

**"APPROVED"**

**The decision of the meeting of the Board of InFinBank JSCB  
Protocol decision No. 119 of November 30, 2015 (Annexation No.1)**

**Chairman of the Board  
Akhmadzhanov A.N.**

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# **Business plan**

**of the Joint-Stock Commercial Bank**

**‘Invest Finance Bank’**

**for 2016**

## OVERVIEW OF THE BANK BUSINESS PLAN FOR 2016

### Basic principles

Over the years, the Joint-Stock Commercial Bank «Invest Finance Bank» has already become a universal bank offering its clients the widest possible range of financial services, having a multi-branch regional network and a reputation as a responsible and stable credit institution. A complex history and work experience allowed the Bank to form a prominent customer base and to establish partnership relations with large and important corporate clients all over the country.

The Bank's business plan for 2016 reflects the striving towards achieving higher competitive positions in the banking services market by realizing its potential and competitive advantages, as well as complies with the goals and objectives defined by the Strategic Development Plan until 2020.

Over the past years, the Bank has dynamically expanded the scope of its activities and the scale of conducted operations in accordance with the adopted strategy characteristic of a growing credit and financial institution:

- The Bank managed to maintain the positive dynamics of the main financial and economic indicators and to fulfill the vast majority of the tasks set in according with the strategic development plan until 2015;
- In 2013-2015, the Bank, indeed, broke a new ground in the development of the branch network in the regions of the Republic of Uzbekistan and, in essence, underwent a qualitative change, having turned from a small bank serving mainly clients of the Tashkent region to an average (in size) universal bank of the republican level.

The final budget 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.

Current planning of banking activities takes into account the slowdown in economic development associated with the crisis events in the global economy and is a part of the Bank's strategic development plans until 2020. The Bank in 2016 as a whole will repose on the previously defined benchmarks and focus its efforts on:

- Enhancement of positions in servicing of subjects of micro and private entrepreneurship in terms of the whole range of banking services by the development of the product offer.
- Increase of the positive difference between weighted average interest margin rates by optimizing the allocation structure and attracting resources.
- Growth of resource base with simultaneous reduction in value.
- The growth of financial indicators which is to be achieved mainly for the account of internal resources (customer base, sales network, IT infrastructure, staff).

- Increase of the stress-resistance of the business model in the long-term planning perspective with simultaneous profitability increase.
- Expansion of the presence for the account of further growth of the regional network.

**The key targets of the Bank in 2016 are:**

- **Build of assets to over 900 billion soums and maintaining the Bank's market share in the sector at over 1.2%;**
- **Bringing the authorized capital of the Bank to at least 130.0 billion soums, by - as far as possible - attracting foreign investors;**
- **Further development of the bank's infrastructure mainly through the active expansion into the regions, bringing the number of branches to 15;**
- **Maintenance of the rate of profitability.** The bank intends to maintain the profitability of assets at around 2% in 2016, the return on equity at no lower than 12%, the net interest margin at no lower than 2.0%.
- **Keeping current international and local rating indicators.**

### **Capitalization**

In 2016, the main source of the Bank's capital growth will be external sources. The bank will capitalize the residual profit at the end of 2015, while the profits of the 1st, 2nd and 3rd quarters of 2016 will remain without distribution. Disbursement of dividends to shareholders in monetary resources is not planned

The Bank plans to complete the process of placing the now registered issue of shares by the fourth quarter of 2016. Due to the placement of shares of the new issue among current shareholders and, if possible, by attracting foreign investors, the authorized capital will be brought to a minimum of 130 billion soums.

### **Resource base**

In 2016, 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 equal proportion.

The approximate weighted average interest rate of paid resources in national currency is no higher than 12%, in foreign currency - no higher than 8%.

Further accumulation of time deposits of the population will be carried out strictly in conjunctural order and under adequate control. The fixed increase in term deposits of the population at the level of 15% will gradually decrease in their weighted average interest rate by 2% until the end of the year (in national currency up to 16%, in foreign currency - up to 8%).

### **Asset Structure**

In 2016, it is planned to increase the income of the Bank's affiliated assets in absolute and relative amounts. The goal is the growth in the income of bringing assets for the year up to 40%, the share in total assets - up to 55%.

The bank plans to form a high-quality loan portfolio of 473 billion soums by the end of the year. At the same time, a gradual increase in the weighted average rate to 16% is planned throughout the period (in CO - 14%, in branches in the capital region up to 16%, in other branches up to 17%).

The weighted average nominal rate of new loans to be issued must be at least 16% (the real one not less than 18%).

Against possible losses on credit operations, it is planned to create reserves in the amount of 965 million soums in the Bank.

### **Investments in subsidiaries and dependent undertakings**

The backbone of the Bank's investments will remain Infinlizing LLC, Master Leasing LLC and Asia Insurance LLC.

Dividends from Infinlizing LLC, Master Leasing LLC and reinvestment under Asia Insurance OSGO LLC are going to be capitalized. Dividends of Asia Insurance LLC on the basis of the reporting periods will be received in the form of cash.

Other direct investment increases in subsidiaries and affiliates are not expected.

### **The realty**

Now the share of fixed assets in the Bank's assets is about 9%, the task is set not to increase this figure by more than 12%.

In order to optimize expenses, as well as for effective property management, the building of the Karakalpak branch and the future building of the Tashkent city branch will be purchased until 01.03.2016 (for an amount not exceeding 30 billion soums). Other acquisitions of real estate during the reporting year are not expected.

In the new year until the first half of the year, the Bank will complete the reconstruction and construction of a new building of the Head Office along Shevchenko Street in Tashkent. The total amount of investments in the new head office building and other goods and materials will not exceed 18 billion soums.

### **The infrastructure**

In 2016, it is planned to open 3 new branches.

The beginning of the activities of the Karakalpak and Navoi regional branches is expected to take place in March.

The financial result of the new branches will be aligned directly with the schedule of their launch.

In connection with the relocation of the Head Office to a new building, the Shaykhantaur branch is being established on the basis of the old Head Office building. The tentative financial indicators of the future of the Shaikhantaur branch are generalized with the indicators of the Head Office.

### **Expenses**

The increase in expenses in 2016 will conform the planned growth of the Bank's scale.

Wage indexation is planned at 22% (10% in April, 10% in September). Meanwhile, the increase in labor expenses will be affected by an increase in the number of personnel, as well as planned changes in connection with the transition to a new incentive system. In connection with the opening of new units and expansion of activities, the number is expected to reach 854 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 2016, the estimated cost of charity will comprise more than 600 million soums

### **Financial performance**

The main result of the Bank's activities 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 importance 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, while maintaining a moderate investment risk.

**Detailed calculations of balance sheets and financial results are presented in the form of tables that are an integral part of this business plan.**