Annex
to Resolution of the Management Board of “Garant bank” JSC
dated 3 November 2025
No. 04-11/123

Procedure for the Phased Partial Release from Pledge of Collateral Items, Accepted into the System of “Garant bank” JSC as Loan Collateral, Proportionally to the Outstanding Principal Loan Balance, or for the Replacement of the Pledged Item

This Procedure has been developed in accordance with the Laws of the Republic of Uzbekistan “On Banks and Banking Activity”, “On Pledge”, “On Mortgage”, “On Valuation Activity”, the Regulation “On the Procedure for Classifying the Quality of Assets and Forming and Using Reserves to Cover Possible Losses on Assets in Commercial Banks” (registration No. 2696, dated 14 July 2015), the Regulation “On Minimum Requirements for the Activity of Commercial Banks in Their Relations with Consumers of Banking Services” (registration No. 3030, dated 2 July 2018), as well as the Charter and internal rules of “Garant bank” JSC, and establishes the procedure for the phased partial release from pledge of collateral items accepted into the system of “Garant bank” JSC as loan collateral, proportionally to the outstanding principal loan balance, or for the replacement of the pledged item.

Chapter 1. General Provisions

The following basic concepts are used in this Procedure:

Bank – “Garant bank” joint-stock company;

Pledge Register – a unified database maintained by the Central Bank of the Republic of Uzbekistan, which, in accordance with the requirements of legislation, officially records the rights of creditors to the debtor’s property registered as collateral, as well as restrictions imposed on the debtor’s right to dispose of or use such property;

Agreed Value – the value of the collateral accepted by the Bank, which is applied as the principal indicator in calculating the degree to which a secured loan obligation is covered by collateral;

Pledge (Collateral) – assets and property rights provided for the purpose of securing the performance of loan obligations in accordance with an agreement concluded with the Bank;

Pledge Agreement – a general-type agreement governing relations connected with the provision of collateral to secure the borrower’s obligations under a loan agreement, concluded between the Bank, the borrower and/or their guarantors (owners of property). In this context, it includes the following documents aimed at securing the borrower’s obligations under the loan agreement or other agreements relating to other commercial activities of the Bank: agreements for the pledge of movable property, mortgage agreements, surety agreements, and other transactions concluded in respect of other types of collateral. The requirement for notarial certification of pledge and mortgage agreements is governed by the legislation of the Republic of Uzbekistan and, where necessary, may also be set out in the Bank’s internal documents;

Loan Agreement – an agreement concluded between the Bank and the borrower for carrying out a loan transaction, which establishes the terms of the loan transaction, the rights, obligations and liability of the parties, as well as other relevant terms;

Pledgor (Person Providing the Pledge) – a legal entity or individual who is the owner of, or otherwise holds, the asset, right of claim, securities or other property rights being pledged, and who provides such property or rights to the Bank as collateral for the purpose of securing the performance of obligations under the loan agreement. The pledgor may be the borrower or a third party. Legal entities or individuals may act as third parties, providing their own property as collateral for the purpose of securing the loan. The pledgor is normally the client itself; however, in certain cases an asset belonging to a third party, i.e., property of the person providing the pledge, may also be involved as collateral. In such a case, the pledgor does not become a client of the financial institution and bears no obligation to repay the debt; its obligation, in accordance with the pledge agreement, consists solely in not impeding the financial institution from satisfying its claims out of the pledged asset;

Mortgage Agreement – an agreement concluded between the Bank and the pledgor, pursuant to which immovable property is pledged for the purpose of securing the borrower's obligations under the loan agreement. This agreement specifies the substance and value of the claim secured by the pledge and the time limit for performance of the obligations, as well as a description of the property that is the subject of the pledge. It also determines the party responsible for notarial certification of the mortgage agreement, the procedure for reimbursing expenses connected with the mortgaged property during the term of the mortgage agreement, the procedure for insuring the mortgaged property, and the procedure for the realization (sale) of such property in the event the borrower fails to perform its obligations under the loan agreement;

Mortgage – a form of pledge of immovable property (or of an object of unfinished construction) or of rights thereto, for the purpose of securing performance of an obligation, under which the right of ownership and use of the property remains with the mortgagor. In such case, the pledged property remains in the possession and use of the mortgagor. Under this Procedure, if the debtor fails to perform the loan obligation it has assumed, the mortgage creditor shall be entitled to satisfy its claims out of the pledged property, in the manner established by applicable legislation and with priority over the debtor's other creditors;

Liquid Collateral – assets that can be quickly and easily converted into cash without significant loss of value. Such assets typically include highly marketable instruments, including cash, government bonds and other highly liquid securities. Their sale or provision as collateral does not have a material effect on market price. The liquidity of collateral is the degree to which an asset can be converted into cash within a short period and with minimal price fluctuation;

Liquidation Value – the value that may be obtained from the sale of an asset within a period shorter than that normally required to sell it at market (fair) value;

Market Value of Collateral – the fair (market) value determined as of the valuation date on the basis of comparable properties in the market for the pledged asset, on the basis of mutual agreement between a willing buyer and a willing seller, after proper marketing, wherein both parties have acted knowledgeably, prudently and without compulsion. Market value means the price at which the collateral could be sold within a reasonable period of time under normal market conditions. The existence of market value, particularly for immovable and movable collateral, requires the involvement of a qualified appraiser in the valuation process.

