

# Audited Project Financial Statements

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Project Number: 42007-014

Loan Numbers: 3043

Period covered: 01 January 2014 to 31 December 2014

## KAZ: Small Business and Entrepreneurship Development Project

Prepared by: Joint Stock Innovation Commercial Bank “Ipak Yuli”

For the Asian Development Bank

Date received by ADB: 09 July 2015

The audited project financial statements are documents owned by the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff. These documents are made publicly available in accordance with ADB's Public Communications Policy 2011 and as agreed between ADB and JSIC “Ipak Yuli”.

**JOINT-STOCK INNOVATION COMMERCIAL BANK  
“IPAK YULI”**

**Small Business and Entrepreneurship  
Development Project  
ADB LOAN № 3043-UZB**

**Special-Purpose Cash Basis Project Financial Statements  
For the Year ended 31 December 2014**

**and Independent Auditor's Report**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Council of Joint-Stock Innovation Commercial Bank "Ipak Yuli"

- 1 We have audited the accompanying Special-Purpose Cash Basis Project Financial Statements of the Small Business and Private Entrepreneurship Development Project financed through the Asian Development Bank (the "ADB") Loan agreement № 3043-UZB dated 21 November 2013 with JSICB "Ipak Yuli" (the "Project"), which comprises the Statement of Sources and Uses of Funds ("SSUF"), the Statement of Imprest Account ("SIA") and the Statement of Expenditures ("SOE") for the year ended 31 December 2014 and a summary of significant accounting policies and other explanatory information.

### ***Management's Responsibility for the Special Purpose Cash Basis Project Financial Statements***

- 2 Management of the Project Management Unit under the Joint-Stock Innovation Commercial Bank "Ipak Yuli" (the "PMU") is responsible for the preparation of this Special-Purpose Cash Basis Project Financial Statements in accordance with the International Public Sector Accounting Standard "Financial Reporting under the Cash Basis of Accounting" promulgated by the International Federation of Accountants and for such internal control as management determines is necessary to enable the preparation of project financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

- 3 Our responsibility is to express an opinion on these Special-Purpose Cash Basis Project Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Special-Purpose Cash Basis Project Financial Statements are free from material misstatement.
- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Special-Purpose Cash Basis Project Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Special-Purpose Cash Basis Project Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Special-Purpose Cash Basis Project Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Special-Purpose Cash Basis Project Financial Statements.
- 5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

- 6 In our opinion, the accompanying Special-Purpose Cash Basis Project Financial Statements for the year ended 31 December 2014 are prepared, in all material respects, in accordance with the International Public Sector Accounting Standard "Financial Reporting under the Cash Basis of Accounting".



***Emphases of Matter and Restriction on Distribution and Use***

- 7 Without modifying our opinion, we draw attention to Note 2 of the accompanying Special-Purpose Cash Basis Project Financial Statements, which describes the basis of accounting. The Special-Purpose Cash Basis Project Financial Statements are prepared to assist the PMU in complying with the financial reporting provisions of the loan agreement described above. As a result, the Special-Purpose Cash Basis Project Financial Statements may not be suitable for another purpose.
- 8 This report is intended solely for the Council of Joint-Stock Innovation Commercial Bank "Ipak Yuli" and the Asian Development Bank and should not be distributed to or used by other parties.

*Audit Organization "PricewaterhouseCoopers" LLC*

Audit Organization "PricewaterhouseCoopers" LLC  
6 July 2015  
Tashkent, Uzbekistan

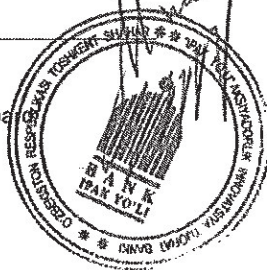
**Joint-Stock Innovation Commercial Bank "Ipak Yuli"**  
**Small Business and Entrepreneurship Development Project (ADB LOAN № 3043-UZB)**

