

AFD AGREEMENT N° CEC1012 02 U

CREDIT FACILITY AGREEMENT

dated as of December 20th 2017

between


AGENCE FRANÇAISE DE DEVELOPPEMENT

The Lender

and

THE REPUBLIC OF ECUADOR

The Borrower

	
REPÚBLICA DEL ECUADOR	
MINISTERIO DE ECONOMIA Y FINANZAS	
Subsecretaría de Financiamiento Público	
REGISTRO No.	614
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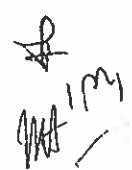
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CREDIT FACILITY AGREEMENT

BETWEEN:

(1) **THE REPUBLIC OF ECUADOR,**

represented by Marcelo Fabian Hurtado Lomas, in his capacity as *Chargé d'Affaires* for the Embassy of the Republic of Ecuador in Colombia, who is duly authorized to sign this Agreement, according to a delegation of powers of the Ministry of Economy and Finances,

("Ecuador" or the "Borrower");

AND

(2) **AGENCE FRANCAISE DE DEVELOPPEMENT**, a French public entity governed by French law, with registered office at 5, Rue Roland Barthes, 75598 Paris Cedex 12, France, registered with the Trade and Companies Register of Paris under number 775 665 599, represented by Maurice Bernard, in his capacity as Delegated Director for the Andean Region, duly authorised to sign this Agreement,

("AFD" or the "Lender");

(hereinafter jointly referred to as the "Parties" and each a "Party");

WHEREAS:

- (A) The Borrower intends to finance the housing reconstruction in Ecuadorian areas affected by the April 2016 earthquake (the "Project"), as described further in Schedule 2 (*Project Description*).
- (B) The Borrower has requested that the Lender makes a facility available for the purposes of financing the Project in part.
- (C) Pursuant to a resolution n° C20160593 of its Board of Directors dated 15 December 2016, the Lender has agreed to make the Facility available to the Borrower pursuant to the terms and conditions of this Agreement.

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THEREFORE THE PARTIES HAVE AGREED AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Capitalised words and expressions used in this Agreement (including those appearing in the recitals above and in the Schedules) shall have the meaning given to them in Schedule 1A (*Definitions*), except as otherwise provided in this Agreement.

1.2 Interpretation

Words and expressions used in this Agreement shall be construed pursuant to the provisions of Schedule 1B (*Construction*), unless the contrary intention appears.

2. FACILITY, PURPOSE AND CONDITIONS OF UTILISATION

2.1 Facility

Subject to the terms of the Financing Documents, the Lender makes available to the Borrower a Facility in a maximum aggregate amount of thirty five million US Dollars (USD 35,000,000).

2.2 Purpose

The Borrower shall apply all amounts borrowed by it under this Facility exclusively towards financing Eligible Loans, excluding Taxes, in accordance with the Project description set out in Schedule 2 (*Project Description*) and the Financing Plan set out in Schedule 3 (*Financing Plan*).

The full amount of the Facility shall be on-granted by the Borrower to the Final Beneficiary in the form of a subsidy on terms which shall be approved by the Lender.

2.3 Monitoring

The Lender shall not be held responsible for the use of any amount borrowed which is not in accordance with the provisions of this Agreement.

2.4 Conditions precedent

- (a) No later than the Signing Date, the Borrower shall provide to the Lender all of the documents set out in Part I of Schedule 4 (*Conditions Precedent*).
- (b) A Drawdown Request may not be delivered to the Lender unless:
 - (i) in the case of the first Drawdown, the Lender has received all of documents listed in Part II of Schedule 4 (*Conditions Precedent*) and has notified the Borrower that such documents are satisfactory in form and substance;
 - (ii) in the case of any subsequent Drawdown, the Lender has received all of the documents set out in Part III (Conditions Precedent for all Drawdown other than the first Drawdown) of Schedule 4 (*Conditions Precedent*) and has notified the Borrower that such documents are satisfactory in form and substance; and
 - (iii) on the date of the Drawdown Request and on the proposed Drawdown Date for the relevant Drawdown, no Payment Systems Disruption Event has

occurred and the conditions set out in this Agreement have been fulfilled, including:

- (1) no Event of Default is continuing or would result from the proposed Drawdown;
- (2) the Drawdown Request has been made in accordance with the terms of Clause 3.2 (*Drawdown request*);
- (3) each representation given by the Borrower in relation to Clause 10 (*Representations and warranties*) is true;
- (4) the previous Advance was used in accordance with this Agreement.

3. DRAWDOWN OF FUNDS

3.1 Drawdown amounts

The Facility will be made available to the Borrower during the Availability Period, in several Drawdowns, provided that the number of Drawdowns shall not exceed four (4).

The amount of the proposed Drawdown shall be a minimum of five million US Dollars (USD 5,000,000) or an amount equal to the Available Credit if such amount is less than five million US Dollars (USD 5,000,000).

3.2 Drawdown request

Provided that the conditions set out in Clause 2.4(b) (*Conditions precedent*) are satisfied, the Borrower may draw on the Facility by delivery to the Lender of a duly completed Drawdown Request. Each Drawdown Request shall be delivered by the Borrower to the head of AFD office at the address specified in Clause 16.1 (*In writing and addresses*).

Each Drawdown Request is irrevocable and will be regarded as having been duly completed if:

- (a) the Drawdown Request is substantially in the form set out in Schedule 5A (*Form of Drawdown Request*);
- (b) the Drawdown Request is received by the Lender at the latest fifteen (15) Business Days prior to the Deadline for Drawdown;
- (c) the proposed Drawdown Date is a Business Day falling within the Availability Period;
- (d) the amount of the Drawdown complies with Clause 3.1 (*Drawdown amounts*); and
- (e) all of the documents set out in Part III of Schedule 4 (*Conditions Precedent*) for the purposes of the Drawdown are attached to the Drawdown Request, comply with the abovementioned Schedule and with the requirements of Clause 3.4 (*Payment mechanics*), and are in form and substance satisfactory to the Lender.

Any documentary evidence, such as bills or paid invoices, shall include the reference number and date of the relevant payment order. The Borrower undertakes to keep possession of the documentary evidence originals, to make such evidence available to the Lender at any time and to provide the Lender with Certified copies or duplicates of such evidence as the Lender may request.

3.3 Payment completion

Subject to Clause 14.7 (*Payment Systems Disruption*), if each of the conditions set out in Clause 2.4(b) (*Conditions precedent*) of this Agreement has been met, the Lender shall make the requested Drawdown available to the Borrower not later than the Drawdown Date.

The Lender shall provide the Borrower with a letter of Drawdown confirmation substantially in the form set out in Schedule 5B (*Form of confirmation of drawdown and rate*).

3.4 Payment mechanics

The Facility shall be made available in form of advances (hereafter, the "Advance(s)") in accordance with one of the following terms:

3.4.1 Opening of the Project Accounts

The Borrower shall:

(a) open and maintain in the name of the Project, at an Acceptable Bank (the "Account Bank") the two following sub-accounts of the "Cuenta Única del Tesoro" (the "Project Accounts"):

(i) a first sub-account (*Reconocimiento de gastos*) to be used for the amount of the first Advance disbursed for refinancing Eligible Loans; and

(ii) a second sub-account (*uso de anticipos*) to be used for the disbursement of the subsequent Advances;

for the sole purpose of (i) receipt of the proceeds of a Drawdown and (ii) after immediate transferring of such proceeds to the "Cuenta Única del Tesoro", if needed, transfer of such proceeds within a maximum of fifteen (15) calendar days from the date of the disbursement on the Project Account, to the Final Beneficiary Project Account (as defined below) for financing of Eligible Loans;

(b) require the Final Beneficiary to open and maintain at the Account Bank an account in the name of the Project (the "Final Beneficiary Project Account") for the sole purpose of receipt of proceeds of a Drawdown and financing of Eligible Loans.

The Borrower hereby undertakes and shall procure that the Account Bank and the Final Beneficiary waive, any right of set-off any of such parties may have in respect of the Project Accounts and any other account opened in the name of the Borrower or the Final Beneficiary at the Account Bank, or against any other debt of the Borrower or the Final Beneficiary.

In the event that an Account Bank ceases to be an Acceptable Bank, the Lender may instruct the Borrower to request that the Borrower replaces, and require that the Final Beneficiary replaces, the Account Bank with another Acceptable Bank. The Borrower hereby undertakes to instruct the Final Beneficiary to replace the Account Bank promptly at its own cost immediately upon the Lender's first demand.

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3.4.2 Initial Advance

Provided that the conditions set out in Clause 2.4 (*Conditions precedent*) have been satisfied, the Lender shall pay an initial Advance of maximum ten million US Dollars (USD 10,000,000) to the Project Account.

The Lender hereby acknowledges that it has been informed by the Borrower that the Final Beneficiary has financed Eligible Loans prior to the Signing Date and may finance Eligible Loans prior to the first Drawdown. Therefore the Parties agree that the Borrower shall be entitled to use all or part of the funds of the first Advance to refinance Eligible Loans incurred by the Final Beneficiary prior to the Drawdown of the first Advance.

3.4.3 Additional Advances

Additional Advances will be paid upon the Borrower's request, subject to the conditions set out in Clause 2.4 (*Conditions precedent*) being satisfied.

3.4.4 Final Advance

Unless the Lender agrees otherwise, the final Advance shall be paid in accordance with the same conditions as the other Advances and, if applicable, shall take into account any change in the financing plan of the Project agreed between the Parties.

3.4.5 Applicable exchange rate

If any Eligible Loans are denominated in a currency other than US Dollars, the Borrower shall procure that the Final Beneficiary converts the invoice amount into the equivalent amount in US Dollars using the exchange rate for the relevant currency applied by the central bank of the country of the relevant currency on the payment date of the relevant invoice.

3.4.6 Deadline for Use of Funds

The Borrower agrees and procures that the Final Beneficiary agrees that all funds paid in the form of Advances shall be used in full to pay Eligible Loans no later than the Deadline for Use of Funds.

3.4.7 Failure to justify the use of Advances by the Deadline for Use of Funds

The Lender may request that the Borrower repays all amounts in respect of which utilisation has not been timely, duly or sufficiently justified or amounts standing to the credit of the Project Accounts as on the Deadline for Use of Funds. The Borrower shall repay such amounts to the Lender within twenty (20) calendar days of receipt of such notification from the Lender. Any repayment by the Borrower under this Clause shall be treated as a mandatory prepayment in accordance with the provisions of Clause 8.2 (*Mandatory prepayment*).

3.4.8 Retention of documents

The Borrower undertakes to instruct the Final Beneficiary to retain documentary evidence and other documents in connection with the Project Account and use of the Advances for a period of ten (10) years from the date of the last Drawdown under the Facility.

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The Borrower undertakes to deliver such documentary evidences and other documents to the Lender, or to any auditing firm appointed by the Lender, upon the Lender's request.

3.5 Control – Audit

The Borrower agrees that, during the Drawdown Period, the Project Account shall be audited on an annual basis. These audits shall be carried out by an independent and a reputable auditing firm, appointed by the Borrower or the Final Beneficiary, subject to the Lender's no-objection on the terms of reference of the audit mission and the appointed auditing firm. All audit costs shall be paid by the Borrower or the Final Beneficiary. The auditing firm shall verify that all amounts drawn under the Facility and paid into the Project Account have been used in accordance with the terms of this Agreement.

Audit reports shall be made available no later than three (3) months after the last day of each fiscal year.

During the Drawdown Period, the Lender may carry out, or procure that a third party carries out on its behalf and at the cost of the Borrower, random inspections rather than systematic control of documentary evidence.

4. **INTEREST**

4.1 Interest Rate

4.1.1 Fixed Interest Rate

The Interest Rate applicable to each Drawdown shall be calculated on the Rate Setting Date as the sum of the Fixed Reference Rate for the relevant Drawdown plus the Margin.

The Borrower may specify in each Drawdown Request a maximum amount for the fixed Interest Rate. If the fixed Interest Rate as calculated on the Rate Setting Date exceeds the maximum amount for the fixed Interest Rate specified in the relevant Drawdown Request, such Drawdown Request shall be cancelled and the amount specified in the cancelled Drawdown Request shall be credited to the Available Credit.

4.1.2 Minimum Interest Rate

The Interest Rate determined in accordance with Clause 4.1.1 (*Fixed Interest Rate*) shall not be less than zero point twenty-five per cent. (0.25%) per annum, notwithstanding any decline in the Interest Rate.

