

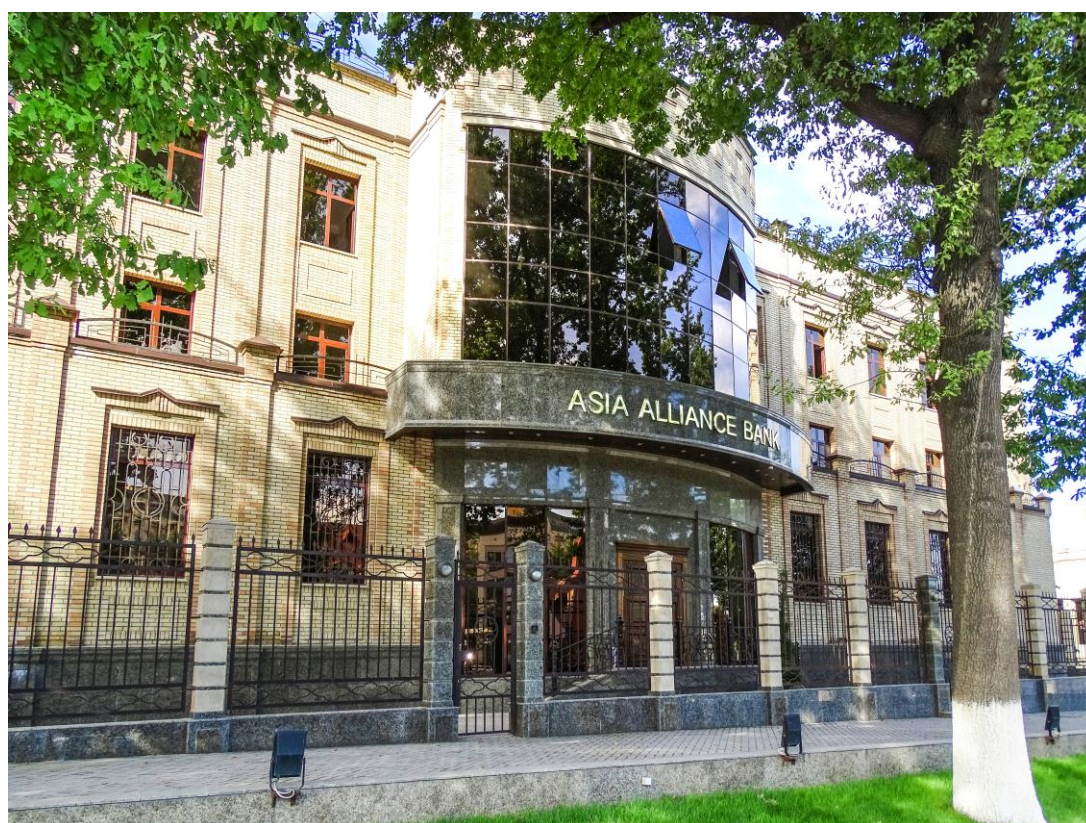
**ASIA ALLIANCE BANK
JOINT-STOCK COMMERCIAL BANK**

BUSINESS PLAN

**FOR DEVELOPMENT AND EXPANSION OF ACTIVITIES
OF THE JOINT-STOCK COMMERCIAL BANK**

«ASIA ALLIANCE BANK»

For 2017



*APPROVED BY THE RESOLUTION OF THE SUPERVISORY BOARD «ASIA ALLIANCE BANK»
(Minutes No.K-76 dated 30.11.2016)*

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INTRODUCTION

This Business Plan covers activities planned for the implementation by JSCB "ASIA ALLIANCE BANK" in 2017, as well as Financial Plan of the Bank for 2017.

A Joint-stock Commercial Bank "ASIA ALLIANCE BANK" (hereinafter referred to as the Bank) was established in August 2009 in accordance with the Decree of the President of the Republic of Uzbekistan "On Measures to Promote the Creation of Private Commercial Banks" No. UP-1749 dated 24.04.1997. The Bank carries out its activities on the basis of Licenses of the Central Bank of the Republic of Uzbekistan No.79 dated August 15, 2014 and No.69 dated September 20, 2014. The head office of the Bank is located at: 2A, Tarakkiet Street, 100047, Tashkent, Uzbekistan.

The Bank is a member of the Bank Association of Uzbekistan, Deposit Insurance Fund, Uzbek Republican Currency Exchange and an associate member of the VISA International Organization.

The International Rating Agency Moody's Investors Service has assigned the Bank a financial stability rating E +, which corresponds to B3 rating on the long-term scale, as well as long-term and short-term ratings of deposits in the national and foreign currencies on the global scale B3 / Not Prime. All ratings of the Bank have a "Stable" estimate. The bank also has a credit rating of the local rating agency "Ahbor-Reyting" on the national scale at the level of "uzA +" with a "Stable" estimate.

ANALYSIS OF THE CURRENT SITUATION AND CHALLENGES FOR ASIA ALLIANCE BANK

Macroeconomic Trends

A sustainable economic growth is maintained as a result of the continued implementation of a balanced macroeconomic and active structural policy, as well as consistent implementation of the major priorities of the economic program for 2016.

The volume of the country's gross domestic product in the first 9 months of 2016 has been increased by 7.8 percent compared to the same period in 2015 (for 9 months of 2015 - 8 percent). High rates of the economic growth have been achieved while maintaining macroeconomic balance, characterized by a positive balance of the foreign trade turnover, a surplus of the State budget by 0.1 percent of GDP and a low inflation rate of 2.2 percent.

