



# CABEI



Central American  
Bank for  
Economic  
Integration

# Constitutive Agreement

With the amendments approved  
by **Resolution No. No. AG-6/2020**,  
effective since February 5, 2021.

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**CERTIFICATE**

**The Undersigned, Secretary of the Central American Bank for Economic Integration,**

**WHEREAS:**

The text in force of the **"CONSTITUTIVE AGREEMENT OF THE CENTRAL AMERICAN BANK FOR ECONOMIC INTEGRATION"** derives from the agreement of the same name signed by the Central American countries in the city of Managua, Republic of Nicaragua, on December 13, 1960; from the **"PROTOCOL OF AMENDMENTS TO THE CONSTITUTIVE AGREEMENT OF THE CENTRAL AMERICAN BANK FOR ECONOMIC INTEGRATION (CABEI),"** subscribed in the city of Managua, Republic of Nicaragua, on September 2, 1989 and from the amendments to the Constitutive Agreement of CABEI approved by the Board of Governors of the Bank by resolutions Nos. AG-1/98 dated March 31, 1998; AG-14/2005 dated September 8, 2005; AG-10/2007 dated March 23, 2007; AG-7/2009 dated April 29, 2009; AG-1/2015 dated February 12, 2015; AG-11/2018 dated April 26, 2018 and AG-6/2020 dated August 19, 2020.

That, by means of Resolution No. AG-15/2019, the Board of Governors increased CABEI's authorized capital to Seven Billion United States of America dollars (US\$ 7,000,000,000.00), which became effective as of April 20, 2020.

The last amendments to CABEI's Constitutive Agreement, approved through Resolution No. AG-6/2020, entered into force on February 5, 2020.

The official language of the Bank is Spanish.

The following transcript, signed and sealed on each page by the Secretary of the Bank, is, to the best of my knowledge, an accurate English translation of the original text contained in the nine aforementioned legal instruments.

**THEREFORE,**

**CERTIFIES:**

The text in force of the Constitutive Agreement of the Central American Bank for Economic Integration, which literally states:

**"CONSTITUTIVE AGREEMENT OF THE CENTRAL AMERICAN BANK  
FOR ECONOMIC INTEGRATION"**



**CHAPTER I**  
**NATURE, OBJECTIVE AND HEADQUARTERS**

**Article 1.** The Central American Bank for Economic Integration is a multilateral development financial institution, of an international nature, with legal personality, which shall be regulated by the provisions included in the present Constitutive Agreement and its regulations.

**Article 2.** 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. The Bank will primarily attend programs or projects related to:

- a) New infrastructure or infrastructure that improves or expands existing national and regional systems, or that compensate disparities in basic sectors, which hinder the balanced development of the Central American region.
- b) Industries of a regional nature or of interest to the region, which will contribute to increase commercial trading among the countries of the Central American region and to promote export sector production.
- c) The agroindustrial and agricultural sector in order to improve, expand or restructure agricultural and cattle raising activities and rural development.
- d) Enterprises requiring expansion or rehabilitation of their operations, modernization of their processes or modification in their production structure in order to improve their efficiency and competitive capacity.
- e) Institutions, entities or enterprises dedicated to providing services required for the region's development.
- f) Economic synergy among the countries of the Central American region or which would tend to increase intra-regional and extra-regional trade.
- g) The social development of the Central American region.
- h) Conservation and protection of natural resources and the environment, as well as mitigation and adaptation to climate change.
- i) Studies related to those aspects mentioned in this article and of other programs and projects authorized by the Board of Governors.
- j) Operations that generate great impact on the region's economic and social development, to which the Institution shall provide preferential attention.
- k) Other programs and projects that contribute to the development of the countries of the Central American region.



Likewise, under the conditions set forth in the regulations issued by the Board of Governors to that effect, the Bank will attend programs or projects in non-regional countries.

**Article 3.** The Bank shall have its headquarters and main office in the city of Tegucigalpa, Honduras, and may establish regional offices, country offices, branch offices, agencies and relationships with correspondent institutions.

## CHAPTER II MEMBERS, CAPITAL, RESERVES AND RESOURCES

### Article 4.

#### A. MEMBERS

The Bank's members are the founding shareholders or countries, the non-founding regional shareholders or countries and the non-regional shareholders or countries.

The founding countries of the Bank are the republics of Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica, henceforth denominated "founding countries." Each time that the text of this Agreement reads "founding state," "founding states," "founding member" or "founding members," it must be understood as reference to the term "founding countries".

The non-founding regional members are the Republic of Panama and the Dominican Republic. In addition, other countries that form part of the Central American Integration System (SICA) may be accepted as non-founding regional members in accordance with the regulations set forth by the Board of Governors. Each time that the text of this Agreement reads "non-founding regional state," "non-founding regional countries," "non-founding regional members" or "non-founding regional states," it must be understood as reference to the term "non-founding regional members".