4.2 Calculation and payment of interest

The Borrower shall pay accrued interest on Drawdown(s) on each Payment Date.

The amount of interest payable by the Borrower on a relevant Payment Date and for a relevant Interest Period shall be equal to the sum of any interest owed by the Borrower on the amount of the Outstanding Principal in respect of each Drawdown. Interest owed by the Borrower in respect of each Drawdown shall be calculated on the basis of:

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- (i) the Outstanding Principal owed by the Borrower in respect of the relevant Drawdown as at the immediately preceding Payment Date or, in the case of the first Interest Period, on the corresponding Drawdown Date;
- (ii) the exact number of days which have accrued during the relevant Interest Period on the basis of a three hundred and sixty (360) day year; and
- (iii) the applicable Interest Rate determined in accordance with the provisions of Clause 4.1 (*Interest Rate*).

4.3 Late payment and default interest

- (a) Late payment and default interest on all amounts due and unpaid (except for interest)

If the Borrower fails to pay any amount payable by it to the Lender under this Agreement (whether a payment of principal, a Prepayment Indemnity, any fees or incidental expenses of any kind except for any unpaid overdue interest) on its due date, interest shall accrue on the overdue amount, to the extent permitted by law, from the due date up to the date of actual payment (both before and after an arbitral award, if any) at the Interest Rate applicable to the current Interest Period (default interest) increased by three point five per cent. (3.5%) (late-payment interest). No formal prior notice from the Lender shall be necessary.

- (b) Late payment and default interest on unpaid overdue interest

Interest which has not been paid on its due date shall bear interest, provided they have remained unpaid for one (1) year and to the extent permitted by law, at the Interest Rate applicable to the ongoing Interest Period (default interest), increased by three point five per cent. (3.5%) (late-payment interest), to the extent that such Interest has been due and payable for at least one (1) year. No formal prior notice from the Lender shall be necessary.

The Borrower shall pay any outstanding interest under this Clause 4.3 (*Late payment and default interest*) immediately on demand by the Lender or on each Payment Date following the due date for the outstanding payment.

- (c) Receipt of any payment of late payment interest or default interest by the Lender shall neither imply the grant of any payment extension to the Borrower, nor operate as a waiver of any of the Lender's rights hereunder.

4.4 Communication of Interest Rates

The Lender shall promptly notify the Borrower of the determination of each Interest Rate in accordance with this Agreement.

4.5 Effective Global Rate (*Taux Effectif Global*)

In order to comply with Articles L. 314-1, L.314-2 and R.314-1 *et seq.* of the French Consumer Code and L. 313-4 of the French Monetary and Financial Code, the Lender informs the Borrower, and the Borrower accepts, that the effective global rate applicable to the Facility may be valued at an annual rate of Four point fifty-seven per cent (4.57%) on the basis of a three hundred and sixty-five (365) day year, and an Interest Period of six (6) months, subject to the following:

- (a) the above rates are given for information purposes only;
- (b) the above rates are calculated on the basis that:

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- (i) drawdown of the Facility is in full on the Signing Date;
 - (ii) no Drawdown made available to the Borrower will bear interest on the floating rate; and
 - (iii) the fixed rate for the duration of the facility should be equal to Four point forty per cent. (4.40%);
- (c) the above rates take into account the commissions and costs payable by the Borrower under this Agreement, assuming that such commissions and costs will remain fixed and will apply until the expiry of the term of this Agreement.

5. MARKET DISRUPTION

- (a) If a Market Disruption Event affects the interbank market and it is impossible to determine the applicable LIBOR on a Rate Setting Date or for the relevant Interest Period, the Lender shall inform the Borrower without delay.
- (b) Upon the occurrence of the event described in paragraph (a) above, the applicable Interest Rate for the relevant Interest Period will be the sum of:
 - (i) the Margin; and
 - (ii) the percentage rate per annum corresponding to the cost to the Lender of funding the Drawdowns(s) from whatever source it may reasonably select. Such rate shall be notified to the Borrower as soon as possible and, in any case, prior to the Payment Date for interest owed under the relevant Interest Period.

6. FEES

6.1 Commitment fees

From the Signing Date onwards, the Borrower shall pay to the Lender a commitment fee of zero point five per cent (0.5%) per annum.

The commitment fee shall be computed at the rate specified above on the amount of the Available Credit pro-rated for the actual number of days elapsed increased by the amount of any Drawdowns to be made available by the Lender in accordance with any pending Drawdown Requests.

The first commitment fee shall be calculated for the period from (i) the Signing Date (excluded) up to (ii) the immediately following Payment Date (included). Subsequent commitment fees shall be calculated for periods commencing on the day immediately following a Payment Date (included) and ending on the next Payment Date (included).

The accrued commitment fee shall be payable (i) on each Payment Date within the Availability Period; (ii) on the Payment Date following the last day of the Drawdown Period; and (iii) in the event the Available Credit is cancelled in full, on the Payment Date following the effective date of such cancellation.

6.2 Appraisal Fee

Prior to the first Drawdown and in any case no later than thirty (30) calendar days after the Signing Date, the Borrower shall pay to the Lender an appraisal fee of zero point five (0.5%) calculated on the maximum amount of the Facility.

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7. REPAYMENT

Following expiry of the Grace Period, the Borrower shall repay the Lender the principal amount of the Facility in thirty (30) equal semi-annual instalments, due and payable on each Payment Date.

The first instalment shall be due and payable on December 1st, 2022 and the last instalment shall be due and payable on June 1st, 2037.

At the end of the Drawdown Period, the Lender shall deliver to the Borrower an amortisation schedule in respect of the Facility taking into account, if applicable, any potential cancellation of the Facility pursuant to Clauses 8.3 (*Cancellation by the Borrower*) and/or 8.4 (*Cancellation by the Lender*).

8. PREPAYMENT AND CANCELLATION

8.1 Voluntary prepayment

The Borrower shall not be entitled to prepay the whole or any part of the Facility prior to the expiration date of a ten (10) years period starting on the Signing Date.

As from the date referred to in the previous paragraph, the Borrower may prepay the whole or any part of the Facility, subject to the following conditions:

- (a) the Borrower shall notify the Lender of its intention to prepay by not less than thirty (30) Business Days' written and irrevocable notice prior to the contemplated prepayment date;
- (b) the amount to be prepaid shall be equal to one or several instalment(s) in principal;
- (c) the contemplated prepayment date shall be a Payment Date;
- (d) all prepayments shall be made together with the payment of accrued interest, any fees, indemnities and related costs in connection with the prepaid amount as provided under this Agreement; and
- (e) there is no outstanding unpaid amount.

On the Payment Date on which the prepayment is made, the Borrower shall pay the full amount of the Prepayment Indemnities due and payable pursuant to Clause 9.3 (*Prepayment Indemnity*).

8.2 Mandatory prepayment

The Borrower shall immediately prepay the whole or part of the Facility upon receipt of a notice from the Lender informing the Borrower of any of the following events:

- (a) Illegality: it becomes unlawful for the Lender pursuant to its applicable law to perform any of its obligations as contemplated by this Agreement or to fund or maintain the Facility;
- (b) Additional Costs: the amount of any Additional Costs referred to in Clause 9.5 (*Additional Costs*) is significant and the Borrower has refused to pay such Additional Costs;
- (c) Change of Control: a change of Control of the Final Beneficiary occurs;

- (d) Default: the Lender declares an Event of Default in accordance with Clause 13 (*Events of Defaults*);
- (e) Failure to justify use of funds: the Borrower fails to justify in a manner satisfactory to the Lender the use of the Advances by the Deadline for Use of Funds;

In the case of each of the events specified in paragraphs (a), (b) and (d) above, the Lender reserves the right, after having notified the Borrower in writing, to exercise its rights as a creditor in the manner specified in paragraph (b) of Clause 13.2 (*Acceleration*).

8.3 Cancellation by the Borrower

Prior to the Deadline for Drawdown, the Borrower may cancel the whole or any part of the Available Credit by giving the Lender a three (3) Business Days' prior notice.

Upon receipt of such notice of cancellation, the Lender shall cancel the amount notified by the Borrower.

8.4 Cancellation by the Lender

The Available Credit shall be immediately cancelled upon delivery of a notice to the Borrower which shall be immediately effective, if:

- (a) the Available Credit is not equal to zero on the Deadline for Drawdown;
- (b) the first Drawdown has not occurred on the expiry date of a six (6) month period from the Signing Date;
- (c) an Event of Default has occurred and is continuing; or
- (d) an event referred to in Clause 8.2 (*Mandatory prepayment*) has occurred;

except where, in the case of paragraphs (a) and (b) of this Clause 8.4 (*Cancellation by the Lender*), the Lender has proposed to postpone the Deadline for Drawdown or the deadline for the first Drawdown on the basis of new financial conditions which will apply to any Drawdowns under the Available Credit and the Borrower has agreed on the proposition.

8.5 Restrictions

- (a) Any notice of prepayment or cancellation given by a Party pursuant to this Clause 8 (*Prepayment and Cancellation*) shall be irrevocable, and, unless otherwise provided in this Agreement, any such notice shall specify the date or dates on which the relevant prepayment or cancellation is to be made and the amount of that prepayment or cancellation.
- (b) The Borrower shall not prepay or cancel all or any part of the Facility except at the times and in the manner expressly provided for in this Agreement.
- (c) Any prepayment under this Agreement shall be made together with payment of (i) accrued interest on the prepaid amount, (ii) outstanding fees, and (iii) the Prepayment Indemnity referred to in Clause 9.3 (*Prepayment Indemnity*) below.
- (d) Any prepayment amount will be applied against the remaining instalments in inverse order of maturity.
- (e) The Borrower may not re-borrow the whole or any part of the Facility which has been prepaid or cancelled.

9. ADDITIONAL PAYMENT OBLIGATIONS

9.1 Costs and expenses

- 9.1.1 If an amendment to any of the Financing Documents is required, the Borrower shall reimburse to the Lender for all costs (including legal fees) reasonably incurred in responding to, evaluating, negotiating or complying with that requirement.
- 9.1.2 The Borrower shall reimburse to the Lender for all costs and expenses (including legal fees) incurred by it in connection with the enforcement or preservation of any of its rights under any Financing Document.
- 9.1.3 The Borrower shall pay directly or, if applicable, reimburse the Lender in case of an advance made by the Lender, the amount of all costs and expenses in connection with the transfer of funds to, or for the account of, the Borrower from Paris to any other place agreed with the Lender, as well as any transfer fees and expenses in connection with the payment of all sums due under the Facility.

9.2 Cancellation Indemnity

If the Facility is cancelled in full or in part in accordance with the Clauses 8.3 (*Cancellation by the Borrower*) and/or 8.4 (*Cancellation by the Lender*), the Borrower shall pay a cancellation indemnity computed at two point five (2.5%) on the cancelled amount of the Facility.

Each cancellation indemnity is payable on the Payment Date immediately following a cancellation of all or part of the Facility.

9.3 Prepayment Indemnity

On account of any losses suffered by the Lender as a result of the prepayment of the whole or any part of the Facility in accordance with Clauses 8.1 (*Voluntary prepayment*) or 8.2 (*Mandatory prepayment*), the Borrower shall pay to the Lender an indemnity equal to the aggregate amount of:

- the Prepayment Compensatory Indemnity; and
- any costs arising out of the break of any hedging swap transactions put in place by the Lender in connection with the amount prepaid.

9.4 Taxes and duties

9.4.1 Registration costs

The Borrower shall pay directly, or, if applicable, reimburse the Lender in case of an advance made by the Lender, the costs of all stamp duty, registration and other similar taxes payable in respect of any Financing Document and any potential amendment thereto.

9.4.2 Withholding Tax

The Borrower undertakes that all payments made to the Lender under this Agreement shall be free of any Withholding Tax.

If a Withholding Tax is required by law, the Borrower undertakes to gross-up the amount of any such payment done pursuant to the Agreement, to such amount which

leaves the Lender with an amount equal to the payment which would have been due if no payment of Withholding Tax had been required.

The Borrower shall reimburse to the Lender all expenses and/or Taxes for the Borrower's account which have been paid by the Lender (if applicable), with the exception of any Taxes due in France.

9.5 Additional Costs

the Borrower shall pay to the Lender, within five (5) Business Days of the Lender's request, all Additional Costs incurred by the Lender as a result of: (i) the coming into force of any new law or regulation, or any amendment to, or any change in the interpretation or application of any existing law or regulation; or (ii) compliance with any law or regulation made after the Signing Date.

