

“APPROVED”

Appendix No. 2 to the Minutes of the
Meeting of the Supervisory Board of
the Joint-Stock Company
“Entrepreneurship Development
Company” No. 2/24 dated 29
February 2024

*(Taking into account the amendments and additions
introduced by the Minutes of the Meetings of the
Supervisory Board dated 29 April 2024 No. 6/24 and
dated 2 October 2024 No. 9/24)*

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

“INTRODUCED”

by the Executive Body of the Joint-
Stock Company “Entrepreneurship
Development Company”

Tashkent – 2024

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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 is developed on the basis of the Law of the Republic of Uzbekistan "On Joint-Stock Companies and the Protection of Shareholders' Rights," the Civil Code, Presidential Decree No. UP-193 of 10 November 2023 "On Measures to Improve the System of Financial Support for Small and Medium-Sized Businesses," as well as the Charter of the Joint-Stock Company "Entrepreneurship Development Company" (hereinafter – the Company).

2. These Regulations governs the procedure for the Company to provide guarantee support on behalf of a partner commercial bank at the expense of the Company for loans and leases (hereinafter – the loan) issued by commercial banks for projects of small and medium-sized business entities, as well as self-employed individuals (hereinafter – the borrower), in national and foreign currency; the procedure for the use of such guarantees; and the actions of the participants in the process.

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

intermediary agreement — an agreement concluded between the Company and a partner commercial bank for the purpose of organizing the use of the "portfolio guarantee" service;

partner commercial bank — a commercial bank holding the required license of the Central Bank of the Republic of Uzbekistan and having signed an intermediary agreement with the Company for the provision of a "portfolio guarantee";

portfolio guarantee — the provision by the Company of guarantees for loans issued by a partner commercial bank, in the amounts and under the conditions agreed upon in the intermediary agreement, within the allocated funds;

guarantee — a guarantee agreement that places responsibility on the Company for the borrower's fulfillment of its obligations to the commercial bank;

loan — funds allocated by a commercial bank for financing the borrower's projects;

leasing — a special type of financial lease under which one party (the lessor), at the request of the other party (the lessee), acquires from a third party (the seller) property (the leasing object) specified in the leasing agreement and transfers it to the lessee for payment for possession and use for a period of more than twelve months;

projects — a set of activities and works carried out to obtain economic, social, and other benefits from entrepreneurial activity.

good credit history — a rating classified in category "B" or higher in the KATM scoring report;

poor credit history — a rating classified in category "D" in the KATM scoring report;

application — data entered into the Information System by commercial

banks regarding the use of the Company's financial support for a loan provided to business entities;

NPL — the share of assets classified as "unsatisfactory," "doubtful," and "hopeless";

"Tadbirkor" Information System (hereinafter – the Information System) — an information system that allows, using an electronic digital signature, the performance of the following functions:

acceptance of applications for obtaining the Company's financial support and electronic delivery of decisions on them;

preparation of electronic agreements and reports on the use of the Company's financial support, as well as integration with the databases of the Tax Committee, the Statistics Agency, commercial banks, and other commercial banks for the purpose of information exchange;

providing commercial banks and their clients with the ability to track, in real time, the process of review and execution of applications through the Company's Information System.

borrower — a small or medium-sized business entity, as well as a self-employed individual, registered and conducting activities in the territory of the Republic of Uzbekistan, implementing an entrepreneurial initiative.

Chapter 2. Requirements for the Provision of the "Portfolio Guarantee" Service

4. The volume of the "portfolio guarantee" provided to partner commercial banks is determined on the basis of a decision of the Company's Supervisory Board.

5. The total volume of guarantees that may be provided by partner commercial banks during the year is allocated between the Company and the commercial banks on the basis of the concluded intermediary agreement.

At the same time, allocation is made among partner commercial banks that: based on the results of the financial year, have a positive audit opinion;

at the time of concluding the intermediary agreement, have an NPL indicator not exceeding 5 (five) percent according to data published by the Central Bank;

have a share of problematic guarantees in the Company's guarantee portfolio not exceeding 5 percent.

6. The guarantee is provided by partner commercial banks through the Information System.

7. The provision of a guarantee to the borrower is carried out in accordance with the scheme set out in Appendix 1 to these Regulations.

8. The guarantee is provided to the borrower in the amounts and under the conditions specified in Appendix 2 to these Regulations.

9. The Company does not provide guarantees for the projects listed in Appendix 3.

In addition, a guarantee is not provided for projects in which the Company participates as an equity contributor.

