Ministry of Finance
of the Republic of Uzbekistan

*July, 2022*

# NEWSLETTER № 34

## Ministry of Finance of the Republic of Uzbekistan

# 1. Key developments

Ministry of Finance
of the Republic of Uzbekistan



### *Macro and budget indicators*

- 1H2022 GDP growth: 5.4% *(7.2% as of 1H2021);*
- 1H2022 Overall fiscal balance *(preliminary figure):* -4.2% of GDP;
- 1H2022 Current account deficit *(preliminary figure):* USD 0.5 bn;
- 1H2022 Foreign trade turnover: USD 24.5 bn *(USD 18.5 bn as of 1H2021).*




### *21 state-owned companies is to raise capital from international capital markets*

- 21 state-owned enterprises, such as JSC “UzAuto Motors”, JSC “Uzbek Metallurgical Combine”, JSC “Agrobank”, JSC “Mikrokreditbank” are planning to conduct IPO/SPO of shares in cooperation with international experts on privatization processes and public placement of shares. ***(page 4)***

### *Funds have been allocated to construct and reconstruct drinking water supply and sewerage system*

- ADB has allocated a loan agreement in the amount of USD 161 mn with a repayment period of 25 years, including a grace period of 5 years (2022-2027) to construct and reconstruct drinking water supply and sewerage systems in cities and districts of Tashkent region.

### *Tax and Customs Codes have been improved as well as income tax incentives have been given to special economic zones*

- The rate of excise tax for mobile communication services from 15% to 10% has been reduced;
- Tax on personal income of individuals – non-residents received under employment and other civil contracts from 20% to 12% (except for dividends, interest, and freight income) has been reduced;
- The tax rate for relevant income of non-resident legal entities is reduced to 5%;
- Participants of a special economic zone are exempted from income tax depends on the amount of their investments. ***(page 5)***

## Content


| | | |
|---|---|---|
| 1. | Key developments | 1 |
| 2. | Statistics at a glance | 2 |
| 3. | Reforms Agenda | 3 |
| 4. | Macroeconomic Indicators | 6 |
| 5. | Foreign Trade Turnover | 8 |
| 6. | Monetary Policy and Banking Sector | 9 |
| 7. | Balance of Payments and Budget Statistics | 10 |
| 8. | Borrowing Statistics | 11 |
| 9. | Domestic Treasury Securities | 12 |
| 10. | Sovereign Eurobonds | 14 |
| 11. | Uzbek Corporate Eurobonds | 15 |


***Note 1: Preliminary estimate by the Ministry of economic development and poverty reduction, subject to change***

# 2. Statistics at a glance

Ministry of Finance of the Republic of Uzbekistan

## Macroeconomic Statistics

- The inflation rate for July of 2022 amounted to **12.3%** (yoy) in comparison to 15.2% (yoy) as of June 2020;
- Official reserve assets of the country amounted to **USD 35.6 bn** as of July 1, 2022, in comparison to USD 34.1 bn as of July 1, 2021;
- In January-June 2022, the total foreign trade turnover amounted to **USD 24.5 bn,** an increase of USD 6.0 bn compared to January-June 2021;
- In January-June 2022, the volume of industrial products equaled **UZS 251.4 tn** (~USD 22.8 bn)[1] with a real growth rate of 5.1%(yoy);
- In January-June 2022, the volume of provided services equaled **UZS 160.6 tn** (~USD 14.5 bn)[1] with a real growth rate of 14.5%(yoy);
- In January-June 2022, the volume of construction amounted to **UZS 60.3 tn** (~USD 5.5 bn)[1] with a real growth rate of 6.2%(yoy);
- As of April 1, 2022, according to the statistics from the Central Bank of Uzbekistan, the total external debt amounted to **USD 38.8 bn** (54.5% of GDP), of which, state external debt – **USD 23.4 bn** (32.9% of GDP), and private external debt – **USD 15.5 bn** (21.8% of GDP). Apparently, state debt-to-GDP ratio declined for the five quarters in a row, being 38.6% for 1Q2021, 38.5% for 2Q2021, 38.4% for 3Q2021, 38.0% for 4Q2021 and 34.0% for 1Q2022 as a reflection of macro-prudential approach and fiscal rules in debt management since 2020;
- As of August 1, 2022 MoF had outstanding treasury bills and bonds equal to **UZS 5.8 tn** (~USD 0.53 bn)[2]. According to the planned schedule, in January-July 2022, **39** auctions have been conducted and the total volume of issued T-bills and bonds have reached **UZS 4.5 tn** (~USD 0.40 bn)[3].

***Note 1: Average official exchange rate for January-July 2022, USD/UZS = 11 047***
***Note 2: Official exchange rate for 1 August 2022, USD/UZS =10 912***
***Note 3: Calculated based on the exchange rate of USD/UZS on the auction date***

| Indicators | As of July 1, 2021 | As of July 1, 2022 |
|---|---|---|
| Inflation, % (yoy) [1] | 11.1 | 12.3 |
| Industry, % (yoy) | 8.5 | 5.1 |
| Services, % (yoy) | 20.5 | 14.5 |
| Construction works, % (yoy) | 0.6 | 6.2 |
| Official Reserve Assets, USD bn | 34.1 | 35.6 |
| Foreign trade turnover, USD bn | 18.5 | 24.5 |
| State external debt, USD bn[2] | 21.2 | 23.4 |
| Private external debt, USD bn[2] | 13.0 | 15.5 |

***[1] For June 2021 and 2022***
***[2] As of January 1, 2021 and January 1, 2022***

| Sovereign Eurobonds | Currency | Price[3] | YTM[3] |
|---|---|---|---|
| UZBEK 4 ¾ 20 02 24 | USD | 97.00% | 6.82% |
| UZBEK 5 ⅜ 20 02 29 | USD | 88.15% | 7.71% |
| UZBEK 3.7 25 11 30 | USD | 74.76% | 7.90% |
| UZBEK 3.9 19 10 31 | USD | 74.55% | 7.83% |
| UZBEK 14.0 19 07 24 | UZS | 93.71% | 17.93% |
| UZBEK 14 ½ 25 11 23 | UZS | 94.50% | 19.38% |

***[3] As of August 1, 2022*** ***Source: Bloomberg BVAL pricing***

**Exchange rates as of July 1, 2022**

| Currencies | Changes from 1 July 2021 |
|---|---|
| **USD/UZS** = 10 865.94 | +2.60% |
| **RUB/UZS** = 207.27 | +30.15% |
| **EUR/UZS** = 11 333.18 | +11.14% |
| **GBP/UZS** = 13 186.90 | -11.29% |
| **CNY/UZS** = 1 622.87 | -1.04% |

***Source: Central Bank of the Republic of Uzbekistan***

# 3. Reforms Agenda



**Measures have been applied to ensure reliable protection of the inviolability of property rights and increasing the level of capitalization of private property**

*(27 July 2022)*

In order to create reliable protection of property rights the following procedures, requirements and restrictions are canceled from September 1, 2022:

- ***in the field of using the right to land plots:***
  - ✓ termination of the right to a land plot by canceling the acts that were the basis for the emergence of the right to a land plot, on the basis of a prosecutor's protest, except for cases of cancellation or invalidation of these acts by a court;
  - ✓ registration of the termination of the right to a land plot in case of voluntary renunciation of it by a decision of the Cabinet of Ministers, local government bodies;
  - ✓ termination of the right to a land plot in connection with the liquidation of a legal entity (with the exception of agricultural land). At the same time, these rights are transferred to the founders (participants) of the legal entity in proportion to their share (contribution) in the legal entity, unless otherwise provided by law, constituent documents or an agreement between the founders;
  - ✓ granting ownership of another real estate object in state ownership as compensation for the withdrawal of land plots for public needs, with the exception of residential facilities located in an apartment building;
- ***in the field of realization of property rights to residential premises:***
  - ✓ obtaining consent to cancel the permanent registration in the residential premises from persons who do not have property rights to it or family ties with the owner of this residential premises, unless otherwise agreed between the parties;
  - ✓ reclaiming in kind a dwelling from an individual recognized by the court as a bona fide purchaser, if three years have passed from the date of state registration of ownership of this dwelling in his name;
  - ✓ in the field of use of buildings and structures, vehicles owned by individuals and legal entities on the basis of ownership:
  - ✓ termination of rights by canceling administrative acts that were the basis for the emergence of property rights, in particular on the basis of a prosecutor's protest, with the exception of cases of cancellation or invalidation of these acts by a court;
- ***in the field of corporate relations:***
  - ✓ adoption by state bodies of acts providing for the disposal of property of enterprises with state participation. At the same time, state bodies that own state shares in the authorized capital of a business entity may coordinate decision-making as a participant in writing with a higher state body;
  - ✓ disposal of a pledged share in the authorized fund of a legal entity without the consent of the mortgagor. At the same time, failure to obtain such consent is the basis for refusing state registration of changes made to constituent documents, except as otherwise provided by law.

From January 1, 2023, the following will be compensated at the expense of the republican and regional compensation funds:

- damage caused to individuals and legal entities that acted based on illegally entered or untrue data from the State Register of Rights to Real Estate;
- losses caused to the owner as a result of illegal decisions and actions (inaction) of state bodies, their officials and employees, established by a court decision;
- damage and moral harm caused as a result of illegal actions of the bodies of pre-investigation check, inquiry, preliminary investigation, prosecutor's office and court.

