Institutional Presentation

June 2021
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The Central American region: C Abei’s core business

Key Economic Facts:

- **Area**: 572,563 km²
- **Population**: 60.7 million
- **Population density**: 106.1 people per km²
- **Population Growth (2017-2019)**: 1.41%
- **Regional GDP**: US$366.2 billion
- **GDP per Capita**: US$6,023

✓ The Central American region consists of eight countries: Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Belize, Panama and Dominican Republic.

✓ Central America is the sixth largest economy in LATAM.

Source:
http://www.secmca.org/simafir.html
Central American Region: Economic growth outlook

**Economic growth (percentage)**

- **2000-2008**
  - Central America: 4.4%
  - Latin America: 3.6%

- **2009-2014**
  - Central America: 3.4%
  - Latin America: 1.6%

- **2020**
  - Central America: 7.2%
  - Latin America: 7.0%

- **2021P**
  - Central America: 4.8%
  - Latin America: 4.6%

Source: International Monetary Fund, WEO April 2021

*2021 estimates

**Inflation (percentage)**

- **2000-2008**
  - Central America: 7.6%
  - Latin America: 6.4%

- **2009-2019**
  - Central America: 3.1%
  - Latin America: 5.4%

- **2020**
  - Central America: 1.8%
  - Latin America: 6.4%

- **2021P**
  - Central America: 2.8%
  - Latin America: 7.2%

Source: International Monetary Fund, WEO April 2021

*2021 estimates

- **Year 2020 indicates that Latin America fell by 7.0% while Central America by 7.2%.**
- **The projection for 2021 indicates a better recovery for Central America with 4.8% vs. 4.6% for Latin America.**
- **Average inflation in 2020 for Central America was 1.8% and the 2021 projection is 2.8%, below the average for Latin America which was 6.4% and 7.2%, respectively.**
Central American Region: Economic Outlook

Fiscal Deficit (PIB percentage)

- During the 2000-2008, the average deficit in Central America was 2.2% while LATAM stood at -1.8%
- During 2009-2019 the average deficit of Central America was 2.9% on the other hand Latam had an average of -4.3%.
- During 2020 Central America’s average deficit estimates of -7.8%, well under Latam’s average of -10.8%.

Debt (PIB percentage)

- Between 2000-2020, the average debt for Central America was 54.4% of its GDP, lower than the Latin American average at 61.1% of its GDP.
- In 2020, Central America’s average debt increased to 67.9% of its GDP due to the negative impact of the health crisis and extraordinary fiscal measures implemented while LATAM stood at 79.3%.
- In 2021, the average debt of Central America is projected to reach 70.3% of its GDP, lower than the Latin American average which stood at 79% for the same period.

Note: Data correspond to General Government.
Source: International Monetary Fund, WEO April 2021.
The Central American region and Dominican Republic: a resilient integration scheme

Latin America and the Caribbean: Interannual variation rate of intra-group export in various integration schemes, Jan-May 2020.

- Central American Common Market (CACM): -5.6%
- Pacific Alliance: -19.9%
- MERCOSUR: -22.8%
- Latin America and The Caribbean: -23.9%
- Andean Community (CAN): -28.9%
- Caribbean Community (CARICOM): -31.2%

(In percentages)

Latin American and The Caribbean: Coefficient of intra-group trade measured by exports in the various integration schemes, Jan-May 2019 and 2020

- Caribbean Community (CARICOM) 2019: 11.4% 2020: 27.4%
- Andean Community (CAN) 2019: 7.4% 2020: 24.7%
- Latin America and The Caribbean 2019: 7.3% 2020: 13.7%
- MERCOSUR 2019: 12.5% 2020: 11.9%
- Pacific Alliance 2019: 9% 2020: 2.8%
- Central American Common Market (CACM) 2019: 9% 2020: 2.7%

(In percentages)

Source: CEPAL, based on information from central banks, customs services, and statistical institutes of the region. The information corresponding to the Caribbean community is sourced from the Direction of Trades Statistics (DOTS) database of the International Monetary Fund.
International remittances levels in the region have returned to normal

➢ The region has shown a steady and healthy growth in international remittances over the course of the past 5 years, with a total increase of US$ 21.5 billion from year 2015 to US$ 34 billion in year 2020.

➢ The decrease in remittances showed resilience to the impact of COVID-19, ending 2020 with an average growth of 9% and starting 2021 with an average growth of 17%.
COVID-19’s impact in the Central American region

<table>
<thead>
<tr>
<th>Country</th>
<th>Confirmed cases</th>
<th>Confirmed deaths</th>
<th>% of the population partially vaccinated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Panama</td>
<td>382,475</td>
<td>6,402</td>
<td>16.5%</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>301,078</td>
<td>3,654</td>
<td>34.9%</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>327,979</td>
<td>4,153</td>
<td>19.9%</td>
</tr>
<tr>
<td>Guatemala</td>
<td>261,958</td>
<td>8,294</td>
<td>2.7%</td>
</tr>
<tr>
<td>Honduras</td>
<td>241,826</td>
<td>6,479</td>
<td>3.7%</td>
</tr>
<tr>
<td>El Salvador</td>
<td>74,141</td>
<td>2,274</td>
<td>18.1%</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>7,481</td>
<td>187</td>
<td>2.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,596,938</strong></td>
<td><strong>31,443</strong></td>
<td></td>
</tr>
</tbody>
</table>

Sources:
https://ourworldindata.org/covid-vaccinations
Data as of June 7th 1st, 2021
According to the declaration of the SICA countries in the face of the COVID-19 pandemic, an Emergency Program was approved to provide financial resources to the countries of the region to finance operations for the prevention, detection and treatment of COVID-19 and mitigation of its economic impact in these countries. The Program will be financed with regular CABEI resources of up to **US$3,060,125,000**

