

“APPROVED”
by decision of the Supervisory Board of
“Mortgage Refinancing Company of
Uzbekistan” JSC

_____ 2021



O'zbekiston Ipotekani Qayta
Moliyalashtirish Kompaniyasi

BUSINESS PLAN
of
“Mortgage Refinancing Company of Uzbekistan” JSC
for year 2021

Tashkent city

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Introduction

“Mortgage Refinancing Company of Uzbekistan” JSC was established on 04.11.2019 in accordance with the Decree of the President of the Republic of Uzbekistan YΠ-5715 dated 13.05.2019. “On additional measures for the development and expansion of the mortgage lending market”.

According to the decree, the initial authorized capital of the company was set at 25 billion UZ Soums with a single founder represented by the Ministry of Finance of the Republic of Uzbekistan. At present, the authorized capital of the Company is formed by 13 shareholders in the amount of 100 UZ Soums.

The principal tasks of the Company include:

- attraction of financial resources in the domestic and international capital markets, including funds of international financial institutions and foreign governmental financial organizations (hereinafter - IFIs and FGFOs), with their subsequent distribution to refinance mortgage loans;
- provision, on the basis of market principles, of financial resources to commercial banks to meet the population’s growing need for affordable housing;
- organization of securities issue, including mortgages, and their placement among investors;
- assistance in improvement of the mortgage lending system, the introduction of modern methods and tools for the development of the mortgage market, increasing of liquidity and reducing risks in the market of mortgage lending and mortgage-backed securities;
- participation in the development of methodological and regulatory framework in the sphere of mortgage lending and refinancing, including by attracting of foreign experts and specialists.

The main objectives of the Company are:

- Development of the mortgage market by provision of long-term financial resources for banking system;
- Development of the local capital market through the issuance of debt securities;
- Promotion of international practices and standards of mortgage lending in the market.

The basis of this Business Plan for 2021 are analytical and forecasting data reflected in the Business Plan and Strategy of “Mortgage Refinancing Company of Uzbekistan” JSC, approved by the Resolution of the Supervisory Board of the Company dated 03.08.2020.

SECTION I. MACROECONOMIC ENVIRONMENT REVIEW

1. Macroeconomic Indicators of 2020 and Forecast for 2021

The year 2020 was marked by a worsening of epidemiological situation in the world due to the coronavirus pandemic, against which the global economy was plunged into an unprecedented recession.

According to preliminary estimates by the International Monetary Fund (IMF), the global economy declined by minus 3.5% in the year under review, while in 2021 it is projected to rebound at 5.5%¹.

Timely anti-crisis fiscal and monetary measures taken by the Government of Uzbekistan, such as strengthening of the health care system, enhancing of social protection measures, and introduction of coordinated macroeconomic policies, helped to mitigate the negative impact of the coronavirus pandemic on the economy and prevent its deep recession. As a result, positive economic growth was 1.6%, which was at the upper end of the projected corridor (1-1,5%)².

Table No. 1 Macroeconomic indicators of the Republic of Uzbekistan for 2020³

Description of indicators	Amount, bln. UZS	Growth in % to indicators of 2019
Gross Domestic Product	580 203,2	101.6
Industrial products	367 078,9	100.7
Consumer goods	119 159,8	103.6
Agriculture, forestry and fisheries	260 306,8	103.0
Investments to fixed capital	202 000,1	91.8
Civil work	87 823,8	109.1
Cargo turnover (mln.tons/km)	69 128,2	95.2
Passenger turnover (mln.pass.km)	116 690,5	83.3
Services, total	218 853,5	102.3
Retail sales	194 843,5	103.2
Foreign trade turnover (mln. USD)	36 299,3	86.9
Export	15 127,7	86.6
Import	21 171,5	87.2
Balance	-6 043,8	
Consumer Price Index		111.1

¹ Review of Economic Trends in the Republic of Uzbekistan for 2020 and Forecasts for 2021, p.3, Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan, www.mineconomy.uz

² Review of Economic Trends in the Republic of Uzbekistan for 2020 and Forecasts for 2021, p.4, Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan, www.mineconomy.uz

³ Social and economic situation of the Republic of Uzbekistan for January-December of 2020, State Statistics Committee of the Republic of Uzbekistan, www.stat.uz

According to the forecasts of the Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan⁴, in 2021 the economic growth will be at least 5.1%. The forecast will be achieved through the proper and qualitative continuation of the structural reforms initiated in industries and sectors of the economy, primarily through:

- restoring of activity in the services sector affected by the pandemic in 2020 and ensuring of its growth by 6.4%;

- increase of industrial production volume by 5.8%, through restructuring, increasing of the level of use of existing and commissioning of new production facilities;

- ensuring the growth of construction works by 6.5% and agricultural production by 3.5%.

