

“APPROVED”

Appendix 1 to the Resolution No. 2/24 of the
Supervisory Board of JSC “Entrepreneurship
Development Company” dated February 29,
2024

*(as amended and supplemented by resolutions
of the Supervisory Board dated April 29, 2024
No. 6/24, October 2, 2024 No. 9/24, and
December 23, 2024 No. 11/24)*

REGULATIONS
**ON THE PROCEDURE FOR PROVIDING GUARANTEES BY THE JOINT-
STOCK COMPANY “ENTREPRENEURSHIP DEVELOPMENT COMPANY”**

“INTRODUCED”

Executive Body of JSC
“Entrepreneurship Development
Company”

Tashkent – 2024

CONTENTS

- Chapter 1. General Provisions
- Chapter 2. Procedure for Providing Guarantees
- Chapter 3. Amounts of the Guarantees Provided and Conditions for Their Use
- Chapter 4. Procedure for Reviewing Applications Submitted for Obtaining a Guarantee
- Chapter 5. Procedure for Charging the Intermediary Fee for the Guarantee Provided
- Chapter 6. Procedure for Fulfilling Obligations Undertaken under the Guarantee
- Chapter 7. Procedure for Accounting, Reporting, and Monitoring the Use of Guarantees
- Chapter 8. Final Provisions

Note:

This document is an unofficial translation of the original document in the Uzbek language and is provided for reference purposes only. In the event of any discrepancies, the original version of the document in the Uzbek language shall prevail.

Chapter 1. General Provisions

1. These Regulations has been developed in accordance with the Law of the Republic of Uzbekistan “On Joint-Stock Companies and Protection of Shareholders’ Rights”, the Civil Code, Presidential Decree of the Republic of Uzbekistan No. UP-193 dated 10 November 2023 “On Measures to Improve the System of Financial Support for Small and Medium-Sized Businesses”, and the Charter of JSC “Entrepreneurship Development Company” (hereinafter referred to as the Company).

2. These Regulations governs the procedure for providing guarantees and regulates the process of providing guarantees and the actions of participants in the course of providing guarantees for credits, leasing, bank guarantees, and letters of credit in national and foreign currency allocated, based on Islamic financing principles, to projects of small and medium-sized business entities and self-employed individuals (hereinafter referred to as the Borrower) by commercial banks, leasing companies, and microfinance organizations (hereinafter referred to as Partner Organizations) using the Company’s funds (hereinafter referred to as Credit).

3. The following basic terms are used in these Regulations:

Master Agreement — an agreement concluded between the Company and a Partner Organization for the mutual arrangement of the use of guarantee support;

credit — a credit of a Partner Organization used to finance the Borrower’s projects;

small business entity — individual entrepreneurs, microfirms, and small enterprises;

microfirms — business entities whose founders (participants) are individuals and whose total revenue during a calendar year does not exceed 1 billion soums;

small enterprises — business entities whose total revenue during a calendar year ranges from 1 billion soums to 10 billion soums and whose founders (participants) are legal entities as specified in the fifth paragraph of this clause;

medium-sized business entity — a business entity whose total revenue during a calendar year ranges from 10 billion soums to 100 billion soums;

self-employed individuals — individuals registered with the state tax service authorities who independently carry out activities aimed at earning labor income, based on personal labor participation in providing services to individuals and legal entities or performing work, who are not registered as individual entrepreneurs, and who are entitled to have their work experience counted and to use incentive benefits.

commercial bank — a commercial organization operating in the territory of the Republic of Uzbekistan and holding a relevant license issued by the Central Bank of the Republic of Uzbekistan;

leasing companies — legal entities that carry out leasing activities and are

residents of the Republic of Uzbekistan;

microfinance organizations — legal entities that carry out microfinance activities and are residents of the Republic of Uzbekistan;

borrower — a small or medium-sized business entity and a self-employed individual implementing an entrepreneurial initiative, registered and operating in the territory of the Republic of Uzbekistan;

leasing — a specific type of financial lease under which one party (the lessor), upon the instruction of the second party (the lessee), acquires ownership of property (the leasing object) from a third party (the seller) as stipulated in the leasing agreement and provides it to the lessee for possession and use for a period exceeding twelve months on a paid basis and under the conditions specified in the agreement;