***Source: https://lex.uz/pdfs/6171343***

# 3. Reforms Agenda



**The Roadmap of Initial and Secondary Public Offering (IPO/SPO) of shares of 21 state-owned enterprises on stock exchanges has been approved**

*(15 August 2022)*

It is planned to conduct an audit of 21 companies with the involvement of international experts on privatization processes and public placement of shares of enterprises on national and foreign stock exchanges. The heads of the executive bodies of enterprises are personally responsible for ensuring the high-quality and timely implementation of the tasks specified in the Roadmap.

| № | State-owned enterprises | Duration of IPO/SPO implementation |
|---|---|---|
| 1. | JSC “Uzbek Metallurgical Combine” | Within the terms agreed with the underwriters (Expected in the IV quarter of 2022 – I quarter of 2023) |
| 2. | JSC “Qurilishmazlizing” | On the recommendation of underwriters and consultants |
| 3. | JSC “Uzbekistan Airways” | Within the terms agreed with the underwriters |
| 4. | JSC “O’zbekinvest” | 2023 year II-III quarter |
| 5. | JSC “O’ztransgaz” | On the recommendation of underwriters and consultants |
| 6. | JSC “Xalq banki” | 2023 year II quarter |
| 7. | JSC “O’zagrosug’urta” | 2023 year III-IV quarter |
| 8. | JSC “Qishloq qurilish bank” | 2022 October |
| 9. | JSC “Agrobank” | 2023 June |
| 10. | JSC “O’zmilliy bank” | 2023 July |
| 11. | JSC “O’zbekneftgaz” | 2023 March |
| 12. | JSC “Mikrokreditbank” | 2023 June |
| 13. | JSC “UzAuto Motors” | On the recommendation of underwriters and consultants (Expected in the IV quarter of 2022 – I quarter of 2023) |
| 14. | JSC “O’zavtosanoat” | Proposals for postponing the IPO will be submitted to the Cabinet of Ministers by March 2023 |
| 15. | JSC “Aloqabank” | 2023 April |
| 16. | JSC “O’ztemiryo’lkonteyner” | 2023 June |
| 17. | JSC “O’zbekiston pochtasi” | On the recommendation of underwriters and consultants |
| 18. | JSC “O’zbekgeofizika” | 2023 year II-III quarter |
| 19. | JSC “Universal Sug’urta” | 2023 June |
| 20. | JSC “Alskom” | 2023 June |
| 21. | JSC “Dori-Darmon” | Within a month after the secondary public offering of shares |

These deadlines were set in consultation with responsible state-owned enterprises, investment consultants and brokers. At the same time, the level of readiness of state-owned enterprises for IPO/SPO, the current market situation and the sensitivity of international investors to the geopolitical situation in the region (including international sanctions) and other factors were taken into account.

***Source: https://lex.uz/ru/docs/6048652***

# 3. Reforms Agenda



**Tax and customs legislation has been improved**

*(27 July 2022)*

A Law introducing amendments to the Tax and Customs Codes has been signed. The Law, among others, provides for the following changes:

- Reduction of the rate of excise tax for **mobile communication services** from 15% to **10%;**
- Reduction of tax on **personal income of individuals** – **non-residents** received under employment and other civil contracts from 20% to **12%** (except for dividends, interest, and freight income);
- exemption of **antenna-mast constructions** in rural areas and lands on which they are located from property tax and land tax respectively;

Starting from 1 April 2020 to 31 December 2024:

- income of individuals - residents and non-residents in the form of **dividends** on their shares in JSCs is exempt from personal income tax;
- the tax rate for relevant income of **non-resident legal entities** is reduced to **5%;**
- income of resident and non-resident individuals and legal entities in the form of interest on **corporate bonds** is exempt from income tax;

Starting from 1 April 2022 to 1 January 2025, import of spare parts for **medical equipment** and **products** as well as consumables needed for medical purposes, as included in specially formed lists, is exempt from VAT.

***Source: https://lex.uz/uz/docs/6130972***

**Income tax incentives have been given to special economic zones**

*(12 July 2022)*

Changes in respect of special economic zones have been introduced into the Tax Code. It has, among others, been provided that a term for which participants of a special economic zone are exempted from income tax depends on the amount of their investments:

- **3 years,** if investments amount to **USD 3-5 mn;**
- **5 years,** if investments amount to **USD 5-15 mn;**
- **10 years,** if investments amount to or **exceed USD 15 mn.**

The exemption starts to apply from the date a relevant production (service provision) facility located within a zone is commissioned.

***Source: https://lex.uz/ru/docs/6103274***

# 4. Macroeconomic Environment



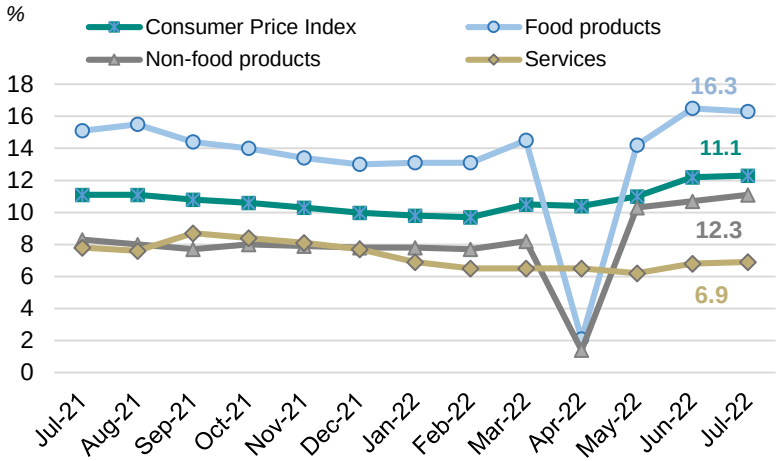
## Inflation rate

The inflation rate for July of 2022 increased to **12.3%** (yoy). In comparison, for the same period of 2021, the inflation rate was 11.1% (yoy).

The Government and the CBU has been conducting a strong anti-inflationary policy to curb inflation level and establish a permanent inflation level of 5% from 2023.

**Inflation rate**

*(as of August 1, 2021, yoy)*




## Gross Domestic Product

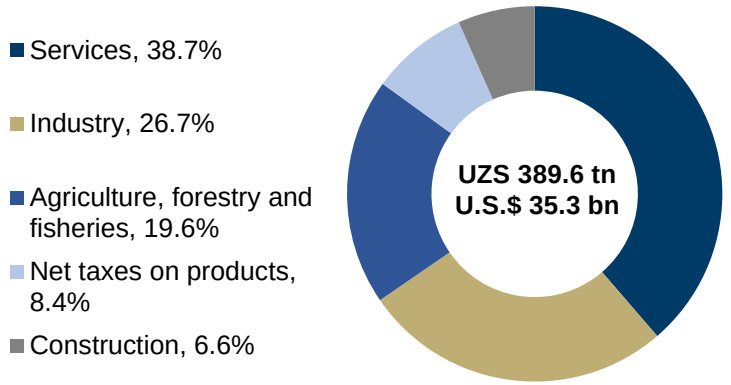
In 1H2022, the gross domestic product at current prices amounted to **UZS 389.6 tn** (~U.S.$ 35.3 bn) and compared to 1H2020 increased in real terms by **5.4%.**

The GDP deflator index, in relation to the prices of 1H2022, amounted to 115.2%.

GDP per capita of the country amounted to UZS 11.0 mn (~U.S.$ 995.3) and, compared to 1H2021, increased by 3.3%.

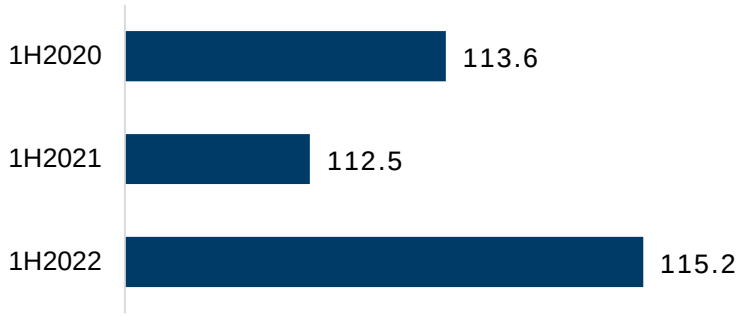
**Gross Domestic Product**

*(January-June 2022, in %)*




**GDP deflator index**

*(January-June 2022, in %, yoy)*




**GDP growth rate by type of economic activity**

*(in %)*

| | 1H2019 | 1H2020 | 1H2021 |
|---|---|---|---|
| **GDP** | **1.0** | **7.2** | **5.4** |
| *including:* | | | |
| Gross value added of the industries | 1.2 | 7.2 | 5.5 |
| Agriculture, forestry and fisheries | 2.4 | 1.8 | 2.7 |
| Industry | -1.0 | 8.3 | 5.1 |
| Construction | 6.9 | 1.5 | 6.2 |
| Services | 5.6 | 0.3 | 7.6 |
| Trade, accommodation and catering services | 0.8 | 13.9 | 8.7 |
| Transportation and storage, information and communication | -0.6 | 17.2 | 12.4 |
| Other service industries | 1.8 | 7.8 | 5.5 |
| Net taxes on products | -0.2 | 7.4 | 4.6 |

***Note 1: Average official exchange rate for January-June 2022, USD/UZS = 11 047***
***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***

# 4. Macroeconomic Environment

Ministry of Finance of the Republic of Uzbekistan

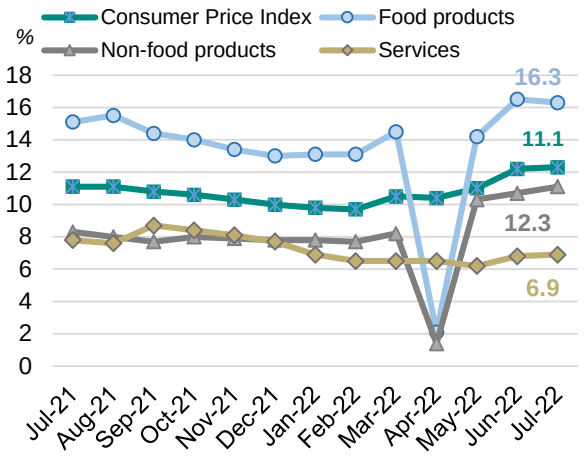
## Inflation rate

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The Government and the CBU has been conducting a strong anti-inflationary policy to curb inflation level and establish a permanent inflation level of 5% from 2023.

