessment of the risk area is provided in line with the business plan.

The Company believes that a strong, effective and embedded risk management framework is crucial to maintaining successful business operations and delivering sustainable, long-term profitability.

The Company's Solvency Capital Requirement (SCR) is calculated using the Standard Formula.

Capital Requirement for each risk module (Standard Formula)	Standard Formula USD K	SCR Components
Counterparty default risk	265	6%
Market risk	2,516	64%
Non-life underwriting risk	2,275	58%
Diversification	(1,135)	(29%)
Operational Risk	14	1%
Solvency Capital Requirement	**3,935**	**100%**

4.1 Risk Profile

The Company's Risk Management Framework supports the identification, measurement, management, monitoring and reporting of the three major risk groupings the Company is exposed to, including:

- Underwriting Risk;
- Market Risk;
- Counterparty Default Risk;
- Operational Risk.

The major risk areas to which UIIC is exposed are detailed below:

Risk Category	Risk Type	Drivers of Risk
Insurance Risk	Premium Risk	Premium risk arises from the failure of pricing, product or strategy. It encompasses the risk of loss due to the potential timing, frequency and severity of covered loss events differing from that assumed at the time of underwriting and pricing a risk.
	Reserve Risk	Reserve risk arises from adverse reserve development through failing to set sufficient cash reserves or through failing to adopt a robust and consistent reserve strategy offered to insureds and countries. It represents the difference between the actual versus expected variability in the timing or amount (size/severity and count/ frequency) of loss costs including indemnity, legal and loss adjustment expenses.
	Catastrophe Risk	Man Made Catastrophe Risk arises from failure to manage risk aggregation or accumulation that may result in increased exposure to man-made catastrophe losses (e.g. terrorism, explosion, systemic financial losses, latent disease, pandemic etc).
Market Risk	Interest Rate Risk	The potential financial loss arising from the reduction in the value of the investment portfolio and liabilities due to changes in the level of interest rates.
	Currency Risk	The potential financial loss arising from the change in value of currency exchange rates or from closing out a currency position at a loss due to adverse movements in exchange rates.
	Spread Risk	The potential financial loss due to the increase in the spread that an asset trades at relative to a comparable government bonds hence a decrease in the asset's market value.
Liquidity Risk	Liquidity Risk	Liquidity risk refers to the ability to generate sufficient cash resources to meet the Company's payment obligations. It is defined as unencumbered cash and assets that can be monetized in a short period of time at a reasonable cost in both normal and stressed market conditions.

Risk Category	Risk Type	Drivers of Risk
Credit Risk	Credit Risk	Credit Risk concentration is associated with any single exposure or group of exposures with the potential to produce large losses to threaten the Company's core operations. It may arise in the form of single name concentration.
Operational Risk	Operational Risk	Operation Risk SF-SCR is mainly driven by premiums.

The following sections detail UIIC's current and future exposure to each of the above risk areas and sets out the risk processes and controls which have been implemented to manage and maintain the firm's risk profile within appetite.

4.2 Insurance Risk

Insurance Risk encompasses the risks stemming from UIIC's underwriting activity. UIIC's Insurance Risk exposure is broadly split into the following areas:

- Premium Risk – covers the risk of loss to UIIC due to the potential timing, frequency and severity of covered loss events differing from that assumed at the time of underwriting and pricing of a risk. It also contemplates the risk that reserves set aside for the current accident year will not be high enough to cover future claims and that all expenses are appropriately included.

  For illustration purposes, please refer to the sub-module components of the Non-Life Underwriting Risk.

- Reserve Risk - represents the difference between the actual versus expected variability in the timing or amount (size/severity and count/ frequency). Reserves are subject to a high level of management judgment and are estimated based on both internal experience and external factors which are both subject to change.

  For illustration purposes, please refer to the sub-module components of the Non-Life Underwriting Risk.

- Catastrophe Risk – the UIIC portfolio has some exposure to man-made catastrophes. Historic performance for the book has been stable with no notified claims.

  For illustration purposes, please refer to the sub-module components of the Non-Life Underwriting Risk.

