

渣打國際商業銀行承銷「Central American Bank for Economic Integration CNY 700,000,000 3.95% Fixed Rate Notes due 2019」之人民幣計價普通公司債公告

渣打國際商業銀行(以下稱承銷商)承銷「Central American Bank for Economic Integration CNY 700,000,000 3.95% Fixed Rate Notes due 2019」之人民幣計價普通公司債(以下稱本公司債)，本公司債發行總金額為人民幣 700,000,000 元整，由承銷商洽商銷售本公司債金額為人民幣 700,000,000 元整，茲將銷售辦法公告於後：

一、證券承銷商名稱、地址、總承銷數量、證券承銷商先行保留洽商銷售數量

承銷商名稱	地址	洽商銷售金額
渣打國際商業銀行股份有限公司	台北市松山區敦化北路 168 號 1 樓	人民幣 300,000,000 元整
國泰世華商業銀行股份有限公司	台北市松仁路 7 號 2 樓	人民幣 400,000,000 元整

二、承銷總額：總計人民幣 700,000,000 元整。

三、承銷方式：本公司債將由承銷商包銷並以「洽商銷售」方式出售予投資人。

四、承銷期間：本公司債定價日為 2016 年 8 月 30 日，於 2016 年 9 月 20 日辦理承銷公告並於 2016 年 9 月 21 日發行。

五、承銷價格：承銷商於銷售期間內依本公司債票面金額銷售，以人民幣壹佰萬元整為最低銷售單位，發行價格為 100%。

六、本公司債主要發行條件：

(一) 發行日：2016 年 9 月 21 日。

(二) 到期日：2019 年 9 月 21 日。

(三) 發行人評等：A1 (Moody' s) / A (S&P) / A (Fitch)。

(四) 受償順位：無擔保主順位債券。

(五) 票面金額：人民幣壹佰萬元整。

(六) 票面利率：3.95%。

(七) 付息及還本方式：本債券為固定利率債券。發行人將每半年付息，並於債券到期日一次還本。

(八) 營業日：倫敦、紐約、香港及台北之商業銀行對外營業之日。

(九) 準據法：紐約法。

(十) 債券掛牌處所：中華民國櫃檯買賣中心。

七、銷售限制：於台灣銷售僅限「金融消費者保護法」第四條第二項規定之專業投資機構，另依中華民國證券商業同業公會證券商承銷或再行銷售有價證券處理辦法第三十二條之規定，每一認購人認購數量不得超過該次承銷總數之百分之八十，惟認購人為政府基金者不在此限。

八、通知、繳交價款及交付本公司債方式：承銷商於發行日前通知投資人繳交價款之方式，投資人於發行日以 Euroclear 或 Clearstream(DVP)完成交割或於發行日將本公司債之認購款項匯入承銷商指定帳戶，承銷商將本公司債撥入投資人所指定之集保帳戶。

九、公開說明書之分送、揭露及取閱方式：如經投資人同意承銷商得以電子郵件方式交付公開說明書，投資人並得至公開資訊觀測站 (<http://mops.twse.com.tw>)或渣打國際商業銀行網址(<https://www.sc.com/tw>)，國泰世華商業銀行股份有限公司網址 (<https://www.cathaybk.com.tw/cathaybk/>)查詢。

十、會計師對發行人最近三年度財務資料之查核簽證意見

年度	會計師事務所	查核意見
2015 Annual Report	KPMG	fair
2014 Annual Report	KPMG	fair
2013 Annual Report	KPMG	fair

十一、其他為保護公益及投資人應補充揭露事項：無。

十二、投資人應詳閱本公司債公開說明書。

Final Terms No. 68

Final Terms Dated August 30, 2016



U.S. \$6,000,000,000
Central American Bank for Economic Integration
CNY 700,000,000 3.95% Fixed Rate Notes due 2019 (the “Notes”)
under the
Medium-Term Note Program

Standard Chartered Bank (Taiwan) Limited
Cathay United Bank Co., Ltd.

This Final Terms supplements the Base Prospectus, dated July 18, 2016, relating to the Central American Bank for Economic Integration’s Medium Term Notes (the “Base Prospectus”), and should be read in conjunction with the Base Prospectus. Terms used but not defined herein have the same meaning as in the Base Prospectus. To the extent any information in these Final Terms is different from any information in the Base Prospectus, you should rely on the information in these Final Terms. Unless the context otherwise requires, references to the “Terms and Conditions” herein are to the Terms and Conditions of the Notes set out in the Base Prospectus.

The Notes have not been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws and are being offered and sold outside the United States in accordance with Regulation S under the Securities Act. For a description of certain restrictions on transfers of the Notes, see “Certain Provisions Relating to the Forms of the Notes”, “Offering and Sale” and “Notice to Investors” in the Base Prospectus.

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|------------------------------------|--------------------|--|
| 1. Series number: | 68 | CABEI, may in its discretion, sell additional notes from time to time in one or more offerings subsequent to the issuance of the Notes offered hereby (the “Additional Notes”). Subject to the receipt of all necessary regulatory and listing approvals from applicable authorities in the ROC (as defined below), including but not limited to the Taipei Exchange (“TPEX”) and the Taiwan Securities Association, any Additional Notes issued by CABEI will be part of the same series as the Notes. The Notes and the Additional Notes will have the same ranking, interest rate, maturity and other terms and will be treated as a single series of notes under the Fiscal Agency Agreement. The Additional Notes will be fungible for trading purposes with, and will bear the same Common Code and ISIN Numbers as the Notes. |
| 2. (a) Aggregate principal amount: | CNY 700,000,000 | |
| (b) Stated Maturity: | September 21, 2019 | |
| 3. (a) Issue date: | September 21, 2016 | |

- (b) Issue price: 100.00% of aggregate principal amount
- (c) Trade date: August 30, 2016
- (d) Settlement date: September 21, 2016 (T+15)
4. Authorized denomination(s): CNY 1,000,000 and integral multiples of CNY10,000 in excess thereof
5. Specified Currency: Chinese Yuan (“CNY”) (subject to payment of U.S. Dollar Equivalent under certain circumstances).
6. Interest/payment basis: Fixed Rate Notes
7. Fixed Rate Notes:
- (a) Fixed Rate of interest: 3.95% per annum, payable semi-annually in arrears
- (b) Interest payment date(s): March 21 and September 21 of each year, beginning March 21, 2017, up to and including the Stated Maturity
- (c) Daycount pricing and coupon convention: Actual/365
- If the first day of any interest period or any date for any payment is not a Business Day, such first day or date for payment shall occur on the following Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day.
- (d) Business Day convention: Modified Following
8. Issue Rating: A1 by Moody’s
9. Additional selling restrictions: **REPUBLIC OF CHINA**

The Notes have not been, and shall not be, offered, sold or resold, directly or indirectly, to investors other than “professional institutional investors” as defined under Paragraph 2 of Article 4 of the Financial Consumer Protection Act of the ROC, which currently includes foreign and domestic (i) banks, securities firms, futures firms and insurance companies (excluding insurance agencies, insurance brokers and insurance surveyors) (the foregoing as further described in greater detail in Paragraph 3 of Article 2 of the Organization Act of the Financial Supervisory Commission) (ii) fund management companies, government investment institutions, government funds, pension funds, mutual funds, unit trusts, and funds managed by financial service enterprises pursuant to the ROC Securities Investment Trust and Consulting Act, the ROC Future Trading Act or the ROC Trust Enterprise Act, or investment assets mandated and delivered by or transferred for trust by financial consumers, and (iii) other institutions recognized by the Financial Supervisory Commission of the ROC. Purchaser and Investors of the Notes are not permitted to sell or otherwise dispose of the Notes except by transfer to the aforementioned professional institutional investors.

“ROC” means the island of Taiwan and other areas under the effective control of the Republic of China.

HONG KONG

The Dealers have represented and agreed that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of Hong Kong) and any rules made under that Ordinance.

SINGAPORE

The Dealers have acknowledged that neither these Final Terms nor the Base Prospectus has been or will be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289) of Singapore (the “Securities and Futures Act”). The Dealers have represented and agreed that the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may these Final Terms, the Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and

BASE PROSPECTUS

US\$6,000,000,000 Central American Bank for Economic Integration Medium-Term Note Program

Under its Medium-Term Note Program (the “Program”), Central American Bank for Economic Integration (“CABEI”) may from time to time issue its Medium-Term Notes (the “Notes”) as specified in a supplement to this Base Prospectus (a “Final Terms”). The aggregate principal amount of all Notes will not exceed US\$6,000,000,000 (or the equivalent thereof in other currencies or composite currencies), subject to increase.

The terms of the Notes, which in each case will be specified in a Final Terms, may differ from those described herein. Notes may be denominated in U.S. dollars, Japanese ¥, euro, a currency of a Founding Member (as defined below), or other currencies or composite currencies, as specified in the applicable Final Terms. If Notes are to be denominated in a composite currency, the applicable Final Terms will establish the mechanism for determining the value of such composite currency. Any date of payment or amount payable in respect of principal, interest or premium payable on the Notes may be determined by reference to specified currency, security, commodity, interest rate and/or other indices or formulas and/or other measures, instruments or events as specified in the relevant Final Terms. Subject to certain exceptions, payments on the Notes will be made without deduction for, or on account of, any withholding taxes imposed by or within the Founding Members. See “Terms and Conditions of the Notes—Additional Amounts”.

Interest on fixed rate notes and floating rate notes will be payable on the dates specified in the applicable Final Terms and at maturity. Zero coupon notes generally will not bear interest. Unless otherwise specified in the applicable Final Terms, Notes will not be subject to redemption at the option of CABEI.

See “Investment Considerations” beginning on page 11 of this Base Prospectus for a discussion of certain factors to be considered in connection with an investment in the Notes.

Application has been made to list the Notes issued under the Program on the Luxembourg Stock Exchange for trading on the Euro MTF market. Notes issued under the Program may be listed on one or more stock exchanges or may be unlisted as specified in the applicable Final Terms. This Base Prospectus replaces and supersedes the Base Prospectus dated August 24, 2015. This Base Prospectus is valid for a period of one year (12 months) from the date hereof.

This Base Prospectus does not comprise a base prospectus for the purposes of Article 5(4) of the Prospectus Directive 2003/71/EC (as amended). Pursuant to Article 1(2)(b) of the Prospectus Directive, no offer of the Notes will be subject to the prospectus requirements of the Prospectus Directive as a result of CABEI’s status as a public international body of which one or more Member States of the European Economic Area is a member.

The Notes have not been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws and are being offered and sold in the United States only to qualified institutional buyers within the meaning of Rule 144A under the Securities Act and outside the United States in accordance with Regulation S under the Securities Act. For a description of certain restrictions on transfers of the Notes, see “Terms and Conditions of the Notes”, “Offering and Sale” and “Notice to Investors”.

Offers to purchase Notes may be solicited, on a reasonable efforts basis, from time to time on behalf of CABEI by the Agents referred to in “Offering and Sale”. Notes also may be sold to the Agents for their own account at negotiated discounts or commissions for resale to other purchasers. CABEI reserves the right to sell Notes directly on its own behalf in certain circumstances or to or through other brokers or dealers. CABEI reserves the right to withdraw, cancel or modify the offering of the Notes contemplated hereby without notice. No termination date for the offering of the Notes has been established. CABEI or any Agent may reject any offer made to or through it in whole or in part. See “Offering and Sale”.

July 18, 2016

You should rely only on the information contained or incorporated by reference in this Base Prospectus. CABEI has not authorized anyone to provide you with different information. CABEI is not making an offer of the Notes in any state where the offer is not permitted. You should not assume that the information contained in this Base Prospectus is accurate as of any date other than the date on the front of this Base Prospectus.

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CABEI has made all reasonable inquiries and confirms that, to the best of its knowledge, the information contained herein with regard to CABEI and the Notes is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Base Prospectus are honestly held and that there are no other facts the omission of which would make this Base Prospectus as a whole or any of the information or the expression of any of these opinions or intentions misleading. CABEI accepts responsibility accordingly.

This Base Prospectus has been prepared by CABEI solely for use in connection with the proposed offering of the Notes.

The Agents make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Base Prospectus. Nothing contained in this Base Prospectus is, or shall be relied upon as, a promise or representation by the Agents as to the past or future. The Agents assume no responsibility for the accuracy or completeness of any of the information contained herein (financial, legal or otherwise).

Neither the U.S. Securities and Exchange Commission, any state securities commission nor any other U.S. regulatory authority, has approved or disapproved the Notes, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Base Prospectus. Any representation to the contrary is a criminal offense.

In making an investment decision, prospective investors must rely on their own examination of CABEI and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this Base Prospectus as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable legal investment or similar laws or regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

This Base Prospectus contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information and all such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to CABEI or the Agents. CABEI accepts responsibility for the information contained in this Base Prospectus and it takes the responsibility for the correct reproduction and extraction of the information.

The distribution of this Base Prospectus and the offering and sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by CABEI and the Agents to inform themselves about, and to observe, any such restrictions. For a further description of certain restrictions on the offering and sale of the Notes, see “Terms and Conditions of Notes”, “Offering and Sale” and “Notice to Investors”. This Base Prospectus does not constitute an offer of, or an invitation to purchase, any of the Notes in any jurisdiction in which such offer or invitation would be unlawful.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This Base Prospectus, as completed by the final terms in relation thereto, is for distribution only to persons who: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”); (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order; (iii) are outside the United Kingdom; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This Base Prospectus is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Base Prospectus relates, as completed by the Final Terms in relation thereto, is available only to relevant persons and will be engaged in only with relevant persons.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area, will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by a Final Terms may only do so: (i) in circumstances in which no obligation arises for CABEI or any Agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Member State, such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable, and CABEI has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither CABEI nor any Agent have authorized, nor do they authorize, the making of

any offer of Notes in circumstances in which an obligation arises for CABEI or any Agent to publish or supplement a prospectus for such offer. The expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in the Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- any interim financial statements of CABEI (whether audited or unaudited) that become publicly available subsequent to the annual and interim financial statements included herein from time to time; and
- all amendments and supplements to this Base Prospectus prepared by CABEI from time to time and filed with the Luxembourg Stock Exchange;

provided, however, that any statement contained in this Base Prospectus or in any of the documents incorporated by reference in, and forming part of, this Base Prospectus shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement.

The documents incorporated by reference in, and forming part of, this Base Prospectus, except for future filings, may be obtained free of charge at the offices of the Luxembourg listing and paying agent and are also available through the Luxembourg Stock Exchange's website at <http://www.bourse.lu>. CABEI's audited financial statements as of December 31, 2015 and December 31, 2014 are included in this Base Prospectus.

CABEI has undertaken, in connection with the listing of the Notes on the Luxembourg Stock Exchange, that if there shall occur any adverse change in the business or financial position of CABEI or any change in the information set out under "Terms and Conditions of the Notes" that is material in the context of issuance under the Program, CABEI will prepare or procure the preparation of any amendment or supplement to this Base Prospectus for use in connection with any subsequent issue by CABEI of Notes to be listed on the Luxembourg Stock Exchange.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

As a multilateral organization, CABEI is a legal entity under public international law. The majority of its assets and those of its governors, directors and executive officers, all of whom are non-residents of the United States, are located outside the United States. As a result, it may be difficult or impossible for investors to effect service of process within the United States on CABEI or on such persons with respect to matters arising under U.S. federal securities laws, or to enforce in the Member Countries (as defined below) judgments obtained against CABEI or such persons in U.S. courts, including actions predicated upon the civil liability provisions of such U.S. federal securities laws. In the Member Countries, both recognition and enforcement of court judgments with respect to civil liability provisions of U.S. federal securities laws are governed by local laws.

CABEI has appointed CT Corporation System as its authorized agent upon which process may be served in any action instituted in any U.S. federal or state court having subject matter jurisdiction in the Borough of Manhattan, The City of New York, arising out of or based upon the fiscal agency agreement governing the Notes. See "Terms and Conditions of the Notes—Jurisdiction, Consent to Service and Enforceability".

FORWARD-LOOKING STATEMENTS

This Base Prospectus includes forward-looking statements. All statements other than statements of historical fact included in this Base Prospectus, including statements regarding future events or prospects and certain statements under the headings "Summary", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" are forward-looking statements. Statements that include the words "aim",

“may”, “will”, “expect”, “anticipate”, “believe”, “future”, “continue”, “hope”, “estimate”, “plan”, “intend”, “should”, “shall” or the negative or other variations thereof, as well as other statements regarding matters that are not historical fact, are or may constitute forward-looking statements. CABEI has based these forward-looking statements on management’s current views with respect to future events and financial performance. These views reflect the best judgment of CABEI’s executives, but involve a number of risks and uncertainties which could cause actual results to differ materially from those predicted in CABEI’s forward-looking statements and from past results, performance or achievements. Important factors that could cause CABEI’s actual results to differ materially from those in the forward-looking statements include, among others:

- CABEI’s business could be affected by future adverse economic or political conditions in the Central American region as well as in the Non-Regional Members. See “Capital Structure— Non-Founding Regional Members and Non Regional Members”; and
- CABEI could be adversely affected by currency devaluations, exchange controls or any ratings downgrade.

PRESENTATION OF FINANCIAL INFORMATION

CABEI’s functional currency is the U.S. dollar. Transactions in currencies other than in U.S. dollars are recorded at the effective exchange rates prevailing on the transaction date. Assets and liabilities denominated in currencies other than in U.S. dollars are expressed in such currency using the prevailing exchange rates at the balance sheet date. Net foreign currency gains and losses resulting from transactions denominated in currencies other than in U.S. dollars are presented as other operating income (expenses).

CABEI prepares its financial statements in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”).

Figures set forth in this Base Prospectus may have been rounded. Accordingly, totals may not be the sum of their components.

SUMMARY

The Notes will be offered from time to time in varying amounts and will have varying terms, which for each Note will be described in the related Final Terms to this Base Prospectus and may differ from the terms described herein. For each particular Note, the description of the Notes included in this Base Prospectus will be supplemented, and to the extent inconsistent herewith will be superseded, by the description of such Note in the applicable Final Terms.

Issuer	Central American Bank for Economic Integration.
Fiscal Agent, Registrar and Transfer Agent	Deutsche Bank Trust Company Americas.
New York Paying Agent.....	Deutsche Bank Trust Company Americas.
London Paying and Transfer Agent.....	Deutsche Bank AG London.
Luxembourg Paying Agent and Transfer Agent	Deutsche Bank Luxembourg S.A.
Luxembourg Listing Agent.....	Banque Internationale à Luxembourg, Société Anonyme.
Aggregate Amount	Not to exceed an aggregate initial principal amount of US\$6,000,000,000 (or the equivalent thereof in other currencies or composite currencies), subject to increase by CABEI as provided in the Fiscal Agency Agreement (as defined below).
Fiscal Agency Agreement.....	The Notes will be issued under the Fiscal Agency Agreement, dated as of April 2, 2003, as amended on March 8, 2007, April 15, 2009 and October 17, 2013 (the “Fiscal Agency Agreement”), among CABEI and Deutsche Bank Trust Company Americas, as Fiscal Agent, Registrar and Transfer Agent and New York Paying Agent, Deutsche Bank Luxembourg S.A., as Paying Agent and Transfer Agent in Luxembourg, and Deutsche Bank AG London, as Paying Agent and Transfer Agent in London.
The Offering	Notes are being offered to non-U.S. persons (as defined in Regulation S under the Securities Act) in offshore transactions in reliance on Regulation S, and in the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act.
Minimum Denominations	Registered Notes (as herein defined) will be issued in minimum denominations of US\$10,000 and integral multiples of US\$1,000 in excess thereof (or the equivalent thereof in a Specified Currency, as defined below), or in such other denominations as may be specified in the applicable Final Terms. Bearer Notes (as herein defined) will be issued in denominations as specified in the applicable Final Terms. Unless otherwise permitted by then current laws, regulations and directives, Notes denominated in Japanese ¥ will be in minimum denominations of ¥1,000,000.
Maturities.....	Subject to compliance with all relevant laws, regulations and directives, Notes may have any maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body, however called) or any laws or regulations applicable to the relevant currency or currencies.

Issue Price.....	Notes may be issued at their nominal amount or at a discount to or premium to their nominal amount, as specified in the relevant Final Terms.
Specified Currencies.....	Notes may be denominated in U.S. dollars, Japanese ¥, euro, a currency of a Founding Member, or any other currency or composite currencies as may be specified in the applicable Final Terms, subject in all cases to compliance with all applicable legal and regulatory requirements as well as all applicable requirements of the Luxembourg Stock Exchange.
Issuance in Series.....	The Notes will be issued in series (each, a “Series”). The Notes of each Series will have identical terms (except for the issue date, the issue price or the first interest payment date), including, but not limited to, terms with respect to currency, denomination, interest, interest payment dates, and maturity.
Interest Rates and Other Terms	Interest, if any, will be paid at a fixed rate or at a floating rate determined by reference to one or more Base Rates (as defined below), which may be adjusted by a Spread and/or a Spread Multiplier, as specified in the applicable Final Terms. Zero Coupon Notes will be issued at a discount from the principal amount payable at maturity thereof, and, unless otherwise specified in the applicable Final Terms, holders of Zero Coupon Notes will not receive periodic payments of interest thereon. The Notes may also be issued as Indexed Notes, any date of payment of which, and/or the principal of and any premium and interest on which, may be determined by reference to specified currency, security, commodity, interest rate and/or other indices or formulas and/or other measures, instruments or events as specified in the applicable Final Terms.
Interest Payments.....	Interest on Fixed Rate Notes and Floating Rate Notes will be paid semi-annually on the dates set forth in the applicable Final Terms and at maturity. Zero Coupon Notes generally will not bear interest.
Taxation.....	Subject to certain limitations, all payments in respect of the Notes will be made without deduction for, or on account of, any withholding taxes imposed by or within the Founding Members, as provided in the Notes, except as otherwise required by law. Subject to specified exceptions and limitations, CABEI will pay Additional Amounts in the event of the imposition of such taxes. See “Terms and Conditions of the Notes—Additional Amounts”.
Negative Pledge.....	The Notes will have the benefit of a Negative Pledge as described in “Terms and Conditions of the Notes—Negative Pledge”.
Redemption.....	The Notes will not be redeemable at the option of CABEI prior to maturity, except as otherwise specified in the applicable Final Terms. The Notes will not be redeemable at the option of the holders thereof, except as otherwise specified in the applicable Final Terms.
Status of Notes.....	The Notes will constitute general, direct, unconditional, unsecured and unsubordinated obligations of CABEI and will rank <i>pari passu</i> without any preference among themselves with

all other present and future unsecured and unsubordinated indebtedness of CABEI. See “Terms and Conditions of the Notes—Status”.

Form, Denomination and Registration of Notes .

Notes may be issued in registered form, without interest coupons (“Registered Notes” or a “Registered Note”), or in bearer form, with or without interest coupons (“Bearer Notes” or a “Bearer Note”).

Except as otherwise may be specified in the applicable Final Terms, Bearer Notes will initially be represented only in the form of one or more temporary Bearer Notes in global form without interest coupons attached (each, a “Temporary Global Bearer Note”), which will be deposited with a common depository in London for the accounts of Euroclear System (“Euroclear”) and Clearstream Banking S.A. (“Clearstream, Luxembourg”). Interests in a Temporary Global Bearer Note will be exchangeable, in whole or in part, for interests in a permanent global Bearer Note (a “Global Note”) on or after the Exchange Date (as defined below) therefor, and after the requisite certifications as to non-U.S. beneficial ownership have been provided as described herein. Such certification will also be required before any interest will be paid in respect of any such beneficial interest. Interests in a Temporary Global Bearer Note or Global Note will only be exchangeable for definitive Bearer Notes if so specified in the relevant Final Terms and in accordance with the terms of the relevant Temporary Global Bearer Note or Global Note. See “Certain Provisions Relating to the Forms of the Notes—Global Notes”.

