

## ECUADOR HAS REACHED REPROFILING AGREEMENTS WITH CHINA DEVELOPMENT BANK AND CHINA EXIMBANK

### Combined cash flow relief of 1.4 billion through 2025

Ecuador has reached agreements with China Development Bank (CDB) and the Export-Import Bank of China (“China Eximbank”), in relation to the reprofiling of its **US\$ 3.22bn outstanding credits**. These two banks are the two largest Chinese lenders to Ecuador.

These agreements are an important step in the purpose of smoothing the overall amortization schedule of the Republic. The market over the next couple of years will continue to see a further smoothing of the curve and important changes to domestic debt.

Through these reprofiling agreements, the Republic of Ecuador managed to:

1. Smoothen its reimbursement profile, through a **3-year maturity extension** of all outstanding instruments
2. **Reduce downwards the applicable interest rates**
3. **Suspend all amortizations on China Eximbank’s** commercial facilities for a 6-month period (“grace period”)
4. **Smooth out the profile of oil exports to CNPC** under the oil-backed debt contracts

Overall, these deals will yield significant debt service relief for the Republic over the short term while lengthening amortization schedules. Amortizations to China Development Bank in the order of US\$ 740m over the next three years (2022-2024) will be deferred through 2027, while amortizations to China Eximbank reduced by US\$ 680m over the next four years (2022-2025) and extended through 2032.

As the following chart shows, debt service to China is a significant share of overall debt service while representing approximately 8% of overall indebtedness.

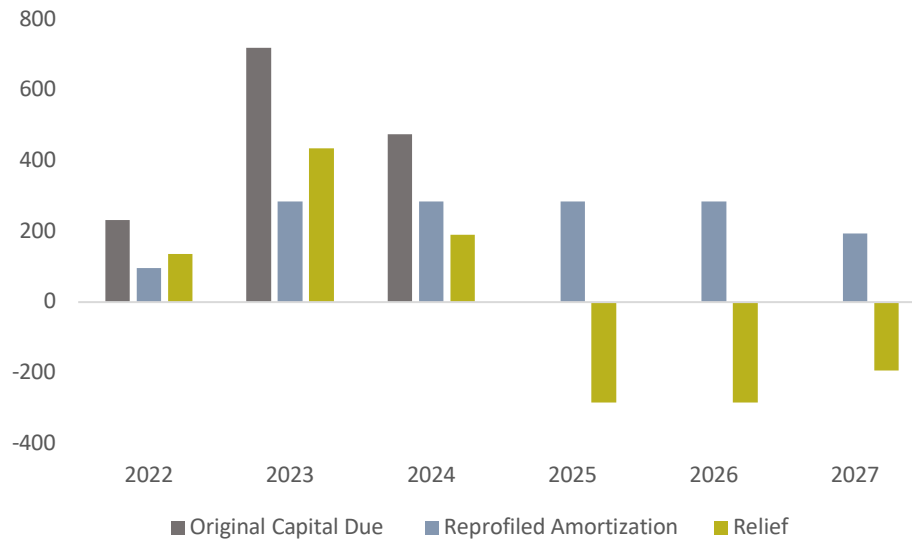
**Figure 1. Principal Amortization**

|                                | 2021      | 2022      | 2023      | 2024      | 2025      |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|
| Total Principal Amortization   | 1,753,031 | 2,374,791 | 2,558,495 | 2,720,067 | 3,420,322 |
| Chinese Principal Amortization | 351,997   | 1,253,906 | 1,263,292 | 1,020,384 | 550,394   |

Source: Ministry of Economy and Finance

With the reprofiling, the principal amortization schedule with China Development Bank looks as follows:

**Figure 2. CDB Principal Amortization Schedule**



Source: Ministry of Economy and Finance

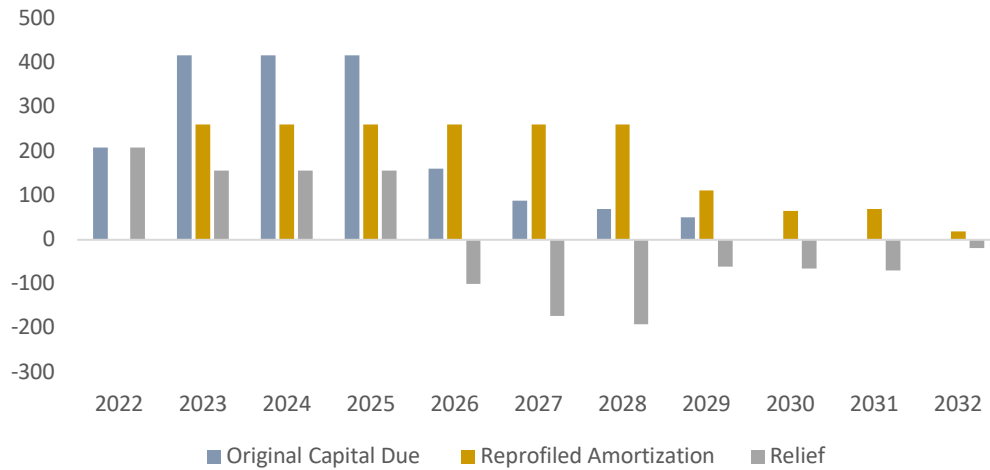
**Figure 3. CDB Principal Amortization Schedule**

|                         | 2022  | 2023  | 2024  | 2025   | 2026   | 2027   |
|-------------------------|-------|-------|-------|--------|--------|--------|
| Original Capital Due    | 232.9 | 719.3 | 475.0 | -      | -      | -      |
| Reprofiled Amortization | 97.0  | 284.0 | 284.0 | 284.0  | 284.0  | 194.0  |
| Relief                  | 135.8 | 435.3 | 190.9 | -284.0 | -284.0 | -194.0 |

Source: Ministry of Economy and Finance

Likewise, the reprofiled principal amortization schedule with Eximbank also changes, and now looks as follows:

**Figure 4: Exim Principal Amortization Schedule**



Source: Ministry of Economy and Finance

**Figure 5: Exim Principal Amortization Schedule**

|                         | 2022  | 2023  | 2024  | 2025  | 2026   | 2027   | 2028   | 2029  | 2030  | 2031  | 2032  |
|-------------------------|-------|-------|-------|-------|--------|--------|--------|-------|-------|-------|-------|
| Original Capital Due    | 208.9 | 417.8 | 417.8 | 417.8 | 160.8  | 88.7   | 69.5   | 50.2  | -     | -     | -     |
| Reprofiled Amortization | -     | 261.1 | 261.1 | 261.1 | 261.1  | 261.1  | 261.1  | 111.2 | 64.8  | 70.1  | 18.8  |
| Relief                  | 208.9 | 156.7 | 156.7 | 156.7 | -100.4 | -172.4 | -191.6 | -60.9 | -64.8 | -70.1 | -18.8 |

Source: Ministry of Economy and Finance