Non-Life Underwriting Risk	Standard Formula, USD K
Non-life premium and reserve risk	147
Non-life lapse risk	2,270
Non-life catastrophe risk	0
Diversification benefit	(142)
Non-Life Underwriting Risk	**2,275**

4.3 Market Risk

Description and Sources of Risk

Market Risk quantifies the adverse impact on the Company due to broad, systemic movements in one or more market risk factors. The Market Risk component of SF-SCR is driven by risks inherent within the Company's assets and liabilities portfolio:

Market Risk	Standard Formula, USD K
Spread risk	2,270
Currency risk	-
Interest rate risk	1,085
Concentration risk	-
Diversification within market risk module	(839)
Market Risk	**2,516**

- Interest Rates – Interest rate risk is the potential for loss due to a change in interest rates. Interest rate risk is measured in terms of impact on both assets (fixed income investments) and liabilities (discounted technical provisions).

  Interest Rate Risk is driven by exposures to fixed income securities. For illustration purposes, please refer to the sub-module components of the Non-Life Underwriting Risk.

- Foreign Exchange Rates – Changes in foreign exchange rates can affect the valuation of a broad range of balance sheet and income statement items.

  Foreign Exchange risk is mainly driven by exposure of the Company's assets and liabilities denominated in foreign currencies. For illustration purposes, please refer to the sub-module components of the Non-Life Underwriting Risk.

- Credit Spreads – Credit spread risk is the potential for loss due to a change in the spread that an asset trades at relative to the risk free rate.

  For illustration purposes, please refer to the sub-module components of the Non-Life Underwriting Risk.

As can be seen from the table below, UIIC's investment portfolio is focused towards high quality, liquid assets.

Asset Type	Actual Y/E 2021 USD K
Short Term Investments and Cash at Bank	1,063
Structured Products	0
Government and Corporate Bonds	50,402

Risk Management and Mitigation

UIIC's risk profile is managed through the "Investment Policy & Guidelines". The policy sets out investment guidelines for the entity's assets. In line with the prudent investment approach most of the bonds have investment grade A or greater which is highlighted in the below rating overview. In both cases asset allocation is limited to highly liquid sovereign bonds, short term deposits or cash denominated in USD.

Bonds – Investment Grade	Actual Y/E 2021 USD K	% of Portfolio
AAA	8,807	18%
AA	596	1%
A	16,297	32%
BBB	13,360	27%
NR	11,342	22%
Total	**50,402**	**100%**

Forward Looking Assessment of Risk

To improve investment opportunities and stabilise investment income, the Company had amended its investment strategy by changing from a conservative Fixed Income allocation to Mixed Portfolio. This change has enabled the Company to continue a capital preservation approach with taking an average level of risk, while the investment horizon has been increased from 3 up to 12 years.

4.4 Liquidity Risk

The company has a large portfolio of very liquid and marketable assets in relation to the size of the liability on the balance sheet. UIIC's asset portfolio is predominantly composed of government bonds, corporate bonds, short term deposits and cash at bank.

Description and Sources of Risk

Liquidity refers to the ability to generate sufficient cash resources to meet our payment obligations. It is defined as cash and unencumbered assets that can be monetized in a short period of time at a reasonable cost. Liquidity risk is defined as the risk that our financial condition will be adversely affected by the inability or perceived inability to meet our short-term cash, collateral or other financial obligations.

Risk Management and Mitigation

UIIC has very limited exposure to liquidity risk due to the previously articulated investment portfolio the Company holds and detailed in the "Investment Policy and Guidelines". Considering the investment portfolio, the Board of Directors believe that the Company is likely to face minimal liquidity risk, taking into account the investment portfolio.

UIIC's investment portfolio is made up of a combination of cash at bank, short term deposits, government bonds and corporate bonds, all of which could be realized within a short period of time.

Forward Looking Assessment of Risk

UIIC will continue to manage its liquidity risk profile through holding a conservative and liquid investment portfolio.

4.5 Credit Risk

UIIC's most material credit risk concentration relates to type 2 exposure of Cash at Bank on the balance sheet that amounts to USD 1,063k as at 31st December 2021.

Counterparty Listing	Standard Formula, USD K
Credit Suisse	1,063
Citi Bank	31
Total	**1,094**

Description and Sources of Risk

Credit risk is defined as the risk that our counterparties are unable or unwilling to repay their contractual obligations when they become due. Credit risk may also result from a downgrade of counterparty's credit ratings.

UIIC's primary sources of credit risk stem from our reinsurance arrangements, broker receivables and banking counterparties (cash at bank).

Risk Management and Mitigation

Alongside controlling UIIC's Market and Liquidity risk, the entity's "Investment Policy and Guidelines" also sets out the approved list of banking counterparties and custodians the firm can utilise.

The Company's maximum exposure to Credit risk is generally reflected in the carrying amount of financial assets in the financial statements. The impact of possible netting of assets and liabilities to reduce potential credit risk is insignificant.