The structural reforms planned for 2021 will serve as the foundation for sustainable economic growth not only this year, but also onwards.

⁴ Review of Economic Trends in the Republic of Uzbekistan for 2020 and Forecasts for 2021, p.4 -5, Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan, www.mineconomy.uz

Section II. Overview of the Banking Sector and Mortgage Lending Market

2.1. Banking Sector Review

As of January 01, 2021, the number of commercial banks registered by the Central Bank of the Republic of Uzbekistan amounted to 32, including 13 banks with the state share in the authorized capital.

The capitalization of the banking system reached 58.4 trillion by the end of 2020, an increase by 14.5 percent from 2019.

In 2020, the country's banking system played a crucial role in the anti-crisis program in the form of the application of monetary measures⁵, namely:

- in order to maintain financial stability, the banks were provided with the necessary liquidity, and business entities were supported using monetary instruments, in particular, the reference rate of the Central Bank was reduced from 16% to 14%, interest rates on all loans in the national currency (excluding interest rates on soft loans and microloans) were reduced from 24.8% to 19.7%, repo transactions and currency swaps to provide banks with liquidity were conducted. In addition, the easing of reserve obligations by the Central Bank allowed commercial banks to direct additional financial resources into the economy;

- commercial banks provided business entities with deferred credit payments of 26.5 trillion UZ Soums, the volume of loans issued to the economy amounted to 280.4 trillion UZ Soums (34.3% more by 2019).

The role of the banking system in the economy in 2020 is shown in the table below:

Table No. 2. The role of the banking system in the economy⁶

Description of indicators	Year 2019	Year 2020
GDP	510,117.2	580,203.2
Banks assets	272,726.9	366,121.1
Assets to GDP ratio, %	53.5	63.1
Credit exposure	211,580.5	276,974.8
Assets to GDP ratio, %	41.5	47.7
Deposits	91,009.0	114,746.9
Assets to GDP ratio, %	17.8	19.8
Capital	51,030.7	58,351.3
Assets to GDP ratio, %	10.0	10.1

A significant role in the banking system is still played by banks with state participation, whose main indicators compared to other banks are shown in the table below.

⁵ Review of Economic Trends in the Republic of Uzbekistan for 2020 and Forecasts for 2021, p.4, Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan, www.mineconomy.uz

⁶ Statistical Bulletin for 2020, p.53, Central Bank of the Republic of Uzbekistan, www.cbu.uz

Table No. 3. Information on the main indicators of two groups of commercial banks as of January 1, 2021⁷

Bank groups name	Asset		Credit		Capital		Deposit	
	Amount	Share in %, total	Amount	Share in %, total	Amount	Share in %, total	Amount	Share in %, total
Total	366.1	100%	277.0	100%	58.4	100%	114.8	100%
Banks with state participation	310.7	85%	244.5	88%	49.0	84%	82.5	72%
Other banks	55.4	15%	32.5	12%	9.4	16%	32.3	28%

2.2. Mortgage Lending Market Review

There is still a high level of demand for mortgage lending in the country. This demand is facilitated by the young population in need of housing, given the fact that the population of Uzbekistan has grown from 20 to 34 million people, or 1.7 times over the past 30 years. Thereat, 70% of the population of Uzbekistan are citizens under the age of 30. With the population continuing to grow and the need to replace the aging housing stock, the potential demand for construction financing and, accordingly, mortgage lending over the next 20 years is extremely high.