### Inflation rate

*(as of August 1, 2022, yoy)*



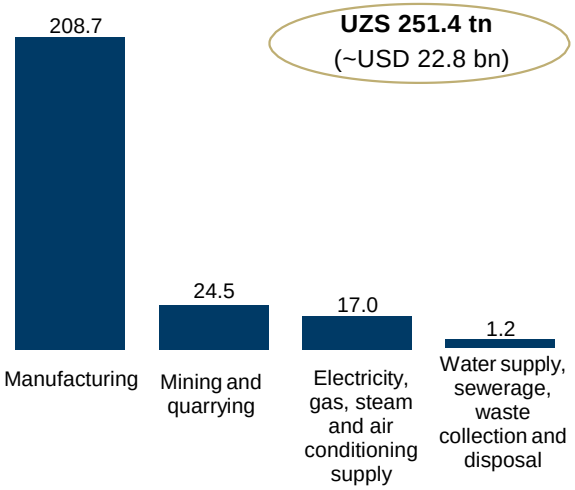

## Industry statistics

In **January-June 2022,** the volume of the industrial products amounted to **UZS 251.4 tn** (~USD 22.8 bn)[1], the index of physical volume of industrial production compared to January-June 2021 amounted to 5.1% (yoy)[2].

In the structure of industrial output, manufacturing amounted to UZS 208.7 tn (~USD 18.9 bn)[1], mining and quarrying UZS 24.5 tn (~USD 2.2 bn)[1] and air conditioning UZS 17.0 tn (~USD 1.5 bn)[1] and water supply, sewerage, waste collection and disposal UZS 1.2 tn (~USD 0.1 bn)[1].

### Industrial output

*(as of July 1, 2022, UZS tn)*




**UZS 251.4 tn**
(~USD 22.8 bn)

## Service statistics

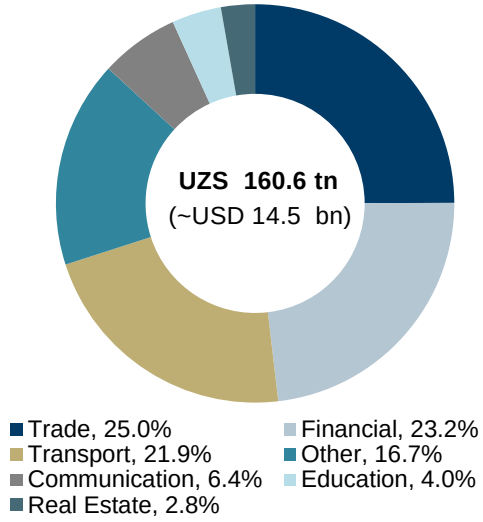
Services market in **January-June 2022** reached **UZS 160.6 tn** (~USD 14.5 bn)[1] with a real growth rate of 14.5% (yoy)[2].

As of July 1, % of the total number of organisations and enterprises operate in the service industry.

In the structure of services market, 25.0% relates to trade services, financial services - 23.2%, transport - 21.9% and communication and information services – 6.4%.

### Services statistics

*(as of July 1, 2022, % in total)*



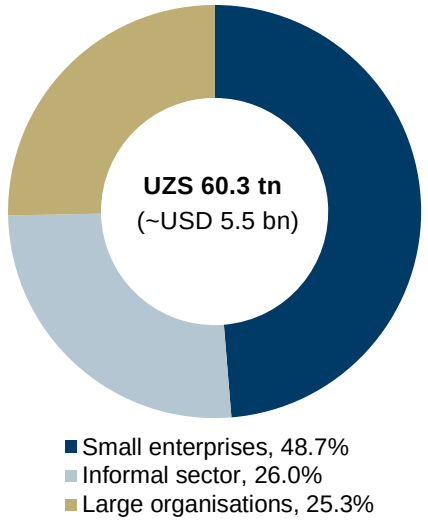

## Construction statistics

In **January-June 2022,** the construction works amounted to **UZS 60.3 tn** (~USD 5.5 bn)[1] with a real growth rate of 6.2% (yoy)[2].

As of July 1, 2022, the number of enterprises and organisations in the construction sector reached **thousand units** with thousand units increase compared with corresponding period last year.

### Construction works

*(as of July 1, 2022, % in total)*




***Note 1: Average official exchange rate for January-June 2022, USD/UZS = 11 047***
***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***

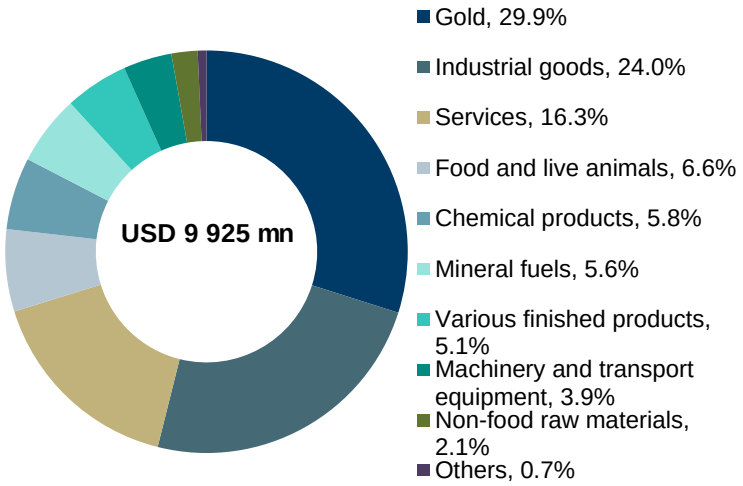
***Source: State Committee of the Republic of Uzbekistan on Statistics***

# 5. Foreign Trade Turnover

Ministry of Finance of the Republic of Uzbekistan

### Structure of Exports

*(as of July 1, 2022, % in total)*




### Foreign Trade Turnover

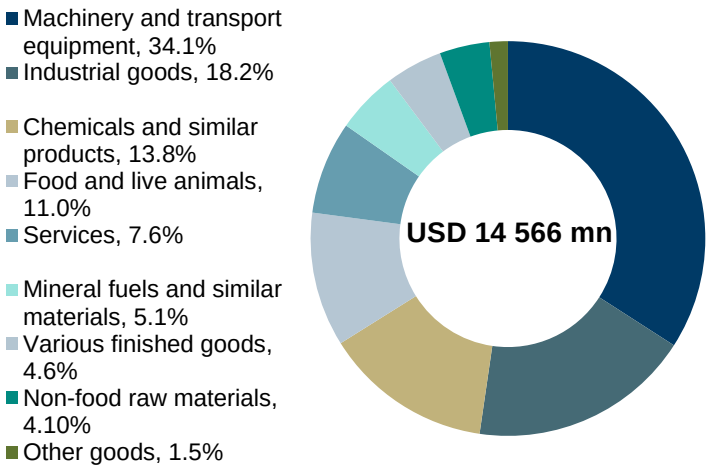
In January-June 2022, the foreign trade turnover (FTT) constituted **USD 24.5 mn,** an increase by **USD 6.0 mn**, compared to the same period last year (an increase of **32.4%**).

As of July 1, 2022, exports reached **USD 9.9 mn,** while the total number of exporting entities amounted to units. Uzbekistan has a very diversified export structure including manufactured goods, gold, services, foods, animals and other goods.

As of July 1, 2022, imports amounted to **USD 14.6 mn** with the dominance of investment goods. In the structure of imports, the main share is occupied by machinery and transport equipment (34.1%) that serves for the long-term growth in the future.