<table>
<thead>
<tr>
<th>Components</th>
<th>Amount in US$</th>
<th>Financial Instruments and Institutional Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Emergency AID</td>
<td>8,000,000</td>
<td>Grant to the Public Sector</td>
</tr>
<tr>
<td>2. Aid for the regional purchase and supply of medicines and medical equipment for early detection of COVID-19.</td>
<td>2,100,000</td>
<td>Grant to the Public Sector</td>
</tr>
<tr>
<td>3. Credit to finance Public Sector Operations.</td>
<td>350,000,000</td>
<td>Sovereign and non-sovereign Public Sector Loan</td>
</tr>
<tr>
<td>4. Credit Program to Support the Liquidity Management of Central Banks.</td>
<td>1,000,000,000</td>
<td>Central Bank Credit Line</td>
</tr>
<tr>
<td>5. Financial Sector Support Facility.</td>
<td>650,000,000</td>
<td>Loans, trade finance and guarantees to the financial sector.</td>
</tr>
<tr>
<td>6. Support for the Trifinio Project.</td>
<td>25,000</td>
<td>Grant to the Trifinio Project</td>
</tr>
<tr>
<td>7. Support for the acquisition of Vaccines to immunize the population against COVID-19.</td>
<td>800,000,000</td>
<td>Loans to the sovereign public sector.</td>
</tr>
<tr>
<td>8. Employment and youth entrepreneurship.</td>
<td>250,000,000</td>
<td>Loans to the sovereign public sector.</td>
</tr>
<tr>
<td><strong>Total amount of the program</strong></td>
<td><strong>3,060,125,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
CABEI also approved US$2,513.0 million for the Central American Program for Resilient Reconstruction

<table>
<thead>
<tr>
<th>Components</th>
<th>CABEI Resources (US$)</th>
<th>External Resources (US$)</th>
<th>Total Amount (US$)</th>
<th>Financial instrument and sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Emergency aid</td>
<td>3,000,000</td>
<td>TBD</td>
<td>3,000,000</td>
<td>Non-Refundable</td>
</tr>
<tr>
<td>2. Technical assistance funds and preparation of FCC investments projects</td>
<td>5,000,000</td>
<td>5,000,000</td>
<td>10,000,000</td>
<td>Non-Refundable</td>
</tr>
<tr>
<td>3. Public investment Program</td>
<td>600,000,000</td>
<td>600,000,000</td>
<td>1,200,000,000</td>
<td>Public Sector Loan</td>
</tr>
<tr>
<td>4. Private investment program</td>
<td>400,000,000</td>
<td>400,000,000</td>
<td>800,000,000</td>
<td>Public and Private sector loans, Private and public partnership loans</td>
</tr>
<tr>
<td>5. Theme bonds: Green and ESG.</td>
<td>500,000,000</td>
<td>N/A</td>
<td>500,000,000</td>
<td>Regional and Global Bond Issuances</td>
</tr>
<tr>
<td>6. Knowledge development and management on adaptation to climate change.</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>Support from CABEI’s Members and international institutions.</td>
</tr>
</tbody>
</table>

In response to the damage caused by hurricanes ETA and IOTA in the region, CABEI supported its member countries with the approval of the Central American Program for Resilient Reconstruction for an amount of up to US$2,513 million with the objective of encouraging SICA countries to confront and combat to climate change.
Given substantial work towards regional trade integration over the last half century, Central America has emphasized multilateral initiatives that underpin integration:

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Year approved</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free trade agreement between <strong>Chile</strong> and Central America</td>
<td>Formally signed October 1999</td>
<td>Improved hemispheric integration. Improved rules for the investments promotion. Create an expanded and secure market for the goods produced.</td>
</tr>
<tr>
<td>Free trade agreement between <strong>Panama</strong> and Central America</td>
<td>Formally signed March 2002</td>
<td>Improved commercial relationship in the region. Increased the economic and social development.</td>
</tr>
<tr>
<td>Central America* – <strong>USA</strong> Free Trade Agreement (DR-CAFTA)</td>
<td>Formally signed May 2004</td>
<td>Improved commercial relationship in the region. Increased the market access. Encouraged a complementary agenda for Central America Region.</td>
</tr>
<tr>
<td>Free trade agreement between <strong>Mexico</strong> and Central America</td>
<td>Formally signed November 2011</td>
<td>Improved the competitiveness between Central America and Mexico. Increased the economic and social development. Removed commercial barriers and facilitated the trade between Central America and Mexico.</td>
</tr>
<tr>
<td>The <strong>European Union</strong> - Central America Association Agreement (EU-CAAA)</td>
<td>Formally signed June 2012</td>
<td>Improved commercial and cooperative relationship between regions. Increased social development in the Central America Region.</td>
</tr>
<tr>
<td>Free trade agreement between the <strong>Republic of Korea</strong> and Central America**</td>
<td>Formally signed February 2018</td>
<td>On June 18, 2015, Central American countries and the Republic of Korea launched negotiations towards a free trade agreement, which concluded on November 16, 2016 in Managua, Nicaragua. On February 21, 2018, the FTA was signed in Seoul, Korea with Costa Rica, El Salvador, Honduras, Nicaragua, and Panama. The agreement took effect on October 1, 2019.</td>
</tr>
<tr>
<td>Free trade Agreement between the <strong>United Kingdom</strong> and Central America**</td>
<td>Formally signed July 2019</td>
<td>On July 2019, a free trade agreement was signed between the United Kingdom and the Central American Region, with the aim of ensuring trade relations, considering the United Kingdom’s withdrawal (BREXIT) from the EU. This incorporates changes that differentiate the existing agreement between the EU and Central America.</td>
</tr>
</tbody>
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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 29, 2020 (Resolution DI-04/2020).
Extraordinary shareholder support through highly rated non-regional members

- Supranational development bank focused on Central America, founded in 1960
- Headquartered in Tegucigalpa, Honduras
- Founding Members:
  - El Salvador
  - Guatemala
  - 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)
CABEI as part of the Central American Integration System (SICA by its acronym in Spanish)

SICA’s purpose is to achieve the integration of Central America for it to become a Region of Peace, Freedom, Democracy and Development.

CABEI is SICA’s financial arm.

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**Member states**
- Belize
- Costa Rica
- El Salvador
- Guatemala
- Honduras
- Nicaragua
- Panama
- Dominican Republic

**Extraregional observers**
- Republic of China (Taiwan)
- 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
- Republic of Serbia

**Regional Observers**
- United Mexican States
- Federative Republic of Brazil
- Argentina
- Republic of Peru
- United States of America
- Ecuador
- Uruguay
- Republic of Colombia
CABEI has 413 employees based at its headquarters in Tegucigalpa and in its 7 regional offices (1 regional office for each Founding Member Country, 1 office in Panama, and 1 recently opened regional office in the Dominican Republic).

