

**“APPROVED”**

Annex No. 3 to the Minutes of the Meeting  
of the Supervisory Board  
of Joint Stock Company “Entrepreneurship  
Development Company”  
dated February 29, 2024  
No. 2/24

*(Amendments and additions have been made  
in accordance with the minutes of the  
Supervisory Board meetings dated April 29,  
2024, No. 6/24, October 2, 2024, No. 9/24,  
November 15, 2024, No. 10/24, December  
23, 2024, No. 11/24)*

**REGULATION**

**on the Procedure for Allocating Resources for the Provision of Loans  
(Leasing) by the Joint-Stock Company "Entrepreneurship  
Development Company"**

**“SUBMITTED”**

by executive body  
of the Joint Stock Company  
“Entrepreneurship Development  
Company”

**Tashkent – 2024**

## **Chapter- 1. General provisions**

1. This Regulation is developed based on the “On joint-stock companies and protection of shareholders' rights” law of the Republic of Uzbekistan, the Presidential Decree of the Republic of Uzbekistan “On measures to improve the financial support system for small and medium-sized enterprises” No.DP-193 dated November 10, 2023, the Regulation “On the Procedure for Interest Accrual in Commercial Banks”, the Resolution “On the approval of the Regulation on the procedure for accrual of interest in commercial banks” registered by the Ministry of Justice of the Republic of Uzbekistan on September 29, 2023, registration number No.3460, as well as based on the Charter of the Joint-Stock Company "Entrepreneurship Development Company" (hereinafter referred to as the Company).

2. This Regulation governs the relations related to the provision of resources by the Company to commercial banks, leasing, and microfinance organizations.

3. The following key terms are used in this Regulation:

**resource** — borrowed and targeted financial funds provided by the Company to commercial banks, leasing and microfinance organizations, as well as legal entities that have implemented Islamic financing principles, for the purpose of financing projects of small and medium-sized enterprises and self-employed individuals;

**partner - Organizations** — commercial banks, leasing and microfinance organizations, as well as legal entities that have implemented Islamic financing principles, cooperating with the Company within the framework of resource provision;

**commercial Bank** — a commercial organization operating within the territory of the Republic of Uzbekistan and holding the relevant license from the Central Bank of the Republic of Uzbekistan;

**leasing Organization** — a legal entity registered and operating within the territory of the Republic of Uzbekistan, providing leasing services (provided that, at the time of signing the resource provision agreement, at least 90 percent of the turnover in the settlement account must be attributed to leasing operations);

**microfinance Organization** — a legal entity registered and conducting microfinance activities within the territory of the Republic of Uzbekistan, holding the relevant license from the Central Bank of the Republic of Uzbekistan;

**legal Entities Implementing Islamic Financing Principles** — legal entities registered and operating within the territory of the Republic of Uzbekistan, providing services in the field of Islamic finance;

**application** — the request from partner - organizations for the provision of resources;

**resource Provision Agreement** — an agreement between the Company and the partner – organization, outlining the rights and obligations of the parties regarding the provision of resources;

**project** — a set of activities and works carried out with the aim of obtaining economic, social, or other benefits from entrepreneurial activities;

**loan** — funds provided by a commercial bank on the principles of targeted use, chargeability, term, security, and repayment to finance the borrower's projects;

**leasing** — a special type of financial lease in which one party (the lessor), on behalf of another party (the lessee), acquires property (the leased object) from a third party (the seller), as agreed in the leasing agreement, and provides it to the lessee for a fee, granting ownership and usage for a term of more than twelve months, in accordance with the terms

of the agreement;

**microloan** — the provision of funds not exceeding three hundred million sums to an entrepreneur or self-employed individual on the principles of chargeability, term, repayment, and, in the cases specified in the agreement, targeted use, by a commercial bank or microfinance organization.

**islamic finance services** — services provided by partner organizations in accordance with the current legislation and Islamic finance standards.

**islamic finance standards** — standards approved by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

**problematic assets** (npl) — the share of assets classified as "unsatisfactory," "doubtful," or "hopeless."

**good credit history** — a credit rating of category "B" or higher according to the KATM scoring for leasing and microfinance organizations, as well as legal entities that have implemented Islamic finance principles.

**authorized body of the company** — the collegial body of the Company responsible for reviewing applications and making decisions on resource allocation (appointed based on the relevant order).