Deepening of the processes for structural transformation, modernization and diversification of the industry was facilitated by the implementation of an active investment policy that ensured an increase in the volume of capital investments used by 9.4 percent and contracted construction works by 15 percent.

Main macroeconomic indicators of Uzbekistan

Indicators	Growth rate, % to the same period of the previous year 2015
Gross domestic product	107,8
Industry	107,2
Agriculture, forestry and fisheries	106,4
Investments in the fixed assets	109,9
Services, total	112,4
Construction works	118,7
Retail turnover	114,2
Amount of disbursed investments	109,4

Source: GosComStat, Republic of Uzbekistan

Essential part of the increase in industrial output for 9 months of 2016 has been provided by the manufacturing industries, the share of which in the industrial production has been increased from 78.2 percent in the same period of 2015 to 79.7 percent.

The highest rates of growth in industrial output were recorded in the industries for the production of goods on the basis of advanced processing of raw materials, primarily in the production of textiles, clothing and leather products - 114.8 percent, food products - 113.7 percent, pharmaceutical products and drugs - 123.7 percent, chemical products, rubber and plastic products - 134.1 percent, construction materials - 112.9 percent.

Since the beginning of the year, 100 large-scale production projects totaling \$3.7 billion have been completed within the framework of the Investment Program, including "Extension of the Cement Plant in the Jizzakh region", "Organization of the serial production of passenger cars Model T-250 at JSC «GM Uzbekistan», «Construction of two 450 MW combined-cycle turbines

at the Talimarjan TPP», «Construction of 150 MW power unit for burning high-ash coal at the Angren TPP», «Organization of spinning production at FE «Indorama Kokand Textile» (Stage IV), «Production of sterile syringes at JV "Guliston Med Texnika» in the Syrdarya region and others.

In addition, over the past period of the year about 22,000 projects have been implemented within the framework of territorial programs of social and economic development of the regions, including 4,274 projects in the sphere of industry with the commissioning of new production facilities at 3,195 enterprises, organization of new activities at 162 enterprises, modernization of 264 and expansion of the capacity of 653 enterprises. 2.65 billion dollars of foreign investments and loans have been disbursed for implementation of these projects since the beginning of the year, with an increase of 11.2 percent compared to the same period of the previous year, including over \$1.8 billion of foreign direct investments. As a result, the share of foreign investment in the total structure of disbursed investments increased from 21.1 percent to 22.3 percent.

In order to preserve positions of the domestic exporters in the foreign markets under conditions of persisting crisis phenomena in the global economy and low level of the world prices for the main export positions of the republic, the activities for increasing the volumes of supply to foreign markets of products, diversification of the range and geography of export supplies, involvement of new enterprises in the export activities have been continued.

Since the beginning of the year, 835 new enterprises have been involved in the export activities, and 246 new types of goods have been exported. The geography of external deliveries of domestic products has been expanded to 52 new markets.

As a result, in the first 9 months of this year, the volume of exports of goods and services has been increased by 1.4 percent compared to the same period in 2015. Physical volumes of exports of polyethylene, knitted cloth, cotton fabrics, pharmaceuticals and medical products, molybdenum and tungsten products, ammonium phosphate, soda ash, trucks and other products with high added value have been increased.

Thanks to the adopted additional measures to promote domestic fruit and vegetable products for export, including establishment of a specialized foreign trade company "Uzagroexport", the volume of fresh and processed fruit and vegetable products exports during the 9 months of this year has exceeded 543 thousand tons, with an increase of 40.4 percent compared to the same period of the last year.

Banking Sector of Uzbekistan

Total capital of the commercial banks as of October 1, 2016 has exceeded 8.9 trillion UZS, which shows an increase of 22.8 percent compared to the corresponding period of the previous year, the level of capital adequacy of the banking system is almost 3 times higher than the established international norms, and the current liquidity is twice the required minimum level.

Total assets of the banks in comparison with the same period of the last year have increased by 25.5% and reached 76.7 trillion UZS.

Strengthening the financial stability of commercial banks positively affects the appropriation of an international rating on the creditworthiness index. International Rating Agency "Moody's" for the seventh consecutive year assigns a rating with a "stable" estimate to the prospects of the banking system development in Uzbekistan. The banking system activity of Uzbekistan is also positively assessed by the rating agencies Standard & Poor's and Fitch Ratings. Thus, all domestic banks have ratings "stable" from the "Big Three" of international rating agencies.

The Banks, in view of the priority economic objectives of the current year, implement large-scale measures to put into operation the most important high-tech and modern facilities and capacities; modernization, technical and technological renewal of production in the industrial sector.

In particular, in the reporting period the total volume of loans directed to the basic sectors of the economy has been increased by 25.7% compared to the same period last year, and today its volume has become more than 50.7 trillion UZS.

The volume of investment loans compared with the same period last year increased by more than 1.2 times and as of October 1, 2016 amounted to 9.4 trillion UZS.

As a part of the implementation of policy documents aimed at the development of small business, improvement of a favorable business environment and provision of greater freedom to entrepreneurship, the volume of loans granted to small businesses as compared with the same period in 2015 has been increased by 1.3 times and as of October 1 of this year has amounted to 12.6 trillion UZS, including the volume of allocated micro credits amounted to 2.6 trillion UZS, which is 1.3 times more than in the same period of the previous year.

The volume of loans to support women's entrepreneurship, compared to the same period last year, has increased by 31 percent and amounted to more than 1.3 trillion UZS.

