ЗАО « В. ЯКОБС - АУДИТ »

CJSC « W. JACOBS - AUDIT »

NARYN RURAL WATER SUPPLY
AND SANITATION DEVELOPMENT PROGRAM
(LOAN No. 3854-KGZ(COL), GRANT No. 0676-KGZ (SF))

ADDITIONAL FINANCING FOR THE
NARYN RURAL WATER SUPPLY
AND SANITATION DEVELOPMENT PROGRAM
(LOAN No. 4494-KGZ (COL), GRANT No. 0971-KGZ (SF))

“NARYN PROGRAM READINESS” WITHIN THE FRAMEWORK OF THE
MULTI-SECTORAL ACTIVITIES SUPPORT FUND (ACTIVITY 2)
(SUB-GRANT No. 0783-KGZ)

FINANCIAL STATEMENTS, PREPARED IN ACCORDANCE WITH
THE INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS
UNDER THE CASH BASIS OF ACCOUNTING
FOR THE YEAR ENDED ON DECEMBER 31, 2025

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NARYN RURAL WATER SUPPLY AND SANITATION DEVELOPMENT PROGRAM
(LOAN No. 3854-KGZ(COL), GRANT No. 0676-KGZ (SF))
ADDITIONAL FINANCING FOR THE
NARYN RURAL WATER SUPPLY AND SANITATION DEVELOPMENT PROGRAM
(LOAN No. 4494-KGZ (COL), GRANT No. 0971-KGZ (SF))

"NARYN PROGRAM READINESS" WITHIN THE FRAMEWORK OF THE MULTI-SECTORAL ACTIVITIES SUPPORT FUND (ACTIVITY 2)" PROJECT (SUB-GRANT No. 0783-KGZ)

CONTENT

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS

The following statement is made with a view to distinguishing the respective responsibilities of the Management and auditors on the financial statements of the Naryn Rural Water Supply and Sanitation Development Program, operating under Financing Agreements (No. 3854-KGZ (COL), Grant No. 0676-KGZ (SF)) dated December 25, 2019 and Additional Financing for the Naryn Rural Water Supply And Sanitation Development Program (Loan No. 4494-KGZ (COL), Grant No. 0971-KGZ (SF)) dated November 04, 2024, as well as the "Naryn Program Readiness" within the framework of the Multi-Sectoral Activities Support Fund (Activity 2)" Project operating under the Financing Agreement (Sub-Grant No. 0783-KGZ) dated December 15, 2020, concluded between the Kyrgyz Republic and the Asian Development Bank.

The accompanying statements have been prepared by the Community Development and Investment Agency (hereinafter referred to as ARIS) and the Department for the Development of Drinking Water Supply and Sanitation under the Water Resources Service under the Ministry of Water Resources, Agriculture and Processing Industry of the Kyrgyz Republic (hereinafter referred to as DDDWSS).

The Management of ARIS and the Management DDDWSS acknowledges its responsibility for the preparation and fair presentation of financial statements. At preparation of the financial statements, the Management of ARIS and the Management of DDDWSS are responsible for:

- selecting and application of appropriate accounting policies;
- complying with requirements of International Public Sector Accounting Standards under the cash basis of accounting and rules of Asian Development Bank and disclosure of all significant departures from International Public Sector Accounting Standards in the notes to the financial statements;

The Management is also responsible for:

- designing, implementing and maintaining of effective and reliable internal control;
- maintaining accounting system which allows to prepare information on financial transactions of the Program and ensure compliance of the financial statements with IPSAS and rules of Asian Development Bank at any moment of time with sufficient accuracy;
- maintaining of accounting in compliance with the Kyrgyz Republic legislation;
- assuring within the Management's competence existence of assets, purchased for the Loan's and Grant's proceeds;
- identifying and preventing of fraud, errors and other abuses.

The Management of ARIS and the Management of the DDDWSS state that the funds received under the above-stated Financing Agreements were used for the purposes for which the financing was provided.

These financial statements, for the year ended on December 31, 2025, were approved by the Management of ARIS and the Management of the DDDWSS on June 29, 2026.

ARIS Executive Director	Zhumadylov K.A.
ARIS Acting Financial Manager	Yusupova R.T.
DDDWSS Director	Karataev Z.R.
Financial Manager	Mukasheva G.K.

ЗАКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО «В. ЯКОБС - АУДИТ»

CLOSED JOINT - STOCK COMPANY «W. JACOBS - AUDIT»

ЖАБЫК АКЦИОНЕРДИК КООМУ «В. ЯКОБС - АУДИТ»

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ИНН 01204199510045

Код ОКПО 20973319

№ A-28 June 29, 2026

INDEPENDENT AUDITORS' REPORT

TO THE DEPARTMENT FOR THE DEVELOPMENT OF DRINKING WATER SUPPLY AND SANITATION UNDER THE WATER RESOURCES SERVICE UNDER THE MINISTRY OF WATER RESOURCES, AGRICULTURE AND PROCESSING INDUSTRY OF THE KYRGYZ REPUBLIC

TO THE FOUNDERS OF THE COMMUNITY DEVELOPMENT AND INVESTMENT AGENCY

Report on the financial statements

Opinion

We, the "W.Jacobs-Audit" CJSC, have audited the accompanying financial statements comprising of the Statement of cash receipts and payments for the year ended on December 31, 2025, Statement on the budget implementation of the Naryn Rural Water Supply and Sanitation Development Program, operating under Financing Agreements (No. 3854-KGZ (COL), Grant No. 0676-KGZ (SF)) dated December 25, 2019 and Additional Financing for the Naryn Rural Water Supply And Sanitation Development Program (Loan No. 4494-KGZ (COL), Grant No. 0971-KGZ (SF)) dated November 04, 2024, as well as the "Naryn Program Readiness" within the framework of the Multi-Sectoral Activities Support Fund (Activity 2)" Project operating under the Financing Agreement (Sub-Grant No. 0783-KGZ) dated December 15, 2020, concluded between the Kyrgyz Republic and the Asian Development Bank and notes thereto, including a summary of significant accounting policies for the year ended on December 31, 2025.

In our opinion, the accompanied financial statements of Naryn Rural Water Supply and Sanitation Development Program and Additional Financing for the Naryn Rural Water Supply And Sanitation Development Program, as well as the "Naryn Program Readiness" within the framework of the Multi-Sectoral Activities Support Fund (Activity 2)" Project, present fairly, in all material respects, view of receipts and payments for the year ended on December 31, 2025 in accordance with the International Public Sector Accounting Standards under the cash basis of accounting (IPSAS).

Report on the fulfilment of the terms of Financing Agreements

Opinion

In our opinion, all funds of Naryn Rural Water Supply and Sanitation Development Program and Additional Financing for the Naryn Rural Water Supply And Sanitation Development Program, as well as the "Naryn Program Readiness" within the framework of the Multi-Sectoral Activities Support Fund (Activity 2)" Project disbursed by the Asian Development Bank were used only for the purposes of the Program, as agreed between the Asian Development Bank and the Government of the Kyrgyz Republic in Loan Agreement No. 3854-KGZ(COL) and Grant Agreement No. 0676-KGZ (SF) dated December 25, 2019, Loan Agreement No. 4494-KGZ(COL) and Grant Agreement No. 0971-KGZ (SF) dated November 04, 2024, as well as Sub-Grant Agreement No. 0783-KGZ and no funds from Naryn Rural Water Supply and Sanitation Development Program and Additional Financing for the Naryn Rural Water Supply And Sanitation Development Program, as well as the "Naryn Program Readiness" within the framework of the Multi-Sectoral Activities Support Fund (Activity 2)" Project were used for other purposes. The Recipient has acted in accordance with the financial terms of Loan Agreement No. 3854-KGZ(COL) and Grant Agreement No. 0676-KGZ (SF), Loan Agreement No. 4494-KGZ(COL) and Grant Agreement No. 0971-KGZ (SF) dated November 04, 2024, as well as Sub-Grant Agreement No. 0783-KGZ, for the period covered by the audit.

Report on supplementary financial statements

The audit was conducted to form an opinion on the financial statements as a whole. The attached Statements of cash receipts and payments on the advance accounts of the Program in US dollars and national currency, statement of withdrawals from sub-grant account, are presented for additional analysis and are not constituent (mandatory) parts of the financial statements. Such information was subjected to audit procedures applied to the audit of the special purpose financial statements.

Opinion

(1) In our opinion, Statements of advance accounts of the Program present fairly, in all material respects, view of receipts and payments from the Asian Development Bank for the year ended on December 31, 2025.

(2) In our opinion, adequate supporting documentation has been maintained with respect to the Statements of Expenditures to support the Statements of Expenditures sent to the Asian Development Bank for reimbursement of expenses incurred, as well as expenses indicated in the Statements, are subject to financing in accordance with the Loan Agreement.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities in accordance with these standards are described in the section "Auditor's responsibility for the audit of the financial statements" of this report. We are independent of the Program in accordance with the Code of Ethics for Professional Accountants (including independence requirements) of the International Ethics Standards Board for Accountants (the IESBA Code), as well as in accordance with the independence and ethical requirements relevant to our audit of the financial statements in the Kyrgyz Republic. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Basis for preparation, presentation, restriction on distribution and use of the financial statements

We draw your attention to Note 2 to the financial statements, which describes the basis for its preparation and presentation. The financial statements that have been prepared within the framework of the activities of Naryn Rural Water Supply and Sanitation Development Program and Additional Financing for the Naryn Rural Water Supply And Sanitation Development Program, as well as "Naryn Program Readiness" within the framework of the Multi-Sectoral Activities Support Fund (Activity 2)" Project are intended for use by the Program's Management and the Asian Development Bank, and may not be suitable for other purposes. Our report is intended solely for the Management of the Naryn Rural Water Supply and Sanitation Development Program and "Naryn Program Readiness" within the framework of the Multi-Sectoral Activities Support Fund (Activity 2)" Project and the Asian Development Bank, and should not be provided to other parties. However, after the publication of the financial statements by the Asian Development Bank, this report is in the public domain and its distribution is unlimited. The Asian Development Bank is not responsible for the authenticity and accuracy of the information presented in this report. Our opinion is not modified in respect of this matter.

Responsibility of the Program's Management and those charged with governance for the financial statements

The Management of the Community Development and Investment Agency (hereinafter referred to as ARIS) and the Department for the Development of Drinking Water Supply and Sanitation under the Water Resources Service under the Ministry of Water Resources, Agriculture and Processing Industry of the Kyrgyz Republic (hereinafter referred to as DDDWSS) is responsible for the preparation of these financial statements and its compliance with the International Public Sector Accounting Standard "Financial statements under the cash basis of accounting", as well as the requirements of the Loan Agreement No. 3854-KGZ(COL) and Grant Agreement No. 0676-KGZ (SF), Loan Agreement No. 4494-KGZ(COL) and Grant Agreement No. 0971-KGZ (SF) dated November 04, 2024, and Sub-Grant Agreement No. 0783-KGZ, and the rules of the Asian Development Bank. Also, the Management is responsible for such internal control system as Management believes necessary to enable the preparation of financial statements that is free from significant misstatements, whether due to fraud or error.

While preparing the financial statements, the Management is responsible for assessing the ability of the Program to continue its going concern until the date of the predicted completion of the Program, for disclosure, as appropriate, of the information relating to going concern and for preparation of the financial statements on the basis of the going concern assumption, unless the Management intends to liquidate the Program, to terminate its activities or when it lacks any other real alternative, but to do so.