Currently, CABEI has plans to expand its global presence through the opening of offices in the Republic of China (Taiwan), the Republic of Korea, Spain, and Argentina.
Throughout the years CABEI has consolidated its role as the Multilateral Development Bank with the most relevant presence in the Central American region with a participation close to 50% in the disbursements of the region in the last 15 years (2004-2018).

This consolidation has been mainly derived from the Preferred Creditor Treatment conferred to CABEI by its member countries.
Rising importance of CABEI in the Region

Since its creation, CABEI has disbursed over **US$31.2 billion** to the Central American region.

In times of economic crisis, CABEI has continued to fulfill its mandate; thus strengthening the preferential creditor status.

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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February 2015
CABEI's Board of Governors approved the proposed amendments to its Constitutive Agreement.

April 2014
CABEI’s Board of Governors required the formulation of an action plan to modify the Institution’s Constitutive Agreement.

June 2016
The amendments to the Constitutive Agreement became effective.

2016: Amendments to CABEI’s Constitutive Agreement

- Consolidate CABEI’s Preferred Creditor Treatment (PCT) and the support of its shareholders
- Strengthening of CABEI’s capital base
- Encourage greater diversification of the loan portfolio

- Improve the perception regarding CABEI’s PCT among Credit Rating Agencies and financial markets.
- Recurring capitalization processes.
- Diversification as an additional source of Capital.
- Preferential Treatment granted by member countries compared to other MDBs.
- Increasing the attractiveness of the Bank for potential new member countries and/or public organizations with international scope.
- Increase the Bank's lending capacity.
- Expedite the approval of capital increases.
- Promote equal treatment for SICA member countries.
- Normalize Belize’s status as a Non-Founding Regional Member.
Results of Amendments to CABEI’s Constitutive Agreement: capital increase, loan diversification and incorporation of new members

CABEI’s Board of Governors approved the increased participation of the Republic of Panama and the Dominican Republic for US$197.4 million each, within the Bank’s shareholder structure, for a total subscription of shares of US$256.0 million each.

Belize acquires the status of non-founding regional member of CABEI.

Cuba became a non-regional member, through a US$50.0 million capital subscription.

On December 31, 2019, the Republic of Korea’s Adhesion Protocol to CABEI’s Constitutive Agreement and shares Subscription Agreement entered into full force and effect. As of that date, the Republic of Korea’s US$450 million capital subscription became effective.

CABEI’s authorized capital increased from US$5.0 billion to US$7.0 billion.

On July, 2020, the implementation process of the 8th GCI was completed, within the framework of which the founding, non-founding regional and extra-regional members formalized the subscription of 195,330 shares (all of the available shares) equivalent to a subscribed capital of US$1,953.3 million.
CABEI’s Capital Structure: almost 20% attributed to highly-rated Asian countries

Capital Structure as of may 2021

<table>
<thead>
<tr>
<th>Founding Members</th>
<th>Subscribed Capital (US$)</th>
<th>Subscribed Callable Capital (US$)</th>
<th>Subscribed Paid-in Capital (US$) (*)</th>
<th>No. of Series A Shares</th>
<th>No. of Series C Shares</th>
<th>Total No. of Shares (A+C)</th>
<th>Series A Shares % of Authorized Capital</th>
<th>Share Participation (A+C) (%)**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guatemala</td>
<td>714,000,000</td>
<td>535,500,000</td>
<td>178,500,000</td>
<td>71,400</td>
<td>21,147</td>
<td>92,547</td>
<td>10.20%</td>
<td>10.73%</td>
</tr>
<tr>
<td>El Salvador</td>
<td>714,000,000</td>
<td>535,500,000</td>
<td>178,500,000</td>
<td>71,400</td>
<td>21,147</td>
<td>92,547</td>
<td>10.20%</td>
<td>10.73%</td>
</tr>
<tr>
<td>Honduras</td>
<td>714,000,000</td>
<td>535,500,000</td>
<td>178,500,000</td>
<td>71,400</td>
<td>21,147</td>
<td>92,547</td>
<td>10.20%</td>
<td>10.73%</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>714,000,000</td>
<td>535,500,000</td>
<td>178,500,000</td>
<td>71,400</td>
<td>21,147</td>
<td>92,547</td>
<td>10.20%</td>
<td>10.73%</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>714,000,000</td>
<td>535,500,000</td>
<td>178,500,000</td>
<td>71,400</td>
<td>21,147</td>
<td>92,547</td>
<td>10.20%</td>
<td>10.73%</td>
</tr>
</tbody>
</table>

Total Founding Members 3,570,000,000 2,677,500,000 892,500,000 357,000 105,735 462,735 51.00% 53.66%

<table>
<thead>
<tr>
<th>Non-Founding Regional Members</th>
<th>Subscribed Capital (US$)</th>
<th>Subscribed Callable Capital (US$)</th>
<th>Subscribed Paid-in Capital (US$) (*)</th>
<th>No. of Series B Shares</th>
<th>No. of Series C Shares</th>
<th>Total No. of Shares (B+C)</th>
<th>Series B Shares % of Authorized Capital</th>
<th>Share Participation (B+C) (%)**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dominican Republic</td>
<td>378,400,000</td>
<td>283,800,000</td>
<td>94,600,000</td>
<td>37,840</td>
<td>5,180</td>
<td>43,020</td>
<td>5.41%</td>
<td>4.99%</td>
</tr>
<tr>
<td>Panama</td>
<td>358,400,000</td>
<td>268,800,000</td>
<td>89,600,000</td>
<td>35,840</td>
<td>5,655</td>
<td>41,495</td>
<td>5.12%</td>
<td>4.81%</td>
</tr>
<tr>
<td>Belize</td>
<td>25,000,000</td>
<td>18,750,000</td>
<td>6,250,000</td>
<td>500</td>
<td>394</td>
<td>2,894</td>
<td>0.36%</td>
<td>0.34%</td>
</tr>
</tbody>
</table>