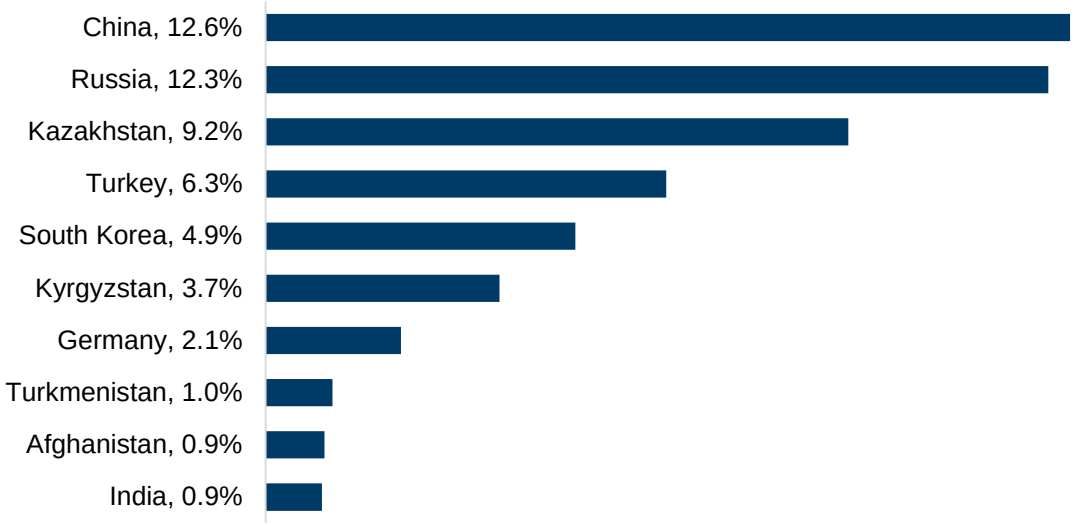
### Structure of Imports

*(as of July 1, 2022, % in total)*



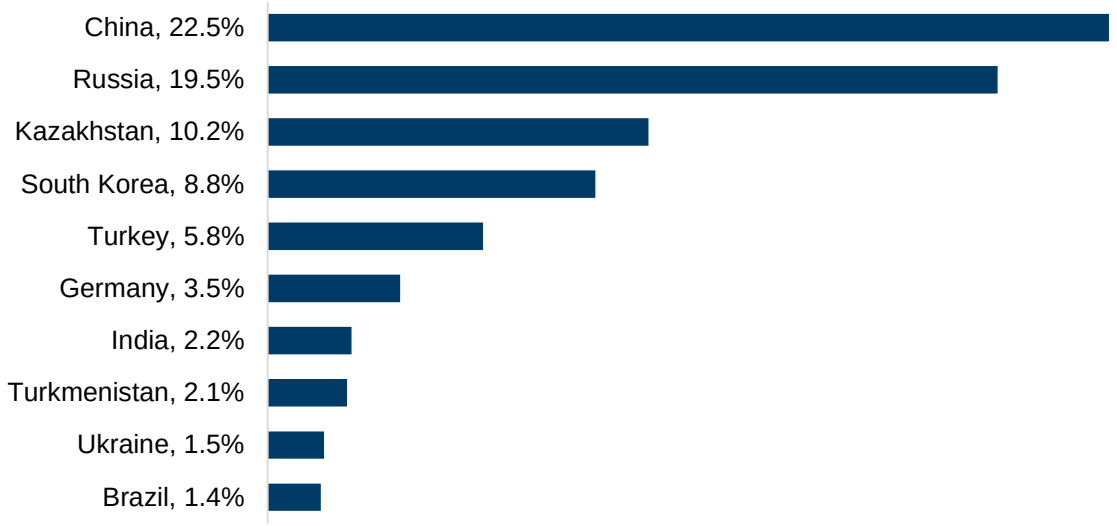

### Top 10 countries in exports of goods and services

*(as of July 1, 2022, % share in total exports)*




### Top 10 countries in imports of goods and services

*(as of July 1, 2022, % share in total imports)*



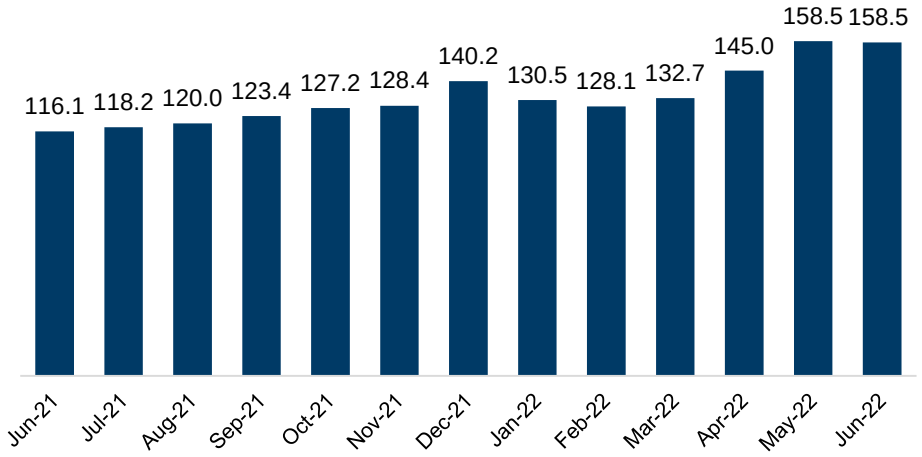

***Source: State Committee of the Republic of Uzbekistan on Statistics***

# 6. Monetary Policy and Banking Sector

Ministry of Finance of the Republic of Uzbekistan

**Broad Money (M2)**

*(to the end of month, UZS tn)*



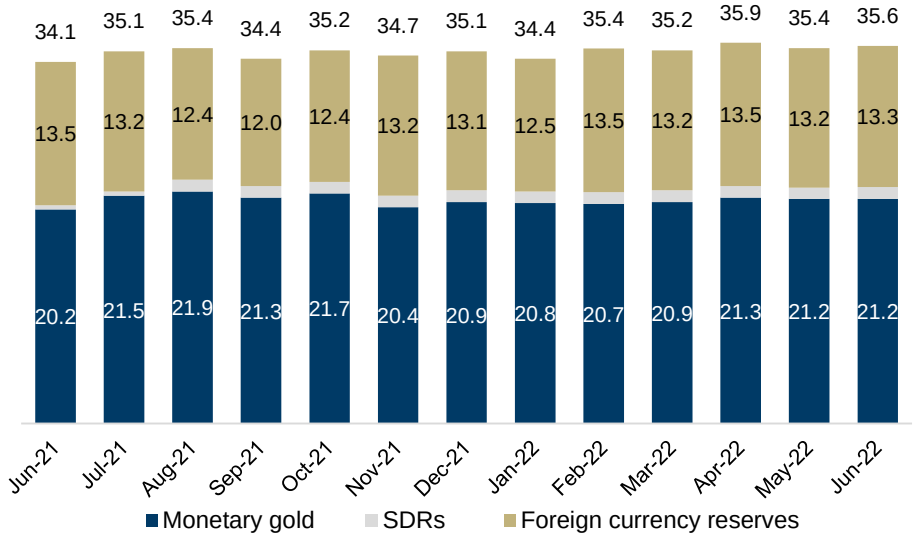

## Broad Money (M2)

As of July 1, 2022, broad money constituted **UZS 158.5 tn** (~USD 14.3 bn)[1], while the growth rate equaled **36.5%** compared to the same period of last year.

The volume of money supply in national currency constituted **UZS 113.6 tn** (~USD 10.3 bn)[1], of which currency in circulation and transferable deposits in national currency amounting to respective **UZS 40.5 tn** (~USD 3.7 bn)[1] and **UZS 37.4 tn** (~USD 3.4 bn)[1] and other deposits in national currency **UZS 35.7 tn** (~USD 3.2 bn)[1] and foreign currency deposits in national currency equivalent reached **UZS 44.8 tn** (~USD 4.1 bn)[1].

**Official Reserve Assets**

*(as of July 1, 2022, USD bn)*




## Official Reserve Assets

Official reserve assets of the country amounted to **USD 35.6** bn as of July 1, 2022, in comparison to **USD 34.1 bn** as of July 1, 2021.

The official reserve assets constitute of **USD 21.2 bn** of monetary gold, **USD 13.3 bn** of foreign currency reserves and **USD 1.1 bn** of SDRs.

## Liquidity in the banking system

| Indicators | July 1, 2021 | July 1, 2022 |
|---|---|---|
| Highly liquid assets (bn UZS) | 59.6 | 97.2 |
| Immediate liquidity ratio (minimum: 25%) | 86.3% | 103.8% |
| Liquidity coverage ratio (minimum: 100%) | 157.9% | 208.7% |
| Net stable funding ratio (minimum: 100%) | 113.7% | 116.1% |
| Ratio of highly liquid assets to total assets (in %) | 15.6% | 20.2% |

## Banking system stability indicators

*UZS bn*

| Indicators | 1H2021 | 1H2022 |
|---|---|---|
| Regulatory Tier 1 capital to RWA | 15.4% | 14.4% |
| Regulatory Tier 1 capital | 54 698 | 65 819 |
| Risk-weighted assets | 355 767 | 456 857 |
| Liquid assets to total assets | 16.0% | 21.6% |
| Liquid assets | 63 281 | 107 226 |
| Total assets | 396 162 | 495 655 |
| Capital to risk-weighted assets | 17.7% | 17.0% |
| Capital at the end of period | 62 909 | 77 684 |
| Risk-weighted assets | 355 767 | 456 857 |
| NPL to total gross loans | 5.5% | 4.8% |
| Non-performing loans | 16 795 | 16 795 |
| Total gross loans | 304 598 | 348 765 |

***Note 1: Average official exchange rate for January-June 2022, USD/UZS = 11 047***

***Source: Central Bank of the Republic of Uzbekistan***

# 7. BoP and Budget Statistics

Ministry of Finance of the Republic of Uzbekistan

## Balance of Payments

*U.S.$, mn*

| | 1Q2021 | 1Q2022 |
|---|---|---|
| Current account balance | -2 119.9 | -843.7 |
| Capital account *(excl. reserve assets)* | 1.8 | 8.2 |
| Financial account | -778.2 | -1 160.4 |
| Net Errors and Omissions | 51.5 | -230.6 |
| Reserves and Related Items | -1 288.4 | 94.4 |
| Overall Balance | 1 288.4 | -94.4 |

## Balance of Payments

In 1H2022, the current account formed with a deficit of **USD 844 mn** (USD 2 120 mn for 1H2021). At the same time, the negative trade balance (goods and services) and primary income (USD 2.1 bn) was partially offset by the positive balance of secondary income (USD 1.3 bn).

