

**THE JOINT-STOCK COMMERCIAL BANK
“ASIA ALLIANCE BANK”**

**BUSINESS PLAN
FOR DEVELOPMENT AND EXPANSION OF ACTIVITIES
OF THE JOINT-STOCK COMMERCIAL BANK
«ASIA ALLIANCE BANK»
For 2015**



*APPROVED BY THE RESOLUTION OF THE BOARD OF JSCB «ASIA ALLIANCE BANK»
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INTRODUCTION

This Business Plan was developed in accordance with Development strategy of JSCB "ASIA ALLIANCE BANK" for the years 2013-2015 and covers activities planned for the implementation by JSCB "ASIA ALLIANCE BANK" in 2015, as well as Financial Plan of the Bank for 2015.

The 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. PD-1749 dated April 24, 1997. Activities of the Bank are carried out on the basis of licenses of the Central Bank of the Republic of Uzbekistan No.79 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 independent rating E +, , 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" forecast. 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" forecast.

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 adopted strategy on further a balanced macroeconomic and active structural policy, as well as consistent implementation of the major priorities of the social-economic program for 2014.

The volume of the country's gross domestic product in the first 9 months of 2014 has been increased by 8.1 percent (for 9 months of 2013 – 8.1 percent). Upward trend of the economic growth has been achieved while maintaining macroeconomic balance, securing a low inflation rate (about 7 percent), a surplus of the State budget by 0.1 percent of GDP and positive balance of the foreign trade turn-over.

Implementation of active investment policy aimed to the acceleration of commissioning of the most important facilities and production capacities, development of road-transport and communication infrastructure, stimulation for that purposes of private investments and expansion of the involvement of foreign direct investments contributed to the growth of all main economic sectors of the country.

Main macroeconomic indicators of the Republic for January – September of 2014:

Indicators	Bln UZS	% to the January – September of the year 2013
Gross domestic product	100 309,5	108,1
Industry	54 401,3	108,4
Agriculture	28 094,5	106,8
Investments in the fixed assets	23 831,2	110,7
Construction works	15 034,6	118,9
Transit of goods, million tons	1 099,7	104,9
Cargo turn-over, million tons-kilometers	63 533,3	102,7
Carriage of passengers, million persons	5 281,5	104,8
Passenger turn-over, million passenger-kilometers	72 486,7	105,5
Retail turnover	41 664,3	114,2
Services, total	57 197,2	114,7

Source: GosComStat, Republic of Uzbekistan

According to the State Budget 2015 in the year ahead will be secured incremental economic growth, maintenance of the economic strength indicators, export growth balance, securing of positive balance of the foreign trade, increase of marketability. Also provided the extension of the active implementation of the programs for acceleration and expansion of modernization, mechanical and technological renewal of industry, as well as accelerated development of the road-transport and engineering-communication infrastructure. From the year 2015 the tax burden for economic entities will essentially decrease. For example, the rates of single social payment for small companies, small enterprises and farm enterprises will decrease from 25 to 15 percent, reference rate of income tax of economic entities – from 8 to 7.5 percent, and the rate of single tax payment for small companies and small enterprises in the area of construction – from 6 to 5 percent. This will allow to leave under control of the enterprises about 620 billion UZS.

In 2015 the predicted GDP growth is 8 percent, manufacturing of industrial products – 8.3 percent, agricultural products – 6 percent, volume of investments – 9.6 percent.

Banking Sector of Uzbekistan

Against a background of the advantageous macroeconomic environment the banking system of Uzbekistan continues to develop in stable tempo. The main priorities of banking sector development remain the expansion of participation of commercial banks in financing of real sector of economy and financial support of small business development, wide attraction in banking of the funds of enterprises and population, development of cashless and card payment system, implementation of new banking technologies, as well as hardening of the financial stability of commercial banks.

The Resolution of the President of the Republic of Uzbekistan “On priority directions of further reforming and increase of financial and banking system sustainability of the Republic in 2011-2015 and achievement of high international rating indicators” No. PR-1438 dated November 26, 2010 serves as the main policy paper for stability enhancement and investment activity of Uzbekistan banking system. For the first 9 months of 2014 the stable growth on all main indicators of banking sector development has maintained.

