Daiwa Capital Markets

Central American Bank for Economic Integration

CABEI

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Agency	Issuer Rating		
	LT	ST	Outlook
Moody's	Aa2	P-1	Positive
S&P	AA+	A-1+	Stable
Fitch	-	-	-

Source: Moody's, S&P, Fitch

Background and Ownership

The Central American Bank for Economic Integration (CABEI) is a multilateral development bank that promotes balanced economic and social development and economic integration of Central American countries. CABEI was formed in 1960 by the five Central American countries of Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica, each of which hold a 10.3% stake. Despite the founding members holding most of the share capital on a combined basis (51.3% as of FY25), considerable capital contributions also come from states outside of the region, including Taiwan (11.1%) and South Korea (9%). Over the last 20 years, CABEI has grown to account for an average ~50% of all MDB funding in Central America, becoming a key financing channel for projects and strategic initiatives in the region.

Key Data		
Balance Sheet (US$bn)	FY25	FY24
Total Assets	19.8	18.2
Total Equity	5.4	5.0
Gross Loans	12.3	11.8
Debt Securities	12.6	11.4
Key Ratios (%)		
Total Debt / Equity	262.6	257.4
Equity / Assets	27.2	27.6
LCR	820.0	488.0
Liquid Asset Ratio	34.8	33.4
Return on Equity	5.3	5.5
Capital Structure (US$bn)		
Callable Capital	5.2	5.2
Paid-in Capital	1.7	1.7
Subscribed Capital	7.0	6.9
Regulatory Details		
ECB Risk-weight	20%	
LCR Liquidity Category	Not eligible	
ECB Haircut Category	n.a.	

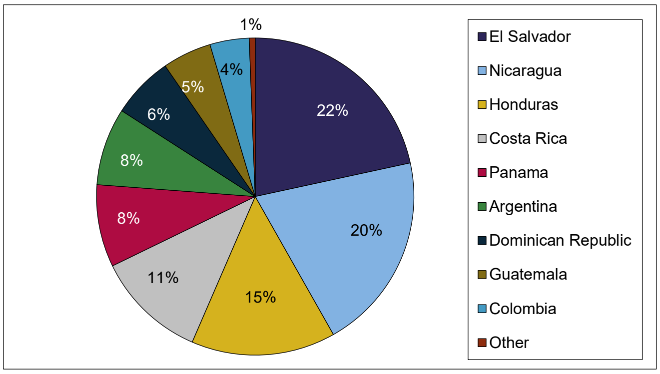
Source: CABEI; Daiwa Capital Markets Europe

Main Purpose and Support

CABEI's mission focuses on regional development across the public and private sector, by attracting and channelling external financing to promote local development opportunities. In 2024, CABEI unveiled its 2025-2029 strategy update, prioritising investment towards sustainable and resilient infrastructure, attracting foreign direct investment, as well as renewing its support for the broader entrepreneurial ecosystem. The bank also reviewed its capitalisation processes, aiming to provide stronger levels of support to its member countries. This was in part achieved through financially sustainable balance sheet optimisations that released capital to increase lending capacity. To achieve this, CABEI engaged in exposure exchange agreements (EEA's) and other risk transfer instruments, alongside internal management mechanisms such as portfolio diversification and continuous analysis of leverage and operational efficiency. The bank expects these activities to result in an average ~6% portfolio loan growth or ~USD11.3bn in cumulative loan disbursements over the five-year strategy period.

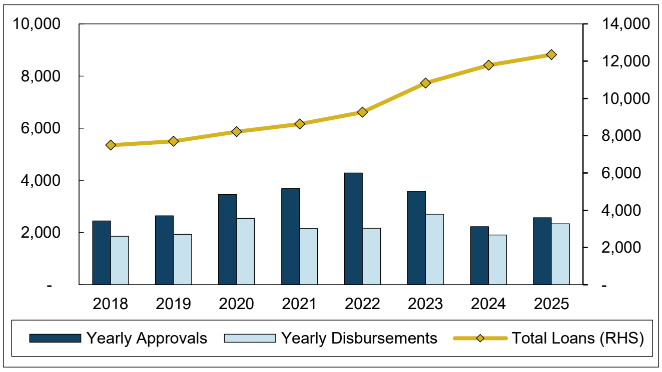
Further financial stability through to 2029 will come from CABEI's ninth general capital increase (GCI) that was approved by the institution's Board of Governors in June 2026. The Board's request for a capital expansion was launched in 2022 and underwent a multi-year review process that will culminate in total authorised capital rising to USD10bn from USD7bn. This will advance CABEI's long-standing strategy of broadening its shareholder-base with higher-rated member countries to support its external credit ratings. Despite a weighted-average borrower rating of B1 (based on Moody's), CABEI is among the highest rated Latin American issuer at 'Aa2'. This takes into consideration the bank's diversified funding base and support of highly rated non-regional shareholders.