letter of credit — a conditional obligation of a bank to transfer funds to the beneficiary's account upon submission of documents confirming fulfillment of contractual conditions, provided that the funds have been paid or are subject to payment by the payer;

bank guarantee — an obligation of guarantor banks to assume responsibility for the obligations of their clients;

guarantee — a guarantee agreement that assigns to the Company the responsibility for ensuring the fulfillment by the borrower of its obligations to a partner organization;

projects — a set of measures and activities carried out for the purpose of obtaining economic, social, and other benefits from entrepreneurial activity;

scoring analysis — a system for identifying compliance with the factors specified in Appendix 1 “Scoring Analysis for Providing a Guarantee”;

good credit history — a rating classified as category “B” or higher in the CATM scoring report;

NPL — the share of non-performing loans classified as “unsatisfactory”, “doubtful”, and “loss”;

assistance provided based on Islamic financing principles — leasing, trust management, partnership, and deferred sale;

low-risk commercial banks — commercial organizations that comply with the capital adequacy, liquidity, and prudential standards related to borrowers established by the Central Bank and whose share of non-performing loans (NPL) does not exceed 5 percent.

high-risk commercial banks — commercial organizations that fail to comply with one or more of the capital adequacy, liquidity, and borrower-related prudential standards established by the Central Bank, and whose share of non-performing loans (NPL) exceeds 5 percent;

“Tadbirkor” information system (hereinafter referred to as the Information System) — an information system that enables the following through the use of an electronic digital signature:

acceptance of applications for the use of the Company's financial assistance and electronic delivery of decisions adopted on such applications;

execution of electronic agreements and reports on the use of the Company's financial assistance, and integration with the information (data) databases of the Tax Committee, the Statistics Agency, partner organizations, and other organizations for the purpose of mutual data exchange;

providing partner organizations and their clients with the ability to monitor, in real time through the Company's Information System, the status of review and execution of applications.

Chapter 2. Procedure for Providing a Guarantee

4. The procedure for providing a guarantee by the Company shall be carried out in accordance with these Regulations, and amendments and additions thereto shall be made by the Supervisory Board of the Company.

5. A guarantee shall be provided to borrowers who:

- a) are registered and operate in the territory of the Republic of Uzbekistan;
- b) are not at the stage of liquidation;
- c) are not subject to insolvency (bankruptcy) proceedings;
- d) as of the date of application, have no overdue liabilities on loans and taxes;
- e) have a rating classified higher than category "E" in the CATM scoring report and have no negative history with respect to the Company's assistance.

In this case, the Company assumes the obligation to repay the borrower's principal debt payments stipulated in the credit agreement (except for guarantees secured by collateral).

6. Regardless of whether the Company's guarantee is being used, provided that the borrower has a "good" or higher credit history, an additional guarantee may be provided to borrowers that meet the following requirements, within the total amounts and conditions established for additional credits:

- a) their activities for the most recent reporting period did not result in a loss according to financial results;
- b) they have no outstanding liabilities recorded in Card File No. 2;
- c) as of the date of application, they have no overdue liabilities on loans.

In this regard, pursuant to Presidential Decree of the Republic of Uzbekistan No. PF-93 dated June 12, 2023 "On Measures Aimed at Establishing Mutually Beneficial Cooperation with Business Entities in Reducing Poverty", guarantees shall be provided to business entities applying under the Decree in the amounts and under the conditions specified therein, regardless of the availability of existing guarantee financial support and irrespective of the period since their establishment.

Based on instructions of the Government of the Republic of Uzbekistan and recommendations of the Council of Ministers of the Republic of Karakalpakstan,

regional khokimiyats, and the khokimiyat of Tashkent city, additional guarantees may be provided, within the established total amounts and conditions, to loans allocated to small and medium-sized business entities with a “medium” level of credit history, regardless of the availability of existing guarantee financial support and irrespective of the period since their establishment.

7. A guarantee shall be provided solely on the basis of an application submitted through the Company’s Information System.

8. The provision of a guarantee to a borrower shall be carried out in accordance with the “Scheme for Providing Guarantees by JSC ‘Entrepreneurship Development Company’” set out in Appendix 2 to these Regulations.