In this Clause, "Additional Costs" means:

- (i) any cost arising after the Signing Date out of one of the event referred to in the first paragraph of this Clause and not taken into account by the Lender to compute the financial conditions of the Facility; or
- (ii) any reduction of any amount due and payable under any Financing Document,

which is incurred or suffered by the Lender as a result of (i) making the Facility available to the Borrower or (ii) entering into or performing its obligations under the Financing Documents.

9.6 Currency indemnity

If any sum due by the Borrower under the Financing Documents, or any order, judgment or award given or made in relation to such a sum, has to be converted from the currency in which that sum is payable into another currency, for the purpose of:

- (i) making or filing a claim or proof against the Borrower; or
- (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Borrower shall indemnify the Lender against and, within three (3) Business Days of the Lender's request and as permitted by law, pay to the Lender, the amount of any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between: (A) the exchange rate used to convert the relevant sum from the first currency to the second currency; and (B) the exchange rate or rate(s) available to the Lender at the time of its receipt of that sum. This obligation to indemnify the Lender is independent of any other obligation of the Borrower under the Financing Documents.

The Borrower waives any right it may have in any jurisdiction to pay any amount due under the Financing Documents in a currency or currency unit other than that in which it is expressed to be payable.

9.7 Due dates

Any indemnity or reimbursement payable by the Borrower to the Lender under this Clause 9 (*Additional Payment Obligations*) is due and payable on the Payment Date immediately following the circumstances which have given rise to the relevant indemnity or reimbursement.

Notwithstanding the above, any indemnity to be paid in connection with a prepayment pursuant to Clause 9.3 (*Prepayment Indemnity*) is due and payable on the date of the relevant prepayment.

10. REPRESENTATIONS AND WARRANTIES

All the representations and warranties set out in this Clause 10 (*Representations and warranties*) are made by the Borrower for the benefit of the Lender on the Signing Date. All the representations and warranties in this Clause 10 (*Representations and warranties*) are also deemed to be made by the Borrower on the date on which all of the conditions precedent listed in Part II of Schedule 4 (*Conditions Precedent*) are satisfied, on the date of each Drawdown Request, on each Drawdown Date and on each Payment Date, except that the repeating representations contained in Clause 10.9 (*No misleading information*) are deemed to be made by the Borrower in relation to the information provided by the Borrower since the date on which the representation was last made.

10.1 Power and authority

The Borrower has the power to enter into, perform and deliver the Financing Documents and to perform all contemplated obligations. The Borrower has taken all necessary action to authorise its entry into, performance and delivery of the Financing Documents and the transactions contemplated by those Financing Documents.

10.2 Validity and admissibility in evidence

All Authorisations required:

- (a) to enable the Borrower to lawfully enter into, and exercise its rights and comply with its obligations under the Financing Documents; and
- (b) to make the Financing Documents admissible in evidence in the courts of the jurisdiction of the Borrower or in arbitration proceedings as defined under Clause 17 (*Governing Law, Enforcement and Choice of Domicile*),

have been obtained and are in full force and effect, and no circumstances exist which could result in the revocation, non-renewal or modification, in whole or in part, of any such Authorisations.

10.3 Binding obligations

The obligations expressed to be assumed by the Borrower under the Financing Documents comply with all laws and regulations applicable to the Borrower in its jurisdiction and are legal, valid, binding and enforceable obligations which are effective in accordance with their written terms.

10.4 Filing or stamp taxes

Under Ecuadorian laws, the Financing Documents has to be filed with the Ministry of Finance.

10.5 Transfer of funds

All amounts due by the Borrower to the Lender under this Agreement whether as principal or interest, late payment interest, Prepayment Indemnity, incidental costs and expenses or any other sum are freely convertible and transferable.

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This representation shall remain in full force and effect until full repayment of all sums due to the Lender. In the event that the repayment dates of the Facility are extended by the Lender, no further confirmation of this representation shall be necessary.

The Borrower shall obtain US Dollars necessary for compliance with this representation in due course.

10.6 No conflict with other obligations

The entry into and performance by the Borrower of, and the transactions contemplated by the Financing Documents do not conflict with any domestic or foreign law or regulation applicable to it, its constitutional documents (or any similar documents) or any agreement or instrument binding upon the Borrower or affecting any of its assets.

10.7 Governing law and enforcement

- (a) The choice of French law as the governing law of this Agreement will be recognised and enforced by the courts and arbitration tribunals in the jurisdiction of the Borrower.
- (b) Any judgment obtained in relation to this Agreement in a French court or any award by an arbitration tribunal will be recognised and enforced in the jurisdiction of incorporation of the Borrower.

10.8 No default

No Event of Default is continuing or is reasonably likely to occur.

No breach of the Borrower is continuing in relation to any other agreement binding upon it, or affecting any of its assets, which has, or is reasonably likely to have, a Material Adverse Effect.

10.9 No misleading information

All information and documents supplied by the Borrower to the Lender were true, accurate and up-to-date as at the date they were provided or, if appropriate, as at the date at which they are stated to be given and have not been varied, revoked, cancelled or renewed on revised terms, and are not misleading in any material respect as a result of an omission, the occurrence of new circumstances or the disclosure or non-disclosure of any information.

10.10 Status of the Final Beneficiary

The Final Beneficiary is a public financial corporation duly incorporated and validly existing under the laws of Ecuador, fully owned by the Borrower. Each of the Final Beneficiary's Counterpart Financial Institutions is a company duly incorporated and validly existing under the laws of its jurisdiction of incorporation.

The Final Beneficiary has the power to own its assets and carry on its business as it is being conducted. The constitutional documents of the Final Beneficiary are in compliance with all applicable laws and regulations.

10.11 Project Authorisations

All Project Authorisations have been obtained or effected and are in full force and effect and there are no circumstances which may result in any Project Authorisation being revoked, cancelled, not renewed or varied in whole or in part.

COUNTERPARTS

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10.12 Procurement

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The Borrower represents that it, as well as the Final Beneficiary, (i) has received a copy of the Procurement Guidelines and (ii) understands the terms of the Procurement Guidelines, in particular, those terms relating to any actions which the Lender may take in the case of a breach of the Procurement Guidelines by the Borrower or the Final Beneficiary.

The Borrower is contractually bound by the Procurement Guidelines as if such Procurement Guidelines were incorporated by reference into this Agreement. The Borrower confirms that, in respect of the contracts relating to the Project which it or the Final Beneficiary manages, the procurement, allocation and performance of these contracts comply with the Procurement Guidelines.

10.13 Pari passu ranking

The Borrower's payment obligations under this Agreement rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors.

10.14 Origin of funds. Acts of Corruption, Fraud and Anti-Competitive Practices

The Borrower represents and warrants that:

- (i) the funds invested in the Project, other than those provided by the State, are not of Illicit Origin;
- (ii) The Final Beneficiary have not been subject to a sentence pronounced less than five years previously by a res juricata decision for any Act of Corruption, Fraud or Anti-Competitive Practice.
- (iii) The Project (in particular, the negotiation, award and performance of any contracts financed with the Facility) has not given rise to any Act of Corruption, Fraud or Anti-Competitive Practice.

10.15 No Material Adverse Effect

The Borrower represents and warrants that no event or circumstance which is likely to have a Material Adverse Effect has occurred or is likely to occur.

11. **UNDERTAKINGS**

The undertakings in this Clause 11 (*Undertakings*) take effect on the Signing Date and remain in full force and effect for as long as any amount is outstanding under this Agreement.

11.1 Compliance with Laws, Regulations and Obligations

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The Borrower shall comply and procure that the Final Beneficiary complies:

- (a) in all respects with all laws and regulations to which it and/or the Project is subject, particularly in relation to all applicable environmental protection, safety and labour laws; and
- (b) with all of its obligations under the Financing Documents.

11.2 Authorisations

The Borrower shall promptly obtain, comply with and do all that is necessary to maintain in full force and effect and procure that the Final Beneficiary promptly obtains, complies with

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and does all that it necessary to maintain in full force and effect any Authorisation required under any applicable law or regulation to enable it to perform its obligations under the Financing Documents and to ensure the legality, validity, enforceability and admissibility in evidence of any Financing Document .

11.3 Implementation and preservation of the Project

The Borrower undertakes, and shall procure that the Final Beneficiary undertakes:

- (i) not to submit to any other financing institution than the Lender a drawdown request to finance either an Eligible Loan fully financed or to be fully financed by the Facility, or the part of an Eligible Loan financed or to be financed by the Facility; and
- (ii) to implement the Project in accordance with the generally accepted safety principles and in accordance with technical standards in force, and the eligibility criteria set out in Schedule 2 (*Project Description*).

11.4 Environmental and social responsibility

In order to promote sustainable development, the Parties agree that it is necessary to promote compliance with internationally recognised environmental and labour standards, including fundamental conventions of the International Labour Organization (“ILO”) and the international environmental laws and regulations applicable in the Borrower’s jurisdiction.

For such purpose, the Borrower shall comply, and ensure that the Final Beneficiary complies with respect to its business activities, with international standards for the protection of the environment and labour laws, in accordance with the applicable laws and regulations of the country in which the Project is being implemented. The Borrower shall ensure that the Final Beneficiary also requests that the Beneficiary Clients comply with such standards in the conduct of their business as applicable to them under Ecuadorian laws and regulations.

To comply with the environmental and labour standards set out above, the Borrower shall ensure that the Final Beneficiary implements social and environmental responsibility by:

- (a) providing an exclusion list setting out the projects that the Final Beneficiary undertakes not to fund;
- (b) implementing an environmental and social risk management policy in relation to the projects funded by the Credit Facility; and
- (c) implementing a corporate social responsibility policy (the “CSR”).

On each anniversary of the signing of this Agreement, the Borrower shall deliver to the Lender an annual report in relation to the environmental and social responsibility policy and detailing E&S management conducted by the Final Beneficiary.

11.5 Pari passu ranking

The Borrower undertakes (i) to ensure that its payment obligations under this Agreement rank at all times at least *pari passu* with its other present and future unsecured and unsubordinated payment obligations; (ii) not to grant prior ranking or guarantees to any other lenders except if the same ranking or guarantees are granted by the Borrower in favour of the Lender, if so requested by the Lender.

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11.6 Project Accounts

The Borrower shall open and maintain the Project Account and shall procure that the Final Beneficiary opens and maintains the Final Beneficiary Project Account in accordance with the terms and conditions of this Agreement.

11.7 Justification of the Use of Funds

The Borrower undertakes and shall procure that the Final Beneficiary undertakes:

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- (i) to deliver to the Lender no later than six (6) months after each Drawdown, a report on the use of the funds substantially in the form set out in Schedule 6 (Funds Use Justification). This report shall include a detailed breakdown of the payment with respect to Eligible Loans during the relevant period; as well as the documentation related to a sample of Eligible loans selected by the Lender (ie contract, invoices related to the Final Beneficiary's Client investment, documentary evidence of the link with the earthquake,...)
- (ii) to deliver to the Lender no later than six (6) months after the Deadline for Drawdown, a report on the use of the funds substantially in the form set out in Schedule 6 (Funds Use Justification), signed by an authorised signatory of each the Borrower and the Final Beneficiary, certifying that one hundred per cent (100%) of the amount borrowed under this Facility have been disbursed.

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11.8 Monitoring

The Borrower hereby authorizes and shall procure that the Final Beneficiary and, upon Lender request, Counterpart Financial Institutions, authorize the Lender and its representatives to carry out inspections the purpose of which will be to assess the implementation and operations of the Project as well as the impact and the achievement of the objectives of the Project, and the accounting and financial situation of the Final Beneficiary or the Counterpart Financial Institutions.

inspecciones

The Borrower shall co-operate and provide all reasonable assistance and information to the Lender and its representatives when carrying out such inspections, the timing and format of which shall be determined by the Lender following consultation with the Borrower.

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The Borrower shall reimburse the Lender for any costs incurred by the Lender in respect of one inspection per year.

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The Borrower shall retain and make available and procure that the Final Beneficiary retains and makes available for inspection by the Lender, all documents relating to the Eligible Loans for a period of ten (10) years from the date of the last Drawdown under the Facility.

