

# CABEI

Central American  
Bank for  
Economic  
Integration

## *Institutional Presentation*

June 2023



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CABEI has prepared a preliminary offering document, consisting of preliminary terms and a preliminary base prospectus, for the proposed offering to which the information in this presentation relates. Before you invest, you should read the detailed information in the offering document for more complete information about CABEI and any offering. The offering document modifies and supersedes in its entirety any information in this presentation or which has otherwise been previously provided. You should rely solely on the information contained in the offering document to make an investment decision.

- 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. ESG Financing Strategy
- 8. Credit Risk Management
- 9. Comparison with other MDBs



## The Central American region: CABEI's core business

### Macroeconomic data

Area	572,563 km <sup>2</sup>
Population	62.4 million
Population density	108.3 people per km <sup>2</sup>
Population growth	(2018-2021): 1.33%
Regional GDP (current USD)*	US\$381.4 bn
GDP per capita (current USD)*	US\$6,109.4

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

Notes: \*Numbers reported for 2021

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



Guatemala



El Salvador



Costa Rica



Honduras



Nicaragua



Belize



Panama



Dominican Republic

# Robust shareholder support through highly rated non-regional members

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

### ▶ Headquartered in Tegucigalpa, Honduras

Founding members:

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

### ▶ Non-Founding Regional members:

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

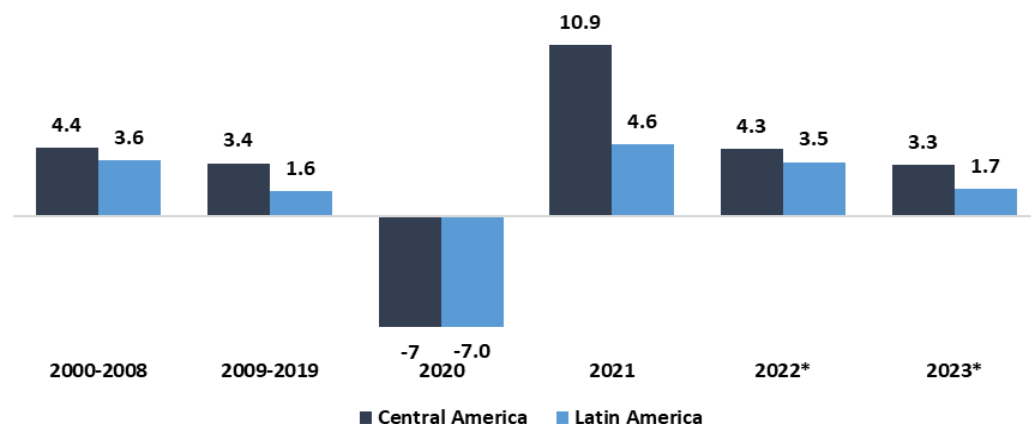
### ▶ Non-Regional Members:

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



# Central American Region: economic outlook

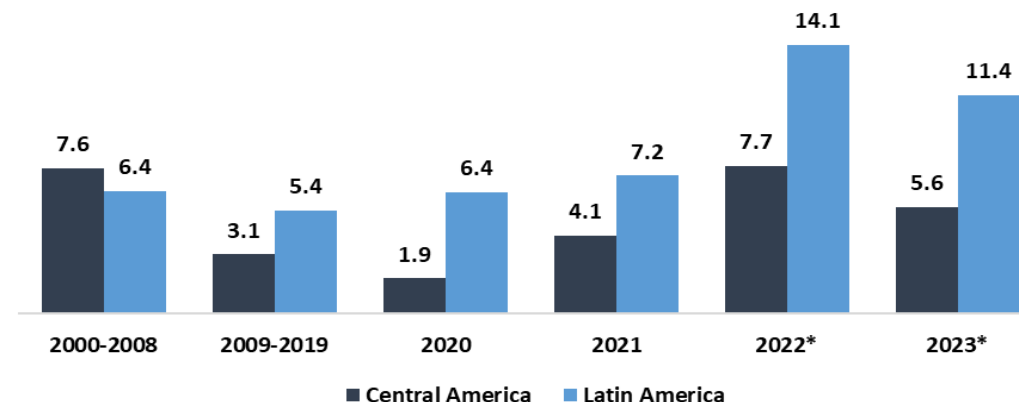
**Economic Growth  
(percentage)**



Source: International Monetary Fund, WEO October 2022

\*2022 and 2023 estimates.

**Inflation  
(percentage)**



Source: International Monetary Fund, WEO October 2022

\*2022 and 2023 estimates

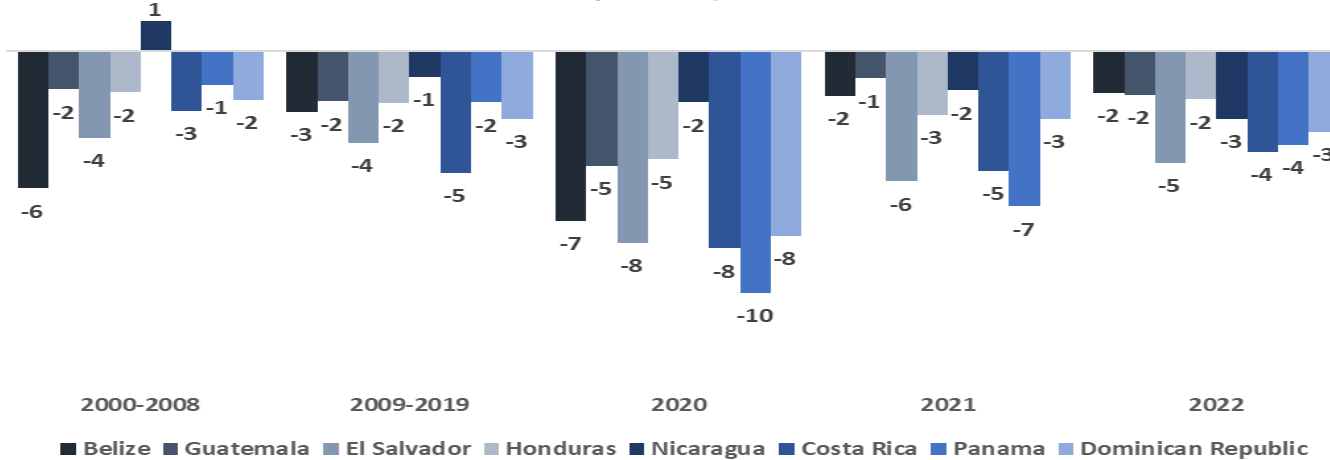
## Major economic activities

Belize	Guatemala	El Salvador	Honduras	Nicaragua	Costa Rica	Panama	Dominican Republic
Trade	Trade	Manufacturing Industries	Manufacturing Industries	Agriculture, cattle, forestry and fishing	Educational and health	Construction	Manufacturing Industries
Public administration and defense	Manufacturing Industries	Trade	Trade	Manufacturing Industries	Professional scientific and technical activities	Trade	Construction
Transportation, storage and communication	Agriculture, cattle, forestry and fishing	Educational and health	Agriculture, cattle, forestry and fishing	Trade	Manufacturing Industries	Real estate	Trade
Financial and insurance activities	Real estate	Public administration and defense	Educational and health	Educational and health	Trade	Transportation, storage and communication	Educational and health

- Central America registered a GDP growth of 10.9% on 2021.
- Estimates for 2022 indicate a stronger output growth for Central America with 4.3% vs. 3.5% for Latin America.
- Central America is expected to have a growth of 3.5% for 2023 vs. 1.7% for Latin America.
- Inflation in 2022 for Central America is expected to have reached 7.7% vs 14.1% for Latin America, mainly due to international price shocks.

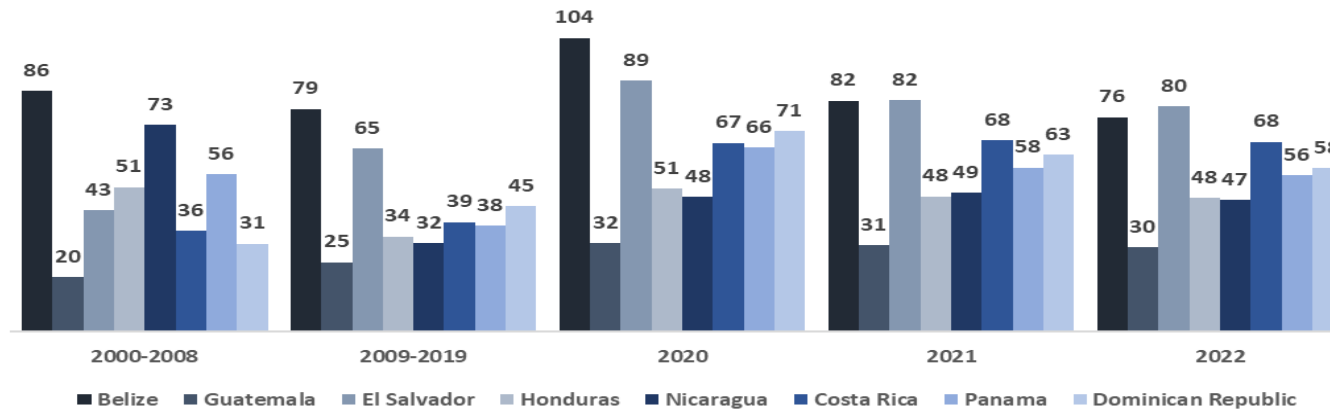
# Central American Region: economic outlook

**Fiscal Deficit  
(GDP percentage)**



- Between 2009 and 2019 the average fiscal deficit for Central America was -2.9% compared to an average of -4.3% in LATAM.
- In 2020 Central America's average fiscal deficit stood at -6.7%, well below LATAM's average of -8.7%.
- Estimated fiscal deficits for Central America in 2022 and 2023 correspond to -3.1% and -2.7% respectively; once again, outperforming LATAM at -4.2% and -4.6% respectively.

**Public Debt  
(GDP percentage)**



- Between 2000 and 2020, the average Central American public debt was 47.5% of GDP, lower than the Latin American average of 53.9% of GDP.
- In 2020, Central America's average debt increased to 66.1% of GDP due to the health crisis's negative impact and the extraordinary fiscal measures that were implemented; nonetheless, it was still below LATAM's average of 77.4%.
- In 2021, Central America's average debt stood at 60.3% of GDP; well below LATAM's average of 71.8% of GDP.
- Central America's average debt level is projected to decrease in 2022 and 2023 to 57.9% and 56.8% of GDP, respectively.

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

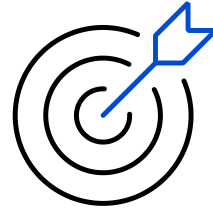
7. ESG Financing Strategy

8. Credit Risk Management

9. Comparison with other MDBs



## About CABEI



### ***CABEI's mission\****

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

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

# CABEI as part of the Central American Integration System

(SICA by its acronym in Spanish)

## CABEI-SICA

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

CABEI acts as SICA's financial arm.