Other countries, as well as public organizations with an international scope of action and having legal personality, may be accepted as non-regional members of the Bank in accordance with the regulations established by the Board of Governors. Each time that the text of this Agreement reads "non-regional state," "non-regional countries," "non-regional members" or "non-regional states," it must be understood as reference to the term "non-regional members".

Each time that the text of this Agreement reads "member states," "member countries," "member country," "member," "state," "shareholder states," "shareholder," "shareholders," "member state," "beneficiaries" or "beneficiary countries," it must be understood as reference to the members indicated in the preceding paragraphs.

The regulations for the admission of non-founding regional members and non-regional members will be approved and modified through an agreement of the Board of Governors, adopted by a three-fourths majority of the total votes of the members, including the favorable votes of three Governors of the founding countries.



**B. CAPITAL, RESERVES AND RESOURCES**

- a) The participation of shareholders in the Bank's capital shall be represented by shares issued in favor of the respective shareholders and regulated in the following manner: The capital shall be composed by a series of "A" shares destined to the Bank's founding member countries and a series of "B" shares destined to the non-founding regional members and the non-regional members. Each "series A" or "series B" subscribed share shall confer one vote to the respective holder, as long as it has been totally paid or, as a minimum, the amount corresponding to one of the four quotas or the amount determined by the Board of Governors, pursuant to the terms established in letter i) of this section.
- b) The Bank's authorized capital shall be five billion United States of America dollars (US\$5,000,000,000.00)<sup>1</sup>, which may be increased by the Board of Governors pursuant to what is set forth in letter f) of this section. Of the authorized capital, the founding countries shall subscribe to, in equal parts, an amount equivalent to fifty-one percent (51%) through "A" series shares, and the remaining forty nine percent (49%) will be available to the non-regional members and to the non-founding regional members through "B" series shares. The issuance of shares shall be carried out in accordance to the following parameters:
1. "A" series integrated of up to two hundred fifty-five thousand shares with a nominal value of US\$10,000.00 each. The shares that have been subscribed by the founding countries shall be substituted by "A" series shares for the corresponding amounts.
  2. "B" series integrated of up to two hundred forty-five thousand shares with a nominal value of US\$10,000.00 each. The "B" series shares shall substitute the shares subscribed to by the non-founding regional members and the non-regional members for the corresponding amounts.
  3. The "A" and "B" series shares will at all times represent the Bank's entire authorized capital.
  4. In addition there will be a "C" series shares, issued in favor of the holders of the "A" and "B" series shares with a face value of zero, which will have the purpose of aligning the equity value of the shares with their nominal value and will be issued as the result of a periodic assignment process, as regulated and approved by the Board of Governors. The "C" series shares will be assigned in a proportional manner to the number of "A," "B" and "C" series shares of each shareholder. The "C" series shares cannot be used as payment to subscribe "A" or "B" series shares and will not generate callable capital.

<sup>1</sup> By means of Resolution No. AG-15/2019, the Board of Governors increased CABEI's authorized capital to Seven Billion United States of America dollars (US\$ 7,000,000,000.00), which became effective as of April 20, 2020.



Each share of the "A," "B" and "C" series shall confer one vote. Such shares shall accrue neither interest nor dividends and may not be pledged as collateral, nor encumbered, nor in any way disposed of and shall only be transferable to the Bank, except as established in the second paragraph of letter h), of section B of the present article.

- c) There shall also exist "E" series certificates, issued in favor of the "A" and "B" shareholders with a face value of US\$10,000.00 each, to recognize the retained earnings attributable to their capital contributions to the Bank over the years. These certificates shall not grant voting rights and shall be untransferable. Likewise, the "E" series certificates may be used by the shareholders owners of "A" and "B" shares to totally or partially pay the subscription of new shares of non-subscribed authorized capital placed available by the Bank. The "E" series certificates pending to be used to subscribe new shares of capital shall become part of the Bank's General Reserve. The "E" series certificates do not generate callable capital. The Board of Governors shall authorize the subscription of new shares of capital upon the utilization of the "E" series certificates.
- d) The "A," "B" and "C" series shares are nominative and shall bear the name of the respective country or international organization that is their holder. The shares shall be represented by correlatively numbered share certificates, which shall be detached from a stub book. The corresponding stubs shall contain the principal stipulations of the respective share certificate. In any event, the share certificates shall bear the name of the Bank and its headquarters, the capital amount, the nominal price of the share, the name of the shareholder, the CABEL seal and the number and the series to which they belong. The share certificates may represent any number of shares and must be signed by the Executive President and the Secretary of the Bank. No share may belong to more than one sole shareholder. The Board of Governors will define the procedure for the replacement of the share certificates.
- e) Each "A" and "B" series share shall be composed of a portion of paid in capital equivalent to twenty five percent (25%) of the nominal value of the share and a portion of callable capital for the remaining seventy five percent (75%).
- f) The Board of Governors, in the regulations that it approves to govern the Bank's capitalization, may increase the Institution's authorized capital at the time and in the manner considered convenient and agreed upon by a three-fourths majority of total member votes, including the favorable votes of four Governors of the founding countries.
- g) The maximum number of "B" series shares that may be subscribed by each non-regional member or each non-founding regional member shall be determined by the Board of Governors, without affecting the provisions of the first paragraph of the following letter h).



