«APPROVED»
Appendix No. 3 to the Decision of the Supervisory Board of the Joint-Stock Company “Entrepreneurship Development Company” No. 9/24 dated 2 October 2024

(As revised by the Minutes of the Meetings of the Supervisory Board dated 23 December 2024 No. 11/24 and dated 28 April 2025 No. 3/25, with amendments and additions introduced)

REGULATIONS ON THE PROCEDURE FOR PROVIDING DEBT FINANCIAL ASSISTANCE BY THE JOINT-STOCK COMPANY “ENTREPRENEURSHIP DEVELOPMENT COMPANY”

“INTRODUCED”
by the Executive Body of JSC “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. This "Regulations on the Procedure for Providing Debt Financial Assistance by the Joint-Stock Company 'Entrepreneurship Development Company'" (hereinafter — the Regulations) is developed in accordance with the Law of the Republic of Uzbekistan "On Joint-Stock Companies and the Protection of Shareholders' Rights" and Presidential Decree No. UP-193 of 10 November 2023, and regulates the process of providing debt financial assistance by the Joint-Stock Company "Entrepreneurship Development Company" (hereinafter — the Company) to small and medium-sized business entities.

2. To ensure the implementation of the Resolution of the President of the Republic of Uzbekistan No. PP-366 of 15 November 2023, and taking into account the need to support entrepreneurial projects that contribute to the transition of small businesses into the category of medium-sized enterprises, as well as the financing needs of entrepreneurial projects of small and medium-sized business entities and companies established with the primary participation of small, medium, and large business entities, the Company provides debt financial assistance for the implementation of targeted projects.

3. The following terms are used in these Regulations:

project initiator — a small or medium-sized business entity that has applied for debt financial assistance to finance its entrepreneurial project;

debt financial assistance — a separate type of financial assistance provided by the Company in the form of a service mortgage, representing a relationship in which one party (the Company), on behalf of the other party (the Project Initiator), carries out procurements intended for use for designated purposes and within established deadlines, followed by the transfer of funds to the Project Initiator's settlement account on demand, under the condition of their repayment in accordance with the repayment schedule set by the Company, taking into account an annual interest markup;

project — a business project submitted by the Project Initiator to the Company for the purpose of using debt financial assistance;

target project direction — the regions, sectors, and areas for which debt financial assistance is provided, based on the policy and strategy for supporting entrepreneurship;

conditions of debt financial assistance — a set of requirements including deadlines for submission of applications for the use of debt financial assistance, the target project directions to which such assistance is provided, the terms and interest rates for its repayment, the eligibility of Project Initiators, and other admissibility criteria;

open selection — the process of selecting a project or project initiator by the Company to determine its compliance with the financing conditions for the provision of debt financial assistance;

application questionnaire — a document prepared when applying to the Company for participation in the selection. As part of the selection for the provision of debt financial assistance, the Company provides a sample application questionnaire, a sample project passport, and a list of additional documents submitted to confirm the information indicated in the application questionnaire.

authorized body of the Company — the responsible collegial body of the Company that makes decisions on project selection and financing (appointed on the basis of the relevant order);

loan security — types of collateral provided for debt financial assistance. The types of collateral, as well as the procedure for their acceptance and registration, are determined in accordance with the "Regulations on the Procedure for Selecting and Accepting Collateral for Financial Support Instruments in the System of JSC 'Entrepreneurship Development Company'";

target loan agreement — an agreement signed between the Company and the Project Initiator, which includes the obligations and rights of the parties regarding the provision of debt financial assistance, the project indicators to be achieved, the Project Initiator's procurement plan, the terms, interest rates and payments under the debt financial assistance, the conditions for their execution, the collateral, and other terms and obligations;

system — the Company's "Tadbirkor" information system and/or email, through which document exchange between the Company and Project Initiators is carried out at all stages of providing debt financial assistance;

principal founder — a founder whose share in the charter capital of the Project Initiator exceeds 50 percent, and who is a small, medium, or large business entity.

4. **Debt financial assistance is provided to business entities operating for at least 1 year in the following amounts:**

small business entities with annual revenue exceeding 6 billion UZS and with at least 15 jobs at the date of application — up to 5 billion UZS;

medium business entities with at least 15 jobs at the date of application — up to 5 billion UZS;

medium business entities with at least 35 jobs at the date of application — up to 10 billion UZS;

medium business entities with at least 35 jobs at the date of application and annual revenue exceeding 50 billion UZS — up to 20 billion UZS.

