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**with Resolution No.K-____ dated
"____" December, 2017
of the Council of Joint-Stock
Commercial Bank "Turonbank"**

_____ **D.B.Yunusov**

BUSINESS PLAN
FOR 2018
OF JOINT STOCK COMMERCIAL BANK "TURONBANK"

Tashkent – 2017

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BUSINESS PLAN
of Joint-Stock Commercial Bank «Turonbank» for 2018 *

I. Bank Passport

1. Full Name of the Bank: Joint-Stock Commercial Bank «Turonbank».
2. Abbreviated Name of the Bank: JSCB "Turonbank".
3. Organizational and Structural Form: Joint Stock Company.
4. Joint-Stock Commercial Bank "Turonbank" (hereinafter referred to as the Bank) is Consolidation Commercial Bank "Turon" (opened by the decision of founding meeting of the founders on October 6, 1990 and registered in the State Bank of Uzbekistan on December 31, 1990 No. 713/8) was reorganized and re-registered on October 20, 1998.
5. The Central Bank of the Republic of Uzbekistan issued a license No. 8 for banking operations on October 21, 2017.
6. Legal Address: 4-a house, Abay Street, Tashkent city.
7. Phone Number: (998 95) 144 60 00. (99871) 202 01 01.
8. Fax: (998 71) 244 88 65.
9. Total Number of Shareholders of the Bank - 9 233 (156 717 339 thousand soums):
 - Individuals - 6 859 (5 713 958 thousand soums);
 - Legal entities - 2 374 (151 003 381 thousand soums).
10. The total number of customers served by the Bank - 21 291, of which the number of operating customers is 11 593.
11. Number of bank branches: 18.
12. Number of bank employees: 1 137.
13. Bank Management Bodies:
 - General Meeting of Shareholders of the Bank
 - Bank Council
 - Bank Board

Chairman of the Bank Council: Yunusov Djakhongir Bahodirovich

Chairman of the Bank Board: Mirzaev Chori Sadibakosovich

II. INTRODUCTION

General Overview of Plan

Today, the Bank is one of the most developed financial institutions, consisting of the networks of 18 branches, 32 mini-banks, 28 international money remittances offices, 22 currency exchange offices, 15 communal cash offices, 18 savings cash offices and 14 special cash offices located in all regions of the country (*Appendix 1*).

The Bank has been assigned a “Stable” rating by Standard & Poor’s (B- / B). Also, the national interbank rating company Ahbor Rating gave the Bank a rating of UzA (Stable). During 2018, it is planned to further increase the ratings of international rating companies, which will be received by the Bank according to results of 2017.

The Bank's policy in 2018 is to mobilize resources in high-yield areas while maintaining the high rates of development of previous years, expanding the Bank's participation in financing the real sector of the economy, as well as further developing the competitive environment in banking services, increasing the number of customers and improving services thereto.

The main part of the Bank's clients comprises of the Ministry of Agriculture and Water Resources, JSC «Uzbekhydroenergo», the Ministry of Justice and their organizations, state enterprises, joint ventures, large manufacturing enterprises, small business and private entrepreneurs, trade and commercial enterprises.

A certain number of customers served by the Bank are in constant need of loans in national and foreign currencies. The Bank should contribute to the economic development of the country by helping customers to operate effectively, taking into account their demand for permanent credit and repayment opportunities. To this end, the Bank provides credit services to customers in various sectors of the economy, reducing the risks that may arise in the process of lending to their customers and further improving the quality of the loan portfolio. High profitability of lending activities based on the development and improvement of this type of service will remain one of the main sources of income of the Bank in 2018.

In 2018, the Bank will attract customers with international economic relations to conduct foreign exchange transactions, ensure the timely execution of their operations in freely convertible currencies, development of correspondent relations with foreign financial institutions, increase the volume of current cash foreign exchange transactions and develop the domestic foreign exchange market.

