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Sustainable Finance Framework

Welcome

At Business Development Bank we strive to become the leading innovative bank for micro, small, and medium-sized businesses, adapting to changing market needs and offering cutting-edge solutions to our customers. Our values are an integral part of our culture and guide employees at all levels. We continuously strive to improve by introducing new technologies and processes to provide the best experiences and results for our customers. We are committed to our customers and their needs, ready to resolve issues and inquiries promptly while delivering personalized service. We aim to exceed customer expectations by offering innovative and unique solutions that go beyond traditional banking services.

Our mission is to serve for the benefit of society, the country, and business.

Introduction

History and Evolution

Established in 1994 as JSCB "Gallabank" the institution initially focused on delivering banking services to the agricultural sector, particularly grain production. By November 1994, Gallabank had expanded its reach with 12 branches and employed a workforce of 160.
In 2009, the bank was restructured and rebranded as JSCB "Qishloq Qurilish Bank." This transition marked its entry into the Housing for Integrated Rural Development State Program, positioning it as a key player in rural development projects.
On 4 September 2023, a presidential decree rebranded Qishloq Qurilish Bank as Business Development Bank (hereinafter – "BDB" or "the Bank").

Current Focus and Mission

This strategic reorientation has shifted BDB's focus to providing long-term financing for small businesses, emphasizing below-market rates and relaxed collateral requirements. The Bank is set to become the principal operator of state support for the small business sector in Uzbekistan.
Business Development Bank is committed to nurturing entrepreneurship across all industries and stages of business development. It achieves this through its regional banking service centres and offices throughout Uzbekistan. This reorganization aligns the Bank more closely with government policies and enhances its role in economic development.

Ownership and funding

Ownership Structure

The Business Development Bank is a fully state-controlled entity dedicated to advancing SME business in the Republic of Uzbekistan. As indicated by the Bank's updated shareholder registry, the Fund for Reconstruction and Development of Uzbekistan (UFRD) holds a majority 52.30% stake. The Ministry of Economy and Finance (MoEF) holds a combined 47.16% (which encompasses the 25.11% stake allocated to the National Investment Fund alongside its 22.05% direct holding). The remaining minority stake of 0.54% consists of various legal entities (accounting for 0.52% in total) and individual minority shareholders (accounting for 0.02%), keeping the Bank firmly and ultimately controlled by the Government of Uzbekistan.

Government Support and Capitalization

Following its transformation into Business Development Bank (BDB), the institution continued to operate as a state-controlled, policy-oriented commercial bank with strong government backing. By the end of 2024, the bank's total share capital had risen to UZS 5.206 trillion, and in the first half of 2025, it increased further to UZS 5.695 trillion following an additional capital injection of UZS 488.6 billion from the Ministry of Economy and Finance under Presidential Resolution No. PD-306. Overall capitalization continued to expand through the end of the year; according to the bank's 2025 year-end report, total capital reached UZS 5.269 trillion, reflecting an annual growth of UZS 974 billion (or 22.7%).

Government-linked and development-related funding support remained substantial: total borrowings from government and international financial institutions increased from UZS 17.05 trillion at year-end 2024 to UZS 19.08 trillion by 30 June 2025. This support was complemented by continued state-led institutional expansion, including the rollout of specialized subsidiaries and support platforms, and by new policy measures such as the Cabinet of Ministers' Resolution No. 836 of 29 December 2025 on implementing a German Development Bank-supported financing program for micro, small, and medium-sized businesses.

Through its robust support framework and significant government backing, Business Development Bank is positioned to play a pivotal role in the growth and development of small businesses in Uzbekistan.

Governance, Ethics, and Compliance Framework

Organizational Structure

BDB Bank operates under a two-tier governance framework comprising a Supervisory Board and an Executive Management team, supported by specialized committees. The Board holds ultimate responsibility for strategic oversight, risk appetite, and the integrity of financial reporting, while Executive Management is accountable for day-to-day operations and the implementation of Board-approved policies.

The Board is composed of a majority of independent non-executive directors, ensuring that decision-making is free from conflicts of interest and aligned with the long-term interests of shareholders, customers, and other stakeholders. The roles of Chairman and Chief Executive Officer are formally separated to preserve a clear distinction between governance oversight and executive leadership. The Board has four committees: Audit Committee, Risk Committee, Nominations and Remuneration Committee, and Corporate Governance Committee. Each operates under an approved charter, meets on a regular basis, and reports its findings and recommendations directly to Supervisory Board. The internal audit function reports functionally to the Audit Committee, reinforcing its independence from management.

Anti-Corruption and Ethical Conduct

BDB Bank maintains a zero-tolerance policy toward bribery, corruption, fraud, and all forms of financial crime. This commitment is embedded in the Bank's Code of Ethics and Business Conduct, which applies to all directors, employees, contractors, and agents acting on the Bank's behalf. The Code establishes clear prohibitions on the offering or acceptance of improper payments, gifts, or hospitality, and sets out the procedures staff must follow when faced with ethical dilemmas or potential conflicts of interest. The Bank complies fully with applicable anti-bribery and anti-corruption legislation, including national regulations and relevant international standards such as the OECD Anti-Bribery Convention. An annual mandatory training programme ensures that all personnel understand their obligations under the Code and applicable law. Completion rates are monitored and reported to the Audit Committee.
A confidential whistleblowing mechanism allows employees, customers, and third parties to report suspected misconduct without fear of retaliation. Reports are investigated by an independent compliance function, and findings are escalated to the Audit Committee where material issues are identified.

Risk Management and Internal Controls

The Bank's risk management framework operates on a three-lines-of-defence model. Business lines own and manage risk within approved tolerances as the first line; the Risk and Compliance function provides independent oversight and challenge as the second line; and Internal Audit provides independent assurance as the third line. The Risk Committee oversees the Bank's overall risk appetite and monitors exposure across credit, market, liquidity, operational, and reputational risk categories.

Regulatory Compliance and Transparency

BDB Bank is committed to full transparency in its dealings with regulators, investors, and the public. The Bank publishes audited annual financial statements in accordance with International Financial Reporting Standards (IFRS) and files regular supervisory reports with the relevant regulatory authority. Material developments are disclosed in a timely manner consistent with applicable disclosure obligations.

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Introduction

Sustainability Strategy

BDB is committed to the long-term success of Uzbek entrepreneurs, understanding that a thriving business requires more than capital alone; it needs vision, capability, and the right conditions to grow sustainably. Behind every business is a human story - a unique entrepreneur with aspirations and plans. The Bank helps them create economic value by providing financing and expert advice that enables them to succeed and grow in a quickly changing business landscape.

The Bank is committed to supporting entrepreneurs by:

•Offering entrepreneurs various financing options for every stage of growth

•Acting as a strategic partner for the country's most innovative and high-growth companies through the Bank

•Offering non-financial support and training through regional small business support centres and advisory services

Strategic ESG Vision and Ambition

BDB Bank's 2024–2026 Development Strategy identifies ESG as a core pillar of long-term institutional positioning. The Bank acknowledges that its ESG maturity is currently at an early stage – characterised in the Strategy as "reactive" or "compliance-oriented" – and has set a clear roadmap for progression. Strategic ESG priorities are grouped across the three pillars: transitioning toward carbon neutrality and reducing environmental impact; strengthening client relationships, human capital, and responsible business practices; and improving risk governance structures, including climate risk management.

