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**with Resolution No.K-____ dated
"____" December, 2018
of the Council of Joint-Stock
Commercial Bank "Turonbank"**

_____ **D.B.Yunusov**

BUSINESS PLAN
FOR 2019
OF JOINT STOCK COMMERCIAL BANK "TURONBANK"

Tashkent– 2018

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BUSINESS PLAN
of Joint-Stock Commercial Bank «Turonbank» for 2019 *

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) 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 (765 361 048 thousand soums):
 - Individuals - 6 861 (5 713 958 thousand soums);
 - Legal entities - 2 372 (759 647 090 thousand soums).
10. The total number of customers served by the Bank - 21 320, of which the number of operating customers is 13 365.
11. Number of bank branches: 20.
12. Number of bank employees: 1 241.
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 20 branches, 42 mini-banks, 37 international money remittances offices, 23 currency exchange offices, 11 communal cash offices, 19 savings cash offices and 13 special cash offices located in all regions of the country (*Appendix 1*).

In 2018, the Bank was given a “Stable” rating (B / B) one point higher compared to previous years, provided by the international rating company S&P Global Ratings. In addition, the national interbank rating company Ahbor Rating gave the Bank a rating of Uza (Stable). In 2019, it is planned to further increase the ratings of international and domestic rating companies, which will be obtained based on the results of the bank's activities in 2018.

The Bank's policy in 2019 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 with regular money circulation and improving services thereto.

The main part of the Bank's clients comprises of the Ministry of Agriculture and the Ministry of Justice, JSC «Uzbekhydroenergo», the State Inspectorate for Plant Quarantine and their enterprises and organizations, state and joint ventures, large manufacturing enterprises, small businesses 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 2019.

In 2019, 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 and other relations with foreign financial institutions, increase the volume of current cash foreign exchange transactions and develop the domestic foreign exchange market.

In 2019, it is planned that the Bank disburses funds of 40.0 million US dollars in loans from the Asian Development Bank, 5.0 million US dollars in loans from the Islamic Corporation for International Trade Finance (ITFC), 10.0 million. US dollars in loans from the Islamic Corporation for Private Sector Development.

Expansion and improvement of the bank's activities will be carried out through the full use of the bank's internal capacity, increase of the bank's capital, attraction of temporarily free funds of the population and enterprises to bank deposits.

Main Directions of Bank Development and Financial Stability in 2019

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" and the Resolution of the President of the Republic of Uzbekistan No.PP-3620 dated March 23, 2018 "On Additional Measures to Increase the Popularity of Banking Services" was approved.

The main tasks of the Bank are to expand its activities, to ensure profitability in compliance with all economic standards, including capital and liquidity, to unconditionally fulfill the tasks assigned to the banks 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 tasks set during the visits of the President of the Republic of Uzbekistan to the regions and included in state programs;
- Further increase of the Bank's attraction of credit funds from IFIs (International Financial Institutions) and mobilization to the real sector of the economy;
- Ensuring the growth of the Bank's capital;
- Improving the quality of assets by increasing the bank's capital, resource base in accordance with the requirements of international standards set by the Basel Committee, increase bank liquidity and financial stability by improving banking activities;
- Attracting free funds of the population and business entities to foreign financial institutions by strengthening guarantees for depositors, further strengthening the confidence of the population and foreign investors in the banking system, the introduction of new deposits and savings, improving the system of biometric identification of depositors;

- Take all necessary measures to obtain high ratings from international rating companies and the national rating company Ahbor Rating;
- Ensuring the 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 the Development of their Resource Base" and the Resolution of the President of the Republic of Uzbekistan No.PP-3270 dated September 12, 2017 "On Measures on Further Development and Stability of the Banking System of the Republic" including improvement the resource base of the Bank, increasing the balance of total deposits in each branch of the Bank by at least 20% during the reporting year;
- Issuance and placement of bank deposit certificates for legal entities among potential investors in order to ensure their stability, 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;
- 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 and audit 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;
- During the visits of the President of the Republic of Uzbekistan to the regions, the Board of the Bank organizes quarterly cultural and educational seminars for the population and businesses on "Fundamentals of Financial Literacy - Banks Trust More Knowledgeable Entrepreneurs";
- Coverage of seminars in all regions of the country in the media and social networks;
- 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 total capital of the Bank to 900.0 billion soums in 2019.