The average size of commercial mortgages issued in 2018 was 133.4 million UZ Soums. The average mortgage term was at around low level of 7-10 years with an average interest rate of 22-24% per annum. The average size of the state loan was 116.8 million UZ Soums, and the established initial interest rate of 7% during the first 5 years was then increased to the official refinancing rate of the Central Bank of Uzbekistan. The average monthly payment is about 1 million UZ Soums on subsidized loans and about 3 million UZ Soums on commercial loans. Thus, government subsidies are a necessary condition for the financing of mortgage loans.

The main role in mortgage lending market is played by commercial banks, and above all, banks with a predominant share of state participation in the authorized capital. From the total amount of credit investments of commercial banks in 2020 in the amount of 277 trillion UZ Soums, the volume of mortgage loans amounted to 29.6 trillion UZ Soums, or 10.7%. The ratio of banks' mortgage portfolios to the country's GDP is 5.1 percent, 1.0 percent up as compared to 2019, and indicative of the small size of the mortgage market compared to mortgage markets in other countries.

The main players in the mortgage market are Kishlok Kurilish Bank, Ipoteka Bank, National Bank, Asaka Bank, Promstroybank, Khalk Bank, and Aloka Bank.

Comparative data on the mortgage portfolios of banks are shown in Table 4.

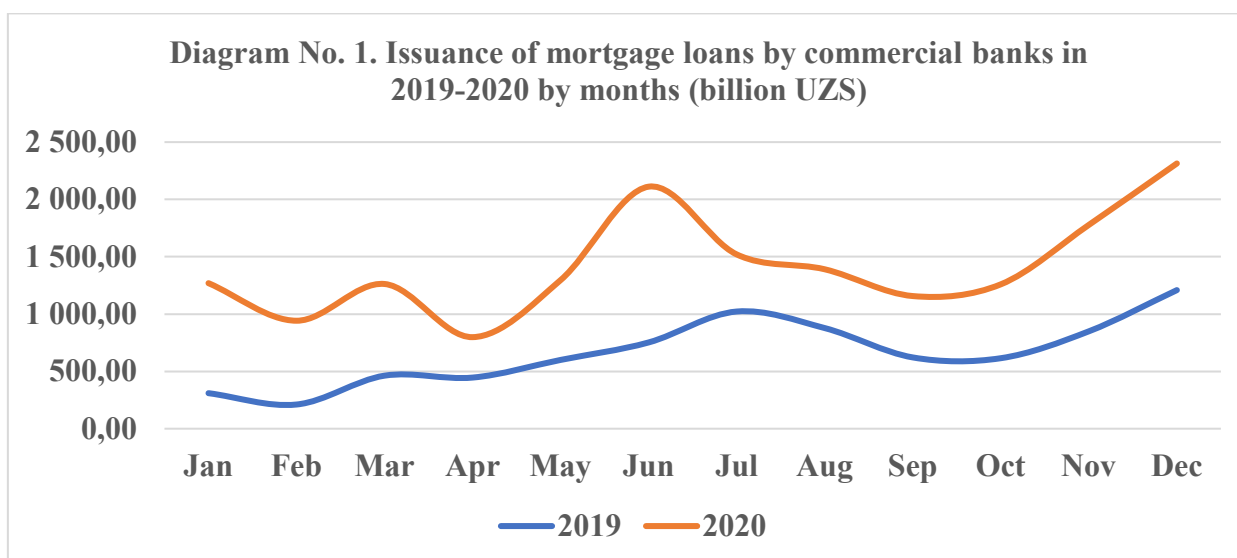
⁷ Information about the main indicators of commercial banks as of 01.01.2021, www.cbu.uz

Table No. 4. Volumes of the mortgage portfolio by banks in 2017-2019.*mln.UZS*

No.	Bank name	2017	2018	2019	Share of the mortgage market, %
1	Kishlok Kurilish Bank	4 235 237	5,031,000	6,074,700	29,86%
2	Ipoteka Bank	1 475 641	2,150,200	5,154,800	25,34%
3	National Bank	1 501 782	1,128,300	2,649,200	13,02%
4	Asaka Bank	846,867	896,400	2,220,400	10,91%
5	Promstroybank	597,038	802,300	1,796,000	8.83%
6	Khalk Bank	419,618	2,748,400	1,055,200	5,19%
7	Aloka Bank	158,714	119,900	264,500	1.30%
8	Agro Bank	112,025	57,600	158,900	0,78%
9	Other banks	562,619	843,700	971,300	4,77%
	Total	9 909 541	13,777,801	20,345,000	100,00%

According to the Central Bank of Uzbekistan⁸ in 2020 commercial banks issued mortgage loans totaling 9,122 billion UZ Soums, which is 1,145 billion UZ Soums or by 14.35% more than in 2019. At the same time, the weighted average rate on loans issued was 11.4% per annum. The volume of mortgage loans issued in 2020 was 1.57% of the country's GDP.