The Bank has also established a wholly owned subsidiary, Green Energy Service Group, to accelerate renewable energy investment, and signed a €30 million agreement with the French Development Agency focused on women's entrepreneurship and staff training.

Environmental and Social Risk Management

The ESMS Policy establishes the Bank's unified approach to identifying, assessing, and mitigating ESG risks across lending, investment, and guarantee operations. The policy is grounded in internationally recognised frameworks including the IFC Performance Standards, the Equator Principles, the UNEP FI Principles for Responsible Banking, BCBS guidelines on climate-related financial risks, and EBA Guidelines on loan origination with respect to ESG.

The Bank applies a systematic risk categorisation methodology. Physical risks identified as most relevant to Uzbekistan's context include droughts, floods, and water scarcity. Transition risks include regulatory tightening, requirements for climate-related disclosure, and market pressure to support sustainable finance. The Bank maintains an Exclusion List of activities it will not finance on environmental, social, or ethical grounds, and requires Corrective Action Plans (CAPs) for projects with elevated ESG risk. Governance of ESMS is distributed across the Supervisory Board and its Risk Committee, the Management Board, the Credit Approval Department, the Risk Management Department, the Legal Department, and a dedicated Green Banking Division, which acts as the Bank's ESG centre of expertise and coordination.

Climate Risk Management

The Climate Risk Policy (approved by the Supervisory Board in December 2025 and registered in February 2026) provides the dedicated framework for managing financial risks arising from climate change. It was developed in compliance with the Central Bank of Uzbekistan's Strategy for Managing and Supervising Climate-Related Financial Risks in the Banking System for 2025–2027, and is aligned with international standards including the Paris Agreement, TCFD disclosure principles, IFRS S1 and S2, NGFS scenarios, and the GHG Protocol.

The policy distinguishes clearly between physical risks - losses from natural disasters and weather events - and transition risks - financial and operational risks arising from regulatory, technological, and market shifts as economies decarbonise. Climate risk oversight rests with the Risk Supervision Committee of the Supervisory Board, with operational management delegated to the Chief Risk Officer and the Risk Management Department. The Bank commits to incorporating climate scenario analysis and stress testing into its credit portfolio assessment, promoting green financial products for individuals and businesses, and supporting Uzbekistan's national Green Economy Transition Strategy for 2019–2030.

ESG Integration in Lending

The Credit Policy reinforces ESG integration at the transaction level, prioritising the financing of projects with high socioeconomic impact - including job creation, SME development, and support for women-led businesses - while attracting resources from international financial institutions for eligible projects. ESG compliance assessment is to be conducted across all Bank-financed projects.

Disclosure and Next Steps

The Bank has committed to introducing systematic non-financial reporting with public disclosure of ESG performance, digitising over 90% of internal documentation, delivering mandatory ESG training to staff, and expanding its ESG specialist team. These commitments reflect the Bank's intent to transition from a compliance posture to a proactive ESG leadership role within Uzbekistan's banking sector by 2026.

BDB commits to completing the calculation of its operational (Scope 1 and 2) and financed (Scope 3) greenhouse gas emissions by end-2026, using a recognised methodology such as the Partnership for Carbon Accounting Financials (PCAF) standard. Based on these results, BDB will set quantified GHG reduction targets no later than Q2 2027 and publish these targets in its annual sustainability reporting.

BDB shall complete a portfolio-level physical climate risk stress test by end-2026, covering at minimum its real estate and construction loan books. The results will be disclosed in the subsequent annual sustainability report and used to update project eligibility criteria where material risks are identified.

UN Sustainable Development Goals

The banking sector plays a vital role in mobilizing financial resources that contribute to building and sustainably developing the Uzbek society. Through the nature of its activity, the Bank has undertaken the responsibility of supporting and contributing to the implementation of the16 out of 17 Sustainable Development Goals (SDGs) launched by the United Nations in 2015.

Green or Social Bonds issued by Business Development Bank will particularly support achieving the following targets:

Sustainable Finance Framework

Key investment priorities

Renewable Energy

BDB has established renewable energy as a core pillar of its sustainable finance activities, embedding it within a formal Sustainable Finance Framework aligned with international market standards. The Bank finances distributed and utility-scale renewable energy solutions, with a particular emphasis on solar technologies, which are highly relevant in Uzbekistan's energy context. Through targeted loan products and broader green financing channels, BDB supports households and businesses in adopting clean energy solutions such as solar photovoltaic systems and solar thermal equipment. These efforts are complemented by capacity-building initiatives aimed at promoting awareness and uptake of renewable technologies among entrepreneurs. Collectively, these activities contribute to reducing reliance on fossil fuels, enhancing energy security, and supporting the country's transition to a low-carbon energy system.

Energy Efficiency

Energy efficiency has emerged as a key investment theme in BDB's portfolio, reflecting both economic and environmental priorities. The Bank supports investments that deliver measurable reductions in energy consumption across sectors, including modernization of industrial processes, adoption of energy-efficient equipment, and improvements in building performance. Within its sustainable finance framework, BDB prioritizes projects that generate verifiable efficiency gains, thereby contributing to lower operating costs for borrowers while reducing greenhouse gas emissions at portfolio level. The Bank has also identified energy-efficient construction and renovation as an important growth area, linking financial performance with long-term environmental sustainability and improved living standards.

Clean Transportation

BDB is progressively expanding its activities in clean transportation, positioning this sector as an important component of its green finance strategy. The Bank's framework enables financing of low- and zero-emission mobility solutions, including electric vehicles and related infrastructure. While still at a developing stage compared to other segments, BDB has already laid the institutional and policy groundwork necessary to support the scaling up of clean transport financing. By facilitating access to cleaner mobility options, the Bank contributes to the reduction of urban air pollution, decreased fuel dependency, and the gradual decarbonization of the transport sector in Uzbekistan.

MSME Financing

Supporting micro, small and medium-sized enterprises remains at the heart of BDB's mandate and represents one of its most significant investment areas. The Bank has developed a comprehensive ecosystem for MSME support, combining financing with advisory, digital, and institutional services. SMEs constitute a substantial share of the loan portfolio, reflecting BDB's strong focus on entrepreneurship development, job creation, and regional economic growth. Recent institutional enhancements, including the establishment of specialized microfinance and factoring entities, as well as nationwide business support centres and digital service platforms, further strengthen the Bank's ability to serve this segment. This integrated approach enables BDB to address both financial and non-financial barriers faced by MSMEs, enhancing their resilience and growth potential.

Affordable Housing

Affordable housing is a key social investment priority for BDB, aligned with national development objectives and social inclusion goals. Through its Sustainable Finance Framework, the Bank supports the construction and acquisition of housing for low- and middle-income households, with a focus on accessibility, regional coverage, and alignment with government housing programs. BDB also plays a broader role in strengthening the housing finance ecosystem, including participation in mortgage refinancing mechanisms and financing of residential development projects. These efforts contribute to improving living conditions, supporting urban and rural development, and addressing housing affordability challenges, particularly for underserved populations.