In 2019, the main focus is on expanding the bank's active operations, directing the attracted funds primarily to lending to the real sector of the economy, ensuring the growth of bank assets by at least 42% by increasing investment activity.

It is planned to achieve a number of positive results in the reporting year due to the expansion of the Bank's infrastructure, development of services to the population, in particular, 20 branches, 42 mini-banks, 37 international money remittances offices, 19 savings and deposit cash offices.

In 2019, 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 2019, the Bank will create mini-banks and other structures in densely populated and business-friendly areas;
- to create sufficient reserves for loans, which can become a potential problem in the loan portfolio;

Based on the above, it is planned to earn total of 482.6 billion soums from the provision of banking services to customers, 422.6 billion soums will be spent on its operation and improvement, and the net profit for the year will be 60.0 billion soums in 2019. .

III. Expansion of Banking Activities

Opening of New Mini-Banks

In order to expand the range of banking services provided to businesses and the population, to provide modern banking services, to facilitate the proximity of banking services to the population, it is planned to establish new modern mini-banks in densely populated and economically developed areas and 24/7 automated payment centers.

Reconstruction of Bank Branches

In order to expand the bank's activities, further improve the quality of customer service, modernize the buildings of the Bank's branches in 2019, total of 34.8 billion soums will be allocated for capital and current repairs of branches and construction of new buildings. It is

planned to allocate, within this, 25.7 billion soums for the construction of new buildings, 9.1 billion soums for capital and current repairs. These funds will be spent as follows:

It is planned to spend 300.0 million soums for capital reconstruction of Karshi Branch, 6.0 billion soums for construction of new building in Navoi Branch, 1.0 billion soums for capital repairs of Namangan Branch, 600.0 million soums for capital repairs of Samarkand Branch, 1.6 billion soums for capital repairs of Bukhara Branch and current repair of its mini-bank, 1.0 billion soums for capital repairs and additional construction works of Termez Branch, 10.0 billion soums for construction of new building in Gulistan Branch, 2.1 billion soums for capital repairs and additional construction works of Fergana Branch, 500.0 million soums for capital construction works in Urgench Branch, 100.0 million, soums for the current repair of the mini-bank within Nukus Branch, 1.1 billion soums for capital repairs of Jizzakh Branch, 5.7 billion soums to build a new building for Mirabad Branch, 100.0 million. soums for the current repair of the mini-bank within Shahrisabz Branch, 4.0 billion soums for construction of a new building for Zangiota Branch, 300.0 million soums for capital repairs of Yashnabad Branch, 200.0 million soums for capital repairs of Chilanzar Branch, 50.0 million soums for capital repairs of Yunusabad Branch, 50.0 million soums for capital repairs of Mirzo-Ulugbek Branch and 100.0 million soums for current repairs of Andijan 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 2019 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.

Priority will be given to lending activities including 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, the financing of projects and the implementation of the "Every Family is an Entrepreneur" program.

In 2019, 724.0 billion soums will be repaid by legal entities and individuals with credit debt, it is planned to provide additional loans in the amount of 1,965.0 billion soums and to bring the credit portfolio of the Bank to 3 790.0 billion soums by providing factoring and leasing services. (*Appendices 2 and 3*).

In 2019, JSCB “Turonbank” plans to allocate investment loans from international financial institutions in the amount of 1,000.0 billion soums.

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 particular, it is planned that the Bank will disburse credit funds through foreign credit lines in 2019 in the amount 40.0 million US dollars from the Asian Development Bank, 5.0 million US dollars from the Islamic Corporation for International Trade Finance (ITFC) and 10.0 million US dollars from the Islamic Corporation for Private Sector Development totaling to 55.0 million US dollars.

