
LOAN NUMBERS
3231-KAZ
2361-KAZ (Additional Loan)

PROJECT AGREEMENT
(Small and Medium Enterprise Investment Program – Tranche 3)

between

ASIAN DEVELOPMENT BANK

and

TSESNABANK JOINT STOCK COMPANY

DATED 11 September 2015

KAZ 44060

PROJECT AGREEMENT

PROJECT AGREEMENT dated 11 sept. 2015 between ASIAN DEVELOPMENT BANK ("ADB") and TSESNABANK JOINT STOCK COMPANY ("TSB").

WHEREAS

(A) by a Loan Agreement between JSC "Entrepreneurship Development Fund 'DAMU' " ("Borrower") and ADB and a Guarantee Agreement between the Republic of Kazakhstan ("Guarantor") and ADB, ADB has agreed to make to the Borrower loans in the amounts of (i) one hundred and thirty million Dollars (\$130,000,000) and (ii) ninety-eight million Dollars (\$98,000,000) (comprising the originally requested loan and the subsequently requested additional loan, respectively), each on the terms and conditions set forth in the Loan Agreement, but only on the condition that a portion of the proceeds of the Loans be made available to TSB and that TSB agrees to undertake certain obligations towards ADB as set forth herein; and

(B) TSB, in consideration of ADB entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations set forth herein;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Definitions

Section 1.01. Wherever used in this Project Agreement, unless the context otherwise requires, the several terms defined in the Loan Agreement and in the Loan Regulations (as so defined) have the respective meanings therein set forth.

ARTICLE II

SME Loans

Section 2.01. (a) Except as ADB may otherwise agree, the proceeds of each Loan shall be used only for making SME Loans to Qualified SME Borrowers for Qualified SME Subprojects and shall be applied exclusively to the cost of Goods, Works and consulting services and other items of expenditure required to carry out such Qualified SME Subprojects.

(b) Except as ADB may otherwise agree, all Goods, Works and consulting services shall be procured in accordance with the provisions of Schedule 1 to the Loan Agreement which is incorporated in the PAM.

Section 2.02. Each SME Loan shall carry interest at a market-based rate and shall be made on terms whereby TSB shall obtain, by a written agreement with the Qualified SME Borrower in form acceptable to ADB, rights adequate to protect the interests of the Borrower, TSB and ADB.

Section 2.03. Without limiting the generality of the foregoing provisions of Section 2.02 of this Project Agreement and in addition to any other provisions which a prudent lender would request, each SMELA shall include provisions to the effect that:

- (a) the Qualified SME Borrower shall carry out and operate the Qualified SME Subproject with due diligence and efficiency and in accordance with sound applicable technical, financial, business and development practices, including maintenance of adequate accounts and records;
- (b) the Goods, Works and consulting services shall be used exclusively in the carrying out of the Qualified SME Subproject;
- (c) ADB and TSB shall each have the right to inspect such Goods and Works, the Qualified SME Borrower, the Qualified SME Subproject and any relevant records and documents;
- (d) the Qualified SME Borrower shall take out and maintain with reputable insurers insurance against such risks and in such amounts as shall be consistent with sound business practice, and without any limitation upon the foregoing, such insurance shall cover hazards incident to the acquisition, transportation and delivery of Goods from abroad or if required by legislation of the Guarantor to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such Goods;
- (e) ADB and TSB shall each be entitled to obtain all such information as each shall reasonably request relating to the SME Loan, the Goods, Works and consulting services, the Qualified SME Subproject, the Qualified SME Borrower and other related matters; and
- (f) TSB shall be entitled to suspend or terminate further access by the Qualified SME Borrower to the use of the proceeds of each Loan upon failure by the Qualified SME Borrower to perform its obligations under its agreement with TSB.

Section 2.04. TSB shall promptly and effectively exercise its rights in relation to each Qualified SME Subproject in accordance with the standards of a prudent lender and in such manner as to protect the interests of the Borrower, TSB and ADB.