Key investment priorities

The Business Development Bank is strongly committed to enhancing sustainability in its entire operations and value chain. This Sustainable Finance Framework (the "Framework") is an important step in aligning the Bank's financing strategy with its sustainability commitments. The alignment of the funding strategy with the Bank's sustainability objectives is considered to be core, so this Framework offers a further opportunity to communicate with investors and other market participants on the Bank's commitments. The aim is also to diversify Business Development Bank's investor base and engage in a sustainable dialogue with socially responsible investors.

Alignment with Market Principles

The Framework is aligned with the following principles and guidelines:

- ICMA Green Bond Principles (GBP) 2025
- ICMA Social Bond Principles (SBP) 2025
- ICMA Sustainability Bond Guidelines (SBG) 2021
- LMA / LSTA / APLMA Green Loan Principles (GLP) 2025
- LMA / LSTA / APLMA Social Loan Principles (SLP) 2025

These are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green, social and sustainable bond markets.

The Green Bond Principles

Green Loan Principles

The Social Bond Principles

Social Loan Principles

The Sustainability Bond Guidelines

Business Development Bank's Sustainable Finance Framework is designed as an umbrella framework that will allow the Bank to issue Green Bonds, Social Bonds, or Sustainable Bonds (together "Sustainable Bonds"), as the case may be. For each Sustainable Bond issued, Business Development Bank asserts that it will adhere to:

(1) Use of Proceeds
(2) Project Evaluation and Selection
(3) Management of Proceeds
(4) Reporting

The Framework also follows the key recommendation of the ICMA Principles with regards to External Reviews. In formulating the Framework care was taken to reflect also the United Nations Sustainable Development Goals ("SDGs") (more details in "Use of Proceeds").

To accommodate potential changes to voluntary market practices, ICMA Principles will be reflected in future versions of the Framework, which will either keep or improve the current levels of transparency and reporting disclosures and will provide for external review by an entity which is eligible or accredited under any such prevailing principles or standards.

Use of Proceeds

An amount equivalent to the Sustainable Bond net proceeds will be exclusively used to finance and/or re-finance, in part or in full, Eligible Green and/or Social Projects (together "Eligible Projects") with a positive environmental and/or social impact. Eligible Projects may include projects, loans, investments and expenditures to private individuals, legal entities, municipalities and the public sector that meet the Eligibility Criteria specified in this Framework.

The distribution of allocated Eligible Green and Social Projects by Eligible Category will be shared with investors and lenders in the relevant annual Sustainable Bond Allocation and Impact Report, to be made publicly available on BDB's website.

Business Development Bank intends to allocate the full amount of net proceeds of Sustainable Bond issuances to projects that have been financed within (i) 24 months prior to issuance (the look-back period), (ii) the current calendar year, and (iii) 3 calendar years following issuance (the look-forward period). The share of refinancing will not exceed 50%.

Eligible Green and Social Projects will be assessed for alignment, where applicable, with the Uzbek Green Taxonomy.

Eligible Green Projects

Eligible Green Category	Eligibility criteria[1]	UN SDGs
Green Buildings	**Financing related to the planning, design, construction, operation, maintenance, renovation, acquisition and ownership of energy-efficient buildings** which meet at least one of the following criteria: **Block A - New buildings:** international certification at LEED Gold / BREEAM Excellent / EDGE level or above **Block B - Renovations of existing buildings:** ≥30% reduction in net primary energy demand or carbon emissions vs pre-renovation, plus mandatory conditions: fossil-fuel heating phase-out. **Block C - Acquisition:** only buildings meeting Block A criteria are eligible.	11 SUSTAINABLE CITIES AND COMMUNITIES **Target 11.6:** By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.
Renewable Energy	Financing related to equipment purchase, acquisition, development, manufacturing, construction, installation, operation, distribution and maintenance of **renewable energy projects** including: • **Solar power** – Solar power set purchase, including solar panels, controllers and inverters; – Use of the services of professional companies for their installation and maintenance. – Construction or operation of electricity generation facilities that produce electricity using solar photovoltaic (PV) technology • **Hydroelectricity Generation of Small Capacity (strictly <25MW)** – The electricity generation facility is a run-of-river plant and does not have an artificial reservoir. • **Energy storage projects** (pumped hydro storages, compressed air energy storages, thermal energy storages and flywheel energy storages); • **Smart grid solutions** for more efficient transmission/distribution of energy as well as monitoring of energy consumption; • **Construction, renovation, or refurbishment of electricity grids** that partly transmit renewable energy: Only assets aimed at increasing the share of renewables[2] in the national electricity grid are eligible. For new projects subject to an Environmental Impact Assessment (EIA), EIA by a credible body is to be carried out with no significant risk or expected negative impact identified.	7 AFFORDABLE AND CLEAN ENERGY **Target 7.2:** By 2030, increase substantially the share of renewable energy in the global energy mix.

1 Note: Any projects, activities, and operations related to oil and gas exploration and extraction, processing and refining, transportation and storage, oilfield services, and fuel distribution will not be financed under this Framework.
2 EU Taxonomy benchmark: ≥67% renewable or <100 gCO$_2$e/kWh

Use of Proceeds continued

Eligible Green Projects

Eligible Green Category	Eligibility Criteria	UN SDGs
Energy Efficiency	Financing related to the development, implementation, maintenance or repair of **products or technologies that reduce energy consumption or improve resource efficiency**. Examples include, but are not limited to: – Improving the energy efficiency of an industrial production process in a factory across various sectors, which aim to achieve an at least 30% improvement in energy efficiency; – Energy efficient lighting (e.g., LEDs); – Fiber-optic networks with minimal environmental impact to replace more energy intensive alternative networks.	7 AFFORDABLE AND CLEAN ENERGY **Target 7.3:** By 2030, double the global rate of improvement in energy efficiency. 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE **Target 9.4:** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
Clean Transportation	Finance or refinance of manufacturing, acquisition, and modernization of **zero direct emission vehicles as well as related infrastructure**[3] and development, manufacture or purchase of key components for clean transportation, including: – Zero-carbon transport: investments in public transportation (buses, trains, trams, ferries etc) as well as passenger and freight vehicles with zero tailpipe emissions, such as electric and hydrogen vehicles (Excluding vehicles that are used for the purpose of transportation and storage of fossil fuels) – Infrastructure related to electric transportation of passengers and freight, such as electrified railways, charging stations for electric vehicles and bicycle paths – Eligible infrastructure does not include parking facilities	11 SUSTAINABLE CITIES AND COMMUNITIES **Target 11.2:** By 2030, provide access to safe, affordable, accessible, and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.

3 Excluding vehicles that are used for the purpose of transportation and storage of fossil fuels. Eligible infrastructure does not include parking facilities.

Use of Proceeds continued

Eligible Social Projects

Eligible Social Category	Eligibility Criteria	UN SDGs

Affordable Housing[4]

4 In Uzbekistan, "affordable housing" generally means housing units or housing finance made available under public support schemes to low- and middle-income or socially prioritized households, with affordability determined mainly by program eligibility rules, income thresholds, social-priority criteria, and preferential or targeted mortgage support, rather than by a single national legal price-to-income formula.