In order to develop the hydropower sector in the country, the Export-Import Bank of China has allocated 144.3 million US dollars for the modernization of hydropower plants within JSC “Uzbekhydroenergo” and the construction of new small hydropower plants. It is planned to allocated in 2019 73.2 million US dollars from 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.

In accordance with the instructions of the President of the Republic of Uzbekistan on the visit to the regions and the minutes of the enlarged meeting, as well as in the framework of socio-economic development programs of the regions, it is planned to allocate bank loans in the amount of 230.9 billion soums to finance total of 101 projects in 2019. (*Appendix 4*).

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 accordance with the Bank's Credit Policy, the Bank will provide long-term loans to customers, focusing on increasing the volume of short-term microloans (working capital replenishment, consumer and overdraft loans). It is planned to receive income in the amount of 332.6 billion soums from lending activities including 47.3 billion soums from short-term loans. The Bank's control over the allocation of loans is based on the fact that the loans are secured by long-term deposits.

Priority Tasks to be Implemented by the Bank in 2019 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 order to increase the number of corporate clients engaged in foreign exchange operations by 15% in 2019, to create more convenience for customers in foreign trade operations during the year, it is planned to organize foreign currency conversion in the foreign exchange market of Uzbekistan based on remote electronic orders thereof vi Internet Banking.

In 2019, it is planned to fully automate the accounting of international money remittances and transactions on international cards in the IABS program.

In order to take all necessary measures to connect the Master Card terminals purchased in 2018 to a multi-host (introduction of software that allows transactions via MasterCard and VISA international cards), as well as to expand the service network through these terminals, the Bank plans to distribute at least 60 terminals for installation in air ticket offices, restaurants, medical service outlets and other commercial organizations.

Due to the obsolescence of VISA international cards and the requirements of Visa International, it is planned to update the existing VISA international cards in 2019 to cards (contactless cards) that will allow you to use the new PayWave system.

At the same time, in 2019, the existing automated multi-functional currency exchange ATMs will be certified from these systems in order to carry out transactions with international cards from Master Card” and “VISA” and to increase the volume of transactions through ATMs as well as it is planned to introduce the program for implementation of international money remittances systems through ATMs.

In 2019, based on the new requirements for the SWIFT system, it is planned to introduce appropriate software innovations to take full advantage of the new processors for the new server and the Thomson Reuters system.

In order to make timely and high-quality international payments of the Bank's customers and expand the bank's system of foreign correspondent accounts, it is planned to establish correspondent relations with Raiffeisen Bank of Austria and Commerzbank AG of Germany in 2019.

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 2019, it is planned to take measures to increase the bank's capital based on the growth rate of bank assets, including risk-based assets, thereby increasing the bank's total capital to 900.0 billion soums.

VII. Deposit Activities and Provision of Customer Service

In 2019, it is planned to improve the existing banking services through the study of financial market conditions, other types of services of competitive banks and increase the amount of banking resources attracted from legal entities and individuals as a result of the introduction of new types of banking services (deposits).

Based on the supply and demand in the deposit market, in order to ensure the stability of the Bank's resource base in 2019, it is planned to attract long-term deposits from extra-budgetary funds, large organizations and other legal entities under the Ministry of Finance.

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 20.0 billion soums in 2019 and place them among potential investors in the short term.

It is also planned to increase the bank's total deposits by at least 41.0% by expanding the range of banking services and increasing the number of customers.

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

The management of JSCB "Turonbank" pays special attention to use of opportunities of modern information and communication technologies, the introduction of fast and reliable technologies in information systems, including Internet and mobile technologies, more reliable and accurate operation of integrated information and analysis systems, creating additional facilities for bank customers. 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 the internal policy in all long-term and short-term plans.

Based on the technical equipment available at the main bank and branches, as well as the analysis of data on the forecast of possible costs in 2019, as well as taking into account the costs incurred this year, It is planned to allocate total of 21.5 billion soums for the development of information technology in the system of JSCB "Turonbank".

