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LOAN NUMBER L0435A

Loan Agreement

(Republic of Ecuador: Corporación Nacional de Finanzas Populares y Solidarias
COVID-19 Credit Line Project)



between

ASIAN INFRASTRUCTURE INVESTMENT BANK

and

CORPORACIÓN NACIONAL DE FINANZAS POPULARES Y SOLIDARIAS

Dated May 4, 2023

  Ministerio
de Economía
y Finanzas

SUBSECRETARÍA DE FINANCIAMIENTO PÚBLICO

REGISTRO N°: 728

FECHA: 08 de mayo de 2023

PAGINA N°: 000000037

REGISTRO DE LA DEUDA PÚBLICA

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LOAN AGREEMENT

Agreement dated May 4, 2023 (“Loan Agreement”), between ASIAN INFRASTRUCTURE INVESTMENT BANK (“Bank”) and CORPORACIÓN NACIONAL DE FINANZAS POPULARES Y SOLIDARIAS (“Borrower”). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Loan Agreement) constitute an integral part of this Loan Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Loan Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Loan Agreement.

ARTICLE II. — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Loan Agreement, the amount of fifty million Dollars (\$50,000,000) (“Loan”), to assist in financing the Project.
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Loan Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one-quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Fee payable by the Borrower shall be equal to one-quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest payable by the Borrower for each Interest Period shall be the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion.
- 2.06. The Payment Dates are February 15 and August 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with the provisions set forth in Schedule 3 to this Loan Agreement.


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ARTICLE III. — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Loan Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance to Schedule 2 to this Loan Agreement.

ARTICLE IV. — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consist of the following:
- (a) the Borrower's Statutes have been amended, suspended, abrogated, repealed, or waived so as to affect materially and adversely the ability of the Borrower to perform any of its obligations under the Loan Agreement.
- 4.02. The Additional Event of Acceleration consists of the following:
- (a) the event specified in Section 4.01(a) of this Loan Agreement occurs and is continuing for a period of thirty (30) days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V. — EFFECTIVENESS

- 5.01. The Additional Condition of Effectiveness consists of the following:
- (a) the Environmental and Social Management System ("ESMS") has been adopted in a manner acceptable to the Bank;
 - (b) the Project Operational Manual ("POM") is adopted in form and substance in a manner acceptable to the Bank; and
 - (c) a grievance mechanism has been established in a manner acceptable to the Bank.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Loan Agreement.

ARTICLE VI. — REPRESENTATIVE; ADDRESSES

6.01. The Borrower's representative designated for purposes of Section 10.02 of the General Conditions is its General Manager.

6.02. The Borrower's address for purposes of Section 10.01 of the General Conditions is:

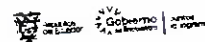
Corporación Nacional de Finanzas Populares y Solidarias
Av. Amazonas y Juan José Villalengua.
Plataforma Gubernamental Financiera
Facsimile: +593-2-3801910

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6.03. The Bank's Address is:

Asian Infrastructure Investment Bank
AIIB Headquarters, Tower A, Asia Financial Center
No. 1 Tianchen East Road, Chaoyang District, Beijing 100101
People's Republic of China

Facsimile: +86-10-8358-0002



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AGREED at Beijing, China, as of the day and year first above written.

ASIAN INFRASTRUCTURE INVESTMENT BANK

By  _____
Authorized Representative

Name: Gregory Liu

Title: Acting Director General
Infrastructure Investment Department Region 2

**CORPORACIÓN NACIONAL DE FINANZAS POPULARES Y
SOLIDARIAS**

By  _____
Authorized Representative

Name: CARLOS LAOREA

Title: AMBASSOR



Ministerio
de Economía
y Finanzas

SUBSECRETARÍA DE FINANCIAMIENTO PÚBLICO

REGISTRO N°: 728

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SCHEDULE 1


Project Description

The Project objective is to promote access to finance and address the liquidity constraints faced by private micro, small, and medium enterprises (“MSMEs”) in response to the COVID-19 crisis in Ecuador.