- h) In the event of a capital increase, subject to the terms established by the Board of Governors, all members shall have the right to a quota of the increased shares, equivalent to the proportion that they hold of the Bank's total capital.

In any capital increase, the founding countries, holders of "A" series shares, shall always have a percentage equivalent to fifty-one percent (51%) of the increase. Should any of the founding countries not subscribe to the portion to which it has a right, another founding member may do so. Notwithstanding the above, the state or states that did not subscribe to that portion will have the option to purchase it from the country or countries that did subscribe to it. In any case, no capital increase will enter into force if it reduces the participation of the founding member countries to less than fifty-one percent (51%).

In the event of new capital increase, the founding states that maintain a lower amount of capital will have preference in the subscription in order to maintain the same proportion of capital among them.

No non-founding regional member or non-regional member is obligated to subscribe to capital increases. Should any of them not subscribe to the portion to which it has a right, one or more of the non-founding regional members or non-regional members may do so.

- i) The payment for "A" and "B" series shares shall be made as follows:
1. The paid-in portion shall be made in United States of America dollars in up to four annual, equal and consecutive installments or pursuant to the terms and conditions that to such effect are approved by the Board of Governors. In conformity with the mechanism established by the Board of Governors, the paid-in portion corresponding to "A" and "B" series shares may be paid by using the "E" series certificates.
  2. The portion of the capital corresponding to callable capital shall be subject to request for payment when needed to satisfy obligations acquired by the Bank in the capital markets or which corresponds to loans obtained for the purpose of forming part of the Bank's resources, or which result from guarantees that commit said resources.

Payment demands for callable capital shall be proportionately uniform for all shares.

**Article 5.** The Bank's General Reserve shall be integrated by a Capital Reserve and by the "E" series certificates pending to be used by the Bank's member countries for the payment of new subscription of shares.

The net profits obtained by the Bank in the exercise of its operations shall be placed in a Capital Reserve.





The liability of the Bank's members, as such, shall be limited to the amount of their capital subscription.

**Article 6.** In addition to its own capital and reserves, the Bank's resources shall include the product of loans and credits obtained in capital markets and other resources received under any legal mechanism.

The Bank will not accept from its sources of funds any conditions of a political character or those that contravene the Bank's objective.

Without prejudice of what has been indicated in the preceding paragraphs, will exist within the Bank, but as an independent and separate net worth from the general net worth of the Bank, the following funds:

- a) The Social Benefits Fund, created with the sole purpose of providing the Bank's personnel with the benefits established in the Organic Statute and the complementary regulations that the Bank has issued or shall issue to that end. The Fund's net worth shall be maintained and managed separately from the Bank's other assets, under the nature of a pension fund, to be used only for the payment of the benefits and expenses derived from the different benefit plans that the Fund provides.
- b) The Technical Cooperation Fund, created as a mechanism destined to integrate the processes of programming, obtaining and managing CABEL's technical cooperation resources in order to strengthen the capacity for the preparation and execution of projects.
- c) Any other fund approved by the Board of Governors as independent and separate net worth from the general net worth of the Bank

### CHAPTER III OPERATIONS

**Article 7.** The capital, capital reserves and other resources of the Bank, or administered by it, shall be used for achieving the objective set forth in article 2 of this Agreement. To that end the Bank may:

- a) Study and promote investment opportunities in all the member countries, establishing proper programming of its activities and the necessary priorities for financing purposes.
- b) Grant or participate in short, medium and long-term loans.
- c) Issue debentures.
- d) Participate in the issuance and placement of all types of credit instruments.
- e) Obtain loans, credits and guarantees from governments and financial institutions.



- f) Act as financing agent or as an intermediary in arranging loans and credits in favor of the states, public institutions and private sector entities from all the member countries of CABEI. To that end, it will establish the advisable relationships with other institutions and may participate in the preparation of the corresponding projects.
- g) Act as trustee.
- h) Grant its guarantee to obligations of public or private institutions and enterprises, up to the amount and with the term determined by the Board of Governors.
- i) Obtain the guarantee of the member states for contracting loans and credits from other financial institutions.
- j) Provide advice to loan applicants; and,
- k) Carry out such additional operations that are necessary for the Bank's objective and operations in accordance with this Agreement and its regulations.

In all of its operations the Bank shall have the guarantee of free convertibility of currency, in the founding states and in the beneficiary countries.

**Article 8.** The Bank shall finance exclusively those programs or projects, which are economically sound and technically feasible.

The Bank's operations shall be based exclusively on sound banking practices. Such operations shall be authorized within the prudential framework set forth by the Board of Directors pursuant to article 15 of the Constitutive Agreement, following the parameters that the Board of Governors shall define.