Main indicators of Uzbekistan’s banking sector, in trillion UZS

Indicators	As of October 1, 2013	As of October 1, 2014	Change	
			trillion, UZS	%
Total assets	37,8	48,9	11,1	30%
Overall capital	5,3	6,6	1,3	25%
Credits, granted to the real sector of economy	23,1	30,3	7,2	31%
Credits, granted to the small business entities	5,6	7,3	2,1	30%
Investment credits	5,4	6,7	1,3	25%
Bank deposits	20,5	26,8	5,3	30%

Source: Central Bank of the Republic of Uzbekistan

Since January 1, 2014 refinancing rate of the Central Bank of the Republic of Uzbekistan was decreased from 12% to 10% per annum, which contributed to the decrease of the average credit interest rate.

In 2014 measures for improvement of lending procedures by commercial banks were assumed. One of these measures is new order of lending in national currency of small business entities wherein business structures are provided additional motives and privileges corresponding to the new challenges of entrepreneurial development. According to the newly adopted resolution along with small companies, small enterprises, dekhkan and farm enterprises, family enterprises and individual entrepreneurs are also assigned to the lending objects.

As the result according to the rating of International financial corporation “Doing business 2015” in the field of business environment on the indicator “Obtaining of credits” for the last year Uzbekistan grew on 26 positions and lies at the 104th rating position.

Targeted steps for strengthening of financial stability of banking system have allowed to secure the growth of total capital of banks for period under review from 5.3 to 6.6 trillion UZS or for 25%. In comparison with 2000 capital base of banks has increased more than 46 times. At the

present time the capital adequacy ratio of banking system makes up 24.7% which 3 times exceeds the requirement of Basel Committee for international banking supervision (8%).

Banks services on plastic cards and direct banking are developed in active tempo. As of October 1, 2014 more than 12.9 million plastic cards are circulating, and number of installed terminals has exceeded 150.9 thousand. pcs. The number of users of remote banking channels (online banking, SMS banking) as of July 1, 2014 has reached 312 thousand, increasing for 18% since the turn of the year. Among them the number of users of online banking service and bank clients makes up 56 thousand, SMS banking and mobile banking services – 256 thousand. The development of online banking in Uzbekistan may be estimated based on Uzcard statistics. For the period of January-September 2014 in the Uzcard system 21.4 million transactions were conducted by service providers and e-shops. Whereas in January more than 750 thousand transactions were conducted, in September this figure has increased by more than 4 times and reached 3.4 mln. transactions.

It is expected that in 2015 will maintain the dynamic tempo of development of banking sector of Uzbekistan, strengthening of banks capitalization and their financial stability, promotion of their role in strengthening of economic potential of the country and growth in prosperity of the population. This will be promoted by the implementation of complex measures for further reforming and stability enhancement of banking system approved by the Resolution of the President of the Republic of Uzbekistan “On priority directions of further reforming and increase of stability of financial and banking system of the Republic in 2011-2015 and achievement of high of international rating indicators” No. PR-1438 dated November 26, 2010

Main events and current activities of the Bank

In August 2014 The Joint-Stock Commercial Bank “ASIA ALLIANCE BANK” get 5 years of its running. In 2014 to date Bank has reached important success in the area of further development of branch network, expansion of product line of bank, closer mutually beneficial cooperation with leading foreign banks, payment systems and international financial institutes as well as bank’s reputation strengthening in the home and world banking community.

An important event in 2014 is the recognition of JSCB “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 2014 according to the GLOBAL FINANCE international financial magazine.