Chapter 3. Requirements for Borrowers

10. A guarantee on behalf of the Company is provided by partner commercial banks to borrowers who:

- a) are registered and operate within the territory of the Republic of Uzbekistan;
- b) are not in the process of liquidation;
- c) are not subject to insolvency (bankruptcy) proceedings;
- d) have no overdue debts on loans or taxes as of the date of application;
- e) have a good credit history;
- f) have no negative history under the Company's support programs;
- g) possess a stable cash flow in their bank account;
- h) have a sufficient projected cash flow for the financed project;
- i) did not end the last reporting period with a loss;
- j) have no outstanding debts recorded under Ledger No. 2.

At the same time, the Company undertakes obligations on the principal debt of the loan in an amount not exceeding the amount of obligations specified in the guarantee agreement.

11. Guarantees are not provided to borrowers with a poor credit history. The provision of a guarantee to borrowers who have "C" and "D" category ratings in the KATM scoring report is considered by the Company on the basis of applications from partner commercial banks in accordance with the "Regulations on the Procedure for Providing Guarantees by the Joint-Stock Company 'Entrepreneurship Development Company'."

12. The provision of guarantees to microfinance organizations is considered in accordance with the "Regulations on the Procedure for Providing Guarantees by the Joint-Stock Company 'Entrepreneurship Development Company' for Loans of Microfinance Organizations Attracted from Commercial Banks."

Chapter 4. Procedure for Payment of the Commission Fee for the Provided Guarantee

13. The amount of the commission fee for using the guarantee service is established by the Company's Supervisory Board.

14. The commission fee may be paid to the Company's settlement account from any account of the borrower, including the borrower's transit account.

15. The commission fee paid is non-refundable if the loan has been disbursed and the guarantee agreement has entered into force.

16. Thirty percent of the commission fee received by the Company is transferred to the partner commercial bank as a service fee on the basis of a reconciliation statement in the month following the reporting month.

17. If the loan has not been disbursed, the remaining portion of the commission fee held in the Company's account is returned to the borrower based on the borrower's request and the information provided by the partner commercial bank.

18. If the borrower repays the disbursed loan early, the paid commission fee is refunded for the unused days of the period, based on the borrower's request and information from the partner commercial bank.

Chapter 5. Procedure for Providing the "Portfolio Guarantee"

19. The partner commercial bank appoints, by order, a responsible person in charge of providing the "portfolio guarantee" and informs the Company for the purpose of entering this person into the Information System.

20. The borrower's questionnaire formed through the Information System, together with the application of the territorial branch of the partner commercial bank (if such branches exist), serves as the basis for initiating the procedure for obtaining a guarantee.

21. If the territorial subdivision of the partner commercial bank decides to issue the loan:

the borrower's questionnaire is converted by the subdivision into an application for obtaining a guarantee and submitted for review to the partner commercial bank;

the responsible person of the partner commercial bank reviews the application for compliance with applicable regulatory legal acts, the bank's internal credit policy, and these Regulations;

if errors or inconsistencies are identified, the application is returned to the territorial subdivision for correction;

after making the necessary corrections, the territorial subdivision resubmits the application for review to the partner commercial bank;

after verifying its compliance with regulatory documents, the credit policy, and these Regulations, the responsible person of the partner commercial bank makes a decision on providing the guarantee on behalf of the Company.

22. If a positive decision on providing the guarantee is made, the Information System automatically generates an information letter and a guarantee agreement.

23. The borrower transfers the commission fee specified in the draft guarantee agreement to the Company's settlement account and signs the guarantee agreement with the territorial subdivision of the partner commercial bank using an electronic digital signature.

24. The commission fee transferred by the borrower to the Company's

account for obtaining the guarantee is reflected in the Information System within one working day.

25. The responsible person of the partner commercial bank signs the guarantee agreement on behalf of the partner commercial bank on the basis of a power of attorney issued to them by the Company.

26. In the following cases, the positive decision on providing the guarantee is annulled, and the notification sent to the territorial subdivision of the partner commercial bank is considered invalid:

if the guarantee agreement is not signed by the bank's territorial subdivision and the borrower within the established period;

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

if the loan funds were disbursed before the guarantee agreement was signed.

27. The borrower and the official of the partner commercial bank or its territorial subdivision who signed these documents are responsible for the completeness and accuracy of the information specified in the questionnaire and the application.

28. Extension of the validity period of the guarantee agreement is carried out in coordination with the Company, with an additional commission fee charged in the established amount.

Chapter 6. Procedure for the Company's Fulfillment of Obligations under the "Portfolio Guarantee"

29. If the borrower reduces its obligations under the loan, the Company's guarantee is released from the collateral in an amount proportional to the repaid portion of the loan.