#### CHAPTER IV ORGANIZATION AND ADMINISTRATION

**Article 9.** The Bank shall have a Board of Governors, a Board of Directors, an Executive President, an Executive Vice-President and such other officers and employees as deemed necessary.

**Article 10.** The Board of Governors is the Bank's highest authority. Each founding member and each non-founding regional member shall have a titular Governor and an alternate, who will be, without distinction, the Minister of Economy, the Minister of Finance or Treasury, as corresponds, or the President of the Central Bank or persons acting on their behalf, or those persons to whom said representation belongs according to the internal law of the respective country. Each non-regional country shall name a titular Governor and an alternate. The alternates will participate in Board of Governors meetings, with voice but without vote, except in the absence of the titular Governor.

From the titular Governors, the Board of Governors shall elect a President, who shall remain in that position until the following ordinary meeting of the Assembly.

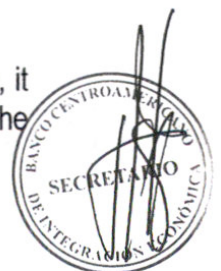


**Article 11.** All of the Bank's faculties are vested in the Board of Governors, which may delegate them to the Board of Directors, with the exception of the following:

- a) Admit new members and determine the conditions of their admission.
- b) Increase the authorized capital.
- c) Determine the capital reserves, upon the proposal of the Board of Directors.
- d) Elect the Executive President, from a list of three candidates selected on the basis of a contest, and remove him, as well as determine his remuneration. The Board of Governors will issue the pertinent provisions to regulate the election and the removal of the Executive President.
- e) Appoint the Controller, from a list of three candidates selected on the basis of a contest, and remove him, as well as determine his remuneration. The Board of Governors will issue the pertinent provisions to regulate the election and removal of the Controller.
- f) Determine the remuneration of the Directors and alternate Directors.
- g) Approve and modify the Regulations for the Bank's Organization and Administration, for the Board of Governors and for the election of Directors.
- h) Designate the external auditors of the Bank who are to give an opinion on the annual financial statements, which shall be presented to the Board of Governors.
- i) Subject to the opinion of the external auditors, approve the annual financial statements and authorize their publication.
- j) Consider and decide on issues raised by the Board of Directors, by a Director, by the Executive President or by the Controller on decisions which, in their judgment, contravene provisions of the Constitutive Agreement or resolutions of the Board of Governors.
- k) Consider and decide, on appeal, with respect to discrepancies in the Board of Director's interpretation and application of this Agreement and of the resolutions of the Board of Governors.
- l) Propose amendments to this Agreement; and,
- m) Decide on the distribution of the Bank's net assets in the event that it ceases operations.

**Article 12.** The Board of Governors shall retain full authority over any matter delegated to the Board of Directors.

**Article 13.** The Board of Governors shall hold an ordinary meeting once a year. In addition, it may hold an extraordinary meeting when it so decides or when convoked by the Board of Directors. The



Board of Directors shall also convoke for an extraordinary meeting of the Board of Governors when requested by a minimum of two members of the Bank.

The Board of Directors may require an opinion from the Governors, without convoking an extraordinary Board of Governors meeting, pursuant to the respective regulations.

**Article 14.** The quorum for the meetings of the Board of Governors shall be one half plus one of the total number of Governors, including at least three Governors from the founding countries and representing a minimum of two thirds of total member votes.

In the voting of the Board of Governors, the decisions will be adopted by the majority of votes of capital subscribed by the members present at the meeting, except in those cases in which this Agreement specifies another type of majority.

Likewise, in specific cases, the Board of Governors is authorized to establish other qualified majorities in the regulations and provisions it issues.

**Article 15.** The Board of Directors is the authority responsible for the direction of the Bank. To that end, it shall exercise all the powers delegated thereto by the Board of Governors and the following:

Define the Bank's operational and administrative policies; approve the budget, as well as the short, medium and long-term plans and the active and passive operations. Moreover, the Board of Directors shall determine the Bank's basic organization, including the number and general responsibilities of managerial positions and those of equivalent rank; it shall exercise the control of the Administration's management; it shall propose to the Board of Governors the constitution of capital reserves and shall exercise all other powers established in this Agreement or in the regulations approved by the Board of Governors.

**Article 16.** The Board of Directors shall be composed of:

- a) Five Directors that shall be elected by the founding states, corresponding to one Director per each founding state.
- b) No fewer than four Titular Directors who shall be elected by the Governors of the non-regional members and of the non-founding regional members. Without reducing this minimum number of Directors, the Board of Governors shall have the authority to determine the maximum number of Directors to be elected by a majority of three fourths of the total votes of the shareholders, being able to distinguish among Directors of non-regional members and of non-founding regional members.

The Directors shall be elected for a three year term, being able to be reelected, and may be removed by the Governors of the countries that elected them.