ARTICLE III

Particular Covenants

Section 3.01. (a) TSB shall carry out the Project with due diligence and efficiency and in conformity with sound applicable technical, financial, business and development practices.

(b) In the carrying out of the Project and in the conduct of its business, TSB shall perform all the obligations set forth in the Schedule to this Project Agreement and the requirements set forth in the PAM (it being agreed that any future changes to the PAM which impact TSB shall be discussed between the parties in advance).

Section 3.02. TSB shall not make a SME Loan to any Qualified SME Borrower unless such Qualified SME Borrower has at its disposal, or has made appropriate arrangements to obtain as and when required, all counterpart local currency funds, including adequate working capital, and other resources which are required by such Qualified SME Borrower for the carrying out of its Qualified SME Subproject in respect of which the SME Loan is to be made.

Section 3.03. TSB shall maintain accounts and records adequate to record the progress of the Project and of each Qualified SME Subproject (including the cost thereof) and to reflect, in accordance with International Financial Reporting Standards, the operations and financial condition of TSB.

Section 3.04. (a) ADB and TSB shall cooperate fully to ensure that the purposes of each Loan will be accomplished.

(b) TSB shall inform ADB of any condition which in TSB's view interferes with, or threatens to interfere with, the progress of the Project, the performance of its obligations under this Project Agreement, or the accomplishment of the purposes of each Loan within 30 days from the occurrence of the condition.

(c) ADB and TSB shall from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the Project, TSB and each Loan.

Section 3.05. (a) TSB shall furnish to ADB, through the Borrower, all such reports and information as ADB shall reasonably request concerning (i) each Loan and the expenditure of the proceeds thereof; (ii) the Project; (iii) the Qualified SME Borrowers, the Qualified SME Subprojects and the SME Loans; (iv) the administration, operations and financial condition of TSB; and (v) any other matters relating to the purposes of each Loan.

(b) Without limiting the generality of the foregoing, TSB shall furnish to ADB, through the Borrower, periodic reports on the execution of the Project and on the operation and management of TSB. Such reports shall be submitted in such form and in

such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the period under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following period.

(c) Promptly after the Loan Closing Date, but in any event not later than 3 months after the said closing date or such later date as ADB may agree for this purpose, TSB shall prepare and furnish to ADB, through the Borrower, a report, in such form and in such detail as ADB shall reasonably request, on the utilization of each Loan, the execution of the Qualified SME Subprojects, their costs, the performance by TSB of its obligations under this Project Agreement and the accomplishment of the purposes of each Loan.

Section 3.06. (a) TSB shall (i) maintain separate internal accounts or sub-ledger and records for the Project; (ii) prepare an annual Statement of Utilization of Funds for the Project under a cash receipts and disbursements system of accounting; (iii) have such Statement of Utilization of Funds to be audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the Statement of Utilization of Funds, use of the TSB Subloan proceeds and compliance with the use of the procedures for the statement of expenditures) and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, through the Borrower, no later than 6 months after the end of each fiscal year to which they relate, copies of such audited Statement of Utilization of Funds, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited Statement of Utilization of Funds and the opinion of the auditors thereto within 30 days of the date of their receipt by posting them on ADB's website.

(c) In addition to the annual audited Statement of Utilization of Funds referred to in subsection (a) hereinabove, TSB shall (i) provide its annual unconsolidated financial statements prepared in accordance with International Financial Reporting Standards; (ii) have its unconsolidated financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with International Standards on Auditing or the national equivalent acceptable to ADB; (iii) as part of such audit, have the auditors prepare a letter which includes the auditors' opinion on compliance with the eligibility criteria referred to in subparagraphs 2(c) and (d) of the Schedule to this Project Agreement, provided, that, such letter shall only be required in respect of any such eligibility criteria that is not disclosed in such audited unconsolidated financial statements or the footnotes thereto; and (iv) furnish to ADB, through the Borrower, no later than 1 month after approval by the relevant authority of TSB, copies of such audited unconsolidated financial statements and the letter referred to in subsection (c)(iii) hereinabove, each in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(d) TSB shall enable ADB, upon ADB's request, to discuss the Statement of Utilization of Funds and the unconsolidated financial statements for TSB and its financial affairs where they relate to the Project with the auditors appointed by TSB pursuant to

subsections (a)(iii) and (c) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of TSB, unless TSB shall otherwise agree.