5 Target population:
Low-Income Families: The household per-capita income is compared against the Minimum Consumer Expenditure (MCE - UZS 715000 per person per month for 2026, periodically indexed officially);
Less than the fourth times MCE shall make the applicant eligible
- Women: Single women, divorced or widowed women with dependents, identified through local welfare databases or community programs.
- Women-Headed Households: Identified through government social welfare programs.
- Public Sector Workers with Limited Means: Teachers, medical staff, and public servants earning below a specified income cap.
- First-Time Homebuyers: Verified by the absence of property ownership in government databases.
Young Families: Newly married couples or families with children under 18, prioritized through local housing programs.

Construction of Affordable Apartments and Houses

– Compliance with local building standards ensuring energy-efficient and environmentally sustainable housing.
– Projects must involve construction of residential housing priced below the established regional market rates for low-to-moderate-income populations.
– Priority given to projects in underdeveloped or underserved regions lacking sufficient housing infrastructure.

Financing the Purchase of Affordable Apartments and Houses[5]

– Financing provided exclusively for housing units listed under government-approved affordable housing programs in the primary market[6].
– Loan applicants must meet specific income thresholds as per government-defined "affordable housing" benchmarks[7].
– Homes purchased must meet affordability criteria, including capped square footage and regional price limits.

Construction of affordable housing in urban renewal areas must include evidence that incumbent residents have been consulted and that no involuntary displacement will occur without adequate resettlement support meeting international standards (IFC Performance Standard 5).

The Bank performs ESMS review for all mortgage loans

Target 11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

Target 5.7: Equal rights to economic resources, property ownership and financial services.

6 Decree of the President of the Republic of Uzbekistan, 28.11.2019, №DP-5886 "On additional measures to improve mortgage lending mechanisms".
7 Decree of the President of the Republic of Uzbekistan, 30.04.2024, №DP-70 "On additional measures to improve the mechanisms for allocating mortgage loans and improve the housing conditions of the population in 2024".

Employment generation and protection: Micro-, Small- and Medium-size Enterprises (MSME) financing

To be eligible, the loans must be owned by enterprises that meet all the following criteria:

– Meet the definition of Micro-, Small- and Medium-size Enterprises[8] (in line with the European Union's definition of MSME[9])
– Micro-, Small- and Medium-size enterprises located in underserved, underdeveloped and rural regions in Uzbekistan (Annex B.)

Target 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

8 Business Development Bank defines MSMEs as customers and related customer groups with annual turnover of less than USD 5 million equivalent in the year preceding the segmentation date, or customers whose total liability balance to the bank at the date of segmentation is less than USD 5 million equivalent and a group of related customers.
9 https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en

Exclusionary criteria

For the avoidance of doubt, Business Development Bank will not allocate proceeds from the issuance of Sustainable Bonds to financings related to the following activities:

- The production of or trade in any product or activity deemed illegal under host country (i.e. national) laws or regulations, or international conventions and agreements, or subject to international phase out or bans, such as:

(i) Production of or trade in products containing PCBs[10].
(ii) Production of or trade in pharmaceuticals, pesticides/herbicides and other hazardous substances.
(iii) Production of or trade in ozone depleting substances.
(iv) Production or use of or trade in persistent organic pollutants.
(v) Trade in wildlife or production of or trade in wildlife products regulated under CITES[11].
(vi) Transboundary movements of waste prohibited under public international law.

- Forced evictions[12].
- Thermal coal mining or coal-fired electricity generation capacity.
- Projects, activities, and operations related to oil and gas exploration and extraction, processing and refining, transportation and storage, oilfield services, and fuel distribution.
- Activities involving force-feeding of ducks and geese.
- The keeping of animals for the primary purpose of fur production or any activities involving fur production.
- The manufacture, placing on the market and use of asbestos fibres, and of articles and mixtures containing these fibres added intentionally
- The export of mercury and mercury compounds, and the manufacture, export and import of a large range of mercury added products.
- Activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources or cultural heritage.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- Shipment of oil or other hazardous substances in vessels, which do not comply with IMO requirements.
- Trade in goods without required export or import licenses or other evidence of authorization of transit from the relevant countries of export, import and, if applicable, transit.

Project evaluation and selection

Business Development Bank will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the Eligible Projects, it will strive to replace maturing Eligible Projects with new ones and will provide transparency on the Eligible Project origination timeframe in its annual reporting.

The evaluation and selection process for Eligible Projects is a key process in ensuring that amounts equivalent to the net proceeds from Sustainable Bonds are allocated to projects which meet the Eligibility Criteria outlined in this Framework.

All potential Eligible Projects are subject to Business Development Bank's standard credit process in line with the normal course of business, including:

- Know-Your-Customer (KYC) procedure
- Compliance
- Credit risk analysis
- Relevance assessment (all loans which pass through Business Development Bank's approval process)
- Sector policies (Sensitive business areas are regulated in individual sector policies, e.g., war material, nuclear power, coal, gambling)
- Code of conduct.

Only projects that have been approved through Business Development Bank's standard regular credit process can be considered eligible for a Sustainability Bond.

Identification of Eligible Projects

Eligible Projects are sourced from various eligible sectors and result from the application of the Eligibility Criteria outlined in this Framework, which is the responsibility of the Credit Committee ("CC"). The CC in Business Development Bank is comprised of an extended management and expert team from multiple divisions within the bank, including Treasury, Communication, Sales Management, Risk Controlling, Credit Risk Management and Compliance.

The Credit Committee is responsible for:

- Reviewing, selecting, and validating the Eligible Projects based on the recommendation of the Financial Institutions department, and ensuring the recommended and potential Eligible Projects are aligned with the categories, Eligibility Criteria and Exclusionary Criteria as specified in the Use of Proceeds section above;
- Annually reviewing and approving any proposed changes to the Eligible Projects Portfolio;
- If a project no longer meets the Eligibility Criteria set forth in this Framework, the project will be removed from the register and replaced as soon as a substitute has been identified;
- Ensuring the proposed allocations are aligned with the relevant general policies and Business Development Bank's ESG strategy;
- Overseeing, approving, and publishing the Allocation and Impact Report, including external assurance statements.

The final approval of these projects is governed by Business Development Bank's internal delegation of authority. Depending on the size of the loan and established exposure limits, final financing decisions are made by the designated approving authority. This tiered decision-making structure ranges from Underwriters and specific Credit Committees (including the Small, Big, and Large Credit Committees) up to the Management Board or Supervisory Board. This hierarchy ensures comprehensive, independent oversight commensurate with the project's scale and risk profile.

In addition to the CC, **the Financial Institutions department ("FI")** is actively working on reviewing potential eligible projects and implementing Environmental and Social risk management, thus categorizing potential eligible projects based on their environmental and social impact. Based on their thorough assessment, FI will provide the CC with a report summarizing their recommendations and findings on each potential project.