11.9 Project evaluation

The Borrower acknowledges that the Lender may carry out, or procure that a third party carries out on its behalf, an evaluation of the Project. This evaluation will be used to produce a performance report containing information on the Project, such as: total amount and duration of the Facility, objectives of the Project, expected and actual performance of the Project, assessment of its relevance, efficiency, impact and viability/sustainability. The Borrower agrees on the publication of this performance report, in particular, on the Lender's Website.

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11.10 Implementation of the Project

The Borrower shall:

- (i) ensure that any person, group or entity participating in the implementation of the Project is not listed on any Financial Sanctions List (including in particular the fight against terrorist financing); and
- (ii) not finance any supplies or sectors which are subject to an Embargo by the United Nations, the European Union or France.

11.11 Procurement

The Borrower and the Final Beneficiary shall comply with, and implement, the provisions of the Procurement Guidelines. The Borrower and the Final Beneficiary shall take all actions and steps necessary for the effective implementation of the Procurement Guidelines.

11.12 Origin of funds, no Acts of Corruption, Fraud or Anti-Competitive Practices

The Borrower undertakes:

- (i) to ensure that the funds, other than those of State origin, invested in the Project will not be of an Illicit Origin;
- (ii) To ensure that the Project (in particular during the negotiation, entry into and performance of the contracts funded out of the Facility) shall not give rise to any Act of Corruption, Fraud or Anti-Competitive Practice;
- (iii) as soon as it becomes aware of, or suspects, any Act of Corruption, Fraud or Anti-Competitive Practice, to inform the Lender without any delay;
- (iv) in the event referred to in paragraph (iii) above, or at the Lender's request if the Lender suspects that the acts or practices referred to in paragraph (ii) have occurred, take all necessary actions to remedy the situation in a manner satisfactory to the Lender and within the time period determined by the Lender; and
- (v) to notify the Lender without delay if it has knowledge of any information which leads it to suspect any Illicit Origin of any funds invested in the Project.

11.13 On-granting – Monitoring of the Final Beneficiary

The Borrower shall:

- (a) procure that the On-granting Agreement provides for, *inter alia*, all the undertakings that the Borrower has made on behalf of the Final Beneficiary under this Agreement including, but not limited to, the undertakings set out in Clauses 11 (*Undertakings*) and 12 (*Information Undertakings*);
- (b) systematically collect and make available to the Lender, the details of any person (identity, citizenship, domicile) and/or any legal entity (corporate name, place of incorporation, registered office, identity of shareholders) benefiting from the on-granted funds;
- (c) provide the Lender with any information in relation to the on-granting which shall be recorded in the accounting books of the Final Beneficiary;

- (d) ensure that the Final Beneficiary fulfils its obligations under the On-granting Agreement and uses the on-granted funds exclusively for financing of the Project in accordance with the terms and conditions of this Agreement;
- (e) procure that the Final Beneficiary complies with the Regulatory Ratios;
- (f) procure that the Final Beneficiary informs the Lender of any decision or any event that may noticeably affect the compliance with all or any of the obligations of the Final Beneficiary under this Agreement;
- (g) procure that the Final Beneficiary appoints as Auditors a reputable and experienced auditing firm and informs the Lender before changing its Auditors or alternate Auditors;
- (h) procure that the Final Beneficiary reserves ten (10) million USD for members of the COACS wishing to acquire new housing constructed by the real-estate developer financed by the Corporación Financiera Nacional (CFN) as part of the credit facility agreement n°CEC1012 01 T (component 2 "Vivienda"). The management of this specific envelope will be organized through the steering committee defined in point (i) below and will be described in the Operational Manual of the project.
- (i) procure that the Final Beneficiary together with the Corporación Financiera Nacional (CFN) acting as final beneficiary for the implementation of the project financed pursuant to the credit facility agreement n°CEC1012 01 T (component 2 "Vivienda"), sets up and participates in a steering committee to monitor the Project. The steering committee shall:
 - consist of a representative of each of the Borrower, the Final Beneficiary and CFN;
 - meet on biannual basis;
 - invite a representative of the *Ministerio de Desarrollo Urbano y Vivienda*, or the entity that replaces it, to attend the meetings;
 - provide the Lender with a copy of the minutes of the meetings within one (1) month after the date of each meeting.

Comite: directed por CFN.

11.14 Corporate existence of the Final Beneficiary

The Borrower shall:

- (a) maintain the Final Beneficiary's corporate existence and the general nature of business and shall not amend or alter the Final Beneficiary's corporate existence, registered office, corporate objectives or the nature of Final Beneficiary's business without informing the Lender thereof;
- (b) not amend or alter the Final Beneficiary's articles of association (or any equivalent constitutional documents) after the Signing Date in a manner which is likely to adversely affect the interests or rights of the Lender; and
- (c) procure that the Final Beneficiary not enter into any merger, demerger, consolidation or other similar corporate restructuring without informing the Lender thereof.

No se debe alterar la estructura de la CFN.

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11.15 Re-utilization of the Funds

The Borrower undertakes, and shall procure that the Final Beneficiary undertakes, that in the event of repayment of an Eligible Loan by a Final Beneficiary Client prior to December 1st, 2025, to use the full amount of funds resulting from the said repayment to finance Eligible Loans, as long as the tenure of the relevant Eligible Loans are not longer than the remaining tenure of the Facility.

11.16 Counterpart Financial Institutions

The Borrower shall ensure that all the undertakings that the Borrower has provided on behalf of the Counterpart Financial Institutions under the terms and conditions of this Agreement, and especially those set out in Clauses 11 (*Undertakings*) and 12 (*Information Undertakings*) are assumed and performed by the Counterpart Financial Institutions in the context of the implementation of the Project.

12. **INFORMATION UNDERTAKINGS**

The undertakings in this Clause 12 (*Information Undertakings*) take effect on the Signing Date and remain in full force and effect for as long as any amount is outstanding under this Agreement.

12.1 Financial Information

The Borrower shall supply to the Lender any information that the Lender may reasonably require in relation to the Borrower's foreign and domestic debt as well as the status of any guaranteed loans.

12.2 Progress Report

- (a) Until the Technical Completion Date, the Borrower shall supply to the Lender on a half-yearly basis a technical and financial progress report in relation to the implementation of the Project.
- (b) Within six (6) months after the Technical Completion Date, the Borrower shall supply to the Lender a detailed final report. This final report shall elaborate especially on the qualitative and quantitative aspects evidencing the degree of achievement of the Project objectives (strengths and weaknesses, successes and failures, etc.) in the form set out in the Operational Manual.

12.3 Information - miscellaneous

The Borrower shall supply and procure that the Final Beneficiary supplies to the Lender:

- (a) promptly upon becoming aware of them, details of any event or circumstance which is or may be an Event of Default or which has or may have a Material Adverse Effect, the nature of such an event and all the actions taken or to be taken to remedy it (if any);
- (b) promptly upon becoming aware of them, details of any incident or accident directly related to the implementation of the Project which might have a significant impact on the Project site, the working conditions of its employees or contractors' employees,

the nature of such incident or accident, together with details of any action taken or proposed to be taken, as applicable, by the Borrower to remedy it;

- (c) promptly, details of any decision or event which might affect the organisation, completion or operation of the Project;
- (d) promptly but in any event within five (5) Business Days after becoming aware of them, details of any notification of default, termination, dispute or material claim or affecting the Project, together with details of any action taken or proposed to be taken by the Borrower to remedy it;
- (e) during the completion of services (including but not limited to services related to studies and monitoring where the Project involves the provision of such services), the interim and final reports drafted by any service provider, and after full completion of such services an overall execution report;
- (f) promptly, any further information regarding its financial condition, assets and operations or any documents or other communications given or received by it, that the Lender may reasonably request.

12.4 Information relating to the Final Beneficiary

The Borrower shall take all necessary actions during the implementation and operation of the Project to ensure that the Final Beneficiary supplies the Lender with:

- (a) as soon as they are approved and in any event within ninety (90) calendar days after the end of each financial year, its annual financial statements (including a balance sheet, income statement and any schedules thereto) prepared by Auditors in accordance with the Applicable Accounting Principles for that financial year, as well as any details that the Lender may reasonably require in relation to its financial condition;
- (b) upon the Lender's request, all statements, including prudential statements, submitted by the Final Beneficiary to the *Superintendencia de Economía Popular y Solidaria*;
- (c) on an annual basis, if requested by the Lender, a certificate signed by a duly authorised representative of the Final Beneficiary and by its Auditors, including detailed calculations, regarding the Regulatory ratios for the relevant period of time evidencing that they are compliant with their obligations;
- (d) annually, and at the latest fifteen (15) calendar days after the end of the previous financial year, a certificate of compliance with the laws against money laundering and the financing of terrorism substantially in the form set out in Schedule 8 (Anti-Money Laundering And Anti-Terrorism Financing Certificate);
- (e) upon the Lender's request, the minutes of meetings, resolutions and reports of its corporate bodies together with, as the case may be, its auditors report or any report in relation to the audit of its Financial Statements.
- (f) details in any change to the Final Beneficiary by-laws which publication is prescribed by law, as well as any transaction which would result in changing the ownership of ten (10)% or more of the Final Beneficiary's shareholding or in a change of its Control;
- (g) promptly upon becoming aware of them, detailed information regarding any litigation, arbitration or administrative proceedings which are current, threatened or pending

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against the Final Beneficiary and which might, if adversely determined, have a Material Adverse Effect;

- (h) on demand from the Lender, all supplemental information related to:
 - (i) the Final Beneficiary's financial statement and business activities, including a break-down of its outstanding credits by sector and by term, the spreading of risks, an analysis of available resources according to origin and term, and the resources and commitments statement (including off-balance sheet commitments);
 - (ii) its methods, rules and financial reporting procedures, the credit delegation framework;
- (i) on demand from the Lender, all information related to the Final Beneficiary's Clients, including:
 - (i) any information related to the identity of each of the Final Beneficiary's Clients;
 - (ii) any information related to the Eligible Loans paid to the Final Beneficiary's Clients.

13. EVENTS OF DEFAULTS

13.1 Events of Default

Each of the events or circumstances set out in this Clause 13.1 (*Events of Default*) is an Event of Default.

(a) Payment Default

The Borrower does not pay on the due date any amount payable by it under this Agreement in the manner required under this Agreement. However, without prejudice to Clause 4.3 (*Late payment and default interest*), no Event of Default will occur under this paragraph (a) if such payment is made in full by the Borrower within five (5) Business Days of the due date.

(b) Undertakings and Obligations

The Borrower does not comply with any term of the Financing Documents, including, without limitation, any of the undertakings it has given pursuant to Clause 11 (*Undertakings*) and Clause 12 (*Information Undertakings*).

Save for the undertakings given pursuant to Clause 11.4 (*Environmental and Social Liability*), Clauses 11.10 (*Implementation of the Project*) and 11.11 (*Origin of funds, no Acts of Corruption, Fraud or Anti-Competitive Practices*) in respect of which no grace period is permitted, no Event of Default will occur under this paragraph (b) if the non-compliance is capable of remedy and is remedied within five (5) Business Days of the earlier of (A) the date of the Lender' notice of failure to the Borrower; and (B) the Borrower becoming aware of the breach, or within the time limit determined by the Lender in the case referred to in subparagraph (iv) of Clause 11.11 (*Origin of funds, no Acts of Corruption, Fraud or Anti-Competitive Practices*).

(c) Misrepresentation

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A representation or warranty made by the Borrower in the Financing Documents, including under Clause 10 (*Representations and warranties*), or in any document delivered by or on behalf of the Borrower under or in relation to the Financing Documents, is incorrect or misleading when made or deemed to be made.

(d) Cross Default

- (i) Subject to paragraph (ii), any Financial Indebtedness of the Borrower is not paid on its due date or, if applicable, within any grace period granted pursuant to the relevant documentation.
- (ii) A creditor has cancelled or suspended its commitment towards the Borrower pursuant to any Financial Indebtedness, or has declared the Financial Indebtedness due and payable prior to its specified maturity, or requested prepayment in full of the Financial Indebtedness, in each case, as a result of an event of default or any provision having a similar effect (howsoever described) pursuant to the relevant documentation.
- (iii) No Event of Default will occur under this clause 13.1 (d) if the relevant amount of Financial Indebtedness or the commitment for Financial Indebtedness falling within paragraphs (i) and (ii) above is less than ten million US Dollars (USD 10,000,000) (or its equivalent in any other currency(ies)).

(e) Unlawfulness

It is or becomes unlawful for the Borrower to perform any of its obligations under the Financing Documents.