## Member states

Belize  
Costa Rica  
El Salvador  
Guatemala  
Honduras  
Nicaragua  
Panamá  
Dominican Republic



## Regional observers

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



## Extra regional observers

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

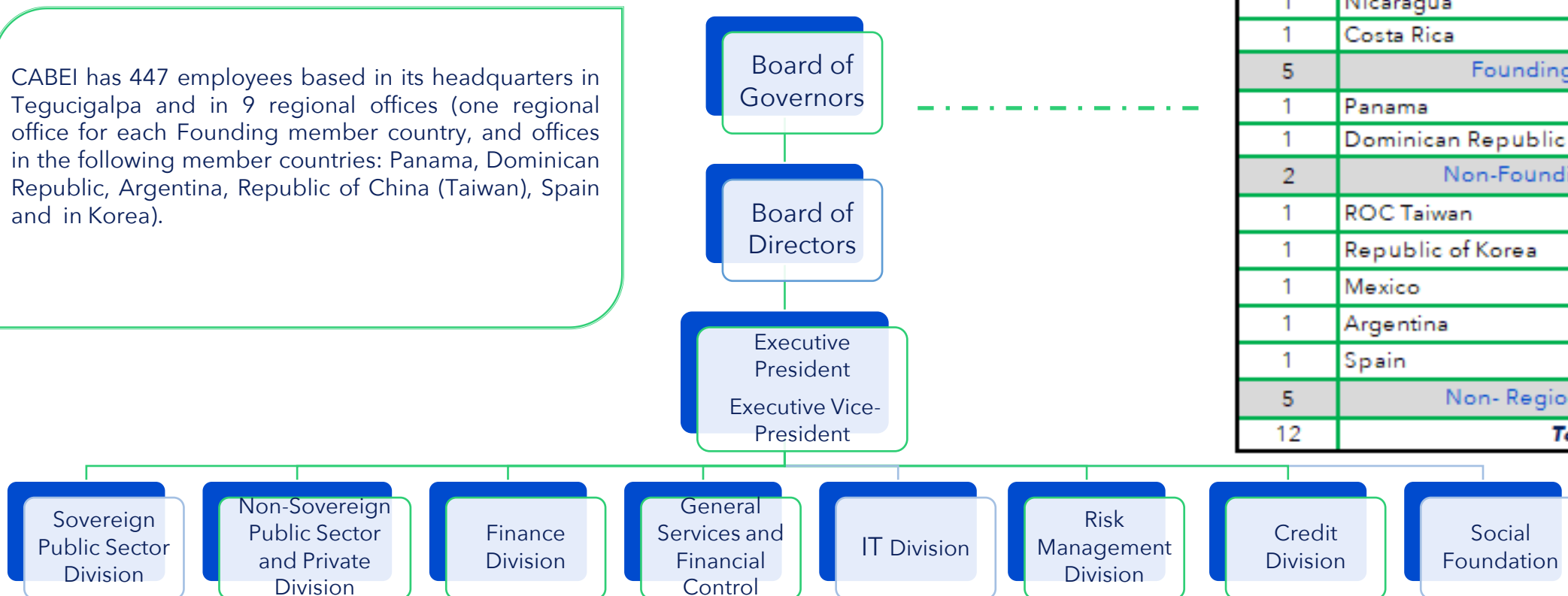


Republic of Serbia  
Canada  
United Arab Emirates



# Organizational Structure

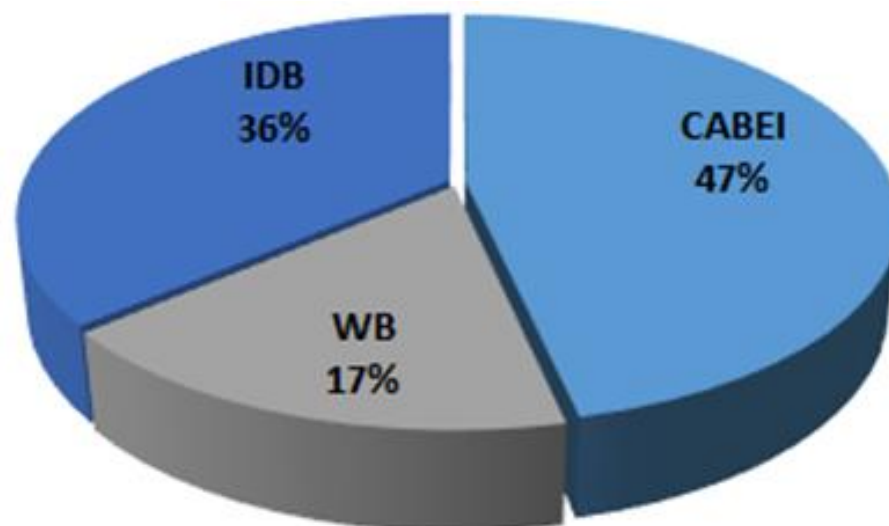
CABEI has 447 employees based in its headquarters in Tegucigalpa and in 9 regional offices (one regional office for each Founding member country, and offices in the following member countries: Panama, Dominican Republic, Argentina, Republic of China (Taiwan), Spain and in Korea).



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

## ***CABEI is the dominant MDB in the Central American Region***

***CABEI, IADB and World Bank participation (%) of total disbursements to the Region<sup>1</sup> over the last 18 years (2004-2021)***



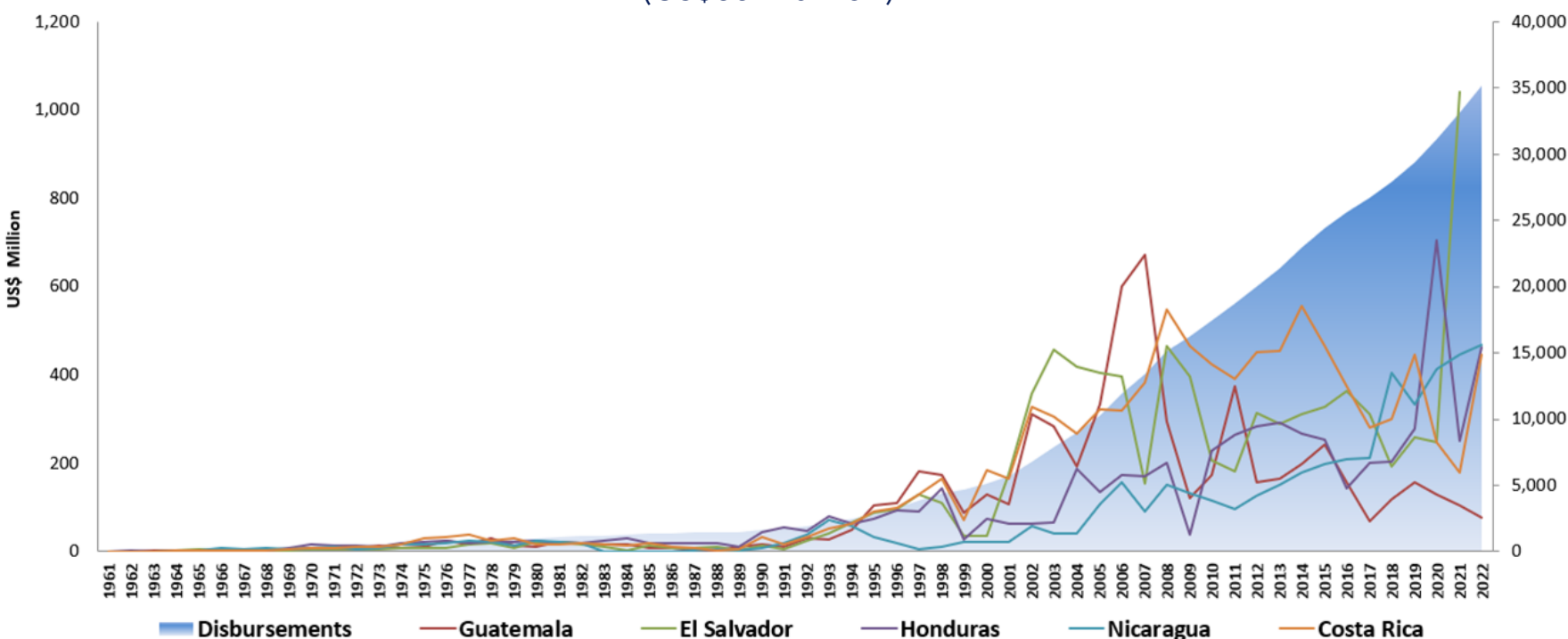
***Total disbursements: 2004-2021:  
US\$54.5 billion***

<sup>1</sup> Includes Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica  
\* Includes IDB Invest.  
\*\* Includes IFC & IDA. IFC data unavailable for 2019 and 2021.  
It does not include Funds in Administration.  
Source: [www.iadb.org](http://www.iadb.org), [www.worldbank.org](http://www.worldbank.org) CABEI.

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

# Rising importance of CABEI in the region

## CABEI's total disbursements up to December 2022 (US\$35.2 billion)



- ▶ Since its creation, CABEI has disbursed over **US\$35.2 billion** to the Central American region.
- ▶ In times of economic crisis, CABEI has continued to fulfill its mandate; thus, strengthening the preferred creditor status.
- ▶ **CABEI has a track record of six (6) decades of fulfilling its public policy mandate throughout different credit cycles and expects to continue to do so in the future.**

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

## June 2016

The amendments to CABEI's Constitutive Agreement become effective.

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

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

### **Strengthen CABEI's capital base**

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

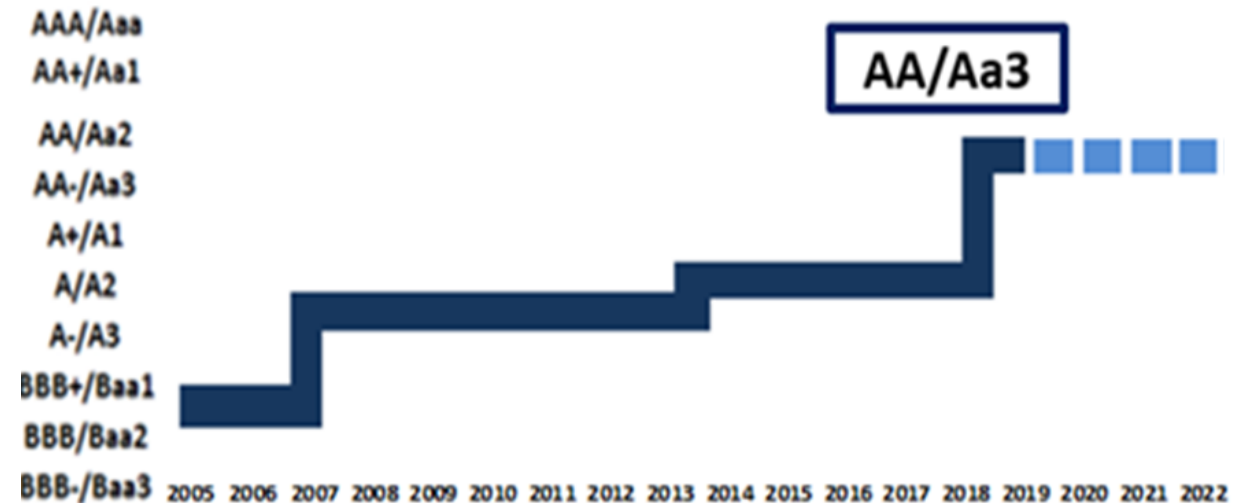
### **Encourage a greater diversification of its loan portfolio**