For the achievement 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-September 2014

January 2014	The Karshi branch of Bank has become the winner of competition for attraction of household deposits following the results of 2013 in the nomination “The most modern equipped branch of bank”
February 2016	The Bank begins to issue the international plastic card China UnionPay Classic.
April 2016	The Bank has took part in annual National exhibition of banking

services, equipment and technologies BANKEXPO 2014, where it has become the winner in the nomination “The best infoware on the stand”

May 2014	The Bank 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 financial magazine “Global Finance”.
July 2014	It was signed the Basic Loan agreement with German bank Landesbank Berlin AG
August 2014	For the perfect cooperation in the field of the trade financing Bank receives the award from Commerzbank AG
September 2016	The Mirabad branch of the Bank was opened in Tashkent.

Market Position of the Bank

Following the results of 9 months of 2014 JSCB “ASIA ALLIANCE BANK” has made the second 10 of banks on all key indicators of banking business. As in size of assets the Bank occupied 13th place among 26 commercial banks. Market share of bank on assets has made up 1.9%.

Market Position of JSCB «ASIA ALLIANCE BANK» as of October 1, 2014

Indicators	mln.UZS	Bank's position
Total assets	963 017	13
Total loans (net)	209 498	16
Customer Deposits	570 334	12
Authorized Fund	133 850	12

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 on improvement of the quality of customer service. In particular, in reporting period new branch was opened in the Mirabad district of Tashkent. To date, the bank has 9 mini-banks and cash points.

As the result of active customer policy further expansion of customer base of the Bank has been achieved. The balance of customer's money on bank deposits has made up 548 bln. UZS. It should be noted the high results of the Bank on expansion of premium resource base of bank at the expense of attraction of free cash of enterprises and population to fixed deposit instruments and realization of certificates of deposit of the Bank thereof. As of October 1, 2014 the balance of fixed and savings deposits has exceeded 200 bln.UZS, the amount of realized certificates of deposit have made 22 bln. UZS.

In accordance with the bank strategy the important objective is the expansion of the bank participation in the market for bank lending. So, in 2014 to date bank has provided credits for the total amount of 256 bln. UZS, and the balance of loan portfolio (net) as of October 1, 2014 has made up 209 bln. UZS which is more than such indicator of 2013 by 38% . To reach such high growth of loan portfolio was possible mainly thank to active work with customers, as well as competitive position of the bank towards other banks which consists in velocity and efficiency of

consideration of customers' loan applications, qualitative estimation of credit risks and individual approach to the clients' needs. As a part of enhancing the role of the bank in the retail lending market, activities were continued to develop consumer credit products of the bank and to optimize the lending processes.

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, 2014, the bank's own capital amounted to 134 billion UZS. The bank occupies the 12th position 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, 2014, the bank offered 10 types of fixed 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 38 billion UZS, that is increased by 3 times. Active work is underway to develop services for international money transfers of individuals. To date, the bank serves transfers for 7 international money transfer systems.

Also, measures are being taken to expand the bank's operations with plastic cards in national currency and international currency cards. At the beginning of 2014, the bank launched issue of China Union Pay cards. As of today, the number of issued plastic cards amounted to 50.6 thousand units, an increase of 55% as compared with the corresponding period in 2013. 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 929.

In the field of development of a network of correspondent banks, cooperation has been established with leading Asian and European banks, including UBS Swiss bank, Chinese banks Agricultural Bank of China and Bank of China. At the reporting date, the Bank has established correspondent relations with 5 local and 14 foreign banks. A number of measures were implemented to deepen cooperation between foreign banks and international financial institutions.

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" estimation 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" estimation.

The main attention in the development of the bank's activity is paid to strengthen the bank's occupied competitive positions and create new, unique competitive advantages. The key factors of the bank's competitiveness are as follows:

- high quality of customer service, efficiency in decision-making and flexible interaction with customers;
- a promising corporate customer base consisting of the leading enterprises of the Republic and representative offices of the foreign companies in the production, transport and communications and other promising sectors of the economy;
- high quality of assets and effective system of control over banking risks;
- high efficiency of the bank's activities, which is reflected in high profitability indicators and low level of operating expenses;
- positive reputation in the domestic and international banking communities.