Also, in cases where the principal founder, operating for at least 1 year, participates as an additional borrower or guarantor under the debt financial assistance agreement, debt financial assistance may be provided to the Project Initiator within the following limits:

within the conditions established for small business enterprises, provided that the principal founder's annual revenue exceeds 6 billion UZS and at least 15 jobs exist at the date of application;

within the conditions established for medium business enterprises, provided that the principal founder's annual revenue exceeds 10 billion UZS and at least 35 jobs exist at the date of application.

5. The Company makes decisions on providing debt financial assistance based on its own funds and attracted resources, and on the basis of a business plan.

6. The provision of debt financial assistance and coordination of activities are carried out by the Project Management Center (hereinafter — the Center).

7. The main stages of implementing debt financial assistance are carried out in the manner established in Appendix 1 to these Regulations.

Chapter 2. Eligibility of the Project Initiator

8. Debt financial assistance is provided to project initiators on the principles of payment, security, timeliness, repayment, and targeted use.

9. The creditworthiness of project initiators that meet the requirements established in Appendix 2 to these Regulations is determined in accordance with Appendix 3 to these Regulations.

Debt financial assistance is not provided to project initiators that have a creditworthiness level of third class or lower, as well as those with a non-liquid balance sheet. If the creditworthiness level is third class, debt financial assistance may be provided only on the condition that collateral in the form of immovable property, vehicles, and specialized machinery (except agricultural machinery) is provided in an amount of at least 125% of the debt financial assistance.

10. Enterprises that have overdue debt to the Company under previously provided financial assistance are not eligible for new financial assistance until full repayment of such debt.

11. If, as of the date of application, the project initiator has an outstanding balance on existing debt financial assistance, the initiator may again benefit from debt financial assistance within the limits established in paragraph 4 of these Regulations, provided full compliance with payment discipline and absence of any overdue debt.

Chapter 3. Project Eligibility

12. The project direction must correspond to the target project directions specified in the call for proposals for debt financial assistance announced by the Company.

13. The Project Initiator's equity participation in the project must be at least 30 percent. All material assets of the Project Initiator directly involved in the project may be counted as the Initiator's equity contribution.

14. The maximum term for using debt financial assistance must not exceed 7 years.

If the debt financial assistance is used for replenishing working capital, the maximum term must not exceed 18 months.

Also, taking into account the type and specifics of activities, debt financial assistance may be provided through the opening of a financial (revolving) credit line for a term not exceeding 36 months, with the obligation to repay the debt (or tranche) every 12 months. Within the limits of the repaid principal amount of the target loan, several individual agreements may be concluded simultaneously.

The maximum amount of debt financial assistance allocated for working capital replenishment must not exceed 50 percent of the amount established in paragraph 4 of these Regulations.

15. The grace period on the principal debt is established in the target loan agreement based on the characteristics of the project.

16. Debt financial assistance is not provided for types of entrepreneurial activity specified in Appendix 4 to these Regulations.

Chapter 4. Procedure for Selection and Evaluation

17. Information on the conduct of the open selection process for providing debt financial assistance, as well as on the projects selected based on the results of the competition, shall be published on the official website of the Company and on social media platforms.

The open selection process may be conducted by the Company's authorized body on an ongoing basis within the parameters established by the decision of the

Company's Asset and Liability Management Committee.

18. Project Initiators shall submit to the Company, through the system and within the established deadlines, an application questionnaire along with electronic copies of documents attached to it, confirming the information indicated in the questionnaire.

19. The Project Initiator and/or the person who signed the documents is responsible for the completeness, accuracy, and authenticity of the submitted documents.

20. If the documents submitted together with the application questionnaire are incomplete, the Company notifies the Project Initiator of the need to provide the missing documents or to correct deficiencies. If the Project Initiator fails to submit a complete package of required documents, the Company must return the previously submitted documents to the Initiator.

21. The Company is entitled to request additional supporting documents necessary to evaluate the Project Initiator's project.

22. Based on the information provided in the application questionnaire, and in accordance with the criteria established in Chapters 2 and 3 of these Regulations, a preliminary assessment of the eligibility of the Project Initiator and the project is conducted.

23. For applications that pass the preliminary assessment, an on-site preliminary review of the project is carried out by the Company's territorial representative, or, in their absence, by a staff member of the Center. During this review, the following aspects are examined:

the feasibility of implementing the project in the proposed location;

availability of necessary infrastructure;

availability (or formation) of the Initiator's own equity contribution sources for project implementation;

prospects for project development;

absence of negative environmental and social impacts;

loan security and other relevant conditions.

24. Based on the results of the review, the territorial representative, or in their absence, a staff member of the Center, prepares and submits a conclusion for each project.

