

CABEI



Central American
Bank for
Economic
Integration

Institutional Presentation

September 2023



- **1. *Macroeconomic Overview***
- 2. CABEI's Role and Policy Importance
- 3. Results of the Amendments to CABEI's Constitutive Agreement
- 4. CABEI's Credit Ratings
- 5. Equity and Profitability
- 6. Risk Management
- 7. Funding Strategy
- 8. Comparison with other MDBs



Central America: Global Data

Macroeconomic data

Area	572,563 km ²
Population	62.8 million
Population density	109.7 people per km ²
Population growth	(2018-2021): 1.24%*
Regional GDP (current USD)*	US\$436.5 bn
GDP per capita (current USD)*	US\$6,879.1

- *The Central American region consists of eight countries: Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Belize, Panama and Dominican Republic.*
- *Central America is the fourth largest economy in LATAM.*

Notes: *Numbers reported for 2022

Source: Secretary of the Central American Monetary Council, ECLAC, Statistics institutes of Belize and Panama and International Monetary Fund.



Guatemala



El Salvador



Costa Rica



Honduras



Nicaragua



Belize



Panama



Dominican Republic

Robust shareholder support through highly rated non-regional members

▶ ***Supranational development bank focused on Central America, founded in 1960***

▶ Headquartered in Tegucigalpa, Honduras

Founding members:

- ▶ Guatemala
- ▶ El Salvador
- ▶ Honduras
- ▶ Nicaragua
- ▶ Costa Rica

▶ Non-Founding Regional members:














- ▶ Dominican Republic (2007)
- ▶ Panama (2007)
- ▶ Belize (2006)

▶ Non-Regional Members:

- ▶ ROC - Taiwan (1992)
- ▶ Mexico (1992)
- ▶ Argentina (1995)
- ▶ Colombia (1997)
- ▶ Spain (2005)
- ▶ Cuba (2018)
- ▶ Republic of Korea (2019)



Central American Region: Economic Outlook

	Country	Nominal GDP '22 (US\$bn)	Population '22 (mm)	GDP '22 Per Capita (US\$'000, PPP)	Inflation '22 (%)	Real GDP Growth '22 (%)	Public Debt ⁽¹⁾ (%)	Current Account Balance ⁽¹⁾ (%)
Central America Region	 Dom. Rep.	113.9	10.6	24.1	7.8%	4.9%	59.5%	(5.6%)
	 Guatemala	95.0	18.6	10.1	9.2%	4.1%	29.2%	1.4%
	 Panama	76.5	4.4	39.4	2.1%	10.8%	53.7%	(3.9%)
	 Costa Rica	68.4	5.2	25.0	7.9%	4.3%	63.8%	(3.7%)
	 El Salvador	32.5	6.3	11.1	7.3%	2.6%	75.1%	(6.6%)
	 Honduras	31.5	10.3	6.8	9.8%	4.0%	49.1%	(3.2%)
	 Nicaragua	15.7	6.6	7.2	11.6%	3.8%	43.9%	(1.3%)
	 Belize	3.0	0.4	10.6	6.7%	12.7%	63.4%	(7.3%)
	Average	54.6	7.8	16.8	7.8%	5.9%	54.7%	(3.8%)
High Yield LatAm	 Brazil	1,920.0	203.1	18.9	5.8%	2.9%	85.3%	(2.8%)
	 Colombia	343.6	51.6	18.7	13.1%	7.3%	60.4%	(6.2%)
		Average	1,131.8	127.4	18.8	9.5%	5.1%	72.9%
Investment Grade LatAm	 Mexico	1,465.9	130.1	23.6	7.8%	3.9%	54.1%	(1.2%)
	 Chile	300.7	19.8	29.2	12.8%	2.4%	38.0%	(9.0%)
	 Peru	244.6	34.2	15.3	8.5%	2.7%	34.3%	(4.1%)
		Average	670.4	61.4	22.7	9.7%	3.0%	42.1%

▶ Central America registered an average⁽²⁾ GDP growth of 5.9% for 2022, mainly driven by double-digit growth in Panama and Belize.

▶ Additionally, average⁽²⁾ inflation for Central American countries in 2022 reached 7.8%, below other high-yield and investment grade comparable countries in LatAm.

▶ This was mainly due to international price shocks.

▶ Public debt as percentage of GDP for 2022 in Central America ranged from 29.2% for Guatemala up to 75.1% for El Salvador, with an average⁽²⁾ figure of 54.7%.

▶ Between 2000 and 2020, the average Central American public debt was 44.8% of GDP, lower than the LatAm's average of 53.4% of GDP.

▶ In 2020, Central America's average debt increased to 65.8% of GDP due to the health crisis's negative impact and the extraordinary fiscal measures that were implemented; nonetheless, it was still below LatAm's average of 76.9%.

Source: International Monetary Fund as of December 31, 2022, updated in October 2023.

(1) As a percentage of GDP for 2022.

(2) Calculated as simple average for Central American countries.

1. Macroeconomic Overview

➤ **2. CABEL's Role and Policy Importance**

3. Results of the Amendments to CABEL's Constitutive Agreement

4. CABEL's Credit Ratings

5. Equity and Profitability

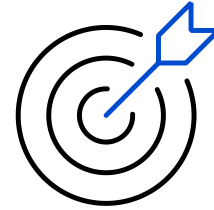
6. Risk Management

7. Funding Strategy

8. Comparison with other MDBs



About CABEI



CABEI's mission

"The Bank's objective shall be to promote the economic integration and the balanced economic and social development of the Central American region, which includes the founding countries and the non-founding regional countries, and in harmony with the objectives of its non-regional members."

Effective as of January 26, 2022 (resolution DI-11/2022)

CABEI as part of the Central American Integration System

(SICA by its acronym in Spanish)









CABEI-SICA

SICA's purpose is to achieve the integration of Central America in order to become a Region of Peace, Freedom, Democracy and Development.

CABEI acts as SICA's financial arm.



Member states

- Belize 
- Costa Rica 
- El Salvador 
- Guatemala 
- Honduras 
- Nicaragua 
- Panamá 
- Dominican Republic 

Regional observers

- United Mexican States 
- Republic of Chile 
- Brazil 
- Argentina 
- Peru 
- United States of America 
- Ecuador 
- Uruguay 
- Colombia 
- Bolivia 

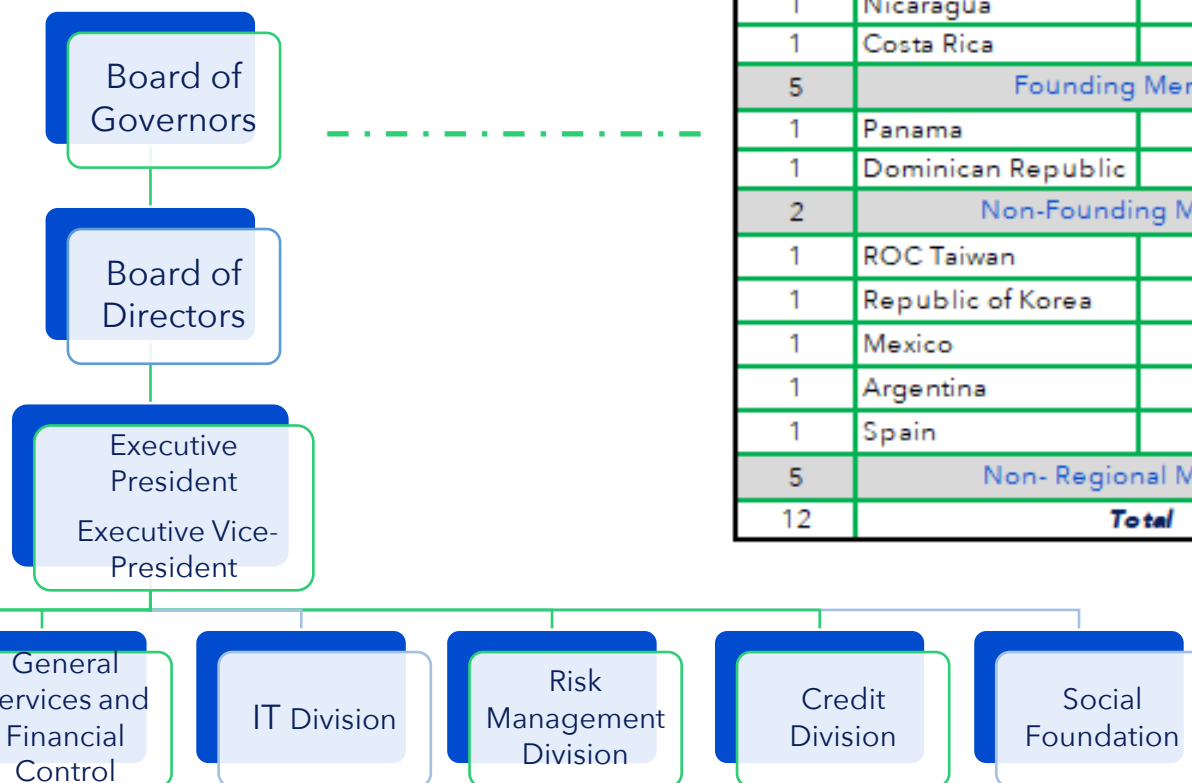
Extra regional observers

- Republic of China (Taiwán) 
- Kingdom of Spain 
- Federal Republic of Germany 
- Italian Republic 
- Japan 
- Australia 
- Republic of Korea 
- French Republic 
- Holy See 
- United Kingdom 
- European Union 
- Kingdom of Morocco 
- New Zealand 
- State of Qatar 
- Republic of Turkey 
- Order of Malta 
- Russia 
- Sweden 
- Egypt 
- Georgia 
- Republic of Serbia 
- Canada 
- United Arab Emirates 

Organizational Structure

CABEI has 441 employees based in its headquarters in Tegucigalpa and in 10 regional offices (one regional office for each Founding member country, and offices in the following member countries: Panama, Dominican Republic, Argentina, Republic of China (Taiwan), Spain and Korea.

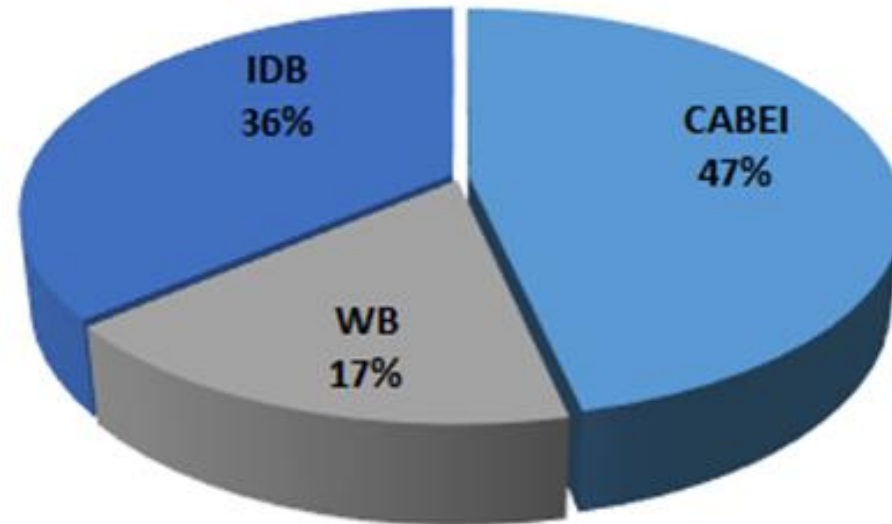
On November 17, 2023, the Board of Governors adopted the Resolution No. AG-17/2023, whereby Mrs. Ana Guissella Sánchez Maroto was elected as the Executive President of CABEI, for a period starting December 1, 2023 until November 30, 2028.