It should be noted that successes in the reforming and liberalizing the domestic banking system were reflected in the annual analytical review of the World Bank and the International Finance Corporation according to the terms and conditions of doing business "Doing Business-2016". According to the latest data, over the previous three years the rating of Uzbekistan according to the terms and conditions of lending has been advanced immediately by 112 steps, that is, from 154 to 42.

Also, Uzbekistan's indices for the exchange of credit information were estimated at 7 points under 8-point scale and this indicator was higher than that of some OECD countries.

A stable condition of domestic banks, a growing confidence in them, as well as the growth of real incomes of the population remain a solid basis for attracting free cash resources of the population and business entities to the bank deposits. As a result, the resource base of banks is consistently increasing. For 9 months of 2016 the total volume of deposits has been increased by 27.5%, and as of 01.10.2016 it is 43.2 trillion UZS.

In the reporting period, the share of banks in the structure of financial services was 88%, and this indicator has been increased by 1.2 times compared to the same period in 2015. This is a practical confirmation of the implementation of targeted measures to expand and improve the quality of banking services provided to business entities and the public.

It should be noted that a special attention is paid to further development of non-cash payments, which demonstrates the intensive growth in the number of issued plastic cards. As of 01.10.2016, over 18.9 million plastic cards have been issued in the Republic, while the number of terminals installed at the trade outlets and services has reached 203.4 thousand. The volume of operations through plastic cards has amounted to 36.9 trillion UZS, which is increased by 1.3 times compared with the same period of the last year.

It is expected that in 2017, dynamic development of the banking sector of Uzbekistan, strengthening of the capitalization of banks and their financial stability, their role in the strengthening of the country's economic potential and the growth of the well-being of the population shall remain.

Main events and current activities of the Bank

In 2016, the Bank continued its consistent work to develop and expand its activities, strengthen its reputation in the global banking community, develop its branch network and improve the quality of its banking services.

An important event in 2016 is the recognition of SJCB ASIA ALLIANCE BANK as the best bank in Uzbekistan for the third consecutive year among the banks in the developing markets in the Asia-Pacific region in 2016 according to the GLOBAL FINANCE international financial magazine.

For the achievements in the field of improving the quality of banking services and active participation in the national banking exhibitions and competitions, the Bank was awarded with diplomas and awards of banking communities and partner banks.

Chronicle of the main events in the Bank's activity for January-November 2016

January 2016	The Bank was recognized as the best bank in Uzbekistan in the field of trade financing according to the International Global Finance Journal.
January 2016	The Bank has become the winner in the nomination "The Best Innovative Product for the Population" - an innovative product "Purchase of Air Tickets on-line" in the competition for the results of 2015 on attracting household deposits among commercial banks of the Republic of Uzbekistan.
February 2016	Rating agency Moody's Investor Service has confirmed the international credit rating of JSCB "ASIA ALLIANCE BANK" at the same level with a "Stable" estimate.
April 2016	"ASIA ALLIANCE BANK" for the third year in a row is recognized as the best bank in Uzbekistan among the banks in the emerging-markets in the Asia-Pacific region in 2016 according to the International Global Finance Journal.
April 2016	The Bank has become the winner in the nominations "The Best Bank for the Development of Activities in the Regions" and "The Best Advertising Company" in the National Exhibition of Banking Services, Equipment and Technologies - BANKEXPO 2016.
May 2016	The Bukhara Branch of the Bank was opened.
July 2016	The Bank is recognized as the best Bank in Uzbekistan according to the International authoritative financial magazine "Euromoney" and received the award "For best achievements" (Awards for Excellence 2016).
September 2016	"ASIA ALLIANCE BANK" has become a User of the new generation trading platform "FX TRADING" and the information-analytical platform "EIKON" of Thomson Reuters.
October 2016	The Bank has launched a service that allows customers to transfer money in local currency from one bank card to another in the online mode by using the Payment tool "PayMe" and "CLICK".
November 2016	The Samarkand Branch of the Bank was opened.

Market Position of the Bank

Following the results of 9 months of 2016, the activity of JSCB "ASIA ALLIANCE BANK" was aimed at ensuring a stable and balanced growth of indicators, as well as increasing the bank's competitive advantages. The Bank's assets, in comparison with the results of the 9 months of 2015, have been increased by 14%, the loan portfolio by 48%, deposits by 15%, total capital by 16%. The Bank has managed to improve its position on the size of its profitable assets, in particular, by the size of the loan portfolio, the Bank has occupied 13th place among the banks (according to the results of 9 months of 2015 - 14th place), by the size of the investment portfolio - 11th place (14).

Market Position of «ASIA ALLIANCE BANK»

as of 01.10.2016

Indicators	mln.UZS	Bank's position
Total assets	1 057 708	16
Total loans (net)	586 110	13
Customer Deposits	712 050	16
Authorized Fund	210 459	13

Following the main priorities of the bank's strategic development, the bank continued expanding the banking network, introducing new banking services and technologies, and actively working to improve the quality of customer service. In particular, in 2016 new branches were opened in the cities of Bukhara and Samarkand. To date, the bank has 7 branches, 13 mini-banks and 13 special cash points.

As a part of the corporate customer service development program, certain results have been achieved to expand the corporate customer base, improve the quality of customer service, and attract their free cash. As of October 1, 2016, the balance of customer deposits on the bank deposits amounted to 712 billion UZS, the number of corporate clients of the bank exceeded 4,5 thousand.