Those charged with governance are responsible for overseeing the preparation of the Program's financial statements.

Auditor's responsibility for the audit of the financial statements

Our goal is to obtain reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error, and in the issuance of an audit report that contains our opinion. Reasonable assurance is a high degree of assurance, but it is not a guarantee that an audit conducted in accordance with International Standards on Auditing always reveals material misstatement if it exists. Material misstatement can be the result of fraud or error and are considered material if it can reasonably be assumed that individually or in combination, they can affect the economic decisions of users made on the basis of these financial statements.

As part of an audit conducted in accordance with International Standards on Auditing, we apply professional judgment and maintain professional skepticism throughout the audit. In addition, we perform the following:

- identify and assess the risks of material misstatement of financial statements due to fraud or error; develop and conduct audit procedures in response to these risks; obtain audit evidence that is sufficient and appropriate to serve as a basis for expressing our opinion. The risk of not detecting a material misstatement as a result of fraud is higher than the risk of not detecting a significant misstatement as a result of an error, since fraud may include collusion, forgery, intentional omission, misrepresentation of the information or circumvention of the internal control system;

- get an understanding of the internal control system that is relevant to the audit in order to develop audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control system;
- assess the proper nature of the accounting policies applied and the corresponding disclosure of information prepared by the Program's Management;
- conclude on the legitimacy of the application of the going concern assumption by the Program's Management, and on the basis of the audit evidence obtained - conclude whether there is a significant uncertainty in connection with events or conditions that may raise significant doubts about the Program's ability to operate as a going concern until the date of the predicted completion of the Program. If we conclude that there is a significant uncertainty, we should draw attention to our disclosure in the financial statements, or, if such disclosure is inappropriate, modify our opinion. Our conclusions are based on the audit evidence obtained before the date of our audit report;
- evaluate the presentation of the financial statements as a whole, its structure and content, including disclosure of information, as well as whether the financial statements present the underlying operations and events in a manner that ensures their reliable representation.

We carry out informational interaction with the Program's Management, including, among other things, information on the planned scope and timing of the audit, as well as significant comments on the audit results, including significant deficiencies in the internal control system that we identify in the course of the audit.

Rostokina G.R., Auditor, CIPA,
The engagement partner on the audit resulting in this independent auditors' report
Director of "W.Jacobs-Audit" CJSC
IRN No. 11046, Auditor Qualification Certificate No. 00090 dated January 27, 2005

Kyrgyz Republic, 720051,
Bishkek, Saliyeva street, 72

June 29, 2026

(In US dollars)

STATEMENT OF CASH RECEIPTS AND PAYMENTS

for the year ended on December 31, 2025

		Note	For the year ended December 31, 2025	For the year ended December 31, 2024	Cumulative total since the beginning of the activities
	Cash balance at the beginning of the period		**7,665,056.72**	**7,249,350.61**	**-**
	Cash receipts		-	-	
	including		-	-	
1	**Asian Development Bank Loan 3854_KGZ:**	**4**	**1,860,294.13**	**3,099,973.40**	**10,197,267.53**
	Initial deposit		1,860,294.13	3,099,973.40	9,787,267.53
	Reimbursement based payments		-	-	410,000.00
2	**Asian Development Bank Grant 0676-KGZ:**	4	**1,953,583.49**	**3,099,973.40**	**10,290,556.89**
	Initial deposit		1,953,583.49	3,099,973.40	9,880,556.89
	Reimbursement based payments		-	-	410,000.00
3	**Asian Development Bank Loan 4494_KGZ:**		**6,750,000.00**		**6,750,000.00**
	Initial deposit		6,750,000.00		6,750,000.00
	Reimbursement based payments		-		-
4	**Asian Development Bank Grant 0971-KGZ:**		**1,337,500.00**		**1,337,500.00**
	Initial deposit		1,337,500.00		1,337,500.00
	Reimbursement based payments		-		-
5	**Asian Development Bank Grant 0783-KGZ:**	4	**99,999.97**	**32,841.92**	**477,420.31**
	Initial deposit		(50,677.72)	-	68,517.81
	Direct payments		31,618.50	-	142,938.75
	SOE based payments		119,059.19	32,841.92	265,963.75
6	**Funds of the Government of the Kyrgyz Republic:**	**5**	**963,830.65**	**785,566.26**	**2,230,006.78**
7	**Other income:**		**131,876.08**	**129,417.55**	**570,164.98**
	Income from the sale of tender documents		-	-	-
	Income from interest-bearing accounts	3	131,876.08	129,417.55	570,164.98
	Total cash receipts for the reporting period		**13,097,084.32**	**7,147,772.53**	**31,852,916.49**
	Minus payments by items				
	Naryn Rural Water Supply and Sanitation Development Program, Loan 3854-KGZ and Grant 0676-KGZ		**8,244,028.05**	**6,641,964.48**	**18,964,233.28**
1	Construction		7,268,909.73	5,736,261.78	15,520,782.79
2	Equipment and goods		17,580.46	5,460.76	93,491.89
3	Consulting services		440,271.64	416,917.58	1,574,017.08
4	Program management and institutional strengthening		389,644.84	353,414.42	1,343,736.19
5	Contingencies		127,621.38	129,909.94	432,205.33

W.JACOBS-AUDIT

(In US dollars)

		Note	For the year ended December 31, 2025	For the year ended December 31, 2024	Cumulative total since the beginning of the activities
	Additional Financing for the Naryn Rural Water Supply and Sanitation Development Program, Loan 4494-KGZ and Grant 0971-KGZ		**114,377.89**		**114,377.89**
1	Construction		92,385.47		92,385.47
2	Equipment and goods		-		-
3	Consulting services		-		-
4	Program management and institutional strengthening		21,992.42		21,992.42
	Naryn Program Readiness, Grant 0783-KGZ		**114,436.56**	**90,101.94**	**484,940.95**
1	Consulting services		112,768.56	88,217.94	478,488.00
2	Contingencies		1,668.00	1,884.00	6,452.95
	Total payments		**8,472,842.50**	**6,732,066.42**	**19,563,552.12**
	Receipts minus payments		**12,289,298.54**	**7,665,056.72**	**12,289,364.37**
	The impact of the exchange rate		-	-	(65.83)
	Net change in cash flow		**12,289,298.54**	**7,665,056.72**	**12,289,298.54**
	Cash balance at the end of the period	3	**12,289,298.54**	**7,665,056.72**	**12,289,298.54**

ARIS Executive Director — Zhumadylov K.A.

ARIS Acting Financial Manager — Yusupova R.T.

DDDWSS Director — Karataev Z.R.

Financial Manager — Mukasheva G.K.

(In US dollars)

STATEMENT ON THE BUDGET IMPLEMENTATION

for the year ended on December 31, 2025

Project categories	Actual expenses	Budget	Deviation** (actual budget)
Naryn Rural Water Supply and Sanitation Development Program, Loan 3854-KGZ and Grant 0676-KGZ			
Construction	7,268,909.73	4,880,000.00	2,388,909.73
Equipment and goods	17,580.46	-	17,580.46
Consulting services	440,271.64	560,000.00	(119,728.36)
Program management and institutional strengthening	389,644.84	560,000.00	(170,355.16)
Contingencies	127,621.38	-	127,621.38
Additional Financing for the Naryn Rural Water Supply and Sanitation Development Program, Loan 4494-KGZ and Grant 0971-KGZ			
Construction	92,385.47	8,072,500.00	(7,980,114.53)
Equipment and goods	-	-	-
Consulting services	-	-	-
Program management and institutional strengthening	21,992.42	140,000.00	(118,007.58)
Naryn Program Readiness, Grant 0783-KGZ			
Consulting services	112,768.56	111,440.00	1,328.56
Contingencies	1,668.00	-	1,668.00
Total	**8,472,842.50**	**14,323,940.00**	**(5,851,097.50)**

** - Savings, + Overspending*

ARIS Executive Director	Zhumadylov K.A.
ARIS Acting Financial Manager	Yusupova R.T.
DDDWSS Director	Karataev Z.R.
Financial Manager	Mukasheva G.K.

Notes on pages 21 to 33 form an integral part of these financial statements

STATEMENT OF ARIS ADVANCE ACCOUNT IN US DOLLARS (LOAN NO. 3854-KGZ (COL))

for the year ended on December 31, 2025

Depositary bank	**"Eldik Bank" JSC**
Account No.	**№ 1299003250033216**

	Note	US dollars
Opening balance as of December 31, 2024		3,752,537.08
ADB disbursements to an Advance Account		
Initial deposit	4	1,860,294.13
Total change of the indicator for the period		**1,860,294.13**
Minus payments from the Advance Account		
Conversion for crediting to the Advance Account in national currency	3	(3,595,014.90)
Total change of the indicator for the period		**(3,595,014.90)**
Closing balance as of December 31, 2025	**3**	**2,017,816.31**

ARIS Executive Director — Zhumadylov K.A.

ARIS Acting Financial Manager — Yusupova R.T.

STATEMENT OF ARIS ADVANCE ACCOUNT IN NATIONAL CURRENCY (LOAN NO. 3854-KGZ (COL))

for the year ended on December 31, 2025

Depositary bank	**"Eldik Bank" JSC**
Account No.	**№ 1299003250033418**

	Note	KGS	US dollars
Opening balance as of December 31, 2024	3	**0.22**	**-**
Received to the Advance Account in national currency from the Advance Account in US dollars	3	312,720,314.98	3,595,014.90
Received to the Advance Account in national currency from the Interest Account in US dollars		5,482,218.00	63,014.00
Recovery of Funds from Contractors		3,591,408.68	41,280.56
Return of erroneous payments		258,054.53	2,966.58
Total change of the indicator for the period		**322,051,996.19**	**3,702,276.04**
Minus payments from the Advance Account			
Payments under the category "Construction"		(282,122,157.65)	(3,243,194.19)
Payments under the category "Equipment and goods"		(757,706.69)	(8,709.27)
Payments under the category "Consulting services"		(18,555,219.16)	(213,306.86)
Payments under the category "Program management and institutional strengthening"		(14,876,639.92)	(171,085.14)
Erroneous payments		(258,054.53)	(2,966.58)
Transferred to the account of the Central Treasury of the Ministry of Finance of the Kyrgyz Republic		(5,482,218.00)	(63,014.00)
Total change of the indicator for the period		**(322,051,995.95)**	**(3,702,276.04)**
Closing balance as of December 31, 2025	3	0.46	-

ARIS Executive Director	Zhumadylov K.A.
ARIS Acting Financial Manager	Yusupova R.T.

STATEMENT OF ARIS ADVANCE ACCOUNT IN US DOLLARS (GRANT NO. 0676-KGZ (SF))

for the year ended on December 31, 2025

Depositary bank	**"Eldik Bank" JSC**
Account No.	**№ 1299003250033115**

	Note	US dollars
Opening balance as of December 31, 2024		3,752,538.86
ADB disbursements to an Advance Account		
Initial deposit	4	1,953,583.49
Total change of the indicator for the period		**1,953,583.49**
Minus payments from the Advance Account		
Conversion for crediting to the Advance Account in national currency	3	(3,583,596.16)
Total change of the indicator for the period		**(3,583,596.16)**
Closing balance as of December 31, 2025	3	2,122,526.19

ARIS Executive Director	Zhumadylov K.A.
ARIS Acting Financial Manager	Yusupova R.T.