Except as otherwise may be specified in the applicable Final Terms, Registered Notes of the same Series and of like tenor sold in offshore transactions in reliance on Regulation S will be represented by a Registered Note in global form (a “Regulation S Global Note”), which will be deposited with a custodian for and registered in the name of a nominee of The Depository Trust Company (“DTC”) in New York, New York or a common depository in London, in each case for the accounts of the Euroclear and Clearstream, Luxembourg. Prior to the 40th day after the completion of the distribution (as certified to the Fiscal Agent by the relevant Agent) of Notes constituting an identifiable tranche (the “Exchange Date”), beneficial interests in the related Regulation S Global Note may be held only by non-U.S. persons, unless transfer and delivery are made through a Restricted Global Note (as defined below) of the same Series and of like tenor in accordance with the requirements referred to below.

Except as otherwise may be specified in the applicable Final Terms, Registered Notes of the same Series and of like tenor that are sold to a qualified institutional buyer within the meaning of Rule 144A under the Securities Act will be represented by a Registered Note in global form (a “Restricted Global Note”), which will be deposited with a custodian for and registered in the name of a nominee of DTC in New York, New York.

Euroclear, Clearstream, Luxembourg or DTC, as the case may be, will credit the account of each of its participants with the principal amount of Notes that are represented by a Regulation S Global Note or a Restricted Global Note and are being purchased by or through such participant. Beneficial interests in any such Global Note will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants, including Euroclear and Clearstream, Luxembourg. Except in limited circumstances, definitive Notes will not be issued in exchange for beneficial interests in any such Global Note. See “Certain Provisions Relating to the Forms of the Notes—Global Notes”.

A holder of a beneficial interest in a Global Note deposited with DTC that wishes to transfer such interest in reliance upon an exemption from the registration requirements of the Securities Act other than the exemption provided by Rule 144A, Regulation S or Rule 144 (if available) may be required under applicable DTC procedures to exchange such interest for a definitive Note prior to transfer. In particular, under DTC procedures currently in effect, DTC does not permit a holder of a Note that is not a qualified institutional buyer as defined under Rule 144A to hold its interest in a Restricted Global Note (as defined below) through DTC.

Each Restricted Global Note will bear a Securities Act legend. Neither any Restricted Global Note nor any beneficial interest therein may be transferred except in compliance with the transfer restrictions set forth in such legend. In addition, no beneficial interest in a Restricted Global Note may be transferred to a person that takes delivery thereof through a Regulation S Global Note of the same Series and of like tenor unless the transferor provides the Registrar (as named in “Terms and Conditions of the Notes—General”) with a written certification regarding compliance with certain of such transfer restrictions. A transfer of a beneficial interest in a Regulation S Global Note to a person that takes delivery through a Restricted Global Note of the same Series and of like tenor, if (but only if) made prior to the applicable 40th day referred to above, also requires certification as to compliance with certain transfer restrictions. See “Notice to Investors”, “Terms and Conditions of the Notes—Form, Denomination and Registration” and “Offering and Sale”.

Events of Default	For a description of certain events that will permit acceleration of the principal of the Notes of a particular Series (together with any interest and Additional Amounts accrued and unpaid thereon), see “Terms and Conditions of the Notes—Default; Acceleration of Maturity”.
Settlement	Unless otherwise stated in the applicable Final Terms, settlement for each sale of a Note will be made in immediately available funds five Business Days (as defined below) after the applicable trade date.
Governing Law	The Notes will be governed by, and interpreted in accordance with, the laws of the State of New York.

Selling Restrictions.....	There are restrictions on the sale of Notes and the distribution of offering material in various jurisdictions. See “Offering and Sale”.
Transfer Restrictions.....	There are restrictions on the transfer of Registered Notes sold pursuant to Rule 144A or Regulation S under the Securities Act. See “Notice to Investors”.
Clearing Systems	Euroclear and Clearstream, Luxembourg for Bearer Notes; Euroclear, Clearstream, Luxembourg and DTC for Registered Notes; or any other clearing system as may be specified in the relevant Final Terms.
Listing.....	Application has been made to list the Notes issued under the Program on the Luxembourg Stock Exchange for trading on the Euro MTF market. Notes issued under the Program may be listed on one or more stock exchanges or may be unlisted as specified in the relevant Final Terms. This Base Prospectus is valid for a period of one year (12 months) from the date hereof.
Final Terms.....	Each particular issuance of Notes will be the subject of a Final Terms that, for the purposes of that issuance only, supplements the Terms and Conditions of the Notes and this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular issuance of Notes are the Terms and Conditions of the Notes as supplemented, amended or replaced by the relevant Final Terms.

INVESTMENT CONSIDERATIONS

CABEI's financial condition, results of operations and ability to repay the Notes could be adversely affected by adverse economic or political conditions in the Founding Members, Non-Founding Regional Members and Non-Regional Members.

CABEI's loans are and will be the direct or guaranteed obligations of public and private sector obligors located in the Central American region, which includes the Founding Members and the Non-Founding Regional Members (see "Central American Bank for Economic Integration") or Non-Regional Members (see "Capital Structure—Non-Founding Regional Members and Non-Regional Members"). The ability of such obligors to repay those loans is and will be substantially dependent on economic and political conditions prevailing from time to time in the countries of their respective residences. Accordingly, adverse economic or political conditions in the Founding Members and Non-Founding Regional Members, as well as in the Non-Regional Members may adversely affect the ability of CABEI's public and private sector obligors to meet their payment obligations to CABEI which may in turn have an adverse effect on CABEI's financial condition, results of operations and ability to make payments on the Notes when due.

CABEI could be adversely affected by exchange controls or currency devaluations.

CABEI's loans are predominantly denominated in U.S. dollars. Some of its borrowers, however, do not or may not generate U.S. dollars, or have or may have limited access to U.S. dollars. Therefore, the ability of such borrowers to repay their loans in U.S. dollars is dependent on the availability of U.S. dollars at the central bank of the country in which they are located and on such borrowers generating sufficient local currency to purchase the U.S. dollars that are so available. CABEI cannot give any assurances that such country would not impose exchange controls or devalue its currency in a manner that would adversely affect the ability of CABEI's borrowers to repay their loans, or that such potential failure to repay would not adversely affect CABEI's financial condition and results of operations or its ability to make payments on the Notes when due.

The market price of the Notes could be affected by political, economic, social and other developments in emerging market countries.

The Founding Members, certain actual and potential Non-Founding Regional Members and Non-Regional Members are generally considered by international investors to be "emerging market countries". From time to time, adverse economic developments, such as the Mexican peso devaluation in 1994, have led to a general decline in trading prices of securities of issuers located in Latin America and other emerging market countries, including securities similar to the Notes, due to investors' generalized concerns about the region or about emerging market countries. In addition, the impact of hostilities or political unrest in other emerging market countries could affect international trade, commodity prices and general conditions in those countries. As a result, political, economic, social and other developments in other emerging market countries could have an adverse economic effect on the market value and liquidity of the Notes.

It may be difficult to enforce civil liabilities against CABEI or its directors and executive officers.

As a multilateral organization, CABEI is a legal entity under public international law. The majority of its assets and those of its governors, directors and executive officers, all of whom are non-residents of the United States, are located outside the United States. As a result, it may be difficult or impossible for investors to effect service of process within the United States on CABEI or on such persons with respect to matters arising under U.S. federal securities laws, or to enforce outside the United States judgments obtained against CABEI or such persons in U.S. courts, including actions predicated upon the civil liability provisions of such U.S. federal securities laws. In the Founding Member countries and in potential Non-Founding Regional Member countries and Non-Regional Member countries, both recognition and enforcement of court judgments with respect to civil liability provisions of U.S. federal securities laws are solely governed by local laws.

CENTRAL AMERICAN BANK FOR ECONOMIC INTEGRATION

Central American Bank for Economic Integration, CABEI, was established in 1960 as a legal entity under public international law pursuant to the *Convenio Constitutivo del Banco Centroamericano de Integración Económica*, dated December 13, 1960 (as amended, the “Constitutive Agreement”), an international treaty among the Republics of Guatemala, El Salvador, Honduras and Nicaragua. The Republic of Costa Rica became a party to the Constitutive Agreement in 1963.

CABEI’s mission, as set forth in its Constitutive Agreement, is to promote the economic integration and balanced economic and social development of the Central American region, which includes the Founding Members and the Non-Founding Regional Members. Its principal business activity consists of making loans, predominantly denominated in U.S. dollars, to public and private sector borrowers in the Founding Members in furtherance of its mission. CABEI is also authorized by virtue of amendments to its Constitutive Agreement and internal regulations to make loans to public and private sector borrowers in a Non-Founding Regional or Non-Regional Member country. The latter, following compliance with the procedures established by CABEI as a condition to becoming a Non-Founding Regional Member or Non-Regional Member. See “Capital Structure—Non-Founding Regional Members and Non-Regional Members”.

CABEI also invests in funds that make debt or equity investments in public and private sector entities principally in the Founding Members and is responsible for implementing various development programs in the Founding Members. CABEI views its fund investment activities as a minor portion of its overall business and does not foresee any significant increase in such activities in the future.

CABEI’s headquarters is located in Tegucigalpa, M.D.C. Honduras, C.A. and it maintains country offices in each of the Founding Members.

The Constitutive Agreement provides that CABEI’s Board of Governors (the “Board of Governors”) is CABEI’s highest authority and that CABEI’s Board of Directors (the “Board of Directors”) is responsible for setting the policies and directing the business of CABEI.

CABEI obtains funds for its operations from a number of sources, including banks, multilateral financial institutions and purchasers of its certificates of deposit, U.S. commercial paper and privately and publicly placed debt securities. See “Business—Financial debt”.

CABEI’s obligations are not guaranteed by the present Member Countries and will not be guaranteed by any future Non-Founding Regional or Non-Regional Members nor are they in any other manner responsible for those obligations.

CABEI does not have any subsidiaries.

LEGAL STATUS OF CABEI

CABEI is a legal entity under public international law created under the Constitutive Agreement. It has its own legal personality, which permits it to enter into contracts, acquire and dispose of property and take legal action. The Constitutive Agreement has been ratified by the legislature in each of the Founding Members.

CABEI has been granted the following privileges and immunities in the territory of the Member Countries:

- CABEI's assets and property are immune from confiscation, seizure, attachment, detention, auction, adjudication or any other form of seizure or taking in the absence of final judgment;
- CABEI's assets and property are considered public international property and are immune from search, requisition, confiscation, expropriation or any other form of seizure or taking by executive or legislative action and free from restrictions, regulations, controls or moratoria of any nature;
- CABEI, its income, property and other assets, as well as the operations and transactions it carries out pursuant to the Constitutive Agreement, are exempt from taxation and from all customs duties or other charges of a similar nature imposed by Member Countries and are not subject to regulation by the central banks of the Member Countries (including reserve requirements and restrictions on convertibility and transferability of currency); and
- No tax or lien may be levied on any obligation or security issued by CABEI, including any dividend or interest thereon.

CABEI will be granted at least the same privileges and immunities in the territory of any country that becomes a Non-Founding Regional or Non-Regional Member.

ADJUSTED RATIO OF EARNINGS TO FIXED CHARGES

The following table shows CABEL's adjusted ratio of earnings to fixed charges for the fiscal years ended December 31, 2015, 2014 and 2013.

Fiscal year ended December 31		
2015	2014	2013
1.89	1.52	1.59

In the calculation of the adjusted ratios of earnings to fixed charges, "earnings" consist of the sum of the following:

- financial income, and
- other non-interest income.

"Fixed charges" consist of the sum of the following:

- financial expense,
- provision for loan losses, and
- operating expense other than Special Projects (includes administrative expense and other non-interest expense). "Special Projects" means amounts granted to private and public sector institutions that are recorded as expenses in the period granted.

USE OF PROCEEDS

CABEI intends to use the net proceeds from the sale of the Notes for general purposes in the ordinary course of its business.

CAPITALIZATION

The following table sets forth the capitalization of CABEI at December 31, 2015. Except as disclosed herein, there has been no material change in CABEI's capitalization since that date. This table should be read in conjunction with, and is qualified in its entirety by reference to, the financial statements of CABEI included in this Base Prospectus.

	<u>December 31, 2015</u> (in thousands of U.S. dollars)
Debt	
Loans payable	1,345,842
Commercial paper programs	192,833
Bonds payable	3,467,305
Total debt ⁽¹⁾	<u>5,005,980</u>
Equity	
Paid-in capital	865,391
Special capital contributions	7,250
General reserve	1,548,487
Retained earnings	159,519
Accumulated other comprehensive loss	(7,428)
Total equity	<u>2,573,219</u>
Total ⁽¹⁾	<u><u>7,579,199</u></u>

(1) Excludes certificates of deposit and certificates of investment totaling approximately US\$749.546 million as of December 31, 2015.

CAPITAL STRUCTURE

General

Central American Bank for Economic Integration (CABEI) was established in 1960 as a legal entity under public international law pursuant to the *Convenio Constitutivo del Banco Centroamericano de Integración Económica*, dated December 13, 1960 (as amended, the “Constitutive Agreement”), an international treaty among the Republics of Guatemala, El Salvador, Honduras and Nicaragua. The Republic of Costa Rica became a party to the Constitutive Agreement in 1963. At December 31, 2015, these five countries (collectively, the “Founding Members” or the “Central American countries”) owned 51% of the authorized capital of CABEI and 65.29% of its Paid-in Capital. The balance of CABEI’s subscribed and Paid-in Capital, amounted to US\$3,959.5 million and US\$865.4 million, respectively at December 31, 2015, and is owned by all Member Countries, which include the Founding Members, the Republic of Panama and the Dominican Republic (collectively, the “Non-Founding Regional Members”), the United Mexican States, the Republic of China (Taiwan), the Republic of Argentina, the Republic of Colombia, and the Kingdom of Spain, (collectively, the “Non-Regional Members”).

CABEI’s authorized capital is US\$5,000 million, of which US\$2,550.0 million is held by the Founding Members and US\$2,450.0 million is to be held by the Non-Founding Regional Members and Non-Regional Members. CABEI’s outstanding shares are classified into three main series: Series “A” shares, which are available only to the Founding Members, composed of up to 255,000 shares, each with a face value of US\$10,000; Series “B” shares, which are available to Non-Founding Regional Members and Non-Regional Members, composed of up to 245,000 shares, each with a face value of US\$10,000; and Series “C” shares, which are issued in favor of the holders of the Series “A” and Series “B” shares with a face value of zero, with the purpose of aligning the equity value of the Series “A” and Series “B” shares with their nominal value and will be issued as the result of a periodic proportional assignment process, as regulated by the Board of Governors.

As of December 31, 2015, the Founding Members have subscribed for US\$2,550.0 million from the total amount of shares into equal parts, and the Non-Founding Regional Members and Non-Regional Members have subscribed for US\$1,409.5 million; the remaining US\$1,040.5 million is available for subscription.

Series “E” certificates are also issued to Series “A” and Series “B” shareholders, each with a face value of US\$10,000, to recognize the retained earnings attributable to their capital contributions to CABEI. These certificates do not grant voting rights and may not be transferred. Series “E” certificates may be used by Series “A” and “B” shareholders to pay, in whole or in part, amounts due for the subscription of new shares of non-subscribed authorized capital stock made available by CABEI. Series “E” certificates not used to subscribe for new shares of stock will become part of CABEI’s general reserve.

CABEI’s Constitutive Agreement requires that Callable Capital be the equivalent of 75% of Subscribed Capital. The Constitutive Agreement also requires that the Member Countries, at CABEI’s request when authorized by the Board of Governors, pay all or a portion of their Callable Capital to CABEI when needed to satisfy obligations of CABEI in respect of indebtedness incurred or guaranties issued by CABEI. Such payments would be required to be made ratably in accordance with the Member Countries’ Callable Capital and pursuant to a schedule determined by the Board of Governors.

CABEI has never requested that the Member Countries pay part or all of their Callable Capital and has no current plans to do so, as it expects to service its indebtedness and guaranties without needing to make such a request.

On February 12, 2015, CABEI’s Board of Governors adopted certain amendments to CABEI’s Constitutive Agreement and related regulations, in order to consolidate the preferred creditor status, members’ support to CABEI, as well as to continue strengthening the capital base, promote greater diversification of CABEI’s loan portfolio and establish a governance structure that reflects its alignment with the Central American Integration System (“SICA”). In compliance with the requirements laid down in the Constitutive Agreement currently in effect, the Legislative Assembly of the Republic of Costa Rica approved such amendments, by enacting “Law No.9350 Amendments to the Constitutive Agreement of CABEI” which became effective under Costa Rican law once it was published in the Official Journal La Gaceta on March 8, 2016; consequently, on the same date, CABEI made official

communication to all of its members. The aforementioned amendments became effective on June 9, 2016, three months after the date of such official communication.

In response to the aforementioned amendments, on February 12, 2016, CABEL's Board of Governors approved the requests made by the Republic of Panama and the Dominican Republic, to increase their shareholder position in CABEL's capital structure by US\$197.4 million each, amounting to a total subscription of US\$255.0 million for each country. The Republic of Panama and the Dominican Republic will increase their shareholder position in CABEL's capital structure, through a subscription of capital that will generate new capital paid in cash to CABEL for an aggregate amount of US\$98.2 million, which is to be received over a four-year term.

The following table sets forth CABEL's capital structure as of December 31, 2015.

Capital of CABEL

	December 31, 2015			
	Subscribed/ Unsubscribed Capital	Callable Subscribed Capital	Subscribed Payable⁽¹⁾	Paid-in Capital
	(in thousands of U.S. dollars)			
Subscribed Capital				
<u>Founding Members:</u>				
Guatemala.....	510,000	382,500	127,500	109,375
El Salvador.....	510,000	382,500	127,500	91,250
Honduras.....	510,000	382,500	127,500	127,500
Nicaragua.....	510,000	382,500	127,500	127,500
Costa Rica.....	510,000	382,500	127,500	109,375
Subtotal.....	<u>2,550,000</u>	<u>1,912,500</u>	<u>637,500</u>	<u>565,000</u>
<u>Non-Regional Members and Non-Founding Regional Members:</u>				
<u>Non-Regional Members:</u>				
Republic of China (Taiwan).....	500,000	375,000	125,000	95,313
Mexico.....	306,250	229,687	76,563	65,078
Spain.....	200,000	150,000	50,000	50,000
Argentina.....	144,000	108,000	36,000	30,600
Colombia.....	144,000	108,000	36,000	30,600
Subtotal.....	<u>1,294,250</u>	<u>970,687</u>	<u>323,563</u>	<u>271,591</u>
<u>Non-Founding Regional Members:</u>				
Dominican Republic.....	57,600	43,200	14,400	14,400
Panama.....	57,600	43,200	14,400	14,400
Subtotal.....	<u>115,200</u>	<u>86,400</u>	<u>28,800</u>	<u>28,800</u>
Non-Regional Members and Non-Founding Regional Members Subtotal.....	<u>1,409,450</u>	<u>1,057,087</u>	<u>352,363</u>	<u>300,391</u>
Subscribed capital and paid-in capital, subtotal.....	<u>3,959,450</u>	<u>2,969,587</u>	<u>989,863</u>	<u>865,391</u>
Unsubscribed Capital				
Non-Regional Members and Non-Founding Regional Members.....	<u>1,040,550</u>			
	<u>5,000,000</u>			

(1) Includes paid and unpaid capital installments.

As a result of the new subscription of shares, for the year ended December 31, 2015, the following Founding Members and Non-Regional Members made the following capital payments

	December 31, 2015		
	Cash	Series "E" Certificates	Total
(in thousands of U.S. dollars)			
Capital payments			
Founding Members			
Guatemala.....	2,500	15,625	18,125
El Salvador	2,500	15,625	18,125
Honduras.....	2,500	15,625	18,125
Nicaragua.....	2,500	15,625	18,125
Costa Rica.....	2,500	15,626	18,126
	12,500	78,126	90,626
Non-Regional Members			
Republic of China (Taiwan)	2,860	19,015	21,876
Argentina	5,086	11,114	16,200
Colombia	2,563	2,837	5,400
	10,509	32,966	43,475
	23,009	111,092	134,101

The following chart sets forth the long-term foreign currency ratings assigned to the Member Countries by Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Ratings Group ("S&P's") and Fitch's Ratings ("Fitch's") as of April 15, 2016, the most recent practicable date. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency without notice. Each rating should be evaluated independently of any other rating.

	Moody's	S&P's	Fitch's
Founding Members:			
Guatemala	Ba1	BB	BB
El Salvador	Ba3	B+	B+
Honduras	B2	B+	NR
Nicaragua	B2	B+	B+
Costa Rica	Ba1	BB-	BB+
Non-Regional Members:			
Mexico	A3	BBB+	BBB+
Republic of China (Taiwan).....	Aa3	AA-u	A+
Argentina.....	B3	B	B
Colombia.....	Baa2	BBB	BBB
Spain	Baa2	BBB+	BBB+
Non-Founding Regional Members:			
Dominican Republic.....	B1	BB-	B+
Panama	Baa2	BBB	BBB

Non-Founding Regional Members and Non-Regional Members

Pursuant to the amendments to the Constitutive Agreement adopted February 12, 2016, CABEI's Board of Governors also adopted certain modifications to the internal regulations governing the process by which a country may become a Non-Founding Regional Member and a Non-Regional Member, which became effective on June 9, 2016. As a consequence of the above mentioned, Non-Founding Regional Member and Non-Regional Member status will allow public and private sector entities to borrow from CABEI to finance projects that promote the economic integration and the balanced economic and social development of the Central American region, which includes the Founding Members and the Non-Founding Regional Members. Likewise, under conditions set forth in CABEI's internal regulations issued by the Board of Governors, CABEI will also assist with programs and projects in Non-Regional Member countries.

As of the date hereof, CABEI's Non-Regional Members consist of the United Mexican States, the Republic of China (Taiwan), the Republic of Argentina, the Republic of Colombia and the Kingdom of Spain. In addition, CABEI's Non-Founding Regional Members as of the date hereof are the Dominican Republic and the Republic of Panama. Belize will be considered as a Non-Founding Regional Member once it has complied with all the requirements necessary for that category.

SELECTED FINANCIAL INFORMATION

The tables below present selected income statement and balance sheet data of CABEI derived from CABEI's financial statements for the fiscal years ended December 31, 2015, 2014 and 2013 ("Fiscal 2015", "Fiscal 2014", and "Fiscal 2013", respectively), prepared in conformity with U.S. GAAP.

The figure opposite each line item that reflects a total may not equal the sum of the figures that precede it in the relevant table because the table may not include all items that comprise such total.

The following data should be read in conjunction with CABEI's financial statements and the notes thereto included in this Base Prospectus along with Management's Report Regarding the Effectiveness of Internal Control Over Financial Reporting, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other financial data included in this Base Prospectus.

Total financial income for the fiscal years ended December 31, 2015, 2014 and 2013 and realized gains on securities available for sale are included in other operating (expenses) income.