It should be noted the high results of the bank to expand the bank's fixed term resource base by attracting free funds of enterprises and the population to fixed term deposit instruments and issue of deposit certificates by the bank. As of October 1, 2016, the balance of fixed term and savings deposits exceeded 175 billion UZS, the volume of realized deposit certificates amounted to 88 billion UZS.

In order to ensure a balanced and sustainable development of the bank, attention is paid to expanding the bank's capital base. So, as of October 1, 2016, the bank's own capital amounted to 210 billion UZS. The bank occupies the 13th place among banks, conceding to the state and other large joint-stock banks.

Over the past period, the bank has achieved a number of results on the development of retail services and expansion of the retail unit role in the business of the bank. As of October 1, 2016, the bank offered 12 types of fixed term and savings deposits for the population in the national currency and 5 types of deposits in foreign currency. The balance of deposits of the population in the bank amounted to 70.3 billion UZS, an increase of 64 percent. Active work is underway to develop services for international money transfers of individuals. To date, the bank serves transfers for 6 international money transfer systems.

Also, measures are being taken to expand the bank's operations with plastic cards in the national currency and international currency cards. To date, the number of issued plastic cards

amounted to 112.6 thousand units, an increase of 56% as compared with the corresponding period in 2015. The main part of the cards fall to the share of plastic cards issued on the payroll projects. The number of installed trading terminals amounted to 2223.

Financial stability of the bank is confirmed by the bank's ratings in the national and international scale, which is regularly monitored by the rating agencies. In particular, the bank maintains a rating on the global scale B3 / NP / E + with a "Stable" estimate assigned by the rating agency Moody's Investors Service. Also, "Akhbor-Rating" Rating Agency has assigned the bank a credit rating on the national scale "uzA +" with a "Stable" estimate.

The bank strengthens achieved competitive positions, and also creates new, unique competitive advantages.

The bank has its own strengths, such as high asset quality and effective system of control over banking risks, a promising corporate customer base, high quality customer service, based on efficiency in decision-making and flexibility of interaction with clients, high efficiency of the bank's activity, which is reflected in the high rates of profitability and low level of operating expenses, a positive reputation in the domestic and international banking communities.

At the same time, successful further development of the bank's activities depends on the effective implementation of the tasks to ensure sustainable growth of operations, maintaining high asset quality and improving diversification of the loan portfolio, expanding the sales network and strengthening the bank's position in the retail market, improving the bank's competitive advantages by improving and optimizing Business processes.

MAIN DIRECTIONS OF THE BUSINESS DEVELOPMENT

In 2017, the bank's activities shall be aimed at fulfilling the following priority objectives set for commercial banks:

- further increase of financial stability in accordance with international norms and standards;
- strengthening of investment activities and the level of capitalization of the bank;
- further expansion of the bank's participation in financial support of small business and private entrepreneurship;
- expansion of attracting and developing credit lines of the international financial institutions to increase the financing of small business and private entrepreneurship projects;
- implementation of measures to strengthen the resource base, broad attraction of available cash assets of the population and business entities to the banking sector through introduction of new attractive types of deposits, and issuance of debt obligations;
- expanding the range and quality of banking services provided with the extensive use of advanced information and communication technologies, as well as the development of e-commerce and the expansion of the system of cashless settlements by using bank plastic cards;
- development of new market segments in the promising sectors of the economy, including services and tourism, industry, construction, as well as maintenance and participation in the financing of enterprises operating in the country's free economic zones;
- improving the bank's image and investment attractiveness of the bank by implementing measures to improve the rating level, improve corporate governance practices, introduce advanced methods for the generation and management of the bank's assets, in particular, implementation of recommendations of the Corporate Governance Code approved by the Committee on increasing the efficiency of Joint Stock Companies and improving the system of corporate governance;
- improvement and optimization of the Bank's structural divisions activities by automating business processes and standardizing banking products, as well as by introducing a system of management reports and analytical solutions.

Credit activity

In 2017, it is planned to implement a number of important objectives to ensure further qualitative development of the credit activity and to achieve quantitative parameters in terms of the loan portfolio size and its composition.

In 2017, the volume of loans is planned at 605 billion UZS. The balance of the loan portfolio (gross) at the end of 2017 shall be 904 billion UZS. The ratio of the loan portfolio to total assets shall be about 59% (as of January 1, 2018) against 56% as of October 1, 2016. The balance of reserves against potential losses is planned at the level of 10.5 billion UZS or 1.2% of the total loan portfolio.

By the end of 2017, it is planned to increase the long-term loan portfolio (leasing) of the bank to 800 billion UZS and its share in the loan portfolio shall be 88%. An increase in the portfolio of long-term investment loans shall create stable sources of the interest income.

Indicators	Plan as of 01.01.2018, in mln. UZS
Balance of the loan portfolio, gross, including:	904 397
Short-term loans	104 517
Long-term loans and leasing	799 879
Provisions for possible losses	10 531
Net balance of the loan portfolio	893 865
Provisions for potential losses / loan portfolio, gross	<i>1,16%</i>

As a part of the development of lending to small and private businesses, the branches will continue to actively explore potential segments and successfully developing business activities of the customers and their lending. In order to improve the credit process in the bank, in particular the interaction of branches with the Head Office, it is planned to establish individual limits for branches to finance medium-sized credit projects of business entities, taking into account the potential of the branch and the region.

The Bank shall work on studying new market segments, as well as opportunities to participate in financing of large investment projects, including projects in free economic zones.