**information system "Tadbirkor"** (hereinafter referred to as the Information System) — an information system that provides the ability, using an electronic digital signature, to:

accept applications for financial support from the Company and electronically inform about the decisions made;

conclude electronic agreements and generate reports on the use of financial support from the Company, as well as integrate with the databases of the Tax Committee, the Statistics Agency, partner and other organizations for data exchange;

provide partner organizations with the ability to track the status of the review and execution of applications in real time through the Company's Information System;

The provision of credit resources to partner organizations and coordination of this process are carried out by the relevant department of the Company.

## **Chapter 2. Procedure and Conditions for the Provision of Resources to Partner– Organizations**

4. In accordance with this Regulation, the Company provides resources for lending (leasing, microcredit) and Islamic finance (leasing, trust management, partnership, installment trade) and allocates them based on the scheme provided in Annex 1 to this Regulation.

5. The Supervisory Board of the Company determines the areas in which the provision of resources is not permitted.

6. The sources of the Company's financial resources include funds from foreign financial organizations, income received from the provision of resources, budget loans, funds raised from international and local donors, the Company's own free funds, as well as other sources not prohibited by law.

7. The process of formalizing the resource provision agreement includes the following key stages:

The Company informs partner – organizations through its official website and social media about the provision of financial resources for the implementation of projects aimed at production, providing services, introducing "green" and energy-efficient technologies, or

Unofficial translation. For reference only.

considers applications submitted by partner organizations on the initiative of the organizations themselves;

Partner – organizations submit applications for financial resources and relevant documents through the Information System or by email.

The partner organizations and/or the authorized person who signs the documents are responsible for the completeness and accuracy of the submitted documents.

Based on the requirements specified in Annex 2 to the Regulation, the department of the Company responsible for providing financial resources prepares the relevant conclusion and sends it for review to the authorized body of the Company

The authorized body of the Company reviews the submitted applications and documents, selecting the acceptable applications.

In case of providing resources for the provision of Islamic finance services, mandatory approval from independent experts on Islamic finance is required. (In the case of providing resources for services related to Islamic finance, mandatory approval from independent experts in the field of Islamic finance is required.)

8. The Company's resources are provided based on the volumes and conditions (as per the amount and terms) specified in Appendix No. 3 to this Regulation. For legal entities that have implemented the principles of Islamic financing, the volumes (amounts) and terms established for leasing companies apply. In the case of providing mortgage services, equity participation, and other similar direct support from the Company to business entities, it is also possible to provide loans (leasing) through partner - organizations using the Company's resources for the implementation of projects aimed at production, provision of services, introduction of "green" and energy-efficient technologies, including the acquisition of land plots, construction of buildings and structures, provision of working capital, and other areas not prohibited by law.

9. The Company's resources are provided based on the volumes and conditions (as per the amount and terms) specified in Annex No. 3 to this Regulation. For legal entities that have implemented the principles of islamic financing, the volumes (amounts) and terms established for leasing companies apply

10. After a positive decision is made by the Company, an agreement is concluded with the partner organization for the provision of resources.

11. The directions for which the Company does not provide resources are indicated in Annex No.4.

12. The term for the use of the resources provided by the Company is not subject to extension.

13. The targeted use of the loans provided using the Company's resources is subject to monitoring by the partner organizations.

In the case of misuse of resources, the partner organizations are obligated to return the resources early within 3 business days.

14. To provide financial resources, the Company requires the following:

- a) an application from the partner organization;
- b) justified information about the assets and liabilities;
- c) collateral security (except for commercial banks).

If necessary, the Company may request additional documents.

To direct the resource funds to loans granted by commercial banks to business entities

using their own funds, a request must be submitted no later than 10 business days.

15. When providing financial resources to leasing and microfinance organizations, as well as legal entities that have implemented the principles of Islamic financing, collateral is accepted based on the "Procedure for the selection and acceptance of collateral for financial support instruments" of the Company.

The assets accepted as collateral must be obligatorily insured.