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

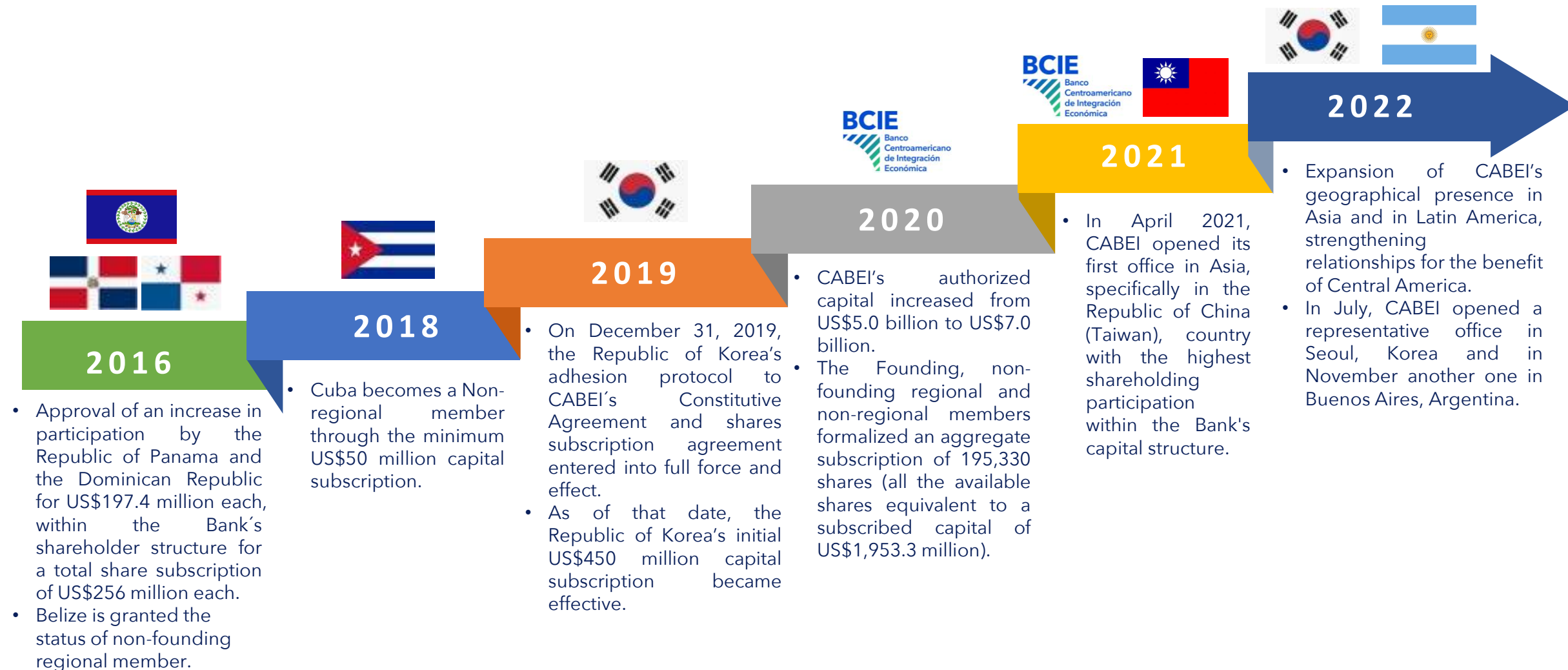


## September 2022

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



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



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

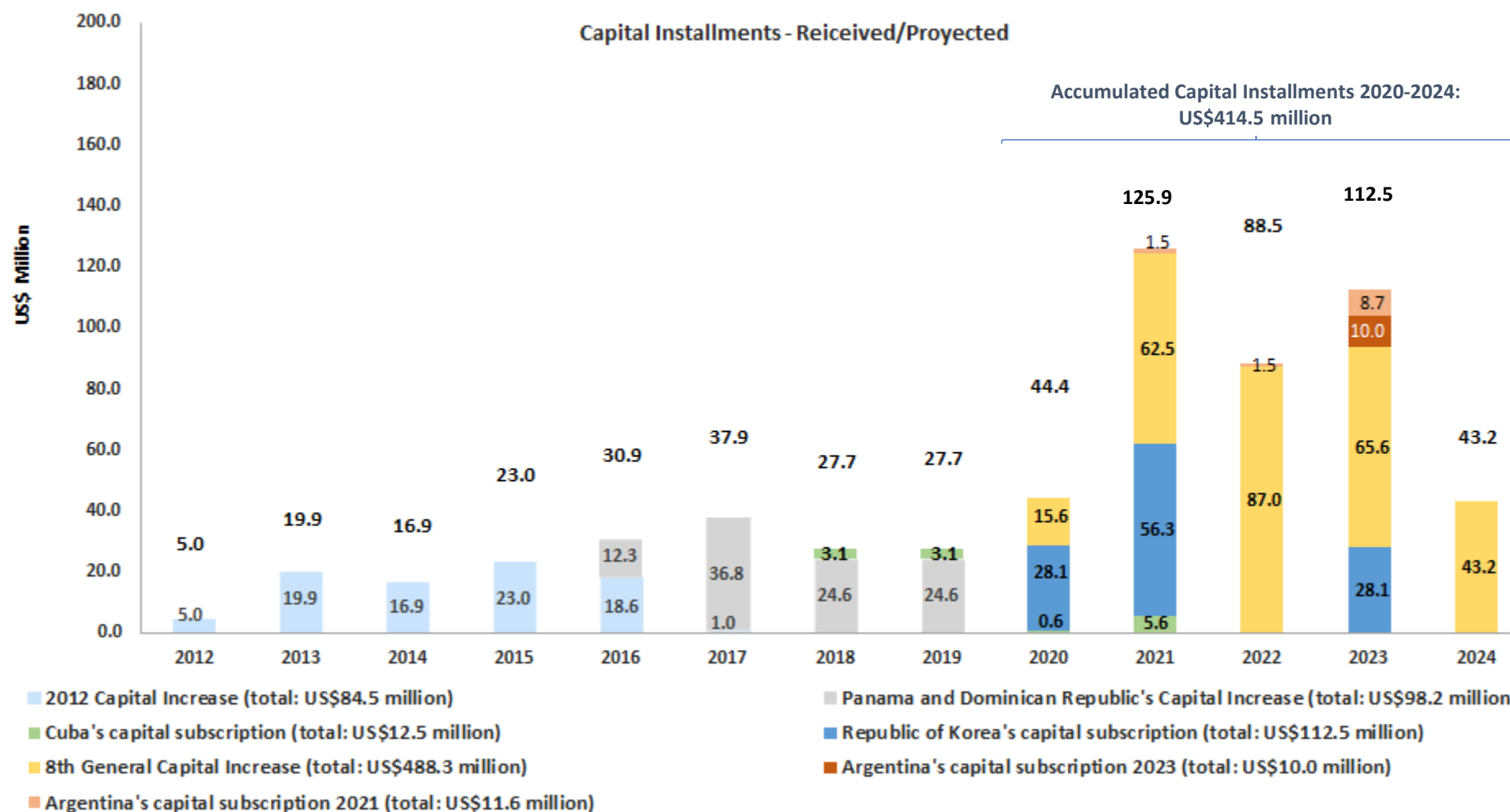
### Capital structure as of May 2023

Founding Members	Subscribed Capital (US\$)	Subscribed Callable Capital (US\$)	Subscribed Paid-In Capital (US\$) (*)	No. of Series A Shares	No. of Series C Shares	Total No. of Shares (A+C)	Series A Shares % of Authorized Capital	Share Participation (A+C) (%) <sup>(**)</sup>
Guatemala	714,000,000	535,500,000	178,500,000	71,400	24,152	95,552	10.20%	10.68%
El Salvador	714,000,000	535,500,000	178,500,000	71,400	24,152	95,552	10.20%	10.68%
Honduras	714,000,000	535,500,000	178,500,000	71,400	24,152	95,552	10.20%	10.68%
Nicaragua	714,000,000	535,500,000	178,500,000	71,400	24,152	95,552	10.20%	10.68%
Costa Rica	714,000,000	535,500,000	178,500,000	71,400	24,152	95,552	10.20%	10.68%
<b>Total Founding Members</b>	<b>3,570,000,000</b>	<b>2,677,500,000</b>	<b>892,500,000</b>	<b>357,000</b>	<b>120,760</b>	<b>477,760</b>	<b>51.00%</b>	<b>53.42%</b>
Non-Founding Regional Members	Subscribed Capital (US\$)	Subscribed Callable Capital (US\$)	Subscribed Paid-In Capital (US\$) (*)	No. of Series B Shares	No. of Series C Shares	Total No. of Shares (B+C)	Series B Shares % of Authorized Capital	Share Participation (B+C) (%) <sup>(**)</sup>
Dominican Republic	378,400,000	283,800,000	94,600,000	37,840	6,577	44,417	5.41%	4.97%
Panama	358,400,000	268,800,000	89,600,000	35,840	7,002	42,842	5.12%	4.79%
Belize	25,000,000	18,750,000	6,250,000	2,500	488	2,988	0.36%	0.33%
<b>Sub-total</b>	<b>761,800,000</b>	<b>571,350,000</b>	<b>190,450,000</b>	<b>76,180</b>	<b>14,067</b>	<b>90,247</b>	<b>10.88%</b>	<b>10.09%</b>
Non-Regional Members	Subscribed Capital (US\$)	Subscribed Callable Capital (US\$)	Subscribed Paid-In Capital (US\$) (*)	No. of Series B Shares	No. of Series C Shares	Total No. of Shares (B+C)	Series B Shares % of Authorized Capital	Share Participation (B+C) (%) <sup>(**)</sup>
ROC (Taiwan)	776,250,000	582,187,500	194,062,500	77,625	24,062	101,687	11.09%	11.37%
Republic of Korea	630,000,000	472,500,000	157,500,000	63,000	4,904	67,904	9.00%	7.59%
Mexico	306,250,000	229,687,500	76,562,500	30,625	13,886	44,511	4.38%	4.98%
Argentina	345,800,000	259,350,000	86,450,000	34,580	7,275	41,855	4.94%	4.68%
Spain	280,000,000	210,000,000	70,000,000	28,000	9,471	37,471	4.00%	4.19%
Colombia	203,000,000	152,250,000	50,750,000	20,300	6,841	27,141	2.90%	3.03%
Cuba	50,000,000	37,500,000	12,500,000	5,000	735	5,735	0.71%	0.64%
<b>Sub-total</b>	<b>2,591,300,000</b>	<b>1,943,475,000</b>	<b>647,825,000</b>	<b>259,130</b>	<b>67,174</b>	<b>326,304</b>	<b>37.02%</b>	<b>36.49%</b>
<b>Sub-total Non-Founding Members</b>	<b>3,353,100,000</b>	<b>2,514,825,000</b>	<b>838,275,000</b>	<b>335,310</b>	<b>81,241</b>	<b>416,551</b>	<b>47.90%</b>	<b>46.58%</b>
<b>Total Subscribed Capital</b>	<b>6,923,100,000</b>	<b>5,192,325,000</b>	<b>1,730,775,000</b>	<b>692,310</b>	<b>202,001</b>	<b>894,311</b>	<b>98.90%</b>	<b>100.00%</b>
Unsubscribed Shares	76,900,000			11,690			1.10%	
<b>Total Authorized Capital</b>	<b>7,000,000,000</b>			<b>700,000</b>			<b>100%</b>	

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

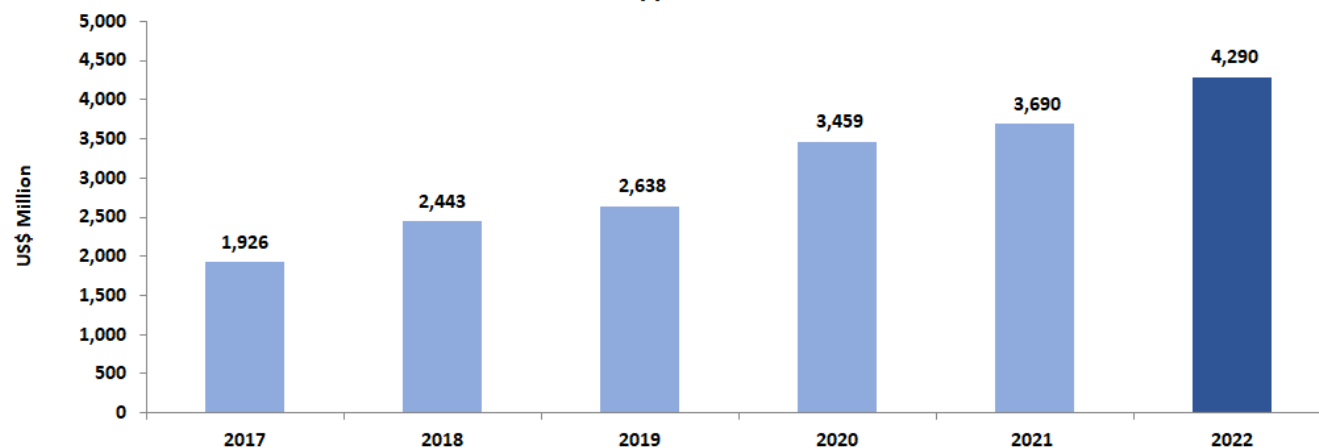
(\*\*) The right to vote for the capital subscription from the corresponding capital increase will take effect once the first capital payment of the founding member countries has been received to guarantee the 51% proportion, and provided that the period granted to non-founding regional members and extra-regional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