25. Projects for which debt financial assistance is planned to be allocated are selected, based on the results of the analysis, in descending order taking into account the number of jobs created during the implementation of the project, as well as its

efficiency (profitability), and are approved within the limit established for the respective territory.

26. Projects that provide for the introduction of green and energy-efficient technologies are given priority.

27. Based on the analysis of the submitted documents, the Center prepares the corresponding conclusion and submits it for review to the authorized body of the Company.

28. The authorized body of the Company, after receiving the full set of required documents, makes the corresponding decision, and the Project Initiator is notified of this decision within a period not exceeding 30 days.

Chapter 5. Conditions and Procedure for Providing Debt Financial Assistance

29. If the authorized body of the Company makes a positive decision on the Project Initiator's project, a target loan agreement is presented to the Project Initiator for signature.

30. The interest rate for debt financial assistance is established based on the decision of the Company's Asset and Liability Management Committee, and it may not be lower than a rate exceeding the Central Bank's base rate by 4 percentage points.

31. To receive debt financial assistance, collateral in the amount of at least 125% of the debt financial assistance is required. The acceptance and registration of collateral are carried out in accordance with the "Regulations on the Procedure for Selecting and Accepting Collateral for Financial Support Instruments in the System of JSC 'Entrepreneurship Development Company'."

32. After the target loan agreement is signed between the Company and the Project Initiator, the Company transfers the debt financial assistance funds to the Project Initiator's demand deposit account for carrying out the relevant procurements in the forms and within the timeframes specified in the procurement plan attached to the agreement.

33. The targeted use of debt financial assistance funds provided by the Company is subject to monitoring by the Company. In cases where misuse of funds is detected, compensation for damage and lost profit is carried out based on the target loan agreement signed between the parties.

34. If the share of problematic loans in the Company's debt financial assistance portfolio exceeds 4 percent, the provision of debt financial assistance is temporarily suspended or its conditions are subject to revision.

Chapter 6. Procedure for Monitoring the Targeted Use of Debt Financial Assistance

35. After the funds are credited to the Project Initiator's settlement account, the Initiator must submit to the Company payment orders, confirmed by the servicing bank, evidencing their targeted use in accordance with the terms of the purchase (service) agreement, as well as copies of documents confirming the delivery of goods, performance of works, or provision of services.

36. After the funds are allocated, the process of reviewing the targeted use of the project is carried out by the Company's territorial representatives, or in their absence, by employees of the monitoring department.

37. Project and collateral monitoring is conducted in accordance with the monitoring schedule through on-site inspections by the Company's territorial representatives, or in their absence, by employees of the monitoring department.

38. The Company is entitled to terminate the debt financial assistance agreement early and to take measures for early recovery of the outstanding debt in the following cases, if the Project Initiator:

fails to implement the project in accordance with the feasibility study (business plan);

violates the conditions of the target loan agreement for the provision of debt financial assistance;

significantly worsens the condition of the collateral;

in other cases provided for by law.

Chapter 7. Final Provisions

39. The Company provides debt financial assistance on the basis of risk acceptance, and the Company's employees bear no responsibility for the non-implementation of the project or its consequences.

40. Other rules not provided for in these Regulations shall be established by the Company's Supervisory Board.

41. Persons found responsible for violating the requirements of these Regulations shall bear liability in accordance with the law.

42. Disputes arising from the implementation of these Regulations shall be resolved in court in accordance with the law.

Appendix 1 to the Regulations On the Procedure for Providing Debt Financial Assistance by the Joint-Stock Company "Entrepreneurship Development Company"

Scheme for Providing Debt Financial Assistance

Stages	**Actions to be Performed**	**Responsible**
1-stage	Conducting the selection process within the approved directions. The selection period and conditions are published on the Company's official website and on social media	Executive Body of the Company, Center, Information Service
2-stage	Submission of application data through the system.	Project Initiators
3-stage	The application data undergo scoring, and projects that successfully pass the scoring are examined on-site by the territorial representative, or in their absence, by a staff member of the Center, after which a conclusion is prepared.	Territorial Representative
4-stage	Submitted projects are selected based on the initial documents.	Authorized Body of the Company

Stages	Actions to be Performed	Responsible
5-stage	Negotiations are held on the preliminarily selected projects.	Project Initiator, Center
6-stage	Based on the project documentation, a conclusion is prepared regarding the solvency of the Project Initiator, as well as the efficiency of the project and its compliance with the established criteria for providing debt financial assistance.	Center
7-stage	If a positive decision is made, a target loan agreement is concluded between the Project Initiator and the Company *(projects selected within the competition are published on the official website and on social media).*	Authorized Body of the Company, Information Service Department
8-stage	In accordance with the procurement plan attached to the target loan agreement signed with the Project Initiator, the transfer of funds is carried out.	Relevant structural units of the Company
9-stage	Timely and full fulfillment of the obligations established in the target loan agreement (achievement of the target indicators set in the project).	Project Initiator
10-stage	Ensuring control over payment discipline and carrying out monitoring activities.	Territorial Representatives / Monitoring Department