The Directors must be nationals of the member states, except in the case of Directors representing the organizations referred to in article 4, Section A. The Directors must be persons of recognized capacity and broad experience in economic financial or banking issues.



The Directors cannot act as alternate Governors or as representatives of the Governors. Nevertheless, they may attend meetings of the Board of Governors.

The regulation for the election and removal of the Directors, according to the corresponding category, as well as its modifications, shall be approved by the Board of Governors by a majority of three fourths of the total votes of the members, including, with regard to each category, two thirds of the Governors that represent such members.

The four titular Directors referred to in letter b) of the present article may have an Alternate Director per seat. Likewise, other seats approved by the Board of Governors may count with an Alternate Director according to what is stipulated in such letter, with the same majority of votes established therein.

If it is the case, the Alternate Director shall act in substitution of the Titular Director in accordance to the approved regulations. The Titular Directors and their alternates cannot be nationals of the same State. The alternate Directors may participate in the meetings of the Board of Directors and shall only have the right to vote when acting in substitution of the Titular Director.

The shareholders represented in common by the same Titular Director may, within the corresponding period of three years, establish rotation arrangements regarding the exercise of such position, in accordance with the parameters authorized by the Board of Governors.

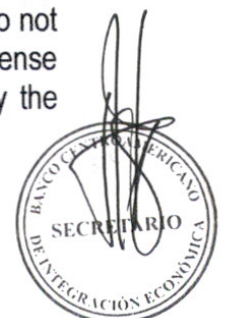
**Article 17.** The Directors may continue in their duties until the election of their successor becomes effective and their successor takes possession of their respective position, in accordance to the corresponding regulations. When the position of a Director for a founding state or for a non-founding regional member becomes vacant, the corresponding Governors will proceed to elect a substitute for the remainder of the period, at the proposal of the respective state.

In the event of a justified temporary absence of a Director that does not have an Alternate Director, said Director shall be substituted, during his absence by a person that, complying with due requisites, is designated by the Governor of the respective state.

When the position of a Director for a non-regional member becomes vacant, the Governors of the members that elected him will proceed to elect a new Director.

**Article 18.** The Directors shall work for the Bank on a full-time basis. The position of Director is incompatible with any other, except teaching positions, provided that these positions do not interfere with his duties as Director.

In addition, other positions in which the following four characteristics necessarily concur are exempted: those that do not involve any remuneration in cash or in kind; those that do not imply scheduling conflicts with regard to the full time daily working schedule of a Director; those that do not generate any conflict of interest with a Director's functions and those that do not imply any expense for the Bank. Interpretation of the provision included in this article can only be carried out by the Board of Governors.



**Article 19.** The Board of Directors will be a permanent body, which shall normally function at the Bank's headquarters, and may also meet in any member country of the Bank. Likewise, the Board of Directors may hold meetings in any other place, taking advantage of meetings of the Board of Governors.

The quorum for Board of Directors meetings shall be the majority of Directors with the right to vote, including, at least, three Directors from the founding states and two Directors that represent the other members of the Bank, different from the founding states.

The decisions of the Board of Directors shall be adopted by the majority of the votes represented by the Directors present at the meeting, except in those cases determined by the Regulation for the Bank's Organization and Administration (Known as ROA), when a qualified majority would be required. The Directors must vote, positively or negatively, on matters submitted to vote, except when there is a conflict of interest of a personal nature, in which case they must abstain from voting and participating in the discussion of the respective issue. Each Titular Director will have as many votes as shares with the right to vote held by the member or members that he represents. The Alternate Directors will have a voice but not the right to vote.

The Directors shall have the right to reason out their votes.

**Article 20.** In accordance with provisions established in Article 11, letter d) of this Agreement, the Board of Governors shall elect an Executive President from a list of three candidates, selected on the basis of a contest, who will be the highest-ranking officer in the administrative management of the Bank and the Institution's legal representative. The Executive President shall hold his position for five years and may be reelected one time only. In case of reelection, the Board of Governors will have the power to disregard the contest procedure.

The Executive President must be a national of one of the founding states, a person of recognized capacity and broad experience in economic, financial or banking affairs. The position of the Executive President is incompatible with any other, except teaching positions, provided that these do not interfere with his duties as Executive President of the Bank.

The Executive President shall participate in the meetings of the Board of Governors, with voice but without vote, in accordance with the corresponding regulations.

Under the direction of the Board of Directors, the Executive President shall conduct the administration of the Bank. He shall also preside over the meetings of the Board of Directors, with voice but without vote, as well as to comply with and enforce the Constitutive Agreement, the regulations of the Bank and the decisions of the Board of Governors and of the Board of Directors. In addition, he shall decide on that which is not explicitly reserved for the Board of Governors or for the Board of Directors in this Agreement or in the pertinent regulations.

The Executive President can only be removed by the Board of Governors, based on the provisions issued by the Board of Governors to regulate the election and removal of the Executive President, pursuant to Article 11, letter d) of this Agreement.