STATEMENT OF ARIS ADVANCE ACCOUNT IN NATIONAL CURRENCY (GRANT NO. 0676-KGZ (SF))

for the year ended on December 31, 2025

Depositary bank	**"Eldik Bank" JSC**
Account No.	**№ 1299003250033317**

	Note	KGS	US dollars
Opening balance as of December 31, 2024	3	**0.78**	**0.01**
Received to the Advance Account in national currency from the Advance Account in US dollars	3	311,726,884.60	3,583,596.16
Received to the Advance Account in national currency from the Interest Account in US dollars		5,609,291.94	64,474.62
Recovery of Funds from Contractors		4,584,839.70	52,699.31
Return of erroneous payments		258,054.53	2,966.14
Total change of the indicator for the period		**322,179,070.77**	**3,703,736.23**
Minus payments from the Advance Account			
Payments under the category "Construction"		(282,122,157.65)	(3,243,194.19)
Payments under the category "Equipment and goods"		(757,706.69)	(8,709.27)
Payments under the category "Consulting services"		(18,555,219.19)	(213,306.86)
Payments under the category "Program management and institutional strengthening"		(14,876,641.26)	(171,085.16)
Erroneous payments		(258,054.53)	(2,966.14)
Transferred to the account of the Central Treasury of the Ministry of Finance of the Kyrgyz Republic		(5,609,291.94)	(64,474.62)
Total change of the indicator for the period		**(322,179,071.26)**	**(3,703,736.24)**
Closing balance as of December 31, 2025	3	0.29	-

ARIS Executive Director — Zhumadylov K.A.

ARIS Acting Financial Manager — Yusupova R.T.

STATEMENT OF ARIS ADVANCE ACCOUNT IN US DOLLARS (LOAN NO. 4494-KGZ (COL))

for the year ended on December 31, 2025

Depositary bank	**"Eldik Bank" JSC**
Account No.	**№ 1299003250039781**

	Note	US dollars
Opening balance as of December 31, 2024		-
ADB disbursements to an Advance Account		
Initial deposit	4	6,750,000.00
Total change of the indicator for the period		**6,750,000.00**
Minus payments from the Advance Account		
Conversion for crediting to the Advance Account in national currency	3	(82,868.74)
Total change of the indicator for the period		**(82,868.74)**
Closing balance as of December 31, 2025	3	6,667,131.26

ARIS Executive Director — Zhumadylov K.A.

ARIS Acting Financial Manager — Yusupova R.T.

STATEMENT OF ARIS ADVANCE ACCOUNT IN NATIONAL CURRENCY (LOAN NO. 4494-KGZ (COL))

for the year ended on to December 31, 2025

Depositary bank	**"Eldik Bank" JSC**
Account No.	**№ 1299003250039983**

	Note	KGS	US dollars
Opening balance as of December 31, 2024	3	-	-
Received to the Advance Account in national currency from the Advance Account in US dollars	3	7,209,580.38	82,868.74
Total change of the indicator for the period		**7,209,580.38**	**82,868.74**
Minus payments from the Advance Account			
Payments under the category "Construction"		(5,851,890.55)	(67,263.11)
Payments under the category "Program management and institutional strengthening"		(1,357,688.98)	(15,605.62)
Total change of the indicator for the period		**(7,209,579.53)**	**(82,868.73)**
Closing balance as of December 31, 2025	3	0.85	0.01

ARIS Executive Director — Zhumadylov K.A.

ARIS Acting Financial Manager — Yusupova R.T.

STATEMENT OF ARIS ADVANCE ACCOUNT IN US DOLLARS (GRANT NO. 0971-KGZ (SF))

for the year ended on to December 31, 2025

Depositary bank	**"Eldik Bank" JSC**
Account No.	**№ 1299003250039680**

	Note	US dollars
Opening balance as of December 31, 2024		-
ADB disbursements to an Advance Account		
Initial deposit	4	1,337,500.00
Total change of the indicator for the period		**1,337,500.00**
Minus payments from the Advance Account		
Conversion for crediting to the Advance Account in national currency	3	(16,973.14)
Total change of the indicator for the period		**(16,973.14)**
Closing balance as of December 31, 2025	3	1,320,526.86

ARIS Executive Director	Zhumadylov K.A.
ARIS Acting Financial Manager	Yusupova R.T.

STATEMENT OF ARIS ADVANCE ACCOUNT IN NATIONAL CURRENCY (GRANT NO. 0971-KGZ (SF))

for the year ended on to December 31, 2025

Depositary bank	**"Eldik Bank" JSC**
Account No.	**№ 1299003250039882**

	Note	KGS	US dollars
Opening balance as of December 31, 2024	3	-	-
Received to the Advance Account in national currency from the Advance Account in US dollars	3	1,476,663.18	16,973.14
		-	-
Total change of the indicator for the period		**1,476,663.18**	**16,973.14**
Minus payments from the Advance Account			
Payments under the category "Construction"		(1,198,579.99)	(13,776.78)
Payments under the category "Program management and institutional strengthening"		(278,083.09)	(3,196.36)
Total change of the indicator for the period		**(1,476,663.08)**	**(16,973.14)**
Closing balance as of December 31, 2025	3	0.10	-

ARIS Executive Director Zhumadylov K.A.

ARIS Acting Financial Manager Yusupova R.T.

STATEMENT OF ADVANCE ACCOUNT OF DDDWSS IN US DOLLARS (SUB-GRANT NO. 0783-KGZ)

for the year ended on to December 31, 2025

Depositary bank	**“Aiyl Bank” JSC**
Account No.	**№ 1350132080300778**

	Note	US dollars
Opening balance as of December 31, 2024		30,947.57
ADB disbursements to an advance account		
Initial deposit	4	29,876.00
SOE-based reimbursement		38,505.47
Reimbursement from the Interest Account of expenditures not eligible for ADB financing		37.04
Reimbursement of previously paid operating expenses from GKR funds		32.00
Total change of the indicator for the period		**68,450.51**
Minus payments from the Advance Account		
Conversion for crediting to the Advance Account in national currency	3	(69,720.05)
Total change of the indicator for the period		**(69,720.05)**
Closing balance as of December 31, 2025	**3**	**29,678.03**

DDDWSS Director Karataev Z.R.

Financial Manager Mukasheva G.K.

STATEMENT OF ADVANCE ACCOUNT OF DDDWSS IN NATIONAL CURRENCY (SUB-GRANT NO. 0783-KGZ)

for the year ended on to December 31, 2025

Depositary bank	**"Aiyl Bank" JSC**
Account No.	**№ 1350132080300374**

	Note	KGS	US dollars
Opening balance as of December 31, 2024	3	**1.61**	**0.02**
Received to the Advance Account in national currency from the Advance Account in US dollars	3	6,063,125.58	69,720.05
Refund of erroneous payments		75,979.31	873.69
Reimbursement of previously paid operating expenses from GKR funds		3,241.00	37.27
Reimbursement of expenditures not eligible for financing		258,717.24	2,975.00
Total change of the indicator for the period		**6,401,063.13**	**73,606.01**
Minus payments from the Advance Account			
Payments under the category "Consulting services for the implementation of the Project; Research, Survey and Design; Seminars; Community mobilization"		(6,321,844.30)	(72,695.30)
Conversion to the Advance Account in US dollars for reimbursement of previously paid operating expenses		(3,241.00)	(37.04)
Erroneous payments		(75,979.31)	(873.69)
Total change of the indicator for the period		**(6,401,064.61)**	**(73,606.03)**
Closing balance as of December 31, 2025	3	0.13	-

DDDWSS Director — Karataev Z.R.

Financial Manager — Mukasheva G.K.

(In US dollars)

STATEMENT OF WITHDRAWALS FROM SUB-GRANT ACCOUNT TO ADVANCE ACCOUNT

for the year ended December 31, 2025

Date of application	No. of application	Date of the payment	Category of expenses	Initial deposit	Not reimbursed	Total
			Consulting services			
10.12.2024	00009*	29.01.2025	21,552.09	(20,094.60)	(1,457.49)	-
10.12.2024	00010**	29.01.2025	61,502.37	(22,959.86)	(37.04)	38,505.47
02.10.2025	00012	20.10.2025	37,499.26	(37,499.26)	-	-
Total for the reporting period			**120,553.72**	**(80,553.72)**	**(1,494.53)**	**38,505.47**

* - Unreimbursed amounts under withdrawal application No. 00009 include 1,425.49 US dollars exceeding the contract amount (Asel Checheibaeva) and bank charges of 32 US dollars not eligible for ADB financing.

** - Under withdrawal application No. 00010, bank charges in the amount of 37.04 US dollars were not reimbursed.

DDDWSS Director Karataev Z.R.

Financial Manager Mukasheva G.K.

NOTES TO THE FINANCIAL STATEMENTS

Note 1. DESCRIPTION OF THE PROGRAM

One of the goals of the National Development Strategy of the Kyrgyz Republic for 2018-2040 is to provide the population with clean water and sanitation. The State National Program - The Strategy for the Development of Water Supply and Sewerage Systems for Settlements (SDWSSSS) for 2016-2026 is aimed at achieving inclusive and reliable access to safe and high-quality water supply and sanitation (WSS) services. The State Program establishes a strategic and policy framework for the development of WSS infrastructure and services and building the capacity of government departments, agencies and operators to create a sustainable WSS service delivery system.

The Naryn Rural Water Supply and Sanitation Development Program began its activities under Loan Agreement No. 3854-KGZ(COL) and Grant Agreement No. 0676-KGZ (SF), concluded between the Kyrgyz Republic and the Asian Development Bank (ADB) on December 25, 2019.

The "Naryn Program Readiness" within the framework of the Multi-Sectoral Activities Support Fund (Activity 2)" Project began its activities under the Sub-Grant Agreement No. 0783-KGZ concluded between the Kyrgyz Republic and the Asian Development Bank (ADB) on December 15, 2020.

Both projects are aimed at implementing the Rural Water Supply and Sanitation Development Program. The goal of the Program is to support the implementation of the SDWSSSS through inclusive and reliable access to safe water supply and improved sanitation for rural communities in the Naryn region.

ADB's core business is results-based lending (RBL) in support of the government's program.

The Rural Water Supply and Sanitation Development Program in Naryn region is aimed at supporting the construction and rehabilitation of infrastructure, as well as strengthening the capacity of the Community Development and Investment Agency implementing the Program and improving the sustainable management of WSS services.

Program activities include:

Part 1: Expansion of water supply and sanitation infrastructure and piloting of sanitation solutions, including the following: safe water sources, water storage systems, cleaning and disinfection systems; distribution networks for a target population of approximately 64,000 people; gender-responsive systems for safe water supply and sanitation in selected rural kindergartens, schools and health facilities; and piloting non-networked sanitation solutions.

Part 2: Strengthening institutional capacity to increase resilience in the rural water supply and sanitation sector, including the following: establishment and strengthening with participation of at least 20% of women in total water supply and utilities entities (WSUs) by 2025 and 40% participation of women in trainings and public consultations on issues related to the WSUs; providing financial management training to further improve internal control processes and procedures for the Program Implementing Agency and the WSUs; adoption and application of a procurement manual and a multi-year procurement action plan; and developing and implementing a monitoring and evaluation system to improve knowledge of asset inventory and data management.

The Rural Water Supply and Sanitation Development Program in the Naryn region (the "RBL Program") is the first Rural Water Supply and Sanitation Program in the Kyrgyz Republic. The Government of the Kyrgyz Republic has requested a sub-grant for the second activity to support capacity development, effective implementation and monitoring of the RBL Program, and verification of achievement of results.