Component 1 – Capitalization of FOGEPS for special COVID-19 Program. This Component will finance the capitalization of the Fund for Guarantees of the Popular and Solidary Economy (FOGEPS) in order to respond to the liquidity challenges of MSMEs posed by the COVID-19 outbreak. CONAFIPS will then provide guarantees to qualified PFIs, which will allow the financial inclusion of MSMEs unable to provide collateral.

Component 2 – Credit Line Intermediated by CONAFIPS to PFIs for on-lending to MSMEs. This Component will finance the provision of lines of credit by CONAFIPS to eligible PFIs, which in turn will on-lend to MSMEs.

Component 3 – Project Management. This component will support the consulting services for project management, implementation, monitoring, and project audits. Eligible expenditures will include: i) the hiring of local consultants to support the PIU in the implementation, reporting, and monitoring of the Project, and ii) the hiring of consulting firms to carry out Project-level external audits.

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SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Borrower shall carry out the Project through a Project Implementation Unit ("PIU"), led by a project coordinator, with composition, functions, and responsibilities acceptable to the Bank, and vest the PIU with responsibility for the day-to-day implementation of the Project. The PIU's responsibilities shall include, amongst others, the responsibility to coordinate project implementation, to carry out procurement and financial management activities, and manage the environmental and social aspects of the Project. The Borrower shall assign members of its existing staff to the PIU and notify the Bank, no later than thirty (30) days after the Effective Date, of the PIU's staff composition. The Borrower shall maintain the PIU throughout Project implementation and promptly notify the Bank of any changes in its composition.
2. The Borrower shall select no later than (90) days after the Effective Date, an environmental and social specialist in accordance with terms of reference acceptable to the Bank.

B. Operational Manual

1. The Borrower shall implement the Project in accordance with a POM, which shall include, at least the following:
 - (a) a description of Project activities;
 - (b) institutional arrangements for Project implementation (including, inter alia, implementation procedures, staff composition of the PIU, and their roles and responsibilities in Project);
 - (c) a dedicated section for the implementation of the Project components, including, inter alia: (i) procedures for the preparation, implementation, monitoring and evaluation of the Project activities including financial management and audit procedures for Eligible PFIs and Eligible MSMEs, and mechanisms and procedures for the operation and control of funds; (ii) criteria and procedures for the selection of Eligible PFIs, Eligible MSME Sub-loans, and Sub- projects; and (iii) Excluded Activities.
 - (d) monitoring, reporting requirements and financial management procedures.

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- (e) disbursement methods to be utilized under the different components of the Project; including, in relation to Component 2, the reimbursement method as the preferred method under this component, in addition to the advance method.
2. The Borrower shall not amend, delete, suspend, or waive any part of the POM without the prior written agreement of the Bank. In the event of a conflict or discrepancy between the terms of the POM and the Loan Agreement, the terms of the Loan Agreement shall prevail.

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C. Fund for Guarantees of the Popular and Solidary Economy (FOGEPS)

1. For the implementation of Component 1 of the Project, the Borrower shall:
- (a) make available the Loan proceeds to the FOGEPS through a new account opened specifically for the purpose of capitalizing the FOGEPS in order to provide Partial Credit Guarantees to Eligible PFIs, on terms and conditions acceptable to the Bank and further detailed in the POM.
- (b) prior to providing a Partial Credit Guarantee, the FOGEPS shall have entered into an agreement ("Participation Agreement") with the relevant Eligible PFI on terms and conditions acceptable to the Bank, including, *inter alia*: (i) the obligation of the Eligible PFI to comply with the pertinent provisions of the POM and the Bank's Policy on Prohibited Practices; (ii) the obligation of the Eligible PFI to (A) establish or update, as appropriate, a PFI ESMS before the selection of any Sub-project for a Partial Credit Guarantee, in accordance with the Environmental and Social Policy and Standards and the ESMS; (B) maintain and apply the PFI ESMS to each Sub-project; (C) require the Eligible MSME to identify, assess, manage and monitor the environmental and social risks and impacts of the relevant Sub-project, as set forth in the PFI ESMS; (D) ensure that no Excluded Activities are included in any Sub- project; and (E) comply with all other relevant material measures and actions set out in the ESMS and POM , as applicable, in accordance with the Environmental and Social Policy and Standards; and (iii) the right of the FOGEPS to terminate the right of the Eligible PFI to use the proceeds of the Partial Credit Guarantee, or obtain a refund of all or any part of the amount of the Partial Credit Guarantee received, upon the Eligible PFI failure to perform any of its obligations under the Participation Agreement, and/or POM;
- (c) prior to providing a Partial Credit Guarantee the relevant PFI and the respective Eligible MSME enter into an agreement ("Partial Credit Guarantee Agreement") on terms and conditions acceptable to the Bank, including, *inter alia*: (i) the obligation of the PFI to provide the MSME Sub-loan to the Selected MSME to carry out MSME Sub-projects; (ii) the