Section 3.07. TSB shall enable ADB's representatives to inspect any Qualified SME Borrower, any Qualified SME Subproject, the Goods and Works, and any relevant records and documents.

Section 3.08. (a) TSB shall, promptly as required, take all action within its powers to maintain its corporate existence, to carry on its operations, and to acquire, maintain and renew all rights, properties, powers, privileges and franchises which are necessary in the carrying out of the Project or in the conduct of its business.

(b) TSB shall at all times conduct its business in accordance with sound applicable technical, financial, and business practices, and under the supervision of competent and experienced management and personnel.

(c) TSB shall notify ADB of any proposal to sell or otherwise dispose of any of its assets which shall be required for the efficient carrying on of its operations if in TSB's view the disposal of which may prejudice its ability to perform satisfactorily any of its obligations under this Project Agreement, and the proposal shall be agreed between TSB and ADB.

Section 3.09. Except as ADB may otherwise agree, TSB shall duly perform all its obligation under the SLA and shall not take, or concur in, any action which would have the effect of assigning, amending, abrogating or waiving any rights or obligations of the parties under the SLA.

Section 3.10. TSB shall notify ADB of any proposal to amend, suspend or repeal any provision of its constitutional documents, which in TSB's view, if implemented, could adversely affect the carrying out of the Project. TSB shall afford ADB an adequate opportunity to comment on such proposal prior to taking any affirmative action thereon.

ARTICLE IV

Effective Date; Termination

Section 4.01. This Project Agreement shall come into force and effect on the date on which the Loan Agreement comes into force and effect. ADB shall promptly notify TSB of such date.

Section 4.02. This Project Agreement and all obligations of the parties hereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms.

Section 4.03. All the provisions of this Project Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the Loan Agreement.

ARTICLE V

Miscellaneous

Section 5.01. Any notice or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by this Project Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand, mail or facsimile to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

(632) 636-2444
(632) 636-2424.

For TSB

Tsesnabank Joint Stock Company
24 Syganak Street
Esil District
Astana 010000
Republic of Kazakhstan

Facsimile Number:

8 (7172) 770-195.

Section 5.02. (a) Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement by or on behalf of TSB may be taken or executed by the Chairman of its Management Board or by such other person or persons as he shall so designate in writing notified to ADB.

(b) TSB shall furnish to ADB sufficient evidence of the authority of each person who will act under subsection (a) hereinabove, together with the authenticated specimen signature of each such person.

Section 5.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

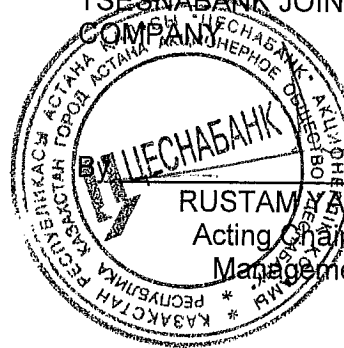
IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Project Agreement to be signed in their respective names as of the day and year first above written, and to be delivered at the principal office of ADB.

ASIAN DEVELOPMENT BANK

By _____


JINLIN YANG
Country Director

TSESNA BANK JOINT STOCK



RUSTAM YAKUPBAYEV
Acting Chairman of the
Management Board

SCHEDULE

Execution of Project; Financial Matters

Implementation Arrangements

1. TSB shall: (a) bear the credit risk associated with the SME Loans made by it to Qualified SME Borrowers under the Project; and (b) independently determine the creditworthiness of each Qualified SME Borrower and the terms and conditions of the related SME Loans, in accordance with international best practices for lending or otherwise providing credit through financial leasing to SMEs (includes determination of margins and associated fees, security taken and proper legal documentation).