JSCB "ASIA ALLIANCE BANK" is a young bank compared to other market participants and it has weaknesses, which are mainly related to the short period of the bank's activity. In particular, the Bank has a limited but gradually expanding branch network, which

manifests itself in the weak diversification of the bank's activities, weak positions of the bank in the lending market and retail banking segment, where the recognition factor of the bank plays a key role. In addition, all intra-bank business processes are not fully formalized and unified, which makes it impossible to use economies of scale and introduction effective accounting and modern information technologies.

The implementation of the strategic objectives stipulated in the Bank's Development Strategy, to increase the brand recognition of the bank, expand the range of banking products and improve their accessibility, through the development of traditional and modern, remote sales channels, as well as investments in the modernization and improvement of business processes, should contribute to the growth of the bank's competitiveness in the medium and long term.

MAIN DIRECTIONS OF THE BUSINESS DEVELOPMENT

Credit activity

In accordance with the Action Plan for implementation of the Development Strategy of JSCB "ASIA ALLIANCE BANK" in 2015, it is planned to implement a number of important objectives to ensure further qualitative development of the lending activity and to achieve quantitative parameters in terms of the loan portfolio volume and its structure.

In 2015, the volume of loans is planned at 366.4 billion UZS. The balance of the loan portfolio (gross) at the end of 2015 shall be 450 billion UZS. The ratio of the loan portfolio to total assets shall be about 44%, as compared to 23% as of October 1, 2014. The balance of reserves against possible losses is planned in the amount of 9.6 billion UZS or 2% of the total loan portfolio.

By the end of 2015, it is planned to increase the long-term loan portfolio (leasing) of the bank to 271 billion UZS and specific weight of the long-term loans taking into account financial leasing in the loan portfolio shall be 60%. An increase in the portfolio of long-term investment loans shall create stable sources of interest income.

Indicators	Plan as of 01.01.2016
Balance of the loan portfolio, gross, including:	450 667
Short-term loans	179 606
Long-term loans and leasing	271 060
Provisions for possible losses	9 658
Net balance of the loan portfolio	441 009
Provisions for possible losses / loan portfolio, gross	2,1%

As part of the development of lending to small and private businesses, it is planned to activate the activities of the bank's branches to finance medium-sized projects from 100 to 500 million UZS. Branches shall continue to work more actively in exploring potential segments and successfully developing business lines of clients 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 set individual limits for branches to finance medium-sized credit projects of legal entities, taking into account the potential of the branch and the region.

Sources for financing of the long-term prospective projects of small businesses shall be concessional loan resources of the bank, accumulated in the Fund for concessional lending and credit facilities of 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 part of expanding retail lending, the Bank is planning to increase its retail loan portfolio up to 6.5 billion UZS, or 1.5% of the total loan portfolio of the Bank. The main part of the loans to individuals shall be consumer loans. For the purpose of mass promotion of the retail lending products, it is planned to carry out advertising campaigns, organize presentations of loan products among the corporate customers, conduct negotiations with local consumers of goods and services for provision of consumer loans by the bank to purchase their 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 work on implementing a number of measures aimed to introduction of new banking products and technologies in the process of lending, taking into account the best local and foreign banking practices.

Investment and Issuing Activities

Investment activity is one of the main and promising directions of the bank's activity. In the coming year, implementation of work on improvement the efficiency of investments in a subsidiary leasing company is planned. An urgent task remains as expansion its activities, in particular, development of more attractive segments of the leasing market (for example, most leasing companies actively finance leasing projects in the field of car leasing and micro leasing).

In order to further development of the bank's investment activity, it is planned to study and evaluate the opportunities for expanding the bank's participation in the securities market, including the implementation of REPO transactions with securities of the first-class corporate issuers. Also, it is planned to strengthen the personnel potential of the bank in this direction by regular upgrading of the staff's professional skills.

In order to strengthen the bank's long-term resource base in 2014, active measures were taken to distribute deposit certificates of the second issue for a total amount of 30 billion UZS. As of November 1, the placement of this issue was successfully completed.