No.	Titular Director	Alternate Director
1	Guatemala	N/A
1	El Salvador	N/A
1	Honduras	N/A
1	Nicaragua	N/A
1	Costa Rica	N/A
5	Founding Members	
1	Panama	N/A
1	Dominican Republic	N/A
2	Non-Founding Members	
1	ROC Taiwan	-
1	Republic of Korea	-
1	Mexico	-
1	Argentina	Colombia
1	Spain	-
5	Non-Regional Members	
12	Total	

CABEI is the dominant MDB in the Central American Region

CABEI, IADB and World Bank participation (%) of total disbursements to the Region¹ over the last 18 years (2004-2021)

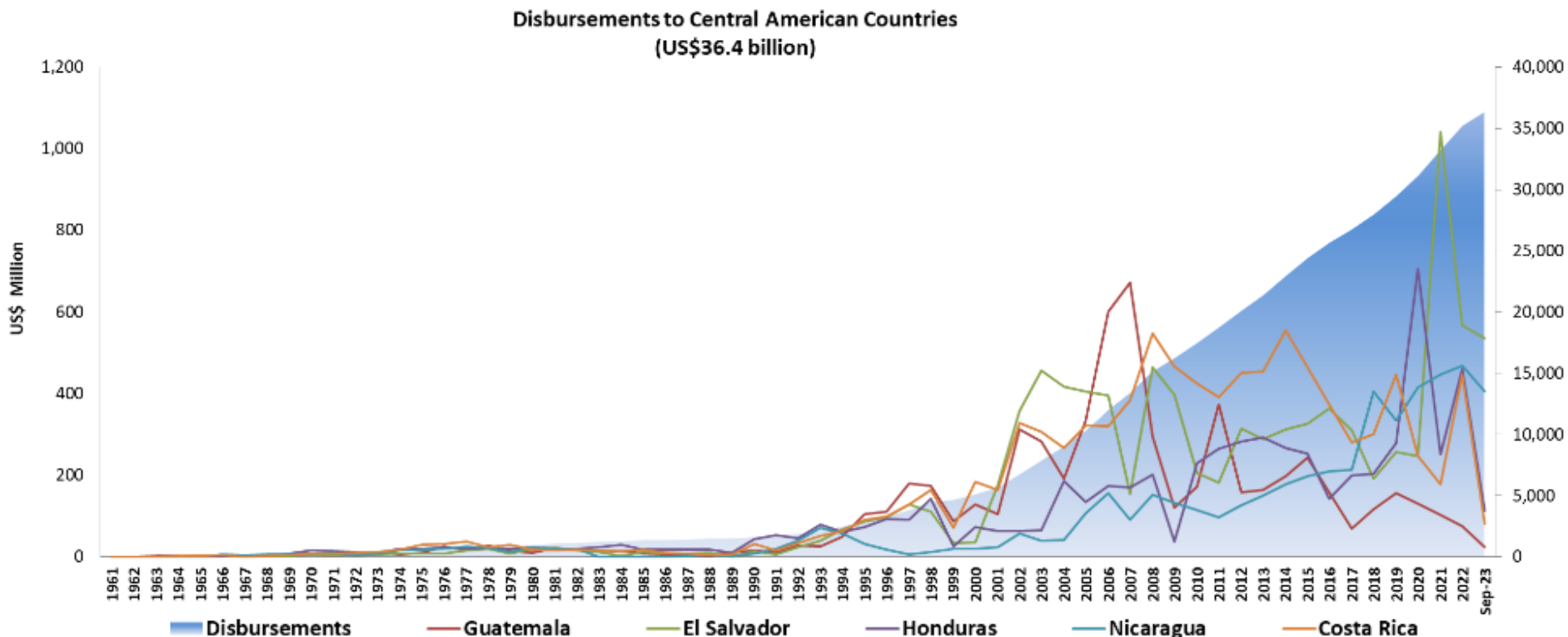


**Total disbursements: 2004-2021:
US\$54.5 billion**

¹ Includes Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica
* Includes IDB Invest.
** Includes IFC & IDA. IFC data unavailable for 2019 and 2021.
It does not include Funds in Administration.
Source: www.iadb.org, www.worldbank.org, CABEI.

- Through the years CABEI has consolidated its role as the Multilateral Development Bank (MDB) with the most prominent presence in the Central American region, with a participation close to 50% of total MDB disbursements to the region over the past 18 years (2004- 2021).
- This consolidation has been mainly driven by the Preferred Creditor Status that is conferred to CABEI by its member countries.

Rising importance of CABEI in the region



- Since its creation, CABEI has disbursed over US\$36.4 billion to the Central American region. Almost 50% of those disbursements have taken place over the past 10 years.
- CABEI continued to fulfill its mandate, thus strengthening the Preferred Creditor Treatment conferred to it by its member countries.
- ***CABEI has a track record of six (6) decades of fulfilling its public policy mandate throughout credit cycles and will continue to do so in the future.***

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Amendments to CABEI's Constitutive Agreement and recent Board of Governors resolutions

June 2016

The amendments to CABEI's Constitutive Agreement become effective.

Consolidate CABEI's Preferred Creditor Treatment (PCT) and the Support of its shareholders

- Improve the perception regarding CABEI's PCT amongst Rating Agencies and Financial markets.
- Preferential Treatment granted by member countries compared to other MDBs.
- Expedite the approval of capital increases.
- Normalize Belize's status as Non-Founding Regional Member.

Strengthen CABEI's capital base

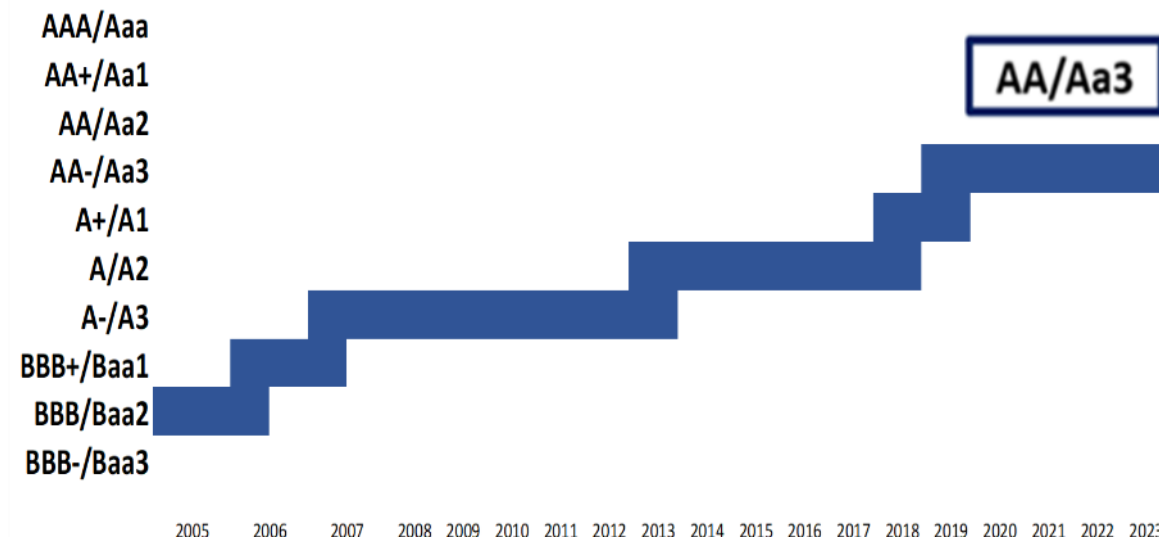
- Recurring capitalization processes.
- Increasing the Bank's attractiveness to potential new member countries and/or public organizations with international scope.

Encourage a greater diversification of its loan portfolio

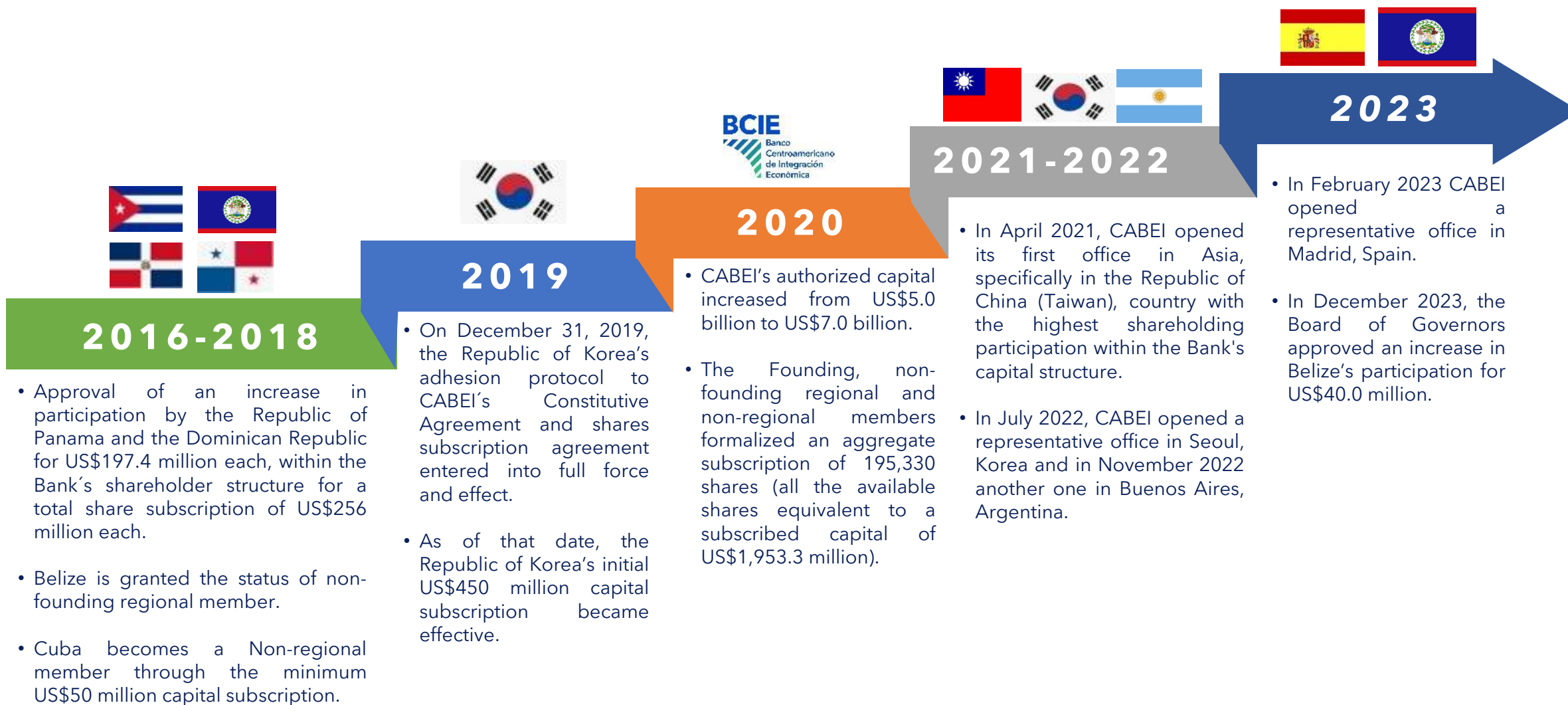
- Diversification as an additional source of capital.
- Increase the Bank's lending capacity.
- Promote equal treatment for SICA member countries.

September 2022

CABEI's Board of Governors instructed its Board of Directors and Management to prepare an action plan with a view to increase the Bank's capital from US\$7 billion to US\$10 billion and submit it for its consideration.



Results of Amendments to CABEI's Constitutive Agreement: capital increase, loan diversification and incorporation of new members



CABEI's Capital Structure: 20% subscribed by highly-rated Asian countries

Capital structure as of September 2023

Founding Members	Subscribed Capital (US\$)	Subscribed Callable Capital (US\$)	Subscribed Paid-In Capital (US\$) (*)	No. of Series A Shares	No. of Series C Shares	Total No. of Shares (A+C)	Series A Shares % of Authorized Capital	Share Participation (A+C) (%) ^(**)
Guatemala	714,000,000	535,500,000	178,500,000	71,400	24,152	95,552	10.20%	10.68%
El Salvador	714,000,000	535,500,000	178,500,000	71,400	24,152	95,552	10.20%	10.68%
Honduras	714,000,000	535,500,000	178,500,000	71,400	24,152	95,552	10.20%	10.68%
Nicaragua	714,000,000	535,500,000	178,500,000	71,400	24,152	95,552	10.20%	10.68%
Costa Rica	714,000,000	535,500,000	178,500,000	71,400	24,152	95,552	10.20%	10.68%
Total Founding Members	3,570,000,000	2,677,500,000	892,500,000	357,000	120,760	477,760	51.00%	53.42%
Non-Founding Regional Members	Subscribed Capital (US\$)	Subscribed Callable Capital (US\$)	Subscribed Paid-In Capital (US\$) (*)	No. of Series B Shares	No. of Series C Shares	Total No. of Shares (B+C)	Series B Shares % of Authorized Capital	Share Participation (B+C) (%) ^(**)
Dominican Republic	378,400,000	283,800,000	94,600,000	37,840	6,577	44,417	5.41%	4.97%
Panama	358,400,000	268,800,000	89,600,000	35,840	7,002	42,842	5.12%	4.79%
*** Belize	25,000,000	18,750,000	6,250,000	2,500	488	2,988	0.36%	0.33%
Sub-total	761,800,000	571,350,000	190,450,000	76,180	14,067	90,247	10.88%	10.09%
Non-Regional Members	Subscribed Capital (US\$)	Subscribed Callable Capital (US\$)	Subscribed Paid-In Capital (US\$) (*)	No. of Series B Shares	No. of Series C Shares	Total No. of Shares (B+C)	Series B Shares % of Authorized Capital	Share Participation (B+C) (%) ^(**)
Republic of China (Taiwan)	776,250,000	582,187,500	194,062,500	77,625	24,062	101,687	11.09%	11.37%
Republic of Korea	630,000,000	472,500,000	157,500,000	63,000	4,904	67,904	9.00%	7.59%
Mexico	308,250,000	229,687,500	76,562,500	30,825	13,886	44,511	4.38%	4.98%
Argentina	345,800,000	259,350,000	86,450,000	34,580	7,275	41,855	4.94%	4.68%
Spain	280,000,000	210,000,000	70,000,000	28,000	9,471	37,471	4.00%	4.19%
Colombia	203,000,000	152,250,000	50,750,000	20,300	6,841	27,141	2.90%	3.03%
Cuba	50,000,000	37,500,000	12,500,000	5,000	735	5,735	0.71%	0.64%
Sub-total	2,591,300,000	1,943,475,000	647,825,000	259,130	67,174	326,304	37.02%	36.49%
Sub-total Non-Founding Members	3,353,100,000	2,514,825,000	838,275,000	335,310	81,241	416,551	47.90%	46.58%
Total Subscribed Capital	6,923,100,000	5,192,325,000	1,730,775,000	692,310	202,001	894,311	98.90%	100.00%
Unsubscribed Shares	76,900,000			7,690			1.10%	
Total Authorized Capital	7,000,000,000			700,000			100%	