5.1 trillion UZ Soums (56.1%) of the total volume of mortgage loans were directed to the purchase of houses built by IC "Kishlok kurilish invest" and IC "Uzshakhar kurilish invest", 3.7 trillion UZ Soums (40.8%) - to primary market housing (including 1.7 trillion UZ Soums under the new order) and 0.3 trillion UZ Soums (3.1%) allocated for the purchase of housing in the secondary market.



2.3. The Company's Results in 2020

2020 was the year of the Company's formation and the formation of its material, technical, contractual, regulatory, legal, resource and personnel bases.

⁸ Statistical Bulletin for 2020, pp. 277-287, www.cbu.uz

An agreement was signed on refinancing of the Asian Development Bank loan (Loan No. 3870-UZB) between the Republic of Uzbekistan, represented by the Ministry of Finance of the Republic of Uzbekistan, and the Mortgage Refinancing Company of Uzbekistan to provide a subsidized loan of the equivalent of US\$150 million.

Together with ADB, the Company conducted a comprehensive financial examination of 8 commercial banks. 7 of these 8 commercial banks were selected to conclude the relevant General agreements on refinancing and to allocate resources for amount of 303.14 billion UZ Soums at a fixed rate of 13% per annum.

The Company accepted alternative collateral in the form of government securities and bank deposits as security for the loans issued, which are to be replaced by the banks for the right of claim on the mortgage loans issued, satisfying the conditions of ADB after 6 months.

Following to the results of financial and economic activity in 2020, the Company's assets amounted to 409,097 million UZ Soums, capital - 101,769 million UZ Soums, liabilities - 307,328 million UZ Soums. Profit at the end of the year amounted to 1 769 million UZ Soums.

SECTION III. PROSPECTS AND BUSINESS PLAN FOR 2021

3.1. Market Prospects

An important feature of the mortgage market is that commercial banks are limited in long-term resources for mortgage lending, so a significant role in such lending plays the state and its programs. These programs are financed from budgetary allocations and credit lines of international financial institutions guaranteed by the state.

Thus, the total amount of long-term resources allocated by the Ministry of Finance to commercial banks as of 01.01.2021 amounted to 1,778 billion UZ Soums⁹.

The following government documents play a significant role in the development of the mortgage lending market:

- Decree of the President of the republic of Uzbekistan No. VII-6186 dated 11.03.2021 “On additional measures to provide the population with housing through the allocation of mortgage loans on the basis of market principles”;
- Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 576 dated 21.09.2020 “On the introduction of a simplified system of granting a mortgage loan for the construction and reconstruction of individual houses”;
- Decree of the President of the Republic of Uzbekistan No. IIII-4701 dated 01.05.2020 “On additional measures to improve housing conditions of the population and further expansion of the mortgage lending market”;
- Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 182 dated 25.03.2020 “On approval of the Regulations on the order of payment of subsidies to citizens for the purchase of housing”;
- Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 29 dated 16.01.2020 «On measures to implement the Program of development of the mortgage lending market in Uzbekistan with the participation of the Asian Development Bank”;
- Decree of the President of the Republic of Uzbekistan No. VII-5886 dated 28.11.2019 “On additional measures to improve the mechanisms of mortgage lending”;
- Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 868 dated 14.10.2019 “On measures to organize the activities of the joint-stock company “Mortgage Refinancing Company of Uzbekistan”;
- Decree of the President of the Republic of Uzbekistan No. VII-5715 dated 13.05.2019 “On additional measures to develop and expand the mortgage lending market”;
- Decree of the President of the Republic of Uzbekistan No. VII-5623 dated 10.01.2019 “On measures to radically improve urbanization processes”;
- Decree of the President of the Republic of Uzbekistan No. IIII-3350 dated 23.10.2017 “On additional measures for the effective implementation of the Program for the construction and reconstruction of affordable apartment buildings in urban areas in 2017-2020”.