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

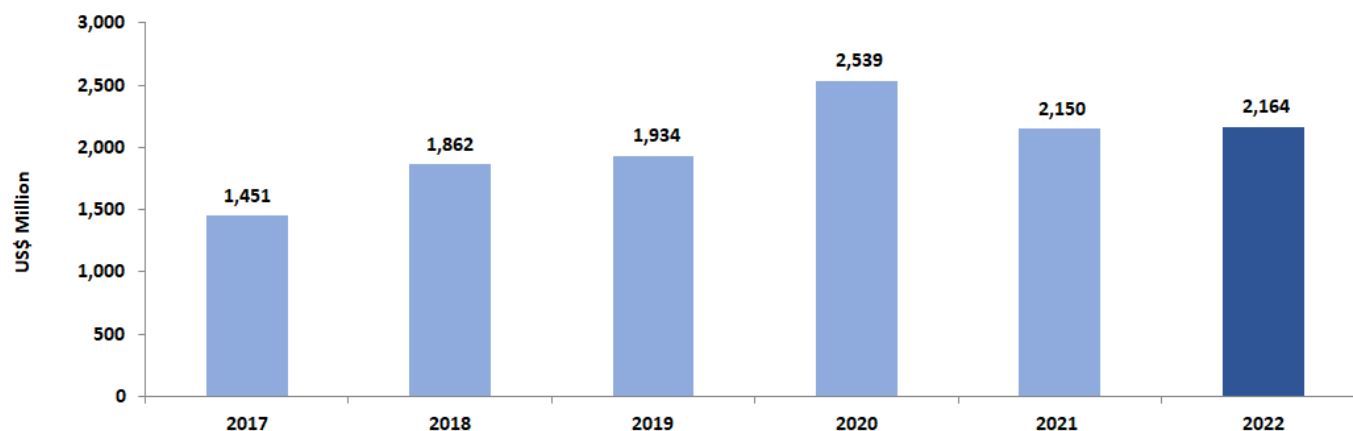


# Evolution of credit approvals and disbursements

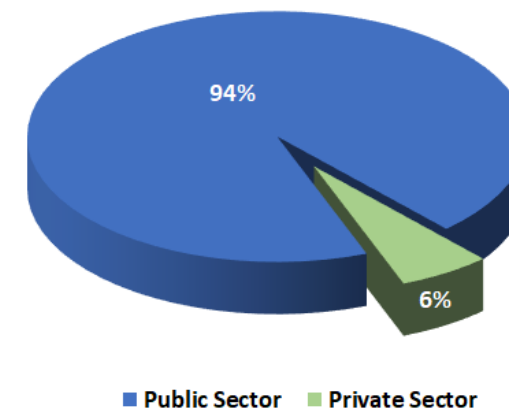
Approvals



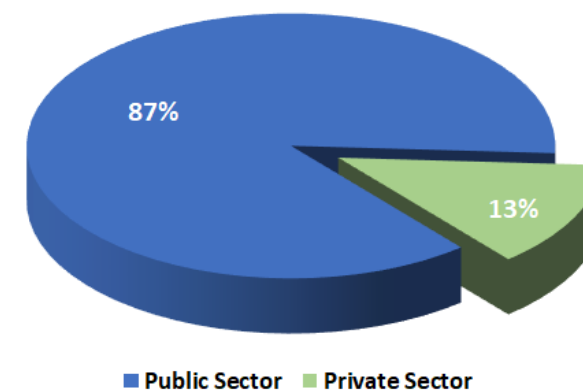
Disbursements



Approvals by Institutional Sector  
December 2022



Disbursements by Institutional Sector  
December 2022

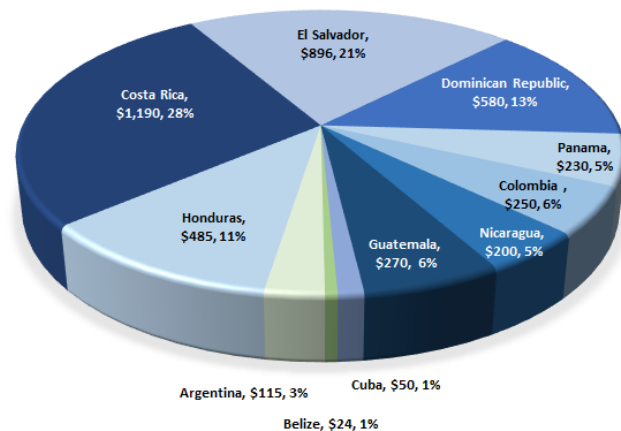


# Credit Operations by Country & Focus Area

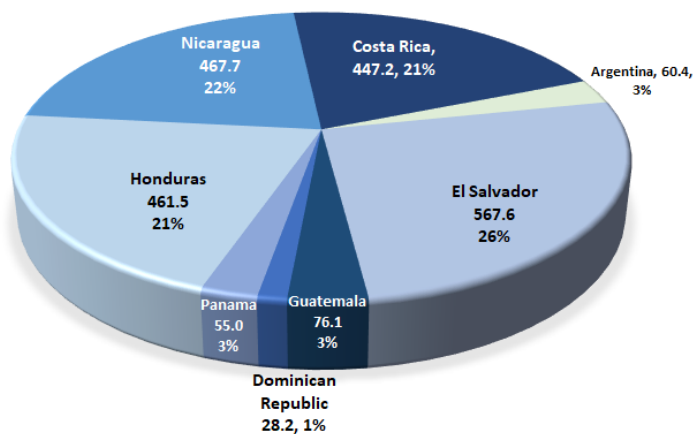
## Approvals by Member Type

Founding	71%
Non-Founding	29%

Approvals by Country, December 2022  
Total US\$ 4,290 Millon



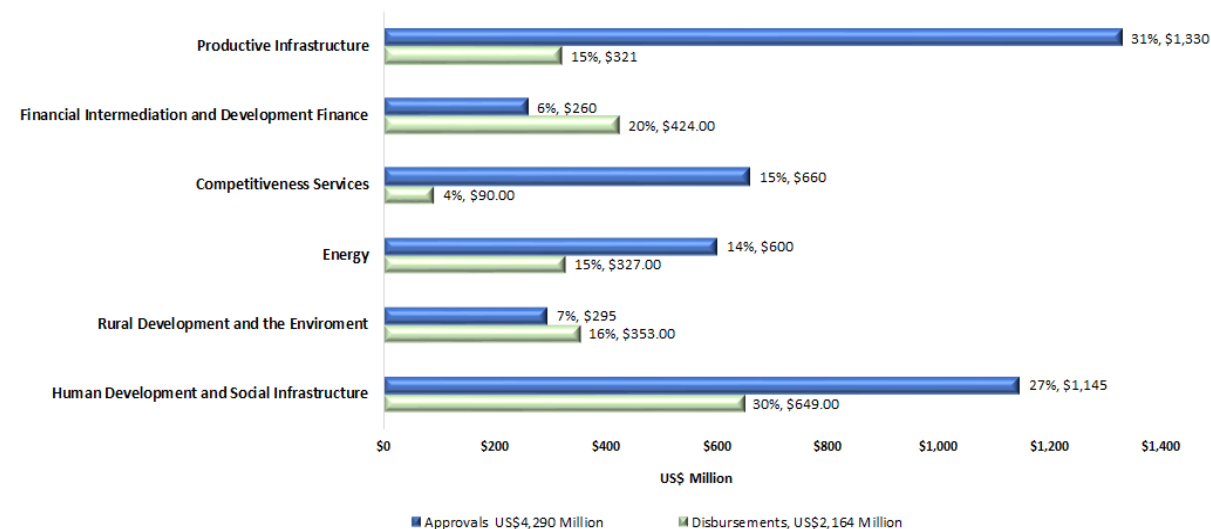
Disbursements by Country, December 2022  
Total US\$ 2,164 Millon



## Disbursements by Member Type

Founding	93%
Non-Founding	7%

Approvals and Disbursements by Focus Area,  
December 2022



# Loan Portfolio: Recent approvals

## **US\$700 million to Costa Rica for a comprehensive and resilient reconstruction of infrastructure.**

CABEI approved the largest operation in its history, through a US\$700 million loan to the Republic of Costa Rica for the comprehensive and resilient reconstruction of infrastructure damaged by emergencies and natural disasters.

CABEI's "Emergency Program for Integral and Resilient Infrastructure Reconstruction", will finance several vulnerable roads, bridges, sewers, homes and educational centers, among other infrastructure catalogued as being at imminent risk after the passage of storm Bonnie in the Pacific Intertropical Convergence Zone and hurricane Julia.



## **On March 2023, CABEI approves US\$400 million for Argentina to improve food supply for 2.4 million vulnerable families.**

In order to provide food assistance to socially vulnerable people in Argentina, including children, adolescents, pregnant women and people with disabilities, the Central American Bank for Economic Integration (CABEI) approved US\$400 million to finance the "Argentina Against Hunger Plan (PACH).

These resources are expected to benefit 2.4 million families in the country's 24 jurisdictions through "Alimentar", a PACH instrument that seeks to improve the quality of food for the most vulnerable families, guaranteeing rights for early childhood through access to the basic food basket, and which in turn promotes the mobilization of trade and local food production.



## **During the first quarter of 2023, the Central American Bank for Economic Integration approved more than US\$1.5 billion to benefit the region.**

A total of US\$1,522.2 million was approved by the Central American Bank for Economic Integration (CABEI) from January to March 2023 for the execution of initiatives aimed at the Human Development and Social Inclusion, Sustainable Competitiveness and Regional Integration strategic axes.

Countries such as Guatemala, El Salvador, Honduras, Nicaragua, Panama, the Dominican Republic, Argentina, and Colombia have received funds in the amount of US\$1.735 million for the execution of works financed by the Bank.



# Institutional Strategy: Regional Integration

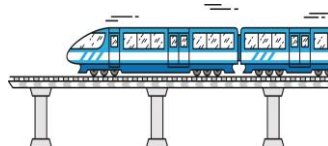


## ○ Natural Gas

Regional action plan to increase the share of natural gas in the region and boost competitiveness.

## ○ Regional Railway Initiative and Feasibility Studies

Define regional regulations to guide the design of railway projects that may emerge, in order to ensure their regional interconnectivity and interoperability. Pre-feasibility and feasibility studies of railway projects are underway in Guatemala, El Salvador and Costa Rica.



## ○ Implementation of Regional Debt Market

Optimize the depth of regional markets and boost the flow of investment to the region through a Trade Repository, with support from COSEFIN, SEMCA and AMERCA.



## ○ Gulf of Fonseca Master Plan

A technical assistance program has been established to support the implementation of a Master Plan for investment projects and trinational (El Salvador, Honduras and Nicaragua) economic development for the Gulf of Fonseca.



## ○ BioTech Manufacturing Cluster (BioPark)

Development of an industrial park for health products (drugs, medical supplies, vaccines, equipment) in association with investors from the Republic of Korea.

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➤ **4. CABEI's Credit Ratings**

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## S&P reaffirms CABEI's "AA" rating

### **S&P Global** Ratings

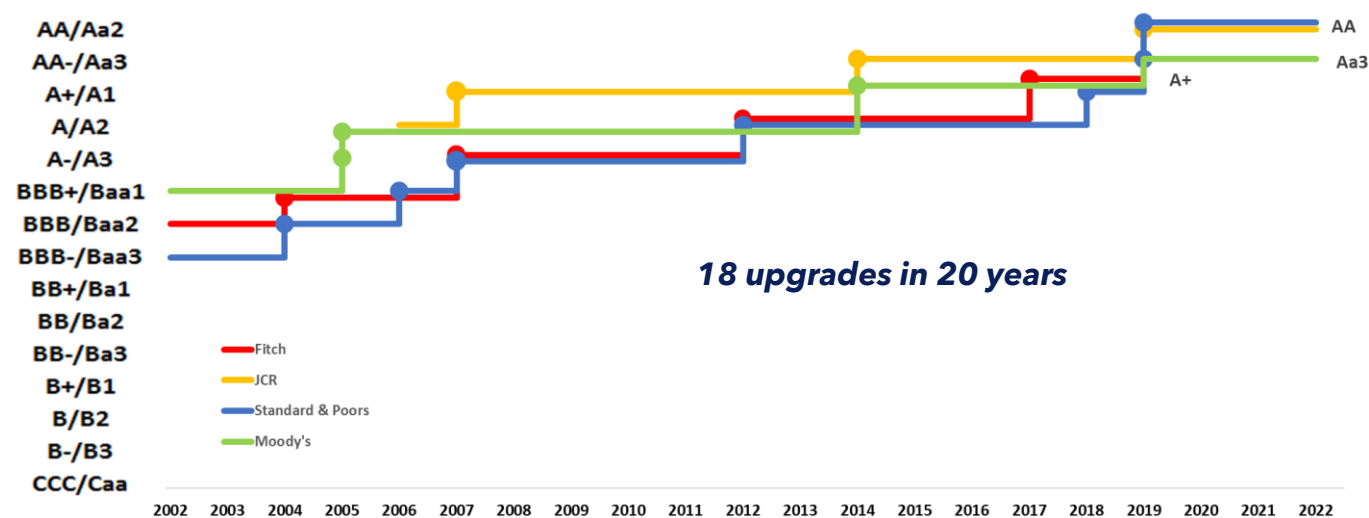
- **On Wednesday, September 14, 2022**, Standard & Poor's (S&P) confirmed the Central American Bank for Economic Integration's (CABEI) rating at AA with a stable outlook.
- According to the rating agency, *"The stable outlook reflects S&P Global Ratings' expectations that over the next two years, CABEI's shareholders will remain supportive and make timely capital payments, the bank will continue benefiting from preferred creditor treatment (PCT) despite growing credit pressures in the region, and the bank will manage capital levels prudently while maintaining high-quality liquid assets"*.
- S&P confirmed that *"The stable outlook reflects our view that CABEI's shareholders will support the bank and uphold its preferred creditor treatment"*.
- The rating agency highlighted the fact that over the past 10 years, a period defined by the agency as an economic cycle, borrowing members have not delayed repayment of their loans to CABEI, a situation the rating agency considers to be sustainable in the future, despite the economic pressures some member countries might face.
- CABEI has the best credit rating in Latin America, according to S&P ratings.