In 2015, it is planned to implement third issue of deposit certificates for the bank bonds for the amount of 100.0 billion UZS and the debut issue of corporate bonds for the amount of 2.0 billion UZS and to ensure its placement among corporate clients and other banks. The issue of debt securities should allow the bank to expand and diversify the sources of borrowed resources of the bank and offer its customers a lucrative alternative of placement of their available cash assets.

Within the expansion of the bank's capital base, it is planned to implement a 10th additional issue of the bank's shares for a total of more than 25 billion UZS and to increase the generated amount of the bank's authorized fund to 125 billion UZS.

Operations in the Interbank and Foreign Exchange Markets

Deepening cooperation with local and foreign banks, preservation and expansion of the attained positions in the interbank market is one of the priority directions of the Bank.

Today the Bank is one of the active participants of the interbank market. The Bank conducts operations in the money and currency markets to attract and place interbank deposits in national and foreign currencies, currency SWAPs, Forex transactions on the international and local currency exchanges, and documentary operations.

Cooperation has been established with all banks of the Republic of Uzbekistan, general agreements with local counterparty banks with a high degree of reliability and reputation for placement and borrowing of funds in the interbank market have also been signed.

In accordance with the requirements of the Central Bank, and in order to effectively manage the liquidity and profitability of the balance sheet, permanent Assets and Liability Management Committee, Risk Management Committee of the Bank; own liquidity management policy, the capital management policy, the deposit policy, asset and liability management policy, pricing policy, the procedure for setting limits for counterparty banks to conduct transactions in the interbank money market, method of determining the limits for counterparty banks, procedures to conduct SWAP operations and others have been developed and implemented.

As a part of the bank's operations in the interbank money and foreign exchange markets, in accordance with the Development Strategy of the Bank in the coming year it is planned to implement the following measures:

- development of the bank's infrastructure in the field of operations in the money and foreign exchange markets. Establishment of a modern dealing center by connecting financial institutions such as Reuters and Bloomberg to the trading and information platforms;

- 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;
- activation of the work with counterpart banks in the sphere of placement and attraction of interbank deposits, conversion and banknote transactions;
- carry out SWAP operations with other banks through the trading system of the Republican Currency Exchange;
- monitoring of changes in the exchange rates for the diversification of assets in foreign currency and their effective placement in the correspondent banks;
- ensuring high profitability of interbank deposits in the national currency;
- 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 2014, 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.

The Bank has established correspondent relations with the leading banks of the world, in particular, DBS (Singapore), Kookmin Bank (Korea), UBS (Switzerland), Bank of China (China), Agricultural Bank of China (China). As of December 1, 2014, the number of common correspondent accounts of the bank amounted to 57 Nostro accounts in five local and eighteen foreign banks.

In July 2014, a loan agreement was signed with Landesbank Berlin AG on financing long-term export projects. Work is in the progress to sign a similar loan agreement with another German bank Landesbank Baden-Wuerttemberg. These measures are aimed at financing investment projects of the bank's customers for the purchase of technological equipment and modernization of production on more favorable terms.

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 2014, within the framework of expansion of the bank's activities in the field of international plastic cards, the Bank established cooperation with the international payment system China Union Pay (China) and continued work on joining the international payment system Master Card (USA). Along with international VISA payment cards, the use of MasterCard and China Union Pay plastic cards will increase revenues and create additional opportunities for the bank's customers in this area.

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;

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 and Karshi branches, 9 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. A new Mirabad branch of the Bank was opened in September 2014 in the Mirabad district of Tashkent.

Within the framework of the Action Plan for implementation of the Bank's Development Strategy for Monitoring and Evaluation of the Performance of the Bank's Branches in 2014, a procedure was developed for determining and assigning a rating of the Bank's branches through a comprehensive analysis of business parameters, financial ratios and qualitative indicators of the branches. Preliminary ratings of branches were prepared based on the results of the branches' activity for 9 months of 2014 and a decision was made to conduct a rating evaluation of the branches from January 1 of the next year. The rating results are expected to apply in the process of stimulating the activities of branches and encouraging their employees.