And also, special attention shall be paid to financing promising projects of young entrepreneurs from a number of graduates of educational institutions, family business entities, as well as other socially significant and important projects necessary to develop the economic potential of our country.

Sources for financing of long-term promising projects of small businesses shall be the bank's credit resources, credit lines of international financial institutions, in particular the Islamic Corporation for the development of the private sector.

The Bank shall take measures to ensure adequate diversification of the bank's loan portfolio. As a part of expanding retail lending, the bank plans to increase the bank's retail loan portfolio by at least 16 billion UZS or 2% of the total loan portfolio of the bank. The main part of the loans of individuals shall be consumer loans. For the purpose of mass promotion of retail lending products, it is planned to conduct advertising campaigns, organize presentations of credit products among corporate customers, conduct negotiations with local consumers of goods and services to provide consumer loans to purchase goods and services.

The bank intends to ensure an adequate level of return on loans taking into account the prevailing market conditions.

In the coming year, the bank plans to continue activities on the implementing a number of measures aimed at introducing new banking products and technologies in the process of lending, taking into account the best local and foreign banking practices.

Investment and Issuing Activities

The Bank considers investment activity to be a promising area of its activity and in 2017 it plans to carry out work to increase investment deposits of the bank, as well as increase the efficiency of investment resources. One of the urgent objectives is to expand the activities of financial companies, in which the bank has investment, especially the development by these companies of more attractive segments of the market.

In the coming year, it is planned to expand the possibility of the bank's participation in the securities market as an investor of the first-class corporate issuers of the local market, and also to increase transactions with instruments of the securities market with a gradual increase in

the bank's share in the secondary segment of this market. In accordance with the Development Strategy of ABSOLUTE LEASING LLC, a set of measures shall be developed and implemented, aimed at developing and expanding the activities of the subsidiary leasing company, as well as increasing the efficiency of its activities.

Issuing activity of the bank in 2017 shall be aimed at strengthening the long-term resource base of the bank by issuing and selling debt securities. In particular, the next issue of deposit certificates is planned to strengthen a sustainable resource base. Issue of securities should allow the bank to expand and diversify the sources of borrowed resources of the bank and offer all the customers of the bank (including except for major ones) a profitable alternative to placing their free cash assets.

Operations in the Interbank and Foreign Exchange Markets

In 2016, the Bank carried out consistent work to create a modern infrastructure and formalize the processes for the development and expansion of activities in the currency and money markets, in particular, the Bank joined the Thomson Reuters information and trading terminals that provide instant access to the best quotations of the world banks in real time and optimize the processes for conducting dealing operations. The Regulation "On the Procedure for conversion of foreign Currency of one kind to foreign currency of another kind in the system of ASIA ALLIANCE BANK was developed and implemented.

Cooperation with participants in this market is improving, and mutually beneficial relations with banks with a high degree of reliability and reputation for placement and borrowing of funds in the interbank market are also increasing.

Within the framework of deepening the development of the bank's operations in the interbank monetary and foreign exchange markets, in accordance with the bank's development strategy, the following activities are planned for the coming year:

- expansion of the scope and the list of services by offering attractive types of banking services to customers in the field of conversion, banknote transactions and other services, as well as various marketing activities to increase customer interest in the Forex operations;
- increase of business activity and reputation of the bank in the monetary and currency markets, as well as measures to increase the recognition of the bank;
- participation in projects and cooperation with various institutions of the financial market in the development of infrastructure of the monetary and foreign exchange markets;
- improving the process of dealing operations by developing new modules in the integrated automated banking system, as well as developing a special mobile application for conducting Forex transactions with individuals;
- studying the library of the Thomson Reuters Eikon application to use various financial data and studies in the analytical work, and to ensure the profitability of trading and information terminals;
- other activities in accordance with changes in the market conditions.

Correspondent relations and international activity

As a part of the expansion of international activities in 2016, the Bank has achieved important successes in expanding the network of correspondent banks, establishing cooperation with international financial institutions to attract credit lines and maintain the international credit rating of the bank.

Today the Bank has correspondent relations with the leading banks of the world, in particular, Landesbank Baden-Wurtemberg, Commerzbank AG (Germany), DBS (Singapore), UBS (Switzerland), Kookmin Bank (Korea), Bank of China (China), Agricultural Bank of China (China) and Promsvyazbank (Russia). As of December 1, 2016, the number of common correspondent accounts of the bank amounted to 32 Nostro accounts in four local and ten foreign banks. In addition, negotiations are under way to establish correspondent relations with the Bank of New York Mellon (USA), Raiffeisen Bank International AG (Austria) and Sberbank of Russia.

To date, two credit lines of the Islamic Corporation for the Development of the Private Sector (ICD) have been disbursed for the financing of private sector entities. In 2017, it is expected to sign another agreement with the ICD and with other international financial institutions to provide the bank's customers with alternative financing sources for investment projects to acquire technological equipment and upgrade production at more favorable terms. In particular, it is planned to sign Individual Loan Agreements to finance projects on the basis of credit lines by the German banks Commerzbank AG and Landesbank Baden-Wurtemberg.

When establishing correspondent relations with banks, the priority remains as the reliability of partners, the interests of bank customers, the quality and speed of international settlements. Establishment of correspondent relations with leading banks have contributed to the expansion of the bank's activities in the field of international settlements, trade finance operations, the development of international money transfer services, and the strengthening of the international status of the bank.