Sub-total 761,800,000 571,350,000 190,450,000 76,180 11,229 87,409 10.86% 10.14%

<table>
<thead>
<tr>
<th>Non-Regional Members</th>
<th>Subscribed Capital (US$)</th>
<th>Subscribed Callable Capital (US$)</th>
<th>Subscribed Paid-in Capital (US$) (*)</th>
<th>No. of Series B Shares</th>
<th>No. of Series C Shares</th>
<th>Total No. of Shares (B+C)</th>
<th>Series B Shares % of Authorized Capital</th>
<th>Share Participation (B+C) (%)**</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROC (Taiwan)</td>
<td>776,250,000</td>
<td>582,187,500</td>
<td>194,062,500</td>
<td>77,625</td>
<td>20,864</td>
<td>98,489</td>
<td>11.09%</td>
<td>11.42%</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>630,000,000</td>
<td>472,500,000</td>
<td>157,500,000</td>
<td>63,000</td>
<td>2,769</td>
<td>65,769</td>
<td>9.00%</td>
<td>7.63%</td>
</tr>
<tr>
<td>Mexico</td>
<td>306,250,000</td>
<td>229,687,500</td>
<td>76,562,500</td>
<td>30,625</td>
<td>12,486</td>
<td>43,111</td>
<td>4.38%</td>
<td>4.00%</td>
</tr>
<tr>
<td>Argentina</td>
<td>305,800,000</td>
<td>229,350,000</td>
<td>76,450,000</td>
<td>30,540</td>
<td>6,085</td>
<td>36,665</td>
<td>4.37%</td>
<td>4.25%</td>
</tr>
<tr>
<td>Spain</td>
<td>280,000,000</td>
<td>210,000,000</td>
<td>70,000,000</td>
<td>28,000</td>
<td>8,293</td>
<td>36,293</td>
<td>4.00%</td>
<td>4.21%</td>
</tr>
<tr>
<td>Colombia</td>
<td>203,000,000</td>
<td>152,250,000</td>
<td>50,750,000</td>
<td>20,300</td>
<td>5,987</td>
<td>26,287</td>
<td>2.90%</td>
<td>3.05%</td>
</tr>
<tr>
<td>Cuba</td>
<td>50,000,000</td>
<td>37,500,000</td>
<td>12,500,000</td>
<td>5,000</td>
<td>555</td>
<td>5,555</td>
<td>0.71%</td>
<td>0.64%</td>
</tr>
</tbody>
</table>

Sub-total 2,551,300,000 1,913,475,000 437,825,000 285,136 57,035 352,171 36.45% 36.20%

Sub-total Non-Founding Members 3,313,100,000 2,484,825,000 628,275,000 331,310 68,266 399,576 47.33% 46.34%

Total Subscribed Capital 6,883,100,000 5,162,325,000 1,720,775,000 688,310 174,003 862,313 98.33% 100.00%

Unsubscribed Shares 116,900,000 11,690 1.67%

Total Authorized Capital 7,000,000,000 700,000 100%

Under CABEI’s 8th General Capital Increase (GCI), the second one in less than a decade, shareholder participation of founding member countries falls from 64.4% in 2015, to 54.0% in 2020.

The amendments to the Constitutive Agreement and the incorporation of new members, further strengthen CABEI’s “business profile”, as they solidify its relationship with all of its members and diversify its shareholder structure.

Considering current subscriptions, CABEI’s 8th GCI will generate at least US$488.3 million in new paid-in capital installments.

Capital subscribed by members rated at or above a “AA-” rating reached 19.2% (Taiwan and the Republic of Korea) from 17.9%.
New Paid-in Capital 2020-2024 to strengthen CABEI’s solvency
The impact of CABEI’s investments

Impact on Development Assessment System (SEID for its acronym in Spanish) aims to assess the impact on development for operations financed by CABEI. The Evaluation Cycle brings together the necessary steps to complete the evaluation process from ex ante, half term to ex post within the CABEI Project Cycle.

Results on Development (2015-2020)

- **HIGH (≥70%)**
  - 367,357 Area for Education (m²)

- **SATISFACTORY (≥40%)**
  - 411 Km of distribution and conduction channels for irrigation built and improved
  - 105,330 Area for health care built and rehabilitated (m²)
  - 46,416 Area under irrigation (hectares)

- **LOW (>40%)**
  - 424,327 Students beneficiaries
  - 29,130 Dock construction and rehabilitation area (m²)
  - 2,147 Kilometers of roads to be built, improved and rehabilitated
  - 15,633 MSMEs benefited with access to loans with preferential rates
  - 1,686,735 Beneficiaries of water for human consumption
Evolution of Credit Approvals and Disbursements

**Approvals by Institutional Sector December 2020**

- 96%
- 4%

**Disbursements by Institutional Sector December 2020**

- 78%
- 22%
Approvals by Member Type

<table>
<thead>
<tr>
<th>Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Founding</td>
<td>86%</td>
</tr>
<tr>
<td>Non-Founding</td>
<td>14%</td>
</tr>
</tbody>
</table>

Disbursements by Member Type

<table>
<thead>
<tr>
<th>Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Founding</td>
<td>69%</td>
</tr>
<tr>
<td>Non-Founding</td>
<td>31%</td>
</tr>
</tbody>
</table>
CABEI approves US$ 2.5 billion for the Central American Program for resilient reconstruction.

November 2020, Central America was massively struck by two devastating hurricanes, ETA and IOTA, which brought along enormous damage in terms of infrastructure, crop losses and damage to the housing infrastructure of the region, as a result on November 16th 2020, the bank announced the approval of the Central American Program for Resilient Reconstruction in response to natural disaster emergencies for an amount of US$2.5 billion. These resources will be oriented to finance projects that address and prevent natural disasters for the sake of adapting to climate change, to restore livelihoods and create socioeconomic opportunities in affected communities.

CABEI approved the Emergency Support and Preparedness Program for COVID-19 and economic reactivation of US$3.06 billion.

The Program responds to the efforts for the prevention and containment of the health emergency faced by the member countries of the Bank. The program includes:

- Emergency aid and non-reimbursable funds.
- Support to purchase of medical supplies.
- Finance sector public operations.
- Liquidity management of central banks.
- Support the financial sector to support SMEs
- Credit facility for the acquisition and application of vaccines.

CABEI approves US$399.2 million for mega-project that will supply potable water to the Great Metropolitan Area of Costa Rica.