Development of the branch network and implementation of the principle of maximum availability of services in the territory of Uzbekistan remains the most important objective of the bank for the coming years. In 2015, special attention shall be paid to ensuring stable and high-quality development of the bank's branches and increasing their competitiveness and autonomy. In particular, it is planned to intensify performance of the branches to create their own urgent and stable resource base by attracting available cash assets of legal entities for fixed deposits and distribution of deposit certificates of the Bank, as well as expanding the sources of income 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 profitability of the bank's retail outlets through introduction of new banking services, more active marketing and customer's activity, generation of effective incentive mechanisms for employees and supervising units. It is planned to establish a system for monitoring and evaluating of branches and retail sales outlets, stimulating the activities of branches by organizing various competitions and contests in various areas of activity.

In 2014, the Bank has made a good progress in the development of the corporate business unit of the Bank. A deposit base of the corporate customers in the Bank as of October 1, 2014 made up 510 billion UZS. Fixed and savings deposits of the corporate customers ensure the major part of the bank's fixed resource base. As of October 1, 2014, the balance of fixed deposits

of the corporate customers amounted to 158 billion UZS, saving deposits - 30 billion UZS. Their specific weigh in the fixed borrowed resource base of the Bank made up 71%.

In 2015, activities shall be carried out 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, acceleration of conducting 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.

By the end of 2015 it is planned to increase the balance of corporate customers' deposits by 30%.

Retail Customer Service

Development of the retail banking service is considered as one of the priority directions of the Bank's activity. 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 2015, 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.

According to the Development Strategy of the Bank for 2015, it is planned to carry out activities aimed to accelerate development of the retail activities of the Bank with development and expansion of the sales channels based on the modern integrated customer service centers, phased transfer of the customers to online platforms and self-service points, including through wide introduction of "CLICK" system, development and introduction of sought-after loan products, that are attractive and accessible for bank's customers, increase the efficiency of services and standards of service.

MAIN OBJECTIVES IN THE SPHERE OF ENSURING BUSINESS DEVELOPMENT

Measures to improve the Bank's sustainability and risk management

The organization of effective operation of the Bank risk management is considered as an important condition for ensuring stable activity of the bank, maintaining high asset quality, achieving high rates of its financial stability and profitability.

The Bank has a special structural division for risk management, the Bank's risk management policy has been developed, which includes methods for estimation and monitoring, volume and concentration control in order to maintain an optimal balance between the risks accepted and the profitability of banking operations. The distribution of powers has been arranged among collegial bodies (the Board of the Bank, the Banking Risk Management Committee, the Asset and Liability Management Committee, the Credit Committee, the Investment Committee, the Audit Committee) and the Bank's structural divisions, including timely exchange of information and analysis, ensure the planned execution of tasks assigned to the Bank.

Bank risks management department on the ongoing basis identifies, monitors, evaluates and manages the banking risks. Taking into consideration the wide range of risks affecting the bank, the most significant in terms of possible losses are credit, market, liquidity risk, as well as operational risk.

In 2015, within the framework of further improving the financial stability of the bank and improving the work on the risk management, it is planned to carry out activities identified in the Action Plan for Further Reforming and Enhancing the Stability of the Banking System of the Republic for 2011-2015 and Achieving High International Rating Indicators (approved in accordance with Annex No.1 to the Decree of the President of the Republic of Uzbekistan PP-1438 dated 26.11.2010), providing for the provision of quality examination of investment projects taking into account all potential factors and risks, the transition to new recommendations of Basel III, introduction and expansion of the use of the latest technologies and software in the bank within the system of risk management, internal control and information security.