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obligation of the Eligible MSME to comply with the requirements set out in Section I.E.1 (a) (ii) of Schedule 2 to this Loan Agreement; and (iii) the right of the PFI to terminate the right of the Selected MSME to use the proceeds of the MSME Sub-loan or obtain a refund of all or any part of the amount of the MSME Sub-loan received, upon the Selected MSME failure to perform any of its obligations under the Partial Credit Guarantee Agreement, and/or POM, including compliance with the PFI ESMS.

2. Except as the Bank shall otherwise agree, the Borrower shall ensure that the FOGEPS shall not assign, amend, abrogate, terminate, waive or fail to enforce or permit to be assigned, amended, abrogated, terminated, waived or failed to be enforced, any Participation Agreement or Partial Credit Guarantee Agreement, or any provisions included or referred therein.

D. PFI Financing

1. For purposes of carrying out Component 2 of the Project, the Borrower shall on-lend the proceeds of the Loan to Eligible PFIs (the PFI Financing) pursuant to an agreement ("PFI Financing Agreement") whose terms and conditions have been approved by the Bank, and set forth in the POM, and which will include, *inter alia*, the PFI's obligations to: (a) provide Sub-loans to Eligible MSMEs to carry out Sub-projects; and (b) comply with the obligations set forth in Section I.D.2. of this Loan Agreement.
2. Each PFI Financing Agreement shall contain provisions pursuant to which the Borrower undertakes to:
 - (a) suspend or terminate the right of the Eligible PFI to use the proceeds of the PFI Financing, or obtain a refund of all or any part of the amount of the same then withdrawn, upon the Eligible PFI's failure to perform any of its obligations under the PFI Financing Agreement; and
 - (b) require each Eligible PFI to:
 - (i) select Eligible MSMEs in accordance with the criteria and procedures set forth in the POM;
 - (ii) upon selection of any given Eligible MSME and approval of the corresponding Sub-loan, enter into a Sub-loan agreement ("MSME Sub-loan Agreement") with said Eligible MSME for the purposes of providing a loan ("MSME Sub-loan") to such Eligible MSME, all in accordance with terms and conditions satisfactory to the Bank, including those set forth in the POM;
 - (iii) carry out its Project activities and conduct its operations and affairs

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in accordance with appropriate financial standards and practices, including in accordance with the provisions of the Bank's Policy on Prohibited Practices, with qualified management and staff in adequate numbers;

- (iv) select, appraise and approve Sub-projects, and thereafter supervise, monitor and report on the carrying out of said Sub-projects by the corresponding Eligible MSME, all in accordance with the POM;
- (v) (A) establish or update, as appropriate, a PFI ESMS before the selection of any Sub-project, in accordance with the Environmental and Social Policy and Standards, the POM, and the ESMS; (B) maintain and apply the PFI ESMS to the Sub-projects; (C) require Eligible MSMEs to identify, assess manage and monitor the environmental and social risks and impacts of Sub-projects, as set forth in the PFI ESMS; and (D) ensure that no Excluded Activities are included in any Sub-project; and comply with all other relevant material measures and action set out in the ESMS and POM, as applicable, in accordance to the Environmental and Social Policy and Standards;
- (vi) ensure that the proceeds of the MSME Sub-loan shall be used exclusively in the carrying out of the Sub-project;
- (vii) (A) Exchange views with, and furnish all such information to, the Borrower and the Bank, as may be reasonably requested by the Borrower or the Bank, with regard to the progress of its activities under Component 2 of the Project, the performance of its obligations under its respective PFI Financing Agreement, and other matters relating to the purposes of Component 2 the Project; (B) prepare and submit to the Borrower, semiannual reports on MSMEs Sub-loan disbursements, repayments and reports on Sub- projects characteristics as set forth in the POM and the ESMS; and (C) promptly inform the Borrower and the Bank of any condition that interferes or threatens to interfere with the progress of its activities under its respective PFI Financing Agreement;
- (viii) (A) maintain records and accounts adequate to reflect, in accordance with sound accounting practices, its operations and financial condition; and (B) furnish to the Borrower, and the Bank such information concerning said records and accounts as the Borrower or the Bank shall from time to time reasonably request;
- (ix) maintain a financial management system and prepare financial statements in accordance with consistently applied auditing