Income statement data

	Fiscal year ended December 31,		
	2015	2014	2013
	(in thousands of U.S. dollars)		
Financial income			
Public sector loans	234,531	221,602	235,151
Private sector loans	74,280	63,888	62,817
Marketable securities ⁽¹⁾	10,836	9,585	14,267
Due from banks	3,650	2,926	1,443
Total financial income	323,297	298,001	313,678
Financial expenses			
Loans payable ⁽²⁾	21,158	18,857	32,442
Bonds payable	64,458	76,713	84,505
Commercial paper programs	1,812	2,134	2,993
Certificates of deposit and investment	3,529	2,289	2,867
Total financial expenses	90,957	99,993	122,807
Net financial income	232,340	198,008	190,871
Provision for loan losses	8,381	20,985	2,065
Provision for losses on contingencies and pre-investment studies	156	276	1,026
Total provisions for credit losses	8,537	21,261	3,091
Net financial income after provision for credit losses	223,803	176,747	187,780
Other operating (expenses) income			
Management and other service fees	2,605	2,780	1,594
Supervision and audit fees	430	338	405
Realized (loss) gain on securities available for sale	(2,920)	20	4
Gain on sale of loans	141	0	0
Gain on sale of equity investments	0	0	2,281
Loss on equity investments, net	(426)	(707)	(730)
Loss on foreclosed assets, net	(762)	(3,953)	(174)
Foreign exchange loss, net	(1,153)	(2,977)	(1,198)
Other operating (expenses) income	(2,835)	921	241
Total other operating (expenses) income, net	(4,920)	(3,578)	2,423

	Fiscal year ended December 31,		
	2015	2014	2013
Administrative expenses			
Salaries and employee benefits	27,922	26,493	24,843
Other administrative expenses	13,897	13,606	13,189
Depreciation and amortization	3,946	3,775	3,667
Total administrative expenses.....	45,765	43,874	41,699
Income, before special and other contributions and valuation of derivative financial instruments and debt	173,118	129,295	148,504
Special and other contributions ⁽³⁾	(25,389)	(11,787)	(11,377)
Income, before valuation of derivative financial instruments and debt	147,729	117,508	137,127
Valuation of derivative financial instruments and debt	11,790	(14,649)	(18,938)
Net income.....	159,519	102,859	118,189

(1) Includes realized gains on investment funds.

(2) CABEI may obtain loans and credit facilities from international commercial banks and other development banks. As of December 31, 2015, CABEI had available long- and short-term committed and non-committed lines of credit from international commercial banks, development banks and institutions totaling US\$1,822 million, of which approximately US\$1,365 million was on a non-committed basis. CABEI also has in effect a global commercial paper program in the amount of up to US\$ 500 million and approval for a regional commercial paper program in the amount of US\$200 million.

(3) Special contributions are amounts granted to private and public sector institutions and are recorded as expenses in the period made. On October 29, 1999, CABEI's Board of Governors approved the formation of the Special Fund for the Social Transformation of Central America ("FETS"). FETS was established by CABEI to make loans on concessionary terms. The assets, liabilities, revenues and expenses of FETS are not included in CABEI's balance sheet and income statement. During Fiscal 2015 and 2014, CABEI contributed US\$13.345 million and US\$5.500 million, respectively, to FETS. During Fiscal 2013, CABEI did not contribute to FETS.

Balance sheet data

	At December 31,		
	2015	2014	2013
	(in thousands of U.S. dollars)		
Assets			
Cash and demand deposits	32,790	34,955	12,217
Interest-bearing deposits with banks	1,167,671	923,533	706,672
Securities available for sale.....	1,169,964	1,148,389	1,276,588
Loans, net of deferred origination fees	6,081,605	5,713,246	5,395,376
Less allowance for loan losses ⁽¹⁾	(176,587)	(167,540)	(159,134)
Net loans	5,905,018	5,545,706	5,236,242
Accrued interest receivable	66,118	59,473	58,123
Property and equipment, net	32,723	33,405	34,400
Derivative financial instruments	389,860	245,713	151,072
Equity investments	29,858	30,160	30,833
Other assets	18,994	23,024	31,092
Total assets	8,812,996	8,044,358	7,537,239

	At December 31,		
	2015	2014	2013
	(in thousands of U.S. dollars)		
Liabilities			
Loans payable	1,345,842	1,398,473	1,158,260
Bonds payable	3,467,305	3,106,951	3,199,154
Commercial paper programs	192,833	287,206	284,894
Certificates of deposit	748,879	504,396	383,497
Certificates of investment	667	946	1,026
Accrued interest payable	22,233	19,318	28,337
Derivative financial instruments	424,599	306,630	193,135
Other liabilities	37,419	24,168	21,041
Total liabilities	6,239,777	5,648,088	5,269,344
Equity			
Paid-in capital (Authorized capital US\$5,000 million)	865,391	731,290	620,031
Special capital contributions	7,250	7,250	7,250
General reserve ⁽²⁾	1,548,487	1,556,720	1,532,866
Retained earnings	159,519	102,859	118,189
Accumulated other comprehensive loss	(7,428)	(1,849)	(10,441)
Total equity	2,573,219	2,396,270	2,267,895
Total liabilities and equity	8,812,996	8,044,358	7,537,239

(1) The allowance for loan losses to private sector borrowers was US\$58.737 million, US\$56.092 million, and US\$44.576 million at December 31, 2015, December 31, 2014, and December 31, 2013, respectively. The allowance for loan losses to public sector borrowers was US\$117.850 million, US\$111.448 million, and US\$114.558 million at December 31, 2015, December 31, 2014, and December 31, 2013, respectively.

(2) Reflects accumulated net earnings.

Operating Data

	Fiscal year ended December 31,		
	2015	2014	2013
	(expressed as a percentage)		
Profitability			
Return on average assets ⁽¹⁾	1.89	1.32	1.57
Return on average equity ⁽²⁾	6.42	4.41	5.36
Asset Quality			
Overdue loans/loans	0.01	0.01	0.07
Liquidity			
Loans /total assets	69.01	71.02	71.58
Loans/total liabilities	97.47	101.15	102.39
Capital adequacy			
Equity/total assets	29.20	29.79	30.09

	Fiscal year ended December 31,		
	2015	2014	2013
	(expressed as a percentage)		
Equity/total liabilities	41.24	42.43	43.04
Equity/total risk-weighted assets (plus swaps) ⁽³⁾	38.29	38.89	39.11
Operational efficiency ⁽⁴⁾	0.58	0.59	0.58

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- (1) For any particular year, consists of net income for the fiscal year divided by the average of total assets at the end of the previous fiscal year and the end of the current fiscal year.
- (2) For any particular year, consists of net income for the fiscal year divided by the average of total equity at the end of the previous fiscal year and the end of the current fiscal year.
- (3) Calculated pursuant to CABEI's internal policies and according to the guidelines of CABEI for International Settlements. See "Business—Capital Adequacy and Leverage".
- (4) For any particular year, consists of administrative expenses for the current fiscal year, divided by the average earning assets at the end of the previous year and the end of the current year. Administrative expenses consist of the sum of salaries and employee benefits, depreciation and amortization, and other administrative expenses for the fiscal year. Earning assets consist of interest-bearing deposits with banks, marketable securities and net loans.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with "Selected Financial Information" and with CABEI's financial statements and the other financial data included in this Base Prospectus. CABEI prepares its financial statements in conformity with U.S. GAAP. This section contains forward-looking statements that involve risks and uncertainties. CABEI's actual results may differ materially from the results that the forward-looking statements express or imply.

Overview

CABEI's principal business activity consists of granting loans, predominantly denominated in U.S. dollars, to public and private sector borrowers in the Central American region. In addition, CABEI recently began to approve loans in Non-Founding Regional and Non-Regional Members. See "Capital Structure—Non-Founding Regional Members and Non-Regional Members". CABEI also invests in funds that make debt or equity investments in public and private sector entities principally in the Founding Members and is responsible for implementing various development programs in the Founding Members.

CABEI's income is derived principally from the lending activities described above, as well as from marketable securities and deposits with banks. CABEI views its fund investment activities as a minor portion of its overall business and does not foresee any significant increase in such activities in the future.

CABEI considers other regional multilateral development banks and international and regional commercial banks to be its principal competitors and seeks to strengthen its position as a leader in the sustainable development of the Central American countries by providing competitive interest rates and loan terms to its public and private sector borrowers.

Of CABEI's loans of US\$6,081.605 million at December 31, 2015, approximately 77% (US\$4,707.943 million) represented loans to public sector borrowers and approximately 23% (US\$1,373.662 million) represented loans to private sector borrowers compared to approximately 71% (US\$3,420.346 million) and 29% (US\$1,417.648 million), respectively, of CABEI's loans of US\$4,837.994 million at December 31, 2010. In 2015, CABEI continued to shift its loan disbursement activity to the public sector, while decreasing its disbursement of loans to the private sector.

From December 31, 2010 through December 31, 2015, CABEI's loans grew at a compound annual rate of approximately 4.11%. During the period, CABEI's public sector loans grew at a compound annual rate of approximately 5.53%, while private sector loans decreased at a compound annual rate of 0.01%.

During Fiscal 2015, 2014, and 2013, CABEI has managed the volatility in the interest rate environment by targeting a constant net interest margin.

CABEI's financial expense includes interest on loans payable, bonds payable, commercial paper and certificates of deposit and investment in securities.

CABEI's provision for loan losses increased approximately US\$13.5 million, or 8.5%, for the fiscal year ended December 31, 2014, as compared to Fiscal 2013, as a result of Moody's and Fitch's downgrades of international debt ratings of our public sector borrowers during Fiscal 2014. During Fiscal 2015, there were no significant provisions related to changes to international debt ratings.

Results of Operations

Fiscal years ended December 31, 2015 and December 31, 2014

Financial income. CABEI's total financial income increased by US\$25.296 million (8.5%) to US\$323.297 million in Fiscal 2015 from US\$298.001 million in Fiscal 2014 as a result of an aggregate increase of income from public and private sector loans of US\$23.321 million (8.2%) to US\$308.811 million for Fiscal 2015 from US\$285.490 million for Fiscal 2014, which was mainly attributable to higher market interest rates and a year to year average loan portfolio growth.

CABEI's total financial income also increased as a result of an increase of US\$1.251 million (13.1%) in income from marketable securities to US\$10.836 million for Fiscal 2015 from US\$9.585 million for Fiscal 2014. This increase is attributable to an increase in the weighted average yield on loans to 0.68% for Fiscal 2015 from 0.61% for Fiscal 2014, due to an increase in market interest rates.

Financial expenses. CABEI's total financial expenses decreased by US\$9.036 million (9.0%) to US\$90.957 million in Fiscal 2015 from US\$99.993 million in Fiscal 2014. This was primarily attributable to a decrease in interest expense on bonds payable of US\$12.255 million (16.0%) to US\$64.458 million in Fiscal 2015 from US\$76.713 million in Fiscal 2014, which was due to improved debt management by raising funds at lower market interest rates. This decrease was offset by an increase in interest expense on loans payable of US\$2.301 million (12.2%) to US\$21.158 million for Fiscal 2015 from US\$18.857 million for Fiscal 2014.

Provision for loan losses. CABEI's provision for loan losses decreased by US\$12.604 million to US\$8.381 million in Fiscal 2015 from US\$20.985 million in Fiscal 2014. This was the result of a decrease of US\$22.116 million in the allowance for private sector loans, which was partially offset by an increase of US\$9.512 million in provisions for public sector loans. Both variations are direct results of the decrease in the private sector loan portfolio (US\$43.953 million) and the increase in public sector loan portfolio (US\$412.312 million). During Fiscal 2014, CABEI provisioned US\$28.388 million for loans granted to the public sector, of which US\$13.5 million was a result of Moody's and Fitch's downgrades of international debt ratings during Fiscal 2014 and US\$14.888 million was due to an increase in the public sector loan portfolio. During Fiscal 2015, there were no significant provisions related to downgrades of international debt ratings.

Provision for losses on contingencies and pre-investment studies. CABEI's allowance for losses on contingencies and pre-investment studies decreased by US\$0.120 million (43.5%) to US\$0.156 million in Fiscal 2015 from US\$0.276 million in Fiscal 2014. This decrease was attributable to a decrease on contingent commitments of US\$33.720 million (31.4%) to US\$73.759 million in Fiscal 2015 from US\$107.479 million in Fiscal 2014.

Administrative expenses. CABEI's administrative expenses increased by US\$1.891 million (4.3%) to US\$45.765 million in Fiscal 2015 from US\$43.874 million in Fiscal 2014. This increase was primarily attributable to a US\$1.429 million increase in salaries and employee benefits to US\$27.922 million in Fiscal 2015 from US\$26.493 million in Fiscal 2014, due to the provisioning of an extraordinary bonus to personnel of US\$1.445 million.

Other operating (expenses) income. CABEI's other operating (expenses) income, which includes management and other services fees, supervision and audit fees, realized (loss) gain on securities available for sale, loss on foreclosed assets, net, foreign exchange loss, net, and other operating (expenses) income increased by US\$1.342 million to US\$(4.920) million in Fiscal 2015 from US\$(3.578) million in Fiscal 2014. The aggregate increase in other operating (expenses) income is the result of (i) an increase in other operating expenses and (ii) a realized loss on securities available for sale, of US\$6.696 million to US\$(5.755) million in Fiscal 2015 from US\$0.941 million in Fiscal 2014. This increase was offset by the aggregate effect of (i) a decrease in the loss in foreclosed assets, net and (ii) a decrease in the foreign exchange loss of US\$5.015 million (72.4%) to US\$(1.915) million in Fiscal 2015 from US\$(6.930) million in Fiscal 2014.

Special and other contributions. CABEI's special and other contributions increased by US\$13.602 million (115.4%) to US\$25.389 million in Fiscal 2015 from US\$11.787 million in Fiscal 2014. This was the result of

CABEI increasing its special contributions to FETS, FONTEC (Technical Cooperation Fund) and Founding Member countries by US\$13.842 million to US\$20.409 million during Fiscal 2015 from US\$6.567 million in Fiscal 2014.

Valuation of derivative financial instruments and debt. CABEI's income from changes in valuation of derivative financial instruments and debt increased US\$26.439 million to US\$11.790 million in Fiscal 2015 from US\$(14.649) million in Fiscal 2014. This increase was attributable to changes in the mark-to-market valuation of CABEI's cash flow hedges, cross-currency swaps, interest rate swaps, and credit risk valuation adjustment for counterparties under netting agreements in the amount of US\$0.191 million, US\$26.935 million, US\$(0.249) million, and US\$(0.438) million, respectively. All of CABEI's derivative financial instruments are held to maturity.

Net income. CABEI's net income increased by US\$56.660 million to US\$159.519 million in Fiscal 2015 from US\$102.859 million in Fiscal 2014.

Fiscal years ended December 31, 2014 and December 31, 2013

Financial income. CABEI's total financial income decreased by US\$15.677 million (5.0%) to US\$298.001 million in Fiscal 2014 from US\$313.678 million in Fiscal 2013 as a result of an aggregate decrease of income from public sector loans of US\$13.549 million (5.8%) to US\$221.602 million for Fiscal 2014 from US\$235.151 million for Fiscal 2013, which was attributable to significant public sector loan prepayments of US\$454.446 million during Fiscal 2013. This decrease in the average public sector loan portfolio decreased the weighted average yield on public sector loans to 5.25% for Fiscal 2014 from 5.70% for Fiscal 2013. Also, during Fiscal 2013, CABEI collected penalties from prepayments on public sector loans of US\$3.616 million. During Fiscal 2014, CABEI did not record significant prepayment penalties on public sector loans. This decrease was offset by an increase of US\$1.071 million (1.7%) in financial income from private sector loans to US\$63.888 million for Fiscal 2014 from US\$62.817 million for Fiscal 2013, primarily as a result of an increase of private sector loans of US\$150.102 million (11.8%) to US\$1,417.615 million for Fiscal 2014 from US\$1,267.513 million for Fiscal 2013.

CABEI's total financial income also decreased as a result of a decrease of US\$3.592 million in realized gains on investment funds to US\$1.977 million in Fiscal 2014 from US\$5.569 million in Fiscal 2013.

Financial expenses. CABEI's total financial expenses decreased by US\$22.814 million (18.6%) to US\$99.993 million in Fiscal 2014 from US\$122.807 million in Fiscal 2013. This was primarily attributable to an aggregate decrease in interest expense on loans payable and bonds payable of US\$21.377 million (18.3%) to US\$95.570 million in Fiscal 2014 from US\$116.947 million in Fiscal 2013, which was due to improved debt management by raising funds at lower market interest rates.

Provision for loan losses. CABEI's provision for loan losses increased by US\$18.920 million to US\$20.985 million in Fiscal 2014 from US\$2.065 million in Fiscal 2013. This increase was the result of an increase of US\$25.814 million in the allowance for private sector loans, which was partially offset by a decrease of US\$6.894 million in provisions for public sector loans. The increase in the allowance for private sector loans was primarily a result of an increase in the private sector loan portfolio. With regards to the allowance for public sector loans, during Fiscal 2014, CABEI provisioned US\$28.388 million, of which US\$13.5 million is a result of Moody's and Fitch's downgrades of international debt ratings during Fiscal 2014 and US\$14.888 million is due to an increase in the public sector loan portfolio.

However, effective December 2014, CABEI approved improvements to the methodology to determine provisions for losses on loans to the public and private sector. Such improvements consisted mainly in the calibration of the probabilities of default for the public sector, so that they are consistent with those used for the private sector. The effect of this change in accounting estimate was of US\$(31.498) million and US\$20.013 million for the public and private sector allowance for loan losses, respectively. The net effect of US\$(11.485) million decreased the provision for loan losses.

Provision for losses on contingencies and pre-investment studies. CABEI's allowance for losses on contingencies and pre-investment studies decreased by US\$0.750 million (73.1%) to US\$0.276 million in Fiscal

2014 from US\$1.026 million in Fiscal 2013. This decrease was primarily attributable to the aforementioned improvements to the methodology to determine provisions for losses.

Administrative expenses. CABEI's administrative expenses increased by US\$2.175 million (5.2%) to US\$43.874 million in Fiscal 2014 from US\$41.699 million in Fiscal 2013. This increase was primarily attributable to a US\$1.650 million increase in salaries and employee benefits to US\$26.493 million in Fiscal 2014 from US\$24.843 million in Fiscal 2013, due to an increase in CABEI's workforce.

Other operating income (expenses). CABEI's other operating income (expenses), which includes management and other services fees, supervision and audit fees, loss on foreclosed assets and the foreign exchange loss, net, decreased by US\$6.001 million to US\$(3.578) million in Fiscal 2014 from US\$2.423 million in Fiscal 2013. The aggregate decrease in other operating income is the result of (i) an increase in the loss on foreclosed assets, (ii) an increase in foreign exchange loss, net, and (iii) a decrease in the gain on sale of equity investments of US\$7.839 million to US\$(6.930) million in Fiscal 2014 from US\$0.909 million in Fiscal 2013, due primarily to the deterioration in the valuation of CABEI's foreclosed assets and the non-sale of equity investments during Fiscal 2014. This decrease was offset by an increase in management and other service fees of US\$1.186 million (74.4%) to US\$2.780 million in Fiscal 2014 from US\$1.594 million in Fiscal 2013.

Special and other contributions. CABEI's special and other contributions increased by US\$0.410 million (3.6%) to US\$11.787 million in Fiscal 2014 from US\$11.377 million in Fiscal 2013. This increase was the result of CABEI making a special contribution of US\$5.500 million to FETS during Fiscal 2014. During Fiscal 2013, CABEI made no special contributions to FETS. This increase was partially offset by a decrease of US\$2.688 million to CABEI's special contribution to the Social Benefit Fund to US\$5.220 million in Fiscal 2014 from US\$7.908 million in Fiscal 2013.

Valuation of derivative financial instruments and debt. CABEI's income from changes in valuation of derivative financial instruments and debt increased US\$4.289 million to US\$(14.649) million in Fiscal 2014 from US\$(18.938) million in Fiscal 2013. This increase was attributable to changes in the mark-to-market valuation of CABEI's cash flow hedges, cross-currency swaps, interest rate swaps, credit default swaps, and credit risk valuation adjustment for counterparties under netting agreements in the amount of US\$0.865 million, US\$2.956 million, US\$(0.115) million, US\$0.241 million, and US\$0.342 million, respectively. All of CABEI's derivative financial instruments are held to maturity.

Net income. CABEI's net income decreased by US\$15.330 million to US\$102.859 million in Fiscal 2014 from US\$118.189 million in Fiscal 2013.

Balance sheet

At December 31, 2015, CABEI's total assets, total liabilities and equity were US\$8.813 billion, US\$6.240 billion and US\$2.573 billion, respectively, compared to US\$8.044 billion, US\$5.648 billion and US\$2.396 billion, respectively, at December 31, 2014, and US\$7.537 billion, US\$5.269 billion and US\$2.268 billion, respectively, at December 31, 2013.

Asset quality

Overdue loans

At December 31, 2015, the total amount of CABEI's overdue loan installments (including overdue principal installments of non-accrual loans) was US\$0.872 million compared to US\$0.544 million at December 31, 2014 and US\$3.817 million at December 31, 2013. All overdue loans in Fiscal 2015, 2014 and 2013 were loans granted to private sector borrowers.

See "Business—Asset quality".

Non-accrual loans

At December 31, 2015, the total principal amount of CABEL's non-accrual loans was US\$3.820 million, or 0.06% of CABEL's loans at that date, compared to US\$32.010 million, or 0.56% of CABEL's loans, at December 31, 2014, and US\$33.547 million, or 0.62% of CABEL's loans, at December 31, 2013. All non-accrual loans in Fiscal 2015, 2014 and 2013 were loans granted to private sector borrowers.

See "Business—Asset quality".

Loan write-offs and provisions for loan losses

According to CABEL's policy, management decides to write off against the allowance when a loan's outstanding balance has been deemed uncollectible. CABEL normally makes a 100% provision for these loans. During Fiscal 2015, 2014, and 2013, CABEL wrote off US\$0 million, US\$12.778 million and US\$11.560 million of loans, respectively, all of which were made to private sector borrowers. For Fiscal 2015, 2014, and 2013, CABEL recorded provisions in the amount of US\$8.381 million, US\$20.985 million and US\$2.065 million, respectively.

Liquidity and Capital Resources

CABEL generates cash primarily from:

- payments to it of interest and from other operating activities,
- payments to it of principal, and
- financing, including sales of debt securities and loans from banks and multilateral lending institutions.

CABEL's principal uses of cash are:

- payments by it of principal and interest,
- loan disbursements by it, and
- operating expenses.

CABEL's policy is to have liquid assets at least equal to its anticipated gross cash requirements for the next six months.

CABEL's current investment policy, established by the Board of Directors on November 25, 2014, requires that at least 80% of its liquid assets be held in the form of investment grade obligations rated A- or better. At December 31, 2015, 90% of CABEL liquid assets were invested in investment grade obligations rated A- or better, compared to 87% at December 31, 2014, and compared to 85% at December 31, 2013.

CABEL's conservative investment policy emphasizes liquidity over yield. On November 11, 2014, the Board of Directors, through CABEL's investment policy, established three years as the maximum average weighted duration for its fixed income portfolio with a five -year maximum modified duration for individual securities at the time of acquisition and required that those securities be readily marketable. At December 31, 2015, the average duration of the securities included in CABEL's investment portfolio was approximately 0.81 years.

Operating activities

CABEL's cash provided by operating activities increased by US\$18.040 million (11.9%) to US\$169.022 million for Fiscal 2015 from US\$150.982 million for Fiscal 2014. This increase was primarily due to an increase in (i) net income and (ii) accrued interest payable of US\$68.594 million to US\$162.434 million for Fiscal 2015 from US\$93.840 million for Fiscal 2014. This increase was partially offset by (i) an increase on income from valuation of derivative financial instruments and debt, (ii) a decrease in provisions for credit losses, (iii) an increase in accrued interest receivable, and (iv) a decrease in the loss on foreclosed assets, net of US\$47.660 million to US\$(9.147)

million for Fiscal 2015 from US\$38.513 million for Fiscal 2014.

CABEI's cash provided by operating activities increased by US\$33.050 million (28.0%) to US\$150.982 million for Fiscal 2014 from US\$117.932 million for Fiscal 2013. This decrease was primarily due to (i) an increase in other liabilities, (ii) an increase in provisions for credit losses, and (iii) a decrease in other assets of US\$54.099 million to US\$33.231 million for Fiscal 2014 from US\$(20.868) million for Fiscal 2013. This increase was partially offset by a decrease in (i) the valuation of derivative financial instruments and debt, (ii) accrued interest payable, and (iii) net income of US\$26.507 million to US\$108.489 million for Fiscal 2014 from US\$134.996 million for Fiscal 2013.