In the course of cooperation with various foreign institutions, the international authoritative publication Global Finance for the third consecutive year (2014, 2015 and 2016) announced ASIA ALLIANCE BANK as the best bank in Uzbekistan in the category "Best banks in the world of emerging markets in the Asia-Pacific region". In addition, in 2016 the Bank was recognized as the "Best Bank in Uzbekistan" by such international financial journals as The Banker and Euromoney.

Also, the bank is working on cooperation with international rating agencies. As part of these activities, on July 8, 2016, Moody's Investors Service Ltd confirmed the international credit ratings of the bank at the same level. Today, the necessary measures are being implemented and negotiations are being conducted with representatives of Moody's to improve this credit rating.

Expansion and deepening of cooperation with correspondent banks and international financial institutions will remain as one of the priority directions of the bank's development. In the coming year, the following activities are planned to improve the use of the network of correspondent banks and the development of the international activities of the bank, as well as strengthen the status of the bank in the international financial arena, in particular:

- deepening mutually beneficial and comprehensive cooperation with foreign partner banks in the field of documentary, depository, Forex operations, correspondent relations, as well as other areas of relationships, taking into account the competitive advantages of each correspondent bank;
- continuation of works on establishment and deepening of cooperation with foreign banks and international financial institutions with a view to attracting and developing long-term credit lines for financing small businesses, including through the ICD credit facilities and in trade finance;
- participation of the bank and bank employees at various international banking exhibitions, symposiums, seminars, internships and competitions organized by foreign banks,

international financial institutions, publications and mass media such as The Banker, Global Finance, Euromoney and others;

- maintaining cooperation with international rating agencies on regular updating of the bank's credit rating;

- measures to increase the bank's investment attractiveness and implement the tasks assigned to banks in accordance with the Resolution of the President of the Republic of Uzbekistan "On Additional Measures to Attract Foreign Investors to Joint-Stock Companies" No. PP-2454 dated December 21, 2015 for attracting strategic investors, including through preparation of materials and presentations of the bank in the international arena (as a "road-show"), exploring the possibility of attracting technical assistance from the IFC.

Development of the service network and corporate customers

One of the main strategic objectives of the Bank is the establishment of a highly efficient branch network of the bank, which should provide a solid basis for strengthening its market position in the capital and expanding its activities in the regions of the country. Establishment of new branch units will help to increase the customer's base as a result of approaching the bank's infrastructure to a wide range of users, as well as diversifying the bank's business.

Today the commercial network of the bank includes Operations Department at the Bank's Head Office, Shayhontohur, Almazar, Mirzo Ulugbek, Mirabad, Karshi, Bukhara and Samarkand Branches, 13 mini-banks and 13 special cash offices. Mini-banks and special cash offices are open in the premises of large corporate customers to create maximum convenience for customers and their employees.

In 2017, it is planned to open 2 new Branches of the Bank, including Chilanzar Branch in the city of Tashkent and Fergana Branch in the city of Fergana. This will enable the development of the branch network and the implementation of the principle of maximum availability of services in the banking services market of Uzbekistan, which remains the most important objective of the Bank for the coming years.

Within the framework of the Bank's development strategy for monitoring and evaluating the efficiency of the Bank's branches in 2017, activities shall be continued to improve effectiveness of the rating system in the process of stimulating and encouraging employees of the Bank's branches.

Ensuring stable and high-quality development of the bank's branches, increasing their competitiveness and autonomy shall be the main objective in the forthcoming year for development of the bank's branch network.

In particular, it is planned to intensify activities of the branches to create their own fix term and stable resource base by attracting available cash assets of legal entities for fix term deposits and issue of deposit certificates of the bank, as well as expanding the income sources of the branches through the development of retail operations.

At the same time, activities shall be continued to ensure self-sufficiency of the opened mini-banks and other retail banking outlets. To this end, it is planned to increase the profitability of the bank's retail outlets through introduction of new banking services, more active marketing and customer management, creation of effective incentive mechanisms for employees and supervising units.

In 2017, activities shall be carried out further on the development of the corporate banking service unit, focusing on increasing the intensity of customer relationships with existing

customers, as well as attracting new corporate customers within the expansion of the bank's branch network.

The main principles of servicing corporate customers are the creation of maximum customer convenience, exceptional focus on their needs, reducing time and costs for servicing, speeding up operations, ensuring security and confidentiality of the bank operations through the use of high technologies and innovations, including activities to widely disseminate remote services to customers, as well as the use of flexible tariffs.

In 2017 it is planned to increase the balance of corporate customers' deposits by 25%.

Retail Customer Service

Objectives for developing retail activity, increasing consumer lending, attracting people's funds to form a source of funds for active retail operations of the bank and developing operations with international and local bank cards shall be priorities in 2017 as well. Creation of the developed retail segment shall enable the bank to maximally diversify its credit and deposit operations, interest and commission income, thereby to reduce financial risks. In addition, the retail segment is the most promising in terms of relatively high profitability of the retail operations.

In 2017, as a part of the development of the retail unit, activities shall be carried out to expand the service networks and develop mass-market products and quality services that are in demand, including regular introduction of new types of deposits, loans, bank transfers and services in the plastic cards business.

To this end, in the coming year, it is planned to accelerate development of the retail activities of the bank with expansion of the sales channels based on the modern integrated customer service centers, phased transfer of clients to online platforms and self-service points, development and introduction of sought-after loan products, attractive retail banking services, increase the efficiency of services and standards of service.