Eligibility Criteria for TSB

2. TSB shall comply with the following eligibility criteria. In the event, however, of any non-compliance by TSB with any of the following eligibility criteria, TSB shall notify ADB, through the Borrower, of such non-compliance, such notification to be made within 30 days of TSB becoming aware thereof:

- (a) comply fully with capital adequacy ratios and prudential limit guidelines set by the agency responsible for banking and financial supervision in Kazakhstan or have an agreed action plan to do so;
- (b) have a credit rating of at least “B-” issued by a credit rating agency, or have such other rating acceptable to ADB (provided that such rating shall not be two or more notches lower than the then current rating of the TSB as of the date of this Agreement, unless the rating downgrade is an automatic downgrade as a result of the downgrading of the sovereign rating of the Guarantor);
- (c) be profitable for its most recently completed fiscal year, or have an agreed action plan to become profitable. For purposes of the foregoing, profitability refers to profit after tax; and
- (d) have a ratio of non-performing loans (NPLs) less than 10%, or have an agreed action plan to reduce NPLs to that level. For purposes of the foregoing, non-performing loans shall mean loans overdue by more than 90 days and shall include principle, accrued interest and penalties less discount.

Compliance with the criteria set forth in subparagraph 2(a) hereinabove shall be confirmed based on the information reported on the English-language website of the agency referred to in subparagraph 2(a) hereinabove, provided, that, TSB shall submit to ADB, through the Borrower, within 60 days of each 30 June and 31 December, an English language copy of all information required to be submitted by TSB to such agency in order to permit such agency to determine compliance with such criteria for the period then ended. Compliance with the criteria set forth in subparagraphs 2(c) and (d) hereinabove shall be confirmed as indicated in subsection (c)(iii) of Section 3.06 of this Project Agreement.

3. The SLA shall provide that it shall be an event of default under the SLA if TSB shall have either (i) failed to comply with the terms of any agreed action plan between TSB and ADB in respect of attaining compliance with any of the eligibility criteria described in paragraph 2 above or (ii) failed to come to agreement with ADB on such an action plan within 60 days after ADB has become aware that TSB has ceased to be compliant with any of the eligibility criteria described in paragraph 2. In the event that there is failure by TSB to either (a) comply with the terms of any such action plan or (b) enter into any such action plan within the time period specified above, the Borrower shall inform ADB and the Borrower and ADB shall agree on the course of action for TSB.

Change of Control of TSB

4. The SLA shall provide that it shall be an event of default under the SLA if any change in control (as such term shall be defined in the SLA) of TSB will, in the Borrower's discretion after consultation with ADB, either (a) have a material adverse effect on TSB's operations or financial performance, or (b) entail a change in TSB's business strategy not conducive to achieving the objectives of the Investment Program. TSB shall promptly notify ADB of the occurrence of any change in control of TSB and, if requested by ADB, the Borrower shall promptly exercise its rights under the SLA in respect of such change in control.

Eligibility Criteria for Qualified SME Borrower

5. TSB shall ensure that each Qualified SME Borrower:
- (a) is a small and/or medium enterprise according to the definition stipulated in the Law on Private Entrepreneurship of the Republic of Kazakhstan; and
 - (b) is not engaged in any prohibited investment activity listed in the attachment to this Schedule.

Eligibility Criteria for Qualified SME Subproject

6. TSB shall ensure that Qualified SME Subprojects shall be for activities that:
- (a) are not included in the list of prohibited investment activities set out in the attachment to this Schedule; and
 - (b) comply with the environmental safeguards set out in paragraphs 9 to 11 of this Schedule.

