AVESTA INVESTMENT GROUP

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# Analysis of the main points and trends of the Central Bank report for 2023:

Key trends highlighted in the Central Bank of Uzbekistan's 2023 annual report include:

**1. Macroeconomic conditions**

- **GDP growth**: Economic growth in 2023 was 6%, higher than the 5.7% growth in 2022. The main growth drivers were the services sector (+6.8%) and industry (+6%). The contribution of agriculture was +4.1%, construction showed growth of +6.4%.
- **Inflation**: The Central Bank managed to contain inflation at 8.8%, which is lower than last year. This success was achieved thanks to tight monetary policy and monitoring of prices for basic consumer goods.
- **Consumer demand**: Population incomes in 2023 grew by 4.6% in real terms, which caused an increase in household consumption by 6.1%. The growth of wages in the public sector and the increase in social benefits are especially noticeable.

**2. Lending and support for the economy**

- In 2023, banks issued loans in the amount of 251.4 trillion soums, which is 24% more than in 2022. The volume of loans issued to the population increased by 47%, which is explained by the active development of mortgage lending, car loans and microloans.
- The balance of total credit investments at the end of the year reached almost 497 trillion soums, of which 348.5 trillion were directed to support entrepreneurship. The industrial sector received 140.2 trillion soums, which is 10.7% more than in the previous year. 47.3 trillion soums (+ 12.3%) were allocated to agriculture, and 32.5 trillion soums (+ 12.5%) to trade and public catering.

**3. Investments**

- **Investment growth:** The total volume of investments in 2023 amounted to 352.1 trillion soums, which is 22.1% more than in 2022. This is mainly due to an increase in private investment and foreign direct investment, which almost doubled.
- **Decentralized investment**: Foreign direct investment reached 84.3 trillion soums, which is 96.4% more than in 2022. The main growth came from projects in the manufacturing industry and infrastructure projects.

**4. Banking and financial system**

- **Bank liquidity**: The Central Bank has introduced instruments for providing intraday liquidity and overnight operations to maintain the stability of the banking system. In 2023, commercial banks were provided with 279.3 trillion soums of liquidity through overnight repos and 50.9 trillion soums through overnight swaps.
- **New financial products**: As part of the green financing program, banks began issuing loans for the purchase of solar panels, generators and other environmentally friendly technologies, and also launched the Green Energy Microloan product for small and medium-sized businesses.

**5. Digitalization and fintech**

- **Increase in the number of bank cards**: In 2023, the number of issued bank cards increased by 35% and reached 46.2 million units. Of these, 3.1 million are co-branded cards that can be used in both national and international payment system infrastructures.
- **Cybersecurity**: Measures to protect bank card data and prevent fraud have been strengthened. Biometric identification has been introduced for conducting monetary transactions through mobile applications, as well as multi-factor authentication when using mobile applications.

## 6. Labor market and population income

- **Unemployment reduction**: In 2023, the unemployment rate decreased from 8.9% to 6.8%. The total number of people employed in the economy increased by 2.2%, amounting to 14.2 million people. The main sectors of employment are agriculture (24.2%), industry (13%), trade (11.2%) and construction (10.8%).
- **Wages**: The average nominal wage increased by 17%, reaching 4.6 million soums. The largest increase in wages was observed in the IT sector (+40%), transport and logistics (+37%), as well as in the hotel and restaurant business (+37%).

## 7. Foreign economic conditions and international cooperation

- **Impact of the global economy**: Uzbekistan continues to adapt to global volatility caused by geopolitical conflicts and inflationary processes. Global economic growth slowed to 3.2%, and in developed countries to 1.6%. However, growth in developing countries, including Uzbekistan, accelerated to 4.3%.
- **International cooperation**: Uzbekistan continues to cooperate with international financial institutions such as the IMF, EBRD and others. The implementation of recommendations from the World Bank and IMF helped stabilize the banking system and reduce risks in the financial market..

## 8. Green finance

- To stimulate environmentally sustainable development, “green” financial products were introduced, aimed at supporting the use of renewable energy sources and environmentally friendly technologies for both the population and businesses.

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