**Statement of Sources and Uses of Funds**

<i>In US Dollars</i>	2014	2013	From 21 November 2013 to 31 December 2014
Total Opening Cash Balance	-	-	-
Add: Sources	24,881,388	-	24,881,388
ADB replenishments to Imprest account	12,167,453	-	12,167,453
Bank's own funds allocated to the Project	12,713,935	-	12,713,935
Total Cash Available	24,881,388	-	24,881,388
Less: Uses of Funds	25,427,870	-	25,427,870
Sub-loans to Qualified subborrowers	25,427,870	-	25,427,870
including:			
- ADB's loan proceeds	12,713,935	-	12,713,935
- Bank's own funds	12,713,935	-	12,713,935
Total Expenditures	25,427,870	-	25,427,870
Deficit	(546,482)	-	(546,482)
Closing Cash Balance at the end of the period:			
Deficit of Loan proceeds from ADB	(546,482)	-	(546,482)
Total Closing Cash Balance	(546,482)	-	(546,482)

Approved for issue and signed on behalf of the Management Board on 6 July 2015.

Alisher Mirzaev  
Acting Chairman of  
the Management Board



Aida Nazirova  
Chief Accountant



Joint-Stock Innovation Commercial Bank "Ipak Yuli"  
Small Business and Entrepreneurship Development Project (ADB LOAN № 3043-UZB)

Statement of Imprest Account

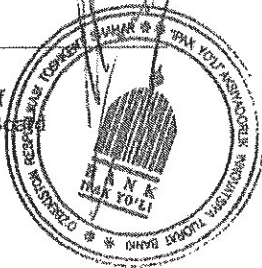
Account No:	29896840300000444775
Depository Bank:	The Central Bank of Uzbekistan
Related loan:	3043-UZB
Currency:	US Dollars

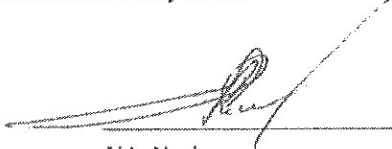
*In US Dollars*

Balance of imprest account as at 31 December 2013	
<u>Add:</u> Replenishments from Asian Development Bank	12,713,935
<u>Deduct:</u> Transfers to the bank account of JSICB "Ipak Yuli"	(12,167,453)
Balance of imprest account as at 31 December 2014	546,482

Approved for issue and signed on behalf of the Management Board on 6 July 2015.

Alisher Mirzaev  
Acting Chairman of  
the Management Board



  
Aida Nazirova  
Chief Accountant

**Joint-Stock Innovation Commercial Bank "Ipak Yuli"**  
**Small Business and Entrepreneurship Development Project (ADB LOAN № 3043-UZB)**

**Statement of Expenditures (SoE)**

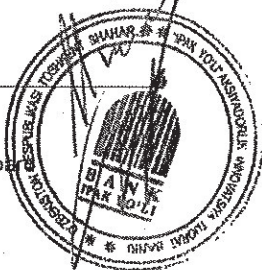
SoE #	SoE amount (in US Dollars)	Period covered by SoE
IY303	539,046	March 2014
IY304	1,735,433	April 2014
IY305	1,369,050	May 2014
IY306	1,201,135	June 2014
IY307	1,060,298	July 2014
IY308	1,302,976	August 2014
IY309	1,142,135	September 2014
IY310	1,317,380	October 2014
IY311	1,824,240	November 2014
IY312	1,222,242	December 2014
<b>Total amount</b>	<b>12,713,935</b>	

**Reconciliation of financing made through Imprest Account to the Statements of Expenditures:**

In US Dollars	2014	2013	From 21 November 2013 to 31 December 2014
Sub-loans issued per SoE	9,667,453	-	9,667,453
ADB replenishments made in advance	2,500,000	-	2,500,000
<b>Total financing made through Imprest Account</b>	<b>12,167,453</b>	<b>-</b>	<b>12,167,453</b>

Approved for issue and signed on behalf of the Board of Management on 6 July 2015.

Alisher Mirzaev  
 Acting Chairman of  
 the Management Board



Aida Nazirova  
 Chief Accountant



## **1. Introduction**

These Special-Purpose Cash Basis Project Financial Statements for the year ended 31 December 2014 have been prepared by the Joint-Stock Innovation Commercial Bank "Ipak Yuli" (the "Bank") in accordance with International Public Sector Accounting Standard (IPSAS) "Financial Reporting under the Cash Basis of Accounting" promulgated by the International Federation of Accountants (IFAC).

The Bank was incorporated and is domiciled in the Republic of Uzbekistan. The Bank is a joint-stock company limited by shares and was set up in accordance with the legislation of the Republic of Uzbekistan.

