"APPROVED"

The decision of the meeting of the Board of JSCB ‘InFinBank’

Protocol decision No.**103/1 of 25.11.2014**

(Annexation No.1)

Chairman of the Board

Akhmadzhanov A.N.

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**Business plan**

of the Invest Finance Bank
Private Joint-Stock Commercial Bank

for 201**5**

**OVERVIEW OF THE BUSINESS PLAN OF THE BANK FOR 2015**

***Basic principles***

Over the years of its development the Bank has successfully implied its financial and managerial potential to ensure stable growth of financial indicators, create a sustainable business reputation among clients and business partners and strengthen competitiveness in the banking services market.

The Bank's business plan for 2015 reflects the striving towards achieving higher competitive positions in the banking services market by realizing its potential and competitive advantages

The final milestones should correspond to the ongoing structural transformations in the Bank's activities. The further actions should be based solely on the analysis and forecasting of the development factors of the country as a whole.

It should be taken into consideration that the current planning of banking activities is a part of the Bank's strategic development plans until 2018. The main principal targets of the Bank in 2015 are the following:

* Assets and liabilities should be clearly balanced, that is, with increasing assets, liabilities should be accompanied with them. The increase in the resource potential with simultaneous maintaining of profit at an adequate level.
* It is necessary to increase as much as possible the positive difference between weighted average interest margin rates by optimizing the structure of placement and attracting resources.
* Restoring and maintaining a positive reputation among consumers and competitors. The expansion of the customer base.
* Expansion of the presence for the account of further growth of the regional network.
* Continuous market assessment and response to the market, in which the Bank will operate, taking into account available internal resources (material, technical, personnel, program and information).
* Improvement and modernization of the management system, increase of motivation, forming of a staff of qualified employees.

**The key targets for the Bank in 2015 are:**

* **Expansion of assets to over 600 billion soums and maintenance of the Bank's market share at a level of over 1%;**
* **Bringing the statutory capital of the Bank to 70.0 billion soums;**
* **Further development of the Bank's infrastructure through active expansion into the regions, bringing the number of branches to 10.**
* **Maintaining the rate of profitability.** The Bank intends to maintain the return on assets at around 2% in 2015, the return on capital at no lower 15%, the net interest margin at no lower.
* **Maintenance of current international and local rating indicators.**

***Capitalization***

In 2015, the main source of the Bank's capital growth will be internal sources. The Bank will capitalize the residual profit for the year 2014, as well as the profits of the 1-2 and the 3rd quarter of 2015. Payment of dividends to shareholders in cash is not planned.

By the fourth quarter of 2015, the Bank plans to complete the process of placing the now planned issue of shares. The statutory capital will be brought up to 70 billion soums for the account of internal sources.

***Resource base***

In 2015, the Bank will support a share of paid resources at the level of 50%. In general, the Bank should increase the balance of paid and free resources in a uniform proportion.

The approximate weighted average interest rate of paid resources in the national currency is no higher than 13%, in foreign currency - no more than 9%.

Further accumulation of time deposits of the population shall be performed strictly in conjunctural order and under adequate control. The fixed increase in term deposits of the population at the level of 12% will gradually decrease in their weighted average interest rate by 1% by the end of the year (in national currency to 20%, in foreign currency - to 10%).

***Asset Structure***

In 2015, it is planned to increase the income of the Bank's affiliated assets in both absolute and relative terms. The target benchmark is the increase in the yield of bringing assets for the year on 30%, in share in total assets - 55%.

The Bank plans to form a high-quality loan portfolio by the end of the year in the amount of 277 billion soums. Whereby, a gradual increase in the weighted average rate from the current 14.6% is planned for the whole period (to 13.3% in the GO) to 15% (in the GO - 14%). The average weighted rate of new loans to be issued should be at least 16% (real not less than 18%).

Against possible losses on credit operations, it is planned to create reserves in the amount of 201,3 million soums for the Bank.

***Investments in subsidiaries and affiliates***

The backbone of the Bank's investments will remain Infinlizing LLC and Asia Insurances LLC. Dividends from OOO Infinlizing and reinvestment under OSGO Asia Insurances LLC will be capitalized. Dividends of Asia Insurances LLC will be received in the form of cash on the basis of the results of the reporting periods. There are no other direct increases in investments in subsidiaries and affiliates expected.

***Other assets***

The deferred asset to the base of Tashkent Trape Auto LLC in the amount of 20.4 billion soums should be discharged from June to December.

Real estate

At the moment the share of fixed assets in the Bank's assets equals to 10%; the task is set to reduce this figure to 9%.

In order to optimize expenses, as well as to effectively manage real estate, the building of the currently leased Kokand branch will be purchased before 01.02.2015 (for no more than 7.5 billion soums). Other acquisitions of real estate during the reporting year are not expected.

In the new year, the Bank will continue the reconstruction and construction of a new building of the Head Office along Shevchenko Street in Tashkent. To this end, the Bank plans to spend about 5 billion soums.

***Infrastructure***

In 2015, it is planned to open 3 new branches.

The beginning of the work of Fergana, Samarkand and Khorezm regional branches is expected in March.

In each new branch the Bank will create new service points in the form of mini-banks and the CRU (at least 2 in each).

The financial result of the new branches will be directly related to the schedule of their launch.

Preparation and launch of branches in the cities of Navoi, Karshi and Nukus should be postponed to 2016. In this regard, the funds and costs for the acquisition of inventory items (furniture, computers and office equipment, cash items) in this business plan are not considered.

***Expenses***

The growth of expenses in 2015 will be comparable with the planned growth of the Bank's scale. The indexation of wages is planned at 22% (10% in April 10% in September). In the meantime, the increase in the number of employees will affect the increase in labor costs. In connection with the opening of new units, their number is expected to reach 678 employees at the end of the year.

The Bank was and remains one of the most socially responsible financial institutions of the country- in the new 2015, the estimated cost of charity will comprise more than 300 million soums.

***Financial results***

The main result of the Bank's activity within the framework of the planned business plan will be to achieve a stable financial result against the background of strong liquid positions and, as a result, an increase in the Bank's capital.

As one of the strategic objectives, the Bank determines the value of the ratio of profit to assets at the level of 2% which will provide the Bank's shareholders with a level of profitability corresponding to market conditions, maintaining a moderate risk of investments.

**Detailed calculation of balance sheet is indicative and financial results are presented in the form of tables that are an integral part of this business plan**.