(f) Material adverse change

Any event (including a change in the political situation of the country of the Borrower) or any measure which is likely, according to the Lender's opinion, to have a Material Adverse Effect occurs or is likely to occur.

(g) Withdrawal or suspension of the Project

Any of the following occurs:

- (i) the implementation of the Project is suspended or postponed for a period exceeding six (6) months; or
- (ii) the Project has not been completed in full by the Technical Completion Date; or
- (iii) the Borrower or the Final Beneficiary withdraws from, or ceases to participate in, the Project.

(h) Authorisations

Any Authorisation required for the Borrower in order to perform or comply with its obligations under the Financing Documents or required in the ordinary course of the Project is not obtained within the required timeframe or is cancelled or becomes invalid or otherwise ceases to be in full force and effect.

(i) Judgments, rulings or decisions having a Material Adverse Effect

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Any judgment or arbitral award or any judicial or administrative decision affecting the Borrower has or is reasonably likely, according to the opinion of the Lender, to have a Material Adverse Effect, occurs or is likely to occur.

(j) Default by the Final Beneficiary

The Final Beneficiary (i) does not comply with any term of the On-granting Agreement, including without limitation, any of the undertakings pursuant to Clauses 11 (*Undertakings*) and 12 (*Information Undertakings*); (ii) do not comply with any term of any agreement or deed entered into in relation to the Project; or (iii) does not pay on the due date any amounts payable in relation to the Project.

Save for the undertakings given pursuant to Clause 11.4 (*Environmental and Social Liability*), Clauses 11.10 (*Implementation of the Project*) and 11.12 (*Origin of funds, no Acts of Corruption, Fraud or Anti-Competitive Practices*), in respect of which no grace period shall be granted by the Borrower to the Final Beneficiary, no Event of Default will occur under this clause 12.1 (j) if the breach is capable of remedy and is remedied within five (5) Business Days of the earlier of (A) the Lender giving notice of breach to the Borrower and (B) the Borrower becoming aware of the breach, or within the time limit specified by the Lender in the case of breach referred to in subparagraph (iv) of Clause 11.12 (*Origin of funds, no Acts of Corruption, Fraud or Anti-Competitive Practices*).

(k) Suspension of free convertibility and free transfer

Free convertibility and free transfer of any of the amounts due by the Borrower under this Agreement, or any other facility provided by the Lender to the Borrower or any other borrower of the jurisdiction of the Borrower, is challenged.

13.2 Acceleration

On and at any time after the occurrence of an Event of Default, the Lender may, without providing any formal demand or commencing any judicial or extra-judicial proceedings, by written notice to the Borrower:

- (a) cancel the Available Credit; and/or
- (b) declare that all or part of the Facility, together with any accrued or outstanding interest and all other amounts outstanding under this Agreement, are immediately due and payable.

Without prejudice to the above, in the event that an Event of Default occurs as set out in Clause 13.1 (*Events of Default*), the Lender reserves the right to, upon written notice to the Borrower, (i) suspend or postpone any Drawdowns under the Facility; and/or (ii) suspend the finalisation of any agreements relating to other possible financial offers which have been notified by the Lender to the Borrower; and/or (iii) suspend or postpone any drawdown under any loan agreement entered into between the Borrower and the Lender.

13.3 Notification of an Event of Default

In accordance with Clause 12.3 (*Information - miscellaneous*), the Borrower shall promptly notify the Lender upon becoming aware of any event which is or is likely to be an Event of Default and inform the Lender of all the measures contemplated by the Borrower to remedy it.

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14. ADMINISTRATION OF THE FACILITY

14.1 Payments

All payments received by the Lender under this Agreement shall be applied towards the payment of expenses, fees, interest, principal amounts or any other sum due under this Agreement in the following order:

- 1) incidental costs and expenses;
- 2) fees;
- 3) late-payment interest and default interest;
- 4) accrued interest;
- 5) principal repayments.

Any payments received from the Borrower shall be applied first in or towards payment of any sums due and payable under the Facility or under other loans extended by the Lender to the Borrower, should it be in the Lender's interest to apply these sums to such other loans, in the order set out above.

14.2 Set-off

Without prior approval of the Borrower, the Lender may, at any time, set-off due and payable obligations owed by the Borrower against any amounts held by the Lender on behalf of the Borrower or any due and payable obligations owed by the Lender to the Borrower. If the obligations are in different currencies, the Lender may convert either obligation at the prevailing currency exchange rate for the purpose of the set-off.

All payments made by the Borrower under the Financing Documents shall be calculated and made without set-off. The Borrower is prohibited from making any set-off.

14.3 Business Days

If a payment is due on a day which is not a Business Day, the due date for that payment shall be the next Business Day if the next Business Day is in the same calendar month, or the preceding Business Day if the next Business Day is not in the same calendar month.

During any extension of the Payment Date for a principal or unpaid amount under this Agreement, interest shall be payable on that amount during the extension period at the rate applicable on the original Payment Date.

14.4 Currency of payment

The currency of each amount payable under this Agreement is US Dollars, except as provided in Clause 14.6 (*Place of payment*).

14.5 Day count convention

Any interest, fee or expense accruing under this Agreement will be calculated on the basis of the actual number of days elapsed and a year of three hundred and sixty (360) days in accordance with London interbank market practice.

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14.6 Place of payment

- (a) Any funds to be transferred by the Lender to the Borrower under the Facility will be paid to the bank account specifically designated for such purpose by the Borrower, provided that the Lender has given its prior consent on the selected bank.
- (b) Any payment to be made by the Borrower to the Lender shall be paid on the due date by no later than 11:00 am (Paris time) to the following bank account:

Name A/C: Agence Française de Développement
RIB Code : 31489 00010 00226560281 47
IBAN Code: FR76 3148 9000 1000 2265 6028 147
Crédit Agricole CIB SWIFT code (BIC): BSUIFRPP

opened by the Lender with Crédit Agricole CIB in Paris, or to any other account notified by the Lender to the Borrower.

The correspondent bank is:

JP MORGAN CHASE BANK NEW YORK
BIC Swift: CHASUS33XXX
Address: 4 New York Plaza – Floor 15th
New York NY 10004
ABA Number: 021000021
Account number: 786419036

- (c) The Borrower shall request from the bank responsible for transferring any amounts to the Lender that it provides the following information in any wire transfer messages in a comprehensive manner and in the order set out below:
- Principal: name, address, bank account number
 - Principal's bank: name and address
 - Reference: name of the Borrower, name of the Project, reference number of the Agreement
- (d) All payments made by the Borrower shall comply with this Clause 14.6 (*Place of payment*) in order for the relevant payment obligation to be deemed discharged in full.

14.7 Payment Systems Disruption

If the Lender determines (in its discretion) that a Payment Systems Disruption Event has occurred or the Borrower notifies the Lender that a Payment Systems Disruption Event has occurred, the Lender:

- (a) may, and shall if requested by the Borrower, enter into discussions with the Borrower with a view to agreeing any changes to the operation and administration of the Facility as the Lender may deem necessary in the circumstances;

- (b) shall not be obliged to enter into discussions with the Borrower in relation to any of the changes mentioned in paragraph (a) above if, in its opinion, it is not practicable to do so in the circumstances and, in any event, it has no obligation to agree to such changes; and
- (c) shall not be liable for any cost, loss or liability arising as a result of its taking, or failing to take, any actions pursuant to this Clause 14.7 (*Payment Systems Disruption*).

15. MISCELLANEOUS

15.1 Language

The language of this Agreement is English. If this Agreement is translated into another language, the English version shall prevail in the event of any conflicting interpretation or in the event of a dispute between the Parties.

All notices given or documents provided under, or in connection with, this Agreement shall be in English.

The Lender may request that a notice or document provided under, or in connection with, this Agreement which is not in English is accompanied by a certified English translation, in which case, the English translation shall prevail unless the document is a statutory document of a company, legal text or other official document.

15.2 Certifications and determinations

In any litigation or arbitration arising out of or in connection with any Financing Document, entries made in the accounts maintained by the Lender are *prima facie* evidence of the matters to which they relate.

Any certification or determination by the Lender of a rate or amount under this Agreement will be, in the absence of manifest error, conclusive evidence of the matters to which it relates.

15.3 Partial invalidity

If, at any time, a term of this Agreement is or becomes illegal, invalid or unenforceable, neither the validity, legality or enforceability of the remaining provisions of this Agreement will in any way be affected or impaired.

15.4 No Waiver

Failure to exercise, or a delay in exercising, on the part of the Lender of any right under the Agreement shall not operate as a waiver of that right.

Partial exercise of any right shall not prevent any further exercise of such right or the exercise of any other right or remedy under the applicable law.

The rights and remedies of the Lender under this Agreement are cumulative and not exclusive of any rights and remedies under the applicable law.

15.5 Assignment

The Borrower may not assign or transfer, in any manner whatsoever, all or any of its rights and obligations under this Agreement without the prior written consent of the Lender.

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The Lender may assign or transfer any of its rights or obligations under this Agreement to any other third party and may enter into any sub-participation agreement relating thereto.

15.6 Legal effect

The Schedules annexed hereto, the Procurement Guidelines and the recitals hereof form part of this Agreement and have the same legal effect.

15.7 Entire agreement

As of the Signing Date, this Agreement represents the entire agreement between the Parties in relation to the matters set out herein, and supersedes and replaces all previous documents, agreements or understandings which may have been exchanged or communicated as part of the negotiations in connection with this Agreement.

15.8 Amendments

No amendment may be made to the Financing Documents unless expressly agreed in writing between the Parties.

15.9 Confidentiality - Disclosure of information

(a) The Borrower shall not disclose the content of any Financing Document to any third party without the prior consent of the Lender except to:

- (i) any person to whom the Borrower has a disclosure obligation under any applicable law, regulation or judicial ruling; or
- (ii) the Final Beneficiary for the purposes of the Project.

(b) Notwithstanding any existing confidentiality agreement, the Lender may disclose any information or documents in relation to the Project to: (i) its auditors, rating agencies, legal advisers or supervisory bodies; (ii) any person or entity to whom the Lender may assign or transfer all or part of its rights or obligations under the Financing Documents; and (iii) any person or entity for the purpose of taking any protective measures or preserving the rights of the Lender under the Financing Documents.

(c) Furthermore, the Borrower hereby expressly authorizes the Lender:

- (i) to exchange with the French Republic for publication on the French government website pursuant to any request from International Aid Transparency Initiative; and
- (ii) to publish on the Lender's Website;

information relating to the Project and its financing as listed in Schedule 7 (*Information that may be published on the French Government Website and the Lender's Website*).

15.10 Limitation

The statute of limitations of any claims under this Agreement shall be ten (10) years, except for any claim of interest due under this Agreement.

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16. NOTICES

16.1 In writing and addresses

Any notice, request or other communication to be given or made under or in connection with this Agreement shall be given or made in writing and, unless otherwise stated, may be given or made by fax or by letter sent by the post office to the address and number of the relevant Party set out below:

For the Borrower:

THE REPUBLIC OF ECUADOR

Address: Av. 10 de Agosto 1661 y Bolivia – 170526 Quito, Ecuador

Telephone: +593 2 399 83 00

Facsimile: +593 2 399 86 29

Attention: Undersecretary of Public Financing, Ministry of Finance of the Republic of Ecuador

For the Lender:

AFD – BOGOTA OFFICE

Address: Avenida 82, n°10-33, Oficina 302, Bogota (COLOMBIA)

Telephone: +57 (1) 621 32 99

Facsimile: +57 (1) 621 33 06

Attention: Head of AFD representation in Colombia

With a copy to:

AFD – QUITO OFFICE

Address: Av. 12 de Octubre n°24-528 y Cordero, Edif. World Trade Center, Torre B, Of. N°206, Quito (ECUADOR)

Telephone: +593 2 223 2217

Facsimile: +593 2 223 6184

Attention: Representative of AFD office in Ecuador

and

AFD – PARIS HEAD OFFICE

Address: 5, rue Roland Barthes – 75598 Paris Cedex 12, France

Telephone: + 33 1 53 44 31 31

Attention: Director of the Département Amériques latines et Caraïbes

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Executed in two (2) originals¹, in Bogotá, Colombia, on December 20th 2017.