If the position of Executive President becomes vacant, the Board of Governors shall proceed to elect a new Executive President for a new term. This shall take place in a period of no more than 120 days, from a list of three candidates selected on the basis of a contest.

**Article 21.** An Executive Vice-president shall be elected by the Board of Directors from a list of three candidates proposed by the Executive President on the basis of a contest. He shall meet the same requirements established for the Executive President, except with regard to nationality, and shall substitute him during his temporary absences with his same faculties and authority.

The Executive Vice-president shall hold his position for five years, and may be reelected once. In case of reelection, the Board of Directors will have the power to disregard the contest procedure.

At the proposal of the Executive President, the Board of Directors shall determine the authority and functions to be performed by the Executive Vice-president when he is not acting in substitution of the Executive President.

The Executive Vice-president shall have a different nationality than that of the Executive President of the Bank and will have the faculty to participate in the Board of Directors' meetings, with voice but without vote.

The Executive Vice-president can only be removed by the Board of Directors of the Bank, at the initiative of the Board or upon a reasoned proposal of the Executive President, based on the causes established in the respective regulation.

If the position of the Executive Vice-president becomes vacant, the Board of Directors shall proceed to elect a new Executive Vice-president for a new term. This shall take place in a period of no more than 120 days, from a list of three candidates selected on the basis of a contest.

**Article 22.** In the discharge of their duties, the Executive President, the officers and employees of the Bank, owe their duty entirely to the Bank and shall recognize no other authority. The member states shall respect the international character of this duty.

The Directors, the Executive President, the Executive Vice-President and the officers of the Bank who hold managerial or equivalent positions, are understood to be bound to the Bank in a relationship of trust and must perform their duties with the good faith and diligence of a loyal and efficient administrator. The aforementioned Directors and officers shall answer to the Bank and to third parties for any damage caused due to their fault or negligence. In the event of concurrent fault or negligence, the ensuing responsibility shall be joint. The regulation approved by the Assembly Governors in this regard shall specify the elements of responsibility, both individual as well as joint.

**Article 23.** The paramount consideration taken into account by the Bank in the employment of its personnel and in the determination of the conditions of service shall be the necessity of securing the highest standards of efficiency, competence and integrity. As a secondary criterion, without prejudice to the previously mentioned criteria, the Bank will try to hire its personnel so that there is balanced representation among the founding countries.



**Article 24.** The Directors, officers and employees of the Bank -except the Governors in their respective countries- shall not be permitted to take active participation in political affairs.

## CHAPTER V INTERPRETATION AND ARBITRATION

**Article 25.** Any divergence with respect to the interpretation or application of the provisions of this Agreement, arising between any member and the Bank or among the member states, shall be submitted to the Board of Directors for a decision.

Member states especially affected by the divergence are entitled to be represented before the Board of Directors.

Any member state may request that the divergence resolved by the Board of Directors, in accordance with the preceding paragraph, be submitted to the Board of Governors, whose decision shall be final. Pending the decision of the Board of Governors, the Bank may act, as it deems necessary, on the basis of the decision of the Board of Directors.

**Article 26.** If a disagreement should arise between the Bank and a state that has ceased to be a member or between the Bank and any member after adoption of a decision to terminate the Bank's operations, said disagreement shall be submitted to the arbitration of a tribunal composed of three people. One of these arbitrators shall be designated by the Bank and the other by the concerned state.

Both of them shall appoint the third arbitrator. If there is no agreement regarding this appointment, the third arbitrator shall be appointed by the President of the International Court of Arbitration of the International Chamber of Commerce based in Paris, France.

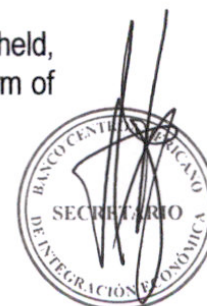
The third arbitrator may decide on all procedural matters, should the parties be in disagreement with respect thereto.

## CHAPTER VI IMMUNITIES, EXEMPTIONS AND PRIVILEGES

**Article 27.** In the exercise of its functions and in accordance with its objective, in the territory of member states the Bank shall be accorded the immunities, exemptions and privileges set forth in this chapter or otherwise granted.

**Article 28.** Legal actions may be brought against the Bank only in a court of competent jurisdiction in the territory of a member country in which the Bank has an office, has appointed an agent or representative for the purpose of accepting service or notification of process, or has issued or guaranteed securities.

**Article 29.** Property and assets of the Bank, wheresoever located and by whomsoever held, shall be immune from confiscation, seizure, attachment, lien, auction, adjudication or any other form of apprehension or forced alienation without a final judgment against the Bank.





Property and other assets of the Bank shall be considered public international property and shall be immune from search, requisition, confiscation, expropriation or any other form of apprehension or forced alienation by executive or legislative action.

All property and other assets of the Bank shall be free from restrictions, regulations, controls or moratorium of any nature, except as may otherwise be provided in this Agreement.