- For projects intended to be financed using bond proceeds, the evaluation process features a clear segregation of duties between risk assessment and fund management:
- Environmental and Social Assessment: The Risk Management Department is responsible for conducting Environmental, Social, and Governance (ESG) risk assessments. This department evaluates and categorizes potential projects based on their environmental and social impact in strict accordance with the Bank's Credit and ESMS Policies.
- Fund Management and Framework Compliance: The Financial Institutions (FI) department is responsible for the allocation of bond proceeds. FI reviews the projects that have cleared the risk assessment phase to verify their strict alignment with the specific Eligibility and Exclusionary Criteria of this Framework.

In addition to the various eligible sectors listed above, FI will also perform eligibility checks for potential projects using the following tools:

- Climate assessment platform provided by multilateral development banks;
- The Green Technology Selector (GTS) platform from the EBRD's Green Economy Financing Facility (GEFF)[13].

The ongoing **management and governance of the bond portfolio** are collaboratively maintained by the respective approving authorities and the FI department, with responsibilities delineated as follows:

Approving Authorities (Designated Credit Committees / Boards): Responsible for authorizing the underlying credit facilities, ensuring all financed projects align with Business Development Bank's overarching Credit Policy, risk appetite, and ESG strategy.

Financial Institutions Department: Responsible for reviewing, selecting, and validating that the approved projects strictly align with the Use of Proceeds categories defined in this Framework. Tasked with annually reviewing the Eligible Projects Portfolio. If a project is prepaid, cancelled, or otherwise no longer meets the Eligibility Criteria set forth in this Framework, FI ensures the project is promptly removed from the bond-funded register and replaced as soon as a suitable substitute is identified. Responsible for compiling, overseeing, and publishing the annual Allocation and Impact Report, as well as coordinating the issuance of any external assurance statements.

10 PCBs: Polychlorinated biphenyls are a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985.
11 CITES: The Convention on International Trade in Endangered Species of Wild Fauna and Flora. A list of CITES listed species is available from the CITES secretariat.
12 "Forced eviction" refers to the acts and/or omissions involving the coerced or permanent or temporary involuntary displacement of individuals, groups and communities from homes and/or lands and common property resources which they occupy or depend on, thus eliminating or limiting the ability of an individual, group or community to reside or work in a particular dwelling, residence or location, without the provision of, and access to, appropriate forms of legal or other protection.
13 The Green Economy Financing Facility (GEFF) provides financing, advisory services, and subsidies to private sector enterprises to enhance their competitiveness through high-efficiency technologies and methods.

Project Evaluation and Selection

continued

Key steps in Eligible Projects evaluation and selection

The key steps (stages) in the evaluation and selection process of Eligible Projects are:

01 stage	**Regular Credit Process** - Local business and supporting units gather the relevant information for identifying potentially Eligible Projects. - The necessary documentation and information are transferred to the Financial Institutions (FI) department for bond framework eligibility evaluation.
02 stage	**Analysis of potential Eligible Projects** - The FI department performs dedicated eligibility checks using recognized verification tools to verify the project's strict alignment with the Framework's Eligibility and Exclusionary Criteria. - The FI department prepares a recommendation for the compliant projects to be designated as Eligible Projects for bond funding.
03 stage	**Credit Approval and Portfolio Allocation** - Credit Authorization: Depending on the loan amount and established exposure limits, the final decision to authorize the underlying credit facility is made by the respective Approving Authority. - Allocation: Once the credit facility is formally approved by the designated authority, the FI department officially includes the approved, framework-compliant projects into the Eligible Project Portfolio. - The allocation process and portfolio review take place on a regular basis until full allocation of the bond proceeds is achieved.
04 stage	**Monitoring and reporting** - The FI department, in coordination with the respective departments, continuously monitors the Eligible Project Portfolio. - If a project no longer meets the Eligibility Criteria, the FI department ensures it is promptly removed from the portfolio and replaced with a suitable substitute as soon as one is identified. - The FI department is responsible for compiling and preparing the annual Allocation and Impact Report. - The designated governing body oversees and formally approves the Allocation and Impact Report prior to its publication by the FI department.

Identification and Mitigation of Environmental and Social Risks

Business Development Bank has put in place a strong evaluation and selection process, that leverages its existing sustainability and risk management framework, to ensure the mitigation of potential environmental and social risks associated with the Eligible Projects. This is in addition to ensuring that Eligible Projects meet applicable national and international environmental and social standards and regulations.

Business Development Bank has undertaken clear trade-off analysis with regards to the material risk of negative social and environmental impacts from the Eligible Projects. A monitoring process has been established for any risks deemed to be significant.
In consistency with the Bank's Climate Risk Policy and ESMS Policy, for all Eligible Projects with a loan tenor of five years or more, BDB shall conduct a physical climate risk screening covering the following hazards relevant to Uzbekistan: heat waves, drought, flooding, and windstorms. Projects assessed as high physical risk must include documented resilience measures as a condition of eligibility. Projects involving large-scale construction must, as a condition of eligibility: (i) submit a Community Impact Assessment (CIA) endorsed by local authorities; (ii) demonstrate a documented stakeholder engagement plan; and (iii) confirm compliance with Uzbekistan's air quality standards (PM10, PM2.5, NO and NO2) during the construction phase. Renewable energy projects will be expected to submit an Environmental Impact Assessment (EIA) confirming no material biodiversity impact on: i) IUCN Red List habitats within a 10 km radius; ii) Ramsar wetlands; and iii) areas within Uzbekistan's national biodiversity strategy protected zone targets.

Management of Proceeds

An amount equivalent to the net proceeds of any Business Development Bank Green, Social and/or Sustainability Bond(s) will be managed by Business Development Bank's Finance Department on an aggregated basis for multiple Sustainability Bonds (portfolio basis). The Bank restricts temporary placements from instruments materially linked to excluded activities, sets the trigger date for the 24-month substitution and reallocation period (i.e., when ineligibility is identified), provides interim disclosure if reallocation is delayed, and includes a short internal control statement (responsible owner, reconciliation, and whether internal audit periodically reviews the process).

The amount equivalent to the net proceeds from the issuance of any Sustainable bond under this Framework will be credited to a new, dedicated (ring-fenced from regular green finance instrument issue) bank account (i.e. "Sustainable Account") and will be directly managed and overseen by the FI and Treasury departments. A purpose of creating the Sustainable Account is to deposit the green finance instrument proceeds, and subsequently, debit such account, as sustainable projects that require funding. Under this account, there will be labelled sub-accounts for each sustainable bond. The FI department with the respective departments will periodically monitor the use of the net proceeds of the Sustainable Bond(s).

Up until the maturity of the Sustainable Bonds, Business Development Bank will strive to maintain a volume of Eligible Projects in the Eligible Projects Portfolio that matches or exceeds the balance of net proceeds of outstanding Sustainability Bonds and will continue to finance and promote new Eligible Projects.

All Eligible Projects included in the Eligible Projects Portfolio will be registered in Business Development Bank's Sustainability Portfolio which will be established to manage the allocation process.