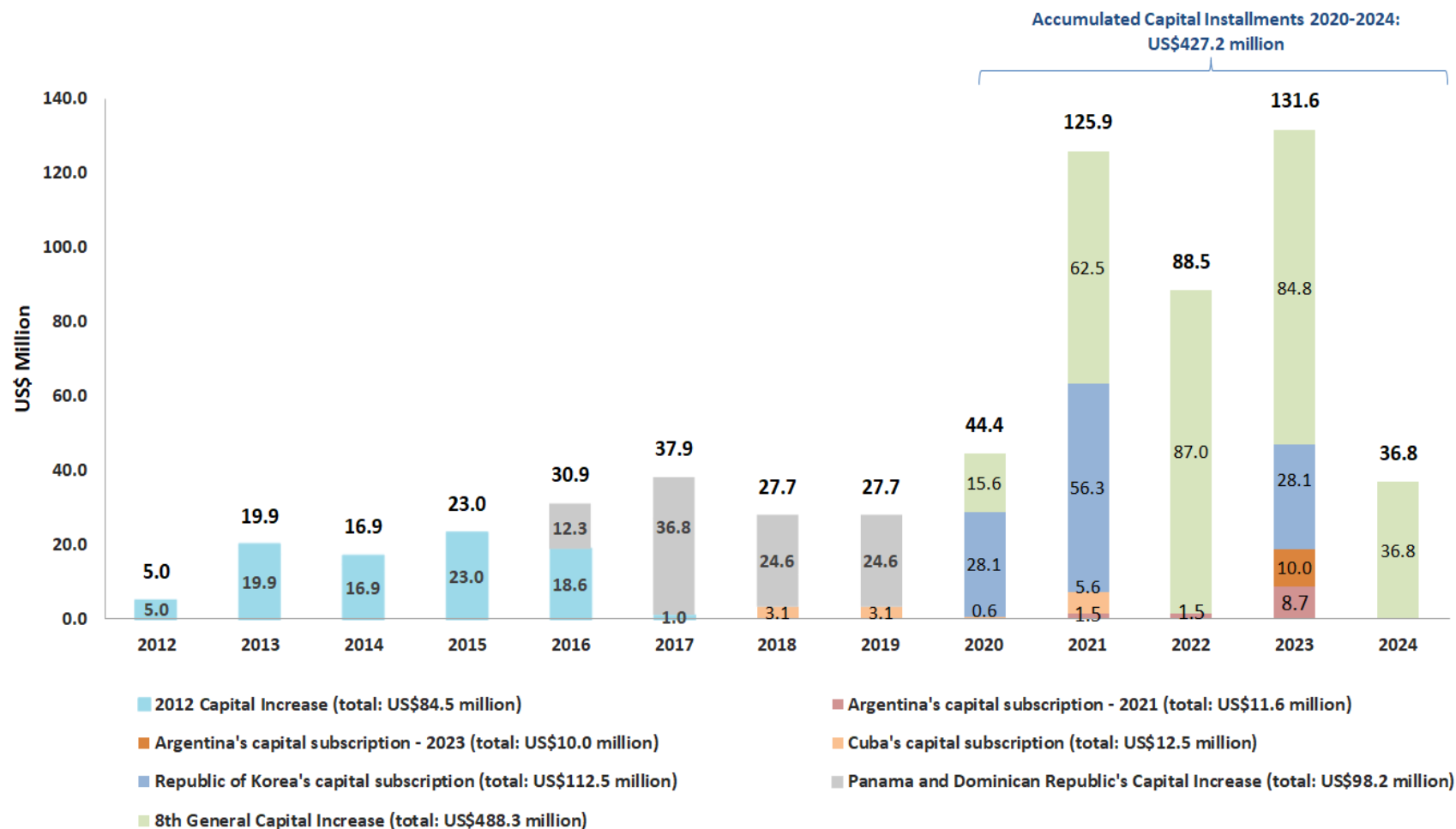
(*) Subscribed Paid-in Capital Includes Unpaid Capital.

(**) The right to vote for the capital subscription from the corresponding capital increase will take effect once the first capital payment of the founding member countries has been received to guarantee the 51% proportion, and provided that the period granted to non-founding regional members and extra-regional members to make the first capital payment has elapsed.

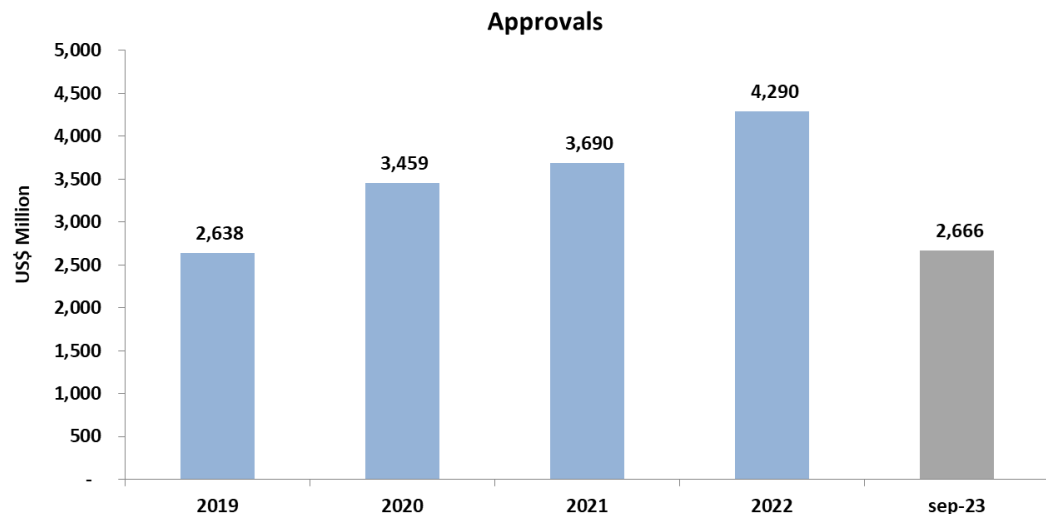
(***) On December 18, 2023, the Board of Governors authorized Belize's request to increase its capital stock by subscribing a total of 4,000 Series "B" shares.

New Paid-in Capital 2020-2024 to strengthen CABEI's Capital Position

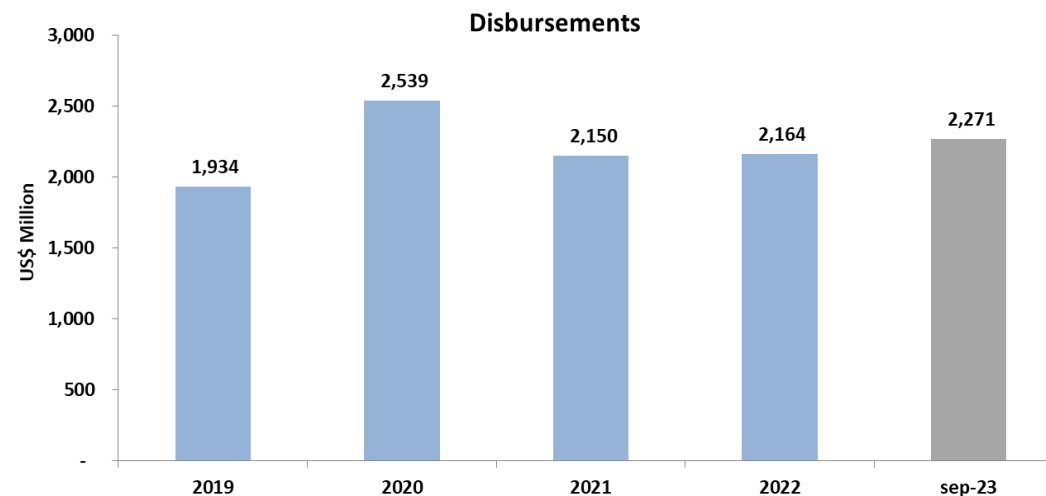
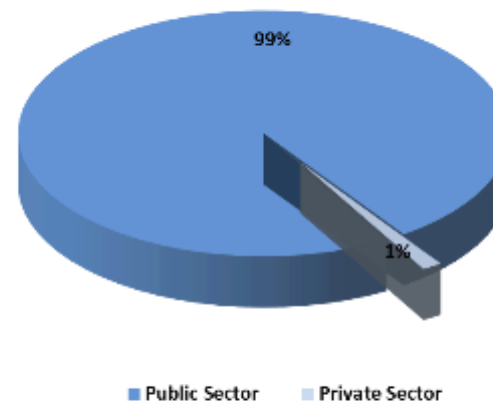
Capital Installments - Received/Projected



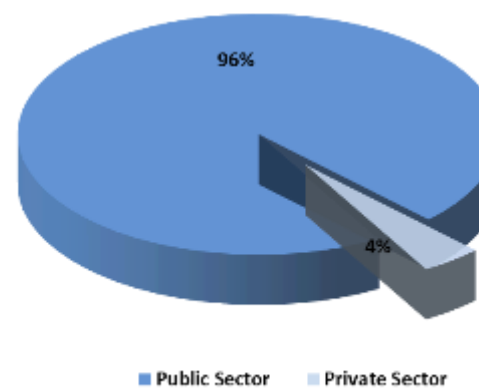
Evolution of credit approvals and disbursements