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standards acceptable to the Bank; and

- (x) at the Borrower's or the Bank's request, have such financial statement audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements so audited to the Borrower and the Bank.
3. The Borrower shall: (a) take or cause to be taken all action necessary or appropriate on its part to enable Eligible PFIs to perform the obligations under in their respective PFI Financing Agreements; and (b) not to take or permit to be taken any action that would prevent or interfere with such performance.
4. The Borrower shall exercise its rights and carry out its obligations under each PFI Financing Agreement in such a manner as to protect the interests of the Bank and the Borrower and to accomplish the purposes of the Loan Agreement, and, except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, waive or fail to enforce any of the provisions of the PFI Agreement which are listed in the POM.
5. **PFI Eligibility Criteria.** Except as the Bank shall otherwise agree, the Borrower shall select PFIs in accordance with the criteria and procedures set forth in the POM.

E. MSMEs Sub-loans

1. Upon approval of any given Sub-project, the Borrower shall cause each Eligible PFI to provide an MSME Sub-loan to the pertinent Eligible MSME pursuant to the relevant MSME Sub-loan Agreement, under terms and conditions set forth in the POM and satisfactory to the Bank, including, *inter alia*, the following:

- (a) Each Eligible PFI shall obtain rights adequate to protect its interests and those of the Bank, including:
- (i) suspend or terminate the right of the Eligible MSME to use the proceeds of the MSME Sub-loan, or obtain a refund of all or any part of the amount of the MSME Sub-loan then withdrawn, upon the Eligible MSME's failure to perform any of its obligations under the MSMEs Sub-loan Agreement; and
- (ii) require each Eligible MSME to: (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank including in accordance with the provisions of the POM, the ESMS,

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Environmental and Social Policy and Standards, the PFI ESMS, and the Bank's Policy on Prohibited Practices; (B) provide the facilities, services and other resources, necessary or appropriate to carry out the corresponding Sub-project; (C) maintain mechanisms adequate to enable it to monitor and evaluate the progress of the Sub-project; (D) if necessary, enable the Borrower, the Eligible PFI and the Bank to inspect the Sub- project, its operation and any relevant records and documents; (E) prepare and furnish to the Borrower, the Eligible PFI, and the Bank all such information as the Borrower, the Eligible PFI, and the Bank shall reasonably request relating to the foregoing; (F) except as the Eligible PFI, the Borrower, and the Bank shall otherwise agree, not to assign, amend, abrogate, waive or fail to enforce any of the MSMEs Sub-loan Agreement's provisions listed in the POM; and (G) (i) take or cause to be taken all action necessary or appropriate on its part to enable Eligible PFIs to perform its obligations under the pertinent PFI Financing Agreements, all the obligations of the Eligible PFIs therein set forth; and (ii) not to take or permit to be taken any action that would prevent or interfere with such performance.

2. **MSME Eligibility Criteria.** Except as the Bank shall otherwise agree, the Borrower shall ensure that each MSMEs Sub-loan shall be provided to an Eligible MSME by the Eligible PFI in accordance with the procedures and for the purposes described in the POM, in a manner acceptable to the Bank.