In accordance with the Loan Agreement No. 3854-KGZ(COL) and the Grant Agreement No. 0676-KGZ (SF), funds are allocated by the categories of expenditure as follows:

№	Components	Amount in US dollars	Share (%)
1	Construction	26,394,942.00	80.23%
2	Equipment and goods	458,380.00	1.39%
3	Consulting services	1,527,960.00	4.64%
4	Program management and institutional strengthening	1,694,806.00	5.15%
5	Contingencies	2,089,494.00	6.35%
6	Interest during construction	734,418.00	2.23%
	Total	**32,900,000.00**	**100%**

(In US dollars)

Information on financing by sources of financing is presented as follows:

№	Components	ADB		GKR		Total	
		Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
1	Construction	21,906,212.00	79.95%	4,488,730.00	81.61%	26,394,942.00	80.23%
2	Equipment and goods	380,000.00	1.39%	78,380.00	1.43%	458,380.00	1.39%
3	Consulting services	1,273,300.00	4.65%	254,660.00	4.63%	1,527,960.00	4.64%
4	Program management and institutional strengthening	1,404,966.00	5.13%	289,840.00	5.27%	1,694,806.00	5.15%
5	Contingencies	1,701,104.00	6.21%	388,390.00	7.06%	2,089,494.00	6.35%
6	Interest during construction	734,418.00	2.68%	0.00	0.00%	734,418.00	2.23%
	Total	**27,400,000.00**	**100%**	**5,500,000.00**	**100%**	**32,900,000.00**	**100%**
	Share %	83.28%		16.72%		100.00%	

Information on the amount of ADB financing from the loan and grant is presented as follows:

№	Disbursement linked indicators (DLI)	ADB loan Amount	ADB grant Amount	Total ADB financing	% of ADB financing
1	DLI 1	4,110,000.00	4,110,000.00	8,220,000.00	30.00%
2	DLI 2	1,370,000.00	1,370,000.00	2,740,000.00	10.00%
3	DLI 3	274,000.00	274,000.00	548,000.00	2.00%
4	DLI 4	4,521,000.00	4,521,000.00	9,042,000.00	33.00%
5	DLI 5	685,000.00	685,000.00	1,370,000.00	5.00%
6	DLI 6	685,000.00	685,000.00	1,370,000.00	5.00%
7	DLI 7	685,000.00	685,000.00	1,370,000.00	5.00%
8	DLI 8	1,370,000.00	1,370,000.00	2,740,000.00	10.00%
	Total	**13,700,000.00**	**13,700,000.00**	**27,400,000.00**	**100.00%**

In accordance with the Sub-Grant Agreement No. 0783-KGZ, the sub-grant amount is 2,500,000.00 US dollars. The grant funds are financed 100% by ADB funds under the category "Consulting Services".

The Government of the Kyrgyz Republic applied to ADB for additional financing for the purposes of the Rural Water Supply and Sanitation Development Program. The objective of the Program is to support the implementation of the State Program "National Development Program of the Kyrgyz Republic for 2018–2040" and the "Program for the Development of Drinking Water Supply and Wastewater Disposal Systems in Settlements of the Kyrgyz Republic until 2026" through inclusive and reliable access to safe water supply and improved sanitation for rural settlements in Naryn region of the Kyrgyz Republic.

ADB provided additional financing, and the Loan and Grant Agreement was signed on November 4, 2024. In accordance with Loan Agreement No. 4494-KGZ(COL) and Grant Agreement No. 0971-KGZ (SF), the financing proceeds are allocated by expenditure categories as follows:

№	Disbursement linked indicators (DLI)	ADB loan Amount	ADB grant Amount	Total ADB financing	% of ADB financing
1	DLI 1	10,000,000	-	10,000,000	30.91%
2	DLI 2	-	3,000,000	3,000,000	9.27%
3	DLI 3	-	-	-	0.00%
4	DLI 4	12,000,000	-	12,000,000	37.09%
5	DLI 5	1,500,000	1,350,000	2,850,000	8.81%
6	DLI 6	-	-	-	0.00%
7	DLI 7	-	-	-	0.00%
8	DLI 8A	500,000	-	500,000	1.55%
9	DLI 8B	3,000,000	-	3,000,000	9.27%
10	DLI 9	-	1,000,000	1,000,000	3.09%
	Total	**27,000,000**	**5,350,000**	**32,350,000**	**100.00%**

Program Status

The Community Development and Investment Agency (ARIS) is the Program Implementing Agency.

The actual and legal address of ARIS is the Kyrgyz Republic, Bishkek, Bokonbaev street, 102.

the Department for the Development of Drinking Water Supply and Sanitation under the Water Resources Service under the Ministry of Water Resources, Agriculture and Processing Industry of the Kyrgyz Republic (DDDWSS) acts as the Executing Agency and is responsible for overall monitoring of the results of the Program.

The actual and legal address of the DDDWSS is the Kyrgyz Republic, Bishkek, Manas street, 28.

Note 2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

Methodological framework for preparation of the financial statements

The methodological basis for preparation of the general-purpose financial statements of the Program is the International Public Sector Accounting Standards under the cash basis of accounting (IPSAS), in terms of special statements - rules of the Asian Development Bank.

Cash basis of accounting recognizes transactions and events only when cash (including cash equivalents) is received or paid by the entity.

The accounting policy was applied consistently throughout the entire period.

Going concern

In accordance with Loan Agreement No. 3854-KGZ(COL), the Program is expected to be completed by December 31, 2027. The closing date for the loan and grant is June 30, 2028.

Under the Additional Financing for the Naryn Rural Water Supply and Sanitation Development Program (Loan Agreement No. 4494-KGZ (COL) and Grant Agreement No. 0971-KGZ (SF) dated November 4, 2024), the Loan and Grant closing date is set as December 31, 2029.

In accordance with the Sub-Grant Agreement No. 0783-KGZ, the closing date of the Sub-grant is June 30, 2027.

The Government of the Kyrgyz Republic intends to seek ADB's agreement to extend the Sub-Grant closing date until December 31, 2030.

Composition of the financial statements

General purpose financial statements are presented in accordance with the requirements of IPSAS on a cash basis. In addition, the Program prepares special financial statements in accordance with the Guidelines for Borrowers for the Financial Governance and Management of Investment Projects Financed by the Asian Development Bank. Based on the foregoing, the Program has presented its financial statements in the following composition:

General purpose financial statements

- Statement of cash receipts and payments;
- Statement on the budget implementation.

Special financial statements

- Statements of Advance Accounts;
- Statement of withdrawals.

Notes to the financial statements, including accounting policies.

The reporting period was a calendar year. Each material item in the financial statements is disclosed and presented separately; non-material items are grouped.

Reporting currency. Foreign currency transactions.

The national currency in the Kyrgyz Republic is the Kyrgyz som. These statements are presented in US dollars, since the currency of the Project's documents is the US dollar. Accordingly, all currencies other than the US dollar used in payments are foreign.

To convert transactions in foreign currencies into the reporting currency, the US dollar conversion rate (hereinafter referred to as the exchange rate) is used.

Cash receipts and payments arising from transactions in foreign currency are reflected in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting and foreign currencies at the date of receipts and payments.

Thus, payments made from the advance account of the Program to finance expenses in national currency are reflected in the reporting currency at the rate of actual conversion of US dollars into national currency in the serving bank. The balances of the advance account in national currency at the end of the reporting period are estimated in the reporting currency at the actual currency conversion rate.

Co-financing of the Government of the Kyrgyz Republic is carried out in national currency. Co-financing of the Government of the Kyrgyz Republic is reflected in the reporting currency at the rate corresponding to the actual currency conversion on the date closest to the date of receipt of co-financing.

Transactions on tender and interest-bearing accounts in foreign currencies are recognized in the reporting currency at the actual currency conversion rate on the date closest to the date of the transaction. Foreign exchange differences arising from the presentation of monetary items in the financial statements at rates other than those at which they are recognized in the current period are recognized as foreign exchange gains or losses in the period in which they arise.

Monetary funds

Monetary funds include funds in financial institutions on advance accounts, co-financing account of the Government of the Kyrgyz Republic, as well as on interest and tender accounts.

Accounts receivable

Accounts receivable are disclosed in the notes to the financial statements at historical cost.

Liabilities

Liabilities are disclosed in the notes to the financial statements at cost, net of payments made, in accordance with the amounts of cash expected to be paid in the normal course of business.

Fixed and intangible assets

The Program classifies fixed and intangible assets as assets with a service life of more than one year, which are not intended for resale and are used to carry out activities stipulated by the Financing Agreements. Fixed and intangible assets acquired for the implementation of the Program are initially measured at cost and recognized as an expense. Amortization on fixed and intangible assets purchased for the purposes of the Program is not charged.

Taxation

In accordance with the requirements of the Tax Code of the Kyrgyz Republic, the Project (as a source of payment of income) is obliged to calculate, withhold and transfer taxes to the budget from income paid to entities, including income paid to a foreign organization that is not associated with a permanent establishment in the Kyrgyz Republic received from the Project for the work performed or services rendered.

Financing

The part of financing received from donors is recognized as financing by the Program.

Other receipts

The Program recognizes as other receipts the proceeds from the sale of tender documents and the interest income accrued by the servicing bank on the balances of the Program's accounts.

Expenses of the Program

The purchase of goods, works and services under the Program is carried out in accordance with the rules of the Asian Development Bank.

Note 3. MONETARY FUNDS

In order to implement the ARIS Program, accounts were opened with "Eldik Bank" JSC in US dollars and national currency to receive financing from ADB and make payments under the Program.

For the purpose of receiving financing from ADB and making payments under the Program, DDDWSS opened accounts with "Aiyl Bank" JSC in US dollars and national currency.

Information about cash balances at the reporting date is presented as follows:

Title of the item	December 31, 2025		December 31, 2024	
	Kyrgyz som	US dollar	Kyrgyz som	US dollar
Naryn Rural Water Supply and Sanitation Development Program Loan No. 3854-KGZ and Grant No. 0676-KGZ				
ADB Loan Advance Account 3854-KGZ (in US dollars)	-	2,017,816.31	-	3,752,537.08
ADB Loan Advance Account 3854-KGZ (in national currency)	0.46	-	0.22	-
ADB Grant Advance Account 0676-KGZ (in US dollars)	-	2,122,526.19	-	3,752,538.86
ADB Grant Advance Account 0676-KGZ (in national currency)	0.29	-	0.78	0.01
ARIS Interest Account (in US dollars)	-	106,674.40	-	127,488.62
ARIS Interest Account (in national currency)	5,745.77	66.04	7,896.49	90.76

Title of the item	December 31, 2025		December 31, 2024	
	Kyrgyz som	US dollar	Kyrgyz som	US dollar
Additional Financing for the Naryn Rural Water Supply and Sanitation Development Program Loan No. 4494-KGZ and Grant No. 0971-KGZ				
ADB Loan Advance Account 4494-KGZ (in US dollars)	-	6,667,131.26	-	-
ADB Loan Advance Account 4494-KGZ (in national currency)	0.85	0.01	-	-
ADB Grant Advance Account 0971-KGZ (in US dollars)	-	1,320,526.86	-	-
ADB Grant Advance Account 0971-KGZ (in national currency)	0.10	-	-	-
ARIS Interest Account (in US dollars)		24,186.98	-	-
Naryn Program Readiness Grant No. 0783-KGZ (SEFF Activity 2)				
ADB Sub-Grant Advance Account 0783-KGZ (in US dollars)	-	29,678.03	-	30,947.57
ADB Sub-Grant Advance Account 0783-KGZ (in national currency)	0.13	-	1.61	0.02
DDDWSS Interest Account (in US dollars)	-	683.78	-	1,453.80
DDDWSS Interest Account (in national currency)	755.09	8.68	-	-
Total monetary funds	**6,502.69**	**12,289,298.54**	**7,899.10**	**7,665,056.72**

Funds from the Advance Account in US dollars were converted into national currency at the commercial rate of the servicing bank and credited to the Advance Account of the Program in national currency.