Investing activities

CABEI's cash used in investing activities increased by US\$215.603 million (36.8%) to US\$801.264 million for Fiscal 2015 from US\$585.661 million for Fiscal 2014 primarily due to (i) a decrease on proceeds from sales and redemptions of securities available for sale, (ii) a decrease in collections of loans, and (iii) a net increase on interest-bearing deposits with banks of US\$497.880 million (25.4%) to US\$1,461.805 million for Fiscal 2015 from US\$1,959.685 million for Fiscal 2014. This increase was partially offset by (i) a decrease in purchase of securities available for sale and (ii) a decrease in disbursements of loans of US\$276.925 million (11.7%) to US\$2,097.595 million for Fiscal 2015 from US\$2,374.520 million for Fiscal 2014.

CABEI's cash used in investing activities increased by US\$343.245 million (141.6%) to US\$585.661 million for Fiscal 2014 from US\$242.416 million for Fiscal 2013 primarily due to (i) a decrease in collections of loans, (ii) an increase on interest-bearing deposits with banks, (iii) an increase on disbursements of loans, (iv) a net increase in derivative financial instruments, and (iii) a decrease on proceeds from sales and redemptions of securities available for sale of US\$851.236 million (78.9%) to US\$227.118 million for Fiscal 2014 from US\$1,078.354 million for Fiscal 2013. This increase was partially offset by the purchase of securities available for sale of US\$519.827 million (39.1%) to US\$810.766 million for Fiscal 2014 from US\$1,330.593 million for Fiscal 2013.

Financing activities

CABEI's cash provided by financing activities increased by US\$173.153 million (37.9%) to US\$630.219 million for Fiscal 2015 from US\$457.066 million for Fiscal 2014. This increase was primarily attributable to (i) an increase in proceeds from issuance of bonds, (ii) a net increase in certificates of deposit, and (iii) a decrease in repayment of bonds payable of US\$571.843 million to US\$755.520 million for Fiscal 2015 from US\$183.677 million for Fiscal 2014. This increase was partially offset by (i) an increase in repayments of loans payable and (ii) a net decrease in commercial paper programs of US\$410.954 million to US\$607.654 million for Fiscal 2015 from US\$196.700 million for Fiscal 2014.

CABEI's cash provided by financing activities increased by US\$357.144 million (357.4%) to US\$457.066 million for Fiscal 2014 from US\$99.922 million for Fiscal 2013. This increase was primarily attributable to (i) a decrease on repayment of loans payable, (ii) an increase on proceeds from issuance of bonds, (iii) a net increase in commercial paper programs, (iv) a net increase in certificates of deposit, and (iv) an increase on proceeds from loans payable, which in aggregate represented an increase of US\$844.822 million to US\$1,397.662 million for Fiscal 2014 from US\$552.840 million for Fiscal 2013. This increase was partially offset by the increase in repayments of bonds payable of US\$484.709 million (102.5%) to US\$957.439 million for Fiscal 2014 from US\$472.730 million for Fiscal 2013.

Quantitative and qualitative disclosures about market risk

Market risk represents the risk of loss that may affect CABEI's financial position, results of operations or cash flows due to adverse changes in financial markets. CABEI is exposed to market risk with respect to interest rates and foreign currency exchange fluctuations. These fluctuations can alter CABEI's financing, loan and investment costs, as well as its income from loans.

CABEI reduces its sensitivity to interest rate risk by effectively extending its loans and funding itself on a

floating rather than a fixed interest rate basis. At December 31, 2015, approximately 83.8% of CABEI's loans were priced on the basis of the London Interbank Offered Rate (LIBOR) or other interest rates that were generally subject to adjustment at least every three months and, in substantially all cases, at least every six months. The liabilities of CABEI that funded these loans were also contracted at, or swapped into, floating interest rates. When CABEI makes loans at fixed interest rates, it attempts to obtain the corresponding funding on a fixed interest rate basis or, alternatively, to hedge the risk.

CABEI requires that counterparties with which it enters into swap agreements be rated "A" or better by a U.S. nationally recognized rating agency. At December 31, 2015 CABEI was a party to swap agreements with an aggregate notional amount of US\$3,433 million.

CABEI seeks, to the extent possible under prevailing market conditions, to match the maturities of its liabilities to the maturities of its loan portfolio. At December 31, 2015, the weighted average life of CABEI's loan portfolio was 5.7 years and the weighted average life of its financial liabilities was 4.2 years.

Management expects that the weighted average life of CABEI's liabilities will increase gradually as a result of its strategy of increasing CABEI's presence in the international and regional bond market as market conditions permit. CABEI's management also expects the weighted average life of CABEI's financial assets to increase gradually as a result of CABEI's strategy of increasing the weighted average life of its liabilities, which will enable longer-term financing to its public sector borrowers.

At December 31, 2015, approximately 99.3% of CABEI's assets and 46.7% of its liabilities were denominated in U.S. dollars, with the remainder of its liabilities denominated principally in Mexican pesos, Swiss francs, Colombian pesos, Euros, Thai bahts, Japanese ¥, and currencies of Founding Members and others, which were generally swapped into U.S. dollars. After giving effect to swaps, approximately 99.7% of CABEI's liabilities were denominated in U.S. dollars and substantially all of the balance was denominated in the currencies of the Founding Members.

CABEI does not trade derivatives for its own account. Under CABEI's asset-liability management and hedging & derivative financial instruments policies (see "Business—Financial Policies"), CABEI enters into swap agreements to hedge interest rate and currency risks or to provide hedges to its clients taking a neutral position. CABEI may also use derivatives to manage its credit exposure.

CABEI continuously reevaluates the above risks and will engage in interest rate, exchange rate and credit risk hedging transactions when management deems such transactions to be appropriate.

BUSINESS

Mission and focus

CABEI's mission, as set forth in its Constitutive Agreement, is to promote the economic integration and the balanced economic and social development of the Central American region, which includes the Founding Members and the Non-Founding Regional Members. To implement its mission, CABEI is required by the Constitutive Agreement to focus on infrastructure projects, long-term investments in industries of a regional nature and of interest to the Central American market, investments in the agricultural sector that improve exploitation, industrial modernization and expansion, services for the region's development, social development, the conservation of natural resources and the environment, and studies related to the foregoing.

General

CABEI's principal business activity consists of making loans, predominantly denominated in U.S. dollars, to public and private sector borrowers in the Founding Members. CABEI is also authorized to make loans to public and private sector borrowers in the rest of the Member Countries (including Non-Founding Regional and Non-Regional Members). See "Capital Structure—Non-Founding Regional Members and Non-Regional Members". Unless the context otherwise requires, references in this Base Prospectus to CABEI's lending, fund investment and other business activities being conducted solely in the Founding Members should be understood to refer also to those activities being carried out in any country that becomes a Non-Founding Regional Member and Non-Regional Member Country. CABEI also invests in funds that make debt or equity investments in public and private sector entities principally in the Founding Members and is responsible for implementing various development programs in the Founding Members.

CABEI's income is derived principally from the lending activities described above as well as from marketable securities and deposits with banks. CABEI views its fund investment activities as a minor portion of its overall business and does not foresee any significant increase in such activities in the future.

To comply with the requirements of the Constitutive Agreement and to achieve financially acceptable operating results, CABEI targets borrowers and projects that have a relative competitive advantage or that will fill a pressing need. In addition, CABEI targets projects that emphasize environmentally sustainable development.

The following table sets forth the amount of income derived from those sources for the fiscal years ended December 31, 2015, 2014 and 2013.

Principal sources of CABEI's income

	Fiscal year ended December 31,		
	2015	2014	2013
	(in thousands of U.S. dollars)		
Loans	308,811	285,490	297,968
Marketable securities and deposits with banks	14,486	12,511	15,710
Total.....	323,297	298,001	313,678

Lending

CABEI lends exclusively to public and private sector borrowers organized under the laws of, or qualified to do business in, the Founding Members. CABEI may also make loans to public and private sector borrowers organized under the laws of, or qualified to do business in, any country that becomes a Non-Founding Member and Non-Regional Member Country. CABEI's lending was primarily to public sector borrowers prior to 1992, the year CABEI made a strategic decision to increase its lending to private sector borrowers. Of CABEI's loans of

US\$6,081.605 million at December 31, 2015, approximately 77% (US\$4,707.943 million) represented loans to public sector borrowers and approximately 23% (US\$1,373.662 million) represented loans to private sector borrowers compared to approximately 71% (US\$3,420.346 million) and 29% (US\$1,417.648 million), respectively, of CABEI's loans of US\$4,837.994 million at December 31, 2010.

Consistent with its strategy, CABEI continued to shift its loan disbursement activity to the public sector, while decreasing its disbursement of loans to the private sector. During 2015, CABEI did not write off loans deemed to be uncollectible. CABEI's 2015 loan portfolio includes a greater share of public sector loans compared against its portfolio in 2014 and CABEI expects its loan portfolio to continue to consist predominantly of loans to public sector borrowers.

The following table sets forth the amount of income derived from CABEI's public sector and private sector lending activities for the fiscal years ended December 31, 2015, 2014 and 2013.

Financial income from public sector and private sector loans

	Fiscal year ended December 31,		
	2015	2014	2013
	(in thousands of U.S. dollars)		
Public sector	234,531	221,602	235,151
Private sector	74,280	63,888	62,817
Total.....	308,811	285,490	297,968

Public sector lending

CABEI generally finances specific projects or programs developed by the central governments or state-owned autonomous or decentralized entities of the Member Countries, provided that such projects or programs meet CABEI's internal regulations. CABEI generally requires a sovereign guarantee of payment or collectability for public sector debt. See “—Credit Policies and Credit Approval Procedures and Controls”. CABEI's public sector exposure with respect to Member Countries cannot exceed 30% of CABEI's total public sector exposure.

CABEI's public sector exposure is limited to 22% of CABEI's equity for any public sector debt without a sovereign guarantee. Loans to state-owned institutions, or loans without a sovereign guarantee to institutions with state participation representing the majority of their capital structure, are limited to 20% or less of CABEI's equity. Loans to state-owned financial institutions without a sovereign guarantee must not exceed 12% of CABEI's equity.

CABEI does not lend on a concessionary basis (except under programs or projects sponsored and funded with resources from other institutions). The Board of Governors of CABEI has established FETS, a fund that it intends to use for concessionary lending. The assets, liabilities and equity of FETS are not consolidated in CABEI's financial statements. See “—Fund Administration”.

Preferred creditor status

Because of the importance of CABEI in the economic development of the Central American region and CABEI's policy of not lending to any public sector borrower or guarantor that is in arrears on a loan from or a guarantee to CABEI, CABEI believes that the Member Countries and public sector borrowers within the Member Countries will attempt to meet their obligations to CABEI even if they are not meeting their obligations to other creditors (CABEI refers to this as “preferred creditor status”). See “—Financial Policies”.

In practice, CABEI has been treated as “more preferred” than other creditors that also enjoy preferred creditor status and that lend to public sector borrowers in the Central American region. For example, during the

1980s, certain Central American governments continued making payments to CABEI notwithstanding that such governments were defaulting on obligations to other multilateral lenders.

As CABEI's portfolio consists predominantly of loans to public sector borrowers, the majority of its loan portfolio benefits and will continue to benefit in the medium term from CABEI's preferred creditor status.

Private sector lending

CABEI lends directly to corporate entities and to intermediary private financial institutions who onlend to private sector borrowers. During the fiscal years ended December 31, 2015, 2014, and 2013, approximately 74%, 62.6%, and 70.1% respectively, of CABEI's private sector loans were disbursed to private intermediary financial institutions for lending, where its remaining private sector loans were disbursed directly to corporate borrowers. CABEI channels funds to private sector borrowers through a revolving global credit line awarded to intermediary financial institutions to increase efficiency, promote the development of the financial sector and increase the likelihood of repayment as the intermediary financial institution remains liable to CABEI, rather than the ultimate borrower.

While CABEI may not require an intermediary financial institution to provide collateral to CABEI at the time of the closing of a loan by CABEI to such intermediary, it reserves the right to require such intermediary to provide collateral during the life of the loan. CABEI requires its direct private sector borrowers to provide collateral generally in the form of fixed assets, stock, real estate or trust funds. See "(vi) Credit Policies and Credit Approval Procedures and Controls".

CABEI's maximum risk exposure to an intermediary financial institution is determined by that institution's internal credit risk rating and controls structure, and the availability of CABEI financing is capped based on the institution's available equity. CABEI's exposure in a single private sector client must not exceed 5% of CABEI's equity and 10% of CABEI's total private sector loan portfolio. Furthermore, CABEI's exposure in the five largest exposures must not exceed 30% of CABEI's total private sector loan portfolio.

CABEI limits its exposure to 10% of its equity for private financial economic groups and 5% for private non-financial economic groups. CABEI risk exposure to a corporate non-financial client depends on the client's credit quality assessed by CABEI's internal credit risk model.

CABEI's participation in project finance private sector loans depends on CABEI's equity and project characteristics. If the project has investment grade sponsors and support from the public sector, CABEI's maximum exposure must not exceed 6.5% of its equity. If the project has investment grade sponsors, or support from the public sector, CABEI limits its exposure to 5% of its equity. CABEI's participation in project finance private sector loans must not exceed 40% of the total project investment. Should the project have a total investment of up to US\$25.0 million, or public sector interest, CABEI's participation may increase to 60% of the total project investment. The shareholder equity contribution of the project should not be less than 30% of the total project investment, and the composition of the equity contribution depends on the project credit quality.

Loans

The following table sets forth CABEI's loans by country of borrower at December 31, 2015, 2014 and 2013.

Loans by country of borrower

	December 31,		
	2015	2014	2013
	(in thousands of U.S. dollars)		
Guatemala.....	1,264,291	1,278,604	1,255,491
El Salvador	962,190	856,249	915,666

Honduras.....	1,326,433	1,318,474	1,230,006
Nicaragua.....	793,324	700,320	612,428
Costa Rica.....	1,420,246	1,239,405	1,101,639
Dominican Republic.....	236,150	252,792	263,601
Panama.....	66,873	59,565	12,483
Belize.....	12,098	7,837	4,062
	<u>6,081,605</u>	<u>5,713,246</u>	<u>5,395,376</u>
Allowance for loan losses.....	(176,587)	(167,540)	(159,134)
Total.....	<u>5,905,018</u>	<u>5,545,706</u>	<u>5,236,242</u>

The following table sets forth CABEI's public sector loans by country of borrower at December 31, 2015, 2014 and 2013.

Public sector loans by country of borrower

	December 31,		
	2015	2014	2013
	(in thousands of U.S. dollars)		
Guatemala.....	1,078,456	1,050,304	1,037,483
El Salvador.....	836,112	752,619	846,246
Honduras.....	985,538	963,455	960,693
Nicaragua.....	498,760	402,093	320,588
Costa Rica.....	1,060,829	866,531	695,190
Dominican Republic.....	236,150	252,792	263,601
Belize.....	12,098	7,837	4,062
	<u>4,707,943</u>	<u>4,295,631</u>	<u>4,127,863</u>
Allowance for loan losses.....	(117,850)	(111,448)	(114,558)
Total.....	<u>4,590,093</u>	<u>4,184,183</u>	<u>4,013,305</u>

The following table sets forth CABEI's private sector loans by country of borrower at December 31, 2015, 2014 and 2013.

Private sector loans by country of borrower

	December 31,		
	2015	2014	2013
	(in thousands of U.S. dollars)		
Guatemala.....	185,835	228,300	218,008
El Salvador.....	126,078	103,630	69,420
Honduras.....	340,895	355,019	269,313
Nicaragua.....	294,564	298,227	291,840
Costa Rica.....	359,417	372,874	406,449
Panama.....	66,873	59,565	12,483
	<u>1,373,662</u>	<u>1,417,615</u>	<u>1,267,513</u>
Allowance for loan losses.....	(58,737)	(56,092)	(44,576)
Total.....	<u>1,314,925</u>	<u>1,361,523</u>	<u>1,222,937</u>

The following table sets forth CABEI's loans by economic sector in which the ultimate borrower is engaged at December 31, 2015, 2014 and 2013.

Loans by economic sector of ultimate borrower

	December 31,		
	2015	2014	2013*
	(in thousands of U.S. dollars)		
Construction.....	2,083,772	1,931,362	1,773,292
Supply of electricity, gas, steam, and air conditioning.....	1,578,122	1,409,859	1,107,009
Multi-sector.....	911,361	890,922	925,821
Financial and insurance activities.....	508,828	583,475	769,186
Human health care and social assistance.....	202,641	165,919	154,859
Wholesale and retail.....	173,749	102,812	92,232
Water supply; sewage disposal, waste management, and decontamination.....	107,415	67,735	45,185
Agriculture, ranching, forestry, and fishing.....	102,830	91,059	86,902
Information and communication.....	100,811	109,665	126,617
Manufacturing industry.....	89,343	97,439	128,700
Professional, scientific and technical activities....	68,858	98,248	0
Lodging activities and food services.....	36,121	44,327	52,323
Real estate.....	32,601	34,842	7,609
Transportation and storage.....	31,767	29,217	65,780
Education.....	21,536	25,938	30,275
Arts, entertainment and recreational activities.....	15,108	7,821	1,200
Administrative services and support activities.....	14,621	19,826	24,952
Other services.....	2,121	2,780	3,434
Total	6,081,605	5,395,376	5,483,783

*Effective January 2014, pursuant to best practices, CABEI updated its loan portfolio economic sectors. The year 2013 has been reclassified to the new economic sector classification that applies from the year 2014.

The following table sets forth the approximate amount at December 31, 2015 of CABEI's loans maturing during the indicated fiscal years.

Maturities of loans

	2016	2017	2018	2019	2020 and thereafter	Total
	(in thousands of U.S. dollars)					
Principal payable in	1,035,313	550,341	541,015	479,281	3,475,655	6,081,605

The following table sets forth CABEI's loans by currency after giving effect to related swap transactions at December 31, 2015, 2014 and 2013.

Loans by currency

	December 31,		
	2015	2014	2013
	(in thousands of U.S. dollars)		
US\$.....	6,024,837	5,633,959	5,298,010
Currencies of Founding Members	53,095	74,523	91,183
Euro	3,673	4,764	6,183
	6,081,605	5,713,246	5,395,376
Allowance for loan losses	(176,587)	(167,540)	(159,134)
Total.....	5,905,018	5,545,706	5,236,242

The following table sets forth CABEI's 20 largest borrowers at December 31, 2015. At that date, loans to these borrowers represented 76.9% of CABEI's loans of approximately US\$6,081.605 million.

20 Largest borrowers

	At December 31, 2015 aggregate exposure
	(in thousands of U.S. dollars)
Republic of Guatemala (GTM).....	1,057,459
Republic of Honduras (HND)	960,850
Instituto Costarricense de Electricidad (CRI).....	477,851
Republic of Nicaragua (NIC).....	471,426
Republic of El Salvador (SLV).....	312,887
Government of the Dominican Republic (DOM).....	236,450
Banco Popular y de Desarrollo Comunal (CRI).....	159,000
Banco Central de Reserva de El Salvador (SLV).....	142,500
Comisión Ejecutiva Hidroeléctrica del Río Lempa (SLV).....	133,577
Empresa Propietaria de la Red (CRI).....	87,342
Autopistas del Sol, S.A. (CRI).....	80,756
Fondo de Conservación Vial (FOVIAL) (SLV).....	76,984
Banco de Desarrollo de El Salvador (SLV).....	76,250
Energía Eólica de Honduras, S.A. (HND).....	66,200
Republic of Costa Rica (CRI).....	63,828
Caja Costarricense del Seguro Social (CRI).....	59,650
Banco Nacional de Costa Rica (CRI).....	59,188
Instituto Costarricense de Acueductos y Alcantarillados (AyA) (CRI).....	53,218
Banco Lafise Bancentro, S.A. (NIC).....	51,743
Banco de Desarrollo Rural, S.A. (GTM).....	51,500
Total	<u>4,678,659</u>

The following table shows CABEI's five largest private sector borrowers in each Founding Member at December 31, 2015.

Largest Private Sector Borrowers

	At December 31, 2015 aggregate exposure
	(in thousands of U.S. dollars)
Guatemala:	
Banco de Desarrollo Rural	51,500
Hidroeléctrica Xacbal, S.A.....	37,747
Banco Industrial	29,381
Banco G&T Continental.....	22,506
Sociedad Chabil Utzaj.....	17,457

Sub-total	158,591
El Salvador:	
Federación de Cajas de Crédito	26,055
Banco G&T Continental.....	19,600
Multi Inversiones Banco Cooperativo de Los Trabajadores	9,732
Taca International Airlines, S.A.	8,691
CREDIQ, S.A. de C.V.....	8,359
Sub-total	72,437
Honduras:	
Energía Eólica de Honduras, S.A.	66,200
Participaciones Choluteca Dos, S.A.	44,388
FICOHSA.....	31,578
Sociedad Hidroeléctrica Olanchana, S.A. de C.V.	30,144
Honduran Green Power Corporation, S.A. de C.V.	29,432
Sub-total	201,742
Nicaragua:	
Banco LAFISE BANCENTRO.....	51,477
Consortio Eólico Amayo S.A.	48,172
Sightfull y Marina de Guacalito	31,823
Banco de la Producción, S.A.	29,649
Polaris Energy Nicaragua, S.A.	24,526
Sub-total	185,647
Costa Rica:	
Autopistas del Sol, S.A.	80,756
Banco BAC San José, S.A.	49,773
Banco Internacional de Costa Rica (BICSA), S.A.	31,500
Compañía Inversionista Las Brisas, S.A.	29,629
Banco Promérica, S.A.	28,798
Sub-total	220,456
Total	838,873

Financial debt

CABEI raises funds for its operations almost exclusively outside the Founding Members. CABEI has traditionally obtained loans and credit lines from multilateral development banks, government-sponsored lenders, export credit agencies and commercial banks. CABEI has also funded itself through the issuance of certificates of deposit and investment. In addition, since 1997 CABEI's funding policy has been both to diversify its funding sources and achieve a more market-oriented approach by raising funds in the financial markets through the issuance of global and regional commercial paper, along with the public or private issuance of bonds in the United States of America, Central American countries, Republic of China (Taiwan), Singapore, Hong Kong, Japan, Republic of Colombia, Switzerland, Germany and the United Mexican States.

CABEI has never defaulted on the payment of principal of, or premium or interest on, any debt security it has issued, and it has always met all of its debt obligations on a timely basis.

The following chart sets forth the sources of CABEI's financial debt at December 31, 2015, 2014 and 2013.

Sources of financial debt

	December 31,		
	2015	2014	2013
	(in thousands of U.S. dollars)		
Loans payable ⁽¹⁾	1,345,842	1,398,473	1,158,260
Commercial paper programs.....	192,833	287,206	284,894
Bonds payable	3,467,305	3,106,951	3,199,154
Certificates of deposit and investment.....	749,546	505,342	384,523
Total.....	<u>5,755,526</u>	<u>5,297,972</u>	<u>5,026,831</u>

(1) CABEI may obtain loans and credit facilities from international commercial banks and other development banks. As of December 31, 2015, CABEI had available long- and short-term committed and non-committed lines of credit from international commercial banks, development banks and institutions totaling US\$1,822 million, of which approximately US\$1,365 million was on a non-committed basis. CABEI also has in effect a global commercial paper program in the amount of up to US\$ 500 million and approval for a regional commercial paper program in the amount of US\$200 million.

The following table sets forth CABEI's loans payable, commercial paper programs, bonds payable and certificates of deposit as a percentage of CABEI's total financial debt at December 31, 2015, 2014 and 2013.

Breakdown of financial debt

	December 31,		
	2015	2014	2013
Loans payable	23%	26%	23%
Commercial paper programs.....	3%	5%	6%
Bonds payable	60%	59%	63%
Certificates of deposit and investment.....	13%	10%	8%
Total.....	<u>100%</u>	<u>100%</u>	<u>100%</u>

The following table sets forth the sources of CABEI's loans payable at December 31, 2015.