Forward Looking Assessment of Risk

Given the size of the investment portfolio, counterparty credit risk remains one of the most material contributor to the SF SCR.

4.6 Operational Risk

Description and Sources of Risk

Operational Risk is defined as the risk of Loss or other adverse consequences resulting from inadequate or failed internal processes, people, systems, or from external events.

Operation Risk SF-SCR amounts to USD 14k which is mainly driven by premiums.

Operational Risk	Standard Formula, USD K
Operational risk	14

Risk Management and Mitigation

The Board of Directors believe that the Company is likely to face minimal liquidity risk, taking into account the level of gross written premium.

5. Conclusion

Business Environment

Despite economic and social impacts of the Covid-19 pandemic during 2020, Uzbekistan continued to make progress in its reform agenda throughout 2021, particularly the restructuring of the strategic sectors in the economy such as oil and gas, mining, agri-foods, textile, and banking. As a result of the structural reforms, supported by robust external and fiscal buffers, access to external financing and diversified economy, Uzbekistan rebounded sharply in 2021 and the country was able to achieve 7.4 percent growth of GDP (in 2020 GDP's growth was 1.6 percent). (Source: The World Bank)

The global rating agencies have confirmed Uzbekistan's ratings for 2021 accordingly. Fitch Ratings has affirmed Uzbekistan's long-term foreign currency issuer default rating (IDR) at BB- with a stable outlook. S&P Global Ratings has confirmed the sovereign rating of Uzbekistan in foreign currency at BB- with a stable outlook. Moody's Investors Service ("Moody's") has affirmed Uzbekistan's long-term issuer and senior unsecured ratings at B1 and has changed the Government of Uzbekistan's rating outlook to positive from stable.

In 2021 the process of integration of Uzbekistan into the Global trade and economy has been continued and was very productive. The country was granted a beneficiary of the European Union's Generalized System of Preferences Plus (GSP+), opening prospects and new opportunities for investors and trade partners. World Trade Organization ("WTO") accession has continued to be an absolute priority and an integral part of the wide-ranging reform agenda for Uzbekistan. The negotiations with WTO during 2021 moved the Country to the next level, where the technical aspects of accession had been discussed. The International organization - the Cotton Campaign has made a historic decision to lift the global boycott on cotton from Uzbekistan, which will help the Country to re-enter world textile markets, as well as to allow hundreds of international brands and retailers, which joined the pledge not to source cotton from Uzbekistan twelve years ago, to return to the Uzbek cotton market.

Unfortunately, the Russia – Ukraine military conflict, started from February 2022, is expected to have a long impact on the global economic situation and put pressure on the Uzbekistan's economic growth too, due to a halving of remittances, record global oil and food prices, trade, investment, and banking disruptions. Nevertheless, the Government's focus is shifting to deeper structural reforms and economy modernization, including transformation and privatisation of large state-owned enterprises ("SOE's"), creation of larger and more competitive private sector by attracting private foreign direct investment ("FDI") into strategic sectors of the economy, diversification of foreign trade and widening logistic channels towards Asia and Europe.

Risk Profile

While the markets during the previous two years had been under pressure of the COVID-19 pandemic crisis, the year 2022 has even more severe impact from military conflict between Russia and Ukraine, started from 24 February. This conflict has triggered another wave of economic and political instability, disruption in the world trade and investment flows, boost inflation significantly and a volatility in financial markets. In such severe conditions, the Company has been continued closely monitoring its risks profile.

Investment Risk

During the pandemic crisis, as well as post-pandemic period, the Company's investment performance had been under very strong pressure of low interest rates conditions. The US Federal Reserve rates had decreased significantly from 2.5% down to 0.08% average. The cash flows in 2021 was not at the level of 2020 due to the above changes in conditions. Additionally, a large portion of the US treasuries and bonds in the portfolio had matured during 2021. Therefore, given the Company's conservative investment guidelines, as well as severe market volatility throughout 2021, it was impossible for the Company to achieve the investment yields as what was observed in years prior.

In 2022 there have been another severe negative impact to global economy in whole and investment markets in particular, caused by military conflict between Russia and Ukraine. Ongoing financial volatility and highly inflationary environment on the markets has constrained the Company's investment income forecast from 2.0% to a minimum of 1.0% on an annual reporting basis.

To minimize a risk of insufficient funds required to cover the operating expenses, as well as to prevent a liquidity risk, the Company will continue monitoring the appropriateness of investment strategy to market situation and conditions in close cooperation with the Company's asset manager and custodian – Credit Suisse AG.