BORROWER

THE REPUBLIC OF ECUADOR



Represented by:

Name: Marcelo Fabian Hurtado Lomas

Capacity: Chargé d'Affaires – Embassy of the Republic of Ecuador

LENDER


AGENCE FRANÇAISE DE DÉVELOPPEMENT



Represented by:

Name: Maurice Bernard

Capacity: Delegated Director Andean Region


REPÚBLICA DEL ECUADOR MINISTERIO DE ECONOMÍA Y FINANZAS Subsecretaría de Financiamiento Público
REGISTRO No. <u>614</u>
FECHA <u>27 de Diciembre de 2017</u>
PAGINA No. <u>000000016</u>
Registro de la Deuda Pública



Co-signatory, His Excellency M. Jean-Baptiste Chauvin, Ambassador of France

¹ An original copy for AFD and one for the Borrower

SCHEDULE 1A - DEFINITIONS

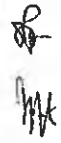
Acceptable Bank	means Central Bank or any bank acceptable to the Lender.
Account Bank	has the meaning given to it in Clause 3.4.1. (<i>Opening of the Project Account</i>).
Act of Corruption	means any of the following: (a) the act of promising, offering or giving, directly or indirectly, to a Public Official or to any person who directs or works, in any capacity, for a private sector entity, an undue advantage of any nature, for the relevant person himself or herself or for another person or entity, in order that this person acts or refrains from acting in breach of his or her legal, contractual or professional obligations and, having for effect to influence his or her own actions or those of another person or entity; or (b) the act of a Public Official or any person who directs or works, in any capacity, for a private sector entity, soliciting or accepting, directly or indirectly, an undue advantage of any nature, for the relevant person himself or herself or for another person or entity, in order that this person acts or refrains from acting in breach of his or her legal, contractual or professional obligations and, having for effect to influence his or her own actions or those of another person or entity.
Advance	has the meaning given to it in Clause 3.4
Agreement	means this credit facility agreement, including its recitals, Schedules and, if applicable, any amendments made in writing thereto.
Anti-Competitive Practices	means: (a) any concerted or implicit action having as its object and/or as its effects to impede, restrict or distort fair competition in a market, including without limitation when it tends to: (i) limit market access or the free exercise of competition by other companies; (ii) prevent price setting by the free play of markets by artificially favouring the increase or decrease of such prices; (iii) limit or control any production, markets, investment or technical progress; or (iv) share out markets or sources of supply; (b) any abuse by a company or group of companies of a dominant position within a domestic market or in

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		a substantial part thereof; or (c) any bid or predatory pricing having as its object and/or its effect to eliminate from a market, or to prevent a company or one of its products from accessing the market.
Applicable Principles	Accounting	means the International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB), together with its pronouncements thereon from time to time.
Auditors		means the Final Beneficiary's auditors.
Authorisation(s)		means any authorisation, consent, approval, resolution, permit, licence, exemption, filing, notarisation or registration, or any exemptions in respect thereof, obtained from or provided by an Authority, whether granted by means of an act, or deemed granted if no answer is received within a defined time limit, as well as any approval and consent given by the Borrower's creditors.
Authority(ies)		means any government or statutory entity, department or commission exercising a public prerogative, or any administration, court, agency or State or any governmental, administrative, tax or judicial entity.
Availability Period		means the period from and including the Signing Date up to the Deadline for Drawdown.
Available Credit		means, at any given time, the maximum principal amount specified in Clause 2.1 (<i>Facility</i>) less: (i) the aggregate amount of any Drawdowns drawn by the Borrower; (ii) the amount of any Drawdown to be made pursuant to any pending Drawdown Request; and (iii) any portion of the Facility which has been cancelled pursuant to Clauses 8.3 (<i>Cancellation by the Borrower</i>) and/or 8.4 (<i>Cancellation by the Lender</i>).
Business Day		means a day (other than Saturday or Sunday) on which banks are open for general business in Paris, London and New York and which is a Target Day.
Target Day		means a day on which the Trans European Automated Real Time Gross Settlement Express Transfer 2 (TARGET2) system, or any successor thereto, is open for payment settlement in Euros

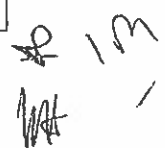
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Business Relationship	means any professional or business relationship of a contractual nature entered into between a third party and the Final Beneficiary in connection with the Final Beneficiary's ordinary course of trading.
Central Bank	means the central bank of Ecuador.
Certified	means for any copy, photocopy or other duplicate of an original document, the certification by any duly authorised person, as to the conformity of the copy, photocopy or duplicate with the original document.
Counterpart Financial Institutions / COACs	means the Cooperatives of Savings and Credit (Abbreviation for Cooperativas de Ahorro y Crédito in spanish) supervised by the Superintendencia de Economía Popularia y Solidaria, to which the Final Beneficiary supplies credit for the purpose of enabling them to provide financing or refinancing to the Final Beneficiary Clients in respect of the Eligible Loans.
Control	<p>means, for any person or entity:</p> <ul style="list-style-type: none"> (a) a direct or indirect holding of a percentage of a company's share capital granting that person or entity a majority of the voting rights at that company's general meetings; or (b) holding the majority of the voting rights pursuant to an agreement entered into with any other shareholder(s) which does not conflict with the company's interests; or (c) the power, by means of such person or entity's voting rights, to determine the outcome of any decision made at the company's general meetings; or <p>the power to appoint or dismiss the majority of the members of the company's administrative or supervisory board or its board of directors.</p>
Deadline for Drawdown	means 1 st June 2022, date after which no further Drawdown may occur.
Deadline for Use of Funds	means the date of expiration of a six (6) month period starting on the payment date of the last Advance.
Drawdown	means a drawdown of all or part of the Facility made, or to be made, available by the Lender to the Borrower pursuant to the terms and conditions set out in Clause 3 (<i>Drawdown of Funds</i>) or the principal amount outstanding of such Drawdown which remains due and payable at a given time



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	including any Advance.
Drawdown Date	means the date on which a Drawdown is made available by the Lender.
Drawdown Period	means the period starting on the first Drawdown Date up to and including the first of the following date: (i) the date on which the Available Credit is equal to zero ; (ii) the Deadline for Drawdown.
Drawdown Request	means a request substantially in the form set out in Schedule 5A (<i>Form of Drawdown Request</i>).
Eligible Loan(s)	means loan(s) to be made available by the Final Beneficiary to Final Beneficiary Client(s) through the COACs, and which are fulfilling the eligibility criteria as set out in Schedule 2 (<i>Project Description</i>) and Schedule 3 (<i>Financing Plan</i>).
Embargo	means any sanction of a commercial nature aiming at prohibiting any import and/or export (supply, sale or transfer) of one or several goods, products or services going to and/or coming from a country for a given period as published and amended from time to time by the United Nations, the European Union or France.
Event of Default	means any event or circumstance set out in Clause 13.1 (<i>Events of Default</i>).
Facility	means the credit facility made available by the Lender to the Borrower in accordance with this Agreement up to the maximum principal amount set out in Clause 2.1 (<i>Facility</i>).
Final Beneficiary	means Corporación Nacional de Finanzas Populares y Solidarias (CONAFIPS), in charge of implementing the Project financed by the Facility which shall be on-granted by the Borrower.
Final Beneficiary Client	means each household benefiting from a loan made available by a Cooperativa de Ahorro y Crédito to finance Eligible Loans.
Financial Indebtedness	means any financial indebtedness for and in respect of: (i) any monies borrowed on a short, medium or long-term basis; (ii) any amounts raised pursuant to the issue of bonds, notes, debentures, loan stock or any similar



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	<p>instruments;</p> <p>(iii) any funds raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;</p> <p>(iv) any potential payment obligation that results from a guarantee, bond, or any other instrument.</p>
Financial Sanctions List	<p>means the list(s) of persons, groups or entities which are subject to financial sanctions by the United Nations, the European Union and/or France.</p> <p>For information purposes only and for the convenience of the Borrower, who may rely on, the following references or website addresses:</p> <p>For the lists maintained by the United Nations, the following website may be consulted:</p> <p>http://www.un.org/sc/committees/list_compend.shtml</p> <p>For the lists maintained by the European Union, the following website may be consulted:</p> <p>http://eeas.europa.eu/cfsp/sanctions/consol-list_en.htm</p> <p>For the lists maintained by France, the following website may be consulted:</p> <p>http://www.tresor.economie.gouv.fr/4248_liste-nationale</p>
Financing Documents	<p>means this Agreement and the On-granting Agreement and any other document in relation thereto.</p>
Financing Plan	<p>means the financing plan of the Project set out in Schedule 3 (<i>Financing Plan</i>).</p>
Financial Statements	<p>means, for any given financial year, the Final Beneficiary's annual consolidated financial statements for the period ending on the year end date for that financial year.</p>
Fixed Reference Rate	<p>means the fixed rate, determined on a Rate Setting Date, which, if applied to a drawdown having the specificities listed hereunder (<i>I – Theoretical drawdown specificities</i>), permits that (i) the current value of the future fixed interests flows and capital repayment flows of this drawdown, and (ii) the current value of the future LIBOR floating interests flows and capital repayment flows of the same drawdown, be equal.</p> <p>I – Theoretical drawdown specificities</p> <ul style="list-style-type: none"> - the schedule of payments (differed amortization, principal repayment) corresponds to that of the

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	<p>Facility defined in Clause 7 (<i>Repayment</i>) of this Agreement; and</p> <ul style="list-style-type: none"> - the maturity dates for repayment of capital are the maturity dates of the Facility. <p>II – Elements of reference</p> <p>In relation to the theoretical drawdown at the LIBOR variable rate referred to in (ii) of the first paragraph of this definition, the value of future flows of interests shall be calculated on the basis of the curve of LIBOR forward rates (i.e. the anticipated levels of LIBOR, for each maturity date, on the Rate Setting Date) originating from the US Dollars swaps rate market.</p> <p>In relation to the theoretical drawdown at a fixed rate and the theoretical drawdown at a floating rate referred to in (i) and (ii) of the first paragraph of this definition, the discounting is executed on the basis of the Overnight Index Swap (OIS) originating from the US Dollars interest rate swaps market.</p> <p>The rate curves of the fixed rate theoretical drawdown and floating rate theoretical drawdown mentioned in (i) and (ii) of the first paragraph of this definition shall be executed in accordance with the provisions of paragraph II (<i>Elements of reference</i>) on the Rate Setting Date, on the basis of quotations provided by Reference Financial Institutions from 11:00 am onwards, Paris time.</p>
Fraud	means any unfair practice (acts or omissions) deliberately intended to mislead others, to intentionally conceal elements there from, or to betray or vitiate his/her consent, to circumvent any legal or regulatory requirements and/or to violate internal rules and procedures of the Borrower or a third party in order to obtain an illegitimate benefit.
Fraud against the Financial Interests of the European Community	means any intentional act or omission intended to damage the European Union budget and involving (i) the use or presentation of false, inaccurate or incomplete statements or documents, which has as effect the misappropriation or wrongful retention of funds or any illegal reduction in resources of the general budget of the European Union; (ii) the non-disclosure of information with the same effect; and (iii) misappropriation of such funds for purposes other than those for which such funds were originally granted.
Grace Period	means the period from the Signing Date up to and including the date falling sixty (60) months after such date, during which no principal repayment under the Facility is due and payable.
Illicit Origin	means funds obtained through: <ul style="list-style-type: none"> (a) the commission of any predicate offence as designated

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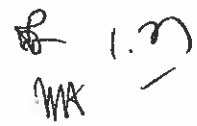
	<p>in the FATF 40 recommendations Glossary under "Designated categories of offences" (http://www.fatf-gafi.org/pages/glossary/fatfrecommendations/d-i/);</p> <p>(b) any Act of Corruption; or</p> <p>(c) any Fraud against the Financial Interests of the European Community, if or when applicable.</p>
Interest Period(s)	means each period from a Payment Date (exclusive) up to the next Payment Date (inclusive). For each Drawdown under the Facility, the first interest period shall start on the Drawdown Date (exclusive) and end on the next successive Payment Date (inclusive).
Interest Rate	means the interest rate expressed as a percentage and determined in accordance with Clause 4.1 (<i>Interest Rate</i>).
Inspection Firm	Means an independent external firm recruited by the Final Beneficiary to provide certificates proving that houses respect sismo-resistant structural guidelines,
LIBOR	means the indication of the London Interbank Offered Rates (LIBOR) for US Dollar deposits from leading commercial banks published by the ICE Benchmark Administration (IBA) two Business Days before the first day of the Interest Period.
Margin	means the equivalent margin over Libor 6 months of Euribor 6 months + 116 basis points for the proposed tenor e.g. : one point eighty-eight per cent (1.88 %) per annum at the signing date.
Market Disruption Event	<p>means the occurrence of one of the following events:</p> <p>(iii) LIBOR is not determined by the ICE Benchmark Administration ("IBA"), at 11:45am London time, two (2) Business Days before the first day of the relevant Interest Period or on the Setting Date; or</p> <p>(iv) before close of business of the relevant interbank market, two (2) Business Days before the first day of the relevant Interest Period or on the Rate Setting Date, the Borrower receives notification from the Lender that (i) the cost to the Lender of obtaining matching resources in the relevant interbank market would be in excess of LIBOR for the relevant Interest Period; or (ii) it cannot or will not be able to obtain matching resources on the relevant interbank market in the ordinary course of business to fund the relevant Drawdown for the relevant time period.</p>