Information on the withdrawal of funds by ARIS from the ADB Loan Advance Account No. 3854-KGZ in US dollars and the receipt of funds to the Loan Advance Account in national currency is given in the table:

Title of the transaction	ADB Loan Advance Account No. 3854-KGZ		
	The equivalent in US dollars	Kyrgyz som	US dollar
Conversion from the Advance Account in US dollars	-	-	3,595,014.90
Credited to the Advance Account in national currency	3,595,014.90	312,720,314.98	-

Information on the withdrawal of funds by ARIS from the ADB Grant Advance Account No. 0676-KGZ in US dollars and the receipt of funds to the Loan Advance Account in national currency is given in the table:

Title of the transaction	ADB Grant Advance Account No. 0676-KGZ		
	The equivalent in US dollars	Kyrgyz som	US dollar
Conversion from the Advance Account in US dollars	-	-	3,583,596.16
Credited to the Advance Account in national currency	3,583,596.16	311,726,884.60	-

Information on the withdrawal of funds by ARIS from the ADB Loan Advance Account No. 4494-KGZ in US dollars and the receipt of funds to the Loan Advance Account in national currency is given in the table:

Title of the transaction	ADB Loan Advance Account No. 4494-KGZ		
	The equivalent in US dollars	Kyrgyz som	US dollar
Conversion from the Advance Account in US dollars	-	-	82,868.74
Credited to the Advance Account in national currency	82,868.74	7,209,580.38	-

Information on the withdrawal of funds by ARIS from the ADB Grant Advance Account No. 0971-KGZ in US dollars and the receipt of funds to the Loan Advance Account in national currency is given in the table:

Title of the transaction	ADB Grant Advance Account 0971-KGZ		
	The equivalent in US dollars	Kyrgyz som	US dollar
Conversion from the Advance Account in US dollars	-	-	16,973.14
Credited to the Advance Account in national currency	16,973.14	1,476,663.18	-

Information on the withdrawal of funds by DDDWSS from the ADB Grant Advance Account No. 0783-KGZ in US dollars and the receipt of funds to the Loan Advance Account in national currency is given in the table:

Title of the transaction	ADB Grant Advance Account 0783-KGZ		
	The equivalent in US dollars	Kyrgyz som	US dollar
Conversion from the Advance Account in US dollars	-	-	69,720.05
Credited to the Advance Account in national currency	69,720.05	6,063,125.58	-

(In US dollars)

“Eldik Bank” JSC and “Aiyl Bank” JSC accrue interest on funds held in the Program advance accounts. Interest earned during the reporting period amounting to 131,876.08 US dollars was recognized as other income, including 892.66 US dollars on the accounts of DDDWSS and 106,782.44 US dollars on the accounts of ARIS under the original financing, and 24,200.98 US dollars on the accounts of ARIS under the additional financing.

During the reporting period, based on a letter from the Ministry of Finance of the Kyrgyz Republic, accrued interest amounting to 127,621.38 US dollars was refunded by ARIS to the Central Treasury account of the Ministry of Finance of the Kyrgyz Republic. The refund was made by transferring funds from the interest-bearing accounts to the Program advance accounts, followed by remittance to the Treasury of the Ministry of Finance of the Kyrgyz Republic. This included 63,014.00 US dollars from the loan advance account, 64,474.62 US dollars from the grant advance account, and 90.76 US dollars from the interest accounts.

Interest accrued on the project accounts of DDDWSS amounting to 1,456.80 US dollars was refunded to the Central Treasury account of the Ministry of Finance of the Kyrgyz Republic directly from the interest accounts of DDDWSS.

During the reporting period, there was a return of funds from the Contractor "Metag İnşaat Ticaret Anonim Şirketi" LLC to the Loan and Grant account. Moreover, the returned funds to the Grant account include funds in the amount of 11,418.75 US dollars, which were previously financed from the funds of the GKR.

Note 4. ADB FINANCING

ADB financing to ARIS in the reporting period was carried out by replenishment of the initial deposit on the Loan and Grant account. The amount of the initial deposit has been credited to the Loan and Grant Advance Account. These accounts are managed directly by ARIS.

Naryn Rural Water Supply and Sanitation Development Program Loan No. 3854-KGZ and Grant No. 0676-KGZ

ADB financing under the Loan No. 3854-KGZ for the reporting period and on an accrual basis is as follows:

Date of application	No. of application	Date of the payment	Payment category		Initial deposit	Not reimbursed*	Total
			Liquidation/ replenishment	Reimbursement			
Initial deposit:							
10.10.2025	0011	24.10.2025	-	-	1,627,408.06	-	1,627,408.06
08.12.2025	0012*	18.12.2025	-	-	235,220.36	(2,334.29)	232,886.07
08.12.2025	0013**		-	-	288,536.24	(288,536.24)	-
Total for the reporting period			**-**	**-**	**2,151,164.66**	**(290,870.53)**	**1,860,294.13**
Total financing as of December 31, 2024			**1,000,000.00**	**410,000.00**	**6,926,973.40**	**-**	**8,336,973.40**
Total financing from the start of the Project			**1,000,000.00**	**410,000.00**	**9,078,138.06**	**(290,870.53)**	**10,197,267.53**

* Withdrawal Application No. 0012 – the advance financing amount was reduced in order to comply with the 25% ceiling of the Loan amount.

** Withdrawal Application No. 0013 – was not reimbursed in full due to ongoing discussions regarding the separation of DLI 8 into DLI 8a and DLI 8b. Upon resolution of this matter, the funds will be included into applications for reimbursement to ADB.

A reconciliation of financing received under the ADB Loan No. 3854-KGZ is shown in the table:

	For 2025	Cumulative total
1. Funds provided under the ADB Loan	**1,860,294.13**	**10,197,267.53**
Initial deposit	1,860,294.13	8,787,267.53
Liquidation / replenishment	-	1,000,000.00
Reimbursement	-	410,000.00
2. Funds received by the Project under the ADB Loan	**1,860,294.13**	**10,197,267.53**
Initial deposit	1,860,294.13	8,787,267.53
Liquidation / replenishment	-	1,000,000.00
Reimbursement	-	410,000.00
3. Difference between positions 1 and 2	-	-

W.JACOBS-AUDIT

(In US dollars)

ADB financing under the Grant No. 0676-KGZ for the reporting period and cumulative total is as follows:

Date of application	No. of application	Date of the payment	Payment category		Initial deposit	Not reimbursed*	Total
			Liquidation/ replenishment	Reimbursement			
Initial deposit:							
10.10.2025	0012	27.10.2025	-	-	1,719,447.91	-	1,719,447.91
08.12.2025	0013*	18.12.2025	-	-	235,215.71	(1,080.13)	234,135.58
08.12.2025	0014**		-	-	196,497.84	(196,497.84)	-
Total for the reporting period			**-**	**-**	**2,151,161.46**	**(197,577.97)**	**1,953,583.49**
Total financing as of December 31, 2024			1,385,205.58	410,000.00	6,541,767.82	-	8,336,973.40
Total financing from the start of the Project			**1,385,205.58**	**410,000.00**	**8,692,929.28**	**(197,577.97)**	**10,290,556.89**

* Withdrawal Application No. 0013 – the advance financing amount was reduced in order to comply with the 25% ceiling of the Grant amount.

** Withdrawal Application No. 0014 – was not reimbursed in full due to ongoing discussions regarding the separation of DLI 8 into DLI 8a and DLI 8b. Upon resolution of this matter, the funds will be submitted to ADB for reimbursement.

A reconciliation of financing received under the ADB Grant No. 0676-KGZ is shown in the table:

	For 2025	Cumulative total
1. Funds provided under the ADB Grant	**1,953,583.49**	**10,290,556.89**
Initial deposit	1,953,583.49	8,495,351.31
Liquidation / replenishment	-	1,385,205.58
Reimbursement	-	410,000.00
2. Funds received by the Project under the ADB Grant	**1,953,583.49**	**10,290,556.89**
Initial deposit	1,953,583.49	8,495,351.31
Liquidation / replenishment	-	1,385,205.58
Reimbursement	-	410,000.00
3. Difference between positions 1 and 2	-	-

Additional Financing for the Naryn Rural Water Supply and Sanitation Development Program Loan No. 4494-KGZ and Grant No. 0971-KGZ

ADB financing under the Loan No. 4494-KGZ for the reporting period and on an accrual basis is as follows:

Date of application	No. of application	Date of the payment	Initial deposit	Total
Initial deposit:				
16.09.2025	0001	02.10.2025	6,750,000.00	6,750,000.00
Total for the reporting period			**6,750,000.00**	**6,750,000.00**
Total financing from the start of the Project			**6,750,000.00**	**6,750,000.00**

A reconciliation of financing received under the ADB Loan No. 4494-KGZ is shown in the table:

	For 2025	Cumulative total
1. Funds provided under the ADB Loan	**6,750,000.00**	**6,750,000.00**
Initial deposit	6,750,000.00	6,750,000.00
2. Funds received by the Project under the ADB Loan	**6,750,000.00**	**6,750,000.00**
Initial deposit	6,750,000.00	6,750,000.00
3. Difference between positions 1 and 2	-	-

(In US dollars)

ADB financing under the Grant No. 0971-KGZ for the reporting period and cumulative total is as follows:

Date of application	No. of application	Date of the payment	Initial deposit	Total
Initial deposit:				
16.09.2025	0001	02.10.2025	1,337,500.00	1,337,500.00
Total for the reporting period			**1,337,500.00**	**1,337,500.00**
Total financing from the start of the Project				**1,337,500.00**

A reconciliation of financing received under the ADB Grant No. 0971-KGZ is shown in the table:

	For 2025	Cumulative total
1. Funds provided under the ADB Grant	**1,337,500.00**	**1,337,500.00**
Initial deposit	1,337,500.00	1,337,500.00
2. Funds received by the Project under the ADB Grant	**1,337,500.00**	**1,337,500.00**
Initial deposit	1,337,500.00	1,337,500.00
3. Difference between positions 1 and 2	-	-

Naryn Program Readiness Grant No. 0783-KGZ (SEFF Activity 2)

ADB's financing to the DDDWSS in the reporting period was provided by reimbursement of expenses to the Sub-Grant Advance Account. This account is managed directly by the DDDWSS.