CABEI approved the Costa Rican Institute of Aqueducts and Sewerage of the Republic of Costa Rica to finance the Supply Project for the Fifth Stage Metropolitan Aqueduct. The project consists of the construction of 44.3 kilometers of pipelines, of which 8.6 km are tunnels, a new water treatment plant and six storage tanks with a total capacity of 50,000 cubic meters, infrastructure that will allow the capture, treatment and distribution of 2.5 m³/s (cubic meters per second) of drinking water in the Great Metropolitan Area and surrounding areas. The direct beneficiaries are estimated at 638,000 people.
Regional Integration Projects

Energy - SIEPAC II Project: It consists in the supply and installation of a second power transmission circuit, reaching an additional 996.4 km of high voltage lines. Consequently, the power line in the SIEPAC infrastructure will go from 1,790.0 km to 2,786.4 km. Similarly, the energy exchange capacity will increase from 300 MW to 600 MW of maximum capacity of simultaneous energy trade. With the execution of this project, the quality, safety and performance of the system is increased, which improves the continuity of the electric service, contributing to the elimination of electricity rationing.

CABEI’s Investment: The investment in this second phase of the SIEPAC is for US$128.0 million.

Dry Corridor: CABEI has provided technical cooperation resources to the countries in order to finance the preparation of the technical and financial documents related to the “Regional Program to Increase the Resilience to Climate Change in the Central American Dry Corridor and Arid Zones of the Dominican Republic” to be presented for financing to the Green Climate Fund (GCF).

CABEI’s Investment: Currently, the investment corresponds to a non-reimbursable cooperation for US$2.8 million.

Gulf of Fonseca: The presidents of the Republics of El Salvador, Honduras, and Nicaragua, requested that CABEI becomes the leading financial entity in the process of preparing the Trinational Investment and Economic Development Project Master Plan for the Gulf of Fonseca that will serve as the planning, negotiation, and management instrument for this project. CABEI plans to contribute to the logistics development of the region through studies and action plans in order to identify a portfolio of investment programs and projects to promote the economic, social and sustainable transformation of the Gulf of Fonseca.

CABEI’s Investment: Currently, the investment corresponds to a non-reimbursable cooperation for US$732 thousand to finance the preparation of the Master Plan.
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8. Comparison with other MDBs
On Friday, March 8, 2019, Standard & Poor’s (S&P) upgraded the long-term international credit rating of the Central American Bank for Economic Integration (CABEI) by two notches from A+ to AA; with a stable outlook.

S&P stated that its assessment of the Bank’s policy importance is supported by key developments following the amendments to CABEI’s Constitutive Agreement which became effective in 2016, with the objective of improving the institution’s governance, increasing its membership base and enabling additional financing through the diversification of its loan portfolio and additional capital injections.

According to the official statement issued by the rating agency, the aforementioned upgrade results from the solid preferred creditor treatment that member countries grant the institution which supports the Bank’s capital position and the fact that CABEI has managed to extend its mandate and increase its membership base through the recent incorporation of the Republic of Korea.

S&P highlighted the fact that during the last 10 years, a period they define as an economic cycle, borrowing members have not entered into arrears in their debt service to the Bank; a situation the rating agency considers sustainable towards the future, despite the economic pressures that some countries face.

The upgrade consolidates CABEI as the best rated issuer in all Latin America, placing it at a level deemed as “high” investment grade, under which, obligations are considered as high quality, baring very low credit risk.
S&P upgrades CABEI from A+ to AA

<table>
<thead>
<tr>
<th>Ratings Score Snapshot</th>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuer Credit Rating</td>
<td>A+/Positive/A-1</td>
<td>AA/Stable/A-1+</td>
</tr>
<tr>
<td>SACP</td>
<td>a+</td>
<td>aa-</td>
</tr>
<tr>
<td>Enterprise Risk Profile</td>
<td>Strong</td>
<td>Very Strong</td>
</tr>
<tr>
<td>Policy Importance</td>
<td>Strong</td>
<td>Very Strong</td>
</tr>
<tr>
<td>Governance and management</td>
<td>Adequate</td>
<td>Adequate</td>
</tr>
<tr>
<td>Financial Risk Profile</td>
<td>Strong</td>
<td>Strong</td>
</tr>
<tr>
<td>Capital Adequacy</td>
<td>Strong</td>
<td>Strong</td>
</tr>
<tr>
<td>Funding and Liquidity</td>
<td>Strong</td>
<td>Strong</td>
</tr>
<tr>
<td>Extraordinary Support</td>
<td>0</td>
<td>+1</td>
</tr>
<tr>
<td>Callable capital</td>
<td>0</td>
<td>+1</td>
</tr>
<tr>
<td>Group Support</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Results from the solid preferred creditor treatment that member countries grant the Institution which supports the Bank’s capital position and the fact that CABEI has managed to extend its mandate and increase its membership base through the recent incorporation of the Republic of Korea.

S&P highlighted the fact that CABEI’s policy importance is supported by key developments following the 2016 amendments to its Constitutive Agreement, which improved the bank’s governance structure, increased its membership base, and unlocked additional financing through diversification and capital injections.

S&P factored extraordinary support in the form of callable capital into the rating from CABEI’s highly rated shareholder, which provides an uplift to our RAC ratio.

Currently, eligible callable capital comes from the Republic of China, Taiwan, rated ‘AA-’, for $375 million. With the Republic Korea making its capital installment payments, additional callable capital is eligible for coming years.
Credit Ratings

Credit Ratings to Date

<table>
<thead>
<tr>
<th>Agency</th>
<th>Rating</th>
<th>Long Term</th>
<th>Short Term</th>
<th>Outlook</th>
<th>Last reviewed</th>
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</thead>
<tbody>
<tr>
<td>S&amp;P</td>
<td>AA</td>
<td>A-1+</td>
<td></td>
<td>Stable</td>
<td>Sep-20</td>
</tr>
<tr>
<td>Moody’s*</td>
<td>Aa3</td>
<td>P-1</td>
<td></td>
<td>Stable</td>
<td>Jul-20</td>
</tr>
<tr>
<td>JCR</td>
<td>AA</td>
<td>N/A</td>
<td></td>
<td>Stable</td>
<td>Mar-21</td>
</tr>
</tbody>
</table>

Key Factors Supporting High Investment Grade Rating

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

CABEI’s Rating History

18 upgrades in 18 years

Agency Rating Outlook Last reviewed

S&P AA A-1+ Stable Sep-20
Moody’s* Aa3 P-1 Stable Jul-20
JCR AA N/A Stable Mar-21