In 2018, it is planned that the Bank disburses funds of 15.0 million US dollars in loans from the Asian Development Bank, 10.0 million US dollars from the World Bank loan, 5.0 million US dollars from the loan of the Islamic Corporation for Private Sector Development.

Expansion and improvement of the Bank's activities, full use of the Bank's internal capacity, increase of the Bank's regulatory and charter capital, attraction of temporarily free funds of the population and enterprises to bank deposits will be performed.

In 2018, opportunities will be considered to improve the activities of the Samarkand, Termez, Urgench, Nukus, Shakhrisabz branches and the Central Operating Department which have been operating with low profitability this year and to achieve high profitability thereof.

Main Directions of Bank Development and Financial Stability in 2018

The Decree of the President of the Republic of Uzbekistan No.PF-4947 dated February 7, 2017 approved the "Action Strategy for the Five Priority Areas of Development of the Republic of Uzbekistan for 2017-2021."

In this regard, one of the main tasks of the Bank is the unconditional fulfillment of the tasks assigned to the banks of the republic by the Government and the Central Bank of the Republic of Uzbekistan.

In order to increase the Bank's income, the level of services provided to legal entities and individuals, the strategic objectives of the Bank should be:

- Ensuring the timely implementation of the instructions given in accordance with the visits of the President of the Republic of Uzbekistan to the regions and the minutes of the extended meeting and state programs;
- In order to develop the hydropower sector in the country, modernization of hydropower plants within JSC "Uzbekhydroenergo", attracting loans from the Export-Import Bank of China for the construction of new small hydropower plants;
- The Bank will further increase the volume of loans from the Asian Development Bank, the World Bank and the Islamic Corporation for the Development of the Private Sector and mobilize them in the real sector of the economy;
- In order to ensure the implementation of the requirements of the Resolution of the President of the Republic of Uzbekistan dated September 12, 2017 No 3270 "On Measures to Further

Develop and Increase the Stability of the Banking System" Turonbank's authorized capital will be increased by 245.0 billion soums;

- Ensuring that the bank's total capital increases by at least 20% using all opportunities;
- Improving the financial stability and liquidity of the Bank by further increasing the total capital of the Bank, increasing the resource base, improving the quality of assets, improving the bank's operations in accordance with the requirements of international standards set by the Basel Committee;
- Attracting free funds of the population and businesses to bank deposits by strengthening guarantees for depositors and further strengthening the confidence of the population and foreign investors in the banking system, the introduction of new attractive deposits and savings, improving the system of biometric identification of depositors, attraction of free monetary funds to bank deposits from the population and economic entities by expanding the range and scope of banking services;
- Ensuring that the key performance indicators of the Bank are positive and take all necessary measures to obtain positive ratings from international rating companies and the national rating company "Ahbor Rating";
- Ensuring implementation of the Resolution of the President of the Republic of Uzbekistan No.PP-2344 dated May 6, 2015 "On Measures to Further Increase the Financial Stability of Commercial Banks and Develop their Resource Base" and the Resolution of the President of the Republic of Uzbekistan No.3270 dated September 12, 2017 "On Measures to Further Develop and Enhance the Stability of the Banking System." including increasing the stability of the Bank's resource base, increasing the total balance of deposits in each branch of the Bank by at least 20% during the reporting year;
- issuance and short-term placement of certificates of deposit for legal entities and individuals, as well as long-term corporate bonds of the Bank among investors in order to ensure the stability of the Bank's resource base and increase investment activity;
- Ensuring continuous growth and quality improvement of the Bank's loan portfolio by strengthening the bank's investment activity, further expanding the bank's participation in financing investment projects, improving the system of project expertise and risk assessment, preventing the formation of problem loans;
- financing of enterprises of the real sector of the economy, expansion of the Bank's participation in the securities market, including the further increase of the Bank's role in high-

income manufacturing enterprises, leasing, insurance and professional participants in the securities market;

- formation of new approaches to accounting and reporting in the Bank, introduction of modern technologies and methods, improving the quality of information processing systems, ensuring its widespread use in accordance with the requirements of leading international rating agencies;
- Strengthening the Bank with professionally trained highly qualified specialists who can work in the system of standards, methods and evaluation indicators adopted in developed countries, further improving the system of staffing, training and retraining in the banking system;
- Search for ways to develop banking services in the financial market, the introduction of new banking services and the organization of their advertising, promoting the image of the Bank through active public relations (PR) and acting on the basis of this image.