**Article 30.** The archives of the Bank shall be inviolable and shall have absolute immunity.

**Article 31.** In the member states the Bank's communications shall be accorded the same franchises granted to official communications.

**Article 32.** Personnel of the Bank, regardless of category, shall have the following privileges and immunities:

- a) Immunity from legal, administrative or legislative processes with respect to acts carried out by them in their officer capacity, except when the Bank waives this immunity.
- b) Non-nationals of a member country will be granted the same immunities and privileges regarding immigration restrictions, alien registration requirements and military service obligations and all other facilities with respect to exchange rate provisions and travel regulations that the country grants to personnel of comparable rank from the other members.

**Article 33.**

- a) The Bank, its income, property and other assets, as well as the operations and transactions it carries out pursuant to this Agreement, shall be exempt from all taxation and from all custom duties or other charges of a similar nature. The Bank shall also be exempt from any obligation relating to the payment, withholding or collection of any tax, contribution or duty.
- b) No tax or lien of any kind shall be levied on any obligation or security issued or guaranteed by the Bank by whomsoever held, including any dividend or interest thereon.
- c) No tax shall be levied on salaries and emoluments paid by the Bank to its personnel, regardless of category.<sup>2</sup>

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<sup>2</sup> **Notes from the Secretariat.** The Republic of Korea, made the following reservation to article 33, letters b and c: The Republic of Korea, through its corresponding tax authorities, shall retain the right to tax with respect to:

- a) Income of a resident of Korea in respect to any obligation or security issued or guaranteed by the Bank;
- b) Salaries and emoluments paid by the Bank to its personnel who are nationals and residents of the Republic of Korea".



**CHAPTER VII  
REQUIREMENTS FOR OBTAINING  
GUARANTIES OR LOANS**

**Article 34.** The shareholders of the institution, natural person, public or private legal entities and financial entities established in the member states, may obtain guaranties or loans from the Bank, under the conditions and limitations set out in the regulations that the Board of Governors established to that end.

In addition, the aforementioned persons and entities that operate in the Central American region may obtain loans and guarantees to attend programs and projects related to: a) Support the exports of the states of the Central American region towards third countries and b) Investments or co-investments to be carried outside of the Central American region in support of the exports from the states of such region by persons who are domiciled and have their primary assets located there.

Based on the regulations approved by the Board of Governors, the Bank may act as trustee of funds from external sources whose beneficiaries are third countries, as long as there is an interest for the Central American region and a financial benefit for the Bank.

**CHAPTER VIII  
ADHESION OF NEW MEMBERS AND AMENDMENTS**

**Article 35.** The adhesion of new members to the Bank and the amendments to the present Constitutive Agreement will be regulated by the following provisions:

- a) The states and international organizations referred to in article 4, section A, which are non-signatory to the present Agreement, may adhere to it, provided that they are admitted in accordance with the provisions of the present Agreement.
- b) The present Agreement can only be modified by a resolution of the Board of Governors, adopted by a three-fourths majority of the total votes of the members, including four Governors of the founding states.
- c) Notwithstanding the provisions of letter b) above, any modification that alters the following shall require a three-fourths majority of the total votes of the members, including the favorable vote of the five founding countries:
  1. Chapter I, Nature, Objective and Headquarters.
  2. The majorities established in articles 4, section A, sixth paragraph, and section B, letter f); 16; 35, letters b) and c); 36; 37 and 44.
  3. Chapter IV, Organization and Administration.
  4. The principle of 51% of the capital for the founding members established in articles 4, section B, letter h) and 37, third paragraph.



The unanimous vote of all members will be required to modify the following regulations:

1. The payment requirements of callable capital indicated in clause 2, letter i), section B of article 4.
  2. The liability limitation prescribed by the last paragraph of article 5.
  3. The right to withdraw from the Bank established in articles 37 and 39.
  4. The provision included in numeral 4, of letter b) of Section B, of article 4, that refers to the "C" series shares.
- d) Any proposal for the amendment of this Agreement, whether presented by a member or by the Board of Directors, shall be communicated to the President of the Board of Governors, who shall submit it for the consideration of the Board of Governors. When an amendment has been approved, the Bank shall so certify in an official communication addressed to all of its members. Amendments shall enter into force, for all members, three months after the date of the official communication, unless the Board of Governors has established a different term<sup>3</sup>.

#### CHAPTER IX DISSOLUTION AND LIQUIDATION

**Article 36.** The Bank shall be dissolved:

- a) By the unanimous decision of the member states; or,
- b) When only one of the founding countries remains adhered to this Agreement.

In the event of dissolution, the Board of Governors shall determine the conditions under which the Bank will terminate its operations, liquidate its obligations and distribute the capital and surplus reserves after liquidation of said obligations among the member states.