Approvals by Institutional Sector September 2023



Disbursements by Institutional Sector September 2023



Credit Operations by Country & Focus Area

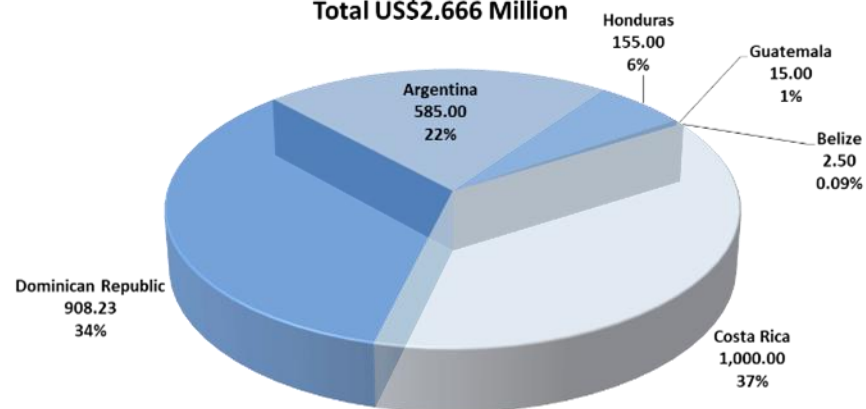
Approvals by Shareholder type

Founding members	44%
Non-Founding members	56%

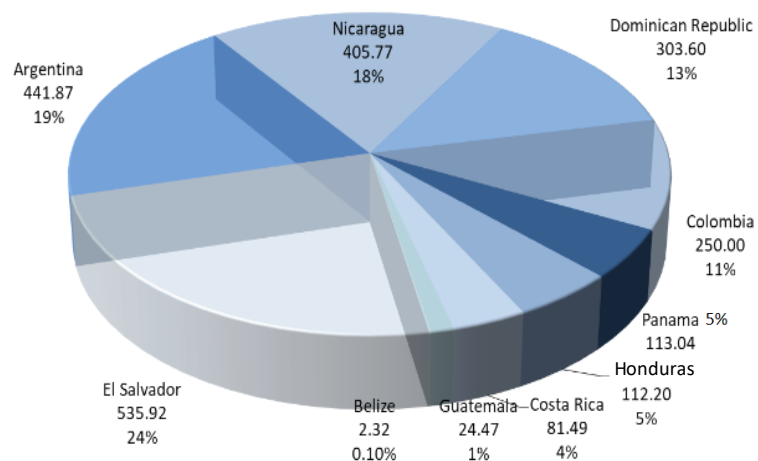
Disbursements by Shareholder type

Founding members	51%
Non-Founding members	49%

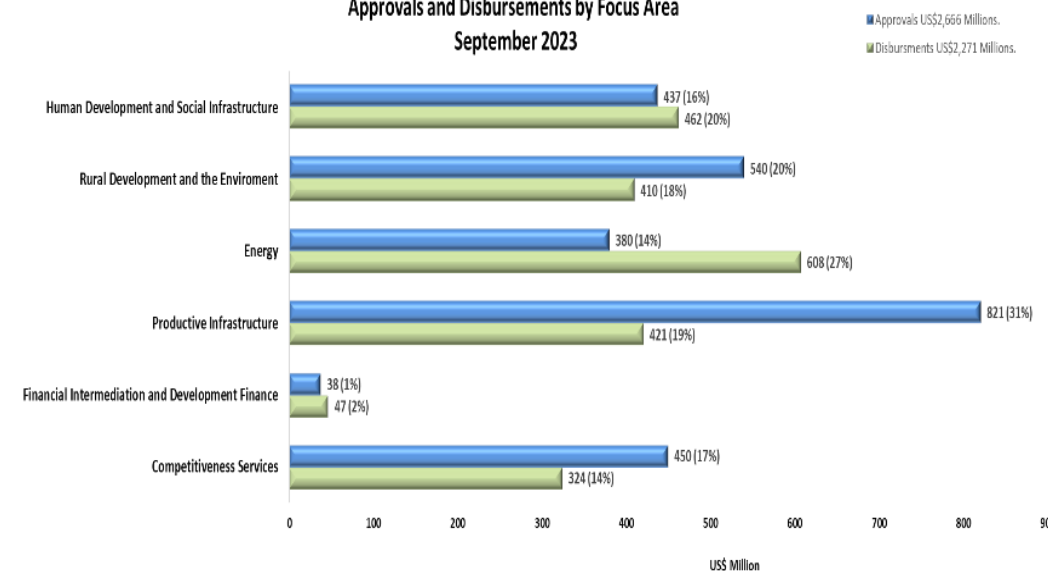
**Approvals by Country
September 2023
Total US\$2,666 Million**



**Disbursements by Country
September 2023
Total US\$2,271 Million**



**Approvals and Disbursements by Focus Area
September 2023**



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Recent Rating Actions

S&P reaffirms CABEI's "AA" rating

S&P Global Ratings

- ▶ **On September 27, 2023**, Standard & Poor's (S&P) confirmed the Central American Bank for Economic Integration's (CABEI) rating at AA with a stable outlook.
- ▶ According to the rating agency, *"The stable outlook reflects S&P Global Ratings' expectations that over the next two years, CABEI's shareholders will remain supportive and make timely capital payments, the bank will continue benefiting from PCT despite credit pressures in the region, and the bank will manage capital levels prudently while maintaining high-quality liquid assets."*

Moody's confirms Aa3 rating

MOODY'S

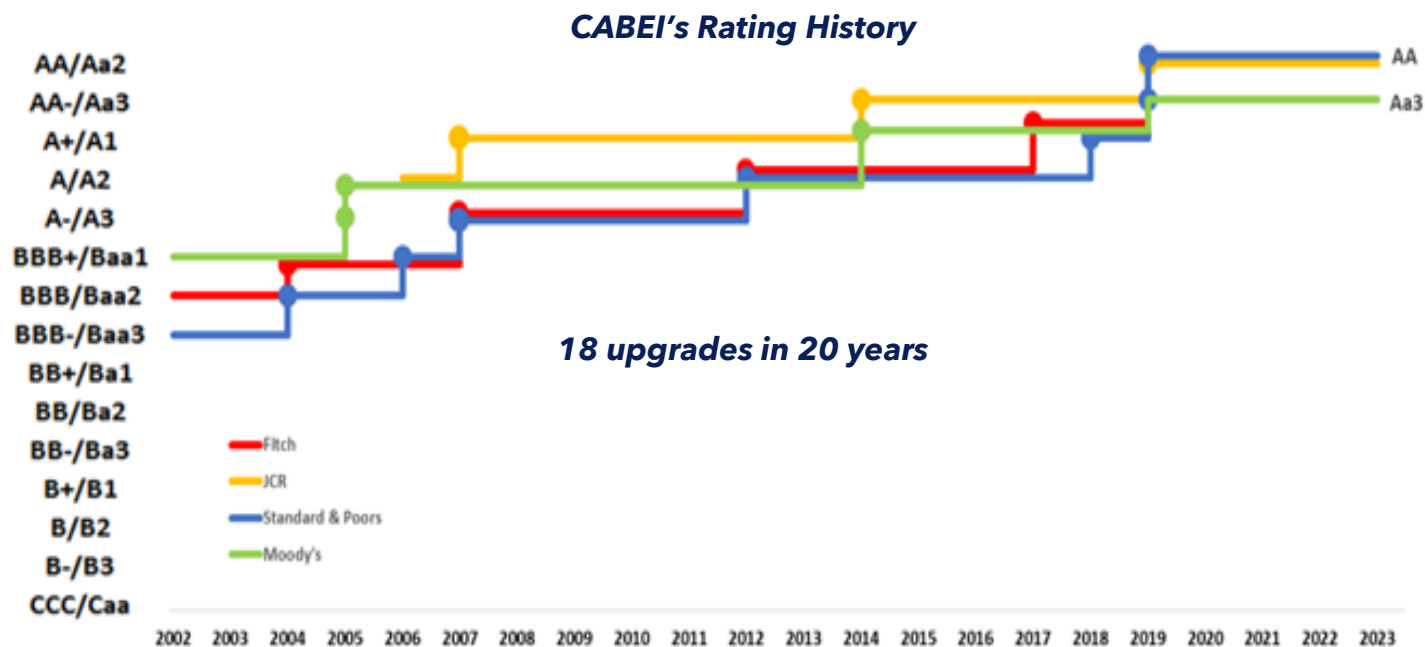
- ▶ **On August 25, 2023**, Moody's Investors Service **confirmed CABEI's long-term international risk rating at "Aa3"; with a stable outlook.**
- ▶ According to Moody's official statement, "CABEI's rating reflects intrinsic financial strength, supported by stable leverage and strong asset performance; as well as ample market access and solid liquidity coverage."
- ▶ The rating agency, also analyzed, CABEI's credit profile which stands out for the incorporation of prudent risk management practices that allow the bank to manage the challenges posed by exposure to relatively low-quality borrowers and portfolio concentration inherent to the regional mandate. The stable rating outlook reflects conservative liquidity management, adequate capital reserves, and prudent lending that will continue to balance the risks associated with a regionally concentrated loan portfolio and a challenging operating environment.

Credit Ratings



Key Factors We Believe Support High Investment Grade Ratings

- Proven preferred creditor treatment (PCT)
- Solid capital adequacy
- Robust liquidity position
- High quality loan portfolio
- Diversification of funding resources
- Strong mandate and internal policies
- Robust shareholder support



CABEI is the highest-rated Issuer in all Latin America

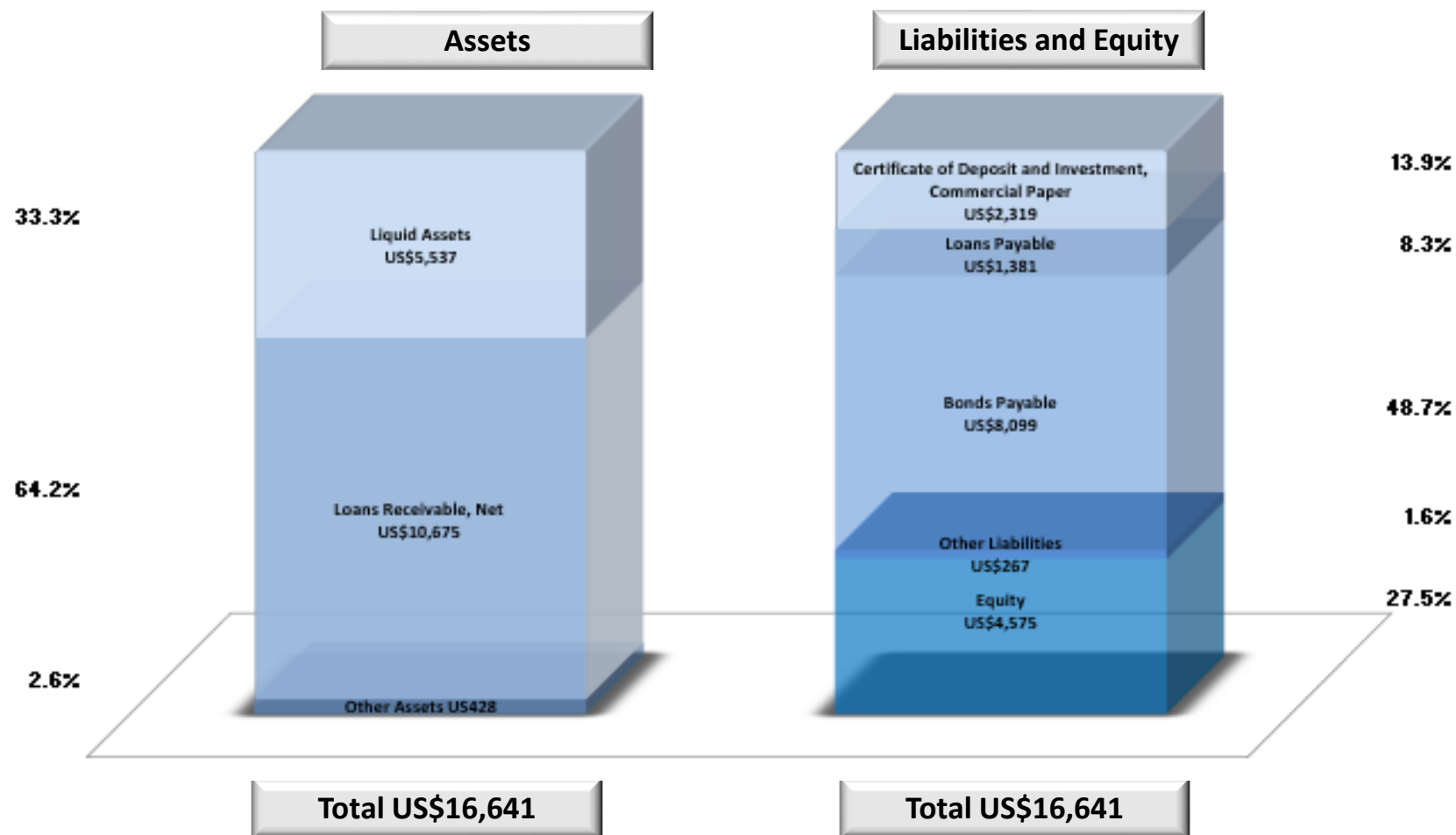
Country / Institution	S&P											Moody's														
	Non-investment grade	Investment grade										Investment grade														
		BBB-	BBB	BBB+	A-	A	A+	AA-	AA	AA+	AAA	Baa3	Baa2	Baa1	A3	A2	A1	Aa3	Aa2	Aa1	Aaa					
CABEI				→													→									
CAF									CAF									CAF								
Chile																										
FONPLATA																										
Peru																										
Uruguay																										
Mexico																										
Panama																										
Colombia																										
Paraguay																										
Guatemala																										
Brazil																										
Bolivia																										
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Ecuador																										
Nicaragua																										
Venezuela																										
Cuba																										
Haiti																										