30. When the borrower reduces its obligations under the loan, other types of collateral may also be released together with the Company's guarantee. However, it is not permitted for the collateral to consist solely of a third-party surety and insurance policies (except in cases where, at the time of issuing the loan, only a third-party surety and/or an insurance policy were accepted as collateral in addition to the Company's guarantee).

The originally accepted collateral in the form of movable or immovable property may be replaced with other movable or immovable property collateral, provided that the value of the new collateral is not lower than the original pledged value.

31. In the event of non-fulfillment (or improper fulfillment) by the borrower of its obligations under the loan agreement, the partner commercial bank is entitled, within 90 calendar days, to take measures to recover the unpaid amount of the principal debt, interest, and other obligations stipulated by the loan

agreement, including:

- debiting the borrower's funds from their account without their consent;
- enforcing the collateral (except for the Company's guarantee).

For loans issued to business entities with a credit rating (credit history) in categories A and B, the amount of overdue principal debt exceeding 90 days is repaid under the guarantee obligations upon request submitted by the commercial bank in the form established by it, until full performance of the obligations under the guarantee.

For business entities with a credit rating of category C and below, payments are made on the basis of a request submitted by the commercial bank in the established form after 30 days from the date of issuance of a writ of execution for full recovery of the loan debt.

32. After completion of the procedures specified in this paragraph, if the debt to the partner commercial bank has not been repaid in accordance with the procedure established by the loan agreement, the partner commercial bank submits the following claims to the Company:

- details of the guarantee agreement (date of conclusion, number, name of the bank, and the name of the borrower for whom the Company issued the guarantee);

- details of the loan agreement secured by the guarantee agreement (date of conclusion, number, etc.);

- information on the use of the loan for its intended purpose or its misuse;

- calculation of the Company's financial liability under the guarantee agreement based on the actual amount of the borrower's outstanding obligations on the principal debt;

- banking details of the account to which the funds must be transferred by the Company.

33. The claim (demand) must be signed by an authorized person of the partner commercial bank and certified by the organization's seal or by an electronic digital signature (EDS).

A copy of the document confirming the authority of the person who signed the claim must be attached to it.

The official of the partner commercial bank who signed the claim is responsible for the accuracy of the information provided.

34. The submitted claim and the documents attached to it are reviewed within ten working days. If grounds for refusal to fulfill the guarantee obligation exist, the Company sends a letter to the partner commercial bank indicating all objections.

35. Payment under the guarantee is transferred to the bank account specified by the partner commercial bank.

At the same time, copies of court documents issued regarding the recovery of the loan debt must be attached to the commercial bank's claim (if available).

36. The Company's obligations are considered fulfilled from the moment the full amount specified in the claim is transferred to the partner commercial bank.

37. After making the guarantee payment, the Company has the right, through recourse, to demand reimbursement of the amounts paid at the expense of other liquid assets of the borrower, including by filing a claim in court.

38. The Company has the right to refuse satisfaction of the claim in the following cases:

if, as a result of releasing pledged collateral, the only remaining collateral consists of a third-party surety and insurance policies (except in cases where, at the time the loan was issued, only a third-party surety and/or an insurance policy were accepted as collateral in addition to the Company's guarantee);

if the original collateral was replaced with collateral of a value lower than the original pledged value;

if substitution of parties in the obligations under the loan agreement was made without the Company's written consent;

if, during review of the claim, it is determined that the loan was used for purposes other than those specified in the application and the loan agreement;

if the one-time commission fee was not paid in full within the established period.

39. Guarantee obligations are terminated in the following cases:

repayment by the borrower of the portion of the principal debt secured by the guarantee;

execution by the Company of the guarantee payment;

if the partner commercial bank did not disburse the loan within three (3) months after conclusion of the guarantee agreement.

40. The Company does not bear responsibility if incorrect and/or false information was provided in the application and financial support was obtained on that basis, resulting in the borrower's failure to fulfill their obligations on time.

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

41. The Company maintains accounting records of the guarantees provided, their utilization, and the expenditure of funds allocated for their support, and prepares reports on them.

42. The internal audit and monitoring departments of the Company exercise control over compliance with the conditions, purposes, and procedures for providing guarantees and making guarantee payments as established by these Regulations.

Chapter 8. Final Provisions

43. These Regulations enters into force after its approval by a decision of the Company's Supervisory Board.

44. Amendments and additions to these Regulations are made on the basis of a decision of the Company's Supervisory Board.

45. Amendments and/or additions may be made to these Regulations in connection with changes in legislation, the Company's Charter, the Company's internal documents, and in other necessary cases.

46. If certain provisions of these Regulations contradict the current legislation of the Republic of Uzbekistan and/or the Company's Charter, such provisions shall become invalid, and until the corresponding amendments are made, the issues regulated by those provisions shall be resolved in accordance with the current legislation of the Republic of Uzbekistan and/or the Company's Charter.