Internal Control System

The Bank takes the necessary measures to counteract legalization of proceeds derived from the criminal activity and financing of terrorism in accordance with the requirements of the Law of the Republic of Uzbekistan "On the Counteraction of the Legalization of Proceeds of Crime and Financing of Terrorism" dated August 26, 2004, 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 2014, as a part of the adoption of new Internal Regulations concerning the counteraction of the laundering of proceeds derived from crime and financing of terrorism in the Commercial Banks, approved by the resolution of the Management Board of the Central Bank and the Department for Combating Tax, Currency Crimes and Legalization of Proceeds under the General Prosecutor's Office (registered by the Ministry of Justice of the Republic of Uzbekistan in November 21, 2013 under No. 2528), relevant changes were made to the internal documents and regulations of the bank concerning counteraction of the laundering of proceeds derived from criminal activities and financing of terrorism, as well as intra-bank customer service processes arising from the requirements of the new regulations.

In the coming year, further activities shall be carried out to arrange effective operation of the internal control system. It is planned to continue activities to optimize business operations and

increase efficiency of activities of subdivision of internal control , as well as increase the functional and analytical capabilities of the subsystems of IABS automated systems and "Internal Control" in accordance with the Development Strategy of the Bank.

Information Technology

The main aim of the development of information technologies is the creation of a modern IT infrastructure that can ensure stable functioning 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 inter-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 of generation of the bank's unique competitive advantages.

In order to develop information technologies in the bank in 2015, implementation of 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 and creation of the reserve centre, as well as transfer of intra-branch communication channels to the high speed fiber optic communication;
- wide introduction of information technologies in the process of improvement and optimization of 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 “Fido Business” on the launch of IABS 24x7 and IABS Retail projects providing for support for a long operational day to increase the bank's ability and competitive advantages by removing time constraints for customer service and indicating the budget and implementation schedules;
- further development of the remote banking systems for legal entities and individuals, in particular measures to develop the CLICK system
- development and introduction of new directions of the Bank's website and ensuring compliance of its content with new requirements;
- introduction and development of SRM-systems to improve the relationship between working with customers and management of the bank's staff;
- creation of a powerful analytical system for monitoring the activities of the bank 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 to implement the bank's strategy at optimal costs, creation of conditions for the implementation of professional ambitions of employees aimed at harmonizing personal goals and objectives of the bank.

In 2015, in order to further develop the bank's staff potential, implementation of 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;
- 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;
- increase the professional ethics and responsibility of bank employees in the performance of official duties and observance of bank secrecy;
- 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 2015, stable dynamics of the main financial indicators are forecasted. The forecast parameters of the bank's key performance indicators for 2015 are compiled in accordance with the Action Plan of the JSCB "ASIA ALLIANCE BANK" on the development of activities and achievement of high rating indicators for 2011-2015, developed in the performance of the Resolution of the President of the Republic of Uzbekistan No. PP-1438 dated 26.11.2010, as well as the Development Strategy of the Bank.

By expanding the scope of its activities, the Bank shall endeavor to keep its attained positions in the banking sector and strengthen its position in the lending and retail services market. Meanwhile, 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 the economic standards and recommendations of the Central Bank of Uzbekistan to ensure a high level of financial stability of the banking system of the republic.

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

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

ESTIMATED BALANCE (in thousand UZS)

Name of Indicators	As of January 1, 2016
ASSETS	
Cash and other payment documents	38 620 421
Funds on accounts with the Central Bank of Uzbekistan and other banks	513 552 249
Investments and securities for purchase and sale	6 540 700
Loans, net	441 009 163
Other assets	30 241 240
Total assets	1 029 963 773
LIABILITIES	
Total deposits	745 229 410
Accounts payable to other banks	58 600 000
Debt securities of the bank	42 550 000
Other liabilities	5 406 858
Total liabilities	851 786 269
Share capital	178 177 505
Authorized and added capital	127 634 698
Reserve capital	9 128 818
Retained profit	41 413 989
Total liabilities and equity	1 029 963 773

ESTIMATED INCOME AND LOSS STATEMENT (in thousand UZS)

Name of Indicators	As of January 1, 2016
Interest income	67 196 958
Interest expenses	30 734 406
Interest-free income	79 825 607
Interest-free expenses	9 329 290
Operating expenses	49 844 686
Estimation of possible losses on loans and leasing	5 077 114
Income tax assessment	11 968 526
NET PROFIT	40 068 543