9. Guarantees shall not be provided for the areas specified in Appendix 3 to these Regulations, “Areas for Which Guarantees Are Not Provided by JSC ‘Entrepreneurship Development Company’”.

For the purpose of ensuring the prompt resolution of issues faced by business entities, the Company’s Supervisory Board may amend (expand or reduce) the list of areas for providing financial assistance. In such cases, guarantees may be provided under conditions different from those specified in these Regulations, based on a decision of the Company’s Supervisory Board.

Chapter 3. Amounts of Guarantees Provided and Conditions for Their Use

10. The amounts and conditions of guarantees provided by the Company to borrowers shall be determined on the basis of a decision of the Company’s Supervisory Board, and amendments and additions thereto shall also be made by decision of the Supervisory Board.

11. The total amount of guarantees that may be provided by the Company within one year shall be allocated among partner organizations based on the Company’s business plan, the report of the Risk Management Department, and the submission of the guarantee provision departments.

12. The maximum aggregate amount of guarantees provided by the Company shall not exceed twenty times the amount of funds allocated for providing guarantees.

Starting from January 1, 2025, the maximum aggregate amount of guarantees provided by the Company shall not exceed fifteen times the amount of funds allocated for providing guarantees.

13. Funds allocated for providing guarantees and to be channeled during the year shall be reflected in the parameters of the Company’s business plan.

14. The conditions for providing a guarantee shall include:

- a) the amount of credit allocated to the borrower, the interest rate, and the exact repayment schedule;
- b) the defined purpose of the credit;
- c) the amount of the guarantee to be used;

- d) payment of the guarantee intermediary fee;
- e) the results of the borrower's scoring analysis.

15. A guarantee shall be provided in accordance with Appendix 4 to these Regulations, "Amounts and Conditions of Guarantees Provided by JSC 'Entrepreneurship Development Company'".

This shall not apply in cases where the borrower provides collateral security for the guarantee.

Where a guarantee is provided on the basis of collateral security, the amount of the guarantee may be provided up to 125 percent of the credit amount, based on the value of the collateral security accepted in accordance with the "Procedure for Selecting and Accepting Collateral for Financial Support Instruments".

16. In the event that violations of the conditions for using the guarantee are identified, the Company shall have the right to unilaterally terminate the guarantee provision agreement, while notifying the head offices of the partner organizations.

17. Guarantees shall not be provided for loans allocated by partner organizations from credit resources attracted under the Company's guarantee.

Chapter 4. Procedure for Reviewing Applications Submitted for a Guarantee

18. The application formed by the borrower and the request submitted by the partner organizations shall constitute the basis for initiating the use of the guarantee.

19. If a decision to grant a credit is made by a territorial subdivision of the partner organizations (if territorial subdivisions exist), the application created by the borrower for obtaining a guarantee shall be converted into an order and sent to the Head Office for review.

Partner organizations shall review the order for compliance with the applicable regulatory legal acts, their internal credit policies, and these Regulations, and if errors or inconsistencies are identified, shall return the order to the territorial subdivision requesting that such errors be corrected.

The responsible employee of the territorial subdivision shall make the necessary amendments to the order and resubmit it to the partner organization for review.

A correctly completed order shall be forwarded by the partner organization to the Company.

The borrower and the authorized official of the partner organization who signed the application and the order shall be responsible for the completeness and accuracy of the information specified therein.

20. To use the guarantee, the borrower shall pay an intermediary fee.

The guarantee agreement shall enter into legal force after the intermediary fee has been paid in full and the agreement has been signed by the parties with an electronic digital signature, and the obligations of the parties shall be deemed to have arisen.

21. In the following cases, the positive decision on granting a guarantee shall be cancelled, and the notification sent to the territorial subdivision of the partner organizations shall be deemed void and left without execution:

if the guarantee agreement is not signed by the territorial subdivision of the partner organization and the borrower within the established period;

if the one-time intermediary fee is not paid in full within the established period;

if the credit funds are disbursed before the guarantee agreement is signed.

22. Extension of the term of the guarantee agreement shall be carried out by agreement with the Company, and an additional intermediary fee shall be charged in the established amounts.

Chapter 5. Procedure for Charging the Intermediary Fee for the Guarantee Provided

23. The amount of the intermediary fee charged for the guarantees provided shall be determined by the relevant committee of the Company.