The main constraints in the development of mortgage lending, according to commercial banks, are: (a) lack of long-term financing and exposure to interest rate risk and (b) lack of a stable official source of income for potential borrowers and exposure to high credit risk.

⁹ Newsletter for 2020 of the Ministry of Finance of the Republic of Uzbekistan, www.mf.uz

Along with the reforms initiated by the president and the state in all spheres of life, the mortgage lending market was no exception. In particular, the Decree of the President of the Republic of Uzbekistan No. 5715 dated May 13, 2019 “On additional measures to develop and expand the mortgage lending market” was adopted, which approved a “road map” with specific measures to reform the industry.

Within the framework of the measures prescribed in the decree, it was provided to implement the “Mortgage Market Sector Development Program” developed jointly by the Asian Development Bank and the Ministry of Finance, where the fundamental and structure-forming element of the program is the establishment of the Company, which, as mentioned above, was actively involved in the implementation of the Program.

In addition, the Company’s objectives are also to assist in improvement of the mortgage lending system, the introduction of modern methods and tools for development of the mortgage market, as well as participation in the development of methodological and regulatory framework in the field of mortgage lending and refinancing.

The Company is now actively involved, together with the ministries and departments concerned, in the process of introduction of such instrument as a mortgage, which would greatly simplify the mechanism of functioning of the mortgage market, especially in refinancing operations.

Based on the above, the Company’s activities in the market of long-term financing of commercial banks, based on the tasks assigned to the Company by the Government, are very relevant and promising.

3.2. Lending Transactions Plan

In 2021, there are plans to expand the member banks to reach out more fully and engage the general public in the refinancing project under ADB program.

In the reporting year, it is planned to issue loans for a total amount of the equivalent of 45 million US dollars that will amount to 503.8 billion UZ Soums. Monthly devaluation of the national currency is projected at 0.83%.

In accordance with the Agreement on refinancing of the Asian Development Bank loan (Loan No. 3870-UZB) between the Republic of Uzbekistan, represented by the Ministry of Finance of the Republic of Uzbekistan, and the Company, and the General refinancing agreements concluded with commercial banks, the rate on loans issued by the Company is fixed and equals to 13% per annum.

All calculations for 2021 are based on the current fixed interest rate.

The amount of income planned to accrue in 2021 from the Company’s credit operations is planned at 61.2 billion UZ Soums.

In order to increase the attractiveness and competitiveness of its product, the company plans to negotiate with all interested structures and mainly with the Ministry of Finance regarding changes in interest rates on new loans that are attracted and issued. It is planned to switch to floating interest rates and link them to the main rate of the Central Bank of Uzbekistan, and set a minimum and maximum value of the interest rate.

If the mechanism for setting the interest rate on loans attracted and issued changes, the profit and loss statement will be recalculated accordingly.

In order to manage credit risks and the classification of loans issued in accordance with the requirements of the Central Bank of Uzbekistan, the Company will work closely with commercial banks to obtain from them all necessary information for monitoring, timely response and appropriate decisions on loan portfolio management.

3.3. Deposit Operations Plan

At the beginning of 2021 the Company's portfolio of investments in bank deposits will amount to 95.5 billion UZ Soums and during the year it is planned to leave it at this level. The source of these investments is cash funds transferred by shareholders to form the charter capital of the Company.

Investments in bank deposits will be made on the basis of a thorough analysis of market conditions, taking into account the choice of a reliable and solvent bank offering attractive interest rates, and the limits set for these banks.

The decision to invest in bank deposits will be made on collective basis with consideration of this issue at meetings of the Assets and Liabilities Management Committee of the Company. The same Committee will consider the establishment of limits on interbank transactions, analysis of banks' financial reports and make appropriate decisions.

Deposit operations will allow the Company to earn additional income and increase its profitability.

According to the results of deposit operations, the Company plans to receive an income of 15.5 billion UZ Soums.

There are no plans to make provisions for these operations.