Analysis of Financial Results

In order to increase confidence in the Bank, it is planned to increase the authorized capital of the Bank by at least by 44.0 billion soums in 2018.

In addition, it is planned that the Bank issues and fully places deposit certificates in the amount of 10.0 billion soums.

In 2018, the main focus in the organization of banking activities will be to expand the Bank's active operations, strengthen the resource base, improve asset quality, ensure financial stability and liquidity of the Bank, direct funds to lending to the real sector of the economy, increase investment activity by at least 20%. The structure of the Bank's assets is expected to increase the bank's profitability, mainly due to the growth of income-generating assets.

It is planned to achieve a number of positive results in the reporting year due to the expansion of the Bank's structures, increasing their profitability, development of services to the population, especially 18 branches, 32 mini-banks, 28 international money remittances offices, 18 savings and deposit cash offices.

In 2018, when the bank's income-generating assets are expected to increase sharply, the following activities are planned to be carried out at the expense of the Bank's income, including:

- In 2018, it is planned to expand the structures of the Bank (opening branches in Tashkent city, Mirzo-Ulugbek District and Andijan Region, Andijan city, the establishment of mini-banks and other structures in densely populated and business-convenient areas);
- The main part of the Bank's income is spent for the above purposes, as it is planned to work on the creation of reserves for loans, which can become a potential problem in the loan portfolio, to improve the quality of bank assets.
- A large part of the income received by the Bank is expected to be derived from projects of strategic importance on a Republican scale, which are financed by international financial institutions for a long period, and the lack of a high bank margin in the initial periods of these projects (that is, for the period 2018-2019, which is a grace period) indicates that there will be no high profit margin of the bank compared to the previous years.

Based on the above, in 2018, it is planned to earn total of 200.0 billion soums from the provision of banking services to customers, 183.0 billion soums will be spent on its operation and improvement, and the net profit for the year will be 17.0 billion soums. .

III. Expansion of Banking Activities

Opening of New Branches and Mini-Banks

In order to expand the range of banking services provided to businesses and the population, to provide modern banking services, to create convenience in bringing banking services closer to the population, it is planned to open branches in Mirzo Ulugbek district of Tashkent city, Andijan region and mini-banks in densely populated and economically developed districts.

Reconstruction of Bank Branches

In order to expand the activities of the Bank, to further improve the quality of customer service, to modernize the buildings of the Bank's branches in 2018, It is planned to allocate to allocate 6.6 billion soums for capital repairs of branches. These funds will be used for the following purposes, including:

It is envisaged to allocate 1.0 billion soums for repair of the Main Office, 200.0 million soums for repair of Karshi Branch, 150.0 million soums for repair of Navoi Branch, 50.0 million soums for repair of Namangan Branch, 500.0 million soums for the repair of the Samarkand Branch, 966.0 million soums for repair of Termez Branch, 200.0 million soums for repair of

Gulistan Branch, 600.0 million soums for repair of Fergana Branch, 350.0 million soums for repair of Urgench Branch, 400.0 soums for repair works of Nukus branch. 1.0 billion soums for repair of Jizzakh Branch, 200.0 million soums for repair of Mirabad Branch, 50.0 million soums for repair of Shahrisabz Branch, 500.0 million soums for repair of Zangiota Branch, 300.0 million soums for repair of Yashnabad Branch, 50.0 million soums for repair of Chilanazar Branch and 50.0 million soums for repair of Yunusabad Branch.