In 1Q2022, foreign trade in goods (including trade of precious metals (gold) and adjustments) amounted to **USD 11.8 bn** (USD 6.7 bn for 1Q2021). Volume of exports and imports amounted to **USD 5.2 bn** and **USD 6.6 bn,** respectively. Thus, the negative trade balance of goods amounted to USD 1.4 bn.

In 1Q2022, the deficit in international trade of services increased by 73% compared to the same period of the previous year and amounted to **USD 729 mn**.

The positive balance of primary income for 1Q2022 was equal to **USD 297.2 mn** (with deficit USD 49.7 mn for 1Q2021).

The positive balance of secondary income amounted to **USD 987.2 bn** (USD 1.1 bn for 1Q2021). The positive balance remains stable mainly due to cross-border remittances of long-term workers.

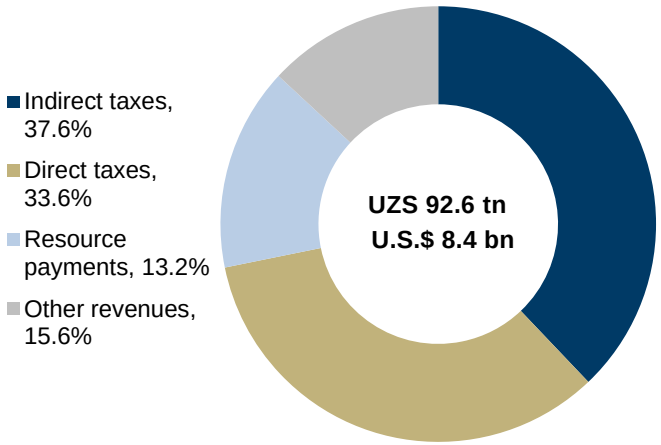
In 1Q2022, the positive balance of capital account is amounted to **USD 8.2 mn** (USD 1.8 mn 1Q2021). This is mainly due to capital grants and debt forgiveness on private external debt.

In 1Q2022, the negative balance of the financial account amounted to **USD 1.1 bn** (USD 2.1 bn in 1Q2021). Negative balance of financial account is due to decline of financial assets of residents by USD 427.9 mn and increase of liabilities by USD 638.2 mn. Financial account deficit decline is mainly due to increase of FX reserves and repayment of liabilities in “loan and borrowings” component.

***Source: Central Bank of Uzbekistan***

## State budget revenues

*(as of July 1, 2022, UZS tn)*




## State budget

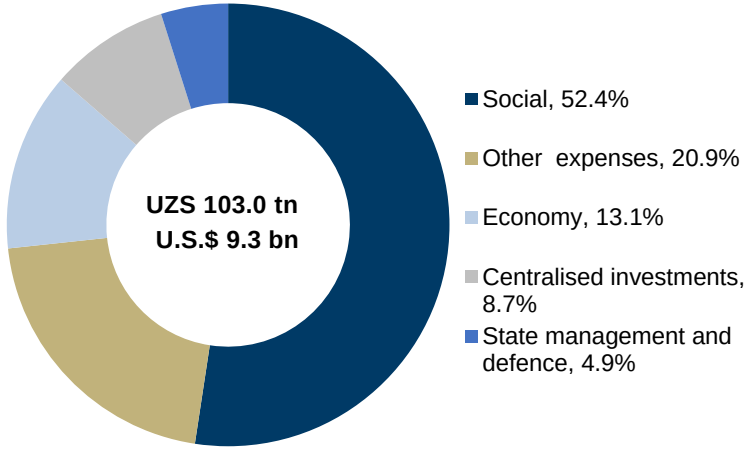
In 1H2022, the State budget revenues amounted to **UZS 92.6 tn** (~U.S.$ 8.4 bn)[2] or UZS 17.8 tn (+23.7%) more than in the same period last year.

In 1H2021, revenues under the control of state tax authorities amounted to **UZS 71.0 tn** (~U.S.$ 6.4 bn)[2], an increase of **UZS 9.7 tn** (~U.S.$ 0.9 bn)[2] compared to the same period last year. In particular, revenues under the control of the Inspectorate for working with Large Taxpayers amounted to **UZS 43.2 tn** (~U.S.$ 3.9 bn)[2]. In 1H2021, revenues under the control of customs amounted to **UZS 21.5 tn** (~U.S.$ 1.9 bn)[2].

In 1H2021, the State budget expenses amounted to **UZS 103.0 tn** (~U.S.$ 9.3 bn)[2].

## State budget expenses

*(as of July 1, 2022, UZS tn)*




***Note 1: Preliminary estimate***
***Note 2: Average official exchange rate for January – June 2022, USD/UZS = 11 047***

***Source: Ministry of Finance of the Republic of Uzbekistan***

# 8. Borrowing Statistics

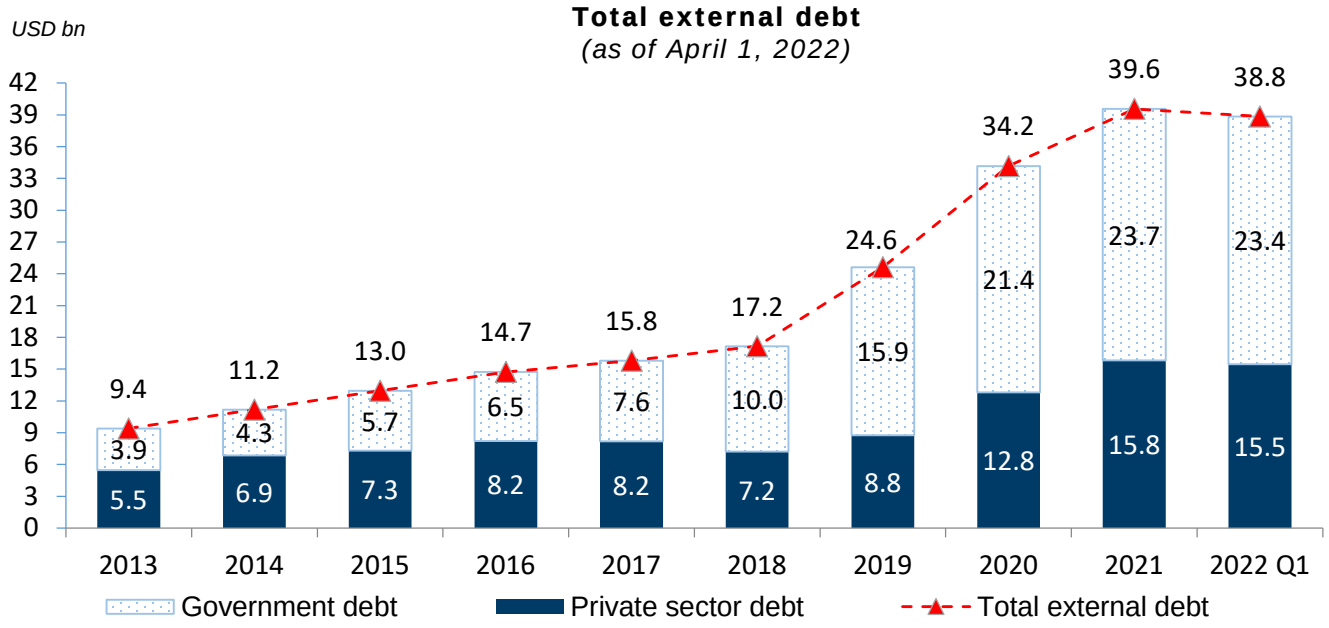
Ministry of Finance
of the Republic of Uzbekistan

## Total external debt

As of April 1, 2022, the volume of **total external debt** of the Republic of Uzbekistan amounted to **USD 38.8 bn**, showing a reduction by 1.8% or USD 721.5 mn in comparison with the beginning of 2022.

The **state external debt**[1] decreased to **USD 23.4 bn** by 1.5% or by USD 345.4 mn. This is a consequence of the repayment of government-guaranteed loans to non-financial enterprises and a decrease in the market prices at the end of the reporting period for government securities.

The **private external debt**[2] declined to **USD 15.5 bn** by 2% or USD 376.0 mn. This is mainly due to repayments of principals on the debt by bank sector, energy sector (oil and gas) and mining industry and decrease in the price of securities in financial markets.