ADB's Sub-Grant No. 0783-KGZ financing for the reporting period and cumulative total is as follows:

Date of application	No. of application	Date of the payment	Payment category Consulting services	Initial deposit	Not reimbursed	Total
Replenishment:						
04.12.2025	00013	18.11.2025	-	29,876.00		29,876.00
Total			**-**	**29,876.00**		**29,876.00**
Direct payments:						
11.08.2025	00011	25.08.2025	31,618.50	-	-	31,618.50
Total			**31,618.50**	**-**	**-**	**31,618.50**
Reimbursements:						
10.12.2024	00009	29.01.2025	21,552.09	(20,094.60)	(1,457.49)	-
10.12.2024	00010	29.01.2025	61,502.37	(22,959.86)	(37.04)	38,505.47
02.10.2025	00012	20.10.2025	37,499.26	(37,499.26)	-	-
Total			**120,553.72**	**(80,553.72)**	**(1,494.53)**	**38,505.47**
Total for the reporting period			**152,172.22**	**(50,677.72)**	**(1,494.53)**	**99,999.97**
Total financing as of December 31, 2024			258,226.94	119,195.53	(2.13)	377,420.34
Total financing from the start of the Project			**410,399.16**	**68,517.81**	**(1,496.66)**	**477,420.31**

A reconciliation of financing received under the ADB Sub-Grant No. 0783-KGZ is shown in the table:

	For 2025	Cumulative total
1. Funds provided under the ADB Sub-Grant	**99,999.97**	**477,420.31**
Initial deposit	(50,677.72)	68,517.81
Direct payments	31,618.50	142,938.75
Reimbursement	119,059.19	265,963.75
2. Funds received by the Project under the ADB Sub-Grant	**99,999.97**	**477,420.31**
Initial deposit	(50,677.72)	68,517.81
Direct payments	31,618.50	142,938.75
Reimbursement	119,059.19	265,963.75
3. Difference between positions 1 and 2	-	-

Note 5. FINANCING OF THE GOVERNMENT OF THE KR

Financing the share of the Government of the Kyrgyz Republic provides for the provision of financing for the payment of tax liabilities levied on the territory of the Kyrgyz Republic.

Financing amounts allocated by the Government of the Kyrgyz Republic are transferred to the regional bank account of the Treasury, from which, after the provision of a permit for payment of expenses, the corresponding payments are made on behalf of the Program.

During the reporting period, counterpart financing in cash was provided by the Government of the Kyrgyz Republic as follows:

		Kyrgyz som	The equivalent in US dollars
1	Naryn Rural Water Supply and Sanitation Development Program Loan No. 3854-KGZ and Grant No. 0676-KGZ	81,565,527.44	937,795.60
2	Additional Financing for the Naryn Rural Water Supply and Sanitation Development Program Loan No. 4494-KGZ and Grant No. 0971-KGZ	1,264,633.96	14,536.02
3	Naryn Program Readiness Grant No. 0783-KGZ (SEFF Activity 2)	1,000,000.00	11,499.03
	Total	**83,830,161.40**	**963,830.65**

Note 6. EXPENSES PAID IN ADVANCE AND LIABILITIES

Expenses paid in advance as at December 31, 2025 and 2024 presented as follows:

Counterparty name	Category of expenses	Nature of payments	December 31, 2025	December 31, 2024
"Metag İnşaat Ticaret Anonim Şirketi" LLC	Construction	Advance	-	1,197,724.66
Accounts receivable of ARIS employees and other advances	Program Management and Institutional Strengthening/ Consultants	Travel and other advances	80.10	31.11
Advance payments to the Social Fund of the Kyrgyz Republic	Program Management and Institutional Strengthening	Social contributions from ARIS	-	37.87
		Total	**80.10**	**1,197,793.64**
including financed				
through ADB Loan			-	*525,327.72*
through ADB Grant			*19.77*	*525,327.72*
Through GKR			*60.33*	*147,138.20*

Program liabilities as of December 31, 2025 and 2024 presented as follows:

Counterparty name	Category of expenses	Nature of payments	December 31, 2025	December 31, 2024
"Zhumgasuukurulush" JSC	Construction	Liabilities to pay for works performed	-	17,179.98
"Zhumgasuukurulush" JSC	Construction	Guarantee deductions	-	30,838.53
"Yug-Stroyservis" JSC	Construction	Liabilities to pay for works performed	-	96,977.41
"Yug-Stroyservis" JSC	Construction	Guarantee deductions	9,382.11	13,991.30
"EKARAS-5" LLC	Construction	Guarantee deductions	13,642.53	48,863.32
"Metag İnşaat Ticaret Anonim Şirketi" LLC	Construction	Guarantee deductions	489,779.68	179,378.58
"Metag İnşaat Ticaret Anonim Şirketi" LLC	Construction	Liabilities to pay for works performed	11,154.94	-
"MS BUILDING" LLC	Construction	Guarantee deductions	46,620.54	26,242.51
"Kaynar" CJSC	Construction	Guarantee deductions	38,435.67	-
NCC "Turan Group" LCC and "Profit-Express" LLC	Construction	Guarantee deductions	66,353.61	-
NCC "Turan Group" LCC and "Profit-Express" LLC	Construction	Liabilities to pay for works performed	20,538.38	

(In US dollars)

Counterparty name	Category of expenses	Nature of payments	December 31, 2025	December 31, 2024
"Maksat Engineering" LLC	Program Management and Institutional Strengthening	Liabilities to pay for works performed	-	524.76
Accounts payable of ARIS employees and other accounts payable	Program Management and Institutional Strengthening/ Consultants	Travel and other liabilities	114.03	288.59
Social security contributions	Program Management and Institutional Strengthening	Liabilities to pay social contributions at the expense of the employer	112.96	-
		Total	**696,134.45**	**414,284.98**
including to be financed				
through ADB Loan			*330,461.25*	*200,102.82*
through ADB Grant			*341,616.20*	*200,102.82*
Through GKR			*24,057.00*	*14,079.34*

Note 7. FIXED ASSETS

Information on fixed assets acquired by ARIS for the purposes of Program management as of the reporting date is presented as follows:

	Computer equipment	Office furniture	Vehicles	Total
As of December 31, 2023	**19,996.30**	**6,418.99**	**44,035.38**	**70,450.67**
Receipts	5,460.76	-	-	5,460.76
Disposal	(5,460.76)	-	-	(5,460.76)
As of December 31, 2024	**19,996.30**	**6,418.99**	**44,035.38**	**70,450.67**
Receipts	17,580.46	-	-	17,580.46
Disposal	(17,580.46)	-	-	(17,580.46)
As of December 31, 2025	**19,996.30**	**6,418.99**	**44,035.38**	**70,450.67**

During the current and previous reporting periods, ARIS procured computer equipment, which was transferred to the district Centers for Disease Prevention and State Sanitary and Epidemiological Surveillance in Naryn region of the Kyrgyz Republic.

Note 8. PROGRAM COSTS AND BUDGET

During the reporting period, the Program was guided by the Project budget, which was agreed with the Ministry of Finance of the Kyrgyz Republic.

Information on the budget is given in the table:

Project categories	Budget data			
	ADB loan	ADB grant	GKR	Total
Naryn Rural Water Supply and Sanitation Development Program Loan 3854-KGZ and Grant 0676-KGZ				
Construction	1,605,000.00	1,605,000.00	1,670,000.00	4,880,000.00
Equipment and goods	-	-	-	-
Consulting services	200,000.00	200,000.00	160,000.00	560,000.00
Program management and institutional strengthening	195,000.00	195,000.00	170,000.00	560,000.00

(In US dollars)

Project categories	Budget data			
	ADB loan	ADB grant	GKR	Total
Additional Financing for the Naryn Rural Water Supply and Sanitation Development Program Loan No. 4494-KGZ and Grant No. 0971-KGZ				
Construction	6,650,000.00	1,317,500.00	105,000.00	8,072,500.00
Equipment and goods	-	-	-	-
Consulting services	-	-	-	-
Program management and institutional strengthening	100,000.00	20,000.00	20,000.00	140,000.00
Naryn Program Readiness Grant 0783-KGZ				
Consulting services	-	100,000.00	11,440.00	111,440.00
Contingencies				
Total	**8,750,000.00**	**3,437,500.00**	**2,136,440.00**	**14,323,940.00**

Summary information on the sources and use of funds for the reporting period and cumulative results is given in the table:

	Fact		Budget		Deviation*	
	Reporting period	Cumulative total	Reporting period	Cumulative total	Reporting period	Cumulative total
Cash balance at the beginning of the reporting period	**7,665,056.72**	**-**				
Cash receipts						
including						
Asian Development Bank loan 3854-KGZ:	**1,860,294.13**	**10,197,267.53**	**2,000,000.00**	**10,337,000.00**	**(139,705.87)**	**(139,732.47)**
Initial deposit	1,860,294.13	9,787,267.53	-	-		
SOE based payments	-	410,000.00	-	-		
Asian Development Bank grant 0676-KGZ:	**1,953,583.49**	**10,290,556.89**	**2,000,000.00**	**10,412,000.00**	**(46,416.51)**	**(121,443.11)**
Initial deposit	1,953,583.49	9,880,556.89	-	-		
SOE based payments	-	410,000.00	-	-	-	
Asian Development Bank loan 4494-KGZ:	**6,750,000.00**	**6,750,000.00**	**6,750,000.00**	**6,750,000.00**	**-**	**-**
Initial deposit	6,750,000.00	6,750,000.00		-		
Asian Development Bank grant 0971-KGZ:	**1,337,500.00**	**1,337,500.00**	**1,337,500.00**	**1,337,500.00**	**-**	**-**
Initial deposit	1,337,500.00	1,337,500.00				
Asian Development Bank grant 0783-KGZ:	**99,999.97**	**477,420.31**	**100,000.00**	**371,200.00**	**(0.03)**	**106,220.31**
Initial deposit	(50,677.72)	68,517.81	-	-		
Direct payments	31,618.50	142,938.75	-	-		
SOE based payments	119,059.19	265,963.75	-	-		
GKR funds:	**963,830.65**	**2,230,006.78**	**2,136,440.00**	**4,388,640.00**	**(1,172,609.35)**	**(2,158,633.22)**
Other income:	**131,876.08**	**570,164.98**	**-**	**-**	**131,876.08**	**570,164.98**
Income from interest-bearing accounts	131,876.08	570,164.98	-	-		
Total cash receipts for the reporting period	**13,097,084.32**	**31,852,916.49**	**14,323,940.00**	**33,596,340.00**	**(1,226,855.68)**	**(1,743,423.51)**
Minus						
Payments by category of expenses:						
Naryn Rural Water Supply and Sanitation Development Program Loan 3854-KGZ and Grant 0676-KGZ						
ARIS - Construction	**7,268,909.73**	**15,520,782.79**	**4,880,000.00**	**19,833,820.00**	**2,388,909.73**	**(4,313,037.21)**
DLI 1	7,268,909.73	15,520,782.79		-		-
Including:	-	-		-		-
Through ADB loan	*3,201,913.63*	*6,821,637.98*	*1,605,000.00*	*8,532,000.00*	*1,596,913.63*	*(1,710,362.02)*
Through ADB grant	*3,190,494.88*	*6,810,219.23*	*1,605,000.00*	*8,107,000.00*	*1,585,494.88*	*(1,296,780.77)*
Through the Government of the KR	*876,501.22*	*1,888,925.58*	*1,670,000.00*	*3,194,820.00*	*(793,498.78)*	*(1,305,894.42)*
ARIS - Equipment and goods	**17,580.46**	**93,491.89**	**-**	**20,000.00**	**17,580.46**	**73,491.89**
DLI 6	17,580.46	93,491.89		-		-

(In US dollars)