Sources of loans payable

<u>Source</u>	<u>December 31, 2015 (in thousands of U.S. dollars)</u>
<i>Government sponsored lenders and export credit agencies</i>	
Banco Nacional de Comercio Exterior, S.N.C. (Bancomext)	218,668
Kreditanstalt Für Wiederaufbau (K. f. W.)	165,786
Japan Bank for International Cooperation (JBIC).....	49,880
Oesterreichische Entwicklungsbank AG (OeEB)	33,113
Instituto de Crédito Oficial de España (ICO).....	31,625
US Agency for International Development (USAID).....	9,679
The International Cooperation and Development Fund (Taiwan ICDF) ..	8,974
Loans guaranteed by USAID	3,047
Subtotal	<u>520,772</u>
<i>Commercial banks</i>	
Citibank, N.A.	150,000
Mizuho Corporate Bank, Ltd.	130,000
HSBC Finance Corporation	50,000
Commerzbank AG	49,800
Mizuho Bank, Ltd, New York Branch	40,000
Nordea Bank	33,472
BNP Paribas Fortis.....	21,058
Standard Chartered Bank	19,975
Fortis Bank SA/NV, Belgium	6,673
Subtotal	<u>450,978</u>
<i>Multilateral development banks</i>	
European Investment Bank	238,604
Nordic Investment Bank	53,251
Inter-American Development Bank (IDB).....	18,447
The OPEC Fund for International Development.....	13,790
Subtotal	<u>324,092</u>
Total loans payable	<u><u>1,295,842</u></u>

The following table sets forth the types of CABEI's bonds payable at December 31, 2015.

Types of Bonds Payable at December 31, 2015

Type	Amount	Outstanding amount as of December 31, 2015 (in millions of U.S. dollars)	Maturity	Coupon
THB Bonds. First issuance	THB 2,374 million	70.367	December 2017	5.97%
THB Bonds. Third Issuance	THB 865 million	24.091	February 2016	4.51%
THB Bonds. Fourth Issuance	THB 1,235 million	37.264	February 2021	4.88%
COP Bonds. Third issuance	COP 100 billion	36.183	March 2019	10.69%
MXN MTN Series 12	MXN 100 million	7.948	May 2018	8.30%
MXN MTN Series 13	MXN 100 million	6.293	May 2018	4.15%
MXN MTN Series 16	MXN 350 million	27.406	August 2020	4.44%
US\$ MTN Series 20	US\$ 25 million	24.787	June 2019	6.8%
				28-days MXN-TIIE-65 bps
MXN MTN Series 23	MXN 700 million	41.861	August 2020	
CRC MTN Series 24	CRC 11 billion	20.137	November 2017	TBP Rate
BRL MTN Series 24	BRL 90 million	20.339	November 2016	ELN Basket
US\$ MTN Series 25	US\$ 25 million	25.000	December 2020	4.15%
UYU MTN Series 27	UYU 1 billion	29.592	November 2016	Harp Index
JPY MTN Series 28	JPY 10 billion	93.516	July 2023	2.41%
US\$ MTN Series 29	US\$ 67.6 million	67.600	August 2021	Step-up
US\$ MTN Series 32	USD 250 million	249.311	February 2017	3.875%
US\$ MTN Series 34	US\$ 25 million	24.544	April 2027	4.290%
MXN MTN Series 35	MXN 1.325 billion	77.805	December 2016	5.00%
EUR MTN Series 36	EUR 21.5 million	26.624	August 2032	4.00%
US\$ MTN Series 37	US\$ 50 million	50.000	August 2042	Zero-Coupon
US\$ MTN Series 38	US\$ 50 million	50.000	November 2027	4.00%
CHF MTN Series 39	CHF 150 million	157.748	February 2020	1.50%
US\$ MTN Series 40	US\$ 20 million	20.000	April 2038	4.50%
CNY MTN Series 41	CNY 500 million	75.534	April 2016	3.20%
EUR MTN Series 42	EUR 50 million	56.241	April 2033	3.25%
US\$ MTN Series 43	US\$ 55 million	55.000	November 2018	4.75%
				28-days MXN-TIIE+10 bps
MXN MTN Series 44	MXN 2,000 million	116.421	November 2016	
CHF MTN Series 45	CHF 130 million	130.545	December 2016	0.625%
CHF MTN Series 46	CHF 145 million	152.300	December 2019	1.50%

Type	Amount	Outstanding amount as of December 31, 2015 (in millions of U.S. dollars)	Maturity	Coupon
EUR MTN Series 47	EUR 75 million	76.253	February 2034	2.769%
CHF MTN Series 48	CHF 180 million	195.237	February 2022	1.875%
EUR SNV	EUR 35 million	39.076	May 2029	3.00%
EUR MTN Series 49	EUR 35 million	37.012	August 2039	3.00%
MXN MTN Series 50	MXN 2,000 million	116.210	July 2018	28-days MXN-TIIE -5bps
CNH MTN Series 51	CNH 500 million	73.506	October 2019	3.850%
CHF MTN Series 52 (I)	CHF 100 million	101.082	November 2018	0.50%
CHF MTN Series 52 (II)	CHF 115 million	118.818	February 2023	1.125%
CNH MTN Series 53	CNH 800 million	122.140	March 2018	4.75%
PEN MTN Series 54	PEN 154.5 million	43.538	March 2018	5.50%
CHF MTN Series 55	CHF 200 million	197.131	November 2021	0.194%
USD MTN Series 56	USD 50 million	50.000	December 2017	1.50%
MXN MTN Series 57	MXN 3,200 million	18.5901	July 2019	MXN-TIIE -5pbs
TRY MTN Series 58	TRY 145.3 million	50.062	September 2019	10.55%
MXN MTN Series 59	MXN 1,741 million	101.238	January 2020	MXN-TIIE -3pbs
JPY Samurai 5yr	JPY 5,500 million	45.918	December 2020	0.66%
JPY Samurai 10 yr	JPY 4,500 million	37.810	December 2025	0.96%
CRC MTN Series 60	CRC 14,526 million	27.850	December 2020	7.20%
CHF MTN Series 61	CHF 55 million	54.216	November 2021	0.194%

Since December 31, 2015, CABEI has issued the following bonds payable:

Type	Amount	Outstanding amount as of June 30, 2016 (in millions of U.S. dollars)	Maturity	Coupon
CHF MTN Series 62	CHF 200 million	209.79	August 2022	0.371%
USD MTN Series 63 20yr	USD 25 million	25.00	April 2036	4.40 %
USD MTN Series 63 30yr	USD 25 million	25.00	April 2046	4.55 %
USD MTN Series 65 FRN	USD 135 million	135.000	April 2021	3ML+1.50%
NOK MTN Series 65 12yr	NOK 500 million	61.49	May 2028	2.898 %
NOK MTN Series 65 15yr	NOK 500 million	61.93	May 2031	3.035%

The following table sets forth the principal categories of holders of CABEI's certificates of deposit at December 31, 2015.

Sources of certificates of deposit and investment

<u>Source</u>	<u>At December 31, 2015</u> <u>(in thousands of U.S. dollars)</u>
Central Banks	397,508
Public financial institutions	177,949
Multilateral institutions.....	133,917
Private financial institutions	22,554
Other	17,618
Total.....	<u>749,546</u>

The following table sets forth the approximate principal amount at December 31, 2015 of each type of CABEI's financial debt maturing during the indicated fiscal years.

Principal maturities of financial debt

	<u>Fiscal year ended December 31,</u>					<u>2020 and thereafter</u>	<u>Total</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>(in thousands of U.S. dollars)</u>		
Loans payable	288,244	289,807	157,769	86,405	523,617	1,345,842	
Commercial paper programs (Global and Regional).....	192,833	-	-	-	-	192,833	
Bonds payable	474,327	389,711	452,211	524,915	1,626,141	3,467,305	
Certificates of deposit and investment ⁽¹⁾	736,411	1,547	951	3,138	7,499	749,546	
Total	1,691,815	681,065	610,931	614,458	2,157,257	5,755,526	

⁽¹⁾ No certificates of deposit mature after 2020.

Financial Policies

Key financial policies established by the Board of Directors are summarized below.

Liquidity: CABEI's policy is to have liquid assets at least equal to its anticipated gross cash requirements for the next six months. Liquid assets are composed of cash due from banks, interest-bearing deposits with banks, and securities available for sale. In addition, the dynamic cumulative liquidity gap must be positive for each defined bucket for a period of one year. CABEI generally does not hold currency of Founding Members in amounts greater than those required to meet operating cash requirements in those currencies.

Investment in liquid assets: CABEI's investment policy requires that at least 80% of its liquid assets be held in the form of investment grade obligations rated A- or better. CABEI may only hold up to a maximum of 20% of the balance of its liquid assets in non-rated instruments or with ratings lower than in the "A" range (including A-, A, A+), subject to approval by the Asset and Liability Committee. Additionally, all issuers in which CABEI invests are previously analyzed by CABEI's Institutional Risk Division and approved by the Asset and Liability Committee.

Concentration: With the purpose of managing concentration risk, CABEI limits the maximum exposure per corporate issuer to 10% of its Fixed Income Portfolio and 3.5% of its Total Investment Portfolio.

Market Risk: CABEI manages the risk of its Fixed Income Portfolio with a daily VaR measure. The VaR limit is approved by the Board of Directors and monitored by CABEI's Institutional Risk Division on a daily basis.

Duration: CABEI's investment policy requires that each fixed income security in which it invests has a modified duration not exceeding five years at the time of acquisition. Additionally, the securities in its fixed income portfolio cannot have a weighted average duration exceeding three years.

Interest rates: CABEI sets interest rates on its loans on the basis of numerous factors, including its cost of funds, the particular risks of the relevant loans, the more general risks inherent in the borrowers' markets, and a reasonable return on its capital. It is CABEI's policy that such interest rates must be determined in accordance with prevailing rates in international markets and those applied by international credit institutions. CABEI requires a minimum risk-adjusted return on capital for each counterparty.

Allowance for loan losses: CABEI's internal policy for the allowance for loan losses of public and private sector loans establishes that the allowance must be estimated based on net exposure, probability of default and loss given default. The probability of default for each public sovereign counterparty will be determined by the sovereign risk rating and sovereign probability of default (provided by international credit rating agencies). CABEI considers a sovereign counterparty's preferred creditor status in order to adjust the probability of default, based on the multilateral debt ratio and the external debt stock. The probability of default for each public non-sovereign and private sector counterparty will be determined pursuant to the country risk rating for the country where the borrower is located and the corporate probability of defaults (calculated by using the counterparty's internal risk rating to corporate probability of default published by international credit rating agencies). In accordance with CABEI's policy on the allowance for loan losses of public non-sovereign and private sector loans, CABEI's management has developed procedures that reflect the credit risk assessment by considering all available information to determine whether the reserve for loan losses is adequate.

CABEI maintains an allowance for public non-sovereign and private sector loan losses based on an analysis of the loan portfolio, delinquencies and other general conditions (general allowance), and an evaluation of each individual loan and whether such loan is impaired (specific allowance).

The allowance for loan losses is estimated by CABEI's management through a provision for loan losses charged to earnings. Allowance for loan losses are written off against the outstanding balance when CABEI's management believes and confirms its uncollectibility. Subsequent recoveries, if any, are credited to CABEI's provision for loan losses.

The allowance for loan losses is evaluated regularly by CABEI's management. This evaluation is inherently subjective as it requires estimates that are susceptible to revisions over time.

Arrears: CABEI makes no disbursement to any borrower or guarantor (public or private sector) that is in arrears on a loan from or a guarantee to CABEI.

Non-accrual loans: CABEI classifies a loan to a public sector borrower as "non-accrual" if it is more than 180 days in arrears on principal or interest on such loan. CABEI classifies a loan to a private sector borrower as "non-accrual" if it is more than 90 days in arrears on principal or interest on such loan. All interest accrued but not collected on loans classified as non-accrual is reversed against interest income. Subsequent collections are accounted for on a cash basis, until qualifying to return to accrual status.

Indebtedness: CABEI's policy is that its indebtedness may not exceed three times its equity.

Capital Adequacy: CABEI's policy is that asset growth should maintain a capital adequacy ratio equal to or greater than 35%, in accordance with Basel I.

Exchange rate risk: CABEI limits its exchange rate risk exposure by restricting currency mismatches. As such, currency mismatches for a currency of a Founding Member country may not exceed +/-5% of equity, while currency gaps for any other currency may not exceed +/-0.4% of equity. CABEI achieves this end by making substantially all of its loans in U.S. dollars and raising substantially all of its funding in U.S. dollars or in currencies swapped into U.S. dollars. CABEI also limits its FX VaR.

Interest rate risk: CABEI limits interest rate risk in its operations. CABEI restricts its interest rate risk by limiting its projected one year net interest income sensitivity to less than 0.50% of its equity, for a 100 basis point movement of market interest rates.

Portfolio Management and Exposure: CABEI's loan portfolio may not exceed 3.5 times CABEI's equity. Its net risk weighted exposure from any single Founding Member country may not exceed either CABEI's equity or 30% of CABEI's total exposure. CABEI also limits the projected future exposure considering undisbursed loans and collections for 12 month periods.

In addition, CABEI's net exposure from any single public sector borrower is limited to 30% of CABEI's total public sector exposure. Its net exposure from public sector banks without sovereign guarantee may not exceed 12% of CABEI's equity and CABEI's net exposure to state-owned companies or partially state-owned companies without sovereign guarantee may not exceed 20% of CABEI's equity. Additionally, its net exposure from any single private sector borrower or group of related private sector borrowers is limited to 5% of CABEI's equity, or up to 10% for wholly regulated financial groups. CABEI also limits the projected future exposure for its public and private sector loan portfolios.

Hedging & Derivatives Financial Instruments: CABEI may enter into derivatives contracts for the sole purpose of hedging its activities and to offer them as a service to its clients. The policy provides that CABEI may only enter into derivatives contracts with investment grade counterparties or eligible institutions below investment grade under collateral agreements. Nevertheless, the current practice is to enter into transactions with institutions rated at least A. CABEI monitors its counterparty risk with derivatives counterparties through limits, which include replacement cost of operations (considering collateral and thresholds) and potential future exposure. The credit risk in derivatives operations is mitigated with netting and collateral agreements that are approved by the Asset and Liability Committee. CABEI's derivatives exposures are monitored and reported by the Institutional Risk Division to the Asset and Liability Committee and the Board of Directors on a monthly basis.

Credit policies and credit approval procedures and controls

CABEI's key credit policies and credit approvals are established by the Executive President with the approval of the Board of Directors. CABEI's credit policies establish the framework for lending and the guidelines for credit granting activities. CABEI reviews its credit policies periodically, to assure that they are sufficiently flexible to meet changes in (i) the applicable laws and regulations of the Member Countries, (ii) the market conditions, and (iii) CABEI's financial situation, resource channeling capacity and institutional strategy.

Credit policies

CABEI's key credit policies are summarized below:

Public sector loans guarantees. CABEI generally requires a sovereign guarantee in loans to public sector borrowers.

Collateral and covenants for private sector loans:

Financial intermediaries: While CABEI may not require an intermediary financial institution to provide collateral to CABEI at the time of closing of a global credit line, CABEI reserves the right to require such institution to provide collateral during the life of the line.

Direct loans: In general, CABEI requires private sector borrowers to provide collateral having a value of at least 100% of the principal amount of the loan. The collateral is generally in the form of fixed assets, stock, and/or fiduciary guarantees and a haircut is assessed pursuant to internal policies and guidelines that take into consideration potential losses and recovery expenses. CABEI also requires that private sector borrowers comply with financial covenants established during the structuring and approval process of the loan.

Additional requirements for direct loans:

- CABEI requires that private sector borrowers be organized under the laws of or qualified to do business in the host country and that the loans provided be invested in the Central American region.

Limitations on loans: CABEI maintains different lending limits based on a borrower's country, sector, institution, economic group, etc. CABEI sets limits on loan approval and disbursement amounts based on several variables, including, among others, a borrower's country of operation, sector in which the borrower operates, type of borrower entity, and the aggregate exposure of the borrower's economic group to CABEI. In accordance with internal policies and guidelines, such as CABEI's exclusion list and code of ethics, CABEI does not finance activities related to gaming, the production of war materials, activities that involve any form of forced labor and/or child exploitation or activities that do not comply with CABEI's environmental policy or with the environmental regulations of the host country.

Credit approval procedures and controls:

CABEI's credit approval procedures are conducted through its country offices in each of the five Founding Members, or in the case of Non-Founding Regional Members and Non-Regional Members, at CABEI's headquarters. CABEI conducts extensive due diligence on the applicant borrower and the project for which lending is sought. The due diligence covers the technical, market, financial, economic, legal, corporate governance, money laundering compliance, social and environmental aspects of the applicant borrower and the project. CABEI also examines the project's sponsor, and management's integrity, experience, and success rate in similar projects, its financial resources and capability to ensure a successful project.

The credit analysis is performed by the Credit Division's team (functional division independent of the division that originates the credit proposal) and will determine the project's viability, from both a financial and credit risk point of view. The opinion of CABEI's Credit Division is binding on the department that originates the credit proposal.

Upon completion of the credit analysis, a credit proposal is sent to the Sectors and Countries Division Manager for his approval, and then relayed to the Credit Committee, which is comprised of the following voting members: (i) the Executive Vice President (chair); (ii) the Sectors and Countries Division Manager; (iii) the Credit Division Manager; (iv) the Chief Financial Officer; and (v) the Institutional Risk Division Manager. The Head of the Legal Affairs Office is a member of the Credit Committee and can participate in discussions, but has no vote. The Credit Committee has a Secretary appointed by CABEI's Executive Vice President.

The Credit Committee discusses the credit proposal, and if the Committee agrees on the proposal, the proposal is recommended to the Executive President, who then submits it to the Board of Directors which then votes to approve the credit. In addition, the Executive President may approve lines of credit which are valued at or below US\$1 million for financial institutions. If a loan is approved, and the conditions from earlier negotiations are satisfied, CABEI and the borrower will enter into an agreement. The funds are disbursed under the terms of the agreement that has been executed by all the parties.

Once funds have been disbursed, CABEI monitors its investments closely, as well as its requirement that all debtors follow best practices on transparency and procurement. CABEI consults periodically with the client and visits the enterprise or project as necessary. In private sector operations, CABEI monitors any information that may materially affect the project or enterprise in which it has invested, including any annual financial statements audited by independent public accountants. CABEI monitors its loans until they are fully repaid, performing periodic reviews, including at least twice a year, on both the qualitative and quantitative aspects of each private sector loan and public sector loan without a sovereign guarantee. For such reviews, CABEI uses risk ratings that are based on CABEI's Internal Credit Risk Rating System in order to provide a report on the asset quality of CABEI's loans. As a result of these periodic revisions, an internal rating is assigned to each loan or project in order to specify the levels of provisioning for the individual projects. The rating system adopts international credit standards that require that banks identify repayment risks and manage such risk. CABEI's risk rating system consists of an eight-point scale.

On an annual basis, an international and independent risk management consulting firm reviews CABEI's portfolio.

Asset quality

CABEI classifies a loan as overdue whenever payment is not made on its due date. It charges interest on the overdue payment from the due date and immediately suspends disbursements on all loans to the borrower or guarantor that is in arrears on a loan from or a guarantee to CABEI. The entire principal amount of a loan is placed in non-accrual status when any payment, including principal, interest, fees or other charges in respect of the loan, is more than 90 days overdue, in the case of a loan to a private sector borrower, or more than 180 days overdue, in the case of a loan to a public sector borrower. Interest and other charges on non-accrual loans are included in income only to the extent that payments have actually been received by CABEI.

At December 31, 2015, the total amount of CABEI's overdue loan installments (including overdue principal installments of non-accrual loans) was US\$0.872 million, or 0.01% of CABEI's loans at that date, compared to US\$0.544 million, or 0.01% of CABEI's loans at December 31, 2014 and US\$3.817 million, or 0.07% of CABEI's loans, at December 31, 2013. All overdue loans in Fiscal 2015, 2014 and 2013 were loans granted to private sector borrowers.

At December 31, 2015, the total principal amount of CABEI's non-accrual loans was US\$3.820 million, or 0.06% of CABEI's loans at that date, compared to US\$32.010 million, or 0.56% of CABEI's loans, at December 31, 2014, and US\$33.547 million, or 0.62% of CABEI's loans, at December 31, 2013. All non-accrual loans in Fiscal 2015, 2014 and 2013 were loans granted to private sector borrowers.

In Fiscal 2015, US\$0.516 million of overdue interest and other charges in respect of non-accrual loans was excluded from CABEI's interest income compared to US\$0.376 million for Fiscal 2014 and US\$1.284 million for Fiscal 2013. In Fiscal 2015, CABEI did not write off loans, compared to US\$12.778 million in Fiscal 2014 and US\$11.560 million for Fiscal 2013. All of these loan write-offs were made to private sector borrowers.

The following table shows CABEI's loans, overdue loan principal, non-accrual loans, loans written off, allowance for loan losses and the percentage which each of them represents of CABEI's loans at December 31, 2015, 2014 and 2013.

Loans, non-accrual loans and others

	Fiscal year ended December 31,		
	2015	2014	2013
	(in thousands of U.S. dollars except percentages)		
Loans	6,081,605	5,713,246	5,395,376
Total amount of overdue loan installments.....	872	544	3,817
Non-accrual loans	3,820	32,010	33,547
Loans written off (net).....	0	12,778	11,560
Allowance for loan losses.....	176,587	167,540	159,134
Overdue loan principal as a percentage of loans	0.01%	0.01%	0.07%
Non-accrual loans as a percentage of loans.....	0.06%	0.56%	0.62%
Loans written off (net) as a percentage of loans.....	0%	0.22%	0.21%
Allowance for loan losses as a percentage of loans.....	2.90%	2.93%	2.95%

The following table shows the changes of CABEI's allowance for loan losses for the fiscal years ended December 31, 2015, 2014 and 2013.

	Fiscal year ended December 31,								
	2015			2014			2013		
	Sector			Sector			Sector		
	Private	Public	Total	Private	Public	Total	Private	Public	Total
	(in thousands of U.S. dollars)								
At beginning of fiscal year.....	56,092	111,448	167,540	44,576	114,558	159,134	57,577	110,774	168,351
Loans written off, net.....	0	0	0	(12,778)	0	(12,778)	(11,560)	0	(11,560)
Recoveries.....	666	0	666	199	0	199	278	0	278
Provision (reversal) of the year	1,979	6,402	8,381	24,095	(3,110)	20,985	(1,719)	3,784	2,065
At fiscal year end..	58,737	117,850	176,587	56,092	111,448	167,540	44,576	114,558	159,134

Capital Adequacy and Leverage

CABEI believes it has a strong capital base. CABEI's policies require that its equity represent at least 35% of its total risk weighted assets (defined in accordance with BIS I methodology). At December 31, 2015, this ratio stood at 38.3% compared to 38.9% at December 31, 2014 and 39.1% at December 31, 2013. Like most other multilateral institutions and pursuant to its Constitutive Agreement, CABEI does not pay dividends.

CABEI's equity at December 31, 2015 was US\$2,573.2 million, or 29.2% of total assets, compared to US\$2,396.3 million at December 31, 2014, or 29.8% of total assets and US\$2,267.9 million at December 31, 2013, or 30.1% of total assets.

CABEI believes that its capital levels provide a substantial cushion against unforeseen losses. Additionally, CABEI's capital base is in U.S. dollars and not the local currencies of its Member Countries. Historically, Member Countries were allowed to contribute capital in local currencies, provided that the value was maintained in U.S. dollar terms. However, since October 23, 2002, any new capital contributions, including amounts required to be made as a result of a call on callable capital must be made in U.S. dollars. Therefore, CABEI's capital base does not suffer from any depreciation associated with the Central American currencies.

Litigation

CABEI is involved in routine litigation and other proceedings in the ordinary course of business. CABEI does not believe that the proceedings pending against it are likely to have a material adverse effect on its business or results of operations.

Employees

The following table sets forth the number of employees (including management) and independent contractors employed by CABEI at December 31, 2015, 2014 and 2013.