# Credit Ratings

## Credit Ratings to Date





































## CABEI's Rating History



## Key Factors Supporting High Investment Grade Ratings

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

# CABEI is the one of the highest-rated issuers in all Latin America

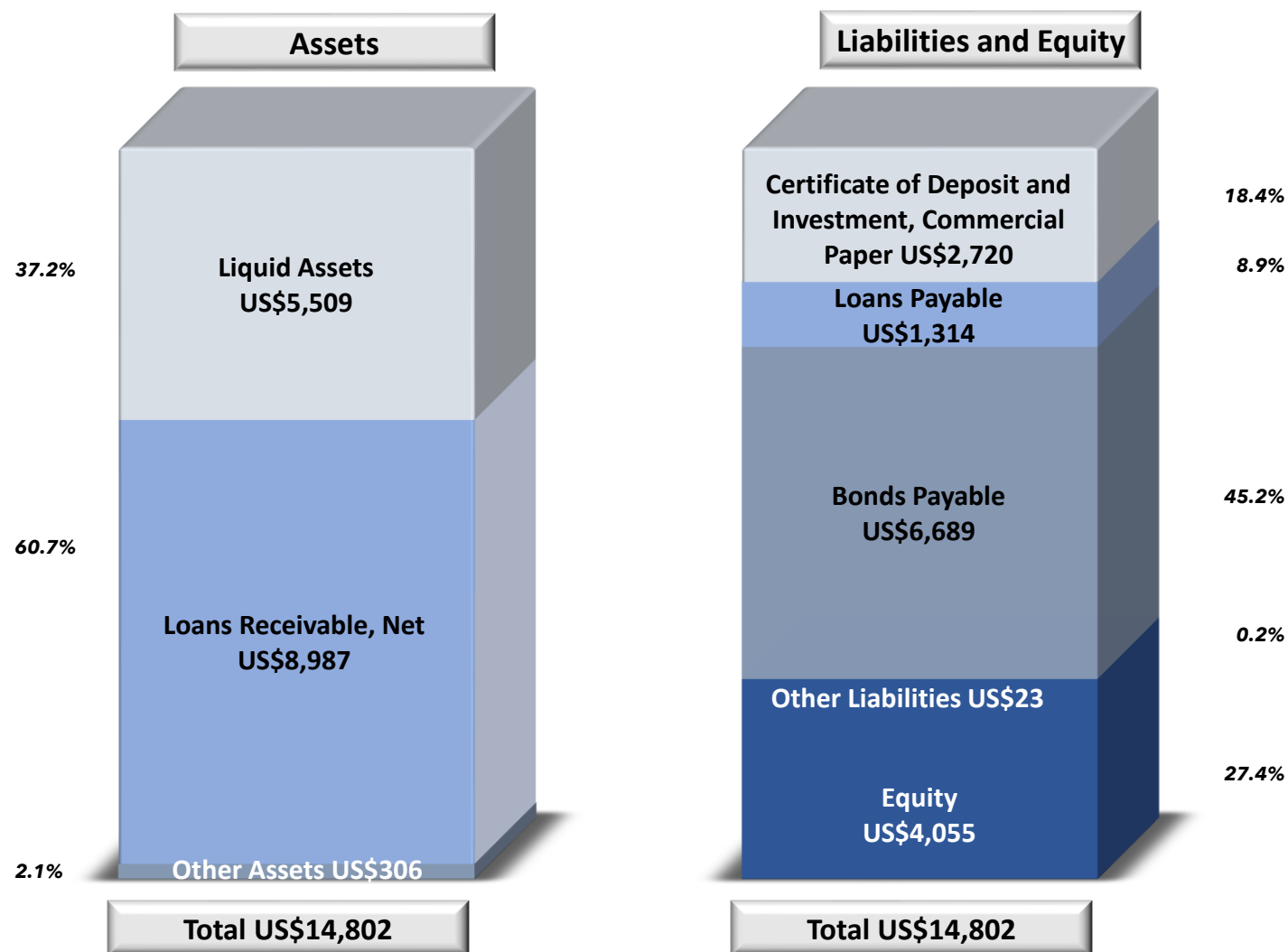
Country / Bank	S&P											Moody's										
	Non-investment grade		Investment grade									Investment grade										
			BBB-	BBB	BBB+	A-	A	A+	AA-	AA	AA+	AAA	Baa3	Baa2	Baa1	A3	A2	A1	Aa3	Aa2	Aa1	Aaa
CABEI				→								→										
CAF																						
Chile																						
FONPLATA						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

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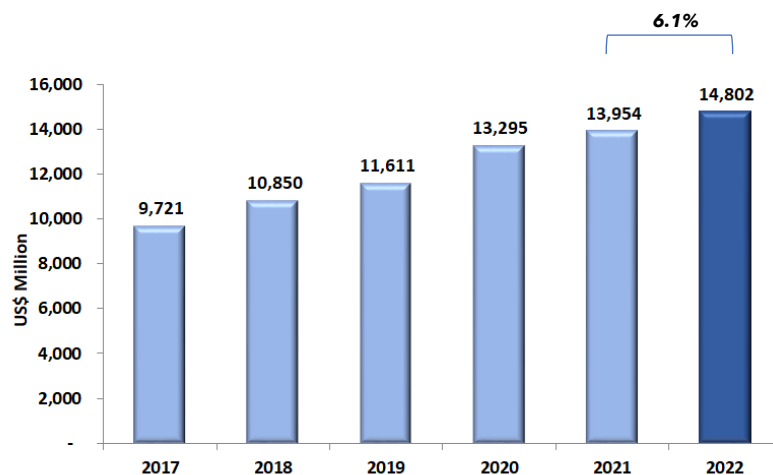
# Balance Sheet: US\$14.8 billion, with an average growth rate of 7.3% in the last 5 years

**Balance Sheet as of December 2022**  
(US\$ million)

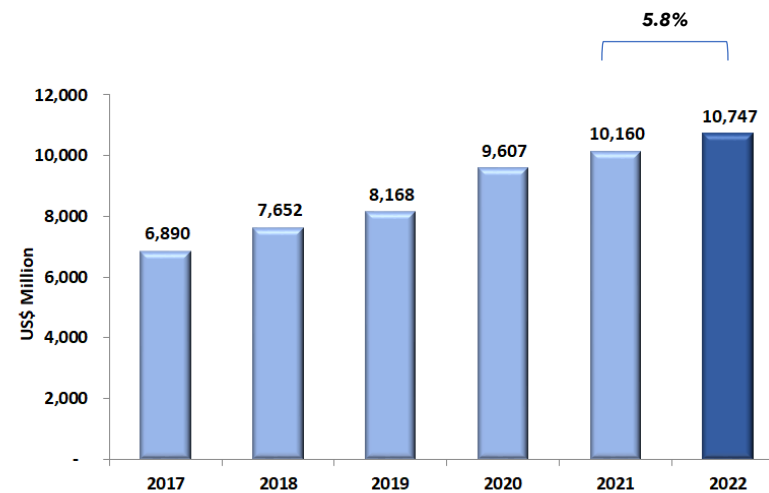


# Balance Sheet

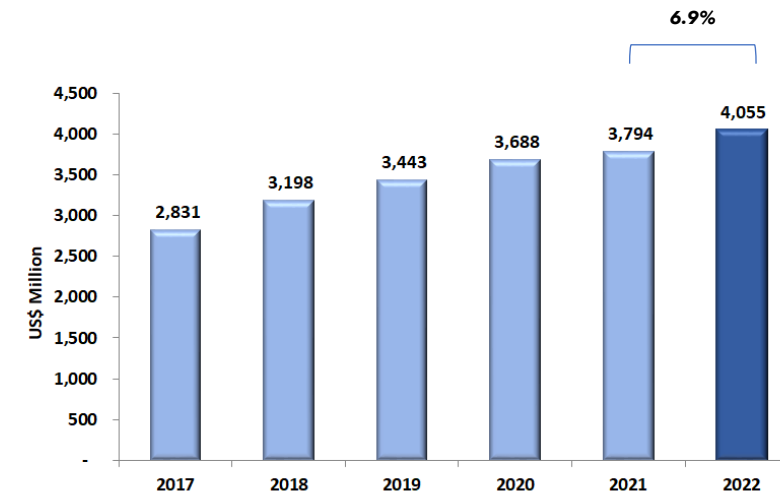
## Total Assets



## Total Liabilities

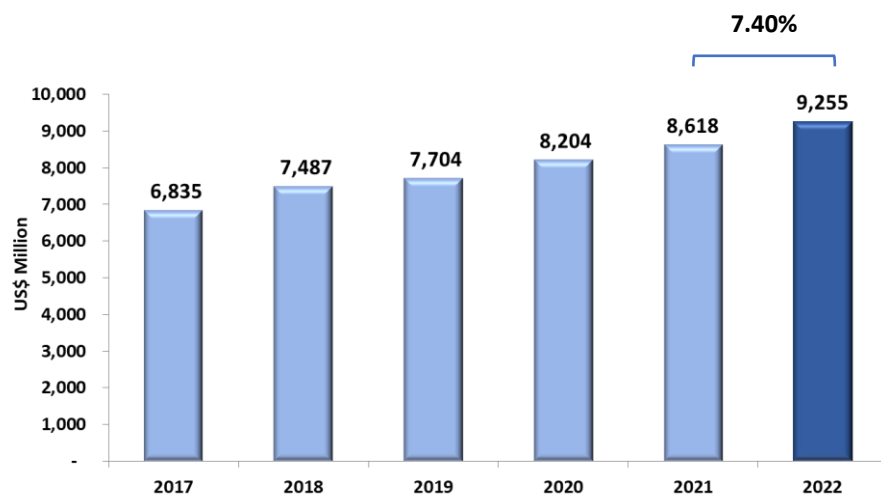


## Total Equity

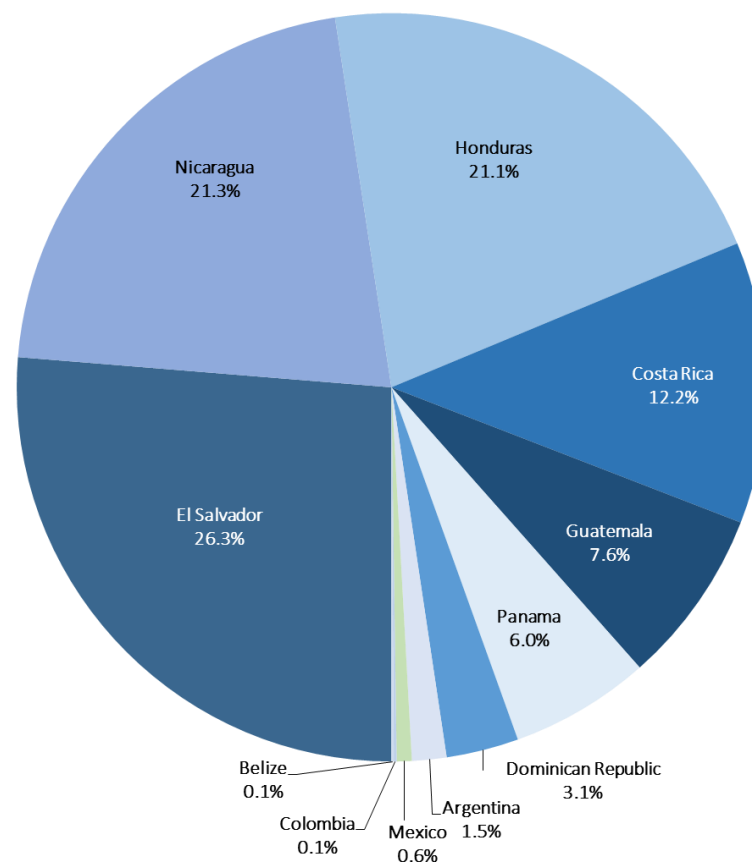


# Loan Portfolio: Improving diversification beyond founding members

## Loan Portfolio Evolution



## As of December 2022 Loan Portfolio US\$9,254.9 million

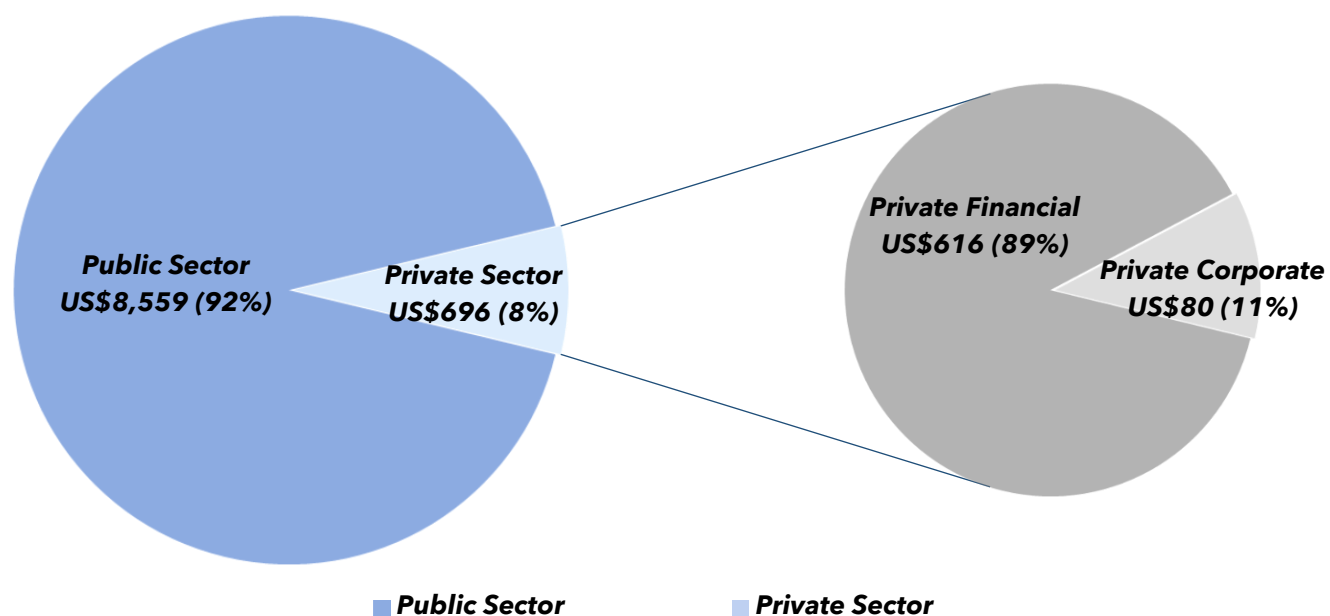


Country	US\$ Million
<b>El Salvador</b>	2,433.0
<b>Nicaragua</b>	1,971.7
<b>Honduras</b>	1,954.8
<b>Costa Rica</b>	1,126.2
<b>Guatemala</b>	702.1
<b>Panama</b>	559.8
<b>Dominican Republic</b>	289.1
<b>Argentina</b>	137.6
<b>Mexico</b>	59.9
<b>Colombia</b>	11.3
<b>Belize</b>	9.4
<b>Total</b>	<b>9,254.9</b>