**Principal activity.** The Bank's principal activity is commercial and retail banking operations within the Republic of Uzbekistan. The Bank was incorporated in April 1990 and has operated under a full banking license No.10 issued by the Central Bank of the Republic of Uzbekistan ("CBU") on 29 April 2014 and general license for foreign currency operations No.65 issued by the CBU on 29 April 2014.

The Bank has 14 (2013: 12) branches within the Republic of Uzbekistan and no branches overseas.

### **Registered address and place of business.**

The Bank's registered address is:

2A, Qodiriy Street,

Tashkent 100017,

Uzbekistan

**Small Business and Entrepreneurship Development Project.** The Government of Uzbekistan has signed a Loan Agreement No.3043-UZB (the "Loan Agreement") dated 21 November 2013 for US Dollar ("USD") 50 million with the Asian Development Bank ("ADB"). According to this loan agreement ADB agreed to lend, through the Ministry of finance of Uzbekistan, 20 million USD to JSC Hamkorbank, 20 million USD to JSICB "Ipak Yuli" and 10 million USD to the third Participating Commercial Bank. On 3 December 2013 ADB and the Bank have signed Project Agreement (the "Project Agreement") under the Loan Agreement.

On 21 January 2015 a refinancing agreement (the "Refinancing Agreement") was signed between the Government of Uzbekistan and the Bank under the Loan Agreement for 25 million US Dollars (the "Loan") to finance the "Small Business and Entrepreneurship Development Project" (the "Project").

The ultimate responsibility for repayment of the principal loan amount and the respective charges lies with the Government of Uzbekistan.

According to the Decree of the President of the Republic of Uzbekistan No. 2072 dated 21 November 2013 "On measures of realization of 'Small Business and Entrepreneurship Development Project' with participation of the Asian Development Bank" (the "Decree"), the Bank was appointed as one of participating commercial banks (PCBs). The Decree states that the Ministry of finance of Uzbekistan is responsible for overall coordination of the Project. Participating commercial banks act as agents on realization of the Project. Payment of all fees and interest and repayment of principal amount on the Project should be made by participating commercial banks.

The main purpose of the Project is increasing range of small loan and microfinance products offered by participating commercial banks. According to the Project Agreement the proceeds of the ADB's loan shall be used only for making subloans to the qualified subborrowers to carry out the qualified subprojects (as these terms are defined in the Project Agreement). Each such subloan shall comprise 50% of Bank's own funds and 50% of it shall comprise from the proceeds of the Loan. The Loan has a principal repayment period of 20 years. According to the Project agreement, subloans should have a repayment period not exceeding 5 years.

## **1. Introduction (continued)**

After repayment of a subloan these funds can be used to lending new sub-loans (refinanced) during the principal repayment period.

**Project Implementation Unit.** The Project Implementation Unit ("the PIU") was established in accordance with order #173 dated 28 May 2010 for the purpose of:

- (a) Realization of the Project on behalf of the Bank, including selection of qualified subborrowers, lending and subsequent monitoring;
- (b) Coordinating the Project with ADB, auditors and consultants;
- (c) Submission of the Project related statements and reports, applications for withdrawal of funds.

## **2. Basis of Preparation**

This Special-Purpose Cash Basis Project Financial Statement has been prepared in accordance with:

- the International Public Sector Accounting Standard (IPSAS) "Financial Reporting under the Cash Basis of Accounting" promulgated by the International Federation of Accountants (IFAC) as required in "Handbook for Borrowers on the Financial Management and Analysis of Projects financed by the Asian Development Bank", issued by the Asian Development Bank in 2006;
- the requirements of the Loan Agreement and Project Agreement.

This Special-Purpose Cash Basis Project Financial Statement presents information only on granting initial loans using the Loan proceeds. Presentation of information about repayment of subloans and their subsequent re-lending in this Special-Purpose Cash Basis Project Financial Statement is not required.

## **3. Summary of Significant Accounting Policies**

### **a. Cash basis of accounting**

The cash basis of accounting recognizes transactions and events only when cash (including cash equivalents) is received or paid by the Bank. Financial statements prepared under the cash basis provide information about the sources of cash raised during the period, the purposes for which cash was used and the cash balances at the reporting date. The measurement focus in the financial statements is balances of cash and changes therein.