## Structure of total external debt

*(as of April 1, 2022)*

*USD bn*

| | |
|---|---|
| **State external debt** | **23.4** |
| *of which: international bonds* | *2.5* |
| **Private external debt** | **15.5** |
| *of which:* | |
| Banking sector | 6.9 |
| *of which: international bonds* | *0.9* |
| Oil and gas and energy sector | 4.8 |
| *of which: international bonds* | *0.6* |
| Telecommunications sector | 0.1 |
| Textile sector | 0.4 |
| Mining and metallurgy sector | 0.9 |
| Other sectors | 2.3 |
| *of which: international bonds* | *0.3* |
| **Total external debt** | **38.8** |

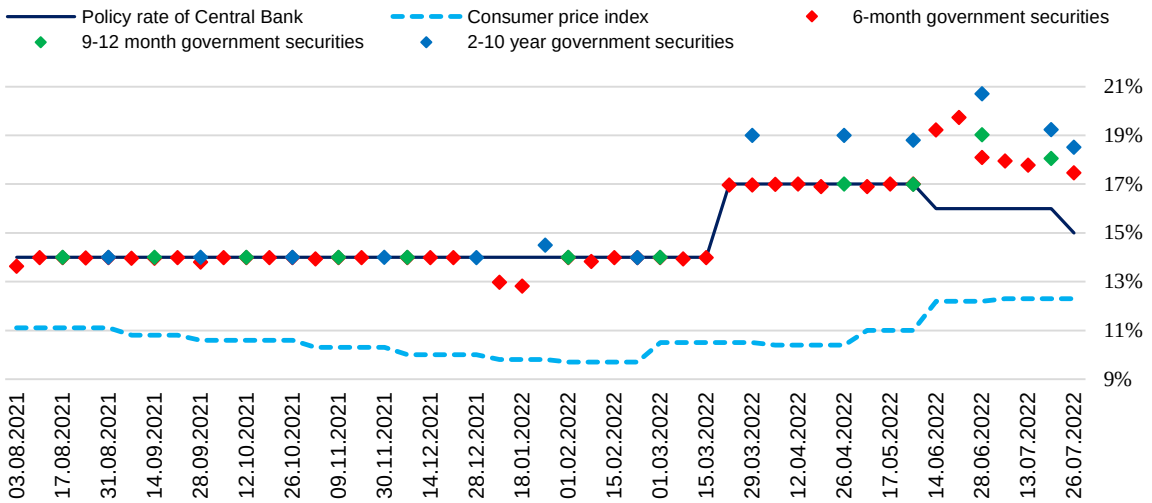
***Note 1: State external debt is composed of debt borrowed on behalf of the Republic of Uzbekistan and under its guarantee.***
***Note 2: Private external debt is composed of external borrowings of business entities including government enterprises, which are not guaranteed by government.***

***Source: Central Bank of the Republic of Uzbekistan***

# 9. Domestic Treasury Securities

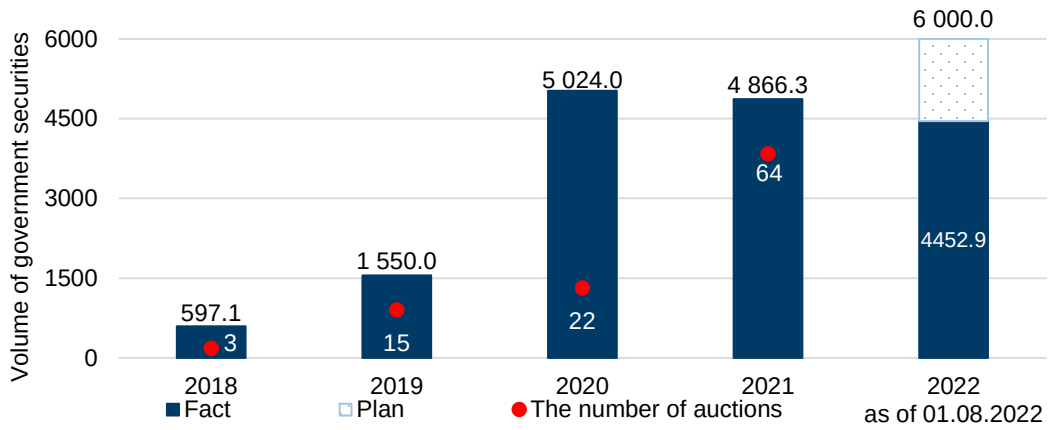
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## Yield of government securities issued in 2021-2022



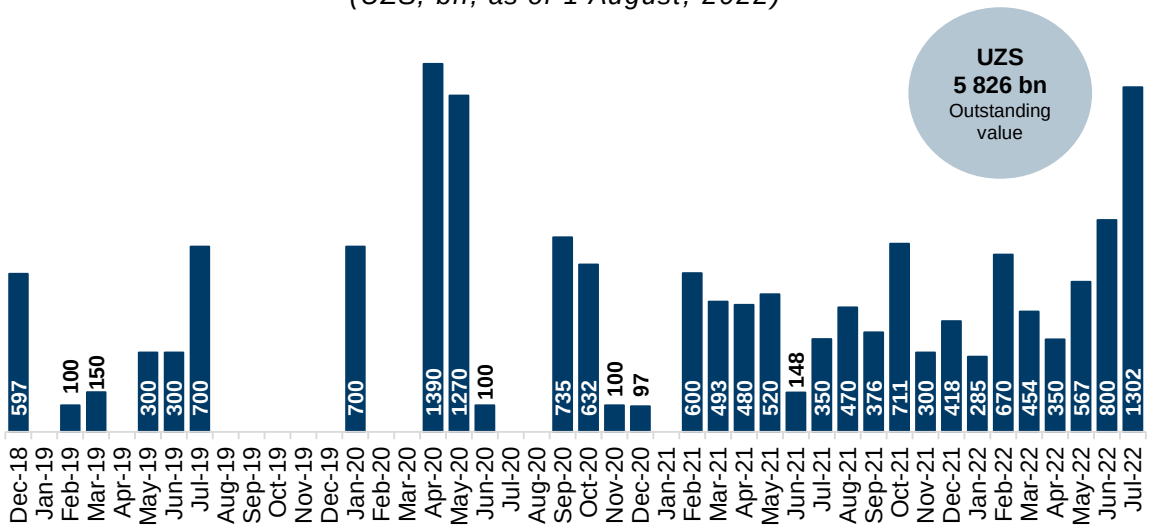

## Information on conducted auctions and placed government securities in 2018-2022 *(UZS, bn)*

*(as of 1 August, 2022)*



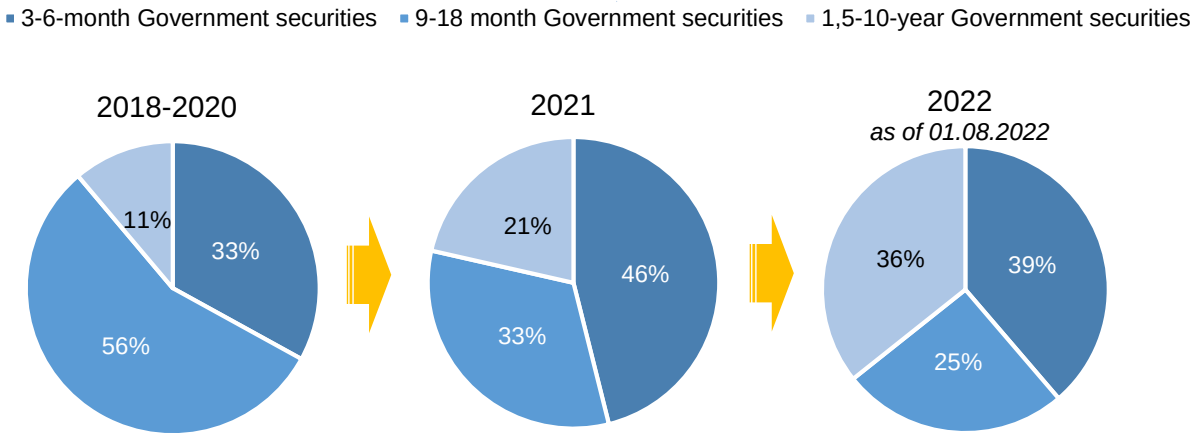

## Domestic issuance volume dynamics

*(UZS, bn, as of 1 August, 2022)*




## 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***
***Note 2: All calculations are derived based on the nominal value of the securities issued***

***Source: Ministry of Finance of the Republic of Uzbekistan***

# 9. Domestic Treasury Securities



## Auction results of Domestic Treasury Securities

Domestic treasury securities were issued at the amount of **UZS 0.6 tn** through **3 auctions** in 2018, **UZS 1.5 tn** through **15 auctions** in 2019, **UZS 5.0 tn** at **22 auctions** in 2020, **UZS 4.9 tn**, net amount - **UZS 4.1 tn** through **64 auctions[1].**

As of August 1, 2022 the Ministry of Finance had outstanding treasury bills and bonds amounting to **UZS 5.8 tn** (~USD 0.53 bn)[2] . In January-July 2022, in total **39** auctions were conducted and the total volume of issuance of T-bills and bonds reached **UZS 4.5 tn** (~USD 0.40 bn)[3].