Quarterly, the Financial Institutions department will review the Sustainability Portfolio to ensure the eligibility of the Eligible Projects selected. If any allocated Eligible Projects are not deemed eligible anymore and are removed from the Sustainability Portfolio, Business Development Bank will strive to substitute these with other Eligible Projects on a best-efforts basis, as soon as practicable and within a reasonable period of 24 months.

Pending full allocation or reallocation, as the case might be, of an amount equivalent to the net proceeds of Business Development Bank's Sustainability Bonds to Eligible Projects, unallocated net proceeds will be held in form of temporary investments such as cash, cash equivalents and/or other liquid marketable investments in line with Business Development Bank's treasury management policies.

As this framework may evolve from time to time to consider the evolution of market standards and regulation, the loans must meet the Eligibility Criteria at the time they are flagged as Eligible Projects, but subsequent changes to the Framework will not apply to outstanding Sustainability Bonds (grandfathering). Any new Sustainability Bonds shall be aligned with the most recent version of the Framework.

Reporting

Business Development Bank commits to publish an Allocation and Impact Report that will provide information on the environmental and social impacts of the Eligible Project Portfolio, highlighting the progress on allocation of net proceeds. Preparation of these reports will be the responsibility of the FI Department. Annex 1 sets out the methodological principles to be applied by the Bank in preparing the annual Allocation and Impact Report for Sustainable Bonds.
Reports will be published on an annual basis, starting one calendar year after issuance and until full allocation, and in the event of any material changes, until the maturity of the Sustainability Bonds.

Allocation Report

Via the Allocation Report, Business Development Bank will disclose information on the allocation of Green and Social net proceeds on its website. The report will contain at least the following details:

- Total volume and net proceeds outstanding of Sustainability Bond(s) issued;
- Total amount of net proceeds allocated to Eligible Projects as defined in the Use of Proceeds section of this Framework;
- Breakdown by net proceeds allocation per Eligible Category;
- Subject to confidentiality considerations, a list of the Eligible Projects financed through Business Development Bank's Sustainability Bonds, including a description of the projects and their geographic distribution, where feasible;
- The proportional allocation of net proceeds between existing projects (refinancing) and new projects; and
- Balance of unallocated proceeds, if any.

Impact Report

For its Impact Report, Business Development Bank intends to align, on a best effort basis, with the reporting recommendations as outlined in ICMA's "Handbook – Harmonized Framework for Impact Reporting (June 2024)[14].
BDB will include a disclosure of progress toward GHG emission measurement and target-setting in its annual post-issuance report, covering: (i) total financed emissions by sector (tCO_2e); (ii) year-on-year change; and (iii) alignment against any published targets.

BDB commits to reporting impact metrics in full alignment with the ICMA Harmonised Framework for Impact Reporting for all project categories where data is available. Where data is unavailable, BDB will disclose the reason and a remediation timeline. In each annual report, the allocation disclosure will be done by category, subcategory, geography, financing vs. refinancing, and by major asset type.

Business Development Bank will provide impact reporting in aggregate at the Eligible Category level, including project level information and case studies to highlight qualitative impacts, where possible. The following table below summarizes impact reporting metrics that will be disclosed:

Category
Green

Eligible Green Categories	Impact Reporting Metrics

Green Buildings	- Certification Standards
	  - Type of scheme, certification level
	- Annual energy savings (MWh)
	  - Final and/or Primary Energy Use (kWh/m²)
	- Estimated annual GHG emission reduced/avoided (tCO2e)
	- Share of portfolio buildings with active fossil fuel phase-out plans (%), and annual status reporting on phase-out milestones achieved

Renewable Energy	- Installed renewable energy capacity (MW) - Expected annual renewable energy generation (MWh) - Estimated annual GHG emission avoided (tCO2e)
Energy Efficiency	- Annual energy savings (MWh) - Estimated annual GHG emission reduced/avoided (tCO2e) - Number of smart meters installed, if applicable
Clean Transportation	- Number of people using public mass transportation - Number of retail and/or public transportation vehicles financed - Number of EV charging stations units installed, if applicable - Estimated annual GHG emission avoided (tCO2e) - Passenger-kilometres (i.e., the transport of one passenger over one kilometre) and/or passengers; or tonnekilometres (i.e. the transport of one tonne over one kilometre) and/or tonnes - Annual GHG emissions reduced/avoided in tCO2–e p.a. - Reduction of air pollutants: particulate matter (PM), sulphur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO), and non-methane volatile organic compounds (NMVOCs)

Category
Social

Eligible Social Categories	Impact Reporting Metrics
Affordable Housing	- Number of individuals benefiting from affordable housing - Number of affordable buildings or dwellings constructed or renovated - m2 of affordable living space constructed or renovated - Number of individuals / social housing organizations benefiting from housing mortgages - Number of community consultations conducted per project; number of affected households; and documented air quality monitoring outcomes during construction phase
Employment generation and retention: Micro-, Small- and Medium-size Enterprises (MSME) financing	- Number of financed enterprises - Breakdown by region and sector of MSME loans - Number of MSME loans - Average amount of the MSME loan - Number of jobs created / supported and split per region, when available

External review

Second Party Opinion ("SPO")

In order to confirm the transparency and robustness of Business Development Bank's Sustainable Finance Framework, BDB will approach Sustainable Fitch for obtaining an independent Second-Party opinion, confirming the alignment with the ICMA Green Bond Principles (GBP) 2025, ICMA Social Bond Principles (SBP) 2025, ICMA Sustainability Bond Guidelines (SBG) 2021, LMA/LSTA/APLMA Green Loan Principles (GLP) 2025, and LMA/LSTA/APLMA Social Loan Principles (SLP) 2025
The Second Party Opinion will be made publicly available on the Bank's official website https://brb.uz/.

Post-issuance review

BDB confirms its intention to commit annual external verification (post-issuance review) of both allocation and impact report until full allocation, then biennial impact verification thereafter until maturity.

14 ICMA Handbook – Harmonized Framework for Impact Reporting (June 2024)

Disclaimer

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Annex A – Impact reporting methodology

This Annex sets out the methodological principles to be applied by JSCB Business Development Bank in preparing the annual Allocation and Impact Report for Sustainable Bonds. It applies to all Eligible Green and Social Projects included in the Sustainability Portfolio and is intended to ensure consistency, transparency, conservatism and comparability over time.

General principles
Impact reporting shall be prepared at least annually and, where relevant and feasible, primarily on an aggregate basis by Eligible Category, with selected case studies where appropriate. Reported impacts shall be attributable only to the share financed or refinanced by the Bank and allocated to outstanding Sustainable Bonds. Where a project generates several types of benefit, the Bank may report more than one metric for the same project, but each metric shall be calculated separately and without double counting within the same indicator family.
For each reported indicator, the Bank shall identify whether the value is ex-ante or ex-post, and whether the data are measured, estimated, or modelled. Where assumptions are used, the Bank shall disclose the principal assumptions, data sources and limitations.