Borrowings from other banks and international financial organizations (including Asian Development Bank) are generally considered to give rise to cash inflows. Cash is controlled by the Bank when the Bank can use the cash for the achievement of its own objectives or otherwise benefit from the cash and exclude or regulate the access of others to that benefit. Cash collected by, or appropriated or granted to, the Bank which the Bank can use to fund its operating objectives, acquire capital assets or repay its debt is controlled by the Bank.

Sub-loans are reflected in the Statements of Expenditures and in the Statement of Sources and Uses of Funds in the period Sub-loans are issued to Qualified Subborrowers. The Bank prepares information on cash receipts, payments and balances on a gross basis.

### **Reporting currency and translation methodology**

The reporting currency of the Project's Special-Purpose Cash Basis Project Financial Statement is USD. Loan proceeds from ADB are received in USD.

The official rates of exchange established by the Central Bank of Uzbekistan ("CBU") were as follows:

- 31 December 2014 – USD 1 / UZS 2,422.40;
- 31 December 2013 – USD 1 / UZS 2,202.20;



### **3. Summary of Significant Accounting Policies (continued)**

The amount of loans issued in UZS was translated into USD using the CBU rate of exchange effective at the date of transferring funds to subborrowers account or subborrower's cash withdrawal.

#### ***b. Imprest accounts at the Central Bank of Uzbekistan***

A separate bank account for depositing advances by ADB and for the exclusive use within the Project (the Imprest account) is opened at the Central Bank of Uzbekistan. The currency of the imprest account is US Dollars.

Bank uses the imprest account to obtain replenishments for lending sub-loans to qualified subborrowers within the Project.

#### ***c. Use of loan proceeds***

In order to meet requirements of the Project agreement and other related documents in relation to purposefulness of use of ADB's loans proceeds the Bank monitors compliance with the followings:

##### Qualified subborrower

The Bank lends to subborrowers (Qualified Subborrowers) which meet and maintain the following criteria:

- (a) a debt to equity ratio not higher than 75:25 for the project which the Subloan is financing;
- (b) a debt service coverage ratio not lower than 1.1 times; and
- (c) a proven track record (i.e. no past default).

##### Qualified subprojects

The Bank checks that subprojects, for which the Bank provides subloans to the Qualified Subborrowers, are for activities (Qualified Subprojects) that:

- (a) are not included in the list of prohibited investment activities provided in Appendix 5 of ADB's Safeguard Policy Statement (the "SPS"); and
- (b) do not fall under category A for environment of SPS or class 1 or 2 of the Borrower's environmental impact assessment and have no involuntary resettlement or ethnic minority/indigenous peoples impact under the SPS.

##### Subloans

The proceeds of each part of the Loan are used only for making a subloan (a loan made out of the proceeds of the Loan to a Qualified Subborrower for a Qualified Subproject – the "Subloan").

The Bank checks whether each Subloan:

- (a) carries interest at an appropriate rate that takes into account the cost of funds, administrative costs and credit and foreign exchange risks (i.e. have a market-based interest rate) and have a repayment period not exceeding 5 years;
- (b) does not exceed the maximum Subloan amount of \$100,000 equivalent; and
- (c) is denominated and withdrawn in USD or UZS, such denomination shall be determined at the time the Subloan is made. The Subloan may be withdrawn in any legal form.

**3. Summary of Significant Accounting Policies (continued)**

- (d) at least 30% of the aggregate number of all Subloans is made to Subborrowers with a minimum 50% women ownership, 50% women in their senior management and a minimum of 50% registered women employees;
- (e) at least 50% of the aggregate number of all Subloans made shall be for Qualified Subborrowers registered or located outside the City of Tashkent;
- (f) at least 25% of the subproject costs were met by equity contribution from the Qualified Subborrower. The remainder of such costs is financed by way of a Subloan. Each such Subloan comprises 50% of its loan amount from the Bank's funds and 50% of its loan amount from the proceeds of the Loan relent to the Bank;
- (g) the aggregate value of all Subloans to a Qualified Subborrower does not exceed \$100,000 equivalent.