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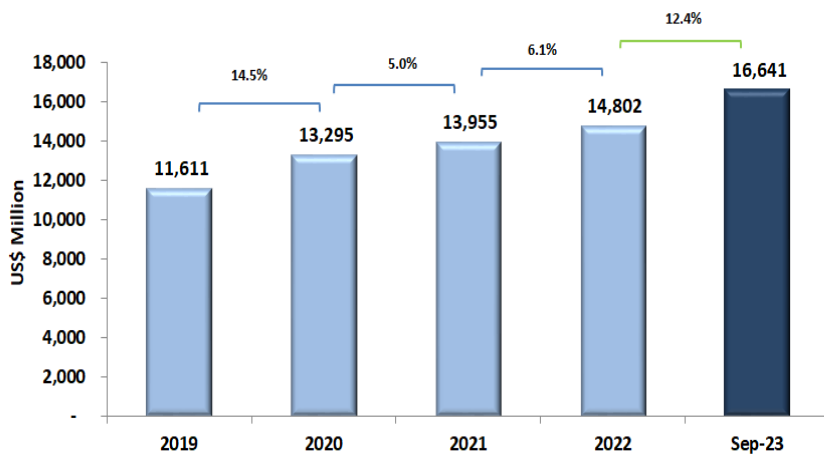
Balance Sheet Fundamentals - Strong Liquidity & Capitalization

**Balance Sheet as of
September 30th, 2023**
(US\$ Million)

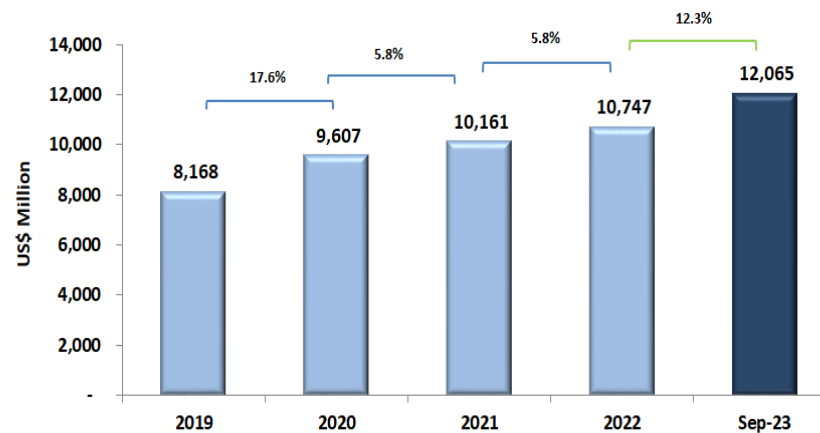


Balance Sheet

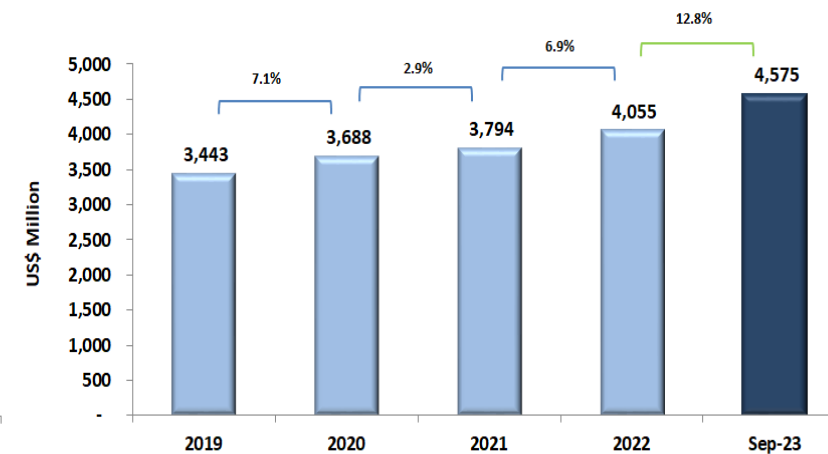
Total Assets



Total Liabilities

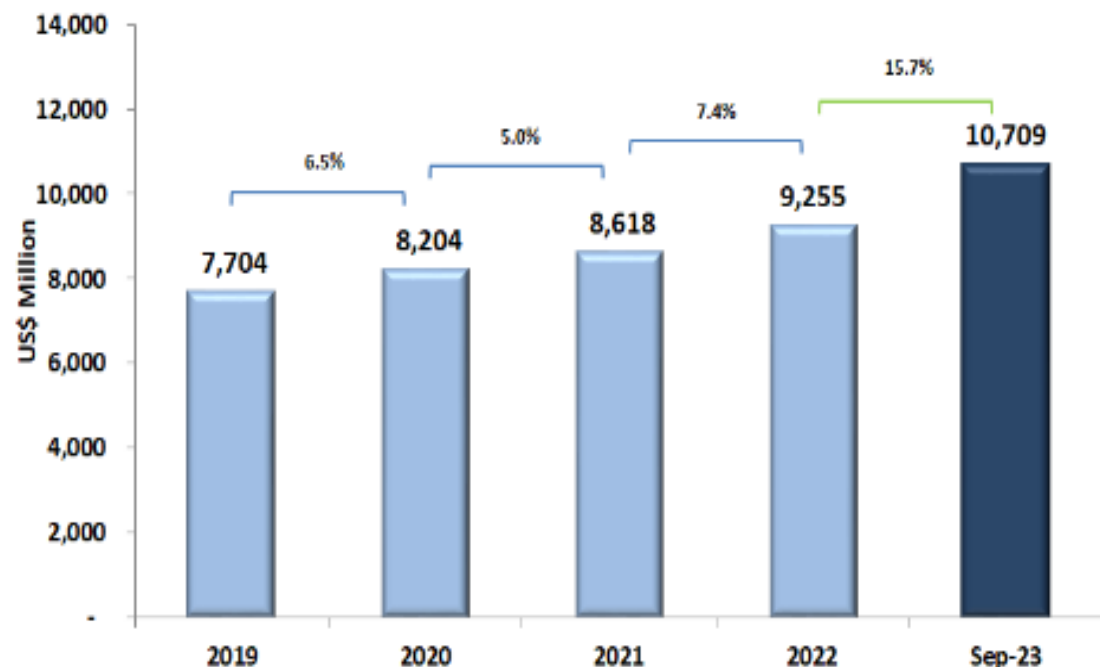


Total Equity



Loan Portfolio: Improving diversification beyond founding members

Loan Portfolio Evolution



As of September 2023
Loan Portfolio US\$10,708.7 million

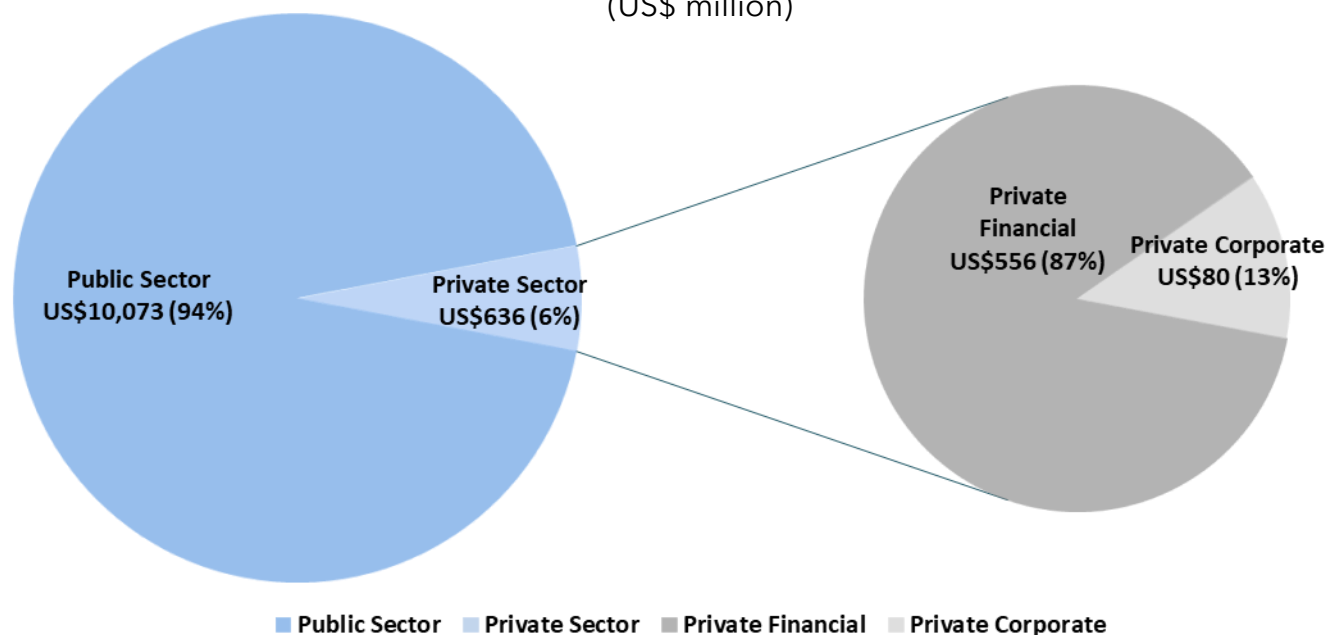
Country	US\$ Million	(%)
El Salvador	2,766.1	25.8%
Nicaragua	2,194.6	20.5%
Honduras	1,951.9	18.2%
Costa Rica	1,124.6	10.5%
Guatemala	635.1	5.9%
Argentina	577.3	5.4%
Panama	574.8	5.4%
Dominican Republic	569.5	5.3%
Colombia	251.3	2.3%
Mexico	52.4	0.5%
Belize	11.1	0.1%
Total	10,708.7	100.0%

19% of the total Loan Portfolio corresponds to Non-Founding Countries.

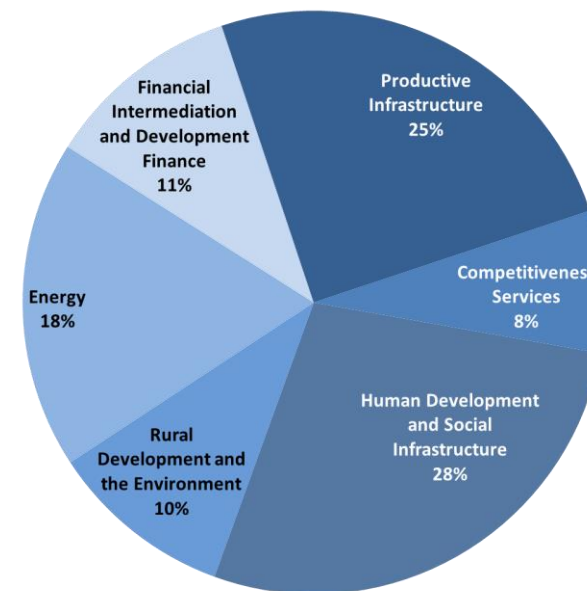
Loan portfolio is mainly focused in the public sector, which grants CABEI a Preferred Creditor Status

As of September 30, 2023
Total Loan Portfolio US\$10,709 Million

Loan Portfolio by Institutional Sector
(US\$ million)