	Fact		Budget		Deviation*	
	Reporting period	Cumulative total	Reporting period	Cumulative total	Reporting period	Cumulative total
Including:	-	-				
Through ADB loan	*8,709.27*	*43,431.67*	-	-	*8,709.27*	*43,431.67*
Through ADB grant	*8,709.27*	*43,431.67*	-	*20,000.00*	*8,709.27*	*23,431.67*
Through the Government of the KR	*161.92*	*6,628.55*	-	-	*161.92*	*6,628.55*
ARIS - Consulting services	**440,271.64**	**1,574,017.08**	**560,000.00**	**3,861,100.00**	**(119,728.36)**	**(2,287,082.92)**
DLI 1	85,879.74	268,881.01		-		-
DLI 2	-	18,846.85		-		-
DLI 3	11,078.57	541,750.78		-		-
DLI 4	345.23	992.33		-		-
DLI 5	-	94,912.14		-		-
DLI 6	342,968.10	648,633.97		-		-
Including:	-	-				
Through ADB loan	*213,306.86*	*721,384.63*	*200,000.00*	*1,375,000.00*	*13,306.86*	*(653,615.37)*
Through ADB grant	*213,306.86*	*721,384.63*	*200,000.00*	*1,855,000.00*	*13,306.86*	*(1,133,615.37)*
Through the Government of the KR	*13,657.92*	*131,247.82*	*160,000.00*	*631,100.00*	*(146,342.08)*	*(499,852.18)*
ARIS - Program Management and Institutional Strengthening	**389,644.84**	**1,343,736.19**	**560,000.00**	**1,276,280.00**	**(170,355.16)**	**67,456.19**
DLI 6	367,208.71	988,980.21		-		-
DLI 7	2,136.00	299,029.87		-		-
DLI 8	20,300.13	55,726.11		-		-
Including:	-	-				
Through ADB loan	*171,085.14*	*592,964.00*	*195,000.00*	*430,000.00*	*(23,914.86)*	*162,964.00*
Through ADB grant	*171,085.16*	*592,962.28*	*195,000.00*	*430,000.00*	*(23,914.84)*	*162,962.28*
Through the Government of the KR	*47,474.54*	*157,809.91*	*170,000.00*	*416,280.00*	*(122,525.46)*	*(258,470.09)*
ARIS – Other expenses	**127,621.38**	**432,205.33**	**-**	**-**	**127,621.38**	**432,205.33**
Through ADB loan	-	-	-	-		-
Through the Government of the KR	127,621.38	432,205.33	-	-	127,621.38	432,205.33
Additional Financing for the Naryn Rural Water Supply and Sanitation Development Program Loan No. 4494-KGZ and Grant No. 0971-KGZ						
ARIS - Construction	**92,385.47**	**92,385.47**	**8,072,500.00**	**8,072,500.00**	**(7,980,114.53)**	**(7,980,114.53)**
DLI 1	92,385.47	92,385.47		-		-
Including:	-	-				
Through ADB loan	*67,263.11*	*67,263.11*	6,650,000.00	*6,650,000.00*	*(6,582,736.89)*	*(6,582,736.89)*
Through ADB grant	*13,776.78*	*13,776.78*	1,317,500.00	*1,317,500.00*	*(1,303,723.22)*	*(1,303,723.22)*
Through the Government of the KR	*11,345.58*	*11,345.58*	105,000.00	*105,000.00*	*(93,654.42)*	*(93,654.42)*
ARIS - Program Management and Institutional Strengthening	**21,992.42**	**21,992.42**	**140,000.00**	**140,000.00**	**(118,007.58)**	**(118,007.58)**
DLI 6	21,992.42	21,992.42		-		-
Including:	-	-				
Through ADB loan	15,605.62	*15,605.62*	100,000.00	*100,000.00*	*(84,394.38)*	*(84,394.38)*
Through ADB grant	3,196.36	*3,196.36*	20,000.00	*20,000.00*	*(16,803.64)*	*(16,803.64)*
Through the Government of the KR	3,190.44	*3,190.44*	20,000.00	*20,000.00*	*(16,809.56)*	*(16,809.56)*
Naryn Program Readiness Grant 0783-KGZ						
DDDWSS - Consulting services	**112,768.56**	**478,488.00**	**111,440.00**	**392,640.00**	**1,328.56**	**85,848.00**
Through ADB sub-grant	101,269.53	447,587.80	100,000.00	371,200.00	1,269.53	76,387.80
Through the Government of the KR	11,499.03	30,900.20	11,440.00	21,440.00	59.03	9,460.20
DDDWSS – Other expenses	**1,668.00**	6,452.95	**-**	**-**	**1,668.00**	**6,452.95**
Through ADB loan	-	154.48		-	-	154.48
Through the Government of the KR	1,668.00	6,298.47		-	1,668.00	6,298.47
Total disbursements under the Project	**8,472,842.50**	**19,563,552.12**	**14,323,940.00**	**33,596,340.00**	**(5,851,097.50)**	**(14,032,787.88)**

W.JACOBS-AUDIT

(In US dollars)

	Fact		Budget		Deviation*	
	Reporting period	Cumulative total	Reporting period	Cumulative total	Reporting period	Cumulative total
The impact of the exchange rate	(65.83)					
Cash balance at the end of the reporting period	**12,289,298.54**	**12,289,298.54**				

* *- Savings, + Overspending*

Note 9. TRANSACTIONS BETWEEN RELATED PARTIES

The key management personnel of ARIS include the Executive Director, Financial Manager and Program Coordinator. The activities of the Executive Director and Financial Manager of ARIS apply to all projects implemented by ARIS. The cost of paying the remuneration of the Executive Management shall be paid at the expense of the Program in the proportion, which is determined on the basis of the financing attributable to the Project, to the total amount of financing of all projects implemented by ARIS in the reporting period. The share ratio is determined on a quarterly basis.

The remuneration of the ARIS Program Coordinator is financed from the Project funds in full.

The key management personnel of the DDDWSS includes the Project Financial Manager.

Information on payments to the ARIS Program Management and to the DDDWSS Project Management is presented as follows:

	For 2025	For 2024
ARIS		
Salary	27,891.07	21,943.08
Contributions to the Social Fund	4,801.75	3,832.04
Other payments (travel expenses)	1,141.60	2,994.16
Total	**33,834.42**	**28,769.28**
DDDWSS		
Salary	2,069.90	2,442.84
Contributions to the Social Fund	357.06	421.39
Total	**2,426.96**	**2,864.23**

ARIS Executive Director	Zhumadylov K.A.
ARIS Acting Financial Manager	Yusupova R.T.
DDDWSS Director	Karataev Z.R.
Financial Manager	Mukasheva G.K.

ЗАКРЫТОЕ
АКЦИОНЕРНОЕ ОБЩЕСТВО
«В. ЯКОБС - АУДИТ»

CLOSED
JOINT - STOCK COMPANY
«W. JACOBS - AUDIT»

ЖАБЫК АКЦИОНЕРДИК КООМУ «В. ЯКОБС - АУДИТ»

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ИНН 01204199510045
Код ОКПО 20973319

№ A-29 June 29, 20 26

INDEPENDENT AUDITOR'S ASSURANCE REPORT

TO THE DEPARTMENT FOR THE DEVELOPMENT OF DRINKING WATER SUPPLY AND SANITATION UNDER THE WATER RESOURCES SERVICE UNDER THE MINISTRY OF WATER RESOURCES, AGRICULTURE AND PROCESSING INDUSTRY OF THE KYRGYZ REPUBLIC

TO THE FOUNDERS OF THE COMMUNITY DEVELOPMENT AND INVESTMENT AGENCY

Scope of work

We "W.Jacobs-Audit" CJSC have completed a reasonable assurance engagement in accordance with the International Assurance Engagement Standards regarding compliance with financial obligations and use of funds by Naryn Rural Water Supply and Sanitation Development Program, operating under the Financing Agreements (Loan No. 3854-KGZ (COL), Grant No. 0676-KGZ (SF)) dated December 25, 2019 and Additional Financing for the Naryn Rural Water Supply And Sanitation Development Program operating under the Financing Agreements (Loan No. 4494-KGZ (COL), Grant No. 0971-KGZ (SF)) dated November 04, 2024, as well as the "Naryn Program Readiness" under the Multi-Sectoral Activities Support Fund (Activity 2)" Project, operating under the Financing Agreement (Sub-Grant 0783-KGZ) dated December 15, 2020, concluded between the Kyrgyz Republic and the Asian Development Bank, reflected in the financial statements, consisting of the Statement of cash receipts and payments for the year ended on December 31, 2025, the Statement on budget implementation, the Statements of the Program Advance Accounts, Statement of withdrawals from sub-grant account and a summary of significant accounting policies and other notes applicable to these financial statements for the year ended on December 31, 2025, to express an opinion on whether the subject matter described below, in all material respects, complies with the criteria set out in Annex 1.

Subject matter information

The subject matter of the engagement is to provide the auditor with an opportunity to express an opinion in accordance with ISAE 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, on the assurances provided by management in the Statement of Compliance (see page 37).

Responsibilities of the Program Management and Those Charged With Governance

The management of the Community Development and Investment Agency (hereinafter referred to as ARIS) and the Department for the Development of Drinking Water Supply and Sanitation under the Water Resources Service under the Ministry of Water Resources, Agriculture and Processing Industry of the Kyrgyz Republic (hereinafter referred to as DDDWSS) is responsible for the preparation and fair presentation of financial statements and their compliance with the International Public Sector Accounting Standard "Financial statements under the cash basis of accounting", and also the requirements of Loan Agreement No. 3854-KGZ(COL), Grant Agreement No. 0676-KGZ (SF), Loan Agreement No. 4494-KGZ(COL) and Grant Agreement No. 0971-KGZ (SF), Sub-Grant Agreement No. 0783-KGZ and the Rules of the Asian Development Bank.

Management is responsible for maintaining a sufficient level of internal control to ensure that the financial statements are free from material misstatement, whether due to fraud or error. Management is responsible for using Program funds only for the purposes of the Program, for meeting financial liabilities and for maintaining effective internal controls, including over the procurement process.

Management is also responsible for following the procedures for using the advance account in accordance with the Asian Development Bank Loan Disbursement Guide; Maintaining proper supporting documentation to support the declared expenditures in the Statement of Expenditures (SOE) and the payment of advances made to the Program's advance accounts.

Auditor's responsibilities

Our responsibility is to express an opinion on the subject matter described above based on the procedures we have performed. We performed our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. This standard requires us to plan and conduct our procedures so as to obtain reasonable assurance that the assurances provided by the Program Management in the Statement of Compliance are, in all material respects, true, controls are properly established and operate effectively.

An assurance engagement involves performing procedures to obtain evidence about the design and operating effectiveness of controls. The choice of procedures depends on the judgment of the auditor and includes an assessment of the risks that controls are not properly established and do not operate effectively. Our procedures have included testing the operating effectiveness of those controls that we consider necessary to provide reasonable assurance that Management's assurances as stated in the Statement of Compliance are achieved. The assurance engagement includes an assessment of the overall presentation of the Statement of Compliance, the appropriateness of its stated objectives, and the suitability of the criteria presented in Annex 1.

By their very nature, the controls applied by the Program may not prevent or detect all errors or omissions in the processing of transactions or in the results reported about those transactions. Furthermore, any extrapolation of the assessment of operating effectiveness to future periods is subject to the risk that controls within the Program may become inadequate or may cease to operate effectively.

Auditor independence and quality control

We declare that we are independent of the Program in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), with respect to the independence requirements and ethical requirements relevant to our audit of the financial statements in the Kyrgyz Republic. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We apply the International Standards on Quality Management and are responsible for implementing and maintaining our own quality control system for assurance engagements, which includes documented policies and procedures, including compliance with ethical requirements, professional standards, and other legal and regulatory requirements.