In 2017, within the framework of the card business development, it is planned to increase the scope of the card services by joining the International payment system Master Card World Wide and the retail payment system GlobUzCard, as well as expanding the network of plastic card servicing by installing additional ATMs, trading terminals and info kiosks. It is also planned to intensify activities in the field of plastic cards with individual design, which was launched in 2014. In 2017, it is planned to introduce this type of cards in all regional branches of the bank.

One of the priorities of the bank is the development of e-commerce. In this regard, in the coming year, the Bank will continue to work consistently with business partners in launching mobile banking and other mobile applications for individuals, expanding its operations in credit operations, making online payments using plastic cards, managing accounts and transferring funds between the bank accounts, settlements through introduction of a "single web platform", through which users will be able to purchase air and railway tickets, book hotels and other services. This project will unite the providers of air and railway services and tourism and leisure services into one single trading platform.

In addition, in 2017, activities shall be carried out in the field of introducing socially-oriented card banking products (issue of social, family, co-branding and other commercial cards, introducing incentive, discount and bonus projects) and services (introduction of a variety of savings and credit products, money transfer systems), aimed at its further popularization among the population, as convenient and reliable means of payment and saving money.

MAIN OBJECTIVES IN THE ENSURING BUSINESS DEVELOPMENT

Measures to improve the Bank's sustainability and risk management

The main aim of the risk management, as an integral part of the Bank's management process, is to ensure the sustainable development of the Bank within the framework of its strategic development plan. The main objectives of effective risk management are as follows:

- ensuring the protection of the rights of depositors, creditors and shareholders;
- elimination, prevention and minimization of losses of the Bank in case of unfavorable events for the Bank;
- optimization of the risk / profit ratio in all areas of activity;
- organization and improvement of the risk management system, including limit discipline;
- decrease in the deviation of the actual financial result of the Bank from the planned one;
- effective use of existing competitive advantages, such as customer confidence, quality of service, etc.

The risk management in the Bank shall be provided by an organizational system, which includes:

- the Bank's management bodies (Supervisory Board and the Management Board, Banking Risk Management Committee, Assets and Liabilities Management Committee, Credit and Investment Committees) responsible for development and implementation of the relevant policies, and decision-making;
- clear division of powers and responsibilities between the governing bodies and units of the Bank;
- a structural unit entrusted with the risk management responsibilities, preparing regular management reports, as well as other documents for the Risk Management Committee and other existing Committees in the Bank, as well as draft proposals for effective risk management;
- an information system that allows to manage risks in the Bank effectively, analyze the level of risks, including compliance with the Bank's limit discipline, liquidity, adequacy of capital and profitability, reasons for not complying with mandatory standards and determining measures to bring the indicators to at least regulatory values.

A Risk Management Committee is established in the Bank to protect interests of shareholders, customers of the Bank, reduce and prevent banking risks and ensure stability of the Bank's activities. The Committee in its activity shall report directly to the Supervisory Board of the Bank. The main objective of the Committee for Supervision of the Banking Risks is to monitor the impact of risks on the financial situation of the bank, monitor effective implementation of the credit risk management policies, assess completeness of application and effectiveness of the risk management procedures, monitor compliance with established restrictions on the risks accepted by the Bank, as well as measures to prevent risks from the bank.

Banking risk management Committee shall constantly identify, monitor, evaluate and manage banking risks, and carry out a quarterly stress test of the Bank's financial condition and liquidity. Given the wide range of risks affecting the bank, the most significant in terms of possible losses are credit, market, liquidity risk, and operational risk.

The following stages of the risk management process are maintained in the Bank:

- identification of all major risks arising in the activities of the Bank;
- analysis of identified risks and its assessment, calculation of aggregated risks;
- carrying out stress testing;
- decision-making on conducting or not conducting operations at risk, limiting identified risks, creating reserves for possible losses;
- monitoring compliance with established procedures for managing risks and limiting the level of accepted risks;
- continuous monitoring and optimization of the established restrictions, taking into account the evaluation of the Bank's performance results associated with the adoption of a certain type of risk.

In 2017, objectives are planned in the framework of further improving the financial stability of the bank and improving the work on risk management, introduction and expansion of the use of information technology and software in the bank in the risk management system.

Internal Control System

The Bank takes the necessary measures to counteract legalization of proceeds from the criminal activity and financing of terrorism in accordance with the requirements of the Law of the Republic of Uzbekistan "Concerning the Counteraction of the Legalization of Proceeds of Crime and Financing of Terrorism" dated August 26, No. 660-II and other legislative acts. The Internal Control Department is responsible for the proper organization and functioning of the internal control system in the bank, internal rules for counteracting the legalization of proceeds from crime and financing of terrorism have been developed and approved by the Board of the Bank.

In the coming year, activities shall be carried out further to arrange effective operation of the internal control system. It is planned to continue activities to increase efficiency of the internal control service, as well as increase the functionality and analytical capabilities of the subsystems of IABS automated systems and "Internal Control." In particular, the following objectives are planned to carry out:

- fully automate the control over operations with individuals listed in the SASB lists by introducing the Sanctions Screening function in the swift system, and by extending the scope of the relevant active IABS function;
- improving the work of the "advanced search" subsystem, by expanding the scope, improving the convenience of entering the persons sought and outputting the search result;
- consolidation of reports on suspicious and questionable transactions, creation of a unified form of the report on the automated detection of questionable and suspicious transactions.

