



**PROCEDURE FOR THE GRADUAL RELEASE OF COLLATERAL PROPERTY
ACCEPTED AS SECURITY BY TENGE BANK**

Tashkent - 2025

Chapter 1. General Provisions

1. The Procedure for the gradual release of collateral accepted as security by JSC "Tenge Bank" (hereinafter referred to as the Procedure) has been developed in accordance with the legislation of the Republic of Uzbekistan, including the Bank's internal regulations, and defines the process for the phased release of collateral accepted as security for loans, in proportion to the outstanding principal balance of the loan or the substitution of collateral.

2. In the event of changes in the legislation of the Republic of Uzbekistan that require amendments to the provisions of the Procedure, the changes in the legislation of the Republic of Uzbekistan shall take precedence until the Procedure is brought into compliance with the legislation of the Republic of Uzbekistan.

3. The Procedure is binding on all structural divisions and employees of the Bank in the performance of their duties and functions.

Chapter 2. Basic Concepts

4. Basic concepts used in this Procedure:

1) *Bank* - JSCB "Tenge Bank";
2) *Internal Rules of the Bank (IRB)* - duly executed written documents of the Bank, approved in accordance with the established procedure by the authorized body/officials of the Bank, establishing a detailed, clear procedure for conducting banking operations within the framework of the legislation, and serving as guidelines that are binding on the managers and employees of the Bank;

3) *Client* - a legal entity/individual or an individual without legal entity status who has applied to the Bank for credit services;

4) *Pledge/mortgage agreement* - an agreement concluded by the parties in accordance with the procedure established by law, with the aim of ensuring the borrower's full performance of their obligations;

5) *Borrower* - legal entities regardless of ownership form, individual entrepreneurs without legal entity status, individuals (including self-employed persons) who have credit obligations;

6) *Pledge/mortgage* - transfer by one person to another of property or rights to it in order to secure the performance of obligations;

7) *Pledgor* - a person who provides their property as security for the fulfillment of the Borrower's obligations under loans and has the right to apply to the Bank with requests to release the pledged property from the pledge, including replacement of the pledged property;

8) *Loan* - a credit product of the Bank provided in the form of: a trust loan, microloan, consumer loan, car loan, mortgage loan, or other loan/credit, including the provision of online loans issued to individuals, funds provided by the Bank to individuals for purposes not related to entrepreneurial activity, on the terms of urgency, payment, repayment, and in certain cases - for targeted use, with collateral (or without it), in accordance with the legislation of the Republic of Uzbekistan and the requirements of the Bank's internal rules; when providing them to the client, the Bank assumes credit risks;

9) *Credit Agreement* - an agreement concluded between the Bank and the Client for the provision of a loan on the terms specified in the agreement, which may also be drawn up in the form of a Public Offer;

10) *Applicant* - Pledgor or Borrower;

11) *Liquidity* - the ability of an asset to be sold quickly with minimal cash losses associated with the speed of sale;

12) *Valuation/revaluation* - determination of the value of an object by independent valuation organizations in accordance with the legislation of the Republic of Uzbekistan on

valuation activities, as well as by the Bank's services in accordance with the legislation of the Republic of Uzbekistan and the Bank's internal regulations;

13) *Subject of pledge* - any property or property rights transferred by the pledgor to the pledgee as security for the performance of an obligation, with the exception of items withdrawn from circulation, claims inextricably linked to the creditor's personality, in particular, claims for alimony, compensation for harm to life or health, and other rights, the assignment of which to another person is prohibited by legislative acts;

14) *Guarantor* - a legal entity/individual or a natural person without legal entity status who has assumed the obligation to be liable to the Bank for the full or partial fulfillment of the borrower's obligation;

15) *Pledge Register* - a unified information database containing information on creditors' rights to property transferred by debtors as security for the performance of obligations, as well as records of restrictions on the debtor's rights to dispose of and use the property in accordance with the law, and other security-related requirements;

16) *The value for collateral purposes* is the value of the asset securing the loan, which the lender is likely to expect to receive from the sale of that asset on the market in the event of the borrower's insolvency.

17) *Authorized body of the Bank* - a permanent collegial body of the Bank that makes decisions within the scope of its delegated powers, as defined by the relevant regulations on the operation of these bodies (the Bank's Supervisory Board, the Bank's Management Board, the Credit Committee of the Bank's Head Office, the Credit Committee for Business Lending, the Credit Committee of the Branch Network, and the Retail Credit Committee).

18) *Credit Manager* - an employee of the Corporate Business Department, Small and Medium Business Department, or other authorized divisions who performs the functions stipulated in the Rules and job descriptions, including documentary support for the lending process.

Chapter 3. Principles of phased release of collateral provided

5. If multiple collateral items are provided as security for loan repayment (financial instruments), then, provided that the debtor properly fulfills its obligations under the financing agreement and the collateral value of the items, as determined by the Bank's services (taking into account the Bank's reduction coefficient in accordance with its internal rules) at the time of the borrower's/pledgor's written request to reduce the collateral, exceeds the amount of the borrower's outstanding obligations, the Bank may take measures to terminate (amend) the pledge agreement (s) for one or more collateral items in the part exceeding the debtor's obligations.

6. The Bank releases the collateral property from the pledge in order of priority, based on its liquidity (less liquid first) and the level of income generated by the object (less profitable first), with the Bank's Authorized Body determining the expediency of removing a particular collateral item.