Baseline and scenario selection
The default baseline shall be the without-project case. The Bank shall use the most relevant and conservative baseline available for the relevant asset type, as follows:
• For retrofits, renovations and replacements, the baseline shall normally be the actual pre-investment performance of the same asset, preferably using at least 12 consecutive months of historical data. Where seasonality is material, a longer period may be used.
• For new construction or new assets, where no historical data exist, the baseline shall be the applicable regulatory minimum, market average, standard reference asset, or technology commonly used in the relevant sector and geography, as appropriate. The chosen baseline shall be stated clearly.
• For water-loss, leakage and similar network projects, the baseline shall be the borrower's own historical performance, preferably averaged over three years where such data exist.
• For social projects, the baseline shall be the pre-project level of service, access, occupancy, enrolment, employment or housing availability, as applicable. Where the project creates a new service where none existed, the baseline may be zero, but the report shall avoid presenting the entire project effect as attributable to the Bank unless the Bank financed 100% of the eligible asset.
Where forward-looking assumptions are needed, the Bank shall use a conservative scenario consistent with current operating conditions, known technical parameters, and reasonable utilization assumptions. Stress or upside scenarios may be used for internal analysis, but public impact reporting shall use the central conservative case.

Calculation rules and emission factors
The Bank shall report physical output metrics first, and GHG metrics second, where a robust methodology is available.
The general attribution formula shall be:
Attributed impact = Total eligible project impact × Bank financing share × Sustainable Bond allocation share

Where the Bank finances the full eligible asset and the full outstanding loan is allocated to Sustainable Bonds, the attribution factor may be 100%.

• For **renewable energy**, annual avoided emissions shall generally be calculated as:
Net renewable electricity generated or delivered (MWh) × grid emission factor (tCO_2e/MWh)
• For **energy efficiency and green buildings**, annual avoided or reduced emissions shall generally be calculated as:
Verified or estimated annual energy savings (MWh) × relevant electricity or fuel emission factor
Where both electricity and fuel are affected, separate factors shall be used.
• For **clean transportation**, avoided emissions shall generally be calculated as:
Baseline transport emissions – project transport emissions
Using mileage, energy or fuel consumption, occupancy or tonnage assumptions where relevant. For EVs, electricity use shall be multiplied by the grid emission factor.
• For **pollution prevention**, waste and circular economy projects, GHG benefits shall be calculated only where a recognized methodology exists and reliable input data are available. The Bank may prioritize reporting tonnes of waste prevented, reused, recycled or treated where GHG outcomes are too uncertain.
• For **water and wastewater projects**, the primary indicators shall be physical metrics such as water saved, wastewater treated, reused or avoided. Energy-related GHG reductions may be reported where electricity savings are known.

Electricity emission factors shall normally reflect the national grid mix applicable to the project geography. Fuel emission factors shall normally follow nationally recognized values or, if unavailable, internationally accepted default values. Waste-related methane and other process-emission factors shall be drawn from nationally recognized methods or internationally accepted default methodologies. The source and vintage of each factor set shall be disclosed in the report or methodology note. Within one reporting cycle, factors shall remain fixed unless a material error is identified.

Annex A – Impact reporting methodology continued

Data quality flags and reporting labels
Each reported metric shall carry two labels:
A. Timing label
- **Ex-ante**: projected impact based on appraisal, design, engineering study, borrower plan, or expected utilization.
- **Ex-post**: realized impact based on operational data for the reporting period.

B. Data quality label
- **Measured**: based on metered, monitored, invoiced, certified, audited or otherwise directly observed data.
- **Estimated**: derived from measured activity data combined with reasonable assumptions or standard conversion factors.
- **Modelled**: derived primarily from engineering models, scenario tools or proxy assumptions where direct measurement is not yet available.

Where ex-ante data are later replaced by ex-post data, the Bank shall disclose this transition in the next report. Where a material methodological change occurs, prior-year figures should be restated where practicable, or else clearly marked as non-comparable.

Double counting avoidance
The Bank shall apply the following controls to avoid double counting:
1. Each loan or project shall receive a unique internal identifier in the Sustainability Portfolio.
2. One allocated exposure may support several indicators, but the same underlying impact shall not be counted twice within the same metric family. For example, electricity generated from a solar asset shall not be counted again as separate electricity savings.
3. Avoided emissions from renewable generation shall not be combined with avoided emissions from downstream electricity consumption where both refer to the same MWh.
4. Where one project qualifies under multiple categories, the allocated amount shall be assigned to one primary category for allocation purposes, while supplementary metrics may still be disclosed narratively.
5. Where the Bank finances only part of a project, only the attributable share shall be reported.
6. Refinancing and new financing shall not both claim full lifetime impact for the same asset in the same reporting year; the report shall reflect the impact associated with the asset during the reporting period and the share allocated to outstanding Sustainable Bonds.

For social indicators, the Bank shall avoid summing beneficiaries across categories where the same individual may receive multiple benefits, unless a deduplicated methodology exists. Where deduplication is not feasible, the report shall state that beneficiary counts are non-additive.

Governance and assurance
The Financial Institutions Department shall compile impact data, document assumptions, maintain the methodology file and perform quality checks with the relevant business units and client managers. The designated governing body shall oversee and approve the Allocation and Impact Report. Any material limitations, estimation uncertainty, missing data, or methodology exceptions shall be disclosed transparently in the report.

Annex B – Eligible geographies

Eligible Affordable Housing Geographies (2026)
This Annex sets out the operative list of districts and regions classified as "underserved or underdeveloped" for the purposes of the Affordable Housing eligibility criteria in the Use of Proceeds section of the Framework. The classification follows the three-tier hierarchy described in the response to the SPO follow-up question on this topic. Uzbekistan does not publish a single consolidated official list of "underserved housing districts". This Annex is compiled bottom-up from three classes of official source: (i) Presidential Decrees and Cabinet of Ministers Resolutions designating Aral-Sea-affected territories and state-programme priority districts; (ii) the Agency of Statistics regional poverty rate data updated in 2025 (national poverty rate: 5.1–5.8% end-2025, down from 8.9% in 2024); and (iii) the historical operational footprint of the State Programme for Affordable Rural Housing (PD-5577 of 14 November 2018) and the UNDP/GEF green-mortgage pilot. The Annex will be updated annually and will be reflected in the annual Allocation report.

Tier 1 - Karakalpakstan and Aral-Sea-affected districts
All districts in the Republic of Karakalpakstan and the listed Aral-Sea-affected districts of Khorezm and Bukhara regions are automatically classified as Tier 1 underserved, on the basis of their designation as priority recipients of state socio-economic-recovery funding. Tier 1 status is independent of current poverty data and persists for as long as the underlying state programmes remain in force.