Employees and Independent Contractors

	December 31,		
	2015	2014	2013
Employees	301	292	296
Independent contractors.....	20	27	38

CABEI's management believes that the salaries and other benefits of its professional staff are competitive and that the local support staff is paid at levels above the prevailing local rates. Although CABEI is not subject to local labor laws, it provides its employees with benefits and safeguards at least equivalent to those required under the law of the country where they normally work and reside. CABEI offers technical and professional training opportunities through courses and seminars in the Founding Members and abroad for its employees. Management considers its relationship with CABEI's employees to be good. There is no employee union and there have been no strikes in the history of CABEI.

MANAGEMENT

Board of Governors

Under the Constitutive Agreement, CABEI is governed by its Board of Governors. Each Member Country is entitled to appoint one Governor and an alternate who acts in place of the relevant Governor in his or her absence. All of CABEI's powers are vested in its Board of Governors.

The following table lists the members of the Board of Governors as of the date hereof.

Board of Governors

<u>Appointed by</u>	<u>Name and Title</u>	<u>Position in Nominating Country</u>
Guatemala	Governor: Julio Héctor Estrada	Minister of Public Finance
	Alternate: Eduardo Morales Monroy	Minister of Economy
El Salvador	Governor: Carlos Enrique Cáceres Chávez	Minister of Treasury
	Alternate: Tharsis Salomón López Guzmán	Minister of Economy
Honduras	Governor: Wilfredo Rafael Cerrato Rodríguez	Minister of Finance
	Alternate: Manuel de Jesús Bautista Flores	President of the Central Bank of Honduras
Nicaragua	Governor: Iván Acosta Montalván	Minister of Treasury and Public Credit
	Alternate: Leonardo Ovidio Reyes Ramírez	President of the Central Bank of Nicaragua
Costa Rica	Governor: Helio Fallas Venegas	Minister of Treasury
	Alternate: Olivier Castro Pérez	President of the Central Bank of Costa Rica
Mexico	Governor: Luis Videgaray Caso	Secretary of Treasury and Public Credit
	Alternate: Fernando Aportela Rodríguez	Under-Secretary of Treasury and Public Credit
Republic of China (Taiwan)	Governor: Sheng-Ford Chang	Minister of Finance
	Alternate: Tzung-Ta Yen	Vice-Governor of the Central Bank of the Republic of China
Argentina	Governor: Alfonso de Prat Gay	Minister of Treasury and Public Credit

<u>Appointed by</u>	<u>Name and Title</u>	<u>Position in Nominating Country</u>
Colombia	Alternate: Federico Sturzenegger	President of the Central Bank of Argentina
	Governor: Mauricio Cárdenas Santa María	Minister of Treasury and Public Credit
Spain	Alternate: Andrés Restrepo Montoya	Technical Vice-Minister of the Ministry of Treasury and Public Credit
	Governor: Luis de Guindos	Minister of Economy and Competitiveness
The Dominican Republic	Alternate: Iñigo Fernández de Mesa	Secretary of Economy
	Governor: Simón Lizardo Mezquita	Secretary of Treasury
Panama	Alternate: Héctor Valdez Albizu	Governor of the Central Bank of The Dominican Republic
	Governor: Dulcideo De La Guardia	Minister of Economy and Finance
	Alternate: Iván Alexei Zarak Arias	Vice-Minister of Economy

The Board of Governors has elected Mr. Dulcideo de La Guardia to serve as President of the Board of Governors from April 2016 until the next Board of Governors' ordinary meeting which is expected to take place during the first half of 2017.

The Board of Directors is responsible for setting the policies and directing the business of CABEL. The Board of Directors consists of one Director from each Founding Member country and, pursuant to the terms of the Constitutive Agreement, up to four Directors elected by the Governors of the Non-Regional Members. The Directors from both the Founding Members and the Non-Regional Members are elected for three-year terms. Directors are full-time employees of CABEL. The business address for the Directors is P.O. Box 772, Tegucigalpa, M.D.C., Honduras, C.A.

The following table sets forth as of the date hereof the names of the members of the Board of Directors appointed by each Member Country:

Board of Directors

<u>Appointed by</u>	<u>Name</u>
Guatemala	Emmanuel Seidner Aguado
El Salvador	Guillermo Enrique Funes Cartagena
Honduras	Tania Joselina Lobo Alonzo
Nicaragua	Silvio Conrado Gómez
Costa Rica	Alberto Cortés Ramos
Mexico and Panama (Director)	Omar Antonio Francisco Martínez Villada
Mexico and Panama (Alternate Director)	Alcibiades García Vega
Republic of China (Taiwan)	Man-Huang Chen
Spain	Fernando Cardesa García

Argentina and Colombia
(Director)

Alonso Acosta Osío

Argentina and Colombia
(Alternate Director)

Víctor Eduardo Fabiano

Management

Pursuant to the Constitutive Agreement, the Board of Governors appoints an Executive President for a five-year term. The Executive President is elected on the basis of a competitive process for a five-year term and may be reelected for one additional five-year term. The Executive President nominates an Executive Vice President for appointment by the Board of Directors. While the Executive President is required to be a citizen of a Founding Member, the Executive Vice President need not be a citizen of a Founding Member. The Executive President and the Executive Vice President are required to be of different nationalities. The Executive President appoints the balance of CABEI's senior management.

Pursuant to Article 15 of the Constitutive Agreement, the Board of Directors created the following five divisions to manage CABEI, each of which is or is to be headed by a manager appointed by the Executive President subject to the approval of the Board of Directors:

Financial Division;
Sectors and Countries Division;
Credit Division;
Institutional Risk Division; and
Operations and Technology Division.

CABEI's country offices in the Founding Member countries report through the Manager of the Sectors and Countries Division to the Executive President, while the Legal Affairs Office, the Strategic and Programming Office, the Compliance Office, the Social Benefit Fund, the Institutional Relations Office and the Human Resources Office report directly to the Executive President.

In addition to the divisions and departments described above, CABEI also has an Internal Auditing Department that reports directly to the Board of Directors and a Comptroller who reports directly to the Board of Governors.

The following table sets forth the names and titles of certain members of CABEI's management as of the date hereof.

<u>Name</u>	<u>Position</u>
Nick Rischbieth Glöe	Executive President
Alejandro Rodríguez Zamora	Executive Vice President
Hernán Danery Alvarado	Chief Financial Officer
Francisco Cornejo Párraga	Operations and Technology Manager
Diego Marcelo Fiorito Meoli	Institutional Risk Division Manager
Julio Eduardo Martínez Bichara	Head of the Legal Affairs Office
Horacio Leiva Madrid	Sectors and Countries Division Manager

Luis Enrique Navarro
Barahona

Credit Division Manager

Set forth below is a brief biographical description of certain of CABEL's executives.

Nick Rischbieth Glöe was appointed as Executive President of CABEL, commencing on December 1, 2008. He received his bachelor's degree in economics from Rice University, a master's degree in business administration from Washington University, and a doctorate in finance from the Institute of Money and Capital Markets, University of Hamburg, Germany. Prior to joining CABEL, Mr. Rischbieth was vice-president in the new issues and underwriting division and, subsequently, in the international financial markets division of Dresdner Bank AG, Frankfurt. Prior to his appointment as Executive President, Mr. Rischbieth was CABEL's Acting Executive President, Executive Vice-President, Chief Financial Officer and Treasurer. Mr. Rischbieth is a member of several boards of open-end investment funds.

Alejandro Rodríguez Zamora was appointed as Executive Vice President on January 18, 2010. He received his graduate degree in law from the University of Costa Rica and a masters of law in common law studies (LLM) from Georgetown University Law Center. As of June 4, 2012, Mr. Rodríguez was also appointed as the Countries and Projects Division Manager *a.i.* Prior to joining CABEL, Mr. Rodríguez worked as General Legal Counsel of the Costa Rican Stock Exchange. Prior to his appointment as Executive Vice President, Mr. Rodríguez was CABEL's General Legal Counsel. Since 1999, Mr. Rodríguez has been a member of the Board of Directors of the CABEL Central American Fund, a limited liability open-end investment company incorporated in Ireland. In addition, since 2004, Mr. Rodríguez has been a member of the Board of Directors of the North American Income Fund, a limited liability open-end investment company incorporated in Ireland.

Hernán Danery Alvarado was appointed as Chief Financial Officer of CABEL on February 1, 2009. He received his bachelor's degree in Accounting from Universidad Nacional Autónoma de Honduras, a master's degree in Business Administration from Universidad Católica de Honduras. Prior to become Chief Financial Officer, Mr. Alvarado was Chief of Asset and Liability Management of the Financial Division of CABEL. Prior to his appointment as Chief Financial Officer, Mr. Alvarado was CABEL's Acting Chief Financial Officer.

Francisco Cornejo Párraga was appointed as Operations and Technology Manager on April 21, 2014. He received his bachelor's degree in Industrial Engineering from Universidad Católica de El Salvador and a master's degree in Business Administration majoring in Finance from INCAE Business School. Prior to joining CABEL, Mr. Cornejo worked for Sysbank as Country Manager & Partner, and also worked for Citibank and Banco Uno.

Diego Marcelo Fiorito Meoli was appointed as Institutional Risk Division Manager on September 1, 2011. He received his bachelor's degree in Economics from the Universidad Católica Argentina and holds a master's degree in Finance from the Universidad de San Andrés, Argentina and a master's degree in Business Administration from Hult International Business School, Boston, USA. Additionally, he holds international finance and risk certifications (Chartered Financial Analyst – CFA and Financial Risk Manager - FRM). Prior to becoming CABEL's Institutional Risk Division Manager, Mr. Fiorito was appointed as Head of the Assets and Liabilities Department and served as Deputy Risk Division Manager. Prior to joining CABEL, he served as Vice President of Treasury and of Market Risk at Bladex, Panama.

Julio Eduardo Martínez Bichara was appointed as Head of CABEL's Legal Affairs Office on March 1, 2013. He received his graduate degree in law and a master's degree in business administration from the Universidad Centroamericana José Simeón Cañas in San Salvador, Republic of El Salvador and a master's degree in international trade law from the Universitat de Barcelona, Barcelona, Spain. Prior to his appointment as Head of the Legal Affairs Office, Mr. Martínez was appointed as Legal Counsel for CABEL's Country Office located in El Salvador and later was appointed as the Structured Transactions Legal Coordinator at CABEL's main headquarters. Prior to joining CABEL, Mr. Martínez worked at B&M Abogados and for Banco Uno, S.A. (Grupo Financiero Uno).

Horacio Leiva Madrid was appointed as Sectors and Countries Division Manager on January 12, 2015. He received his bachelor's degree in Business Administration from the Universidad de San Carlos, Guatemala, and holds a graduate certificate in banking from the Universidad Francisco Marroquín, Guatemala. Additionally, he holds certifications as Credit Officer and in Risk Control Assessment, as well as a specialization in financial assets

with focus in corporate finance and investment. Prior to his appointment as Sectors and Countries Division Manager of CABEL, he held leading positions in several banking institutions based in the Republic of Guatemala, such as Grupo Bancolombia, Citibank, Grupo Cuscatlan, among others.

Luis Enrique Navarro was appointed as Credit Division Manager on September 16, 2015. He holds a bachelor's degree in Economics from University of Costa Rica and a master's degree in Business Administration from INCAE Business School. Prior to his appointment as Credit Division Manager, he served in several positions at CABEL such as Acting Comptroller, Acting Country Manager, Head of Stock Market Unit, Head of Productive and Commercial Sectors Unit, and Credit Analyst.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the applicable Final Terms, will be applicable to and, subject further to simplification by deletion of non-applicable provisions, will be attached to or endorsed on, the Notes in global form and the Notes in definitive form (if any) issued in exchange for the relevant Global Note(s), details of the relevant Notes being shown on the relevant Notes and in the applicable Final Terms.

The Final Terms relating to each Note will describe the following items (each term is as defined below or in the Fiscal Agency Agreement): (i) the Specified Currency with respect to such Note (and, if such Specified Currency is other than U.S. dollars, certain other terms relating to such Note); (ii) the price (expressed as a percentage of the principal amount thereof) at which such Note will be issued; (iii) the date on which such Note will be issued; (iv) the date on which such Note will mature; (v) whether such Note is a Fixed Rate Note or a Floating Rate Note; (vi) if such Note is a Fixed Rate Note, the rate per annum at which such Note will bear interest, if any, and the interest payment date or dates; (vii) if such Note is a Floating Rate Note, the Interest Rate Basis for such Floating Rate Note, which will be such interest rate formula as is set forth in such Final Terms, and, if applicable, the Calculation Agent, the Index Maturity, the Spread or Spread Multiplier, the Maximum Rate, the Minimum Rate, the Initial Interest Rate, the Interest Payment Dates, the Regular Record Dates, the Calculation Dates, the Interest Determination Dates and the Interest Reset Dates with respect to such Floating Rate Note; (viii) whether such Note is an Original Issue Discount Note, and if so, the yield to maturity; (ix) whether such Note is an Indexed Note, and if so, the principal amount thereof payable at maturity, or the amount of interest payable on an interest payment date, as determined by reference to any applicable index, in addition to certain other information relating to the Indexed Note; (x) whether such Note may be redeemed at the option of CABEI or repaid at the option of the Holder, prior to Stated Maturity and, if so, the provisions relating to such redemption or repayment; and (xi) any other terms of such Note not inconsistent with the provisions of the Fiscal Agency Agreement.

(1) General

This Note is one of a duly authorized issue of Medium-Term Notes issued and to be issued pursuant to a Fiscal Agency Agreement, dated as of April 2, 2003, as amended on March 8, 2007, April 15, 2009 and October 17, 2013 (the “Fiscal Agency Agreement”), among CABEI and Deutsche Bank Trust Company Americas, as Fiscal Agent, Registrar, Transfer Agent (“Fiscal Agent”, “Registrar” and “Transfer Agent”, which terms include any successor as Fiscal Agent or Registrar or Transfer Agent under the Fiscal Agency Agreement), and Paying Agent in New York, Deutsche Bank Luxembourg S.A. as Paying Agent and Transfer Agent in Luxembourg and Deutsche Bank AG London as Paying Agent and Transfer Agent in London. These Terms and Conditions, as amended or supplemented by the provisions contained in the applicable Final Terms, are fully incorporated into this Note by reference and shall for all purposes have the same effect as if set forth herein. Terms used but not defined herein shall have the meanings assigned to them in the Fiscal Agency Agreement, and such defined terms are incorporated herein by reference. Copies of the Fiscal Agency Agreement are available for inspection at the principal office of the Fiscal Agent at Deutsche Bank Trust Company Americas, Corporate Trust & Agency Services, 60 Wall Street, MS# NYC03-0914, New York, New York 10005 (the “Corporate Trust Office”), and, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such Exchange shall so require, at the office of the Paying Agent hereinafter named in Luxembourg. The Holders (as defined in Section 3 hereof) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Fiscal Agency Agreement that are applicable to them. Unless the context otherwise requires, references in these Terms and Conditions to the “Notes” apply generally to the Notes and, to the extent not inconsistent with the applicable Final Terms, this Note.

Notes may be issued under the Fiscal Agency Agreement from time to time in separate series (each such series of Notes being hereinafter referred to as a “Series” or the “Notes of a Series”). The Notes of each Series will have identical terms (except for the issue date, the issue price or the first interest payment date), including, but not limited to, terms with respect to currency, denomination, interest rate, interest payment dates and maturity, except that each Series may include Registered Notes (as herein defined) and Bearer Notes (as herein defined). The Notes of all Series are limited to an aggregate initial principal amount of US\$6,000,000,000 (or its equivalent in another currency or composite currency), subject to increase by CABEI as provided in the Fiscal Agency Agreement if in

the future it so determines for any reason. Except for such aggregate limit, there is no limit on the amount of Notes that may be issued in any particular Series.

CABEI may, in its discretion, sell additional notes from time to time in one or more offerings (the “Additional Notes”). Any Additional Notes issued by CABEI will be part of the same series as the Notes. The Notes and the Additional Notes will have the same ranking, interest rate, maturity and other terms and will be treated as a single series of notes under the Fiscal Agency Agreement. The Additional Notes will be fungible for trading purposes with, and will bear the same Common Code and ISIN Number, as the Notes.

This Note will mature on the date specified in the applicable Final Terms (“Stated Maturity”). Upon the Stated Maturity, CABEI will be required to repay 100% of the outstanding principal amount thereof (or, in the case of Zero Coupon Notes, Original Issue Discount Notes, Currency Indexed Notes or Indexed Notes, 100% of the amount due and payable upon maturity), unless the applicable Final Terms with respect to such Notes otherwise specifies.

This Note is denominated in either U.S. dollars or in such other currency or composite currency (“Specified Currency”) as may be specified on the face hereof and in the applicable Final Terms. Notes denominated in a Specified Currency other than the U.S. dollar are hereinafter referred to as “Foreign Currency Notes”. Purchasers of Notes are required to pay for such Notes by delivery of the requisite amount of the Specified Currency to an Agent, unless other arrangements have been made. Unless otherwise specified in the applicable Final Terms, payments on each Foreign Currency Note (other than Notes held through DTC with respect to which certain elections have not been made) will be made in the applicable Specified Currency in the country issuing the Specified Currency (or, in the case of euro, in a city in which banks have access to the TARGET System (as herein defined)), *provided* that, at the election of the holder thereof and in certain circumstances at the option of CABEI, payments on a Foreign Currency Note may be made in U.S. dollars.

Notes are sold in individual issues of Notes having such interest rate or interest rate formula, if any, Stated Maturity and date of original issuance as shall be set forth in the applicable Final Terms.

Unless otherwise indicated in the applicable Final Terms, this Note, unless it is a Zero Coupon Note, Currency Indexed Note or Indexed Note, will bear interest at a fixed rate or at a rate (the “Base Rate”) determined by reference to the Commercial Paper Rate, the Prime Rate, LIBOR, the Treasury Rate, the CD Rate or the Federal Funds Rate, as adjusted by the Spread and/or Spread Multiplier (each as defined in Section 4 hereof), if any, applicable to such Note, or any other rate as set forth in the applicable Final Terms. This Note has been issued as a Zero Coupon Note if so indicated in the applicable Final Terms. A Zero Coupon Note is a Note that is issued at a discount from the principal amount payable at maturity thereof and which will not bear interest, unless otherwise specified in the Final Terms.

This Note has been issued as an Original Issue Discount Note if so indicated in the applicable Final Terms. In general, an Original Issue Discount Note is a Note, including any Zero Coupon Note, that is issued at a price lower than the principal amount thereof, and which provides that upon redemption or acceleration of the maturity thereof, the amount payable to the Holder of such Note will be determined in accordance with the terms of such Note, but will be an amount that is less than the amount payable at the Stated Maturity of such Note.

This Note may be issued as a Currency Indexed Note, the principal amount of which is payable at or prior to maturity and any interest on which and/or any premium on which will be determined by the difference between the currency or composite currency in which such Note is denominated and another currency or composite currency or by reference to any currency index or indices, in each case as set forth in the applicable Final Terms. This Note may also be issued as other (non-Currency) Indexed Notes, the principal amount of which is payable at or prior to maturity, any interest on which and/or any premium on which will be determined by reference to the difference in the prices of specified securities, commodities or interest rates or securities, commodities, interest rates or other indices, in each case as set forth in the applicable Final Terms.

Unless otherwise specified in the applicable Final Terms, this Note will not be redeemable prior to maturity at the option of CABEI. Unless otherwise specified in the applicable Final Terms, this Note will not be repayable prior to maturity at the option of the Holder of the Note.

(2) Form, Denomination and Registration

Notes may be issued in registered form without interest coupons (“Registered Notes” or a “Registered Note”) or in bearer form, with or without interest coupons (“Bearer Notes” or a “Bearer Note”) as specified in the applicable Final Terms.

Except as otherwise specified in the applicable Final Terms and with respect to Notes denominated in Japanese ¥, Registered Notes may be issued only in minimum denominations of (i) if denominated in U.S. dollars, US\$10,000 and integral multiples of US\$1,000 in excess thereof or (ii) if denominated other than in U.S. dollars, the amount of the Specified Currency for such Note equivalent to US\$10,000 and integral multiples of US\$1,000 in excess thereof, at the noon buying rate in The City of New York for cable transfers in such Specified Currency certified by the Federal Reserve Bank of New York or, in the event the Federal Reserve Bank of New York does not certify a noon buying rate for such Specified Currency, at the rate quoted or published by the relevant central bank as the rate for buying such Specified Currency (or, in the case of euro, the European Central Bank Frankfurt).

Bearer Notes may be issued in denominations as specified in the applicable Final Terms.

Unless otherwise permitted by then current laws, regulations and directives, Notes denominated in Japanese ¥ will be in minimum denominations of ¥1,000,000.

CABEI will at all times, for as long as any Notes are outstanding, appoint and maintain one or more Paying Agents (any of which may be the Fiscal Agent), each of which will be authorized in writing by CABEI to pay the principal of (and premium, if any) or interest on any Note on behalf of CABEI and will have an office or agency (a “Paying Agency Office”) in a specified city (a “Place of Payment”) where the Notes may be presented or surrendered for payment and where notices, designations or requests in respect of payments with respect to the Notes may be served (*provided* that interest on any Bearer Note shall be payable only outside the United States and its possessions, as defined under Section 5 below). CABEI reserves the right to vary or terminate the appointment of any Paying Agent or to appoint additional or other Paying Agents or to approve any change in the office through which any Paying Agent acts, *provided* that for so long as any Notes are outstanding, there shall at all times be a Paying Agency Office in Western Europe (which, for so long as any Notes are listed on the Luxembourg Stock Exchange and the rules of such Exchange shall so require, shall include an office or agency in Luxembourg) and for so long as any Registered Notes are outstanding, there shall at all times be a Paying Agency Office in The City of New York.

CABEI shall maintain for so long as any Notes are outstanding transfer agents (each, a “Transfer Agent”) where the Notes may be surrendered for registration of transfer or exchange. CABEI has initially appointed the Corporate Trust Office of the Fiscal Agent in The City of New York, the London office of the Fiscal Agent and the Luxembourg Paying Agent as its Transfer Agents. CABEI shall cause each Transfer Agent to act as a Notes registrar and shall cause to be kept at the office of each Transfer Agent a register in which, subject to such reasonable regulations as it may prescribe, CABEI shall provide for the registration of Notes and registration of transfers and exchanges of Notes. CABEI reserves the right to vary or terminate the appointment of any Transfer Agent or to appoint additional or other Transfer Agents or to approve any change in the office through which any Transfer Agent acts, *provided* that for so long as any Notes are outstanding there shall at all times be a Transfer Agent in Western Europe (which, for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such Exchange shall so require, shall include an office or agency in Luxembourg), and, for so long as any Registered Notes are outstanding, there shall at all times be a Transfer Agent in The City of New York.

(3) Transfer; Exchange

Subject to the restrictions set forth herein and in the Fiscal Agency Agreement, the transfer of a Registered Note is registrable on the aforementioned registers upon surrender of such Note at any Transfer Agent duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to CABEI duly executed by, the registered Holder thereof or his attorney duly authorized in writing. Upon such surrender of such Note for registration of transfer, CABEI shall execute, and the Fiscal Agent shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes, dated the date of authentication thereof, of any authorized denominations and of a like aggregate principal amount.

Subject to the restrictions set forth herein and in the Fiscal Agency Agreement, at the option of the registered Holder upon request confirmed in writing, Registered Notes of a Series may be exchanged for Registered Notes of such Series of any authorized denominations and of a like tenor, form and aggregate principal amount upon surrender of the Registered Notes to be exchanged at the office of any Transfer Agent. Whenever any Registered Notes are so surrendered for exchange, CABEI shall execute, and the Fiscal Agent shall authenticate and deliver, the Registered Notes that the registered Holder making the exchange is entitled to receive. Any registration of transfer or exchange will be effected upon the Transfer Agent or the Fiscal Agent, as the case may be, being satisfied with the documents of title and identity of the person making the request and subject to such reasonable regulations as CABEI may from time to time agree with the Transfer Agents and the Fiscal Agent.