Outstanding loans by beneficiary country



Source: CABEI; as of FY25

Annual lending activity and portfolio growth



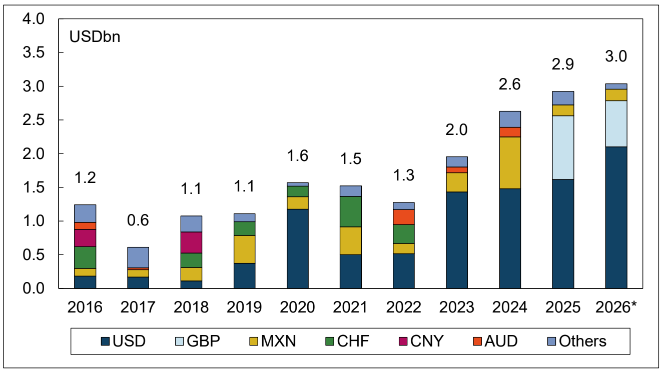
Source: CABEI; as of FY25; all figures expressed in USDmn

Financial Strength Indicators

Funding: CABEI's funding mix has changed significantly over the past two decades, moving towards more wholesale funding via bond issuances in international capital markets. In 2025, medium-and-long-term debt securities accounted for 79% of funding sources, followed by certificates of deposit (11%) and bilateral loans and credit lines (10%). Total debt outstanding amounted to USD14.1bn (+9% yoy), equivalent to 71% of total assets and 263% of equity. CABEI's issuance programme is highly diversified, having placed debt in 27 currencies across 26 markets as at FY25. Despite the wide range of issuance currencies, outstanding bonds were largely USD denominated (49%), followed by MXN (16%), GBP (8%), CHF (7%) and AUD (5%), among others. In 2025, CABEI raised new debt for USD2.9bn, a 12% yoy increase, split between ESG-related (98%) and general-purpose bonds (2%).

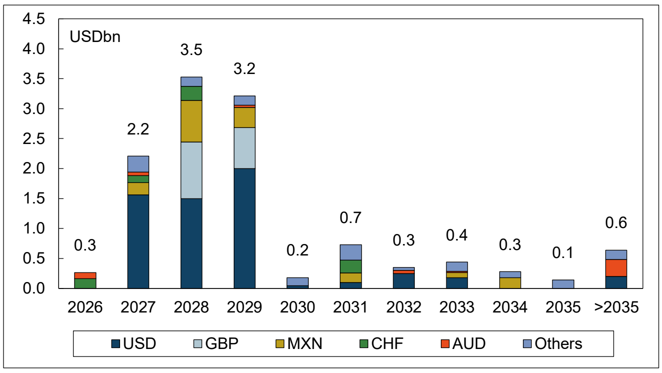
Net new issuances had a weighted average term of 4-years (FY24: 5.3-years) and largely comprised CABEI's annual USD1.5bn dollar benchmark (~2.7x subscribed). In January 2026 the bank issued a USD2bn, 3-year, social bond (~4.7x subscribed), its largest to date. In line with management's plan to further diversify funding sources and access other liquid markets, CABEI tapped sterling markets for the second time ever in 2026, raising £500mn against an order-book of £4.3bn (~8.6x subscribed). As an established and frequent issuer in dollar markets, CABEI's growing presence in sterling supports its funding diversification and may grant access to competitively priced capital across market cycles. According to Bloomberg data, CABEI have issued USD3.1bn in bonds as of end-August 2026, slightly above the average annual volumes of USD2-3bn observed over the last three years. This aligns with higher financing demands under CABEI's 2025-2029 institutional strategy, alongside increased refinancing requirements driven by the bank's preference for shorter-dated benchmark issuance, with eight of the last ten transactions exceeding USD250mn issued in the 3-year tenor.

Annual bond issuance by currency



*Source: Bloomberg; *as of 1H26*

Bond maturity schedule



Source: Bloomberg, as of 31st August 2026

Liquidity: CABEI's liquidity profile is adequate compared to peers, whereby 96% of its treasury and investment portfolio (USD6.9bn) is made up of securities rated 'A' or higher, adhering to the bank's internal threshold of 80%. Any assets held below the 'A' rating are subject to approval by the bank's Asset and Liabilities Committee (ALCO). Liquid assets are reported at 35% of the balance sheet, split by money market funds (56%), sovereign debt (25%), supranational debt (16%) and investment funds (3%). CABEI's LCR and NSFR were strong at 820% and 133%, respectively.

Capitalisation: Total subscribed capital of USD7bn is supported by a high degree of paid-in capital (FY25: 25%) compared to other MDBs. Since inception, CABEI has secured its development objectives by maintaining solid capitalisation levels via general capital increases (GCIs). The eighth iteration entered into force in 2020, raising USD2bn with the resulting payment instalments extending through 2028. The existing USD5.2bn in callable capital covers 38% of total debt, relatively modest compared to peer institutions. As of FY25, ~10% of the total paid-in capital is earmarked as receivable, pending final receipt of capital allocations under the eighth GCI series.