Region	District (tuman)	Basis for inclusion
Republic of Karakalpakstan (all districts and the capital Nukus city)	Amudaryo	Designated as priority region under Presidential Decree of 18.01.2017 (State Programme for Development of the Aral Sea Region for 2017–2021); Presidential Decree No. PP-4889 of 11.11.2020 (Comprehensive Socio-Economic Development of the Republic of Karakalpakstan for 2020–2023); Presidential Decree of 29.07.2021 implementing UN GA Resolution 75/L.105; Cabinet of Ministers Resolution of 25.01.2022 (Integrated Roadmap for the Aral Sea Region). Highest regional poverty rate in Uzbekistan in absolute and rate terms over 2021–2024.
Khorezm Region (Aral-affected districts)	Khazarasp	Aral-Sea-affected districts of Khorezm region covered by the State Programme for Development of the Aral Sea Region (2017–2021) and the Integrated Roadmap (2022). Khorezm region was the second-highest-poverty region in Uzbekistan in 2024 (11.9%) before its 2025 decline to 6.7% — still above the 2025 national 5.1%.
Bukhara Region (Aral-affected districts)	Romitan	Northern Bukhara districts within the Aral-affected zone; pilot sites for UNDP/GEF green-mortgage rural housing programme. Bukhara was one of the four largest poverty-rate decline regions in 2024–2025 (11.8% → 8.7%).

Table B-2. Tier 2 - Regions with above-national-average poverty
Eligibility under Tier 2 is established at the regional level using Agency of Statistics regional poverty data and absolute-count data. The national poverty rate fell from 17% (2021) to 8.9% (2024), 6.8% (mid-2025) and ~5.1–5.8% (end-2025); **Within each eligible region, only rural districts (tumans) are eligible** - eligibility does not extend to regional capitals or to cities of regional subordination. The list below indicates regional eligibility status as of 2026; the operative district-level list within each eligible region is derived by reference to the rural-classification criterion under the Law on Administrative and Territorial Division of Uzbekistan (2020).

Region	Poverty rate, mid-2025
Khorezm	6.7%
Bukhara	8.7%
Jizzakh	5.8%
Syrdarya	6.2%
Republic of Karakalpakstan	10.8%
Namangan	7.6%
Samarkand	7.5%
Fergana	>5.1%
Kashkadarya	>5.1%
Surkhandarya	≈6%

Annex B – Eligible geographies continued

Tier 3 - Districts targeted under state housing or rural-development programmes

Tier 3 captures districts explicitly named in current or recent state programmes targeting housing, rural development, or mahalla-level socio-economic infrastructure. Many Tier 3 districts overlap with Tier 1 or Tier 2 (and qualify under any of the tiers that applies). The table below identifies the operative state-programme sources and their district coverage.

Programme / source	Districts named or covered
Comprehensive Socio-Economic Development of Karakalpakstan 2020–2023 (PD-4889 of 11.11.2020)	Three districts explicitly named as having "relatively low socio-economic development": Takhtakupir, Bozatov, Shumanay (all already in Tier 1).
State Programme for 2025 ("Year of Environmental Protection and Green Economy") - infrastructure programme for "complex-condition" mahallas (USD 400 million)	32 districts and 328 mahallas designated as priority recipients of mahalla infrastructure funding. The specific list of the 32 districts is set out in the implementing Cabinet of Ministers Resolution annex.
Affordable Rural Housing Programme (ARHP) historical coverage (ADB Loan 50022-002; 9 regions; 29,000+ dwelling units; design support under PD-5577 of 14.11.2018)	Programme historically operated in 9 regions of Uzbekistan: Andijan, Bukhara, Fergana, Jizzakh, Kashkadarya, Khorezm, Namangan, Samarkand, Surkhandarya, plus Karakalpakstan (all overlap with Tiers 1 and 2 above). Branches of state developer Qishloq Qurilish Invest historically operated in all these regions.
UNDP/GEF Sustainable Rural Housing project - green-mortgage pilot regions (in partnership with Qishloq Qurilish Bank, BDB's predecessor)	Pilot regions: Bukhara (Romitan district), Kashkadarya, Namangan, Tashkent Region, and the Republic of Karakalpakstan.
80 districts with low preschool enrolment (presidential initiative, August 2025) - infrastructure / public-private partnership programme	Specific list of 80 districts to be released as part of the implementing Cabinet of Ministers Resolution; relevant only insofar as low preschool enrolment is a proxy indicator for socio-economic underdevelopment.

Methodology and data sources

Tier 1 - legal basis: Presidential Decree of 18.01.2017 (State Programme for Development of the Aral Sea Region 2017-2021); Presidential Decree No. PP-4889 of 11.11.2020 (Comprehensive Socio-Economic Development of Karakalpakstan 2020-2023); Presidential Decree of 29.07.2021 implementing UN GA Resolution 75/L.105; Cabinet of Ministers Resolution of 25.01.2022 (Integrated Roadmap for the Aral Sea Region).

Tier 2 - data source: Agency of Statistics under the President of the Republic of Uzbekistan; Centre for Economic Research and Reforms (CERR) regional poverty analysis 2025; Ministry of Employment annual poverty reports 2024 and 2025; published in 2025 by gazeta.uz, Tashkent Times, Daryo News and Eurasianet.

Tier 3 - legal basis: Presidential Decree No. PD-5577 of 14.11.2018 (Additional Measures to Improve State Regulation in the Sphere of Construction - basis for the State Programme for Affordable Rural Housing); Presidential Decree on the State Programme for 2025 ("Year of Environmental Protection and Green Economy"); Cabinet of Ministers Resolutions implementing the State Programme for 2025.

Annual update commitment. BDB will refresh this Annex by 31 March each year and will reflect it in the Allocation and Impact Report, incorporating: (i) the most recent regional poverty data from the Agency of Statistics; (ii) any new state-programme designations published in the preceding 12 months; (iii) the operative list of priority districts under the most recent State Programme implementing resolution. Material changes (e.g. addition or removal of an eligible region) will be flagged separately in the Impact Report.

List of underdeveloped regions for MSME eligibility (2026)

This Annex identifies the regions of the Republic of Uzbekistan classified as "underdeveloped" for the purposes of the MSME eligibility criteria under the Employment Generation and Protection sub-category of the Framework. The applicable test is: regions where regional Gross Regional Product (GRP) per capita is below 75% of the national average per the most recent data published by the National Statistics Committee under the President of the Republic of Uzbekistan. Data source. National Statistics Committee "Gross Regional Product of the Republic of Uzbekistan for January-September 2025" (release date 28 October 2025), Section III "Gross Regional Product per Capita". The Annex will be refreshed annually in conjunction with the Allocation and Impact Report, using the latest available release.

Region	GRP per capita, Jan-Sep 2025 (thousand UZS)	% of national average
Surkhandarya	15,801.3	45.8%
Republic of Karakalpakstan	18,061.1	52.4%
Namangan	18,571.9	53.9%
Fergana	18,899.8	54.8%
Kashkadarya	18,940.9	54.9%
Samarkand	20,209.9	58.6%
Andijan	21,417.4	62.1%
Khorezm	21,577.8	62.6%
Jizzakh	24,395.7	70.7%
Republic of Uzbekistan (national average - reference)	34,483.9	100.0%

Important methodological note

GRP per capita is published by the National Statistics Committee for the 14 first-order administrative units of Uzbekistan - the Republic of Karakalpakstan, the 12 viloyats (regions), and Tashkent City. GRP per capita is not published at tuman (district) level. Accordingly, the 75%-of-national-average test in this Annex is applied at the regional level, and every district within a qualifying region is treated as eligible. This propagation approach is consistent with ICMA SBP 2025, which recognises regional targeting where district-level statistics are not in the public domain.

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