3.4. Credit Funds Raising Plan

In 2020 the Company and the Republic of Uzbekistan, represented by the Ministry of Finance of the Republic of Uzbekistan, had signed an agreement on refinancing of the Asian Development Bank loan (Loan No. 3870-UZB) in the amount equivalent to USD 150 million for project "Development of the Mortgage Market Sector".

The main terms of the Agreement are:

- The name of the loan is Subsidiary Loan;
- The term of the subsidiary loan is 20 years, including a 5-year grace period;
- The currency of the Subsidiary Loan is Uzbek Soum;
- The interest rate is 12% per annum on the withdrawn and unpaid portion of the subsidiary loan;
- The interest base of accrual is 360/30;
- Interest Periods – 15.05. – 14.11 and 15.11. – 14.05. inclusive of each year;
- The commitment fee is 0.15% per annum on the undrawn portion of the Subsidiary Loan, with an interest basis of accrual and interest periods identical to the above terms;

- The date of payment of principal, interest and commitment fees is 05.05 and 05.11 of each year;
- The full repayment date of the Subsidiary Loan is November 05, 2039;
- Re-lending terms - The Company lends its subsidiary loan funds to qualified commercial banks at a rate of 13% per annum, which includes a subsidiary loan interest rate of 12% per annum and an operating margin of 1% per annum.

Taking into account these conditions and the planned volume of credit operations, the Company plans to attract in 2021 at the request of commercial banks from the ADB through the Ministry of Finance of the Republic of Uzbekistan loans under the above agreement for a total amount of 503.8 billion UZ Soums.

Interest expenses on these borrowings are planned at the level of 56.5 billion UZ Soums.

In addition, the Company intends to explore additional sources of financing with other international financial institutions.

The issue of entering the domestic capital market by issuing and placing the Company's corporate bonds will also be actively studied.

SECTION IV. FINAL PROVISIONS

The government is currently pursuing an open policy aimed at further development of the economy. Creation of the Company on refinancing of mortgages of Uzbekistan will lead to a new stage of development of housing construction, mortgage market and securities market in the economy. The mortgage market of Uzbekistan is at a turning point in its development. Creation of the Company is one of the stages of implementation of the reforms announced by the President of our country in the field of mortgages. The company provides stable and affordable resources to the banking system, attracting long-term financial resources in foreign markets. In the future, the company will issue corporate bonds and then mortgage bonds in the local market. This, in turn, will take the development of the financial market to a new level. In times of economic hardship, company resources, along with increased liquidity of commercial banks, will serve as a means of stimulating of economic growth.

Thus, a wide range of measures in the field of provision of the population with affordable housing, provided by recent government documents, obviously proves the ongoing policy of continuing and deepening of economic reforms, achievement of the set strategic objectives.

And in this perspective, the measures stipulated by these resolutions, stimulating the growth of demand for housing and stable work of the construction sector, not only provide people the opportunity to buy comfortable and affordable housing, which is very important from a social point of view, but also a factor stimulating a strong economic growth. Ultimately, a large-scale increase in the volume of construction will contribute to additional growth of Uzbekistan's GDP, creating new jobs and improving the welfare of the population.

In the near and medium term, the Company intends to implement the following goals and objectives:

- Additional involvement of commercial banks in the mortgage refinancing program, as well as providing resources to all participating commercial banks that have undergone complex analysis by the Company and ADB;

- Work on improvement of the system of mortgage lending, the introduction of modern methods and tools for the development of the mortgage market, in particular the instrument of mortgage, increasing the liquidity and risk reduction in the market of mortgage lending and mortgage-backed securities;

- Improvement of the methodological and regulatory framework in the field of mortgage lending and refinancing, by attraction of foreign experts, as well as with the participation of local experts. In particular, to develop and implement in 2021 in the financial market the mechanism of encumbrance of claims on mortgage loans as a basis for the emergence of mortgage-backed securities in the market.

- Analysis of the debt securities market, study of the prospects of issuing mortgage bonds, joint work with the Central Bank of Uzbekistan to amend relevant regulatory and legal documents recognizing the Company's mortgage bonds as highly liquid assets, which increases the attractiveness of these securities;

- Diversification of the Company's long-term resource base by attracting financial resources in the local and international loan capital markets, including funds from international

financial development institutions and other financial organizations, with their subsequent allocation to refinance mortgage loans.