16. The enforcement of the collateral is carried out in accordance with the Civil Code of the Republic of Uzbekistan and the Law of the Republic of Uzbekistan "On Collateral

### **Chapter 3. Interest and Payments on Provided Resources**

17. Unless otherwise stipulated by mandatory regulations, any payments made to the Company by partner organizations under the resource provision agreement shall be applied towards the fulfillment of the partner organization's obligations in the following order: a) overdue interest or profit share;

- b) overdue principal debt or financing amount;
- c) current (due) interest or profit share;
- d) current principal debt or financing amount;
- e) accrued penalties and fines.

18. If the payment date under the resource provision agreement falls on a non-working day in the Republic of Uzbekistan, the payment must be made on the next working day, including the accrual of interest for the non-working days.

19. The interest rate on the Company's resources provided in national currency through commercial banks (in the form of loans or leasing) shall be set not lower than the base rate of the Central Bank of the Republic of Uzbekistan. For loans (leasing) provided in foreign currency, the rate shall be determined by the Company's Supervisory Board.

Legal entities that have implemented Islamic financing principles shall include a provision for profit and loss sharing in the resource provision agreement. The amount of profit and loss sharing with such legal entities shall be determined in the resource provision agreement.

20. The Company's Supervisory Board shall determine the amount and conditions of loans (leasing) provided by partner organizations using the Company's resources.

21. Repayment of the principal amount, payment of accrued interest, and profit shares shall be carried out in accordance with the payment schedule approved in the resource provision agreement.

22. The resource amount and the interest accrued thereon, as well as profit shares, shall be paid by partner organizations to the Company within the timeframes established in the payment schedule of the resource provision agreement, regardless of the actual recovery of such amounts from the end borrower.

Interest on the provided resources shall be accrued based on the following day-count conventions: 365 days per year for resources denominated in national currency, and 360 days per year for resources denominated in foreign currency.

Interest on the resources shall be calculated using the following formula:

$\text{Outstanding resource amount} \times \text{Interest rate} \times \text{actual number of days} / 365 \text{ (or 360)}.$
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#### **Chapter 4. Final provisions**

23. Amendments and additions to this Regulation shall be made by the Supervisory Board of the Company.

24. Persons found responsible for violating the provisions of this Regulation shall bear liability in accordance with the procedure established by applicable legislation.

25. Disputes arising in connection with the implementation of this Regulation shall be resolved in accordance with the procedure established by law, including judicial proceedings.

Annex 1 to the Regulation on the  
Procedure for Allocating Resources for  
the Provision of Loans (Leasing) by the  
Joint-Stock Company  
“Entrepreneurship Development  
Company”

**SCHEME**  
**Provision of Resources by the Joint-Stock Company “Entrepreneurship Development Company”**

Stages	Parties	Measures	Term of execution
1- Stage	Company, organizations- partners	The Company informs, through its official website, social media platforms, or other communication channels, about the areas for which resources are allocated and/or partner - organizations submit a request for the provision of financial resources.	As required
2- Stage	Organizations- partners	Submits an application and the required documents through the information system, email, or other means of communication.	10 business days
3- Stage	Company	Reviews the submitted applications and relevant documents and makes a decision on the provision of the resource or refusal thereof.	5 business days
4- Stage	Company, organizations- partners	Upon making a positive decision, an agreement on the provision of resources is concluded between the Company and the partner organization.	5 business days

Annex 2  
to the Regulation on the Procedure for Allocating  
Resources for the Provision of Loans (Leasing) by  
the Joint-Stock Company "Entrepreneurship  
Development Company"