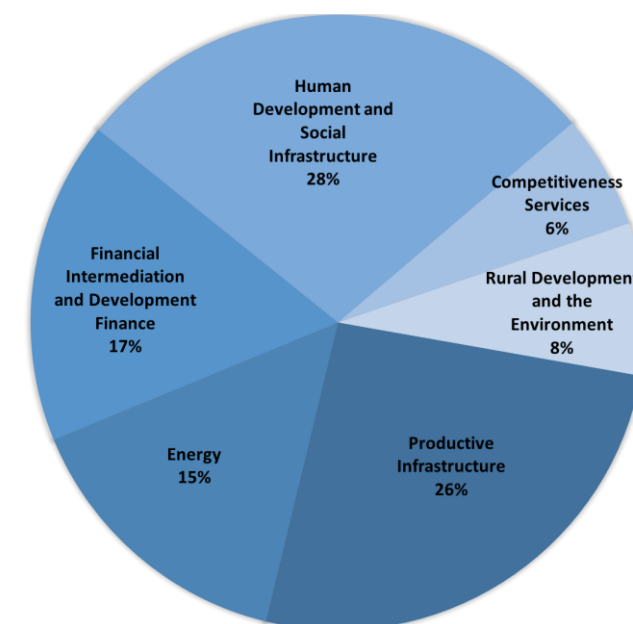
# Loan portfolio is mainly focused in the public sector, which grants CABEI a Most Preferred Creditor Status

As of December 2022  
Total Loan portfolio stands at US\$9,254.9 million

**Loan Portfolio by Institutional Sector  
(US\$ million)**

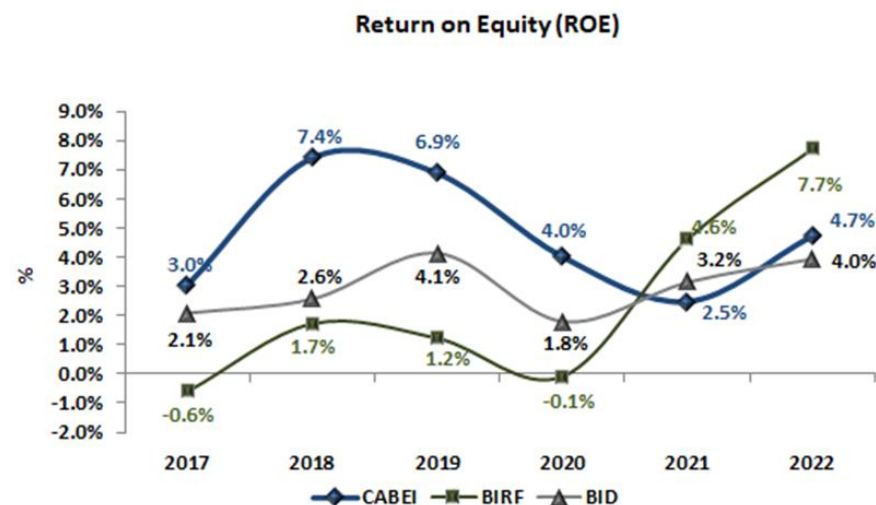
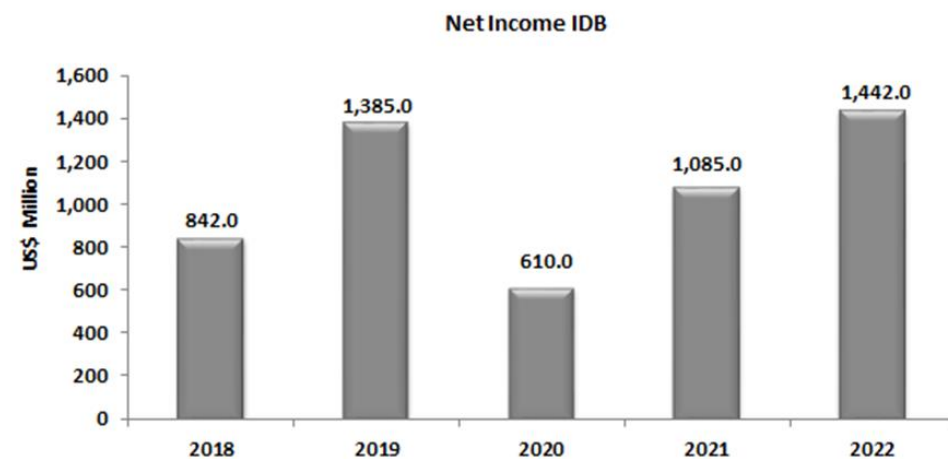
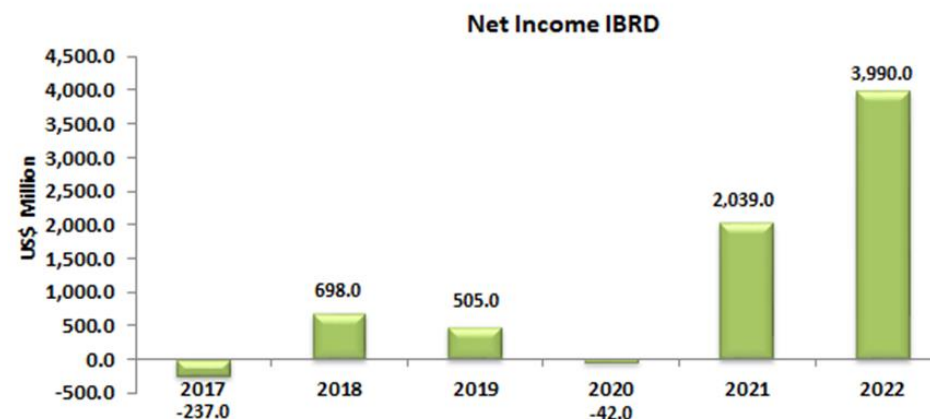
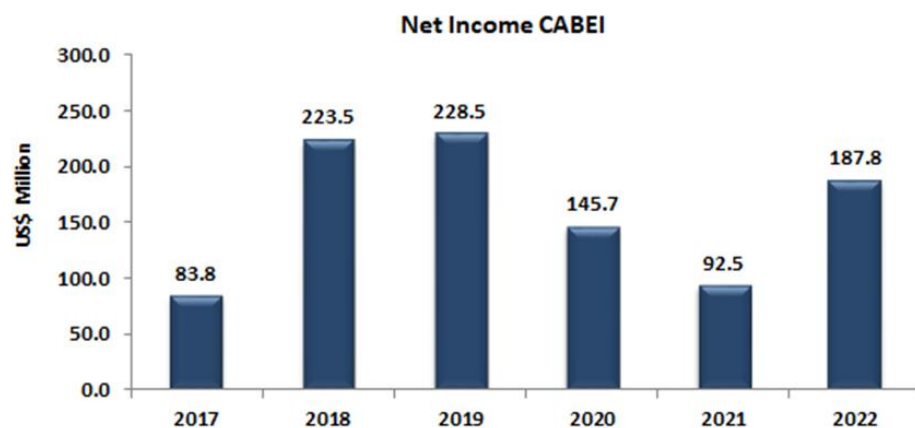


**Loan Portfolio by Focus Area  
(%)**



- The Bank's loan portfolio is mainly in the public sector; which grants CABEI a most Preferred Creditor Status.
- Within the private sector, the portfolio has a greater proportion corresponding to the financial sector (with 89%), in line with the trend observed over the past 5 years.

## Consistent and above-peer average profitability



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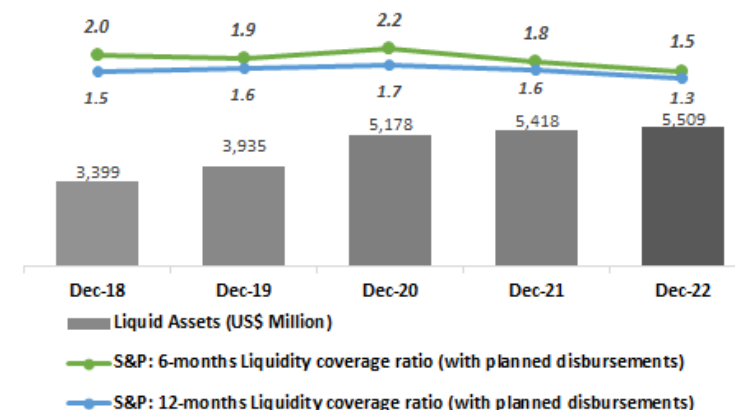
## High and strong liquidity position

### Cash and Investment Portfolio as of December 2022

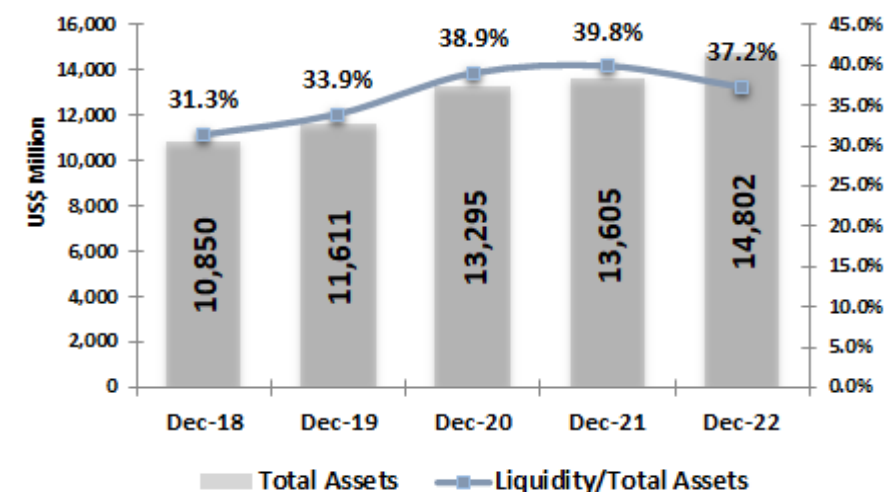
<b>Cash</b>	<b>35</b>	<b>1%</b>
Money Market	3,759	68%
Investment Funds	179	3%
Third Party Asset Management	103	2%
Bonds	1,433	26%
<b>Total Investment Portfolio</b>	<b>5,474</b>	<b>99%</b>
<b>Cash + Investment Portfolio</b>	<b>5,509</b>	<b>100%</b>

- CABEI maintains a high level of liquid assets in relation to its total assets.
- In line with risk management standards and its 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, 2022, the aforementioned ratios stood at 3.92x and 1.29x, respectively.
- As of December 31, 2022, the effective duration of the Investment Portfolio was 0.64 years.