In 2026, it was agreed to raise total subscribed capital to USD10bn under a ninth GCI. Panama and the Dominican Republic would join the founding member countries as Series A shareholders, together comprising 51% of total subscribed capital (with ~7.3% allocated to each), while all other member countries (Series B shareholders) will retain their individual shares as a percentage of subscribed capital. While this creates a more balanced core regional shareholder structure, it also strengthens CABEI's capital base, supporting future lending growth while helping preserve capital adequacy as the institution expands its development mandate. Under the approved structure, ~USD1.1bn of subscribed capital will be freed up for potential new members with credit ratings equal to or higher than CABEI, as well as an additional ~USD480mn in new paid-in capital from existing member countries.

ESG Credentials

CABEI is a leader in sustainable development for Central America as a key player in the mobilisation of financial resources to address the impact of climate change. CABEI seeks to facilitate a transition to more sustainable and resilient economies, supporting projects that benefit both the environment and vulnerable communities. The bank highlights long-term environmental and social sustainability as important pillars of its 2025-2029 strategy, and identified extreme poverty, inequality, insecurity and adverse environmental events as key regional challenges, which are amplified due to the adverse effects of climate change. Key initiatives undertaken by CABEI in recent years include the strategic alliances signed with other institutions to better mobilise resources to the region. This includes but is not exclusive to USD525mn of investment towards climate mitigation and adaptation projects from the agreement signed with the Green Climate Fund in 2017. As of 2025, CABEI has disbursed more than USD43bn towards development projects to the Central American region since its inception in 1960, more than half of which having taken place in the past 10 years. In 2024, the bank published its new Sustainable Bond Framework, which integrates the previous Green and Blue Bond frameworks (2020) and Social Bond framework (2022), establishing guidelines for green, social, blue, sustainability and thematic bonds and aligning eligibility criteria with international best practises – as affirmed by Moody's second-party opinion. ESG-themed bond issuance reached USD2.8bn in 2025 (~98% of total bond funding), largely supported by the USD2bn 3Y social bond issued in January 2026, the largest-ever social or sustainable bond issued by a Latin American development bank. Total ESG bond issuance was split between sustainability (90%), social (8%) and blue bonds (2%) that year. Since inception, CABEI has issued more than USD11bn in ESG bonds across 37 placements.

Rating Agencies' Views

S&P (Nov-25): CABEI's long-term foreign currency issuer credit rating was raised to 'AA+' from 'AA', while the short-term rating and outlook were affirmed at 'A-1+' and stable, respectively. The rating upgrade reflects CABEI's strengthened capital adequacy following a recalibration of preferred creditor treatment (PCT) risk weights and changes to the single-name concentration charge under S&P's revised criteria, also reflecting two recent exposure exchange agreements that reduced its loan concentration. The stable outlook reflects S&P's expectations that in the next two years, CABEI's shareholders will remain supportive, making timely capital payments and upholding preferred creditor treatment (PCT) despite volatile credit quality in the region, while the bank will manage capital prudently and maintain high-quality liquid assets. Downward rating pressure could emerge if signs of fading shareholder support are observed or if capital and/or liquidity ratios deteriorate significantly, while a rating upgrade could occur if substantial membership expansion led to a strengthening in governance

Moody's (Jul-26): CABEI's long-term issuer and senior unsecured ratings are upgraded to 'Aa2' from 'Aa3', while short-term ratings and outlook remain unchanged at 'P-1' and positive, respectively. The rating upgrade reflects a strengthening in CABEI's intrinsic financial strength driven by structural improvements in capital adequacy, portfolio diversification and governance. The approval of the bank's ninth GCI provides greater visibility on future useable equity growth and supports its ability to maintain strong capital metrics as the balance sheet expands. Furthermore, CABEI reduced concentration risks through exposure exchange agreements and a strengthened exposure limit framework, while borrower credit quality improved. The positive outlook reflects the likelihood that CABEI's capital adequacy and risk profile will continue to strengthen in the next 12-18-months. The outlook also incorporates the possibility of stronger member support if the new capital structure broadens the core shareholder base and leads to the incorporation of a highly rated non-borrowing member. Such a development would improve the weighted average shareholder rating and could also increase callable capital coverage of debt.

Select benchmark transactions

Issue Date	Payment Rank	Maturity/Call	Size (m)	Final Spread (bps)	Tightening (bps)	Coupon (%)	Yield (%)	Book (m)/cov.
20 Jan 26	Sr. Unsecured	3Y (Sustain.)	£500	SONIA MS + 57	-3	4.125	4.135	£4,300 / 8.6x
14 Jan 26	Sr. Unsecured	3Y (Social)	US$2,000	MS + 49	-3	3.750	3.869	$9,300 / 4.7x
10 Feb 25	Sr. Unsecured	3Y (Sustain.)	£750	SONIA MS + 75	-5	4.625	4.659	£3,100 / 4.1x
15 Jan 25	Sr. Unsecured	3Y (Sustain.)	US$1,500	SOFR MS + 70	-5	4.750	4.825	$4,000 / 2.7x

Source: Bondradar; Bloomberg

This is an issuer profile and contains factual statements only. All statements related to CABEI's financials are sourced from its company reports, which can be found at www.bcie.org/inversionistas

Access our research at:
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* The amount of the trading commission cannot be stated here in advance because it will be determined between our company and you based on current market conditions and the content of each transaction etc.
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