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Material Adverse Effect	<p>means a material and adverse effect on:</p> <ul style="list-style-type: none"> (a) the Project, insofar as it would jeopardise the implementation and operation of the Project in accordance with the Financing Documents; (b) the business, assets, financial condition of the Borrower or its ability to perform its obligations under the Financing Documents; (c) the validity or enforceability of any Financing Document; or (d) any right or remedy of the Lender under any Financing Document.
On-granting Agreement	<p>means the agreement entered into between the Borrower and the Final Beneficiary whereby the Borrower agrees to on-grant the funds of the Facility pursuant to terms and conditions having received the Lender's no-objection.</p>
Operational Manual	<p>means the manual agreed upon among the Lender, the Borrower and the Final Beneficiary which will govern the administration of the Project, which may be amended only upon agreement of the parties thereto</p>
Outstanding Principal	<p>means, in respect of any Drawdown, the outstanding principal amount due in respect of such Drawdown, corresponding to the amount of the Drawdown paid by the Lender to the Borrower less the aggregate of instalments of principal repaid by the Borrower to the Lender in respect of such Drawdown.</p>
Payment Dates	<p>means June 1st and December 1st of each year.</p>
Payment Systems Disruption Event	<p>means either or both of:</p> <ul style="list-style-type: none"> (a) a material disruption to the payment or communication systems or to the financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by this Agreement to be carried out), provided that the disruption is not caused by, and is beyond the control of, any of the Parties; or (b) the occurrence of any other event which results in a disruption (of a technical or system-related nature) to the treasury or payment operations of a Party preventing that, or any other Party: <ul style="list-style-type: none"> (i) from performing its payment obligations under this Agreement; or

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	and which (in either case) is not caused by, and is beyond the control of, either Party.
Prepayment Compensatory Indemnity	<p>means the indemnity calculated by applying the following percentage to the amount of the Facility which is repaid in advance:</p> <ul style="list-style-type: none"> • if the repayment occurs prior to the 5th anniversary (exclusive) of the Signing Date: two point five per cent (2.5%); • if the repayment occurs between the 5th anniversary (inclusive) and the 10th anniversary (exclusive) of the Signing Date: two per cent (2%); • if the repayment occurs between the 10th anniversary (inclusive) and the 15th anniversary (exclusive) of the Signing Date: one point five per cent (1.5%); • if the repayment occurs after the 15th anniversary (inclusive): one per cent (1%).
Procurement Guidelines	means the contractual provisions contained in the guidelines relating to procurement financed by the Lender in foreign countries dated February 2017, a copy of which has been given to the Borrower and the Final Beneficiary. The Procurement Guidelines are available on the Lender's website.
Project	means the project as described in Schedule 2 (<i>Project Description</i>).
Project Account(s)	means the Project Accounts and the Final Beneficiary Project Account to be opened by the Borrower pursuant to Clause 3.4.1.
Project Authorisations	means the Authorisations necessary in order for (i) the Borrower or the Final Beneficiary to implement the Project, and to exercise its rights and perform its obligations.
Public Official	means any holder of legislative, executive, administrative or judicial office whether appointed or elected, serving on permanent basis or otherwise, paid or unpaid, regardless of rank, or any other person defined as a public official under the domestic law of the Borrower's jurisdiction of incorporation, and any other person exercising a public function, including for a public agency or organisation, or providing a public service.
Rate Setting Date	<p>means, in relation to any Interest Period for which an Interest Rate is to be determined:</p> <p>(i) the first Wednesday (or, if that date is not a</p>



 1.2

	<p>Business Day, the immediately following Business Day) following the date of receipt by the Lender of the Drawdown Request, provided that the Drawdown Request is received by the Lender at least two (2) full Business Days prior to said Wednesday;</p> <p>(ii) the second Wednesday (or, if that date is not a Business Day, the immediately following Business Day) following the date of receipt by the Lender of the Drawdown Request, if the Drawdown Request was not received by the Lender at least two (2) full Business Days prior to the first Wednesday specified in paragraph (a) above.</p>
Reference Financial Institution	means a financial institution chosen as a suitable reference financial institution by the Lender and which regularly publishes quotations of financial instruments on one of the international financial information networks according to the practices recognised by the banking industry.
Regulatory Ratios	means the ratios that the Final Beneficiary shall comply with under the laws of Ecuador or any other law applicable to the Final Beneficiary.
Schedule(s)	means any schedule or schedules to this Agreement.
Signing Date	means the date of execution of this Agreement by all the Parties.
Tax(es)	means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with a failure to pay or any delay in the payment of any such amounts).
Technical Completion Date	means the date for the technical completion of the Project which is expected to be four (4) years after the Signing Date.
US Dollar(s) or USD	means the currency having legal tender in the United States of America.
Website	means the website of AFD (http://www.afd.fr/) or any other such replacement website.
Withholding Tax	means any deduction or retention in respect of a Tax on any payment made under or in connection with this Agreement .

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SCHEDULE 1B - CONSTRUCTION

- (a) "assets" includes present and future properties, revenues and rights of every description;
- (b) any reference to the "Borrower", a "Party" or a "Lender" includes its successors in title, permitted assigns and permitted transferees;
- (c) any reference to a Financing Document or other document is a reference to this Agreement or to such other document as amended, restated or supplemented and includes, if applicable, any document which replaces it through novation, in accordance with the Financing Documents;
- (d) a "guarantee" includes any *cautionnement*, *aval* and any *garantie* which is independent from the debt to which it relates;
- (e) "indebtedness" means any obligation of any person whatsoever (whether incurred as principal or as surety) for the payment or repayment of money, whether present, future, actual or contingent;
- (f) a "person" includes any person, company, corporation, partnership, trust, government, state or state agency or any association, or group of two or more of the foregoing (whether or not having separate legal personality);
- (g) a "regulation" includes any legislation, regulation, rule, decree, official directive, instruction, request, advice, recommendation, decision or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, supervisory authority, regulatory authority, independent administrative authority, agency, department or any division of any other authority or organisation (including any regulation issued by an industrial or commercial public entity) having an effect on this Agreement [OR any of the Financing Documents] or on the rights and obligations of a Party;
- (h) a provision of law is a reference to that provision as amended;
- (i) unless otherwise provided, a time of day is a reference to Paris time;
- (j) The Section, Clause and Schedule headings are for ease of reference only and do not affect the interpretation of this Agreement;
- (k) unless otherwise provided, words and expressions used in any other document relating to this Agreement or in any notice given in connection with this Agreement have the same meaning in that document or notice as in this Agreement;
- (l) an Event of Default is "continuing" if it has not been remedied or if the Lender has not waived any of its rights relating thereto;
- (m) a reference to a Clause or Schedule shall be a reference to a Clause or Schedule of this Agreement; and
- (n) words importing the plural shall include the singular and vice-versa.

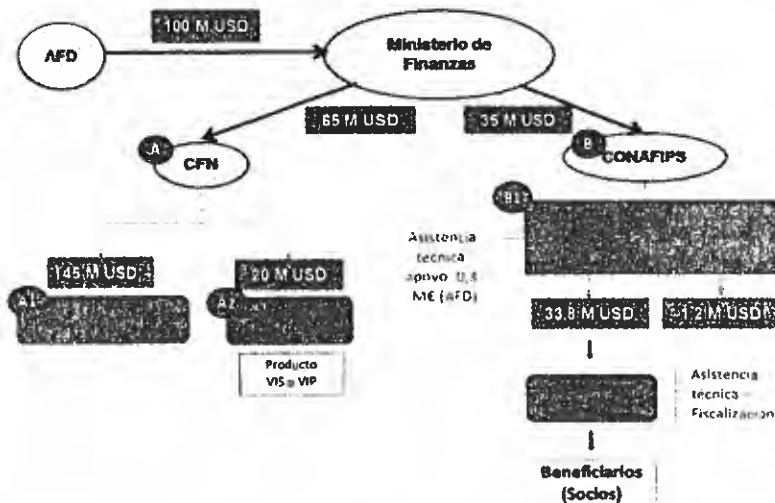
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SCHEDULE 2 - PROJECT DESCRIPTION

On 2016 April 16th, a 7.8-magnitude earthquake struck the two coastal Provinces of Manabí and Esmeraldas, affecting nearly 100.000 homes and killing over 650 people. The total earthquake reconstruction costs have been estimated over 3.3 Billion USD.

The purpose of AFD global post-earthquake financing aims at i) re-building houses likely to resist earthquake, and ii) reactivating the production of companies operating in the prior productive sectors in the most affected Provinces of Manabí and Esmeraldas².

The AFD global post-earthquake program will be implemented either by CFN or by CONAFIPS, depending on the specific purpose; it could be summarized as the following scheme:



The project to be implemented by CONAFIPS pursuant to the present Agreement (CFA n°CEC1012 02U) is dedicated to support and extend the “Vivienda Popular” financial product in areas affected by the earthquake through cooperatives for Savings and Credits entities (COACs). In this instance, the purpose of the financial product is to finance the re-building of houses inhabited by the poorest and fragile part of the population and entirely or partially destroyed (Component 1)

A technical assistance (1.2 MUSD) will be recruited by CONAFIPS through international bidding process to support the Cooperatives of Savings and Credit (COACs) and CONAFIPS into the certification of the respect of anti-seismic building guidelines of houses financed (Component 2)

Another technical assistance will be appointed (pursuant to AFD procurement process) to support the Cooperatives of Savings and Credit (COACs) into a build-back better program (implementation and dissemination of safe building practices and standards, training for safer construction practices to homeowners and/or builders, low-cost improvements and improvement of traditional building techniques to local builders, engineers, materials producers).

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² Project convention nb CEC1012 01T

SCHEDULE 3 - FINANCING PLAN

PART I - FINANCING PLAN

Component	MUSD	%
Component 1 CONAFIPS – financing housing demand (COACs)	<u>33,8</u>	97%
Component 2 CONAFIPS – Technical Assistance	<u>1,2</u>	3%
Total	<u>35</u>	100%

PART II - ELIGIBLE LOANS

(a) Technical eligibility criteria:

- The Eligible Loans shall finance Cooperatives (COACs) located in the Provinces of Manabi, Esmeraldas, Los Ríos, Santa Elena, Guayas y Santo Domingo de los Tsáchilas,
- The Eligible Loans shall finance COACS able to carry out their own housing technical assessment for each "Vivienda Popular" request, through construction & architectural expertise (internal, external or shared experts),
- The Eligible Loans shall finance housing having received the certificate from an Inspection Firm, certifying that houses respect sismo-resistant structural guidelines,

Recognition of loans already granted by the Final Beneficiary shall be possible only for Eligible Loans approved by the Final Beneficiary after 16 April 2016, i) with recruitment of a civil engineer & architectural expertise by CONAFIPS or COACS, in the objective to support COACs into housing technical assessment and analysis (construction and/or reparation), and ii) exclusively to people whose main house was affected by the earthquake. The cumulated amount of such loans shall not exceed forty per cent (40%) of the Facility.

(b) Financial eligibility criteria:

- 50% of the total amount of the Eligible loans shall be directed to finance the main house of people who were affected by the earthquake;
- The total number of Final Beneficiaries under the Eligible Loans should not be less than one thousand eight hundred and fifty (1850), excluding the re-use of funds as set forth in Clause 11.9.
- The geographical assignment of the Eligible loan shall be in accordance with the SENPLADES notification (ref : SGPD-2017-0475-OF) related to the utilization of AFD funds in the Provinces Guayas, Los Ríos, Santa Elena y Santo Domingo de los Tsáchilas"

The Final Beneficiary shall keep possession of the documentary evidence that the Final Beneficiary Clients were affected by the earthquake.