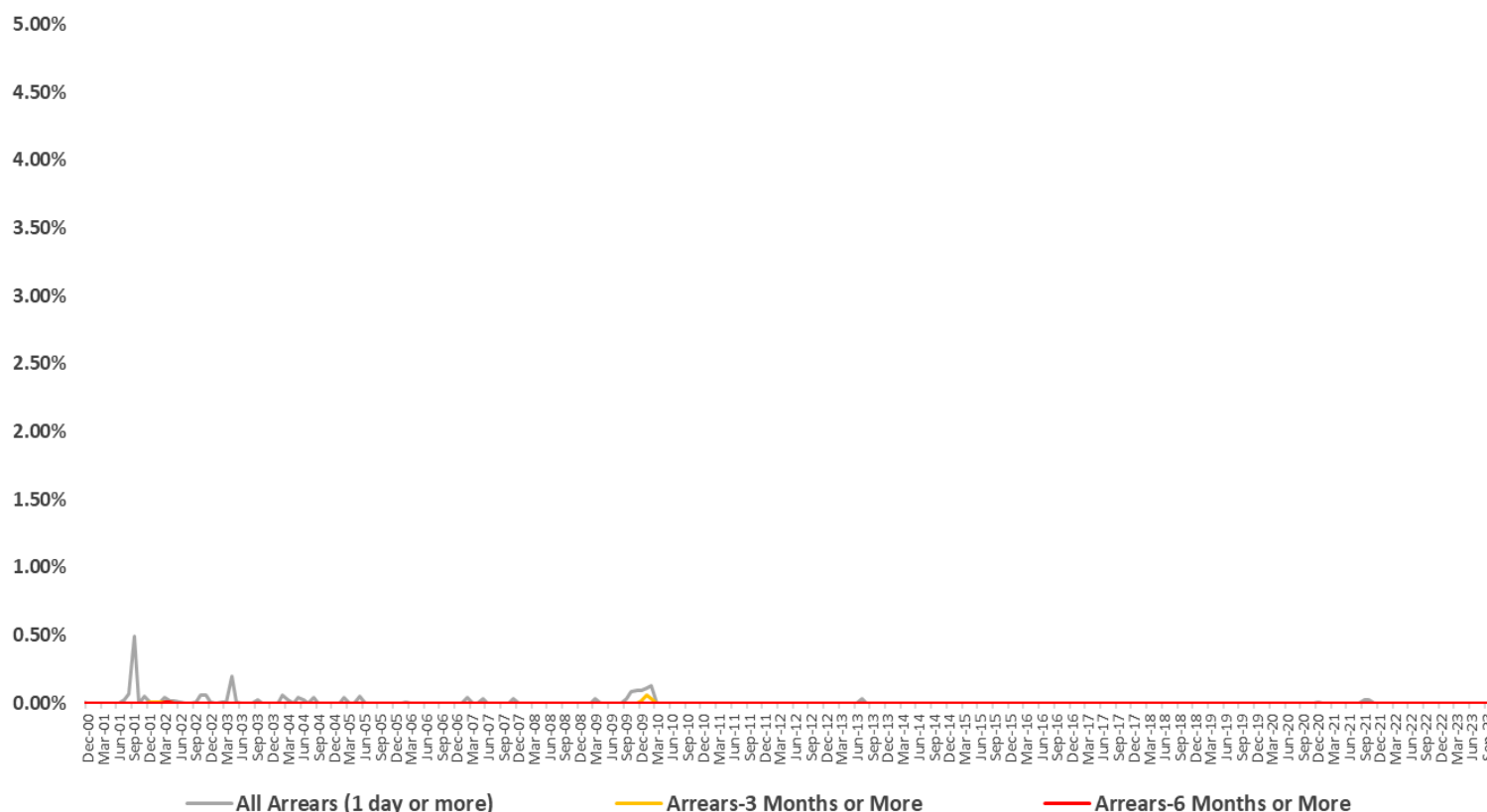
Loan Portfolio by Focus Area (%)



- The Bank's loan portfolio is mainly in the public sector; which grants CABEI a Preferred Creditor Status.
- Within the private sector, the portfolio has a greater proportion corresponding to the financial sector (with 94%), in line with the trend observed over the past 5 years.

CABEI's Preferred Creditor Treatment (PCT) and Policy Importance

CABEI's Sovereign Arrears / Public Sector Outstanding Portfolio (2 decades of economic cycles)



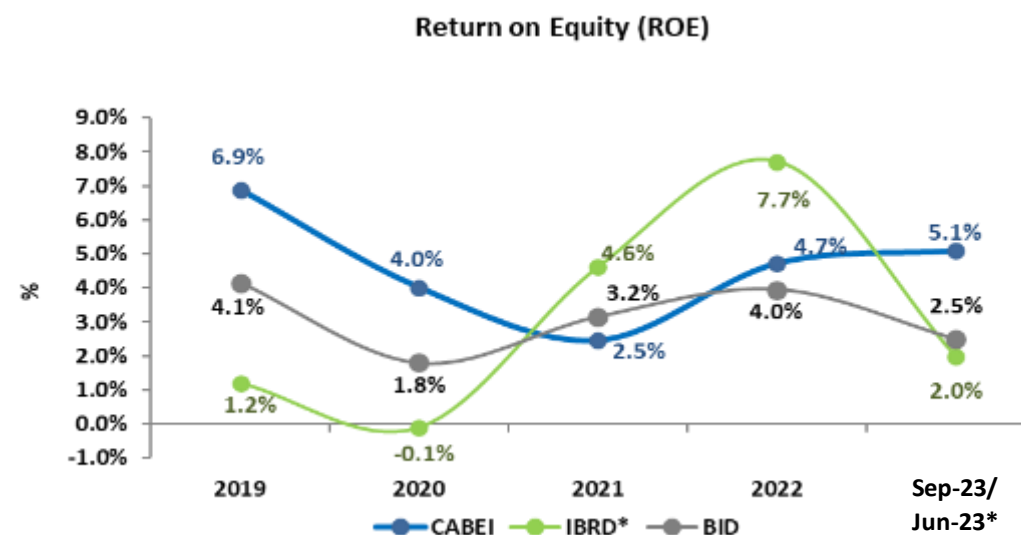
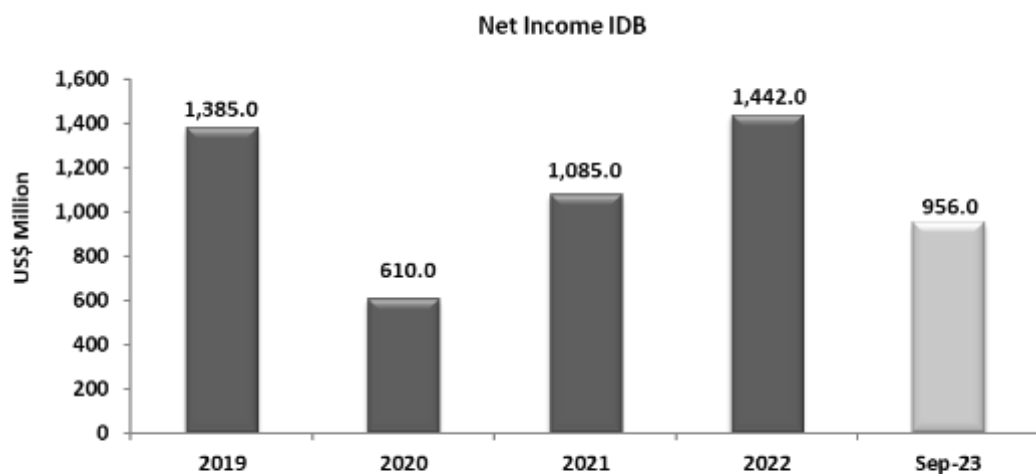
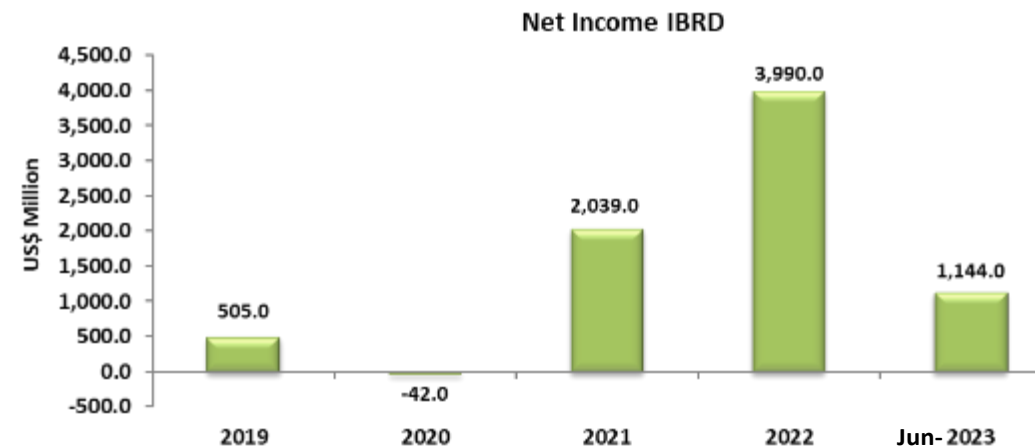
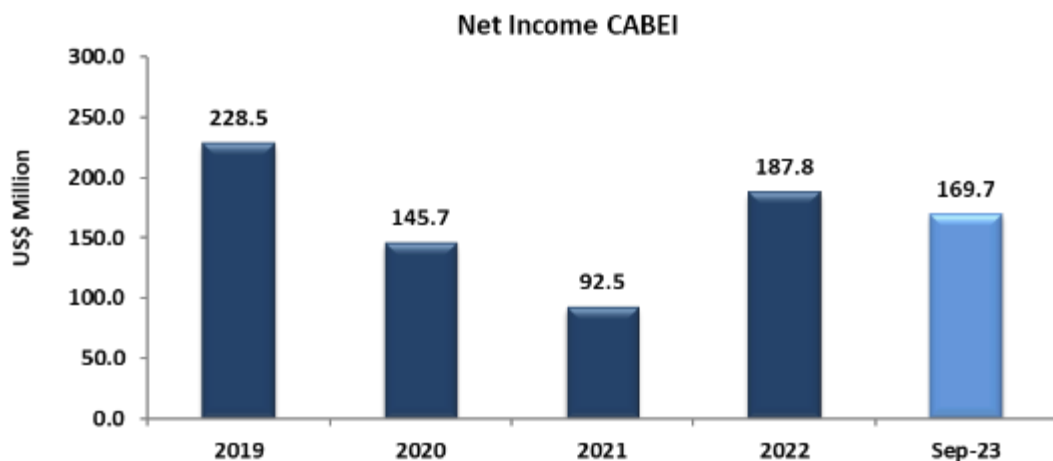
CABEI has consistently benefited from its Very Strong PCT.

- Arrears on both Sovereign and Non- Sovereign loans do not consider a grace period and are immediately accounted for.
- Arrears on sovereign lending have been scarce and all cases have been quickly cured.
- Even when considering the most conservative scenario/analysis of using arrears of 1 day or more, the outstanding balance of public sector arrears has not exceeded 0.5% of the public sector's total loan exposure.
- **CABEI has a strong track record of PCT and expects this to continue in the future.**
- According to the Bank's Policy, loans are considered in arrears when there is a delay in their effective date of payment **>=1 day.**
- CABEI considers a loan to be in Non-Accrual Status when arrears are:

>= 90 days in the case of private sector loans, and

>= 180 days in the case of public sector loans.

Consistent and above-peer average profitability



Source: Compilation based on data obtained from the financial statements published on the IBRD and IDB officials' websites.

*IBRD data for the fiscal year ended June 30, 2023

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Risk Management Policies

Capital Adequacy and Leverage Policies:

- ▶ Compliance with key capital adequacy and liquidity ratios used by rating agencies (S&P and Moody's) to evaluate MDBs is required, in line with the Bank's credit rating.
- ▶ CABEI's Capital Adequacy Ratio requires that total equity represent at least 35% of total risk weighted assets.
- ▶ CABEI's total loan portfolio shall not exceed 3.5 times its total equity (Gearing Ratio).
- ▶ CABEI's maximum leverage cannot exceed 3 times its total equity (Debt / Equity).
- ▶ By policy, the ALCO Committee monitors compliance with the capital adequacy ratio that incorporates the criteria established in the Basel II and III frameworks.
- ▶ ALCO Committee also monitors compliance with the leverage ratio established under Basel III.

Main Credit Policies:

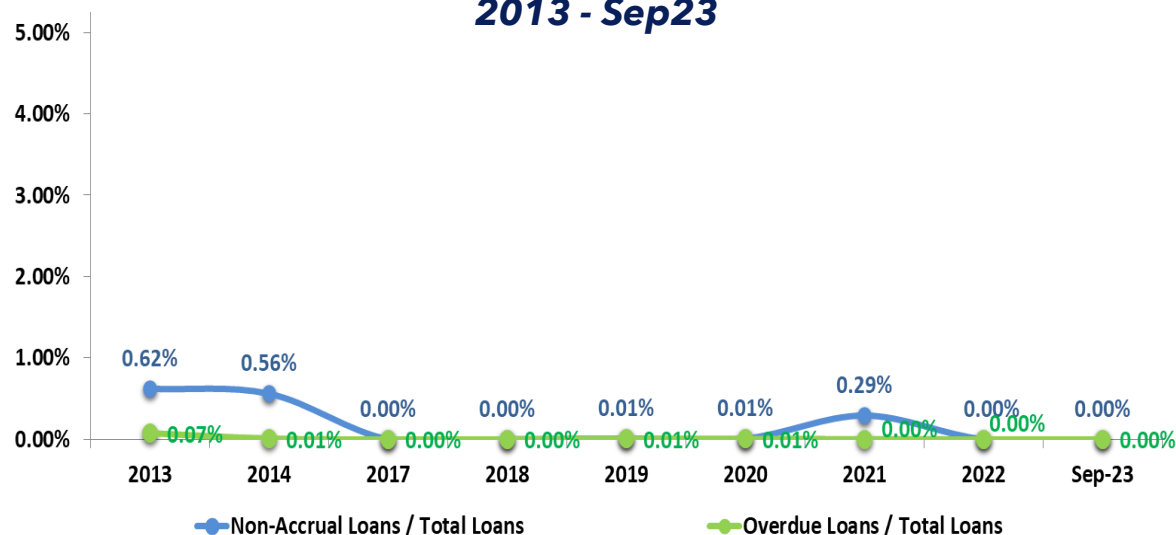
- ▶ CABEI limits its exposure to member countries through a mechanism with thresholds of different nature and levels dubbed "Hard Limit" and "Soft Limit". As of October 2023, the Bank's soft limit is 23% of total exposure (previously 26%) and the hard limit is 25% (previously 28%) of total exposure. Total exposure includes exposure to the public and private sector, as well as 50% of undisbursed loan commitments.
- ▶ The Bank's participation in project finance loans to the private sector must not exceed 40% of the total amount of the loan during its life (60% for projects with amounts lower than US\$25 million or with public sector participation).
- ▶ For corporate private sector loans, the collateral put forth by the client, must maintain a minimum coverage of 100% of the total loan.
- ▶ Single Client Exposure (Private) must not exceed 2% of the Bank's loan portfolio, and the exposure to a regulated private financial economic group must not exceed 10%.
- ▶ State or mixed institutions with majority state participation with NSG should not exceed 22% of CABEI's equity.