S&P AA A+ Stable Sep-20
Moody’s* Aa3 P-1 Stable Jul-20
JCR AA N/A Stable Mar-21

CABEI’s Rating History

18 upgrades in 18 years

Agency Rating Outlook Last reviewed

S&P AA A-1+ Stable Sep-20
Moody’s* Aa3 P-1 Stable Jul-20
JCR AA N/A Stable Mar-21
CABEI is the highest-rated issuer in all of Latin America

<table>
<thead>
<tr>
<th>Country/Bank</th>
<th>Non-investment grade</th>
<th>S&amp;P Investment Grade</th>
<th>Moody's Investment Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>CABEI</td>
<td>BBB-</td>
<td>BBB, BBB+</td>
<td>Baa3</td>
</tr>
<tr>
<td>Chile</td>
<td>BBB</td>
<td>BB, BB+</td>
<td>Baa2</td>
</tr>
<tr>
<td>CAF</td>
<td>BBB+</td>
<td>A-</td>
<td>Baa1</td>
</tr>
<tr>
<td>FONPLATA</td>
<td>A</td>
<td>A+</td>
<td>A3</td>
</tr>
<tr>
<td>Peru</td>
<td>AA-</td>
<td>AA</td>
<td>A2</td>
</tr>
<tr>
<td>Panama</td>
<td>AA+</td>
<td>AA+</td>
<td>A1</td>
</tr>
<tr>
<td>Uruguay</td>
<td>AAA</td>
<td>AAA</td>
<td>Aaa</td>
</tr>
<tr>
<td>Colombia</td>
<td>Baa3</td>
<td>Baa3</td>
<td>Baa3</td>
</tr>
<tr>
<td>Mexico</td>
<td>Baa2</td>
<td>Baa2</td>
<td>Baa2</td>
</tr>
<tr>
<td>Paraguay</td>
<td>Baa1</td>
<td>Baa1</td>
<td>Baa1</td>
</tr>
<tr>
<td>Guatemala</td>
<td>A3</td>
<td>A3</td>
<td>A3</td>
</tr>
<tr>
<td>Brazil</td>
<td>A2</td>
<td>A2</td>
<td>A2</td>
</tr>
<tr>
<td>Bolivia</td>
<td>A1</td>
<td>A1</td>
<td>A1</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>Aa3</td>
<td>Aa3</td>
<td>Aa3</td>
</tr>
<tr>
<td>Honduras</td>
<td>Aa2</td>
<td>Aa2</td>
<td>Aa2</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>Aa1</td>
<td>Aa1</td>
<td>Aa1</td>
</tr>
<tr>
<td>Argentina</td>
<td>Aaa</td>
<td>Aaa</td>
<td>Aaa</td>
</tr>
<tr>
<td>El Salvador</td>
<td>BBB-</td>
<td>BBB, BBB+</td>
<td>Baa3</td>
</tr>
<tr>
<td>Belize</td>
<td>BBB</td>
<td>BB, BB+</td>
<td>Baa2</td>
</tr>
<tr>
<td>Ecuador</td>
<td>BBB+</td>
<td>A-</td>
<td>Baa1</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>A</td>
<td>A+</td>
<td>A3</td>
</tr>
<tr>
<td>Venezuela</td>
<td>AA-</td>
<td>AA</td>
<td>A2</td>
</tr>
<tr>
<td>Cuba</td>
<td>AA+</td>
<td>AA+</td>
<td>A1</td>
</tr>
<tr>
<td>Haiti</td>
<td>AAA</td>
<td>AAA</td>
<td>Aaa</td>
</tr>
</tbody>
</table>
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8. Comparison with other MDBs
Balance Sheet: US$ 13.3 billion, with an average growth rate of 8.6% (2015 – 2020)

Balance Sheet as of December 31, 2020 (US$ million)

Assets
- Liquid Assets US$5,177
- Loans Receivable, Net US$7,919
- Other Assets US$199

Total US$13,295

Liabilities and Equity
- Certificate of Deposit and Investment, Commercial Paper US$1,662
- Loans Payable US$1,310
- Bonds Payable US$6,527
- Other Liabilities US$108
- Equity US$3,688

Total US$13,295
Loan Portfolio: improving diversification beyond founding members

As of December 31, 2020
Loan Portfolio by Country US$8,204 Million

<table>
<thead>
<tr>
<th>Country</th>
<th>US$ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Honduras</td>
<td>1,908.3</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>1,504.6</td>
</tr>
<tr>
<td>El Salvador</td>
<td>1,279.6</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>1,276.7</td>
</tr>
<tr>
<td>Guatemala</td>
<td>916.1</td>
</tr>
<tr>
<td>Panama</td>
<td>693.1</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>351.3</td>
</tr>
<tr>
<td>Colombia</td>
<td>170.0</td>
</tr>
<tr>
<td>Mexico</td>
<td>89.9</td>
</tr>
<tr>
<td>Belize</td>
<td>11.4</td>
</tr>
<tr>
<td>Argentina</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,203.7</strong></td>
</tr>
</tbody>
</table>

Loan Portfolio by Country US$8,204 Million

- Nicaragua: 18.3%
- Honduras: 23.3%
- Costa Rica: 15.6%
- El Salvador: 15.6%
- Guatemala: 11.2%
- Panama: 8.4%
- Dominican Republic: 4.3%
- Colombia: 2.1%
- Mexico: 1.1%
- Belize: 0.1%
- Argentina: 0.03%
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 71%), in line with the trend observed over the past 5 years.
Consistent and above-peer average profitability

CABEI, in line with the principle of institutional self-sustainability, maintains consistent levels of profitability. All net income is capitalized to the general reserve.
The capital adequacy ratio is the main pillar to assure CABEI’s financial soundness.

The Bank has a strict capital adequacy requirement (35%).

CABEI, in compliance with its ALM Policy, also monitors the Capital Adequacy Ratio established by the Basel Accords; as of December 2020, Basel I ratio reached 32.2%.

The aggregate impact of diversification, the implementation of an 8th GCI, a PCT enhancement, the incorporation of new members, and the consolidation of FETS, will allow CABEI to maintain and improve its adjusted RAC ratio.
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. ALM Policy

7. Credit Risk Management

8. Comparison with other MDBs
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 December 31, 2020, the aforementioned ratios stood at 4.56x and 1.32x, respectively.