IV. Lending Activities

The main purpose of the Bank's lending, leasing and factoring services and provision of bank guarantees (hereinafter referred to as lending) for 2018 is to carry out large-scale active operations, to organize lending, to anticipate and effectively manage the risks arising in the lending process and achieving maximum economic and financial efficiency in banking in this area.

In lending activities, priority will be given to financing of promising investment projects implemented on the basis of Decrees and Resolutions of the President of the Republic of Uzbekistan, Resolutions of the Cabinet of Ministers and minutes of meetings, projects included in the programs of financing import-substituting and export-oriented enterprises, socio-economic development of regions, small business and private entrepreneurship.

In 2018, legal entities and individuals with credit debt will repay 270.9 billion soums, it is planned to additionally allocate loans in the amount of 948.2 billion soums and to bring the bank's credit portfolio to 1 234.5 billion soums by providing factoring and leasing services (*Appendices 2 and 3*).

It is planned that JSCB "Turonbank" will provide investment credits in the amount of 500.0 billion soums during 2018.

To this end, special attention will be paid to expanding the allocation of loans by attracting credit lines from foreign banks and international financial institutions.

In 2018, it is planned that the Bank will attract credit lines totaling US dollars 30.0 million including 15.0 million US dollars from the Asian Development Bank, 10.0 million US dollars from the World Bank, and 5.0 million US dollars from the Islamic Corporation for Private Sector Development.

In addition, in order to develop the hydropower sector in the country, an agreement was signed to attract loans in the amount of 144.3 million US dollars from the Export-Import Bank of China for the modernization of hydropower plants within JSC "Uzbekhydroenergiya" and

the construction of new small hydropower plants. In 2018, it is planned to allocate a loan in the amount of 54.9 million US dollars from funds of the Export-Import Bank of China for the modernization of 4 existing hydropower plants and the construction of 5 small hydropower plants in the country.

According to the instructions entrusted under the President of the Republic of Uzbekistan's visits to the regions and protocols of the expanded meetings, it is planned to provide loans totaling to 12.8 billion soums to finance 4 projects in 2018.

In addition, special attention will be paid to constantly monitoring of the implementation of projects within implementation of instructions given under decrees and resolutions of the President of the Republic of Uzbekistan, the Cabinet of Ministers of the Republic of Uzbekistan, provision of loans and creation of new job thereby under the projects implemented under the Investment Program of the Republic of Uzbekistan, Government and regional programs and the single online system for project monitoring under the Ministry of Economy.

In particular, it is planned to provide bank loans in the amount of 104.7 billion soums in 2018 to finance total of 97 projects within the socio-economic development programs of the regions (*Appendix 4*).

In accordance with the Bank's Credit Policy, it is envisaged that the Bank will increase its share of long-term lending along with financing of short-term projects of bank clients in 2018. This would result in earning incomes totaling to 142.2 billion soums from lending activities in 2018. It is planned to receive income in the amount of 106.7 billion soums from long-term loans.

Priority Tasks to be Implemented by the Bank in 2018 in the field of Lending

- Financing of projects included in the programs approved on the basis of Decrees and Resolutions of the President of the Republic of Uzbekistan, Resolutions of the Cabinet of Ministers, in particular, investment and localization programs, socio-economic development of the regions;
- Allocation of loans for investment projects on modernization, technical and technological renewal of priority sectors of the economy, the launch of modern production facilities;

- Gradual increase in lending to small business and private entrepreneurship projects, especially for the development of family business and small business in the regions included in the Government's instructions;
- Allocation of microcredits for employment of low-income families;
- Expanding the allocation of microcredits to finance entrepreneurial projects of young people, especially graduates of professional colleges;
- Improving the mechanisms for allocating consumer loans and increasing the volume of consumer loans to meet the needs of the population in consumer goods (works, services);
- Attracting and expanding the volume of preferential credit lines and grants from international financial institutions and foreign banks to finance projects of small businesses and private entrepreneurship.