Main Credit Policies for Derivatives Exposures:

- ▶ Subscription of Credit Support Annexes (CSAs) with all counterparties in order to mitigate credit exposure.
- ▶ Credit risk in derivatives has been eliminated by requiring daily collateral and establish a "threshold" of 0. As part of this initiative, since December 2013, a third party provides a collateral management service to CABEI.
- ▶ Calculation of net positions with counterparties under ISDA agreements.
- ▶ All counterparties must be approved by the ALCO Committee.
- ▶ Counterparties in derivatives contracts must have an investment grade rating. If an existing counterparty is downgraded below investment grade, no new derivative contracts can be agreed between such entity and CABEI.
- ▶ Credit exposure limits with derivative counterparties are defined by the following conditions:
 - ▶ Financial international counterparties: Up to US\$50 million.
 - ▶ For clients (Government, Financial Institutions or Corporates): Case by case ALCO Approval.

Continually improving credit quality

**Credit Quality
2013 - Sep23**



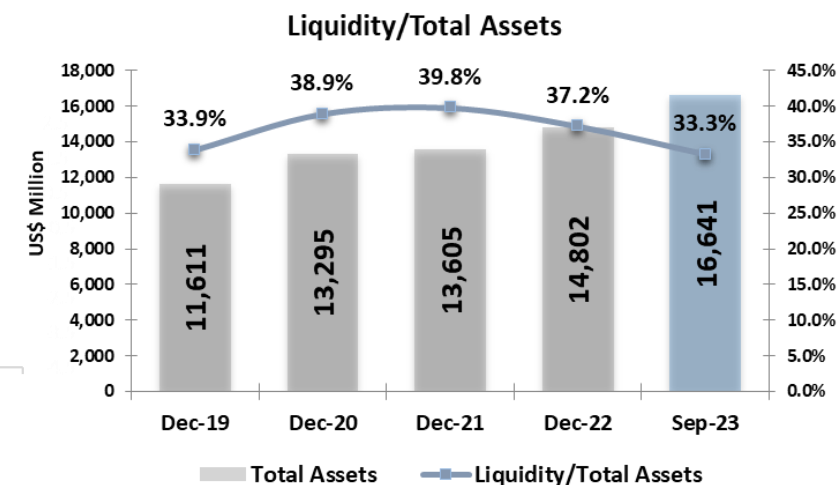
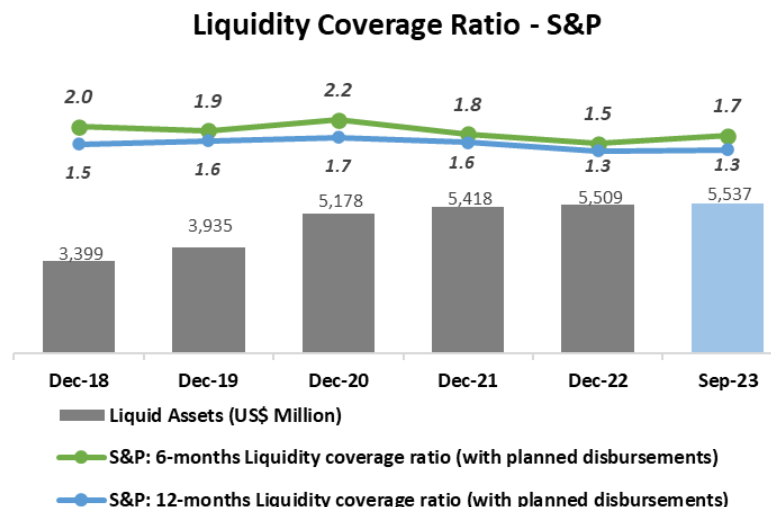
**Portfolio Quality Indicators
US\$ Million**

Indicator	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Sep-23
Total Loans	5,395.4	5,713.2	6,081.6	6,473.1	6,834.8	7,487.4	7,704.3	8,203.7	8,617.6	9,254.9	10,708.6
Overdue Loans	3.8	0.5	0.9	0.2	0.0	0.0	0.6	0.5	0.2	0.0	0.0
Non-Accrual Loans	33.5	32.0	3.8	3.1	0.0	0.0	0.8	0.8	25.2	0.0	0.0
PORTFOLIO QUALITY INDICATORS											
Overdue Loans / Total Loans	0.07%	0.01%	0.01%	0.00%	0.00%	0.00%	0.01%	0.01%	0.00%	0.00%	0.00%
Non-Accrual Loans / Total Loans	0.62%	0.56%	0.06%	0.05%	0.00%	0.00%	0.01%	0.01%	0.29%	0.00%	0.00%
Number of Operations in Non-Accrual Status	4	4	4	3	0	0	1	1	2	0	0

- All borrowers are current with their payments.
- All overdue and non-accrual loans observed in past years correspond to private sector operations.
- Historically and due to its preferred creditor status, CABEI's public sector loan portfolio does not present any overdue loans or non-accrual status.
- CABEI's credit quality has reached optimum historical levels and is under control.

Strong Liquidity Position

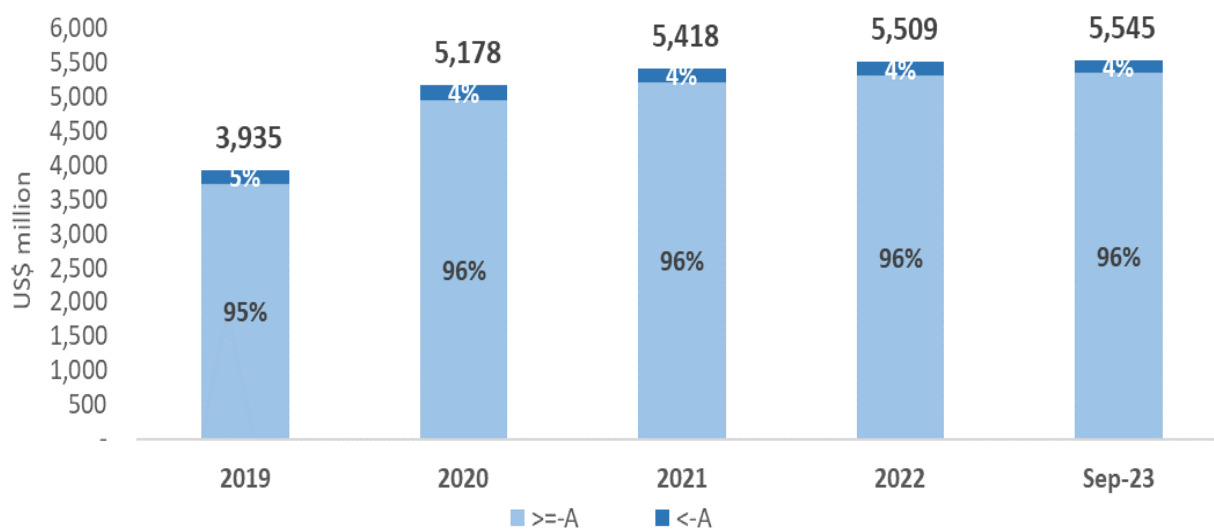
Cash and Investment Portfolio September 2023		
Instrument	US\$ Million	%
Cash	36	1%
Money Market	3,794	69%
Investment Funds	188	3%
Third Party Asset Management	104	2%
Bonds	1,416	26%
Total Investment Portfolio	5,502	99%
Cash + Investment Portfolio	5,537	100%



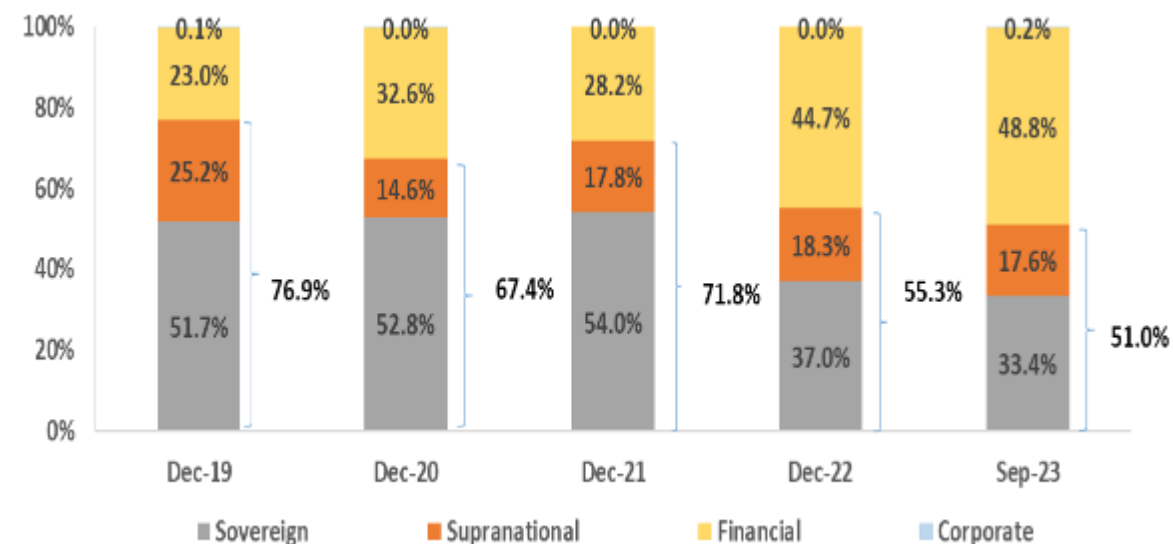
- ▶ Liquidity risk is mitigated by CABEI’s ALM Policy, which requires compliance with the key liquidity indicators used by rating agencies Standard & Poor’s and Moody’s to evaluate MDBs, in line with the Bank’s credit rating; as well as holding a minimum liquid asset coverage of 6 months of gross cash requirements which include loan disbursements, debt service obligations and operating expenses. CABEI also maintains a high level of liquid assets in relation to its total assets.
- ▶ In line with international risk management standards and the Bank’s ALM Policy, CABEI monitors both the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) proposed by Basel III. As of September 30, 2023, the aforementioned ratios stood at 4.64x and 1.31x, respectively.
- ▶ CABEI has a Financial Contingency Plan in which internal (Capital Adequacy and Liquidity Ratios, among others) and external factors (TED Spread, EMBI+ Index, and Debt Sustainability Indicators of Central American Countries among others) that affect liquidity are monitored on a monthly basis.

High Quality Investment Portfolio

Investment Portfolio Credit Quality Evolution



Asset Class Distribution

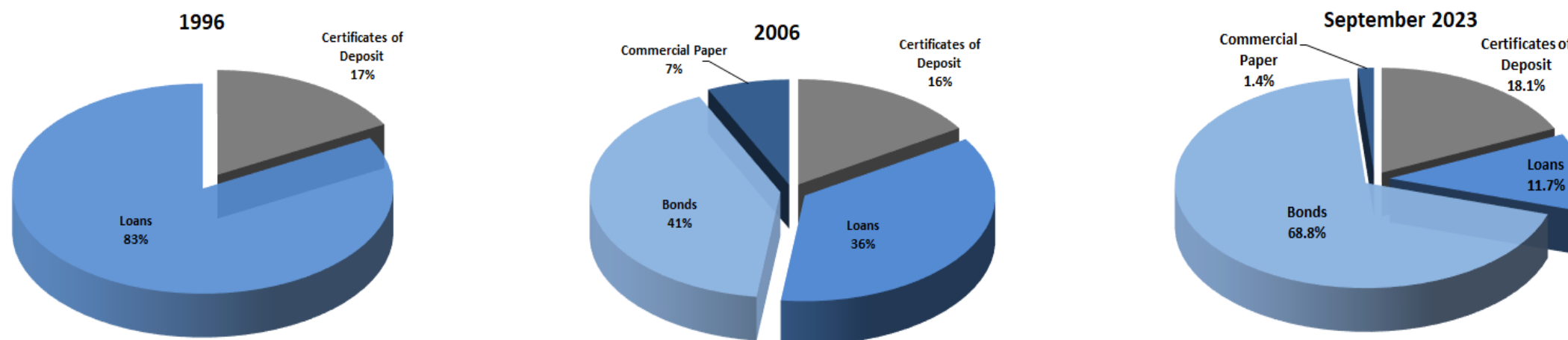


- ▶ As of September 30, 2023, the effective duration of the Investment Portfolio was 0.57 years.
- ▶ In terms of credit quality, 96% of investments are rated "A-" or better and in line with the conservative nature of a liquidity portfolio.