PART III - NON-ELIGIBLE LOANS / AFD EXCLUSION LIST

1. Production or trade in any product or activity deemed illegal under French and host country laws or regulations or international conventions and agreements.

2. Production or activities involving forced labour³ or child labour⁴.
3. Trade in wildlife or wildlife products regulated under CITES⁵.
4. Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
5. Any activity involving or requiring destruction⁶ of Critical Habitat⁷ and any forest project under which no sustainable development and managing plan is carried out.
6. Production or use of or trade in hazardous materials such as asbestos fibers and products containing PCBs⁸.
7. Production, use of or trade in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances⁹ and other hazardous substances subject to international phase-outs or bans.
8. Cross-border trade in waste and waste products unless compliant to the Basel Convention and the underlying regulations.
9. Production or trade in¹⁰:
 - weapons and/or munitions;
 - tobacco;
 - hard liquor for human consumption.
10. Gambling, casinos and any equivalent enterprises⁸⁺¹¹.

Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions

⁴ Persons may only be employed if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply.

⁵ CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora. (Washington, 1993).

⁶ Destruction means the (1) elimination or severe diminution of the integrity of a habitat caused by a major, long-term change in land or water use; or (2) modification of a habitat in such a way that the habitat's ability to maintain its role (see footnote under) is lost.

⁷ Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union (IUCN) classification, including habitat required for the survival of critically endangered or endangered species as defined by the IUCN Red List of Threatened Species or as defined in any national legislation; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities. Primary Forest or forests of High Conservation Value shall be considered Critical Habitats.

⁸ PCBs: Polychlorinated biphenyls - a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985.

⁹ Ozone Depleting Substances (ODSs): Chemical compounds which react with and deplete stratospheric ozone, resulting in the widely publicized 'ozone holes'. The Montreal Protocol lists ODSs and their target reduction and phase out dates.

¹⁰ Activities excluded when representing more than 10 % of the balance sheet or the financed volume and for Financial Institutions more than 10% of the portfolio volume financing

11. Any business relating to pornography or prostitution.
12. Any activity involving significant alteration, damage or removal of any Critical Cultural Heritage¹².
13. Production and distribution of racist, anti-democratic or with the intent to discriminate part of the population.
14. Exploitation of diamond mines, and commercialization of diamonds, when the host country has not adhered to the Kimberley Process.
15. Any sector or service subject to United Nations, European Union and/or French embargo without any threshold.

¹¹ Any direct financing of these projects or activities including them (hotel together with a casino for example). Urban development plans which could later incorporate such projects are not concerned

¹² Is considered as « Critical Cultural Heritage » any part of cultural heritage acknowledged by international or national community for its historical, social or cultural interest.

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SCHEDULE 4 - CONDITIONS PRECEDENT

The following applies to all documents delivered by the Borrower as a condition precedent:

- if the document which is delivered is not an original but a photocopy, the original Certified photocopy shall be delivered to the Lender;
- the final version of a document which draft was previously sent to, and agreed upon by the Lender, shall not materially differ from the agreed draft;
- documents not previously sent and agreed upon, shall be satisfactory to the Lender.

PART I - CONDITIONS PRECEDENT TO BE SATISFIED ON THE SIGNING DATE

(a) Delivery by the Borrower to the Lender of the following documents:

- (i) a Certified copy of the relevant decision(s) in compliance with the legislation of the jurisdiction of the Borrower;
 - authorising the Borrower to enter into this Agreement;
 - approving the terms and conditions of this Agreement;
 - approving the execution of this Agreement; and
 - authorising a specified person or persons to execute the Agreement on its behalf;
- (ii) a certificate issued by a duly authorised representative of the Borrower listing the person(s) authorised to sign, on behalf of the Borrower, the Drawdown Requests and any certificate in connection with this Agreement and to take all other measures and/or sign all other necessary documents on behalf of the Borrower under this Agreement;
- (iii) a specimen of the signature of each person listed in the last bullet point of paragraph (i) and in the certificate mentioned in paragraph (ii); and
- (iv) a certificate issued and signed by the Undersecretary of Public Financing certifying, among others, that:
 - the Facilities do not exceed the authorised indebtedness limit and the limit approved by the National Assembly for the correspondent fiscal year;
 - the financial conditions of the Facilities (in terms of tenure, grace period, interest rate and other applicable conditions) are sustainable and convenient to the Borrower;
 - the Borrower have the financial capacity to comply with the obligations under the Credit Facility.

(b) Delivery to the Lender of a draft legal opinion, in form and substance satisfactory to the Lender, of a reputable law firm selected by the Lender established in the jurisdiction of the Borrower.

(c) Payment by the Borrower to the Lender of all fees and expenses due and payable under this Agreement.

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- (d) the Attorney General's authorisation with respect to French law as law governing the Credit Facility Agreement, and the submission of disputes to international arbitration under ICC Rules;
- (e) an authorization from the Ministry of Finance or its delegate with respect to the submission of disputes to arbitration under ICC Rules;
- (f) the Legal Coordinator of the Ministry of Finance authorisation with respect to French law governing the Credit Facility, and the submission of disputes to international arbitration under ICC Rules
- (g) A certificate issued by Secretaria Nacional de Planificación y Desarrollo (SENPLADES) to ensure that the Project activities are duly registered within SENPLADES as priority activities.

PART II - CONDITIONS PRECEDENT TO THE FIRST DRAWDOWN

- (a) Delivery by the Borrower to the Lender of the following documents:
 - (i) Evidence of registration of this Agreement with the Ministry of Finance;
 - (ii) a Certified copy of the On-granting Agreement having received the Lender's no-objection, duly executed by the Borrower and the Final Beneficiary and, if applicable, evidence that the all formalities required for the entry into, performance and enforceability against third parties have been satisfied;
 - (iii) A certificate of the Account Bank certifying that the two Project Accounts to be opened by the Borrower as well as the Bank Account to be opened by the Final Beneficiary have been opened and providing account details for such Project Accounts;
 - (iv) A provisional forecast of expenditure for the duration of the Project.
 - (v) The Operational Manual having received the Lender's no-objection.
- (b) Delivery to the Lender of a duly executed legal opinion, in form and substance satisfactory to the Lender, of a reputable law firm selected by the Lender who are legal advisers in the jurisdiction of the Borrower.
- (c) The Final Beneficiary's AML/CFT internal procedure in line with the FATF 40 recommendations, which integrates the screening of the financial sanctions lists adopted by the United Nations, the European Union and France.
- (d) A letter of certification signed by duly authorized representative of the Final Beneficiary, in the Form of Schedule 8, stating that the AML/CFT system is in force within the financial institution, and integrates the screening of the financial sanctions lists adopted by the United Nations, the European Union and France.

PART III - CONDITIONS PRECEDENT FOR ALL DRAWDOWN OTHER THAN THE FIRST DRAWDOWN

Delivery by the Borrower to the Lender of the following documents:

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- (i) the funds use report substantially in the form of Schedule 6 - (Justification Of The Use Of Funds And Impact Indicators Report) and prepared in accordance with article 11.7 (Justification of the Use of Funds), signed by a duly authorised representative of the Borrower certifying that at least eighty per cent (80 %) of the last Advance immediately preceding the Advance requested in the Drawdown Request and one hundred per cent (100 %) of the penultimate Advance have been disbursed. This report shall include a detailed breakdown of the payment with respect to Eligible Loans during the relevant period; as well as the documentation related to a sample of Eligible loans selected by the Lender (ie contract, invoices related to the Final Beneficiary's Client investment, documentary evidence of the link with the earthquake,...)
- (ii) any document as defined in the Operational Manual
- (iii) in form and substance satisfactory to the Lender, evidencing expenses paid out of the funds of the Facility prior to the relevant Drawdown Request;
- (iv) the latest annual audit report prepared in accordance with Clause 3.5 (Control – Audit) if such report was due between the proposed Drawdown and the previous Drawdown;

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SCHEDULE 5A - FORM OF DRAWDOWN REQUEST

[with the Borrower's letterhead]

To: AGENCE FRANÇAISE DE DÉVELOPPEMENT

On: [date]

Borrower's Name – Credit Facility Agreement n° CEC1012 02U dated [●]

Drawdown Request n°[●]

Dear Sirs,

1. We refer to the Credit Facility Agreement n° CEC1012 02U entered into between the Borrower and the Lender dated [●] (the "Agreement"). Capitalised words and expressions used but not defined herein have the meanings given to them in the Agreement.

2. This letter is a Drawdown Request.

3. We irrevocably request that the Lender makes a Drawdown available on the following terms:

Amount: USD [●] or, if less, the Available Credit.

4. The Interest Rate will be determined in accordance with Clause 4 (*Interest*) of the Agreement. The Interest Rate applicable to the requested Drawdown will be provided to us in writing and we accept this Interest Rate (subject to the paragraph below, if applicable).

If the Interest Rate applicable to the requested Drawdown is greater than [●insert percentage in letters] ([●]%), we request that you cancel this Drawdown Request.

5. We confirm that each condition specified in Clause 2.4 (*Conditions precedent*) is satisfied on the date of this Drawdown Request and that no Event of Default is continuing or is likely to occur. We agree to notify the Lender immediately if any of the conditions referred to above is not satisfied on or before the Drawdown Date.

6. The proceeds of this Drawdown should be credited to the following bank account:

(a) Name [of the Borrower]: [●]

(b) Address [of the Borrower]: [●]

(c) IBAN Account Number: [●]

(d) SWIFT Number: [●]

(e) Bank and bank's address [of the Borrower]: [●]

(f) correspondent bank and account number of the Borrower's bank: [●]

7. This Drawdown Request is irrevocable.

8. We have attached to this Drawdown Request all relevant supporting documents specified in Clause 2.4 (*Conditions precedent*) of the Agreement:

[Handwritten initials and signature]

**SCHEDULE 7 - INFORMATION THAT MAY BE PUBLISHED ON THE FRENCH
GOVERNMENT WEBSITE AND THE LENDER'S WEBSITE**

1. Information regarding the Project

- Number and name in AFD's book;
- Description;
- Operating sector ;
- Place of implementation ;
- Expected starting date ;
- Expected Technical Completion Date;
- Status of implementation updated on a semi-annual basis ;

2. Information regarding the financing of the Project

- Kind of financing (loan, grant, co-financing, delegated funds) ;
- Principal amount of the Facility ;
- Amount of the Facility which has been drawn down (updated as the implementation of the Project goes) ;

3. Other information

- Transaction information notice and/or sheet presenting the transaction attached to this Schedule.

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**SCHEDULE 8 – ANTI-MONEY LAUNDERING AND ANTI-TERRORISM FINANCING
CERTIFICATE**

<Letterhead of the Bank>

LETTER OF CERTIFICATION

I, the undersigned Head Compliance Officer /Internal Control Director/ Audit Director of [*financial institution's name*], hereby

- Certify that the procedures, entitled [...], adopted on [...] are the Anti-Money laundering and Counter Terrorism Financing (AML/CFT) internal operational procedures of [*financial institution*];
- Certify that these procedures, currently in force within the institution, apply to all its activities and are in conformity with the 40 FATF's recommendations;
- Certify that [*financial institution*] systematically takes into account the updated lists of financial and commercial sanctions adopted by the United Nations, the European Union and France, and screens its clients and operations against those lists.
- Certify that [*financial institution*] is subject to the control of a National Authority of Supervision (*insert the name of the authority*), and that there hasn't been any inquiry revealing deficiencies in its AML/CFT system¹³.
- Certify that [*financial institution*] trains every year [*number*] staff members on the fight against anti-money laundering and terrorism financing;
- Certify that [*financial institution*], last year¹⁴:
 - suspended [*number*] operations because of money laundering and/or terrorism financing suspicions ;
 - refused [*number*] operations because of money laundering and/or terrorism financing suspicions
 - reported [*number*] suspicious Transaction Reports to the Financial Intelligence Unit of [*country*]
- Certify that Audit/Internal Control of [*financial institution*] regularly controls the implementation by bank's staff of the AML/CFT operational procedures.

Executed in
On.....

Signing

¹³ In the event of an institution non subject to the control of a national authority and/or in the case of the existence of an inquiry revealing deficiencies in the AML/CFT system, and if, in parallel, this AML/CFT procedure has been required during the instruction, then this procedure will have to be transmitted to AFD.

¹⁴ In the case of a client who wouldn't want to give this type of information, it would be necessary to inform the compliance Department of AFD and to transfer a writing note explaining the reasons justifying this refusal.

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