Appendix 2 to the Regulation On the Procedure for Providing Debt Financial Assistance by the Joint-Stock Company "Entrepreneurship Development Company"

CRITERIA ESTABLISHED FOR THE FINANCIAL CONDITION AND CREDIT HISTORY OF PROJECT INITIATORS

As of the date of the Project Initiator's application:

1. Financial condition:

a) must not be in the process of liquidation;

b) no bankruptcy proceedings must be initiated against them;

c) must not have operated at a loss during the last 1 year;

d) must not have overdue debts recorded in Ledger No. 2 or debts to the state budget;

e) must not have overdue debt on credit and credit-equivalent operations (hereinafter — credit).

2. Credit history:

a) the credit history according to the Credit Bureau "Credit Information and Analytical Center" certificate must have a rating not lower than C (average);

b) no court proceedings relating to loan indebtedness must have occurred during the last 1 year;

c) there must be no written-off loan debt;

d) overdue loan debt must not exceed 90 days during the last 1 year.

Appendix 3 to the Regulations On the Procedure for Providing Debt Financial Assistance by the Joint-Stock Company "Entrepreneurship Development Company"

METHODOLOGY FOR DETERMINING THE CREDITWORTHINESS LEVEL OF PROJECT INITIATORS

Creditworthiness is the ability of a Project Initiator to repay debt financial assistance on time and in full.

The creditworthiness of Project Initiators is characterized by a number of indicators. The number of indicators is not limited and is determined independently, taking into account the specifics of the Project Initiator's activities.

This methodology reviews mandatory core creditworthiness indicators: coverage and liquidity ratios, provision with own funds (equity ratio / autonomy ratio), dynamics of the availability of own working capital.

It is also recommended to calculate additional indicators: working capital turnover, profitability, and others.

Creditworthiness assessment is carried out based on an analysis of the Project Initiator's balance sheet and income statement. Furthermore, if necessary, data from state statistical authorities and other analytical materials may be used in the assessment.

The main creditworthiness indicators are the following ratios:

1) Coverage Ratio

$$CR = \frac{SLF}{SCL}$$

where:

CR – coverage ratio;

SLF – short-term liquid funds;

SCL – short-term current liabilities.

Short-term liquid funds (SLF) include:

Cash funds (CF):

- line 330 — Cash on hand;
- line 340 — Cash in the settlement account;
- line 350 — Cash in foreign currency;
- line 360 — Other cash and cash equivalents.

Quickly realizable receivables (QRR):

- line 220 — Accounts receivable from customers (minus overdue receivables);
- line 240 — Receivables from subsidiary and affiliated companies;
- line 250 — Advances issued to employees;
- line 260 — Advances issued to suppliers and contractors (for a period not exceeding 3 months);
- line 270 — Advance tax payments to the budget;
- line 280 — Advance payments to state targeted funds and on insurance;
- line 300 — Other employee receivables on operations;
- line 310 — Other accounts receivable (actually recoverable);
- line 370 — Short-term investments (only investments with a repayment period of up to 3 months are counted).

Quickly realizable inventories (QRI):

- line 150 — Production inventories;
- line 170 — Finished goods;
- line 180 — Merchandise.

SCL — short-term current liabilities.

Short-term current liabilities include:

- line 610 — Payables to customers;
- line 630 — Payables to subsidiary and affiliated companies;
- line 640 — Deferred income;

- line 650 — Deferred liabilities on taxes and mandatory payments;
- line 660 — Other deferred liabilities;
- line 670 — Advances received;
- line 680 — Payables to the state budget;
- line 690 — Payables on insurance contributions;
- line 700 — Payables to state targeted funds;
- line 710 — Payables to founders;
- line 720 — Payroll liabilities;
- line 730 — Short-term bank loans;
- line 740 — Short-term borrowings;
- line 750 — Current portion of long-term liabilities;
- line 760 — Other accounts payable.