Chapter 2. Partial Release from Pledge

2. A partial release of part of the pledged property from pledge shall be carried out in the following cases:

a) when the client has repaid part of the loan debt and the value of the remaining collateral is sufficient to cover the outstanding debt;

b) when part of the pledged property has become obsolete, has gone out of use, or has lost its value;

c) when the client maintains sufficiency of collateral by providing additional security (new collateral);

d) when, by decision of an authorized body (court), a certain part of the collateral must be released from pledge.

3. In every case, a partial release shall not increase the overall risk level of the loan, and the collateral coverage ratio, within the established norm, shall not be less than 125 percent of the outstanding loan balance secured by the collateral.

Chapter 3. Replacement of Loan Collateral

4. Replacement of loan collateral shall be carried out in the following cases:

a) when part of the pledged property has become obsolete, has gone out of use, or its liquidity has decreased;

b) when the pledged object needs to be sold or transferred to third parties;

c) when, from the standpoint of the Bank's interests, renewal of the collateral is found to be necessary;

d) when, in the cases referred to above, the borrower provides new, more liquid collateral.

5. In every case, replacement of loan collateral shall not increase the overall risk level of the loan, and the collateral shall not be less than 125 percent of the outstanding loan balance.

Chapter 4. Stage of Review and Analysis of the Process

6. The processes of replacing loan collateral and releasing collateral from pledge shall be carried out in accordance with this Procedure, on the basis of an official application by the debtor, in accordance with the Bank's internal rules and applicable legislative acts.

Applications may be submitted in written or electronic form.

Applications shall have equal standing regardless of their form.

Applications received through the Bank's official website or its official e-mail address shall be recorded as electronic applications.

Applications received through the Virtual and People's Reception Offices of the President of the Republic of Uzbekistan, the "Trust Telephone" of the Prosecutor General's Office, as well as through the Central Bank's portal, shall be recorded as electronic appeals.

Regardless of the type of application, it shall be recorded by the responsible employee at the Bank's Records Office (Chancellery) and the Operations Department/banking services office (hereinafter – the BSO).

7. The application shall be accompanied by the following documents:

the loan agreement and the pledge agreement;

cadastral (or technical passport) documents relating to the pledged object;

documents substantiating the value of the part of the collateral to be partially released and of the remaining collateral, or of the new collateral object being pledged (documents, certificate of title, technical passport, independent appraiser's report, etc.).

8. The application and the accompanying documents shall be reviewed by the lending division of the BSO.

9. The lending division of the BSO shall visit the location of the collateral and draw up an inspection report, including photographs and location data, which shall be approved by the responsible manager.

10. The adequacy of the collateral shall be recalculated on the basis of the value determined as a result of the revaluation.

11. On the basis of this analysis, the lending division of the BSO shall prepare a conclusion, which shall be approved by the responsible manager, after which these documents shall be submitted to the BSO credit committee for a decision to be made.

12. The BSO credit committee shall issue a preliminary decision and submit it to the Head Office by letter.

Chapter 5. Procedure for Decision-Making and Execution

13. Amendment of loan collateral shall be carried out by the relevant lending department of the Head Office based on the amount of the outstanding loan debt, as well as the liquidity of the new collateral property being provided and the degree of loan coverage.

14. If release of the pledged property from pledge or replacement of the pledged object is refused, the applicant shall be notified accordingly, with reasons given.

15. The final conclusion shall be adopted by the Loan Portfolio Monitoring Division of the Problem Assets Management Department of the Head Office.

16. If the conclusion is positive, the BSO shall execute an additional agreement to the loan agreement and the pledge agreement, which shall be approved in the manner established by legislation and the Bank's internal rules.

17. The Problem Assets Management Department of the Head Office, on the basis of the conclusion of the relevant lending department of the Head Office, shall carry out the work of partially releasing the collateral and replacing the pledged object.

18. The BSO shall send an official letter to the relevant state authorities regarding the imposition or removal of a restriction (encumbrance).

19. After the process has been fully completed, all documents shall be placed in the loan file and reflected in the pledge register.

20. All changes, additional agreements and conclusions shall also be retained in the form of electronic documents.

21. The time limits for this process shall be applied on the basis of the Regulation of the Board of the Central Bank of the Republic of Uzbekistan "On Minimum Requirements for the Activity of Commercial Banks in Their Relations with Consumers of Banking Services".

Chapter 6. Final Provisions

22. Amendments and additions to this Procedure shall be made only by decision of the Bank's Management Board.

23. Persons found guilty of violating the provisions of this Procedure shall be held liable in accordance with legislative acts and the Bank's internal rules.