**Requirements for partner organizations to receive resources:**

1. Are registered and operate within the territory of the Republic of Uzbekistan;
2. Are not undergoing liquidation and have no insolvency proceedings initiated against them;
3. As of the application date, have no overdue debt on loans (leasing, bank guarantees, letters of credit) and taxes (except for commercial banks);
4. Have no prior debts that led to litigation (except for commercial banks);
5. Do not have a credit rating of "D" or below, nor a negative history regarding previously received assistance from the Company (except for commercial banks). The credit rating is determined based on data from the CATM credit bureau;
6. Have not ended financial activities with a loss in the most recent reporting year (except for commercial banks with a state share of 50% or more);
7. Leasing companies must have existed and operated for at least 2 years and possess a positive auditor's opinion (except for leasing companies operating under Islamic financing principles);
8. Microfinance organizations must have sufficient authorized capital and a positive auditor's opinion;
9. According to information published and/or provided by the Central Bank, the NPL (non-performing loan) ratio does not exceed 5% (except for commercial banks with a state share of 50% or more, as well as leasing and microfinance organizations established under their auspices);
10. Have no debt listed in Card File No. 2 (except for commercial banks);
11. For leasing companies, at least 90% of the turnover on bank accounts must relate to leasing operations;
12. Commercial banks must have a "stable" rating from international rating agencies (except for commercial banks with a state share of 50% or more).
13. The capital adequacy ratio of microfinance organizations must be at least 10%;
14. The total amount of all large risks (amounts to one borrower or a group of related borrowers exceeding 10% of the organization's own capital) of a microfinance organization shall not exceed five times its own capital; In other words, the aggregate amount of all large exposures (i.e., exposures to one borrower or a group of related borrowers, each equal to or exceeding 10% of own capital) must not exceed five times the microfinance organization's own capital.
15. Legal entities providing Islamic financing services must establish a specially designated board, and such services must be delivered in accordance with the requirements of applicable legislation and the directives of this board. To offer Islamic financing services, legal entities are required to create a special board, and the services must be carried out in compliance with legal requirements and the instructions of the said board.

*\*Note: Resources may be provided to partner organizations that do not meet these requirements under the guarantee of a state commercial bank that complies with the specified requirements.*

Annex 3  
to the Regulation on the Procedure  
for Allocating Resources for the  
Provision of Loans (Leasing) by the  
Joint-Stock Company  
"Entrepreneurship Development  
Company"

**Amount and Terms of Loans (Leasing) Provided from the Financial Resources of the  
JSC "Entrepreneurship Development Company"**

<b>№</b>	<b>Recipients of resources</b>	<b>Category of entrepreneurs</b>	<b>Объём (Сумма) и срок поддержки</b>
1	Commercial banks	Small <b>business entities</b>	up to the equivalent of <b>1.5 billion sums</b> for a term of up to <b>7 years</b>
		Medium-Sized <b>Business Entities</b>	up to the equivalent of <b>5 billion sums</b> for a term of up to <b>7 years</b>
2	Leasing Companies	Small <b>business entities</b>	up to the equivalent of <b>1 billion sums</b> for a term of up to <b>5 years</b>
		Medium-Sized <b>Business Entities</b>	up to the equivalent of <b>5 billion sums</b> for a term of up to <b>5 years</b>
3	Microfinance organizations	Small <b>Business Entities</b> and <b>self-employed individuals</b>	Up to the equivalent of <b>300 million sums</b> , for a term of up to <b>3 years</b>

\* The allocation of resources is carried out by the Executive Body of the Company based on proposals from partner organizations.

\*\* Resources are allocated to commercial banks at an interest rate not lower than: the resource source rate plus a 1% margin of the Company.

\*\*\* Resources are allocated to leasing companies and microfinance organizations at an interest rate not lower than: the resource source rate plus a 2% margin of the Company.

\*\*\*\* For legal entities implementing Islamic financing principles, the projected profit on Islamic financing resources shall be approved by mutual agreement of the parties.

\*\*\*\*\* No additional financial support from the Company is provided for loans (leasing) issued by leasing companies and microfinance organizations using resources allocated by the Company. Compare with clause 8.

Annex 4 to the Regulation on the  
Procedure for Allocating Resources  
for the Provision of Loans (Leasing)  
by the Joint-Stock Company  
“Entrepreneurship Development  
Company”

**Areas in Which the Company Does Not Provide Financial Resources:**

- Establishment of casinos (gambling houses), billiard clubs, and activities related to the production and/or sale of alcoholic beverages and tobacco products;
- Establishment and operation of wholesale trade;
- Buildings and equipment of separately established public catering facilities and automobile filling stations (excluding trade and service facilities, roadside infrastructure facilities, including the operation of automobile filling stations, trade and public catering facilities within a complex, as well as buildings and equipment used for the application of ‘green’ technologies, including those intended for charging electric vehicles)
- Repayment of previously obtained loans (leasing) or other debt obligations;
- Establishment and operation of insurance companies;
- Purchase of passenger vehicles not involved in production processes under the supported projects;
- Projects implemented in the field of agriculture (except for buildings and equipment used for storage, processing, and packaging of agricultural products).

*\* The provision of financial resources for areas not listed above may be considered by the Company on a case-by-case basis.*