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)* | Fixed coupon rate | Aggregate amount of bids submitted, *(UZS bn)* | Volume of securities issued, *(UZS bn)* | Weighted average YTM |
|---|---|---|---|---|---|---|---|
| | | | **May, 2022** | | | | |
| 6-month | 10 May 2022 | 08 November 2022 | 50.0 | zero-coupon | 50.0 | 50.0 | 16.90% |
| 6-month | 17 May 2022 | 15 November 2022 | 200.0 | zero-coupon | 200.0 | 200.0 | 17.00% |
| 6-month | 24 May 2022 | 22 November 2022 | 100.0 | zero-coupon | 17.4 | 17.4 | 17.00% |
| 12-month | 24 May 2022 | 23 May 2023 | 200.0 | zero-coupon | 218.7 | 200.0 | 17.00% |
| 2-years | 24 May 2022 | 23 May 2024 | 100.0 | 19.0% | 179.4 | 100.0 | 18.80% |
| | | | **June, 2022** | | | | |
| 6-month | 14 June 2022 | 13 December 2022 | 100.0 | zero-coupon | 174.0 | 100.0 | 19.22% |
| 6-month | 21 June 2022 | 20 December 2022 | 100.0 | zero-coupon | 180.0 | 100.0 | 19.74% |
| 3-year | 28 June 2022 | 29 June 2025 | 300.0 | 18.0% | 392.0 | 300.0 | 20.71% |
| 12-month | 28 June 2022 | 27 March 2023 | 200.0 | zero-coupon | 587.0 | 200.0 | 19.02% |
| 6-month | 28 June 2022 | 27 December 2022 | 100.0 | zero-coupon | 445.0 | 100.0 | 18.09% |
| | | | **July, 2022** | | | | |
| 6-month | 5 July 2022 | 3 January 2022 | 200.0 | zero-coupon | 747.6 | 200.0 | 17.95% |
| 6-month | 13 July 2022 | 11 January 2022 | 200.0 | zero-coupon | 638.1 | 200.0 | 17.78% |
| 12-month | 19 July 2022 | 18 July 2022 | 300.0 | zero-coupon | 574.9 | 300.0 | 18.05% |
| 2-year (Inflation-linked) | 19 July 2022 | 18 July 2024 | 200.0 | CPI+6% | 191.0 | 111.0 | 19.24% |
| 5-year | 26 July 2022 | 29 July 2027 | 200.0 | 17.5% | 315.1 | 200.0 | 18.52% |
| 10-year | 26 July 2022 | 27 July 2032 | 100.0 | 18.0% | 166.8 | 100.0 | 19.16% |
| 6-month | 26 July 2022 | 24 January 2022 | 200.0 | zero-coupon | 190.6 | 190.6 | 17.46% |

***Note 1: For more detailed auctions information go through the following link: www.mf.uz/uz/?option=com_content&view=article&id=744***
***Note 2: Official exchange rate for 1 August 2021, USD/UZS = 10 912***
***Note 3: Average official exchange rate for January-July 2022, USD/UZS = 11 027***
***Note 4: Nominal value of each bill and bond is equal to UZS 1.0 m***
***Note 5: All calculations are derived based on the nominal value of the securities issued***

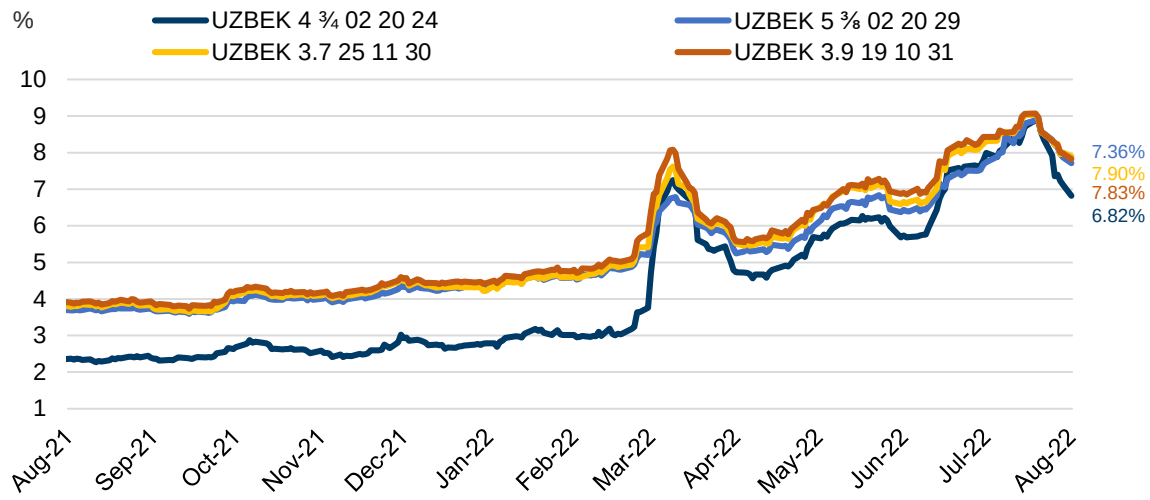
***Source:** Ministry of Finance of the Republic of Uzbekistan*

# 10. Sovereign Eurobonds

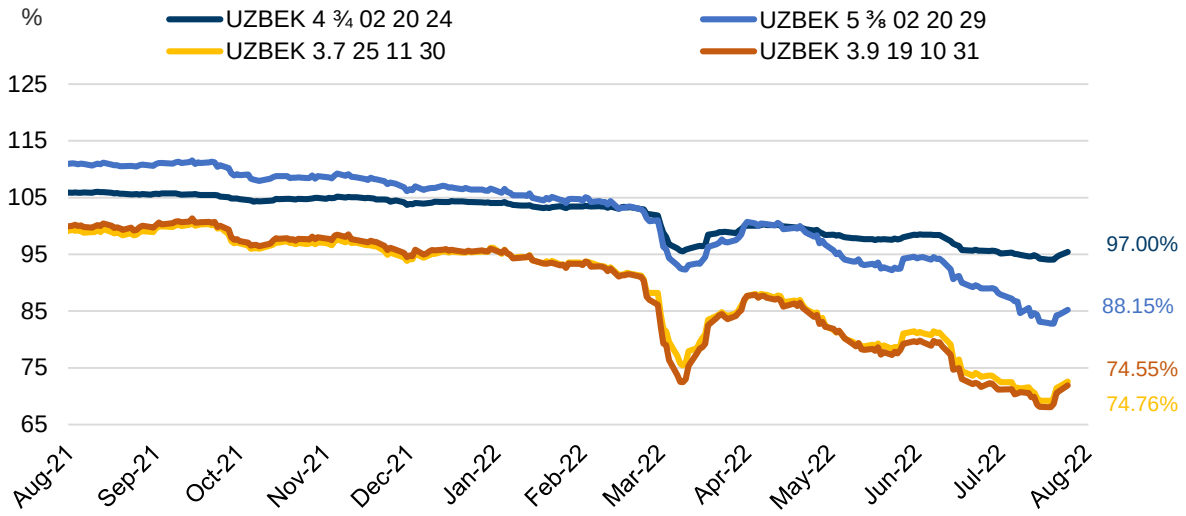
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| Settlement Date | Issuer | S&P | Fitch | Coupon(%) | Volume | Maturity |
|---|---|---|---|---|---|---|
| 20 Feb 2019 | Uzbekistan | BB- | BB- | 4.75 | USD 500 m | 20 Feb 2024 |
| 20 Feb 2019 | Uzbekistan | BB- | BB- | 5.375 | USD 500 m | 20 Feb 2029 |
| 25 Nov 2020 | Uzbekistan | BB- | BB- | 3.7 | USD 555 m | 25 Nov 2030 |
| 25 Nov 2020 | Uzbekistan | BB- | BB- | 14.5 | UZS 2.0 tn (~USD 192.5 m)[1] | 25 Nov 2023 |
| 19 July 2021 | Uzbekistan | BB- | BB- | 3.9 | USD 635 m | 19 Oct 2031 |
| 19 July 2021 | Uzbekistan | BB- | BB- | 14.0 | UZS 2.5 tn (~USD 235.4 m)[2] | 19 July 2024 |