7. Part of the property that is an integral component of the production/property complex/enterprise and is necessary for the comprehensive use of the property, including that representing a single technological cycle, such as:

- property of a grain receiving enterprise (real estate and equipment);
- gas stations and oil depots (real estate and equipment);
- agricultural enterprises: elevators, agricultural machinery, and adjacent land (typically based on temporary land use rights);
- property complexes for production or industrial purposes, including plants/factories and other production facilities (real estate with relevant production equipment).

8. When considering a written request from a borrower/pledgor to reduce/replace collateral, the following requirements shall apply, unless otherwise stipulated by a decision of the Bank's Authorized Body:

- no overdue debt as of the date the Bank considers the borrower's/pledgor's request;
- no outstanding and deferred obligations, including those for which grace periods have been established, and/or obligations specified as special conditions (for example, a delay in the registration of title documents/elimination of legal comments on remaining collateral or on the provision of collateral) to be fulfilled by the borrower or pledgor in the future. Consequently, the Bank must have duly executed title, identification, and other documents for the collateral remaining after the collateral has been released at the request of the borrower/pledgor;
- the structure of the collateral, initially provided for in the project in accordance with the requirements of the lending program, must not deteriorate after fulfilling the borrower's/pledgor's request to release the collateral accepted under the relevant lending program;
- The property remaining after the removal of collateral must comply with the Bank's collateral requirements in accordance with the Bank's internal rules.

Chapter 4. Procedure for partial release of credit collateral

9. After the conclusion of the loan agreement and the provision of the loan, certain terms of the loan agreement may be revised and amended at the initiative of either the Bank or the Borrower. All amendments and additions to loan agreements shall come into force after they have been formalized in writing.

10. In the event of partial release of collateral included in the loan security or replacement of the collateral, the debtor's application shall be reviewed in advance by the relevant structural divisions for compliance with the Bank's Credit Policy and the provisions of this Procedure.

11. If the request for partial release of property from the collateral or replacement of the collateral object does not contradict the Bank's Credit Policy and the provisions of this Procedure, the credit manager serving the Applicant shall conduct an interview, based on the results of which an application shall be drawn up in accordance with the established procedure (the application shall be registered on the date of the interview).

12. The period for consideration of the application, provided that a complete set of documents is submitted, is 15 business days from the date of registration of the application with the Bank.

13. Based on the content of the application, the Applicant is provided with a list of documents to be submitted.

14. After registering the application and receiving a complete set of documents, the credit manager:

- verifies the Borrower's fulfillment of obligations;
- calculates the coverage level of outstanding debt with collateral, taking into account the estimated value of the remaining and/or new collateral (if there is a current assessment from the Collateral and Valuation Department);
- prepares a conclusion and a set of documents for consideration by the Bank's authorized body in accordance with the procedure established by the Bank's internal regulations.

15. Changes to the loan agreement terms regarding the release or replacement of collateral are made based on a positive decision by the Bank's authorized body within the limits and restrictions established by the Credit and Collateral Policies, credit product passports, individual lending programs, and the Bank's internal regulations. Following the review, the applicant shall be notified of the decision within 3 banking days from the date of the decision.

16. If the Bank's Authorized Body makes a positive decision, the Bank's structural divisions shall promptly submit the following package of documents to the Bank's Banking Operations Administration Department: the Applicant's application, the decision of the Bank's Authorized Body on the release of collateral, and other documents in accordance with the Bank's

internal rules; for the timely inclusion of the documents in the Bank's Client credit file and the phased release of the collateral.

17. The Bank's Banking Operations Administration Department, together with the Legal Department, shall draw up a supplementary agreement to the loan agreement, relevant collateral agreements, and other documents in accordance with the established procedure. The acceptance of new collateral and its registration shall be carried out in accordance with the Bank's internal rules and credit product specifications.

18. The Bank has the right to refuse to release or replace the collateral if at least one of the following circumstances exists:

- the existence of overdue debt and/or other breach of obligations under loan agreements;
- deterioration of the Borrower's financial condition;
- insufficient value or liquidity of the remaining or proposed collateral;
- encumbrances or other restrictions preventing the acceptance of the property as collateral;
- the type of collateral offered does not correspond to the type of the replaced item (if such correspondence is required by the terms of the product/program);
- reasonable information about potential future restrictions on exercising collateral rights (including legislative changes, planned circulation restrictions, third-party claims, etc.);
- seizure or other restrictions imposed by competent authorities;
- lack of consent from co-borrowers or third parties whose consent is required by the legislation of the Republic of Uzbekistan;
- existence of legal disputes concerning the proposed property or rights to it.

19. If a decision is made to refuse the release of collateral property, including in stages, or to refuse its replacement, the applicant shall be sent a written notification stating the reasons for the refusal, which shall include:

- factual circumstances that served as the basis for the refusal decision;
- recommendations for eliminating the identified violations or deficiencies (if possible);
- information about the applicant's right to reapply after addressing the reasons for refusal.

20. The bank shall be entitled to charge a commission fee for the partial release or replacement of collateral.

Chapter 5. Final Provisions

21. The Procedure shall come into force upon approval by the Management Board of JSCB Tenge Bank.

22. If any provisions of this document conflict with the current legislation of the Republic of Uzbekistan and/or the Bank's Charter, such provisions shall be deemed invalid, and the issues regulated by these provisions shall be governed by the current legislation of the Republic of Uzbekistan and/or the Bank's Charter until appropriate amendments are made to this Procedure.

23. The original of this document shall be stored and its controlled copies shall be provided by the Methodology Department of the Legal Department.

24. The invalidation of this document, introduction of amendments, and other actions shall be carried out by the Developer of this document in accordance with the internal rules of the Bank.

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