V. Currency operations

In 2018, a 20% increase in the number of corporate clients engaged in foreign exchange operations, the conversion of foreign currency in the foreign exchange market of the Republic of Uzbekistan on the basis of customer orders for foreign trade operations will be organized throughout the year.

It is envisaged for full automation of accounting for international money transfers and the distribution of cash foreign currency between branches in the IABS software program.

In order to expand the service network through VISA terminals, it is planned to purchase additional 50 terminals for installation at air ticket offices, restaurants, medical service outlets and other commercial organizations.

It is also planned to increase the volume of transactions next year by becoming a member of the international card system MasterCard. It is expected that 600-800 thousand US dollars of funds will be spent for implementation of this project.

Due to the new demands placed on the SWIFT system, it is planned to purchase a new server and a new processor for the Thomson Reuters system.

It is planned to establish correspondent relations with German banks Raiffeisen Bank and Commerzbank AG in order to ensure timely and quality delivery of international payments to the bank's customers and expand the bank's system of foreign correspondent accounts.

VI. Activities in the Securities Market

Joint Stock Commercial Bank "Turonbank" is one of the most active participants in the financial market of the Republic of Uzbekistan, proving itself as a reliable partner in the financial market. As a result of the risk management policy pursued with a conservative approach, the Bank has been conducting various operations in the securities market over the past period and achieving positive results.

During 2018, the Bank will increase its authorized capital by issuing and placing additional shares at least 44.0 billion soums. Thus, it is planned that the Bank increases its authorized capital to 245.0 billion soums.

In order to strengthen the bank's resource base, increase the share of long-term resources in its structure, it is planned to issue emission and non-emission securities. In particular, it is planned to issue certificates of deposit in the amount of 10 billion soums in 2018 and place them among potential investors in the short term.

VII. Deposit Activities and Provision of Customer Service

During 2018, it is planned to increase the amount of banking resources attracted from legal entities and individuals as a result of improving the existing banking services and the introduction of new types of banking services (deposits) through the study of financial market conditions, other competing banks.

Also, based on the supply and demand in the deposit market, in order to ensure the stability of the Bank's resource base in 2018, it is planned to attract long-term deposits from extra-budgetary funds, large organizations and other legal entities under the Ministry of Finance.

VIII. Bank's Activities in the Field of Information Technology

The management of JSCB "Turonbank" which is an active participant in the financial system of the country pays special attention to further development and improvement of the range of services provided to customers based on the realities of the market economy, macroeconomic situation, wide use of modern information and communication technologies, high-speed and reliable information systems, the introduction of mobile technologies, more reliable and accurate operation of the integrated information-analytical system, the creation of

additional facilities for bank customers, gaining their trust. At the same time, issues such as improving management in the system of JSCB "Turonbank", reducing bank costs, increasing the efficiency of the Bank's activities in all areas are the main criteria of internal policy in all long-term and short-term plans.

Based on the technical equipment available at the Main Office and branches, as well as the analysis of data on the forecast of possible costs in 2018, as well as the costs incurred this year, it is planned to allocate total of 20.0 billion soums for the development of information technology in JSCB "Turonbank" system.

These funds will be used for the following purposes in the field of information, including:

- 7 billion soums to upgrade key servers and computer hardware;
- 3.5 billion soums for licensing of Oracle and other software;
- 6 billion soums for the supply of the main data processing center and the creation of a backup center;
- 1 billion soums will be allocated for the transfer of communication channels between branches and the Main Office to fiber-optic cables and modernization of local networks of branches;
- 2.5 billion soums for other current expenses

IX. Personnel Management and Skills Development

At present, total of 1 150 employees work in the banking system including 927 employees in the bank's branches. According to the qualitative structure of the Bank's staff, 91 (7.9%) have master's degrees, 623 (54.2%) have bachelor's degrees, 362 (31.5%) have secondary special education, and 74 (6.4%) have secondary education.