24. The intermediary fee may be paid to the Company's account from any account of the borrower, including through a transit account.

25. The intermediary fee shall not be refunded if the credit is disbursed.

26. If the credit is not disbursed, the intermediary fee shall be refunded based on the borrower's application and information provided by the partner organization.

27. If the borrower repays the credit allocated to it ahead of schedule, the intermediary fee paid shall be refunded for the unused days of the paid period, based on the borrower's application and information provided by the partner organization.

Chapter 6. Procedure for Fulfilling Obligations Undertaken under the Guarantee

28. When the borrower reduces its obligations under the credit, the Company's guarantee shall be released from the collateral structure in proportion to the portion of the credit repaid.

29. When the borrower reduces its obligations under the credit, along with the Company's guarantee, other credit collateral may also be released from the collateral structure. However, it shall not be permitted that only a third-party guarantee and insurance policies remain in the collateral structure (except for cases where, during the credit disbursement process, only a third-party guarantee and/or an insurance policy were accepted as collateral in addition to the Company's guarantee).

The initially accepted pledged collateral (movable and immovable property) may be replaced with other pledged collateral (movable and immovable property) with a value not lower than the value of the initially accepted collateral.

30. From the date on which the borrower fails to fulfill its obligations under the credit agreement (or fails to fulfill them properly), the partner organization shall, within 90 calendar days, take measures to recover from the borrower the unpaid amount of the principal debt under the credit, collect interest thereon, and ensure fulfillment of other obligations established by the credit agreement, including:

withdrawing funds from the borrower's account without its consent;

levying recovery on the collateral (except for the Company's guarantee).

For credits allocated to business entities by low-risk commercial banks, the portion of overdue principal debt exceeding 90 days shall be paid until the guarantee obligation is fully fulfilled.

By high-risk commercial banks and other partner organizations:

for credits allocated to business entities with credit ratings (credit history) A and B, the portion of overdue principal debt exceeding 90 days shall be paid until the guarantee obligation is fully fulfilled;

for business entities with credit ratings C and lower, payments shall be made 30 days after the date of issuance of the writ of execution for full recovery of the credit debt.

The risk level of commercial banks shall be analyzed by the Risk Management Department at the end of each quarter, and based on the results of the analysis, the conditions for providing guarantees shall be determined.

31. After the procedures provided for in this clause have been fulfilled, if the amount of debt to the partner organization is not repaid in the manner established by the credit agreement, the partner organization shall submit a claim to the Company specifying the following:

details of the guarantee agreement (date and number of conclusion, name of the bank and the borrower guaranteed by the Company);

details of the credit agreement secured by the guarantee agreement (date and number of conclusion and other details);

information on whether the credit was used for its intended purpose or not;

calculation of the amount of the Company's financial liability under the guarantee agreement, based on the actual amount of liability corresponding to the volume of the borrower's unfulfilled obligations on the principal credit debt;

the bank account to which the funds payable by the Company must be transferred, with payment details specified.

32. The claim (objection) must be signed by an authorized person of the Head Office of the partner organization and certified by the organization's seal impression or by an electronic digital signature (EDS).

A copy of the document confirming the authority of the person signing the claim (objection) shall be attached.

The authorized official of the Head Office of the partner organization who signed the claim shall be responsible for the accuracy of the information specified

therein.

33. The submitted claim and the documents attached thereto shall be reviewed within ten business days. If there are grounds for refusing to fulfill the guarantee obligation, the Company shall send a letter to the partner organization indicating all existing objections.

34. Payment under the guarantee shall be transferred to the account specified by the partner organization.

In this case, copies of court documents adopted for the recovery of credit indebtedness (if available) shall be attached to the claim submitted by the partner organization.

35. The Company's obligations shall be deemed fulfilled from the moment the full amount specified in the claim is transferred by the Company to the partner organization.

36. After payments under the guarantee have been made, the Company shall have the right to claim reimbursement by way of recourse from the borrower's other liquid property, including through filing a claim with the court.