Taking into account the above:

$$CR = \frac{\text{Cash funds + Quickly realizable receivables (minus overdue accounts receivable, line 211) + Quickly realizable inventories}}{\text{Short-term liabilities}}$$

where:

Cash funds = lines 330 + 340 + 350 + 360;

Quickly realizable receivables = lines (220 + 240 + 250 + 260 + 270 + 280 + 300 + 310) – 211;

Quickly realizable inventories = lines 150 + 170 + 180;

Short-term current liabilities = lines 610 + 630 + 640 + 650 + 660 + 670 + 680 + 690 + 700 + 710 + 720 + 730 + 740 + 750 + 760.

If short-term liquid funds (SLF) exceed short-term current liabilities (SCL) at least twofold (that is, $CR \geq 2$), the financial condition of the Project Initiator may be considered good. This is the upper boundary of the criterion. The lower boundary is defined as the situation in which the Project Initiator has short-term liquid funds (SLF) equal to short-term current liabilities (SCL) (that is, $CR = 1$).

At the same time, factors such as the production-specific nature of the Project Initiator's activities, the structure of assets, and others may distort the actual liquidity condition of the enterprise's balance sheet as reflected by the coverage ratio.

2) Liquidity Ratio

To reduce the influence of various factors, the **liquidity indicator** of the Project Initiator's balance sheet is calculated. This indicator is defined as the ratio of the sum of cash funds and quickly realizable receivables to short-term current liabilities, meaning that inventories are not included, and only truly liquid assets are taken into account. It is calculated as follows:

$$LR = \frac{CF + QRR}{SCL}$$

where:

LR — liquidity ratio;

CF — cash funds;

QRR — quickly realizable receivables;

SCL — short-term current liabilities.

The liquidity ratio shows what portion of current liabilities can be covered not only by available cash funds but also by expected proceeds for goods shipped, work performed, and services rendered.

3) Autonomy Ratio

The provision of the Project Initiator with its own funding sources (also called the autonomy ratio (AR)) is assessed by calculating the share of own funds in the liabilities of the enterprise's balance sheet. This ratio reflects the enterprise's independence from borrowed funds, that is, its financial self-sufficiency.

The autonomy ratio is determined using the following formula:

$$AR = \frac{\text{Own Funds (OF)}}{\text{Balance Sheet Total (BST)}}$$

where:

AR — autonomy ratio;

OF = line 480 (total of section one of liabilities "Own funds") minus line 290 (founders' indebtedness on charter capital);

BST = line 780 (total liabilities) minus line 022 (residual value of intangible assets).

The autonomy ratio (provision of own funds) should not be less than 30 percent. With high working capital turnover and depending on the nature of the enterprise's operations, an acceptable level of this indicator may be slightly lower.

If this ratio exceeds 0.6, that is, 60 percent, the credit risk is considered minimized.

4) Indicator of Availability of Own Working Capital:

OWC = OFS – NCA,
where:
OWC — own working capital;
OFS — own funding sources = OF – line 290 (founders' indebtedness on shares in charter capital) + line 490 (long-term liabilities);
NCA — non-current assets (line 130).

If the Project Initiator's fixed assets and non-current assets (total of section one of the balance sheet assets) exceed its own funding sources, a non-liquid balance is formed.

Additional indicators of creditworthiness include:

- dynamics of own working capital availability;
- profitability;
- outstanding payments;
- working capital turnover.

Table 1

Requirements for the Main Creditworthiness Indicators by Class

№	Indicator Name	Class I	Class II	Class III
	Coverage Ratio (CR)	0	0	1> CR>0,5
	Liquidity Ratio (LR)	LR ≥ 1,5	1,5> LR ≥ 1,0	1>LR >0,5
	Autonomy Ratio (AR)	AR ≥ 60%	60%>AR ≥ 30%	30%>AR>15%

Based on the analysis and the values of the ratios, Project Initiators are classified into 3 creditworthiness classes, and depending on their class, lending relations are established with the Project Initiator.

When determining the creditworthiness class, the indicator used is the average value of the three ratios.

Appendix 4 to the Regulations On the Procedure for Providing Debt Financial Assistance by the Joint-Stock Company "Entrepreneurship Development Company"

Entrepreneurial Activities for Which the Company Does Not Provide Debt Financial Assistance

1. Buildings and equipment required for organizing gambling establishments and billiard halls, and for the production and/or trading of alcoholic and tobacco products.
2. Buildings and equipment for trade and public catering, as well as separately established fuel stations (except for trade and service facilities, roadside infrastructure facilities including fuel and trade points within complexes, and buildings and equipment used for the implementation of green technologies, including electric vehicle charging stations).
3. Acquisition of passenger motor vehicles.
4. Projects implemented in the field of agriculture (except for meat-and-egg production, as well as buildings and equipment used for the storage, processing, and packaging of agricultural products).