In order to improve the skills of bank employees, improve their quality and train qualified specialists, according to the training plan of employees of commercial banks of the Republic of Uzbekistan for 2018, it is planned to send 150 employees of Turonbank during 2018 to raise qualification in the Association of Banks of Uzbekistan, Banking and Finance Academy, Regional Bank Training Centers and MTsFR-U training centers for advanced training.

During 2018, the Human Resources Department will make business trips to the bank's branches, provide the staff responsible for human resources of the branch and MAB with

normative documents on labor legislation, provide practical assistance in business activities and regularly monitor the activities of branches.

In order to improve the spiritual and educational level, skills and systematic organization of retraining of employees of JSCB "Turonbank", it is planned to hold monthly training seminars in 2018.

According to the Schedule of training seminars, directors of the Department, heads of independent departments and divisions are tasked to develop interesting and meaningful seminar topics for employees, ensuring the participation of invited guests in the seminar, determining the level of mastery of seminar participants at the end of the seminar.

It is planned that the Bank will spend 250 million soums in 2018 to send 5 employees to foreign countries for training.

X. Expected Results in 2018

In order to ensure the stability of the Bank and increase its assets in 2018, it is envisaged that by the end of the year the Bank will increase its total capital at least to 339.0 billion soums, the authorized capital at least to 245.0 billion soums, total assets at least to 2 500.0 billion soums. In addition, specific tasks have been set to increase the bank's total deposits by at least 46% by expanding the range of banking services and increasing the number of customers.

In 2018, the main focus will be on attracting large corporate clients, as well as small and medium-sized businesses by expanding the range of services provided by the Bank to customers, diversifying the customer base and improving the quality of services.

In 2018, it is planned to earn total of 200.0 billion soums from the provision of banking services to customers, to spend 183.0 billion soums for the operation and improvement of services. These operations are expected to generate 17.0 billion soums during the year.

(million soums)

No.	Indicator	Expected Result by the End of 2017	For 2018 (Forecast)	Change (As a Percentage)
1	Total Assets	1 500 000	2 500 000	67%
2	Total Capital	246 000	339 000	38%
3	Charter Capital	156 717	245 000	56%
4	Total Loans	800 000	1 234 500	54%

5	Total Deposits	750 000	989 000	41%
6	Total Number of Clients (Legal Entities and Individual Entrepreneurs)	23 000	25 500	11%
7	Total Income	153 000	200 000	31%
8	Total Expenses	136 500	183 000	34%
9	Net Profit	16 500	17 000	3%

Note: *Financial plan of income and expenses of Joint-Stock Commercial Bank «Turonbank» for 2018.*

**Chairman of the Board
of JSCB "Turonbank"**

Ch.S.Mirzaev

First Deputy Chairman of the Board	Sh.Sh. Shoaxmedov	
Deputy Chairman of the Board	O.R. Kim	
Deputy Chairman of the Board	A.A. Sattarov	
Director of the Accounting and Financial Reporting Department - Chief Accountant	H.F. Tursunov	
Director of the Treasury and Securities Department	N.I. Tangniberdiev	
Director of the Legal Services Department	O.A. Muminov	
Director of Human Resources Department	B.A. Alijonov	
Director of the Credititing Department	A.A. Sayfullaev	
Director of the Project Financing Department	S.T. Kaldibaev	
Director of the Bank's Risk Management and Strategic Development Department	A.A. Kadirov	
Director of the Money Circulation Department	R.A. Umarov	
Director of the Department of Foreign Economic Activity	R.P. Mayusupov	
Director of the Information Technology Department	U.U. Nabiev	
Director of the Internal Audit Department	B.U. Ahmedov	
Director of the Internal Control Department	Z.Ya. Ibragimov	
Head of Bank Apparatus	I.T. Salamov	

Head of the Division of Bank Security and Information Protection	O.A. Ozerov	
Head of the Division for Appeals of Individuals and Legal Entities	O.R. Ergashev	
Head of the Methodology Division	U.T. Mirzaev	
Head of Affairs Management Division	B.N. Mashokirov	