As of December 31, 2020, the effective duration of the Investment Portfolio was 0.66 years.
The credit quality of the Investment Portfolio has improved in recent years, from 94% invested in liquid assets with an A rating or higher in 2016 to 96% in 2020.

Likewise, the investment portfolio conformation by sector also reflects an improvement as the sovereign and supranational exposures have increased.
### Funding Strategy

**Objective**

To access money markets and international capital markets to ensure that the required resources to fulfill CABEI’s obligations will be available at the most efficient cost, to benefit CABEI’s borrowing member countries.

<table>
<thead>
<tr>
<th>Pilars</th>
<th>Instruments</th>
<th>Markets</th>
<th>Maturities</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Bond Issuances</td>
<td>• International</td>
<td>• Diversification by tenors</td>
<td>• Cost Efficiency</td>
</tr>
<tr>
<td></td>
<td>• Loans</td>
<td>• Regional</td>
<td>• Asset/Liability Duration Management</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Comercial Paper Program</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Term Deposits Program</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Funding Cost Optimization, which reflects the good perception international markets have regarding its credit profile and maturity as an institution.

CABEI's financing structure reflects the institution's preference for stable funding sources.

Evolution of Funding Sources shows how CABEI has matured as a frequent issuer in the capital markets.
Funding Diversification: CBEI has flexibility to access different markets and currencies

- Funding Cost Optimization.
- Investor Diversification via debt issuance across markets and currencies as well as thematic bond. Historically, CBEI has made debt placements in 24 different currencies and 23 different markets.
- Funding and Lending Match in terms of floating rate exposure.
CABEI`s Recent Transactions

- **3-Feb-2021**
  - US$ 500 Mn
  - 2021 Global Social Bond

- **4-Dic-2020**
  - NZD 72 Mn
  - 2020 Vaccine Bond II Private Placement

- **12-Nov-2020**
  - US$ 50 Mn
  - 2020 Vaccine Bond Private Placement

- **4-Jun-2020**
  - CHF 150 Mn
  - 2020 Swiss Market

- **3-Jun-2020**
  - US$ 375 Mn
  - 2020 Formosa Market

- **29-Apr-2020**
  - US$ 750 Mn
  - 2020 Global Note

- **24-Mar-2020**
  - MXN 4.3 Bn
  - 2020 Mexican Market

- **31-Oct-2019**
  - US$ 375 Mn
  - 2019 Global Green Bond
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.

Export Credit Agencies

On-lending

Central America development projects

Co-financing
CABEI’s Board of Governors, as its highest level Authority, has issued two 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:**

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

2) 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.
Diversification of Financial Instruments to channel resources for Climate Change projects

CABEI has mobilized **US$1.2 billion** to finance climate change operations within the 2016-2020 period.

### Credit Lines from Partners

CABEI’s contribution to sustainable world green finance, supporting green infrastructure in Central America

### Accreditation to Global Funds

On November 2019, CABEI issued its first Global Green Bond for a total Amount of **US$375 million**.

CABEI’s incursion in the green bond market is its latest green initiative.

### Mobilization of Resources from partners for Climate Change Projects

<table>
<thead>
<tr>
<th>Year</th>
<th>On-lending</th>
<th>Parallel co-financing</th>
<th>Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>148,363,950.80</td>
<td>21,000,000.00</td>
<td>50,000,000.00</td>
</tr>
<tr>
<td>2017</td>
<td>125,173,761.00</td>
<td>125,173,761.00</td>
<td>125,173,761.00</td>
</tr>
<tr>
<td>2018</td>
<td>375,000,000.00</td>
<td>251,076,240.00</td>
<td>375,000,000.00</td>
</tr>
<tr>
<td>2019</td>
<td>12,000,000.00</td>
<td>82,000,000.00</td>
<td>12,000,000.00</td>
</tr>
</tbody>
</table>

### On-lending

- **2016**: 148,363,950.80
- **2017**: 125,173,761.00
- **2018**: 375,000,000.00
- **2019**: 12,000,000.00
- **2020**: 148,363,950.80

### Parallel co-financing

- **2016**: 21,000,000.00
- **2017**: 251,076,240.00
- **2018**: 82,000,000.00
- **2019**: 148,363,950.80
- **2020**: 148,363,950.80

### Bonds

- **2016**: 50,000,000.00
- **2017**: 125,173,761.00
- **2018**: 125,173,761.00
- **2019**: 12,000,000.00
- **2020**: 148,363,950.80

### Green Bonds

CABEI’s incursion in the green bond market is its latest green initiative.
CABEI has implemented a strategy focused on Sustainable Development with Environmental and Social Commitments. As such, by considering Sustainability as a transverse strategic axis, CABEI aims not only to improve the quality of life of Central Americans, but also to ensure the sustainable development of the territory and its resources.

CABEI’s Green Bond issuances are intended to redirect financial flows towards strategic sectors with strong contributions to the transition to a low-carbon economy:

- Sustainable Land Use
- Renewable Energy
- Sustainable Water Management
- Clean Transport

On September 24, 2019, CABEI’s Green Bond Framework achieved a favorable Second Party Opinion (SPO) by the firm Sustainalytics. As part of its conclusion, the firm stated:

Sustainalytics: “CABEI’s Framework is aligned with the Bank’s Sustainable Development strategy and that the environmental and social use of proceeds categories will advance a number of key Sustainable Development Goals (SDGs). By adhering to strong eligibility criteria, demonstrating a structured and transparent project selection process which ensures the mitigation of environmental and social risks, committing to manage proceeds in alignment with market practices and reporting on allocation and relevant quantitative indicators, Sustainalytics considers that the CABEI Green Bond Framework is robust, credible and in alignment with the four core components of the Green Bond Principles 2018.”
CABEI Reaffirms its Commitment to Promote Actions to Finance Climate Change Mitigation: US$375 million 2019 Green Bond Issuance.

✓ On November 15, 2019 CABEI issued a US$375 million Floating Rate “USD Reg S Only” 5-year Green Bond, listed on both, the Luxembourg and Taipei Stock Exchanges.

✓ The issuance engrossed an aggregate demand for approximately US$974 million, equivalent to an oversubscription of 3.2 times its original US$300 million announcement. Such demand was driven by Asian (75%) and European (25%) investors, including Banks, SSAs/Central Banks, Asset Managers, Broker Dealers and Private Banks among others, resulting in a well-diversified/high-quality transaction.