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

- 6.5 billion soums to upgrade key servers and computer equipment;
- 7.0 billion soums for the licensing of Oracle and other software;
- 4.0 billion soums for the supply of the main data processing center and the creation of a backup center;
- 0.8 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 in branches;

- 3.2 billion soums for other current expenses.

IX. Personnel Management and Skills Development.

At present, total of 1 275 staff units are present in the system of Turonbank including 927 employees in the bank's branches. According to the qualitative structure of the Bank's staff, 781 (62.9%) have bachelor's degrees, 386 (31.1%) have secondary special education, and 74 (6%) have secondary education.

In order to improve the skills of bank employees, improve their quality and train qualified specialists, according to the "Schedule of Training of Staff of Commercial Banks of the Republic of Uzbekistan in 2019", in 2019, it is planned to send for training 170 employees of Turonbank to Association of Banks of Uzbekistan, Banking and Finance Academy, Regional Bank Training Centers and MTsFR-U training centers and it is planned to spend 200 million soums.

During 2019, 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 with 750 employees and to spend 500 million soums in 2019.

The Academy of Public Administration under the President of the Republic of Uzbekistan plans to hold a 3-month intensive training course for employees of commercial banks on "Investment Attraction" in 2019 to train 10 mature specialists from bank branches and it is planned to spend 68 million soums.

It is planned to spend 100 million soums for the contract payment in 2019 for 4 academy students in the Academy of Public Administration under the President of the Republic of Uzbekistan and the Banking and Finance Academy of the Republic of Uzbekistan.

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.

In 2019, it is planned to spend total of 250 million soums to send 5 employees of the Bank to foreign countries for training seminars organized and to seminars organized by higher education institutions.

X. Expected Results in 2019

In order to ensure the stability of the Bank and increase its assets in 2019, the Bank will increase its total capital to at least 900.0 billion soums by the end of the year, total assets to at least 4 500.0 billion soums. It is also planned to increase the bank's total deposits by at least 41.0 percent by expanding the range of banking services and increasing the number of customers.

In 2019, 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 2019, it is planned to earn total of 482.6 billion soums from the provision of banking services to customers, to spend 422.6 billion soums for the operation and improvement of services. These operations are expected to generate 60.0 billion soums during the year.

(million soums)

No.	Indicator	Expected Result by the end of 2018	For 2019 (forecast)	Change (as a percentage)
1	Total Assets	3 175 000	4 500 000	42%
2	Total Capital	882 000	900 000	2%
3	Charter Capital	765 361	765 361	-
4	Total Loans	2 430 000	3 790 000	56%
5	Total Deposits	850 000	1 200 000	41%
6	Total Number of Clients (Legal Entities and Individual Entrepreneurs)	21 500	23 000	7%
7	Total Income	297 000	482 591	62%
8	Total Expenses	257 000	422 591	64%
9	Net Profit	40 000	60 000	50%

Note: Financial plan of income and expenses of Joint-Stock Commercial Bank “Turonbank” for 2019.

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

Ch.S.Mirzaev

First Deputy Chairman of the Board	O.R.Kim	
Deputy Chairman of the Board	A.T.Riskulov	
Deputy Chairman of the Board	A.T.Tashev	
Director of the Accounting and Financial Reporting Department - Chief Accountant	Sh.E.Bozorov	
Director of the Treasury and Securities Department	D.A.Rustamov	
Director of the Legal Services Department	O.A.Muminov	
Director of Human Resources Department	I.T.Salamov	
Director of the Crediting Department	Dj.A.Tashkulov	
Director of 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	A.H.Hujakulov	
Director of the Department of Foreign Economic Activity	A.N.Muradov	
Director of the Information Technology Department	Z.Ya.Ibragimov	
Director of the Internal Audit Department	B.U.Axmedov	
Director of the Internal Control Department	Sh.Sh.Ishpulatov	
Head of Bank Apparatus	O.R.Ergashev	

Head of the Department of Bank Security and Information Protection	A.U.Hodjakbarov	
Head of the Division for Appeals of Individuals and Legal Entities	B.M.Muhammadiev	
Head of Affairs Management Division	A.A.Shaqqulov	