37. The Company shall have the right to reject a claim in the following cases:

- if the initially accepted collateral is partially and/or fully released from collateral before the Company's guarantee is fully extinguished;

- if the initially accepted collateral is replaced with other collateral of a value lower than the value of the originally accepted collateral;

- if persons under the credit agreement are changed without the Company's written consent;

- if, upon submission of a claim by the partner organization, it is established that the credit was not used for the purposes specified in the application and the credit agreement;

- if the one-time intermediary fee is not paid in full within the established period.

38. Obligations under the guarantee shall be terminated in the following cases:

- when the portion of the principal credit debt secured by the guarantee is repaid;

- when the Company makes payment under the guarantee;

- when no credit is disbursed by partner organizations within three months after the conclusion of the agreement on providing the guarantee;

- the Company shall not be held liable if incorrect and/or false information is provided to the Company and, as a result of obtaining financial assistance based on such information, the borrower fails to fulfill its obligations in a timely manner.

Chapter 7. Procedure for Accounting, Reporting, and Monitoring the Use of Guarantees

39. The Company shall, in accordance with the established procedure, keep records of the provision and use of guarantees, as well as the expenditure of funds allocated thereto, and shall prepare reports thereon.

40. The Supervisory Board of the Company shall have the authority to suspend the provision of guarantees by territorial subdivisions of partner organizations where the share of non-performing guarantees is increasing.

41. Compliance with the conditions, purposes, and procedures for providing guarantees and making payments as established by these Regulations shall be monitored by the Company's Internal Audit Service and the units responsible for monitoring activities.

Chapter 8. Final Provisions

42. These Regulations shall enter into force upon approval by a decision of the Supervisory Board of the Company.

43. Amendments and additions to these Regulations may be introduced in connection with amendments to legislative acts, the Charter of the Company, the Company's internal documents, as well as in other cases.

44. If individual provisions of these Regulations contradict the current legislation of the Republic of Uzbekistan and/or the Charter of the Company, the provisions of the current legislation of the Republic of Uzbekistan and/or the Charter of the Company shall apply.

45. Disputes arising in the implementation of these Regulations shall be resolved in accordance with the procedure established by legislative acts, including through judicial proceedings.

Appendix 1 to the Regulations on the
procedure for providing guarantees
by the Joint-Stock Company
"Entrepreneurship Development
Company"

CRITERIA
for selection (rejection) applied during the "Scoring Analysis for Providing a Guarantee"

№	Requirement	Result
1	If overdue credit indebtedness exists	Rejection
2	If the applicant has a poor credit history	Rejection
3	If overdue indebtedness exceeding 90 days occurred previously	Rejection
4	If indebtedness that was previously subject to court proceedings occurred	Rejection
5	If indebtedness to the budget exists	Rejection
6	If the applicant does not belong to a small or medium-sized business entity	Rejection
7	If the applicant previously used the Company's guarantee and claims or objection letters were submitted to the Company for recovery, or payments were made	Rejection
8	If the entity is not operating	Rejection
9	If the applicant is a client having existing valid guarantee agreements with the Company	Rejection
10	If the credit purpose relates to an area prohibited by the Company for providing financial assistance	Rejection
11	If the guarantee amount for credits does not comply with the requirements of the Regulations	Rejection

Appendix 2 to the Regulations on the procedure
for providing guarantees by the Joint-Stock
Company "Entrepreneurship Development
Company"

SCHEME
for providing guarantees by JSC "Entrepreneurship Development Company"

Stages	Subjects	Measures	Timeframe
1-stage	Borrower <i>(small and medium-sized business entities and self-employed individuals)</i>	Submission of an application to a partner organization via the Information System for using a guarantee for the credit to be allocated.	As required
2-stage	Territorial subdivision of the partner organization	After considering the possibility of granting a credit: if a decision is made to grant a credit, converting the entrepreneur's application into an order for obtaining a guarantee in the Information System and sending it to the partner organization.	Within the time limits established by the internal documents of partner organizations
3-stage	Partner organizations	After receiving documents from the territorial structural subdivision: reviewing compliance with applicable regulatory legal acts, their credit policies, and these Regulations;	Within the time limits established by the internal documents of partner organizations