F. Prohibited Practices.

1. The Borrower shall ensure that its personnel and other representatives involved in implementing the Project adhere to the highest ethical standards in the implementation of the Project. To this end, the Borrower shall: (a) require that each of these persons not engage in any Prohibited Practice in connection with the Loan; (b) ensure that the Project is carried out in accordance with the provisions of the Policy on Prohibited Practices; and (c) acknowledge that the Bank reserves the right to investigate directly, or through its agents, any Prohibited Practice and cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.
2. The Borrower shall maintain internal procedures satisfactory to the Bank for the purposes of complying with the Policy on Prohibited Practices.
3. The Borrower shall ensure that the anticorruption provisions acceptable to the Bank are included in all bidding documents and contracts, including provisions specifying the right of the Bank to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants and other service providers as they relate to the Project.

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G. Environmental and Social Requirements.

1. The Borrower shall carry out the Project in accordance with the Environmental and Social Policy and Standards and the POM.
2. Without limitation upon paragraph 1 above, the Borrower shall maintain and apply the ESMS to the activities under the Project, including to all Eligible PFIs and ensure that no Excluded Activities are supported under the Project; all in a manner acceptable to the Bank.
3. The Borrower shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the POM, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESMS and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESMS; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the POM and the ESMS; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) The Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the instruments referenced therein, the ESMS and the Environmental and Social Standards.
4. The Borrower shall publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project- affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.

Section II. Project Monitoring Reporting and Evaluation**A. Project Reports**

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions. Each Project Report shall cover the period of one (1) calendar semester and shall be furnished to the Bank not later than forty-five (45) days after the end of

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the period covered by such report.

- 2. For purposes of Section 5.08(c) of the General Conditions, the Completion Report shall be furnished to the Bank not later than six (6) months after the Closing Date.

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B. Financial Management, Financial Reports and Audits

- 1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
- 2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank as part of the Project Report, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.
- 3. The Borrower shall have the Project Financial Statements audited in accordance with the provisions of Section 5.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period. To that end, the Borrower shall engage independent auditors acceptable to the Bank, whose terms of reference, qualifications and experience shall be acceptable to the Bank.
- 4. The Borrower shall have its entity-level financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of such financial statements shall cover the period of one (1) fiscal year of the Borrower. The Borrower shall ensure that the audited financial statements for each period shall be furnished to the Bank not later than one (1) month after approval by the Borrower's Board of Directors.

Section III. Procurement

A. General

- 1. **Goods, Works and Services.** All goods, works, consulting services and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with:
 - (a) the applicable requirements set forth or referred to in the Procurement Policy and the Procurement Directive;
 - (b) the Project Delivery Strategy (including, the Procurement Plan); and
 - (c) the provisions of this Section.

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2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described or referred to in the Procurement Directive.

B. Procurement Methods for Goods, Works and Non-consulting Services

1. **International Open Competitive Tendering.** Except as otherwise provided in the Procurement Plan, goods, works, and non-consulting services shall be procured under contracts awarded on the basis of International Open Competitive Tendering.

C. Procurement Methods and Particular Selection Methods for Consultants' Services

1. **International Open Competitive Selection.** Except as otherwise provided in the Procurement Plan, consulting services shall be procured under contracts awarded on the basis of International Open Competitive Selection.

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts that shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower, to finance Eligible Expenditures under the Project, as set forth below in the table in paragraph A.2 of this Section.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

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Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Capitalization of the FOGEPS under Component 1 of the Project	9,800,000	100%
(2) MSME Sub-loans under Component 2 of the Project	40,000,000	100%
(3) non-consulting services and consultants' services for Component 3 the Project	200,000	100%
TOTAL AMOUNT	50,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) from the Loan Account until the Bank has received payment in full of the Front-end Fee; or
 - (b) for payments made prior to the date of this Loan Agreement, except as otherwise provided below in paragraph 2 of this Part B.
2. For purposes of Section 2.06 of the General Conditions, withdrawals may be made for Retroactive Payments, subject to the following limits:
 - (a) the Retroactive Financing Date is the date March 11, 2020; and
 - (b) the Retroactive Financing Limit is ten million Dollars (\$10,000,000).
3. The Closing Date shall be February 28, 2025.





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SCHEDULE 3
Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each February 15 and August 15 Beginning August 15, 2025 through August 15, 2031	7.14%
On February 15, 2032	7.18%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
- (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
- (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date.
3. (a) Amounts of the Loan withdrawn within two (2) calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment

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Date commencing with the second Principal Payment Date following the date of withdrawal.

- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

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APPENDIX

Section I. Definitions

1. "Borrower" means the Recipient, as said term is defined in the General Conditions.
2. "Capitalization" means periodic transfers of Loan proceeds to the FOGEPS for the purposes of providing Partial Credit Guarantees to an Eligible PFI for MSME Sub-loans, as such transfers shall be made in accordance with the provisions of this Loan Agreement and on the basis of the criteria set forth in the POM, which transfer are deemed to be an Eligible Expenditure for purposes of the General Conditions.
3. "Category" means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Loan Agreement.
4. "Eligible MSME" means a micro, small or medium enterprise that meets the appropriate criteria as set forth in the POM to receive a MSME Sub- loan.
5. "Eligible PFI" means any financial institution incorporated in accordance with the Ecuadorian laws and regulations which meets the criteria set forth in the POM to receive a PFI Financing or a Partial Credit Guarantee.
6. "ESMS" means the Borrower's environmental and social management system, for identifying, assessing, managing and monitoring the environmental and social risks and impacts of the activities of the Project, in accordance with the Environmental and Social Policy and Standards.
7. "Excluded Activities" means any of the activities or investments that are excluded activities as set out in the POM.
8. "Fund for Guarantees of the Popular and Solidary Economy" or "FOGEPS" means *Fondo de Garantías para la Economía Popular y Solidaria*, a credit guarantee fund managed by the Borrower.
9. "General Conditions" means the "Asian Infrastructure Investment Bank General Conditions for Sovereign-backed Loans Referencing LIBOR", dated October 22, 2021.
10. "MSMEs" means a micro, small and medium enterprises, defined as such in the Operational Manual and collectively referred to as "MSMEs".
11. "MSME Sub-loan" means a loan made or proposed to be made (out of the proceeds


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of a PFI Financing) by an Eligible PFI to an Eligible MSME, under Part 3 of the Project, for purposes of financing all or a portion of the Working Capital and/or works, goods, and/or services under any given Sub-project.

12. "MSME Sub-loan Agreement" means any agreements entered into by the PFI and the Eligible MSME referred to in Section I.D.1. of Schedule 2 to this Loan Agreement to provide the MSME Sub-loan.
13. "Project Operational Manual" or "POM" means the Borrower's manual, acceptable to the Bank, set forth in Section I.B. of Schedule 2 to this Loan Agreement, as the same may be amended and supplemented from time to time with the agreement of the Bank.
14. "Partial Credit Guarantee" means a partial credit guarantee granted by FOGEPS to an Eligible PFI under Component 1 of the Project to guarantee a selected MSME Sub-loan (in accordance with the criteria defined on the POM), under the terms and conditions of the pertinent Partial Credit Guarantee Agreement.
15. "Partial Credit Guarantee Agreement" means any agreement referred to in Section I.C.1(c) of Schedule 2 to this Loan Agreement to be entered into between the FOGEPS, an Eligible PFI and an Eligible MSMEs to provide the Partial Credit Guarantee.
16. "Participation Agreement" means any agreement referred to in Section I.C.1.(b) Schedule 2 to this Loan Agreement to be entered into between the FOGEPS and an Eligible PFI to provide access to a Partial Credit Guarantee.
17. "PFI" means participating financial intermediaries.
18. "PFI ESMS" means a PFI's environmental and social management system, for identifying, assessing, managing and monitoring the environmental and social risks and impacts at all times during the preparation and implementation of Sub-projects, in accordance with the Environmental and Social Standards, and the ESMS.
19. "PFI Financing" means any financing made or proposed to be made out of the proceeds of the Loan under Component 2 of the Project, by the Borrower to an Eligible PFI to finance an MSME Sub-loan pursuant to the pertinent PFI Financing Agreement.
20. "PFI Financing Agreement" means any agreement referred to Section I.D.1 of Schedule 2 to this Loan Agreement.
21. "Policy on Prohibited Practices" means, AIIB's "Policy on Prohibited Practices", dated December 8, 2016.

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- 22. "Sub-project" means any activity or investment for productive purposes which is listed in the Operational Manual and meets the criteria set forth in said manual.

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