Subject to the restrictions set forth herein and in the Fiscal Agency Agreement, at the option of the Holder of a Bearer Note, Bearer Notes of a Series may be exchanged for Bearer Notes of such Series of any authorized denominations and of a like aggregate principal amount, tenor and form and upon surrender of the Notes to be exchanged, together with all unmatured Coupons and all matured Coupons in default appertaining to such Note, at the office of any Transfer Agent in Western Europe. If the Holder of a Bearer Note is unable to produce any such unmatured Coupon or Coupons or matured Coupon in default, such exchange may be effected if the Bearer Notes are accompanied by payment in funds acceptable to CABEI in an amount equal to the face amount of such missing Coupon or Coupons, or the surrender of such missing Coupon or Coupons may be waived in writing by CABEI and the Fiscal Agent if there be furnished to them such security or indemnity as they may require to save each of them and each other agent of CABEI hereunder harmless. Whenever any Notes are so surrendered for exchange, CABEI shall execute, and the Fiscal Agent shall authenticate and deliver, the Notes that the Holder making the exchange is entitled to receive. Any exchange will be subject to such reasonable regulations as CABEI may from time to time agree with the Transfer Agents and the Fiscal Agent.

Subject to the restrictions set forth herein and in the Fiscal Agency Agreement, at the option of the Holder of a Bearer Note upon request confirmed in writing, Bearer Notes may be exchanged for Registered Notes of any authorized denominations and of a like aggregate principal amount and tenor upon surrender of the Bearer Notes to be exchanged, together with all unmatured Coupons and all matured Coupons in default appertaining thereto, at the office of any Transfer Agent in Western Europe. If the Holder of a Bearer Note is unable to produce any such unmatured Coupon or Coupons or matured Coupons in default, such exchange may be effected if the Bearer Notes are accompanied by payment in funds acceptable to CABEI in an amount equal to the face amount of such missing Coupon or Coupons, or the surrender of such missing Coupon or Coupons may be waived in writing by CABEI and the Fiscal Agent if there be furnished to them such security or indemnity as they may require to save each of them and each other agent of CABEI hereunder harmless. Notwithstanding the foregoing, if a Bearer Note is surrendered in exchange for a Registered Note (i) after the close of business on the Regular Record Date (as herein defined) next preceding an Interest Payment Date and before the opening of business on such Interest Payment Date, or (ii) after the close of business on any special record date for the payment of defaulted interest and before the opening of business on the relevant proposed date of payment of such defaulted interest, such Bearer Notes shall be surrendered without the Coupon relating to such Interest Payment Date or proposed date of payment, as the case may be, and the interest payable on such Interest Payment Date or proposed date of payment shall not be payable in respect of the Registered Note issued in exchange for such Bearer Note, but will be payable only to the Holder of such Coupon upon presentation and surrender thereof when due.

Registered Notes may not be exchanged for Bearer Notes.

In the event of a redemption of the Notes of a Series in part, CABEI shall not be required (i) to register the transfer of or exchange of any Note of such Series during a period beginning at the opening of business 15 days before, and continuing until, the date notice is given identifying the Notes to be redeemed, or (ii) to register the transfer of or exchange of any Notes of such Series, or portion thereof, called for redemption except the unredeemed portion of any Note redeemed in part.

All Notes of a Series issued upon any registration of transfer or exchange of Notes shall be the valid obligations of CABEI, evidencing the same debt, and entitled to the same benefits, as the Notes surrendered upon such registration of transfer or exchange. No service charge shall be made for any registration of transfer or exchange, but CABEI may require payment of a sum sufficient to cover any tax or other governmental charge

payable in connection therewith, other than an exchange in connection with a partial redemption of a Note not involving any registration of transfer.

Title to Bearer Notes and Coupons shall pass by delivery. CABEL, the Fiscal Agent and any agent of CABEL or the Fiscal Agent may treat the Holder of a Bearer Note, the Holder of a Coupon and, prior to due presentment of a Registered Note for registration of transfer, the person in whose name a Registered Note is registered as the absolute owner thereof for all purposes, whether or not such Note or Coupon be overdue, and neither CABEL, the Fiscal Agent nor any such agent of either shall be affected by notice to the contrary.

For all purposes under the Notes and the Fiscal Agency Agreement, the “Holder” of any Note is the person in whose name such Note is registered, in the case of a Registered Note, or the bearer of such Note, in the case of a Bearer Note.

(4) Interest Rate

Unless otherwise specified in the applicable Final Terms, each Note, other than a Zero Coupon Note, will bear interest from its date of issue or from the most recent Interest Payment Date (or, if such Note is a Floating Rate Note and the Interest Reset Period is daily or weekly, from the calendar day following the most recent Regular Record Date) to which interest on such Note has been paid or duly provided for at the fixed rate per annum, or at the rate per annum determined pursuant to the interest rate formula, stated therein and in the applicable Final Terms until the principal thereof is paid or made available for payment. Interest will be payable on each Interest Payment Date and at maturity as specified under “Payment of Principal and Interest”.

Each Note, other than a Zero Coupon Note, will bear interest at either (i) a fixed rate (a “Fixed Rate Note”) or (ii) a variable rate determined by reference to an interest rate basis (a “Floating Rate Note”), which may be adjusted by adding or subtracting the Spread and/or multiplying by the Spread Multiplier (each term as defined below). A Floating Rate Note may also have either or both of the following: (i) a maximum numerical interest rate limitation, or ceiling, on the rate at which interest may accrue during any interest period (a “Maximum Rate”) and (ii) a minimum numerical interest rate limitation, or floor, on the rate at which interest may accrue during any interest period (a “Minimum Rate”). The “Spread” is the number of basis points specified in the applicable Final Terms as being applicable to the interest rate for such Note and the “Spread Multiplier” is the percentage specified in the applicable Final Terms as being applicable to the interest rate for such Note. “Market Day” means any day that is a Business Day in The City of New York and London. Unless otherwise specified in the applicable Final Terms, the term “Business Day” means each Monday, Tuesday, Wednesday, Thursday and Friday that is (i) not a day on which banking institutions in the relevant location generally are obligated by law or executive order to close, and (ii) if this Note is denominated in a Specified Currency other than U.S. dollars, not a day on which banking institutions are authorized or obligated by law or executive order to close in the financial center of the country issuing the Specified Currency (except in the case of euro, in which case “Business Day” shall not include any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (“TARGET”) System is not operating). “Index Maturity” means, with respect to a Floating Rate Note, the period to maturity of the instrument or obligation on which the interest rate formula is based, as specified in the applicable Final Terms. The calculation agent, which will calculate the interest rate basis with respect to any particular issue of Floating Rate Notes (the “Calculation Agent”), will be specified in the applicable Final Terms.

In addition to any Maximum Rate that may be applicable to any Floating Rate Note pursuant to the above provisions, the interest rate on Floating Rate Notes will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by U.S. law of general application. Under present New York law the maximum rate of interest is 25% per annum on a simple interest basis, with certain exceptions. The limit may not be applicable to Floating Rate Notes in which US\$4,000,000 or more has been invested.

The applicable Final Terms relating to a Fixed Rate Note will designate a fixed rate of interest per annum payable on such Fixed Rate Note. Interest on Fixed Rate Notes will be paid semi-annually (unless otherwise specified in the applicable Final Terms) and at maturity.

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the rate of interest, such interest being payable in arrears on each Interest Payment Date as adjusted in accordance with the applicable day count fraction.

The applicable Final Terms relating to a Floating Rate Note will designate an interest rate basis (the “Interest Rate Basis”) for such Floating Rate Note. The Interest Rate Basis for each Floating Rate Note will be: (i) the Commercial Paper Rate, in which case such Note will be a Commercial Paper Rate Note; (ii) the Prime Rate, in which case such Note will be a Prime Rate Note; (iii) LIBOR, in which case such Note will be a LIBOR Note; (iv) the Treasury Rate, in which case such Note will be a Treasury Rate Note; (v) the CD Rate, in which case such Note will be a CD Rate Note; (vi) the Federal Funds Rate, in which case such Note will be a Federal Funds Rate Note; or (vii) such other interest rate formula as is set forth in such Final Terms. The applicable Final Terms for a Floating Rate Note will specify the Interest Rate Basis and, if applicable, the Calculation Agent, the Index Maturity, the Spread or Spread Multiplier, the Initial Interest Rate, the Maximum Rate, the Minimum Rate, the Interest Payment Dates, the Regular Record Dates, the Calculation Dates, the Interest Determination Dates, the Interest Reset Period and the Interest Reset Dates with respect to such Note (each term as defined below or in such Note). The Minimum Rate on a Floating Rate Note is zero.

The rate of interest on each Floating Rate Note will be reset daily, weekly, monthly, quarterly, semi-annually, annually or otherwise as specified in the applicable Final Terms (each such period, an “Interest Reset Period”). Unless otherwise specified in the applicable Final Terms, the interest reset date (the “Interest Reset Date”) will be, in the case of Floating Rate Notes that reset daily, each Market Day; in the case of Floating Rate Notes (other than Treasury Rate Notes) that reset weekly, the Wednesday of each week; in the case of Treasury Rate Notes that reset weekly, the Tuesday of each week, except as provided below; in the case of Floating Rate Notes that reset monthly, the third Wednesday of each month; in the case of Floating Rate Notes that reset quarterly, the third Wednesday of March, June, September and December; in the case of Floating Rate Notes that reset semi-annually, the third Wednesday of two months of each year that are six-months apart as specified in the applicable Final Terms; and in the case of Floating Rate Notes that reset annually, the third Wednesday of one month of each year as specified in the applicable Final Terms; *provided* that the interest rate in effect from the date of issue to the first Interest Reset Date with respect to a Floating Rate Note will be the Initial Interest Rate (as set forth in the applicable Final Terms). If any Interest Reset Date for any Floating Rate Note would otherwise be a day that is not a Market Day with respect to such Floating Rate Note, the Interest Reset Date for such Floating Rate Note shall be postponed to the next day that is a Market Day with respect to such Floating Rate Note, except that, in the case of a LIBOR Note, if such Market Day is in the next succeeding calendar month, such Interest Reset Date shall be the immediately preceding Market Day.

The Fiscal Agent shall notify the Luxembourg Stock Exchange of the Interest Payment Dates, the applicable interest rate and the amount of interest payable on each Interest Payment Date for Notes of each Series to be listed on such Exchange by no later than (a) in the case of Fixed Rate Notes, the date of the applicable Final Terms or (b) in the case of Floating Rate Notes, the beginning of the relevant Interest Reset Period relating to such Notes.

Unless otherwise specified in the applicable Final Terms, Interest Determination Dates will be as set forth below. The Interest Determination Date pertaining to an Interest Reset Date for (i) a Commercial Paper Rate Note (the “Commercial Paper Rate Interest Determination Date”), (ii) a Prime Rate Note (the “Prime Rate Interest Determination Date”), (iii) a LIBOR Note (the “LIBOR Interest Determination Date”), (iv) a CD Rate Note (the “CD Rate Interest Determination Date”) and (v) a Federal Funds Rate Note (the “Federal Funds Rate Interest Determination Date”) will be the second Market Day preceding such Interest Reset Date. The Interest Determination Date pertaining to an Interest Reset Date for a Treasury Rate Note (the “Treasury Rate Interest Determination Date”) will be the day of the week in which such Interest Reset Date falls on which Treasury Bills would normally be auctioned. Treasury Bills are usually sold at auction on the Monday of each week, unless that day is a legal holiday, in which case the auction is usually held on the following Tuesday, except that such auction may be held on the preceding Friday. If, as the result of a legal holiday, an auction is so held on the preceding Friday, such Friday will be the Treasury Rate Interest Determination Date pertaining to the Interest Reset Date occurring in the next succeeding week. If an auction date shall fall on any Interest Reset Date for a Treasury Rate Note, then such Interest Reset Date shall instead be the first Market Day immediately following such auction date.

Upon the request of the holder of any Floating Rate Note, the Calculation Agent will provide the interest rate then in effect, and, if determined, the interest rate that will become effective on the next Interest Reset Date with respect to such Floating Rate Note.

The Calculation Agent will, for each Interest Period, as soon as practicable after 11:00 A.M. (New York time) on the Interest Determination Date therefor, determine the interest rate therefor and calculate the amount of interest payable on each US\$1,000 (or the equivalent thereof in the Specified Currency) (the “Minimum Multiple”) face amount of the Notes for such Interest Period. The amount of interest payable in respect of the Notes in the face amount equal to the Minimum Multiple for any Interest Period (the “Interest Amount”) shall be calculated by (A) applying the rate of interest for such Interest Period to the outstanding principal amount of a Note having a face amount equal to the Minimum Multiple, (B) multiplying such amount by the actual number of days in such Interest Period, (C) dividing by 360 and (D) rounding as specified in the following paragraph. The amount of interest payable in respect of any Fixed Rate Note issued in Renminbi for any Interest Period shall be equal to the product of the Rate of Interest, the Interest Amount, and the Day Count Fraction, rounding the resulting figure to the nearest CNY0.01 and in accordance with the succeeding paragraph, and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Fixed Rate Note divided by the Interest Amount. Unless otherwise specified in the applicable Final Terms, “Interest Period” means the period beginning on (and including) the date of original issuance of a Note and ending on (but excluding) the first Interest Payment Date thereafter and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date; *provided* that with respect to any overdue amount hereunder, the first Interest Period therefor shall commence on the day on which such amount was due and payable hereunder and end on the seventh calendar day thereafter, and thereafter each Interest Period for such overdue amount shall commence on the date of the expiration of the preceding Interest Period for such amount and end on the date one month thereafter; and *provided further* that, if at least three Business Days prior to the end of any Interest Period for such overdue amount CABEI notifies the Fiscal Agent in writing that CABEI intends to pay such overdue amount on a date prior to the date on which the next succeeding Interest Period for such overdue amount would otherwise end, then the next succeeding Interest Period shall end on the date specified in such notice, provided that such overdue amount is paid on such date.

All percentages resulting from any calculations referred to herein will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward, e.g., 8.763235% (or .08763235) being rounded to 8.76324% (or .0876324), and all U.S. dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one-half cent being rounded upward) or in the case of currencies other than U.S. dollars to the nearest one-hundredth of a unit.

Commercial Paper Rate Notes

Each Commercial Paper Rate Note will bear interest at the interest rates calculated with reference to the Commercial Paper Rate and the Spread and/or Spread Multiplier, if any, specified in such Commercial Paper Rate Note and the applicable Final Terms and will be payable on the dates specified on the face of such Commercial Paper Rate Note and in the applicable Final Terms. Unless otherwise indicated in the applicable Final Terms, the “Calculation Date” pertaining to a Commercial Paper Rate Interest Determination Date will be the tenth calendar day after such Commercial Paper Rate Interest Determination Date or, if any such day is not a Market Day, the next succeeding Market Day.

Unless otherwise indicated in the applicable Final Terms, “Commercial Paper Rate” means, with respect to any Interest Reset Date, the Money Market Yield (calculated as described below) of the per annum rate (quoted on a bank discount basis) for the relevant Commercial Paper Rate Interest Determination Date for commercial paper having the specified Index Maturity as published by the Board of Governors of the Federal Reserve System in “Statistical Release H.15(519), Selected Interest Rates” or any successor publication of the Board of Governors of the Federal Reserve System (“H.15(519)”) under the heading “Commercial Paper—Nonfinancial”. In the event that such rate is not published prior to 3:00 P.M., New York City time, on the relevant Calculation Date, then the Commercial Paper Rate with respect to such Interest Reset Date shall be calculated by the Calculation Agent and shall be the Money Market Yield of the arithmetic mean of the offered per annum rates (quoted on a bank discount basis), as of 11:00 A.M., New York City time, on such Commercial Paper Rate Interest Determination Date, of three leading dealers of commercial paper in The City of New York selected by the Calculation Agent for commercial

paper of the specified Index Maturity placed for an industrial company whose bond rating is “AA”, or the equivalent, from a U.S. nationally recognized rating agency; *provided* that if fewer than three dealers selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the Commercial Paper Rate with respect to such Interest Reset Date will be the Commercial Paper Rate in effect on such Commercial Paper Rate Interest Determination Date.

“Money Market Yield” shall be a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\frac{D \times 360}{360 - (D \times M)}$$

where “D” refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and “M” refers to the actual number of days in the period for which interest is being calculated.

Prime Rate Notes

Each Prime Rate Note will bear interest at the interest rates calculated with reference to the Prime Rate and the Spread and/or Spread Multiplier, if any, specified in such Prime Rate Note and the applicable Final Terms, and will be payable on the dates specified on the face of such Prime Rate Note and in the applicable Final Terms. Unless otherwise indicated in the applicable Final Terms, the “Calculation Date” pertaining to a Prime Rate Interest Determination Date will be the tenth day after such Prime Rate Interest Determination Date or, if any such day is not a Market Day, the next succeeding Market Day.

Unless otherwise indicated in the applicable Final Terms, “Prime Rate” means, with respect to any Interest Reset Date, the rate set forth for the relevant Prime Rate Interest Determination Date in H.15(519) under the heading “Bank Prime Loan”. In the event that such rate is not published prior to 3:00 P.M., New York City time, on the relevant Calculation Date, then the Prime Rate with respect to such Interest Reset Date will be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the display designated as page “NYMF” on the Reuters Monitor Money Rates Service (or such other page as may replace the NYMF page on that service for the purpose of displaying prime rates or base lending rates of major U.S. banks) (“Reuters Screen NYMF Page”) as such bank’s prime rate or base lending rate as in effect for such Prime Rate Interest Determination Date as quoted on the Reuters Screen NYMF Page on such Prime Rate Interest Determination Date. If fewer than four such rates appear on the Reuters Screen NYMF Page on such Prime Rate Interest Determination Date, the Prime Rate with respect to such Interest Reset Date will be the arithmetic mean of the prime rates or base lending rates (quoted on the basis of the actual number of days in the year divided by 360) as of the close of business on such Prime Rate Interest Determination Date by three major banks in The City of New York selected by the Calculation Agent; *provided* that if fewer than three banks selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the Prime Rate with respect to such Interest Reset Date will be the Prime Rate in effect on such Prime Rate Interest Determination Date.

LIBOR Notes

Each LIBOR Note will bear interest at the interest rates calculated with reference to LIBOR and the Spread and/or Spread Multiplier, if any, specified in such LIBOR Note and the applicable Final Terms, and will be payable on the dates specified on the face of such LIBOR Note and in the applicable Final Terms, unless otherwise specified.

The applicable Final Terms will specify whether LIBOR will be determined on the basis of the rates appearing on the Reuters Screen LIBO Page or Telerate Page 3750 (each as defined below) or another method. If neither LIBOR Reuters (as defined below) nor another method is specified in the applicable Final Terms, LIBOR will be determined as if LIBOR Telerate (as defined below) had been specified. LIBOR with respect to any Interest Reset Date will be determined by the Calculation Agent in accordance with the following provisions:

- (a) On the relevant LIBOR Interest Determination Date, LIBOR will be determined on the basis of the offered rates for deposits in U.S. dollars having the specified Index Maturity, commencing on the second Market Day immediately following such LIBOR Interest Determination Date, that appear as of 11:00 A.M., London time, on such LIBOR Interest Determination Date on (A) the Reuters Screen LIBO Page (“LIBOR Reuters”) or (B) Telerate Page 3750 (“LIBOR Telerate”), as applicable. If the applicable Final Terms specifies LIBOR Reuters and if at least two offered rates appear on the Reuters Screen LIBO Page, LIBOR with respect to such Interest Reset Date will be the arithmetic mean of the offered rates as determined by the Calculation Agent. If fewer than two offered rates appear on the Reuters Screen LIBO Page or if no rate appears on Telerate Page 3750, then LIBOR with respect to such Interest Reset Date will be determined as described in (b) below. “Reuters Screen LIBO Page” means the display designated as page “LIBO” on the Reuters Monitor Money Rates Service (or such other page as may replace the LIBO page on that service for the purpose of displaying London interbank offered rates of major banks). “Telerate Page 3750” means the display designated as page “3750” on the Dow Jones Telerate Service (or such other page as may replace the “3750” page on that service or such other service or services as may be nominated by the British Bankers’ Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits).
- (b) With respect to a LIBOR Interest Determination Date on which fewer than two offered rates for the applicable Index Maturity appear on the Reuters Screen LIBO Page or no rate for the applicable Index Maturity appears on the Telerate Screen Page 3750, as applicable and as described in (a) above, LIBOR will be determined on the basis of the rates at approximately 11:00 A.M., London time, on such LIBOR Interest Determination Date at which deposits in U.S. dollars having the specified Index Maturity are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Calculation Agent commencing on the second Market Day immediately following such LIBOR Interest Determination Date and in a principal amount equal to an amount of not less than \$1,000,000 that in the Calculation Agent’s judgment is representative for a single transaction in such market at such time (a “Representative Amount”). The Calculation Agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, LIBOR with respect to such Interest Reset Date will be the arithmetic mean of such quotations. If fewer than two quotations are provided, LIBOR with respect to such Interest Reset Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., New York City time, on such LIBOR Interest Determination Date by three major banks in The City of New York, selected by the Calculation Agent, for loans in U.S. dollars to leading European banks having the specified Index Maturity commencing on the second Market Day immediately following such LIBOR Interest Determination Date and in a Representative Amount; *provided* that if fewer than three banks selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, LIBOR with respect to such Interest Reset Date will be the LIBOR in effect on such LIBOR Interest Determination Date.

Treasury Rate Notes

Each Treasury Rate Note will bear interest at the interest rates calculated with reference to the Treasury Rate and the Spread and/or Spread Multiplier, if any, specified in such Treasury Rate Note and the applicable Final Terms, and will be payable on the dates specified on the face of such Treasury Rate Note and in the applicable Final Terms. Unless otherwise specified in the applicable Final Terms, the “Calculation Date” with respect to a Treasury Rate Interest Determination Date will be the tenth day after such Treasury Rate Interest Determination Date or, if any such day is not a Market Day, the next succeeding Market Day.

Unless otherwise indicated in the applicable Final Terms, “Treasury Rate” means, with respect to any Interest Reset Date, the rate for the auction on the relevant Treasury Rate Interest Determination Date of direct obligations of the United States (“Treasury Bills”) having the specified Index Maturity as published in H.15(519) under the heading “U.S. Government Securities/Treasury Bills/Auction High” or, if not so published by 3:00 P.M., New York City time, on the relevant Calculation Date, the auction average rate (expressed as a bond equivalent, on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) for such auction as otherwise announced by the U.S. Department of the Treasury. In the event that the results of such auction of Treasury Bills having the specified Index Maturity are not published or reported as provided above by 3:00 P.M., New York City

time, on such Calculation Date, or if no such auction is held during such week, then the Treasury Rate shall be the rate set forth in H.15(519) for the relevant Treasury Rate Interest Determination Date for the specified Index Maturity under the heading “U.S. Government Securities/Treasury Bills/Secondary Market”. In the event such rate is not so published by 3:00 P.M., New York City time, on the relevant Calculation Date, the Treasury Rate with respect to such Interest Reset Date shall be calculated by the Calculation Agent and shall be a yield to maturity (expressed as a bond equivalent, on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean of the secondary market bid rates as of approximately 3:30 P.M., New York City time, on such Treasury Rate Interest Determination Date, of three primary U.S. government securities dealers in The City of New York selected by the Calculation Agent for the issue of Treasury Bills with a remaining maturity closest to the specified Index Maturity; *provided* that if fewer than three dealers selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the Treasury Rate with respect to such Interest Reset Date will be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

CD Rate Notes

Each CD Rate Note will bear interest at the interest rates calculated with reference to the CD Rate and the Spread and/or Spread Multiplier, if any, specified in such CD Rate Note and the applicable Final Terms, and will be payable on the dates specified on the face of such CD Rate Note and in the applicable Final Terms. Unless otherwise indicated in the applicable Final Terms, the “Calculation Date” pertaining to a CD Rate Interest Determination Date will be the tenth day after such CD Rate Interest Determination Date or, if such day is not a Market Day, the next succeeding Market Day.