Information Technology

The main aim of the development of information technologies is the creation of a modern IT infrastructure that can ensure stable operation and sustainable development of the bank. The development of information technologies in the bank is focused at ensuring achievement of the main strategic objectives, reaching a qualitatively new level of automation of intra-bank processes, introducing modern IT technologies in the banking services. In accordance with the bank's development strategy, it is planned to transform information technologies into a stable source for generation of the bank's unique competitive advantages.

In order to develop information technologies in the bank in 2017, the following activities are planned:

- development and expansion of the IT infrastructure of the bank and its branches, including renewal of the equipment stock, acquisition and installation of the server equipment for the analytical system;
- wide introduction of information technologies in the process of improving and optimizing business processes in the bank, including through the development of new software products and applications of the ABS bank, facilitating easement and acceleration of the business units operations, determined by functionality, availability, capacity, security, continuity of the banking services;
- cooperation with IT developers on the launch of projects "Application for bank transfer" and "Online conversion" in the software package "Corporate Internet banking" PC IABS, as well as PM "Accounting for overdraft transactions" to improve the quality of customer service of the bank and indicating the budget and implementation schedules;
- further development of the remote banking systems for legal entities and individuals, in particular, taking measures to develop the system "Internet banking for individuals" and "Mobile banking for individuals";
- development and introduction of new directions of the Bank's website and ensuring compliance of its content with new requirements;
- carry out activities on the introduction of an analytical system for monitoring the bank activities of and forecasting.

Development of the Bank's Personnel

The collective of the bank is the main asset and competitive advantage of the bank. The main objective of the personnel management system is effective management and development of the bank's intellectual capital, the formation and maintenance of a team of specialists at an efficient level capable of implementing the bank's strategy at optimal costs, creating conditions for the implementation of professional ambitions of employees aimed at harmonizing personal goals and objectives of the bank.

In 2017, in order to further develop the bank's staff potential, the following activities are planned:

- staffing of the Head Office and branches of the bank both with qualified specialists having experience in the banking sector, and young graduates having potential for further development;
- training and retraining of employees through the use of new teaching technologies, ensuring their education in the field-specific educational institutions of the Republic, as well as participating in various trainings, programs, seminars in the local / international level;
- continuous professional development of auditors through training and retraining in specialized training centers for banking operations
- organization and holding of trainings, which, in addition to the training of professional knowledge, support the development of personal qualities of employees, teamwork;
- capacity building in the marketing, development of the methodology and implementation of IFRS, as well as its active involvement in the development and introduction of new banking services;

- organization of scientific and practical conferences, seminars and round tables on the topical issues of development and further improvement of the banking activities in accordance with generally accepted international norms and standards;
- introduction of the Corporate Ethics Code with the aim of generation and introduction into everyday practice the standards and traditions of the corporate behavior and style that together will help to maintain stable operations of the Bank, strengthen its image and increase customer confidence;
- improvement and optimization of mechanisms, both financial rewards and non-financial incentives in order to orient employees towards final result in achieving the set goals and objectives.

FINANCIAL PLANNING

As a result of successful implementation of the planned objectives for further development of the Bank's priority activities in 2017, stable dynamics of the main financial indicators is forecasted.

Expanding the scope of its activities, the bank will strive to retain its attained positions in the banking sector and strengthen its position in the lending and retail services market. Meanwhile, a special attention shall be paid to a qualitative change in the structure of the balance sheet and income of the Bank, gradually achieving the optimal ratio of key performance parameters of the bank, recommended by the international financial institutions and resulting from the new requirements being introduced in accordance with the new Basel Accord. The main emphasis in expanding the bank's operations will be placed on the unconditional fulfillment by the bank of economic norms and recommendations of the Central Bank of the Republic of Uzbekistan to ensure a high level of financial stability of the banking system of the republic.

The capital base of the Bank shall grow mainly due to internal sources of the bank, that is, capitalization of the bank's net profit. Generation of a borrowed resource base shall be carried out by attracting deposits from legal entities and individuals, issue of debt securities of the bank.

Taking into account the above principles, the Business Plan is accompanied by the forecast indicators of the Bank's activities.

In order to effectively implement the activities provided for in the Business Plan, the following main targets and forecast indicators of the bank's activities are attached. These target and forecast indicators shall be implemented by developing detailed forecast plans for each business unit of the Bank.

ANNEXES
ESTIMATED BALANCE (in thousand UZS)

Name of Indicators	As of 01.01.2018
ASSETS	
Cash and other payment documents	27 129 233
Funds on accounts with the Central Bank of Uzbekistan and other banks	528 483 540
Investments and securities for purchase and sale	21 040 700
Loans, net	893 865 078
Other assets	63 732 765
Total assets	1 534 251 316
LIABILITIES	
Total deposits	849 801 901
Accounts payable to other banks	60 000 000
Debt securities of the bank	109 600 000
Other liabilities	265 287 078
Total liabilities	1 284 688 979
Share capital	
Statutory and added capital	127 547 261
Reserve capital	28 564 762
Retained profit	93 450 314
Total liabilities and equity	1 534 251 316

ESTIMATED INCOME AND LOSS STATEMENT (in thousand UZS)

Name of Indicators	As of 01.01.2018
Interest income	145 156 538
Interest expenses	58 937 453
Interest-free income	97 905 513
Interest-free expenses	33 433 199
Operating expenses	77 768 551
Estimation of possible losses on loans and leasing	9 796 794
Income tax assessment	13 105 082
NET PROFIT	50 020 972