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<sup>3</sup> **Notes from the Secretariat.** The Republic of Costa Rica, by means of Law No. 8223 dated March 4 2002, approved the amendments to the Bank's Constitutive Agreement included in resolution AG-1/98 and, in connection with this letter d), expressed the following: "The Government of the Republic of Costa Rica makes a reservation to letter d) of article 35, in the sense that, for the Costa Rican State, the amendments will enter into force provided that the constitutional procedure set forth in clause 4) of article 121 of the Political Constitution is fulfilled."

Likewise, through Act No. 884 dated June 4, 2004, the Republic of Colombia approved the amendments to the Bank's Constitutive Agreement included in resolution No. AG-1/98, with the following reservation to article 35: "As per procedures provided in its Constitution, the Colombian State will request the approval from the National Congress of the Republic and the review from the Constitutional Court, regarding any amendment to the Constitutive Agreement of the Central American Bank for Economic Integration -CABEI-, which may imply new obligations for the Republic of Colombia, or which may modify the obligations previously assumed by it."



## CHAPTER X GENERAL PROVISIONS

**Article 37.** The present Agreement shall be of unlimited duration and may not be denounced prior to fifteen years after January 1, 1990. Denunciation shall become effective five years after its presentation. The Agreement shall remain in force as long as at least two founding countries remain adhered thereto.

The Board of Governors shall have the responsibility of establishing the rules to be applied in the event of withdrawal of member countries, with respect to the shares held by the withdrawing country.

In the event of withdrawal by a founding country, the rules must be adopted by the Board of Governors with the concurring vote of all the founding members continuing with the Bank, maintaining, in any case, the principle of 51% of the capital for the founding countries and the same number of Directors for the founding countries set forth by Article 16 of this Agreement.

**Article 38.** The present Agreement shall enter into force on the date of deposit of the third ratification instrument at the General Secretariat of the Organization of Central American States. For those Central American states adhering to it subsequently, it shall enter into force on the date of deposit of the respective instrument at said Secretariat.

**Article 39.** In the event that a signatory state ceases to be a member of the Bank, it shall continue to be responsible for direct obligations with the Bank and for obligations with the same deriving from loans, credits or guaranties obtained prior to the date on which the state ceases to be a member. However, it shall not be responsible for loans, credits or guaranties granted after its withdrawal as a member.

The rights and obligations of the state that ceases to be a member shall be determined in accordance with the special liquidation balance sheet, which shall be prepared to such effect as of the date on which the separation becomes effective.

**Article 40.** The Bank may offer its facilities for the organization and operation of a Clearing House on behalf of the Central Banks of the Central American countries, provided that they so request.

**Article 41.** The General Secretariat of the Central American Integration System (SG-SICA) shall be the depository of this Agreement and shall forward certified copies of the same to the Ministries of Foreign Affairs and headquarters of the contracting members, to whom it shall immediately notify of the resolution approved by the Board of Governors amending the Agreement, as well as any denunciation that takes place. Upon entry into force of the Agreement, the aforementioned General Secretariat shall also proceed to forward a certified copy thereof to the General Secretariat of the United Nations Organization for the purposes of registry set forth in Article 102 of the Charter of the United Nations.



**Article 42.** The Bank constituted under the present Agreement is the institution referred to in Resolutions 84 and 101 of the Committee for the Economic Cooperation of the Central American Isthmus and, with its establishment, Guatemala, El Salvador and Honduras hereby comply with the provisions regarding the creation of the Fund for Development and Assistance agreed upon in the Treaty for Economic Association and in the Protocol subscribed by said countries on June 8, 1960.

**Article 43.** The official language of the Bank is Spanish.

**Article 44.** A member that fails to comply with the obligations established in this Agreement or with other obligations towards the Bank shall be subject to the sanctions set forth in the regulation issued to that end by the Board of Governors.

When the corresponding sanction involves suspension, it shall be decided by the Board of Governors by a three-fourths majority of the total votes of the members, which, in addition, shall include the vote of at least three founding states.


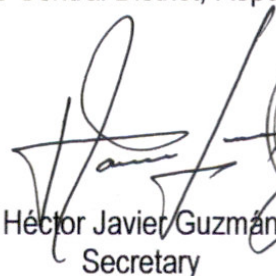
In case of suspension, and for as long as it shall remain in effect, the affected member may not exercise those of the rights conferred by this Agreement that are specified by the regulation referred to in this article.

**Special Provision:** Belize will be considered as a non-founding regional member once it has complied with all the requirements necessary for that category.

Nevertheless, and until the date on which the aforementioned requirements have been complied with, the Bank's relations, operations and programs with Belize will continue to be regulated by the provisions of the association agreement signed by Belize and CABEL pursuant to the corresponding regulations."

This document has been duly proofread and, to the best of my knowledge, is consistent with its originals.

Tegucigalpa, Municipality of the Central District, Republic of Honduras, February Nineth, Two Thousand Twenty-one.



Héctor Javier Guzmán  
Secretary  
CENTRAL AMERICAN BANK  
FOR ECONOMIC INTEGRATION