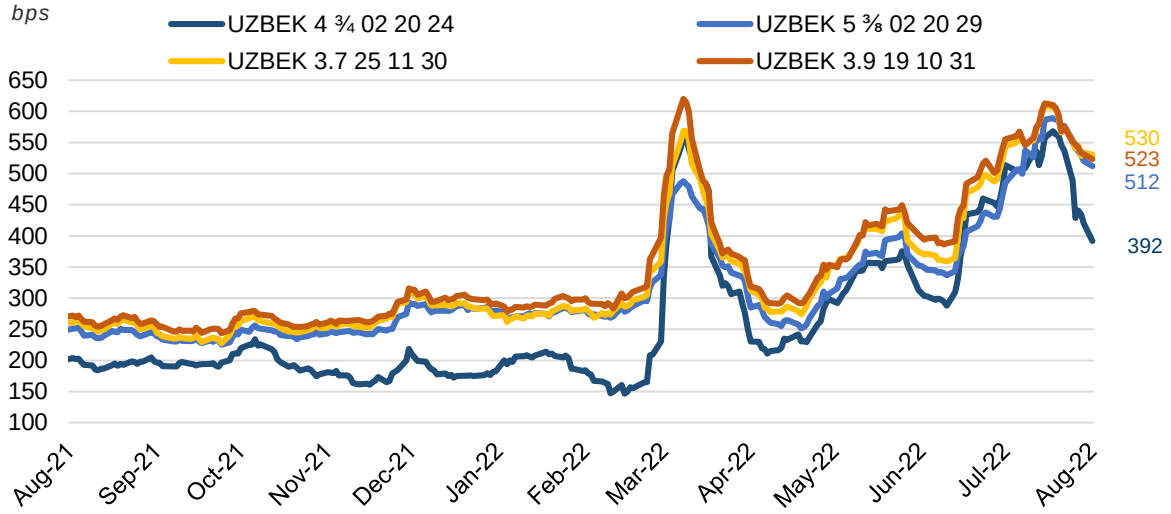
**Yield- to-maturity (%)**




**Price (%)**




**Spread-over-the-benchmark (bps)**



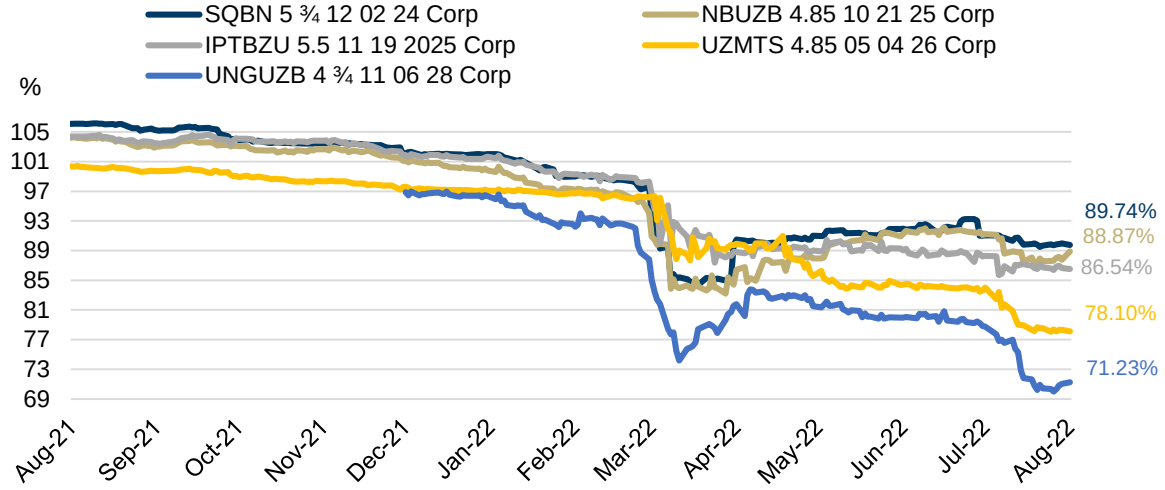

***Note 1: Official exchange rate for 19 November 2020, USD/UZS = 10 391***
***Note 2: Official exchange rate for 12 July 2021, USD/UZS = 10 621***

***Source: Bloomberg Terminal***
***(As of August 1, 2022)***

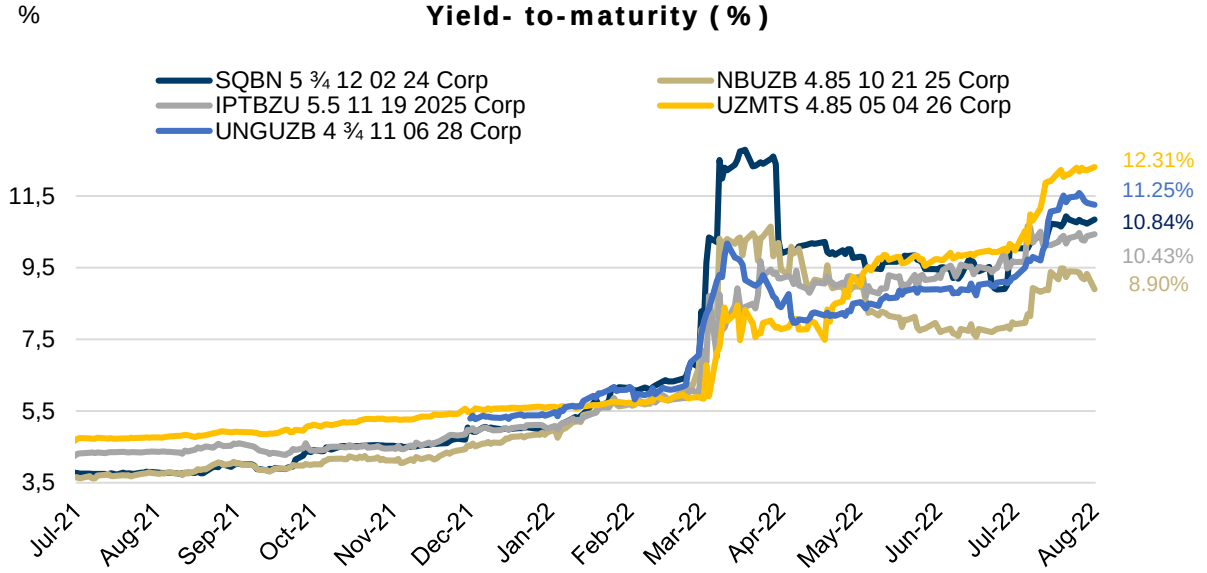
# 11. Uzbek corporate Eurobonds

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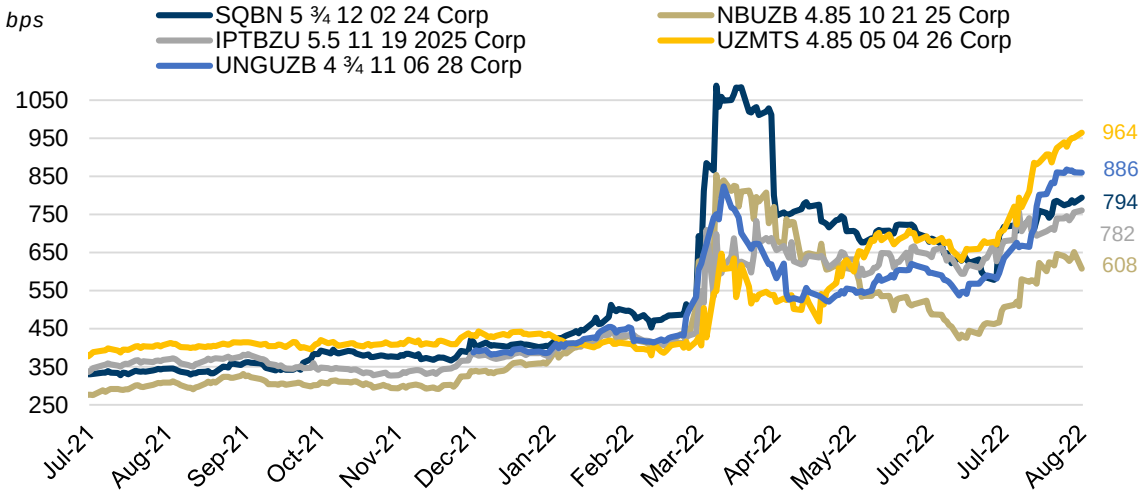
**Price (%)**



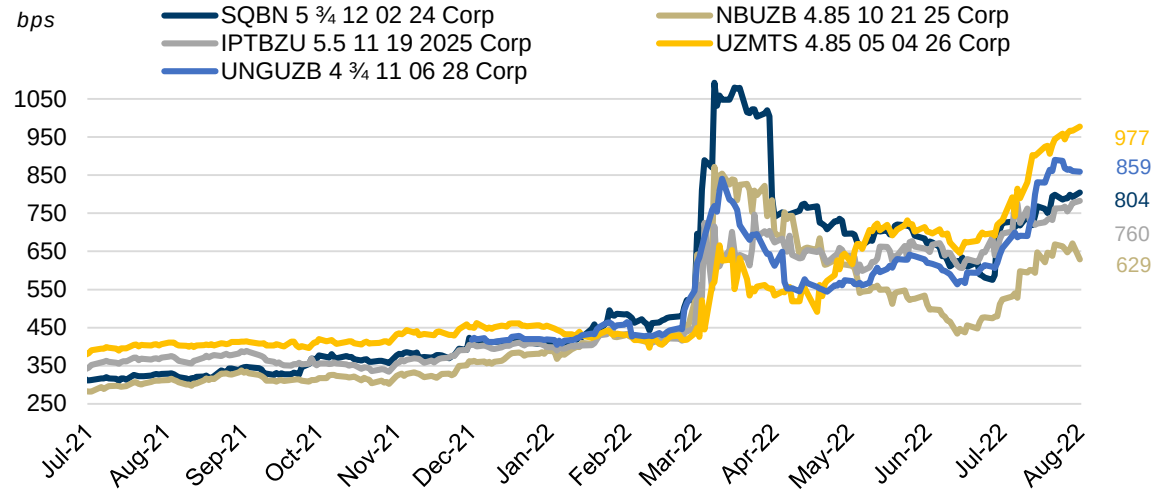

**Yield- to-maturity (%)**




**Spread-over-the-benchmark (bps)**




**Z-Spread (bps)**




***Source: Bloomberg Terminal***
***(As of August 1, 2022)***

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# Ministry of Finance of the Republic of Uzbekistan

## ***Debt Management Office***

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