### Liquidity Coverage Ratio - S&P

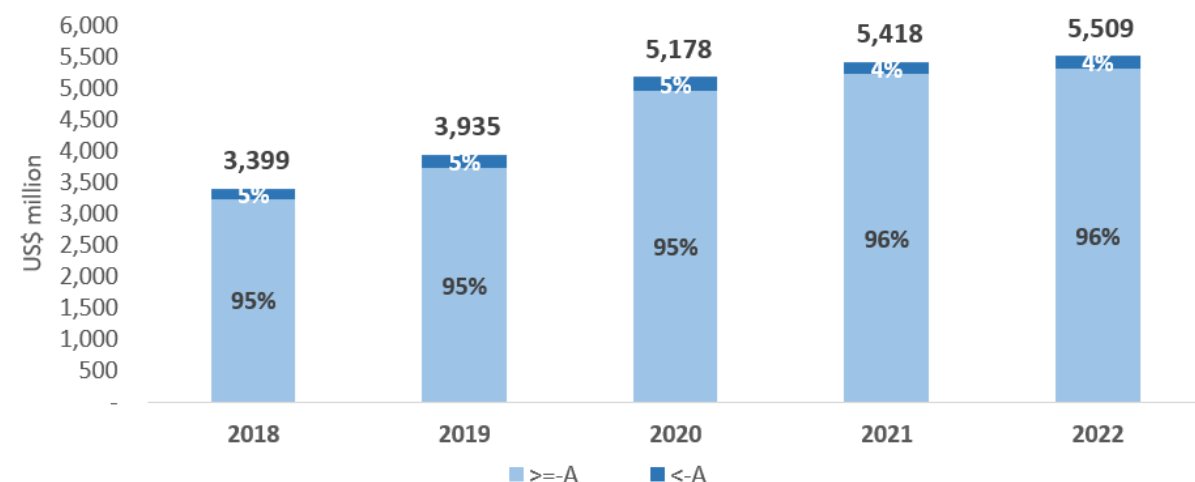


### Liquidity/Total Assets

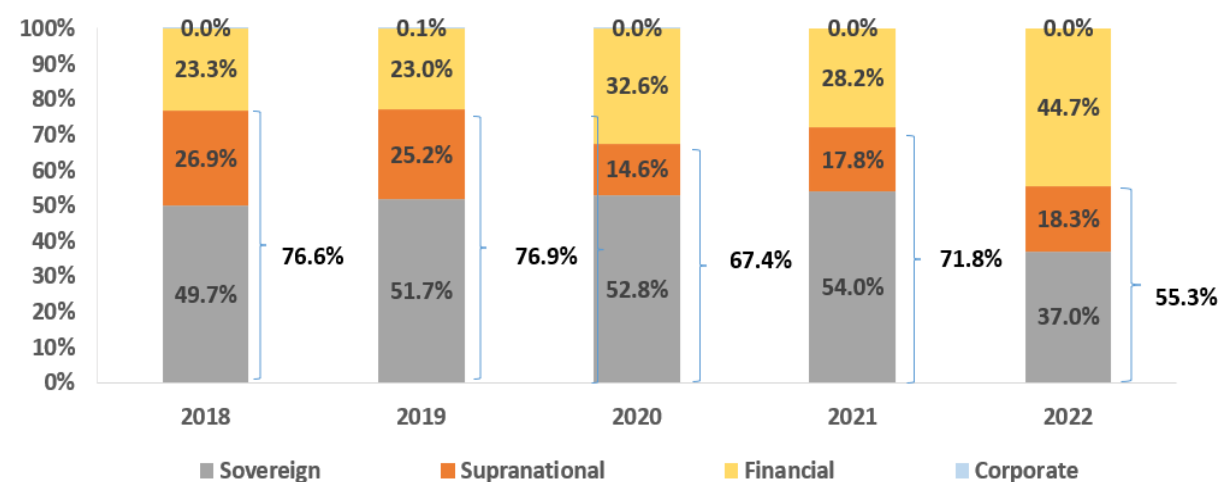


# Liquidity Risk - Investment portfolio & liquidity levels

## Investment Portfolio Credit Quality Evolution



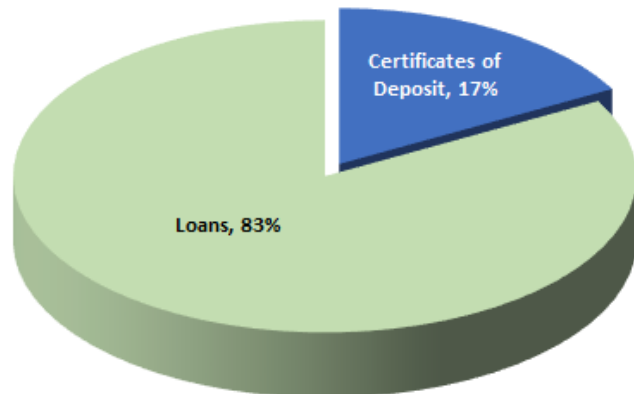
## Liquidity by Sector



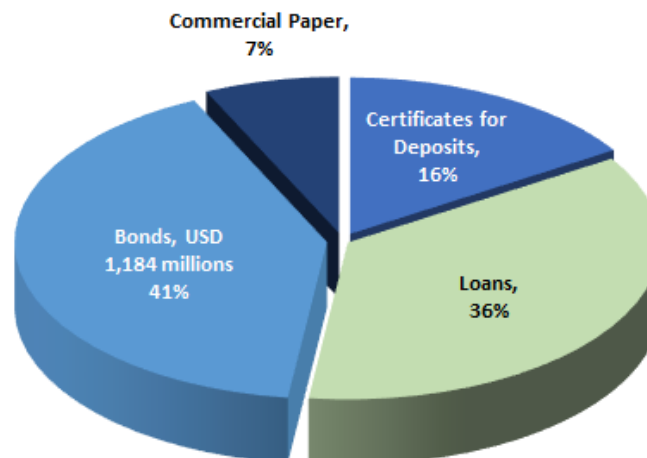
- The credit quality of the Investment Portfolio has improved in recent years, from 95% invested in liquid assets with an -A rating or higher in 2017 to 96% in Dec 2022.
- Similarly, the composition of the investment portfolio by sector reflects a diversification of risk.

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

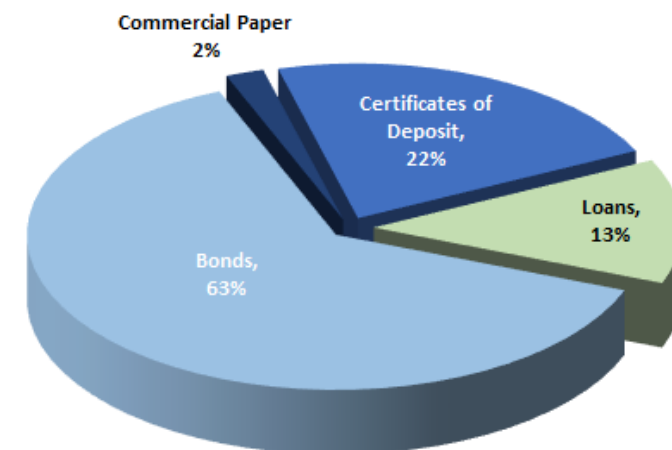
**1996**



**2006**



**Dec 2022**



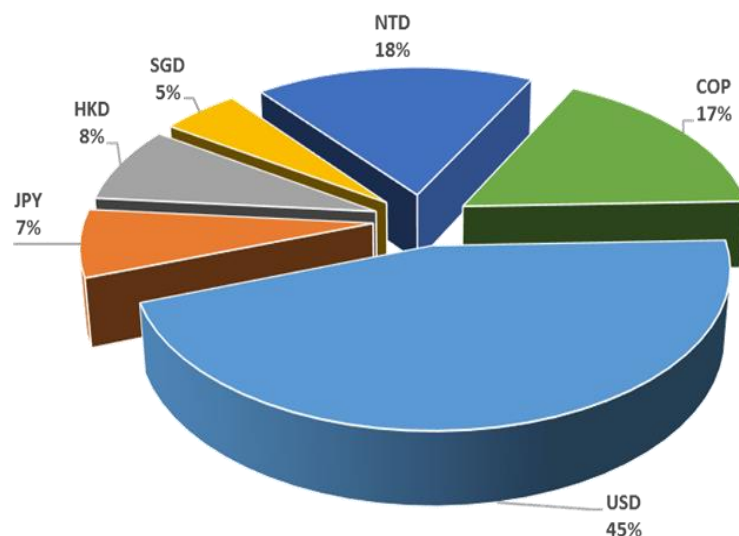
- CABEI has achieved funding cost optimization due to its strong market perception regarding its credit profile and maturity as an institution.
- CABEI's financing structure reflects the institution's preference for stable funding sources.

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

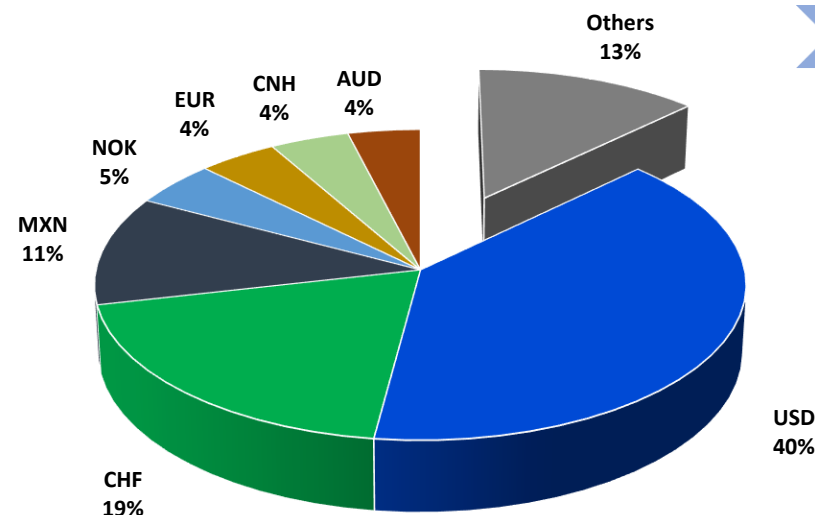
## Bonds Payable/Distribution by currencies

December 2006  
US\$1,200 million

2006



December 2022  
US\$8,657 million



	JPY	3.31%
	UYU	3.06%
	CRC	1.69%
	COP	1.28%
	NZD	0.59%
	SEK	0.24%

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

# CABEI's recent transactions

26 May 2023  
AUD 100MM



First Sports Bond

31 Jan 2023  
USD 1,250MM



Second Social Benchmark

12 Jan 2023  
JPY 7,000MM



Second Blue Bond

6 Jan 2023  
USD 130MM



Private Placement

21 Dec 2022  
USD 50MM



First Educational Bond

23 Dec 2022  
JPY 10 mil MM / AUD 30MM



First Blue Bond

15 Nov 2022  
USD 250MM



Formosa

26 Oct 2022  
MXN 3.8Bn



Social Bond

31 Aug 2022  
USD 50MM



Social Private Placement

08 Jun 2022  
CHF 155MM



Green Bond

17 May 2022  
AUD 50MM



Social Private Placement

17 May 2022  
AUD 72MM



Social Private Placement

12 May 2022  
AUD 110MM



Social Private Placement

10 Dec 2021  
MXN 3.4Bn



Mexican Market

22 Nov 2021  
CHF 220MM



Green Bond

15 Sep 2021  
CHF 220MM



Social Bond  
Swiss Market



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



## Green Funding



## Export Credit Agencies



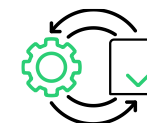
## Development Resources for Energy, MSME, Infrastructure, Education and Agriculture



## On-lending



## Co-financing



## Central America Development Projects

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# ***CABEI's Statements and Commitments on Climate Change***

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:
  - a) Structuring and developing financial instruments to support climate change mitigation and prevention.
  - b) Strengthening of low carbon economies.
  - c) Communities resilient to climate change.
  - d) Sustainable food production.
  - e) Clean energy generation and energy efficiency.