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CABEI has achieved funding cost optimization due to its strong market perception regarding its credit profile and maturity as an institution

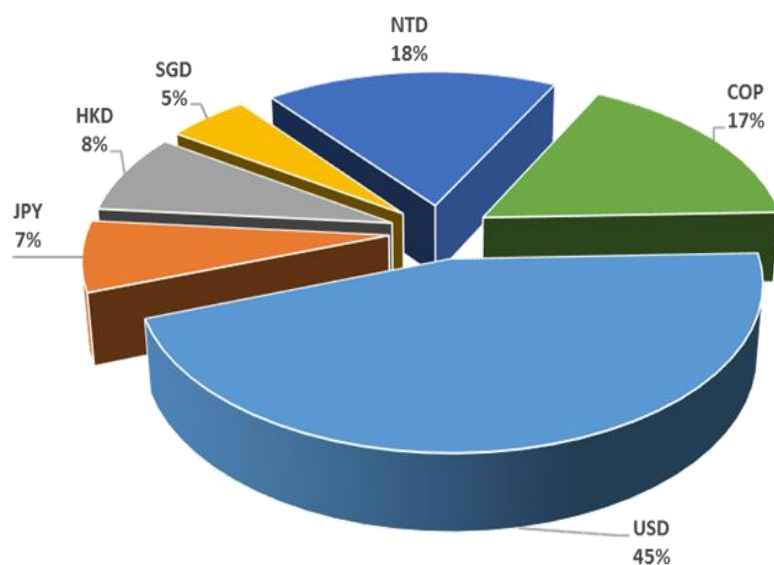


- CABEI has achieved funding cost optimization due to its strong market perception regarding its credit profile and maturity as an institution.
- CABEI's financing structure reflects the institution's preference for stable funding sources.

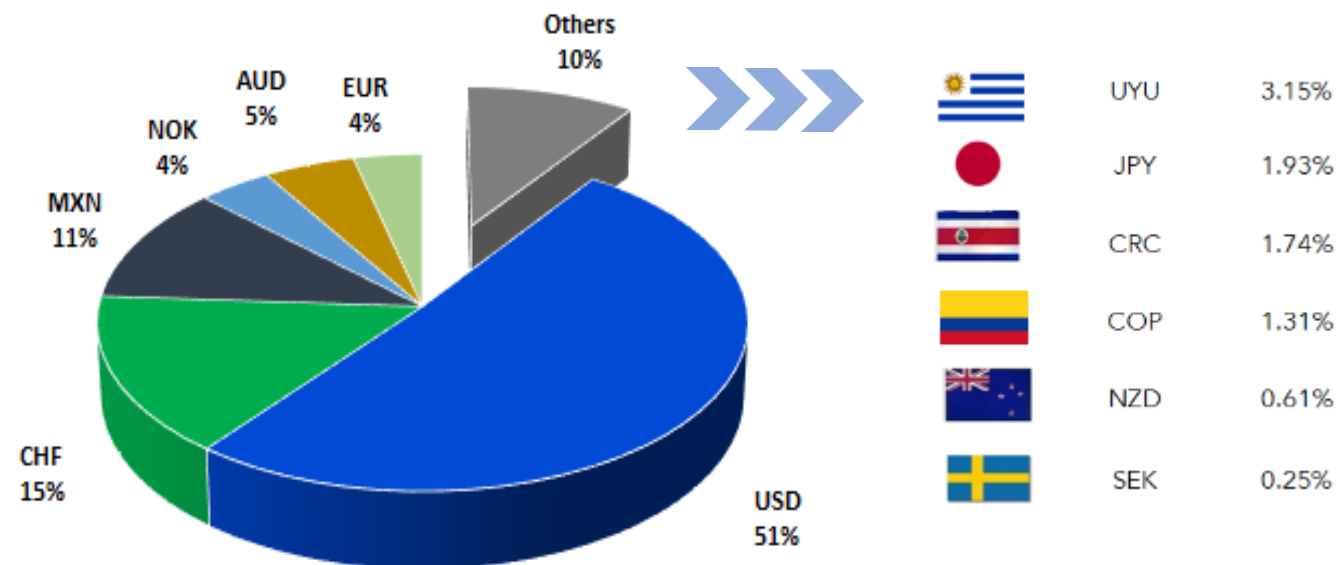
Funding Diversification: CABEI has flexibility to access different markets and currencies

Bonds Payable/Distribution by currencies

December 2006
US\$1,200 million



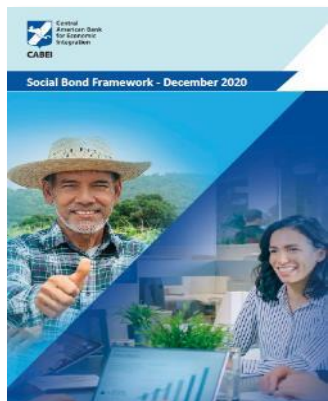
December 2023
US\$8,419 million



- Funding Cost Optimization.
- Investor Diversification via debt issuance across markets and currencies as well as themed bonds.
- **Historically, CABEI has made debt placements in 25 different currencies and 23 different markets (all of which are hedged to USD through CCY Swaps).**
- Funding and Lending match in terms of floating rate exposure.

CABEI has issued more than US\$4.5 billion in ESG bonds

CABEI's "Green and Blue" and "Social" Bond Frameworks have a strong SPO opinion from Sustainalytics.



Framework	Date of creation	Categories	ESG issuances
Green and Blue bond framework	Oct-19	Sustainable land use	Green Bonds US\$510 mm US\$375 mm US\$25 mm
		Renewable energy	
		Sustainable Water Management	
	Dec-22	Clean Transport	Blue Bonds US\$146 mm US\$20 mm
		Climate Change Adaptation	
		Blue Economy	
		Nature Protection	
Social bond framework	Dec-20	Vaccine Bonds	US\$971 mm US\$230 mm US\$185 mm US\$ 185 mm
		Access to essential services	
		Employment Generation	
		Socioeconomic empowerment	
		Affordable basic infrastructure	
		Food security and sustainable food systems	

US\$ 1,076 Million



US\$ 4,531 Million

US\$ 3,454 Million



CABEI's Recent Transactions - US\$2.24 billion for 2023

<p>Nov 2, 2023 CRC53,000 MM</p>  <p>Public Bond Placement</p>	<p>Sep 21, 2023 MXN5,000 MM</p>  <p>Social Bond</p>	<p>Jun 1, 2023 MXN5,000 MM</p>  <p>Social Bond</p>	<p>Jul 18, 2023 AUD30 MM</p>  <p>Blue Private Placement</p>	<p>May 10, 2023 AUD100 MM</p>  <p>Social Private Placement</p>
<p>Jan 31, 2023 USD1,250 MM</p>  <p>Social Bond REGS/144A</p>	<p>Jan 12, 2023 JPY7,000 MM</p>  <p>Blue Private Placement</p>	<p>Jan 6, 2023 USD130 MM</p>  <p>Social Private Placement</p>	<p>Dec 21, 2022 USD50 MM</p>  <p>Education Bond</p>	<p>Dec 16, 2022 JPY10,000 MM AUD30 MM</p>  <p>First Blue Bond</p>
<p>Nov 22, 2021 CHF220 MM</p>  <p>Green Bond</p>	<p>Nov 4, 2022 EUR25 MM</p>  <p>Green Bond</p>	<p>Oct 31, 2022 USD50 MM</p>  <p>Social Bond</p>	<p>Oct 26, 2022 MXN3,000 MM</p>  <p>Social Bond</p>	<p>Aug 24, 2022 USD55 MM</p>  <p>Social Private Placement</p>
<p>Jun 8, 2022 CHF155 MM</p>  <p>Green Bond</p>	<p>Mayo 31, 2022 AUD50 MM</p>  <p>Social Private Placement</p>	<p>May 17, 2022 ADU72 MM</p>  <p>Social Private Placement</p>	<p>May 12, 2022 AUD110 MM</p>  <p>Social Private Placement</p>	<p>Nov 21, 2022 CHF110 MM</p>  <p>Green Bond</p>

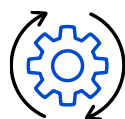
Bonds & Loans
LATIN AMERICA & CARIBBEAN AWARDS



International Strategic Partners of CABEI to mobilize/blend resources to the Central American Region



Green Funding



Development Resources for Energy, MSME, Infrastructure, Education and Agriculture

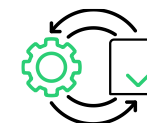
On-lending




Export Credit Agencies



Co-financing



Central America Development Projects

CABEI's Statements and Commitments on Climate Change

CABEI's Board of Governors, as its highest-level Authority, has issued important statements to express the Bank's commitment to support climate change mitigation and adaptation.

April 2016 - Statement to Promote and Support Actions to Finance Climate Change Adaptation and Mitigation

CABEI's commitment to:

Support member countries to achieve the goals established in COP21.

Promote and support financing actions for climate change adaptation and mitigation.

Generate and implement mechanisms that facilitate the adoption of best practices regarding climate change financing.

April 2019 - Statement on Zero Carbon Emissions

CABEI's commitment to:

Refrain from financing projects related to the exploration and extraction of coal and to the energy generation based on coal.

Contribute actively in:

- Structuring and developing financial instruments to support climate change mitigation and prevention.
- Strengthening of low carbon economies. Communities resilient to climate change.
- Sustainable food production.
- Clean energy generation and energy efficiency.

April 2022 - Glasgow Pact to support climate change adaptation and mitigation actions

CABEI reaffirms:

Support on issues such as science and global urgency, financing for climate change adaptation and mitigation, technology transfer and capacity building, loss and damage, implementation of the global climate agreement and the call for global collaboration.

The Commitment to the Glasgow Climate Pact was agreed by the United Nations Framework Convention on Climate Change (UNFCCC) at COP26.

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Key Financial Indicators: CABEI is well positioned relative to “AAA” peers

Ratio		CABEI		IBRD		IDB	
Rating (S&P/Moody's/JCR)		AA/Aa3/AA		AAA/Aaa/AAA		AAA/Aaa/AAA	
Total Assets (US\$ Million)		14,802		317,542		148,026	
Financial Ratios		5 Year Average	Year 2022	5 Year Average	Year 2022	5 Year Average	Year 2022
PROFITABILITY	Return on Average Equity (ROE)	5.11%	4.73%	3.03%	7.72%	3.13%	3.95%
	Return on Average Assets (ROA)	1.49%	1.35%	0.46%	1.26%	0.76%	0.96%
	NII/Average Earning Assets (*)	2.09%	1.80%	0.74%	0.81%	1.19%	1.20%
LEVERAGE	Equity/Total Assets	28.29%	27.39%	15.38%	17.42%	24.36%	25.59%
	Debt/Equity (times)	2.51	2.61	5.22	4.25	2.97	2.74
LIQUIDITY	Liquid Assets/Total Assets	36.04%	37.22%	27.81%	24.81%	25.30%	21.99%
EFFICIENCY	Administrative Expenses/Average Net Productive Assets	0.51%	0.58%	0.74%	0.72%	0.66%	0.65%
	Administrative Expenses/(NII + Fee Income)	23.80%	30.97%	96.11%	84.89%	51.55%	50.74%
	Administrative Expenses/Net Income	40.11%	41.60%	-823.48%	55.76%	91.66%	66.78%
PROVISIONING	Allowance for Loan Losses/Total Gross Loan Portfolio	3.39%	2.90%	0.72%	0.58%	0.41%	0.40%
	Public Sector Allowance for Loan Losses/Public Sector Loan Portfolio	3.13%	2.51%	0.75%	0.76%	0.12%	0.41%

(*) Earning Assets: Gross Loan Portfolio and Investments.

Source: Elaboration based on Financial Statements on: www.iadb.org, www.worldbank.org and www.bcie.org.

Thank You