Stages	Subjects	Measures	Timeframe
		if errors are identified in the order, returning it to the territorial structural subdivision of the partner organization; sending a correctly completed order to the Company.	
4-stage	Company	Reviewing the order and making a decision on providing a guarantee or refusing to provide it.	Within 3 business days
5-stage	Company	Notifying the territorial structural subdivision of the partner organization of the decision made (in case of refusal, indicating justified reasons) for subsequent notification of the borrower.	Within 1 business day
6-stage	Partner organization and borrower	Upon receipt of the Company's decision on providing a guarantee: payment by the borrower of the intermediary fee for the provided guarantee; signing the agreement on providing the guarantee with an electronic digital signature (EDS). Within 3 business days	Within 3 business days
7-stage	Company	Verifying the actual receipt of the intermediary fee for the guarantee; Signing the agreement on providing the guarantee with an electronic digital signature (EDS). Within 3 business days	Within 3 business days

Appendix 3 to the Regulations on the
procedure for providing guarantees
by the Joint-Stock Company
"Entrepreneurship Development
Company"

AREAS
for which guarantees are not provided by JSC "Entrepreneurship Development Company"

1. Production of alcoholic and tobacco products and/or organization of their sale;
2. Repayment of previously obtained credits or any other debt.

Appendix 4 to the Regulations on
the procedure for providing
guarantees by the Joint-Stock
Company "Entrepreneurship
Development Company"

**AMOUNTS AND CONDITIONS
of guarantees provided by JSC "Entrepreneurship Development Company"**

No.	Support areas	Beneficiaries	Category of beneficiaries	Amounts and conditions of the assistance provided
1.	For loans granted by commercial banks in national and foreign currency	Small business entities*	Date of establishment for less than 1 year	Up to UZS 500 million , but not exceeding 30 percent of the loan amount
			Date of establishment from 1 year to 3 years	Up to UZS 1 billion , but not exceeding 40 percent of the loan amount
			Date of establishment for more than 3 years	Up to UZS 2.5 billion , but not exceeding 50 percent of the loan amount
		Medium business entities	Regardless of the date of establishment	Up to UZS 5 billion , but not exceeding 50 percent of the loan amount
2.	For loans extended by commercial banks in national and foreign currencies	Small business entities registered and operating in the Republic of Karakalpakstan	Regardless of the date of establishment	Up to UZS 2.5 billion , but not exceeding 50 percent of the loan amount

No.	Support areas	Beneficiaries	Category of beneficiaries	Amounts and conditions of the assistance provided
3.	For loans allocated under the “20,000 Entrepreneurs — 500,000 Skilled Specialists” Program	Entrepreneurial entities participating in the Program	Creating 51 to 100 new jobs	Up to UZS 3 billion , but not exceeding 50% of the loan amount
			Creating 101 to 200 new jobs	Up to UZS 4 billion , but not exceeding 50% of the loan amount
			Creating more than 200 new jobs	Up to UZS 5 billion , but not exceeding 50% of the loan amount
4.	For leasing operations provided by leasing companies in national and foreign currency	Small business entities	Date of establishment Less than 1 year	Up to UZS 200 million , but not exceeding 30% of the leasing amount
			Date of establishment From 1 year to 3 years	Up to UZS 500 million , but not exceeding 30% of the leasing amount
			Date of establishment More than 3 years	Up to UZS 800 million , but not exceeding 30% of the leasing amount
		Medium business entities	Date of establishment Less than 2 years	Up to UZS 1 billion , but not exceeding 30% of the leasing amount
			Date of establishment More than 3 years	Up to UZS 1.5 billion , but not exceeding 30% of the leasing amount
5.	For loans provided by microfinance organizations in national currency <i>(Guarantees are not provided for loans allocated at the expense of the Company's resources)</i>	Small business entities and self-employed individuals	Date of establishment Less than 1 year	Up to UZS 35 million , but not exceeding 30% of the loan amount
			Date of establishment From 1 year to 2 years	Up to UZS 100 million , but not exceeding 30% of the loan amount
			Date of establishment More than 2 years	Up to UZS 150 million , but not exceeding 50% of the loan amount

** If, in the execution of instructions of the President of the Republic of Uzbekistan and the Government, the amount of the guarantee is not specified, the Company may provide a guarantee of up to 50% of the loan amount, regardless of the category of beneficiaries, while maintaining the established maximum upper limit of the guarantee amount.*