Description of the works performed

The assurance procedures we performed included, but were not limited to:

- Review of current policies and procedures of the Asian Development Bank;
- Examination of primary documents confirming the expenses incurred during the period of the Program implementation and verification of their compliance with the declared objectives of the Program;
- Checking the distribution of expenditures according to the relevant budget lines;
- Verification of compliance with the share financing of expenses in accordance with the share of financing of expenses provided for by Financing Agreements with the Asian Development Bank;
- Verification of compliance with the share of co-financing in accordance with the terms of financial agreements;
- Verification of arithmetic accuracy in the formation of supporting documents, subsidiary books and financial statements of the Program;
- Examination of primary documents confirming the expenditures of the Program for the purpose of efficient use of Program funds;
- Checking the physical availability of inventories and assets acquired during the Program implementation period (fixed assets and inventories), as well as internal control mechanisms related to the accounting of acquired assets;
- Checking the proper maintenance of subsidiary books and records;
- Verification of compliance with the functioning of internal systems and processes aimed at ensuring that: (a) the advance account is managed in accordance with ADB Rules, (b) the balance of funds in the advance account (and any sub-accounts) is supported by evidence, (c) expenses paid from the advance account (and any sub-accounts) are consistent with the approved Program objective and categories of expenditures specified in the Financing Agreements, and (d) the amount of expenditure paid from the advance account (and any sub-accounts) is consistent with the disbursement percentages stipulated in the Financing Agreements;
- Verification of the timely preparation and maintenance of appropriate supporting documentation to support claims for reimbursement of expenses incurred and repayment of advances provided to the advance account, stated in the Statement of Expenditures (if applicable);
- Study of the procurement process and review of procurement procedures for compliance with established requirements;

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

W.JACOBS-AUDIT

Opinion

Our opinion is formed taking into account the circumstances set forth in this Report. In forming our opinion, we have used the criteria set out in Annex 1. In our opinion, in all material respects:

- During the reporting period for the year ended on December 31, 2025, the funds disbursed by the Asian Development Bank were used only for the purposes of the Project, as agreed between the Asian Development Bank and the Government of the Kyrgyz Republic in Loan Agreement No. 3854-KGZ(COL) and Grant Agreement No. 0676-KGZ (SF) dated December 25, 2019, Loan Agreement No. 4494-KGZ(COL) and Grant Agreement No. 0971-KGZ (SF), as well as Sub-Grant Agreement No. 0783-KGZ and no funds from the Naryn Rural Water Supply and Sanitation Development Program and Additional Financing for the Naryn Rural Water Supply And Sanitation Development Program, as well as the "Naryn Program Readiness" within the framework of the Multi-Sectoral Activities Support Fund (Activity 2)" Project are not used for other purposes.
- The Recipient acted in accordance with the financial terms of Loan Agreement No. 3854-KGZ(COL) and Grant Agreement No. 0676-KGZ (SF), Loan Agreement No. 4494-KGZ(COL) and Grant Agreement No. 0971-KGZ (SF) and Sub-Grant Agreement No. 0783-KGZ for the year ended on December 31, 2025.
- Appropriate supporting documentation is maintained by the Program to authenticate claims for reimbursement of expenses incurred that meet established criteria and advance payments made to the advance account.
- Advance account procedures were carried out in accordance with the Asian Development Bank Loan Disbursement Guide.
- Controls related to the internal control objectives stated in the Statement of Compliance were properly designed and operated effectively for the year ended on December 31, 2025.

Rostokina G.P., Auditor, CIPA
The engagement partner on the audit resulting in this independent auditors' report
Director of "W.Jacobs-Audit" CJSC
IRN No. 11046, Auditor Qualification Certificate No. 00090 dated January 27, 2005

Kyrgyz Republic, 720051,
Bishkek, Saliyeva street, 72

June 29, 2026

STATEMENT OF COMPLIANCE

Report on Compliance with financial obligations regarding the use of funds from the Naryn Rural Water Supply and Sanitation Development Program operating under the Financing Agreements (Loan No. 3854-KGZ (COL), Grant No. 0676-KGZ (SF)) dated December 25 2019 and Additional Financing for the Naryn Rural Water Supply And Sanitation Development Program operating under the Financing Agreements (Loan No. 4494-KGZ (COL), Grant No. 0971-KGZ (SF)) dated November 04, 2024, as well as the "Naryn Program Readiness" within the framework of the Multi-Sectoral Activities Support Fund (Activity 2)" Project, operating under the Financing Agreement (Sub-Grant 0783-KGZ) dated December 15, 2020, concluded between the Kyrgyz Republic and the Asian Development Bank, and reflected in the financial statements, consisting of the Statement of cash receipts and payments for the year ended on December 31, 2025, the Statement on budget implementation, the Statements of the Program advance accounts, as well as a summary of significant accounting policies and other notes to this financial statements for the year ended on December 31, 2025, prepared by the Water Resources Service under the Ministry of Water Resources, Agriculture and Processing Industry of the Kyrgyz Republic (hereinafter referred to as DDDWSS).

The ARIS management and the DDDWSS management state that:

(i) funds received under the Naryn Rural Water Supply and Sanitation Development Program operating under the Financing Agreements (Loan No. 3854-KGZ (COL), Grant No. 0676-KGZ (SF)) dated December 25 2019 and Additional Financing for the Naryn Rural Water Supply And Sanitation Development Program operating under the Financing Agreements (Loan No. 4494-KGZ (COL), Grant No. 0971-KGZ (SF)) dated November 04, 2024, as well as the "Naryn Program Readiness" within the framework of the Multi-Sectoral Activities Support Fund (Activity 2)" Project, operating under the Financing Agreement (Sub-Grant 0783-KGZ) dated December 15, 2020, concluded between the Kyrgyz Republic and the Asian Development Bank, were used for the purposes for which the financing was provided.

(ii) the executing agency (DDDWSS) and the implementing agency (ARIS) comply with the financial obligations under the Financing Agreements;

(iii) advance account procedures are carried out in accordance with the Asian Development Bank Loan Disbursement Guide;

(iv) the Program maintains appropriate supporting documentation to authenticate claims for reimbursement of eligible costs incurred and advances made to the advance account; and

(v) Program management maintains effective internal control, including over the procurement process.

ARIS Executive Director	Zhumadylov K.A.
ARIS Acting Financial Manager	Yusupova R.T.
DDDWSS Director	Karataev Z.R.
Financial Manager	Mukasheva G.K.

W.JACOBS-AUDIT

Annex 1

Extracts from the Terms of Reference of an Auditor

Annex A, Auditor's Terms of Reference, Section B

The auditor will provide a reasonable assurance opinion in accordance with ISAE 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, on the following assurances provided by the management in the Statement of Compliance:

(i) that proceeds from the Sub-Grant were used only for the purposes of the Program;

(ii) compliance by the recipient or executing agency with financial obligations under the legal agreement(s), where applicable;

(iii) that the advance account procedure, where applicable, operates in accordance with the Asian Development Bank (ADB) Loan Guidelines;

(iv) the availability of appropriate supporting documentation to authenticate the claims specified in the Statement of Expenditure (SOE), where applicable, for the reimbursement of eligible expenses incurred and for the repayment of advances made to the advance account; and

(v) ensuring effective internal controls, including over the procurement process.

Annex 2

2.1. Loan Agreement No. 3854-KGZ (COL) and No. 4494-KGZ (COL)

Article III. Use of proceeds of the Loan

Section 3.01. The Borrower shall apply the proceeds of the Loan to the financing of expenditures of the Program in accordance with the provisions of this Loan Agreement.

Section 3.02. The Proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 June 2028 or such other date as may from time to time be agreed between the Borrower and ADB.

For Loan No. 4494-KGZ (COL), the loan closing date is 31 December 2029.

2.2 Description of the Program

The goal of the Program is to support the implementation of the Strategy for the Development of Water Supply and Sewerage Systems for Settlements through inclusive and reliable access to safe water supply and improved sanitation for rural settlements in the Naryn region.

Part 1: Expansion of water supply and sanitation infrastructure and piloting of sanitation solutions, including the following: safe water sources, water storage systems, cleaning and disinfection systems; distribution networks for a target population of approximately 64,000 people; gender-responsive systems for safe water supply and sanitation in selected rural kindergartens, schools and health facilities; and piloting non-networked sanitation solutions.

Part 2: Strengthening institutional capacity to increase resilience in the rural water supply and sanitation sector, including the following: establishment and strengthening with participation of at least 20% of women in total water supply and utilities entities (WSUs) by 2025 and 40% participation of women in trainings and public consultations on issues related to the WSUs; providing financial management training to further improve internal control processes and procedures for the Program Implementing Agency and the WSUs; adoption and application of a procurement manual and a multi-year procurement action plan; and developing and implementing a monitoring and evaluation system to improve knowledge of asset inventory and data management.

The Rural Water Supply and Sanitation Development Program in the Naryn region (the "RBL Program") is the first Rural Water Supply and Sanitation Program in the Kyrgyz Republic. The Government of the Kyrgyz Republic has requested a sub-grant for the second activity to support capacity development, effective implementation and monitoring of the RBL Program, and verification of achievement of results.

2.3 Distribution and Withdrawal of Loan Proceeds

General

Except as otherwise agreed with ADB, the proceeds of the Loan will be distributed in accordance with the Loan Guidelines.

Deposit account

Prior to making the first application to ADB for withdrawal from the Loan Account, the Borrower must open an account set up with a commercial bank as a Deposit Account for the Program into which all withdrawals from the Loan Account must be deposited.

The Borrower shall maintain separate records in respect of the Deposit Account in accordance with accounting principles acceptable to ADB.

Basis for withdrawal of funds from the Loan Account

(a) Loan amounts made available for withdrawal in respect of Disbursement Linked Indicators (DLI) after the relevant DLI targets are met as set out in the DLI Matrix. Withdrawals in connection with any DLI targets are possible provided that such DLI targets are met on or before the end date of the Program.

(b) ADB may reallocate Loan amounts under the same DLI or from one DLI to any other DLI.

Prior to the submission of any withdrawal application in respect of a DLI, the Borrower shall provide to ADB, in accordance with the DLI Verification Protocol, satisfactory evidence that: (a) such DLI has been fully achieved; or (b) for a DLI for which partial payment is permitted (as specified in the DLI Matrix), such DLI has been achieved to the extent required for partial payment in accordance with the DLI Verification Protocol. Upon confirmation by ADB that the DLI has been achieved in whole or in part, the Borrower may apply to ADB to withdraw the appropriate amount of the Loan for such DLI.

Advance financing and financing prior results

(a) Prior to the achievement of the DLI, the Borrower may withdraw from the Loan Account the amount of the advance financing for the purposes of meeting the financing needs of the Program and supporting the achievement of such DLIs, provided that the outstanding amount of the advance financing shall in no event exceed 25% of the amount of the Loan. ADB shall deduct the outstanding amount of the advance financing, or any portion thereof, from the proceeds of the Loan due upon reaching the DLI.

(b) The Borrower may withdraw funds from the DLI Loan Account reached prior to the Effective Date, but not earlier than 12 months prior to the date of this Loan Agreement, provided that the cumulative amount of such withdrawals on preliminary results shall not exceed 20% of the Loan amount.

(c) The aggregate amount of the outstanding amount of the advance financing and the amount withdrawn to finance the preliminary results under subparagraphs (a) and (b) above shall in no event exceed 30% of the amount of the Loan.