47. Persons found guilty of violating the requirements of these Regulations bear responsibility in accordance with the law.

48. Disputes arising in the application of these Regulations are resolved in the manner established by legislation, including through judicial procedures.

Appendix 1 to the Regulations on the procedure
for providing a “Portfolio Guarantee” by the
Joint-Stock Company “Entrepreneurship
Development Company”

SCHEME
for providing a guarantee by a partner commercial bank

Stages	Entities	Measures	Timeframe
1-stage	Borrower <i>(small and medium-sized business entities, as well as self-employed individuals)</i>	Submission of an application through the Information System to the partner commercial bank for obtaining a guarantee for the loan being provided	As needed
2- stage	Territorial subdivision of the partner organization	After reviewing the possibility of issuing a loan: — if a decision is made to issue the loan, the entrepreneur’s application is converted into an order in the “Tadbirkor” Information System for obtaining a guarantee and is sent to the partner organization	Within the timeframes established by the internal documents of the partner commercial bank
3- stage	Partner commercial banks	After receiving the documents from the territorial subdivision: — they review the application for compliance with applicable regulatory legal acts, the bank’s internal credit policy, and these Regulations; — if errors are identified, they return the application to the territorial subdivision of the partner commercial bank; — the correctly completed application is forwarded to the responsible employee of the territorial subdivision.	Within the timeframes established by the internal documents of the partner commercial bank

Stages	Entities	Measures	Timeframe
		<p>Review of the application and decision-making on whether to provide the guarantee or refuse it.</p> <p>Notification of the territorial subdivision of the partner commercial bank of the decision made (in case of refusal — with justified reasons) for subsequent informing of the borrower.</p>	<p>Within 3 working days</p> <p>Within 1 working day</p>
4- stage	Territorial subdivision of the partner organization and the borrower	<p>After receiving a positive decision from the partner commercial bank regarding the provision of the guarantee:</p> <ul style="list-style-type: none"> — the borrower pays the commission fee for the guarantee; — the guarantee agreement is signed using an electronic digital signature (EDS). 	Within 3 working days
5- stage	Company	Verification of the actual receipt of the commission fee for the guarantee.	Within 3 working days
6- stage	Partner commercial banks	Signing of the guarantee agreement using an electronic digital signature (EDS).	Within 1 working day

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

SIZE AND CONDITIONS
for providing guarantees under the "Portfolio Guarantee" service

№	Support areas	Beneficiaries	Category of beneficiaries	Size and conditions of the support provided
1.	For loans provided by commercial banks in national and foreign currency <i>(Guarantees are not provided when contributing equity participation to projects of medium-sized business entities.)</i>	Small business entities	Date of establishment up to 1 year:	up to 500 million soums , but not more than 30% of the loan amount
			Date of establishment from 1 to 3 years:	up to 1 bln UZS , but not more than 40% of the loan amount
			Date of establishment above 3 years:	up to 2,5 bln UZS , but not more than 50% of the loan amount
		Medium-sized business entities	Date of establishment up to 2 years	up to 3 bln UZS , but not more than 50% of the loan amount
			Date of establishment above 2 years	up to 5 bln UZS , but not more than 50% of the loan amount
2.	For loans provided by commercial banks in national and foreign currency <i>(valid until 1 January 2025)</i>	Small business entities registered and operating in the Republic of Karakalpakstan	Date of establishment up to 1 year	up to 1 bln UZS , but not more than 30% of the loan amount
			Date of establishment from 1 to 3 years	up to 2,5 bln UZS , but not more than 50% of the loan amount
			Date of establishment above 3 years	up to 5 bln UZS , but not more than 50% of the loan amount

№	Support areas	Beneficiaries	Category of beneficiaries	Size and conditions of the support provided
3.	For loans provided in national and foreign currency under the program "20 Thousand Entrepreneurs — 500 Thousand Qualified Specialists"	Participants of the program — business entities	Creating from 51 to 100 new jobs	up to 3 billion soums , but not more than 50% of the loan amount
			Creating from 101 to 200 new jobs	up to 4 billion soums , but not more than 50% of the loan amount
			Creating more than 200 new jobs	up to 5 billion soums , but not more than 50% of the loan amount

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

**PROJECTS for which the Joint-Stock Company
"Company for the Development of Entrepreneurship" does not provide guarantees**

1. Production and/or trading of alcoholic and tobacco products;
2. Repayment of previously obtained loans or any other types of debt;
3. Organization of activities of insurance companies;
4. Acquisition of passenger vehicles that are not directly involved in the production activities of the supported projects.