All of the above goals and objectives - are tasks and objectives only at the beginning of the Company, the company is not going to limit these goals and intends to become an integral part of the financial system of the country, moreover, the company is determined to lead the mortgage direction of financial life of the country, becoming a multifunctional universal mortgage company.

Table No. 5. Balance Report for year 2020

mln.UZS

Description of balance sheet items	Plan for 2020	Actual for 2020	Change, %
ASSETS			
Cash funds and equivalents	40 049	100 896	151,93%
Refinanced loan, net	302,149	303,140	0,33%
Fixed assets and intangible assets, net	2,806	720	(74,35%)
Other assets	0	4,341	
Total assets	345,005	409,097	18,58%
LIABILITIES			
Loans	305,201	303,140	(0,68%)
Other liabilities	0	4,188	
Total liabilities	305,201	307,328	0,70%
EQUITY			
Share capital	50,000	100,000	100,00%
Unallocated profit	-10,196	1,769	117,35%
Total equity	39,804	101,769	155,68%
Total equity and liabilities	345,005	409,097	18,58%

The main reason for the positive deviation of the balance sheet currency by 18.58 % is a twofold increase in the actually formed share capital over the planned one.

Table No. 6. Profit and Loss Account for year 2020

mln.UZS

mln.UZS	Plan for 2020	Actual for 2020	Change, %
Interest yields	19,532	12,059	(38,26%)
Interest expenses	-15,260	-5,597	(63,32%)
Net interest income	4,272	6,462	51,28%
Commitment fee	-2,028	-1,963	(3,22%)
Commitment fee, net	-2,028	-1,963	(3,22%)
Total operating expenses	-12,440	-2,417	(80,57%)
Profit before taxes	-10,196	2,082	120,42%
Tax	0	-312	
Profit after taxes	-10,196	1,770	117,36%

The positive financial result compared to the planned negative was due to the following reasons:

- 1) Cash received as the formation of the authorized capital of the Company was placed in bank deposits, which provided additional income in the amount of 7,424 billion UZ Soums;
- 2) Due to the formation of the loan portfolio with alternative collateral in the form of government securities and bank deposits, which are considered highly liquid compared to the mortgage portfolio of banks, no provision for possible losses on the loan portfolio was created;
- 3) Due to the incomplete formation of fixed assets and intangible assets, especially in terms of the information system, the cost of their depreciation was a smaller amount;
- 4) The amount of operating expenses was lower due to the full start of the Company's active operations only in the fourth quarter of the reporting year.

Table No. 7. Forecast balance sheet for 2021 by quarters

mln. UZS

ASSETS	1st quarter	2nd quarter	3rd quarter	4th quarter
Cash funds and equivalents	102,467	100,209	101,724	100,660
Refinanced loan	303,140	390,559	560,444	806,087
Other assets	11,178	12,230	28,539	22,970
TOTAL ASSETS	416,786	502,998	690,707	929,717
LIABILITIES				
Loans	303,140	390,951	561,005	806,894
Other liabilities	9,582	5,933	21,293	11,872
TOTAL LIABILITIES	312,722	396,884	582,298	818,766
TOTAL EQUITY	104,064	106,114	108,408	110,951
TOTAL EQUITY AND LIABILITIES	416,786	502,998	690,706	929,717

Table No. 8. Forecast Profit and Loss Account for 2021 by quarters

mln. UZS

Profit and Loss Accounts	1st quarter	2nd quarter	3rd quarter	4th quarter	Year 2021
Interest yields	13,725	15,517	20,036	27,419	76,696
Interest expenses	(9,094)	(10,748)	(14,920)	(21,734)	(56,496)
Total net interest income	4,631	4,769	5,116	5,684	20,200
Commitment fee	(483)	(477)	(440)	(370)	(1,770)
Total income	4,148	4,292	4,676	5,314	18,430
Operating expenses	(1,450)	(1,880)	(1,978)	(2,322)	(7,629)
Income before tax	2,698	2,412	2,699	2,992	10,801
Income tax	(405)	(362)	(405)	(449)	(1,620)
Income after tax	2,294	2,050	2,294	2,543	9,181
Accumulated retained earnings	4,064	6,114	8,408	10,951	10,951