![Chart showing investors by type and geography]
CABEI’s Social Bond Framework is aligned with the 2020-2024 institutional strategy, which includes human development and social inclusion within its transversal axes. CABEI’s social bond framework has received favorable SPO by Sustainalytics, issuances are intended to finance and refinance financial flows to:

- Access to Essential Services
- Employment Generation
- Socioeconomic Empowerment
- Affordable Basic Infrastructure
- Food Security and sustainable food systems.

On January 6, 2021, CABEI’s Social Bond Framework received a favorable Second Party Opinion (SPO) by the firm Sustainalytics. As part of its conclusion, the firm stated:

“Sustainalytics is confident that CABEI is well-positioned to issue social bonds and that the social bond framework is robust, transparent, and in alignment with the core components of the social bond principles 2020”.

On February 3rd 2021, CABEI successfully priced US$500mm at 1.140% 5-year Social rated Aa3 (Moody’s), and AA- (Fitch). This transaction represents CABEI’s inaugural USD-denominated Social Bond.

The orderbook grew steadily, attracting real money investor demand, reaching over US$1.2bn in orders at its peak. Despite the price-tightening, orderbooks remained steady enabling CABEI to launch US$500 million at +57 bps over Mid-Swaps.

60.6% ESG Investors participation
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### Capital Adequacy and Leverage Policies:

- 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 should monitor the capital adequacy indicator that incorporates the criteria established in the framework of Basel II and III.
- By policy, the ALCO Committee should monitor the leverage ratio established under Basel III.

### Main Credit Policies:

- CABEI’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 5% of the Bank’s equity, 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 the credit exposure. In that sense, CABEI has established thresholds and margin calls (collateral).
- 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 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): ALCO Approval.
Credit Risk: improving credit quality, zero arrears and NALs

✓ All Public Sector 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 overdue loans or non-accrual status.
✓ CABEI’s credit quality has reached historical levels and is under control.
CABEI has consistently benefited from its 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 will remain so 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 $\geq 1$ day.
- CABEI considers a loan to be in Non-Accrual Status when arrears are:
  - $\geq 90$ days in the case of private sector loans, and
  - $\geq 180$ days in the case of public sector loans.

The importance of CABEI's policy is supported by key developments following the amendments to its Constitutive Agreement that entered into force in 2016, with the aim of improving the Institution's governance, increasing its membership base and allowing additional financing through diversifying its loan portfolio and additional capital injections.
1. Macroeconomic Overview

2. CABELI’s Role and Policy Importance

3. Results of the Amendments to CABELI’s Constitutive Agreement

4. CABELI’s Credit Ratings

5. Equity and Profitability

6. ALM Policy

7. Credit Risk Management

8. Comparison with other MDBs
Key Financial Indicators: CABEI is better positioned than AAA MDBs

<table>
<thead>
<tr>
<th>Ratio</th>
<th>CABEI</th>
<th>IBRD</th>
<th>IADB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rating (S&amp;P/Moody’s/JCR)</td>
<td>AA/Aa3/AA</td>
<td>AAA/Aa3/AAA</td>
<td>AAA/Aaa/AAA</td>
</tr>
<tr>
<td>Total Assets (US$ Million)</td>
<td>13,295</td>
<td>296,804</td>
<td>151,737</td>
</tr>
</tbody>
</table>

**Financial Ratios**

<table>
<thead>
<tr>
<th>Financial Ratio</th>
<th>5 Year Average</th>
<th>Year 2020</th>
<th>5 Year Average</th>
<th>Year 2020</th>
<th>5 Year Average</th>
<th>Year 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Average Equity (ROE)</td>
<td>5.26%</td>
<td>4.02%</td>
<td>0.70%</td>
<td>-0.10%</td>
<td>2.78%</td>
<td>1.81%</td>
</tr>
<tr>
<td>Return on Average Assets (ROA)</td>
<td>1.54%</td>
<td>1.18%</td>
<td>0.09%</td>
<td>-0.01%</td>
<td>0.68%</td>
<td>0.42%</td>
</tr>
<tr>
<td>NII/Average Earning Assets (*)</td>
<td>2.38%</td>
<td>2.07%</td>
<td>0.73%</td>
<td>0.74%</td>
<td>1.34%</td>
<td>1.05%</td>
</tr>
<tr>
<td>Equity/Total Assets</td>
<td>29.12%</td>
<td>27.74%</td>
<td>12.83%</td>
<td>13.61%</td>
<td>24.27%</td>
<td>22.19%</td>
</tr>
<tr>
<td>Debt/Equity (times)</td>
<td>2.41</td>
<td>2.58</td>
<td>5.31</td>
<td>6.02</td>
<td>2.93</td>
<td>3.27</td>
</tr>
<tr>
<td>Liquid Assets/Total Assets</td>
<td>32.92%</td>
<td>38.94%</td>
<td>23.74%</td>
<td>28.99%</td>
<td>25.77%</td>
<td>25.95%</td>
</tr>
<tr>
<td>Administrative Expenses/Average Total Assets</td>
<td>0.49%</td>
<td>0.46%</td>
<td>0.60%</td>
<td>0.72%</td>
<td>0.65%</td>
<td>0.62%</td>
</tr>
<tr>
<td>Administrative Expenses/NII</td>
<td>20.45%</td>
<td>22.56%</td>
<td>105.20%</td>
<td>99.14%</td>
<td>51.44%</td>
<td>62.41%</td>
</tr>
<tr>
<td>Administrative Expenses/Net Income</td>
<td>34.90%</td>
<td>39.50%</td>
<td>-929.79%</td>
<td>-4952.38%</td>
<td>105.76%</td>
<td>145.90%</td>
</tr>
<tr>
<td>Allowance for Loan Losses/Total Gross Loan Portfolio</td>
<td>3.45%</td>
<td>3.47%</td>
<td>0.85%</td>
<td>0.78%</td>
<td>0.51%</td>
<td>0.48%</td>
</tr>
<tr>
<td>Public Sector Allowance for Loan Losses/Public Sector Loan Portfolio</td>
<td>3.19%</td>
<td>3.14%</td>
<td>0.85%</td>
<td>0.78%</td>
<td>0.02%</td>
<td>0.06%</td>
</tr>
</tbody>
</table>

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