SME Loans

7. TSB shall ensure that:
- (a) each SME Loan:

- (i) is used by a Qualified SME Borrower to (A) acquire fixed assets, (B) modernize existing fixed assets, and/or (C) finance working capital;
 - (ii) is denominated in Tenge;
 - (iii) has a market-based interest rate; and
 - (iv) has a repayment term as follows: (A) in the case of financing for working capital – up to 36 months; and (B) in the case of financing for acquisition and modernization of fixed capital assets – up to 84 months, *provided*, that TSB shall be required to use its own funds to the extent the repayment term of such SME Loan extends beyond the principal repayment date of the Subloan to TSB. For the avoidance of doubt, any principal amount of an SME Loan repaid may, subject to the terms of this subparagraph (a), be used by TSB to make additional SME Loans;
- (b) no portion of the Subloan to TSB is applied to the refinancing of existing loans of TSB outstanding as of the date on which TSB receives the Subloan proceeds from the Borrower;
- (c) at any given time, no Qualified SME or group of affiliated persons (as such term shall be defined in the SLA) shall have outstanding borrowings, either individually from TSB or collectively from all the financial institutions (including TSB) to which the Borrower may lend money under the Investment Program for the same purpose as the SME Loan, of more than T550,000,000 using funds made available by ADB under the Investment Program;
- (d) TSB uses its best efforts to cause that: (i) at least 50% of the aggregate principal amount of the SME Loans made by it under the Project are used by for investment purposes; and (ii) at least 50% of the aggregate principal amount of the SME Loans made by it under the Project are provided to SMEs located outside of Almaty and Astana cities; and
- (e) TSB uses its best efforts to cause that at least 33% of the aggregated number of SME Loans made by TSB under the Project, are from or to, as applicable, the following:
- (i) SMEs with a minimum of 50% women ownership; or
 - (ii) SMEs with management controlled by women.

Qualified SME Subprojects (Screening, Categorization, and Environmental and Social Assessment and Planning)

8. TSB shall ensure that before any proposed subproject is approved to be a Qualified SME Subproject for financing:

- (a) TSB has appointed designated staff for project implementation particularly for financial management and reporting, and monitoring and evaluation;
- (b) the ESMS is used to screen and categorize the significance of potential environmental, indigenous peoples or involuntary resettlement impacts associated with such subproject; and
- (c) an EMP is prepared for proposed subprojects as required pursuant to the ESMS.

9. TSB shall ensure that each proposed subproject does not involve any: (a) involuntary resettlement or indigenous peoples impacts within the meaning of the SPS; (b) environmental impacts which can be categorized as Category A, in each case within the meaning of the SPS; or (c) activity referred to in paragraph 6(a) of this Schedule.

10. Without limiting paragraph 9(a) of this Schedule, TSB shall ensure that in respect of any proposed subproject that involves the acquisition or transfer of any interest in land, such acquisition or transfer is between willing parties and not under eminent domain.

Environment

11. TSB shall ensure that the preparation, design, construction, implementation, operation and decommissioning of each Qualified SME Subproject comply with (a) all applicable laws and regulations of the Republic of Kazakhstan relating to environment, health, and safety; (b) the ESMS; (c) the EARF; and (d) all measures and requirements set forth in the respective EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Human and Financial Resources to Implement Safeguards Requirements

12. TSB shall ensure that (a) necessary budgetary and human resources are made available to fully implement the ESMS; and (b) each Qualified SME Borrower makes available necessary budget and human resources to fully implement the EMPs as required.

Safeguards Monitoring and Reporting

13. TSB shall do the following:

- (a) submit semi-annual Safeguards Monitoring Reports to the Borrower for compilation and timely submission by the Borrower to ADB;
- (b) if any unanticipated environmental and/or social risks and impacts arise during any Qualified SME Subproject implementation, promptly

inform the Borrower and ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and

- (c) report to the Borrower and ADB any actual or potential breach of compliance with the measures and requirements set forth in the EMP, promptly after becoming aware of the breach.

Disbursement

14. Except as ADB may otherwise agree, the proceeds of each Loan shall be disbursed in accordance with the Loan Disbursement Handbook.

Gender

15. TSB shall ensure that: (a) the gender action plan is duly implemented under the Project; (b) adequate resources are allocated for the implementation of the plan; and (c) key gender outcome and output targets are monitored and achieved.