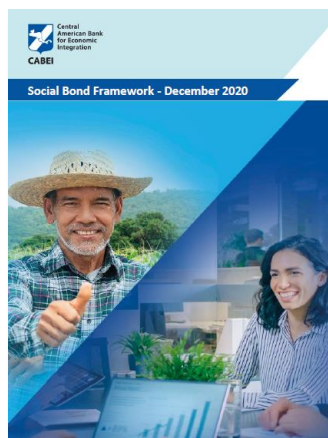
# CABEI has issued more than US\$4.2 billion in ESG bonds



## Green and Blue Bonds



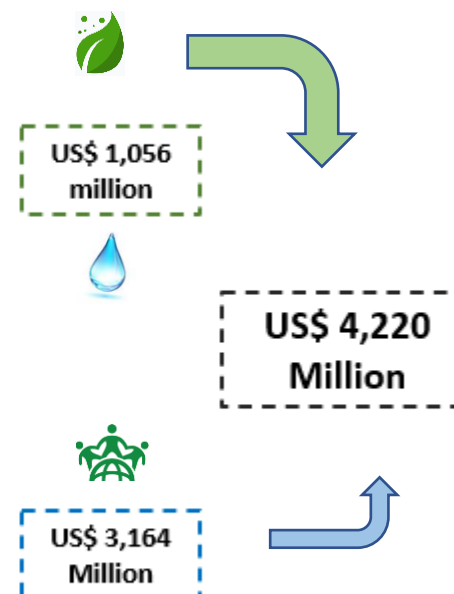
## Social Bonds



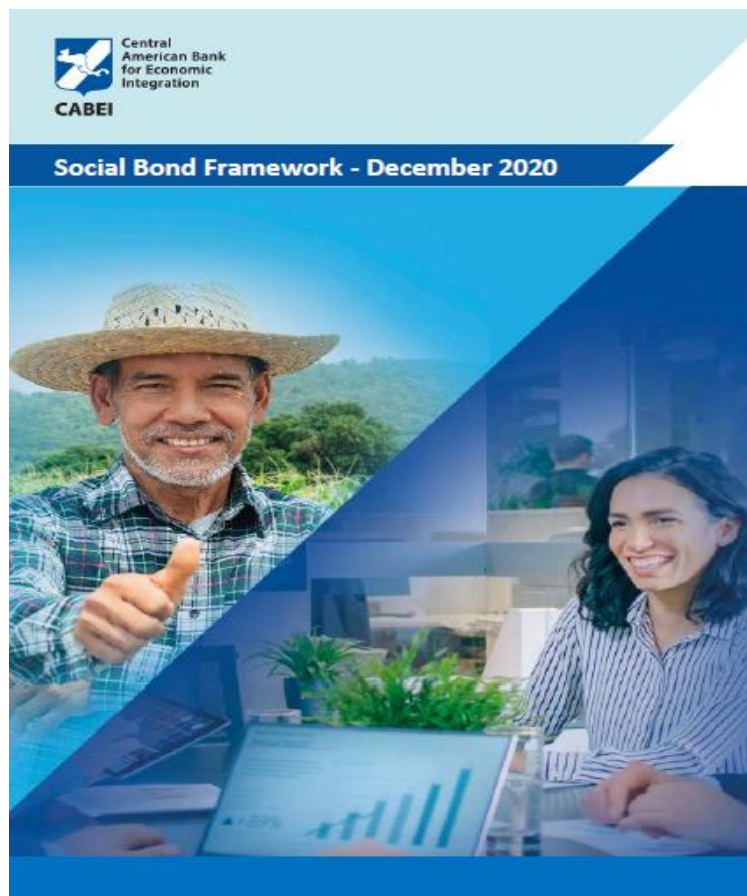
➤ CABEI's "Green and Blue" and "Social" Bond Frameworks have a strong SPO opinion from Sustainalytics.



Framework	Date of creation	Categories	ESG issuances
<b>Green and Blue bond framework</b>	Oct-19	Sustainable land use	<div>Green Bonds</div> <div>  US\$510 mm            US\$375 mm            US\$25 mm </div> <div>Blue Bonds</div> <div>  US\$146 mm </div>
		Renewable energy	
		Sustainable Water Management	
		Clean Transport	
		Climate Change Adaptation	
<b>Social bond framework</b>	Dec-20	Blue Economy	<div>Vaccine Bonds</div> <div>  US\$681 mm            US\$163 mm            US\$185 mm            US\$ 67.7 mm </div> <div>  US\$1,800 mm            US\$50 mm            US\$ 218 mm </div>
		Nature Protection	
		Access to essential services	
		Employment Generation	
		Socioeconomic empowerment	
		Affordable basic infrastructure	
		Food security and sustainable food systems	



# CABEI'S Social Bond Framework Alignment with UN SDG's



***CABEI's Social Bond framework is aligned with its overall sustainability strategy and the social use of proceeds categories will contribute to the advancement of the following UN Sustainable Development Goals: 1,2,3,4,5,6,7,8,11, 13.***

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# Financials: Credit Risk - Risk Management Policy

## Capital Adequacy and Leverage Policies:

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

## Main Credit Policies:

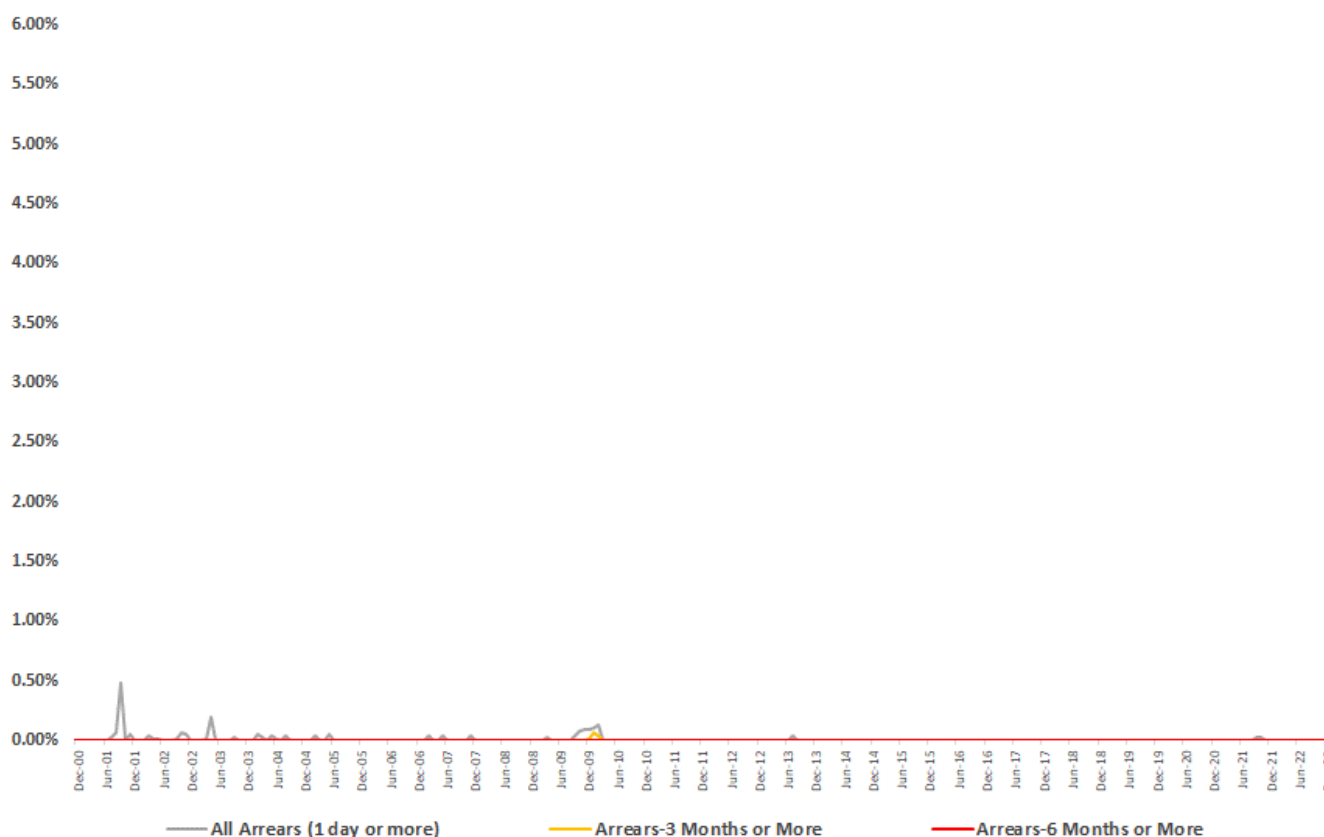
- CABEI limits its exposure to member countries through a mechanism with thresholds of different nature and level named "Hard Limit" and "Soft Limit". For 2022, the Bank's soft limit is 26% of total exposure and the hard limit is 28% of total exposure. Total exposure includes exposure to the public and private sector, as well as 50% of undisbursed loan commitments.
- The Bank's participation in project finance loans to the private sector must not exceed 40% of the total amount of the loan during its life (60% for projects with amounts lower than US\$25 million or with public sector participation).
- For corporate private sector loans, the collateral put forth by the client, must maintain a minimum coverage of 100% of the total loan.
- Single Client Exposure (Private) must not exceed 2% of the Bank's loan portfolio, and the exposure to a regulated private financial economic group must not exceed 10%.
- State or mixed institutions with majority state participation with NSG should not exceed 22% of CABEI's equity.

## Main Credit Policies for Derivatives Exposures:

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

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

## CABEI's Sovereign Arrears / Public Sector Outstanding Portfolio (2011 - September 2022)

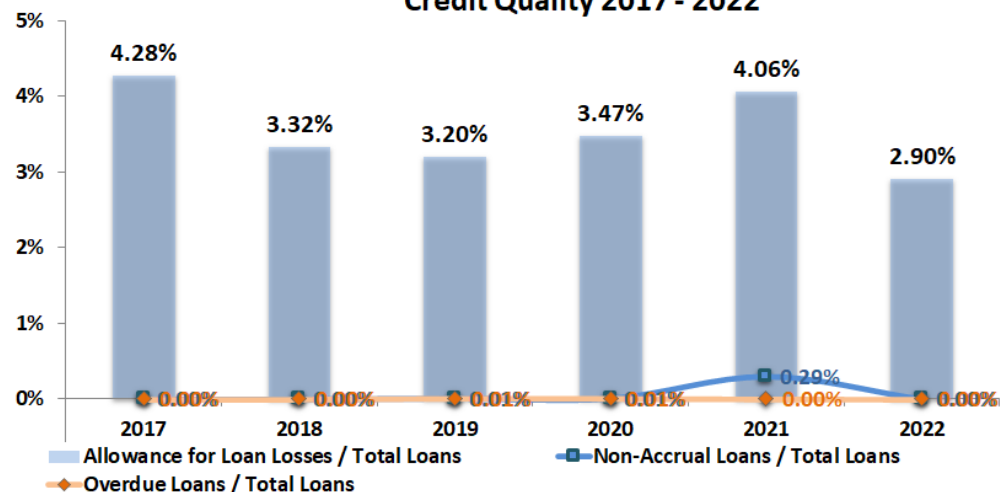


**CABEI has consistently benefited from its "Very Strong" PCT.**

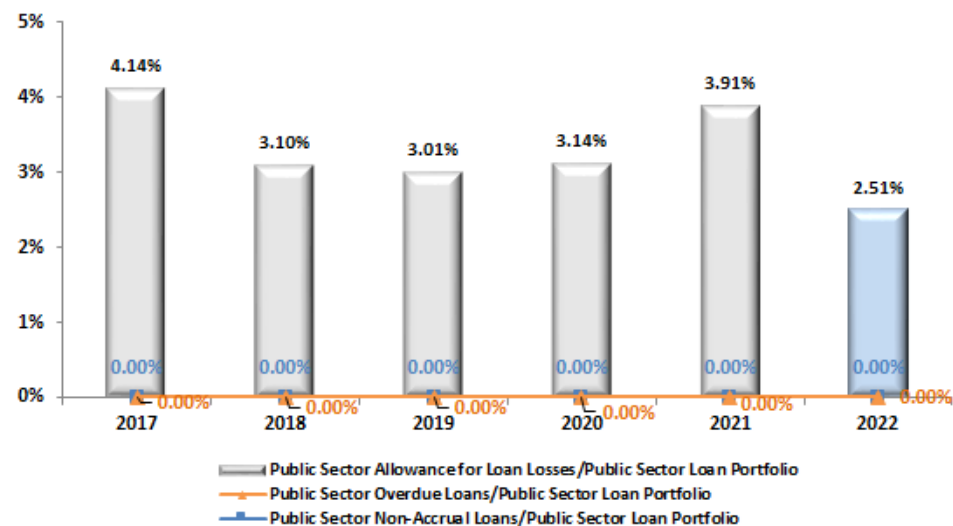
- Arrears on both Sovereign and Non-Sovereign loans **do not consider a grace period and are immediately accounted for.**
- Arrears on sovereign lending have been scarce and all cases have been quickly cured.
- Even when considering the most conservative scenario/analysis of using arrears of 1 day or more, the outstanding balance of public sector arrears has not exceeded 0.5% of the public sector's total loan exposure.
- **CABEI has a strong track record of PCT and expects to 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 **>=1 day.**
- CABEI considers a loan to be in Non-Accrual Status when arrears are:
  - >= 90 days in the case of private sector loans, and**
  - >= 180 days in the case of public sector loans.**

# Credit Risk: Improving credit quality

Credit Quality 2017 - 2022



Credit Quality Public Sector 2012 - 2022



Portfolio Quality Indicators

US\$ Million

Indicator	2017	2018	2019	2020	2021	2022
Total Loans	6,834.8	7,487.4	7,704.3	8,203.7	8,617.6	9,254.9
Overdue Loans	0.0	0.0	0.6	0.5	0.2	0.0
Non-Accrual Loans	0.0	0.0	0.8	0.8	25.2	0.0
Allowance for Loan Losses	292.3	248.9	246.6	285.0	349.8	268.3

PORTFOLIO QUALITY INDICATORS						
Overdue Loans / Total Loans	0.00%	0.00%	0.01%	0.01%	0.00%	0.00%
Non-Accrual Loans / Total Loans	0.00%	0.00%	0.01%	0.01%	0.29%	0.00%
Allowance for Loan Losses / Total Loans	4.3%	3.3%	3.2%	3.5%	4.1%	2.9%
Number of Operations in Non-Accrual Status	0	0	1	1	2	0

- **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 any overdue loans or non-accrual status.**
- **CABEI's credit quality has reached optimum historical levels and is under control.**

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

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

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

# Thanks