Screening, Categorization and Environmental and Social Assessment and Planning

The borrower shall cause the PCBs to ensure that before any Qualified Subproject is approved for financing, the PCBs will:

- (a) Use Environmental and Social Management System (the "ESMS") to screen and categorize the significance of potential environmental, ethnic minority/indigenous people or voluntary resettlements impacts associated with such Qualified Subprojects;
- (b) Ensure that all Qualified Subprojects shall not involve any environmental impact which can be categorized as Category A within the meaning of the Safeguard Policy Statement (the "SPS") and any involuntary resettlements or ethnic minority/indigenous peoples impact which can be categorized as Category A or B within meaning of the SPS;
- (c) Ensure, that an Initial Environmental Examination (the "IEE") and an Environmental Management Plan (the "EMP") are prepared for such Qualified Subproject as required pursuant to the ESMS;
- (d) The borrower shall cause the PCBs to ensure that the preparation, design, construction, implementation, operation and decommissioning of each Qualified Subproject comply with all applicable laws, and regulations of the borrower relating to environment, health and safety, the Environmental Safeguards, ESMS and all measures and requirements set forth in the respective IEE and EMP and any corrective or preventative actions set forth in a Safeguard Monitoring Report;
- (e) No land acquisition or resettlements impact under the SPS is expected for the Project. In the event that there is any such impact, the Borrower shall cause the PCBs to ensure that they adhere to applicable laws and regulations of the Borrower and the SPS. If there is any discrepancy between the SPS and the Borrower's laws and regulations, the SPS shall prevail;
- (f) No ethnic minority/indigenous people's impact under the SPS is expected for the Project. In the event that there is any such impact, the Borrower shall cause the PCBs to ensure that they adhere to applicable laws and regulations of the Borrower and the SPS. If there is any discrepancy between the SPS and the Borrower's laws and regulations, the SPS shall prevail;
- (g) The borrower shall cause the PCBs to ensure that those necessary budgetary and human resources are made available to fully implement the ESMS and each Qualified Subborrower makes necessary budget and human resources to fully implement EMP for the Qualified Subproject, where applicable;
- (h) The borrower shall submit semi-annual Safeguards Monitoring Reports to ADB;
- (i) If any unanticipated environmental and/or social risks and impacts arise during Qualified Subproject implementation promptly informs ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan;
- (j) Report any actual or potential breach of compliance with the measures and requirements set forth in the ESMS and any EMP promptly after becoming aware of the breach;



**3. Summary of Significant Accounting Policies (continued)**

(k) The borrower shall cause the PCBs to ensure the PCBs to ensure that the core labor standards and applicable laws regulations of the Borrower including workplace occupational safety norms are complied with during the Project implementation;

(l) The borrower shall cause the PCBs to ensure that the gender action plan is implemented in accordance with its terms, key gender outcome and output targets (of at least 30% of the aggregate number of all Subloans are for Qualified Subborrowers with a minimum of 50% women ownership or Qualified Subborrowers with a minimum of 50% women in their senior management or Qualified Subborrowers with a minimum of 50% registered women employees are monitored regularly and achieved;

(m) The borrower and PCBs shall comply with ADB's Anticorruption policy and acknowledge that ADB reserves the right to investigate directly the right to investigate directly or through its agents any alleged corrupt, fraudulent collusive or coercive practice relating to the Project and cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation;

(n) The borrower shall cause the PCBs to ensure that all contracts in relation to the Project include provisions specifying the right of ADB to audit and examine the records and accounts of the contractors, suppliers, consultants and other service providers as they related to the project;

(o) Combating Money Laundering and Financing of Terrorism by

Complying with applicable laws and regulations of the Borrower on combating money laundering and financing of terrorism and ensure that Loan proceeds are not used, directly or indirectly in money laundering of financing of terrorism;

Formulating and implementing internal control procedures, including customer due diligence procedures to prevent violation the covenant mentioned above;

Promptly inform Borrower and ADB if there is any violation or potential violation. In the event that ADB informs a PCB of its concern that there has been such an alleged violation the PCB shall:

(i) Cooperate in good faith with ADB and its representatives so that ADB can determine whether such a violation has occurred, and (ii) respond promptly and in reasonable detail to any query from ADB;

(p) Provide an update in quarterly progress reports to ADB on any change in their management and shareholders.