Labor Standards

16. TSB shall ensure that the core labor standards (as set out in the relevant conventions of the International Labor Organization) and applicable laws and regulations of the Republic of Kazakhstan, including workplace occupational safety norms, are complied with during Qualified SME Subproject implementation.

Good Governance and Anticorruption

17. TSB shall comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledges that ADB, consistent with its commitment to good governance, accountability, and transparency, reserves the right to investigate directly, or through its agents, any possible corrupt, fraudulent, collusive, or coercive practices relating to the Project. TSB shall: (a) ensure that all contracts financed by ADB utilizing the proceeds of each Loan include provisions specifying the right of ADB to audit and examine the records and accounts of TSB and the Qualified SME Borrowers as they relate to the Project; and (b) cooperate fully with any such investigation and to extend all necessary assistance, including providing access to all relevant books and records, for the satisfactory completion of any such investigation.

Anti-Money Laundering and Financing of Terrorism

18. TSB shall ensure:

- (a) compliance with applicable laws and regulations of the Borrower on combating money laundering and financing of terrorism and that the proceeds of each Loan are not used, directly or indirectly, in money laundering or financing of terrorism;
- (b) implementation of internal control procedures to prevent violation of subparagraph (a) hereinabove; and

- (c) that the Borrower and ADB are promptly informed if there is any violation or potential violation of subparagraph (a) hereinabove. In the event that ADB informs TSB of its concern that there has been such an alleged violation, TSB shall: (i) cooperate in good faith with ADB and its representatives so that ADB can determine whether such a violation has occurred; (ii) respond promptly and in reasonable detail to any query from ADB; and (iii) furnish documentary support for such response upon ADB's request.

PROHIBITED INVESTMENT ACTIVITIES LIST

- (a) production or activities involving harmful or exploitative forms of forced labor¹ or child labor²;
- (b) production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phaseouts or bans, such as (i) pharmaceuticals³, pesticides, and herbicides⁴, (ii) ozone-depleting substances⁵, (iii) polychlorinated biphenyls⁶ and other hazardous chemicals⁷, (iv) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora⁸, and (v) transboundary trade in waste or waste products⁹;
- (c) production of or trade in weapons and munitions, including paramilitary materials;
- (d) production of or trade in alcoholic beverages, excluding beer and wine;¹⁰
- (e) production of or trade in tobacco; (Footnote 10)
- (f) gambling, casinos, and equivalent enterprises; (Footnote 10)
- (g) production of or trade in radioactive materials¹¹, including nuclear reactors and components thereof;
- (h) production of, trade in, or use of unbonded asbestos fibers¹²;
- (i) commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests;
- (j) marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats; and
- (k) any activity prohibited by the law of the Republic of Kazakhstan.

1 Forced labor means all work or services not voluntarily performed, that is, extracted from individuals under threat of force or penalty.

2 Child labor means the employment of children whose age is below the host country's statutory minimum age of employment or employment of children in contravention of International Labor Organization Convention No. 138 "Minimum Age Convention" (www.ilo.org).

3 A list of pharmaceutical products subject to phaseouts or bans is available at <http://www.who.int>.

4 A list of pesticides and herbicides subject to phaseouts or bans is available at <http://www.pic.int>.

5 A list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicized ozone holes is listed in the Montreal Protocol, together with target reduction and phaseout dates. Information is available at <http://www.unep.org/ozone/montreal.shtml>.

6 A group of highly toxic chemicals, polychlorinated biphenyls are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.

7 A list of hazardous chemicals is available at <http://www.pic.int>.

8 A list is available at <http://www.cites.org>.

9 As defined by the Basel Convention; see <http://www.basel.int>.

10 This does not apply to Qualified SME Borrowers who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to Qualified SME Borrower's primary operations. Not substantially involved with respect to alcoholic beverages (excluding beer and wine) and tobacco means that their sales do not comprise more than 30% of the relevant Qualified SME Borrower's average gross annual revenue.

11 This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which ADB considers the radioactive source to be trivial and adequately shielded.

12 This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.