The Business Performance

In 2021 the underwriting guideline of UIIC regarding Uzbekistan has not changed, and we are operating in-line with our main strategy, aimed to create additional capacity for export-import and investment transactions in Uzbekistan through cooperation with the outsourcing partner. Our pricing policy regarding Uzbek risks has not changed and the insurance rates remain mostly at the same levels as in the last year.

During 2021 the Company received 22 formal enquiries (in 2020 - 34 enquiries). Most of enquires related to trade financing risks, as well as for the risks associated with investment projects backed by the Government and state-owned banks' guaranties. The market demonstrated an appetite for short-term and medium-term covers. As a result, the Company issued 4 new policies and extended one existing policy during 2021. We hope that 2022 will also be productive; as of Q2 we have already issued 5 new policies, while the number of enquires received was 15.

Business Strategy

In general, we assume that 2022 will continue to be a year of uncertainty due to the conflict in Ukraine, which is causing economic and political instability, disruption in the world trade and investment flows, boost inflation significantly and a volatility in financial markets. Whilst there is uncertainty as to the future economic impact of this event on Uzbekistan, the Company does not have direct exposure from the conflict, so there is no need to amend the business strategy of the Company.

The business strategy of the Company was based on long-term perspectives and aimed to be an integral part of the national system for promotion of foreign trade and attracting FDI into Uzbekistan. The strategic goals of the Company remain unchanged, and the Company intends to continue offering insurance policies designed to protect the business and assets of foreign companies investing with or doing business in the Republic of Uzbekistan.

To support the above strategy and to operate the business in a cost-effective way, as well as to gain access to qualified professionals, the Company will continue to utilise outsourcing arrangements.

The Company, in close cooperation with the outsourcing service provider, will continue to provide more flexible underwriting and customer-oriented services, offer rates in line with the market whilst being loyal to business partners and complying with the regulatory environment. The Company will continue to coordinate with insurance brokers and business partners to adapt to the current market trends and business environment, whilst expanding cooperation with the banks that provide trade financing and investment project support in Uzbekistan.

Future Developments

The increased geopolitical risks caused by the Russia-Ukraine conflict will put pressure heavily on global economic conditions throughout 2022. Investment growth and world trade are also expected to slow, inflows of foreign direct investment will be subdued in 2022 and take time to recover.

However, Uzbekistan is not in direct exposure from this conflict in comparison with European countries, which are the most exposed. Moreover, the Country could benefit from high global commodity prices, such as gold, copper, and natural gas, which are one of the main export goods of the country.

The stable political, social, and economic situation in Uzbekistan reflects expectation of international experts that the country will be able to withstand the negative macroeconomic impact of the Russia-Ukraine conflict. Comparatively the strong fiscal and external buffer position will help the Uzbekistan economy to perform with positive economic growth in 2022.

In 2022 the Company targets to maintain its volume of business within the range of the previous 2-3 years. Our expectation is based on the following factors:

- Given the sanctions imposed on the Russian capital imports and banks, the Uzbek Government will increase volume of capital borrowings from the international capital markets via state-owned banks to fund strategic industrial projects and modernization of export-oriented productions, as well as to finance the public and private investment projects, and to cover budget deficit for 2022. This, in return, will create more business opportunities for foreign commercial banks and private investors and give the Company momentum to increase a book of business accordingly.

- The European Union's decisions to accept Uzbekistan as a beneficiary of the special free-trade regime under the Generalized System of Preferences Plus (GSP+) provides a favourable condition for Uzbek exporters. Lifting the global boycott on cotton from Uzbekistan will open the U.S. and Europe markets for goods from the Country, including Uzbek textiles. This could become another opportunity that enables the Company to increase a new business.
- Further progress in reforms that further open the economy and financial sector to more competition and productivity in sectors such as textiles, agri-food, mining, will point to stronger creditworthiness and investment attractiveness of Uzbekistan. Riding on this momentum, the Company can benefit by promoting its services among investors too.
- Close coordination and affiliation with the Ministry of Investment and Foreign Trade of Uzbekistan (MIFT) and the Ministry of Finance (MOF), as well as with the biggest Uzbek commercial bank – National Bank of Uzbekistan (NBU) allows the Company to be better positioned for the Uzbek market. The Company has immediate access to new investment projects and a reliable source of funds to maintain a high capital adequacy and financial stability during the current market volatility.