**Financial Covenants**

According to the Loan agreement the Bank has to comply with following financial covenants:

- Capital Adequacy Ratio is required to be more than 12%;
- Return on Assets Ratio is required to be more than 1%;
- Loans to Deposits Ratio is required to be less than 100%;
- Operating Expenses to Operating Income Ratio is required to be under 75%;
- Loan Delinquency Ratio is required to be less than 5%;
- A maximum limit on an individual related party exposure is required to be not more than 25%.

At 31 December 2014 the Bank was in compliance with the above mentioned covenants as required by the Loan Agreement.





## Independent Reasonable Assurance Report

To the management of the Joint-Stock Innovation Commercial Bank "Ipak Yuli" (the "Bank") and the Asian Development Bank (the "ADB")

### Subject Matters and Criteria

We have been engaged to perform an independent reasonable assurance engagement in connection with the following:

- compliance of the Bank with the specific provisions of Loan agreement № 3043-UZB dated 21 November 2013 between the ADB and the Bank (the "Loan agreement") in relation to the utilisation of proceeds of the loan for the year ended 31 December 2014 withdrawn from the ADB for purposes of the Small Business and Entrepreneurship Development Project financed through the Loan agreement (the "Project"); and
- compliance of the Bank with the specific provisions of the ADB's Loan Disbursement Handbook in relation to the maintenance of adequate documentation to support claims to the ADB for reimbursements of expenditures incurred for the year ended 31 December 2014 and that the expenditures were eligible for financing under the Loan agreement.

### Management's Responsibility

Management of the Bank is responsible for:

- compliance with the specific provisions of the Loan agreement in relation to the utilisation of proceeds of the loan for the year ended 31 December 2014 withdrawn from the ADB for purposes of the Project; and
- compliance with the specific provisions of the ADB's Loan Disbursement Handbook in relation to the maintenance of adequate documentation to support claims to the ADB for reimbursements of expenditures incurred for the year ended 31 December 2014 and that the expenditures were eligible for financing under the Loan agreement.

### Our Responsibility

Our responsibility is to report on the subject matters (as specified in Section "Subject Matters and Criteria" above) based on our work performed.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance about whether the subject matters are in compliance, in all material respects, with the specified criteria (as specified in the Section "Subject Matters and Criteria" above).

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our qualified reasonable assurance opinion.



## Summary of the Work Performed

The scope of our work included the following procedures:

- testing of controls relevant to the Bank's lending cycle (controls tested covered proper authorisation of all loans based on the Bank's internal policies and procedures which also take into account the ADB's requirements and other related controls);
- checking whether the Bank established a Project Implementation Unit for the purposes of the Project;
- tracing disbursements of loan proceeds to/by the Bank to supporting documentation (such as, requests for withdrawal, loan applications, approvals of loan disbursements to sub-borrowers by the Bank's Credit Committee, loan agreements with sub-borrowers, etc.) on a sample basis;
- reviewing adequacy of supporting documentation sampled for testing (as specified above); and
- testing compliance of qualified sub-borrowers and sub-projects with required criteria (as specified in the Section "Subject Matters and Criteria" above) on a sample basis.

## Reasonable Assurance Opinion

In our opinion:

- the Bank has complied, in all material respects, with the specific provisions of the Loan agreement in relation to the utilisation of proceeds of the loan for the year ended 31 December 2014 withdrawn from the ADB for purposes of the Project; and
- the Bank has complied, in all material respects, with the specific provisions of the ADB's Loan Disbursement Handbook in relation to the maintenance of adequate documentation to support claims to the ADB for reimbursements of expenditures incurred for the year ended 31 December 2014 and the expenditures were eligible for financing under the Loan agreement.

## Other Matter – Inherent Limitations

Without modifying our reasonable assurance opinion, we draw attention to the fact that inherent limitations exist in assurance engagements, due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Non-financial data may be subject to more inherent limitations than financial data, given its nature and the methods used for determining or estimating such data. These inherent limitations may influence the evaluation of the subject matters against the criteria (as specified in Section "Subject Matters and Criteria" above).

## Restriction on Use and Distribution

This independent reasonable assurance report is provided solely for the use of the management of the Bank and the ADB and only for the purposes of the Project and should not be used for any other purpose or distributed to any other parties.

*Audit Organization "PricewaterhouseCoopers" LLC*

Audit Organization "PricewaterhouseCoopers" LLC  
6 July 2015  
Tashkent, Uzbekistan