Unless otherwise indicated in the applicable Final Terms, “CD Rate” means, with respect to any Interest Reset Date, the rate for the relevant CD Rate Interest Determination Date for negotiable certificates of deposit having the specified Index Maturity as published in H.15(519) under the heading “CDs (Secondary Market)”. In the event that such rate is not published prior to 3:00 P.M., New York City time, on the relevant Calculation Date, then the CD Rate with respect to such Interest Reset Date shall be calculated by the Calculation Agent and shall be the arithmetic mean of the secondary market offered rates, as of 10:00 A.M., New York City time, on such CD Rate Interest Determination Date, of three leading nonbank dealers of negotiable U.S. dollar certificates of deposit in The City of New York selected by the Calculation Agent for negotiable certificates of deposit of major U.S. money market banks with a remaining maturity closest to the specified Index Maturity in a denomination of US\$5,000,000; *provided* that if fewer than three dealers selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the CD Rate with respect to such Interest Reset Date will be the CD Rate in effect on such CD Rate Interest Determination Date.

Federal Funds Rate Notes

Each Federal Funds Rate Note will bear interest at the interest rates calculated with reference to the Federal Funds Rate and the Spread and/or Spread Multiplier, if any, specified in such Federal Funds Rate Note and the applicable Final Terms and will be payable on the dates specified on the face of such Federal Funds Rate Note and in the applicable Final Terms. Unless otherwise indicated in the applicable Final Terms, the “Calculation Date” pertaining to a Federal Funds Rate Interest Determination Date will be the tenth day after such Federal Funds Rate Interest Determination Date or, if such day is not a Market Day, the next succeeding Market Day.

Unless otherwise indicated in the applicable Final Terms, “Federal Funds Rate” means, with respect to any Interest Reset Date, the rate on the relevant Federal Funds Rate Interest Determination Date for Federal Funds as published in H.15(159) under the heading “Federal Funds (effective)”. In the event that such rate is not published prior to 3:00 P.M., New York City time, on the relevant Calculation Date, then the Federal Funds Rate with respect to such Interest Reset Date shall be calculated by the Calculation Agent and shall be the arithmetic mean of the rates, as of 9:00 A.M., New York City time, on such Federal Funds Rate Interest Determination Date, for the last transaction in overnight Federal Funds arranged by each of three leading brokers of Federal Funds transactions in The City of New York selected by the Calculation Agent; *provided* that if fewer than three brokers selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the Federal Funds Rate with respect to such Interest Reset Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

(5) Payment of Principal and Interest

For so long as the Fiscal Agent is acting as a Paying Agent hereunder, CABEL shall provide to the Fiscal Agent on or prior to the close of business on the Business Day in New York, New York, prior to each date on which interest, if any, is to be paid (each, an “Interest Payment Date”), any redemption date and the maturity date of the Notes (or, if any such date is not a Market Day, on the Business Day prior to the Market Day next succeeding such date), in immediately available funds such amount as is necessary (with any amounts then held by the Fiscal Agent and available for the purpose) to pay any interest on, the redemption price of and accrued interest (if the redemption date is not an Interest Payment Date) on, and the principal of (and premium, if any, on) the Notes due and payable on such Interest Payment Date, redemption date or maturity date, as the case may be. The Fiscal Agent shall apply the amounts so paid to it to the payment of such interest, redemption price and principal (and premium, if any) in accordance with the terms of the Fiscal Agency Agreement and the Notes.

Any monies paid by CABEL to the Fiscal Agent for the payment of the principal of (or premium, if any) or any interest on any Notes and remaining unclaimed at the end of two years after such principal (or premium, if any) or interest shall have become due and payable (whether at maturity, upon call for redemption or otherwise) shall then be repaid to CABEL along with any interest accrued on such monies, and upon such repayment all liability of the Fiscal Agent with respect thereto shall cease, without, however, limiting in any way any obligation CABEL may have to pay the principal of (and premium, if any) and any interest on this Note as the same shall become due.

Unless otherwise specified in the applicable Final Terms, payments of principal, premium (if any) and any interest on the Notes will be made in the applicable Specified Currency; *provided* that payments of principal, premium (if any) and interest on any Foreign Currency Note will be made in U.S. dollars (i) if such Foreign Currency Note is held in the book-entry settlement system of DTC, (ii) at the option of the Holder thereof under the procedures described in the fourth and fifth paragraphs under this Section 5, and (iii) at the option of CABEL in the case of imposition of exchange controls or other circumstances beyond the control of CABEL as described in the penultimate paragraph under this Section 5.

No payment of principal (or premium, if any) or any interest in respect of a Bearer Note shall be made at an office or agency of CABEL in the United States or its possessions and no check in payment thereof which is mailed shall be mailed to an address in the United States or its possessions, nor shall any transfer made in lieu of payment by check be made to an account maintained by the payee with a bank in the United States or its possessions. Notwithstanding the foregoing, such payments may be made at an office or agency located in the United States or its possessions if such payments are to be made in U.S. dollars and if payment of the full amount so payable at each office of the Fiscal Agent and of each Paying Agent outside the United States and its possessions appointed and maintained pursuant to the Fiscal Agency Agreement is illegal or effectively precluded because of the imposition of exchange controls or other similar restrictions on the full payment or receipt of such amount in U.S. dollars. As used herein, the term “United States” means the United States of America (including the States thereof and the District of Columbia) and its “possessions” include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

Unless otherwise specified in the applicable Final Terms, and except as provided in the next paragraph, payments of principal, premium (if any) and any interest with respect to any Foreign Currency Note will be made in U.S. dollars if the registered Holder of such Note on the relevant Regular Record Date or at maturity, as the case may be, has transmitted a written request for such payment in U.S. dollars to the Fiscal Agent in New York City on or prior to such Regular Record Date or the date 15 days prior to maturity, as the case may be. Such request may be in writing (mailed or hand delivered) or by facsimile transmission. Any such request made with respect to any Foreign Currency Note by a registered Holder will remain in effect with respect to any further payments of principal, premium (if any) and any interest with respect to such Foreign Currency Note payable to such Holder, unless such request is revoked on or prior to the relevant Regular Record Date or the date 15 days prior to maturity, as the case may be.

The U.S. dollar amount to be received by a Holder of a Foreign Currency Note who elects to receive payment in U.S. dollars or who holds through the book-entry settlement system of DTC will be determined by the Exchange Rate Agent (as defined below) based upon the highest bid quotation in The City of New York received by such Exchange Rate Agent as of 11:00 A.M., New York City time, on the second Business Day next preceding the

applicable payment date from three recognized foreign exchange dealers selected by the Exchange Rate Agent (one of which may be the Exchange Rate Agent) for the purchase by the quoting dealer of the Specified Currency for U.S. dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all holders of Foreign Currency Notes electing to receive U.S. dollar payments or holding through the book-entry settlement system of DTC and at which the applicable dealer commits to execute a contract. If three such bid quotations are not available on the second Business Day preceding the date of payment of principal, premium (if any) or any interest with respect to any Foreign Currency Note, such payment will be made in the Specified Currency. All currency exchange costs associated with any payment in U.S. dollars on any such Foreign Currency Note will be borne by the Holder thereof by deductions from such payment, such currency exchange being effected on behalf of the Holder by the Exchange Rate Agent. The exchange rate agent with respect to any particular issue of Notes (the "Exchange Rate Agent") will be specified in the applicable Final Terms.

Interest with respect to any Registered Notes will be payable to the person in whose name such Note is registered at the close of business on the Regular Record Date next preceding each Interest Payment Date; *provided* that interest payable at maturity will be payable to the person to whom principal shall be payable (which in the case of any U.S. Global Note or International Global Note will be the depository with respect to such Note or a nominee of such depository). The Interest Payment Dates for a Fixed Rate Note will be the dates specified on the face of such Note and in the applicable Final Terms. Unless otherwise specified in the applicable Final Terms, the first payment of interest on any Note originally issued between a Regular Record Date and an Interest Payment Date with respect to such Note will be made on the Interest Payment Date following the next succeeding Regular Record Date to the registered owner on such next succeeding Regular Record Date. Unless otherwise indicated in the applicable Final Terms, the "Regular Record Date" with respect to any Registered Note shall be the date 15 calendar days prior to each Interest Payment Date, whether or not such date shall be a Business Day.

Interest with respect to any Global Note will be payable against presentation of the Global Note at the offices of a Paying Agent located outside the United States and its possessions. Each of the persons shown on the records of Euroclear, Clearstream, Luxembourg or any other relevant clearing system as being a beneficial owner of an interest in a Global Note must look solely to the relevant clearing system for such beneficial owner's share of each payment made by CABEI to the bearer of the Global Note.

Interest with respect to any Note in definitive bearer form will be payable against presentation and surrender of the appropriate coupon at the offices of a Paying Agent located outside the United States and its possessions.

Unless otherwise indicated in the applicable Final Terms and except as provided below, interest will be payable, in the case of Floating Rate Notes that reset daily, weekly or monthly, on the third Wednesday of each month (as indicated in the applicable Final Terms); in the case of Floating Rate Notes that reset quarterly, on the third Wednesday of March, June, September and December of each year; in the case of Floating Rate Notes that reset semi-annually, on the third Wednesday of the two months of each year specified in the applicable Final Terms; and in the case of Floating Rate Notes that reset annually, on the third Wednesday of the month specified in the applicable Final Terms, and in each case, at maturity.

Payments of interest on any Fixed Rate Note or Floating Rate Note with respect to any Interest Payment Date will include interest accrued to but excluding such Interest Payment Date; *provided* that, unless otherwise specified in the applicable Final Terms, if the Interest Reset Dates with respect to any Floating Rate Note in registered form are daily or weekly, interest payable on such Note on any Interest Payment Date, other than interest payable on the date on which principal on any such Note is payable, will include interest accrued to but excluding the day following the next preceding Regular Record Date.

With respect to a Floating Rate Note, accrued interest from the date of issue or from the last date to which interest has been paid is calculated by multiplying the face amount of such Floating Rate Note by an accrued interest factor. Such accrued interest factor is computed by adding the interest factor calculated for each day from the date of issue, or from the last date to which interest has been paid to but excluding the date for which accrued interest is being calculated. Unless otherwise specified in the applicable Final Terms, the interest factor (expressed as a decimal) for each such day is computed by dividing the interest rate (expressed as a decimal) applicable to such date by 360, in the case of Commercial Paper Rate Notes, Prime Rate Notes, LIBOR Notes, CD Rate Notes or Federal

Funds Rate Notes, or by the actual number of days in the year, in the case of Treasury Rate Notes. Unless otherwise specified in the applicable Final Terms, interest on Fixed Rate Notes will be computed on the basis of a 360-day year of twelve 30-day months.

Unless otherwise specified in the applicable Final Terms, if any Interest Payment Date other than the Maturity Date for any Floating Rate Note would otherwise be a day that is not a Business Day in London and The City of New York, such Interest Payment Date shall be the next day that is a Business Day in London and The City of New York, except that, in the case of a LIBOR Note, if such Business Day is in the next succeeding calendar month, such Interest Payment Date shall be the next preceding Business Day in London and The City of New York. Unless otherwise specified in the applicable Final Terms, if the Maturity Date for any Fixed Rate Note or Floating Rate Note or the Interest Payment Date for any Fixed Rate Note falls on a day which is not a Business Day in London and The City of New York, payment of principal, premium (if any) and interest with respect to such Note will be paid on the next succeeding Business Day in London and The City of New York with the same force and effect as if made on such date and no interest on such payment will accrue from and after such date.

Payments of principal of (and premium, if any) and any interest due with respect to a Registered Note at maturity to be paid in U.S. dollars shall be made in immediately available funds against surrender of such Note at the Corporate Trust Office of the Fiscal Agent in the Borough of Manhattan, The City of New York or at such other offices or agencies as CABEI may designate and at the offices of such other Paying Agents as CABEI shall have appointed pursuant to the Fiscal Agency Agreement. Payments of interest on such Note to be paid in U.S. dollars other than at maturity shall be made by check mailed on or before the due date of such payment to the person entitled thereto at such person's address appearing on the register of such Note or by wire transfer to an account maintained by the payee with a bank located in the Borough of Manhattan, The City of New York, if such registered Holder so elects by giving written notice to the Fiscal Agent, not less than 15 days (or such fewer days as the Fiscal Agent may accept at its discretion) prior to the date of the payments to be obtained, of such election and of the account to which payments are to be made. Payments of principal of (and premium, if any) or any interest on such Note to be made in U.S. dollars may be made, in the case of a registered Holder of at least the minimum principal amount of such Notes specified in the applicable Final Terms (which minimum amount, if no such minimum is so specified, will be deemed to be US\$1,000,000), by wire transfer to a U.S. dollar account maintained by the payee with a bank in the Borough of Manhattan, The City of New York or in Western Europe, *provided* that such registered Holder so elects by giving written notice to the Fiscal Agent or a Paying Agent designating such account no later than 30 days immediately preceding the relevant interest payment date (or such other date as the Fiscal Agent may accept in its discretion). Unless such designation is revoked, any such designation made by such Holder with respect to such Notes shall remain in effect with respect to any future payments with respect to such Notes payable to such Holder.

Principal of (and premium, if any, on) a Bearer Note shall be payable by check or wire transfer upon presentation and surrender of such Note at an office of a Paying Agent located outside the United States and its possessions, or at such other offices or agencies located outside the United States and its possessions as CABEI shall have appointed for the purpose pursuant to the Fiscal Agency Agreement. Such Paying Agents shall initially be Deutsche Bank AG London in London and Deutsche Bank Luxembourg S.A. in Luxembourg. Interest on such Note shall be payable by check or wire transfer to the Holder of each Coupon appertaining to such Note in the amount determined in accordance with such Coupon, on or after the due date of such payment as set forth in such Coupon, upon presentation and surrender thereof at the offices of the Paying Agents set forth on the reverse of such Coupon or at such other offices or agencies located outside the United States and its possessions as CABEI shall have appointed pursuant to the Fiscal Agency Agreement.

Unless otherwise specified in the applicable Final Terms, payments of interest and principal (and premium, if any) with respect to any Note to be made in a Specified Currency other than U.S. dollars will be made by wire transfer to such account with a bank located in the country issuing the Specified Currency (or, with respect to Notes denominated in euro, in a city in which banks have access to the TARGET System) or other jurisdiction acceptable to CABEI and the Paying Agent as shall have been designated in writing on or prior to the relevant Regular Record Date preceding the Interest Payment Date or 15 days preceding the Stated Maturity, as the case may be, by the Holder (registered Holder, if a Registered Note) of such Note on the relevant Regular Record Date or maturity, *provided* that, in the case of payment of principal, premium (if any) and any interest due at such maturity, the Note (and any Coupons appertaining thereto, if a Bearer Note) is presented to the Paying Agent in time for the Paying

Agent to make such payments in such funds in accordance with its normal procedures. Such designation shall be made by filing the appropriate written information with the Paying Agent at the Paying Agency Office in the Place of Payment and, unless revoked in writing, any such designation made with respect to any Note by a Holder (registered Holder, if a Registered Note) will remain in effect with respect to any further payments with respect to such Note payable to such Holder. If a payment with respect to any such Note cannot be made by wire transfer because the required written designation has not been received by the Paying Agent on or before the requisite date or for any other reason, CABEL will cause a notice to be mailed to the Holder of such Note at its registered address requesting a designation pursuant to which such wire transfer can be made and, upon the Paying Agent's receipt of such a written designation, such payment will be made within five Business Days of such receipt. CABEL will pay any administrative costs imposed by banks in connection with making payments by wire transfer but, except as otherwise specified in the applicable Final Terms, any tax, assessment or governmental charge imposed upon payments will be borne by the holders of the Notes in respect of which payments are made.

Unless otherwise specified in the applicable Final Terms, Foreign Currency Notes will provide that, in the event of an official redenomination of the Specified Currency, the obligations of CABEL with respect to payments on such Foreign Currency Notes shall, in all cases, be deemed immediately following such redenomination to provide for payment of that amount of the redenominated Specified Currency representing the amount of such obligations immediately before such redenomination.

All determinations referred to above made by the Exchange Rate Agent shall be at its sole discretion (except to the extent expressly provided herein or in the applicable Final Terms that any determination is subject to approval by CABEL) and, in the absence of manifest error, shall be conclusive for all purposes and binding on holders of the Notes and CABEL, and the Exchange Rate Agent shall have no liability therefor.

Unless otherwise specified in the applicable Final Terms, if the principal of, premium (if any) or interest on any Note is payable other than in U.S. dollars and such Specified Currency is not available for purposes of such payment, due to the imposition of exchange controls or other circumstances beyond the control of CABEL, or is no longer used by the government of the country issuing such currency or for settlement of transactions by public institutions of or within the international banking community, CABEL will be entitled to satisfy its obligations to the Holder of such Note by making such payment in U.S. dollars on the basis of the Exchange Rate for such Specified Currency determined on the second Business Day prior to the applicable payment date or, if the Exchange Rate is then not available, on the basis of the most recently available Exchange Rate. Any payment made under such circumstances in U.S. dollars where the required payment is in other than U.S. dollars will not constitute an Event of Default under the Notes. The applicable Final Terms will identify the Calculation Agent that will calculate the amounts payable with respect to any Currency Indexed Note.

Payment of U.S. Dollar Equivalent

Notwithstanding anything to the contrary herein, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy any payment on the Notes when due, in whole or in part, in Renminbi in Hong Kong, the Issuer may, on giving irrevocable notice to the holders of the Notes not less than five nor more than 30 Business Days prior to the relevant payment date, settle any such payment, in whole or in part, in U.S. dollars on that payment date at the U.S. Dollar Equivalent of the amount that was otherwise payable in Renminbi. In such event, the Issuer will make payments in respect of the Notes in U.S. dollars, as determined in its discretion, (1) by wire transfer to a U.S. dollar-denominated account maintained by the relevant holders with a bank in New York City as such account shall have been provided to the Registrar and appears on the security register or (2) in the form of U.S. dollar-denominated checks drawn on a bank in New York City by mailing the checks payable to or upon the written order of the relevant holders to the addresses of those holders as they appear in the security register; *provided* that, if any date for payment in respect of the Notes is not a Business Day, the holders thereof will not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment.

Any such payment made in U.S. dollars in accordance with these provisions will constitute valid payment in full and will not constitute a default in respect of the Notes.

“CNY Dealer” means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong.

“Determination Business Day” means any day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, London and in New York City.

“Determination Date” means the day which is two Determination Business Days before the relevant payment date.

“Governmental Authority” means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong.

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“Illiquidity” means the general Renminbi exchange market in Hong Kong becomes illiquid and, as a result of which, the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest or principal, in whole or in part, in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two CNY Dealers.

“Inconvertibility” means the occurrence of any event that makes it impossible for the Issuer to convert any Renminbi amount due in respect of the Notes from or into U.S. dollars in the general Renminbi exchange market in Hong Kong, except if such impossibility is due solely to the failure by the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority, unless such law, rule or regulation is enacted on or after the date of these Final Terms and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation.

“Non-transferability” means the occurrence of any event that makes it impossible for the Issuer to deliver Renminbi between accounts inside Hong Kong or from an account outside Hong Kong to an account inside Hong Kong, or vice versa, except if such impossibility is due solely to the failure by the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority, unless such law, rule or regulation is enacted or becomes effective on or after the date of these Final Terms and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation.

“Spot Rate” means the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11:00 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a nondeliverable basis by reference to Reuters Screen Page TRADNDF. If neither of the foregoing rates is available, the Calculation Agent will determine the Spot Rate at or around 11:00 a.m. (Hong Kong time) on the Determination Date as the most recently available CNY/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuters Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

“U.S. Dollar Equivalent” means the Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Determination Date.

The Issuer will provide notice to the relevant Fiscal Agent and each paying agent of any such payment of U.S. Dollar Equivalent. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the foregoing provisions by the Issuer or the Calculation Agent will (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, each other agent under the Fiscal Agency Agreement and all holders of the Notes, as applicable.

(6) Currency Indexed Notes

CABEI may from time to time offer Notes (“Currency Indexed Notes”), (i) the principal amount of which is payable at or prior to the Stated Maturity, (ii) the amount of interest payable on which and/or (iii) any premium payable with respect to which, are determined by the difference between the rate of exchange of the Specified Currency and the other currency or composite currency specified as the Indexed Currency (the “Indexed Currency”) or by reference to some other currency index or indices, in each case as set forth in the applicable Final Terms. Unless otherwise specified in the applicable Final Terms, Holders of Currency Indexed Notes will be entitled to receive a principal amount in respect of such Currency Indexed Notes exceeding the amount designated as the face amount of such Currency Indexed Notes in the applicable Final Terms (the “Face Amount”) if, at the Stated Maturity, the rate at which the Specified Currency can be exchanged for the Indexed Currency is greater than the rate of such exchange designated as the Base Exchange Rate, expressed in units of the Indexed Currency per one unit of the Specified Currency in the applicable Final Terms (the “Base Exchange Rate”), and will only be entitled to receive a principal amount in respect of such Currency Indexed Notes less than the Face Amount of such Currency Indexed Notes, if, at the Stated Maturity, the rate at which the Specified Currency can be exchanged for the Indexed Currency is less than such Base Exchange Rate. A description of the currency index or indices, information as to the relative historical value of the applicable Specified Currency against the applicable Indexed Currency, any currency and/or exchange controls applicable to such Specified Currency or Indexed Currency and any additional tax consequences to Holders may be set forth in the applicable Final Terms. The applicable Final Terms will identify the Calculation Agent that will calculate the amounts payable with respect to any Currency Indexed Note.

Unless otherwise specified in the applicable Final Terms, the term “Exchange Rate Day” shall mean any day that is a Business Day in The City of New York and, if the Specified Currency or Indexed Currency is other than the U.S. dollar, in the principal financial center of the country of such Specified Currency or Indexed Currency or, if the Specified Currency or Indexed Currency is the euro, a day on which the TARGET system is operating.

Unless otherwise specified in the applicable Final Terms, interest and/or any premium will be payable by CABEI in the Specified Currency based on the Face Amount of the Currency Indexed Notes and at the rate and times and in the manner set forth herein and in the applicable Final Terms.

(7) Other Indexed Notes

CABEI may also from time to time offer Notes (“Indexed Notes”), as to which the dates of payment of principal, interest and other amounts, the amount of any such payment or the rate at which any such payment is calculated or any other term is determined with reference to securities of one or more issuers; one or more commodities; any other financial, economic or other measure or instrument or event, including the occurrence or non-occurrence of any event or circumstance; or one or more indices or baskets of the items described above. The applicable Final Terms relating to such Indexed Note will set forth information about the relevant index, about how amounts that are to become payable will be determined by reference to the price or value of that index, about the other terms of such Indexed Notes, and about the terms on which the Note may be settled physically or in cash. The applicable Final Terms will also identify the Calculation Agent that will calculate the amounts payable with respect to the Indexed Note, will set forth any additional tax consequences to the Holder of such Note, and may set forth a description of certain risks associated with investment in such Note and other information relating to such Note.

(8) Negative Pledge

So long as any Note remains outstanding (as defined in the Fiscal Agency Agreement), CABEI will not cause or permit to be created on any of its property or assets any mortgage, pledge or other lien or charge as security for any bonds, notes or other evidence of indebtedness for money borrowed heretofore or hereafter issued or assumed by CABEI or for any guarantee heretofore or hereafter issued by CABEI for any bonds, notes or other evidence of indebtedness for money borrowed issued or assumed by others (other than “permitted liens” as defined below), unless the Notes shall be secured by such mortgage, pledge or other lien or charge equally and ratably with such other bonds, notes, other evidences of indebtedness or guarantees issued or assumed by CABEI.

For purposes of this Section 8, “permitted liens” means:

- (a) mortgages, pledges and other liens securing bonds, notes, other evidence of indebtedness and guarantees issued or assumed by CABEI that do not exceed US\$10 million (or its foreign currency equivalent) at any time outstanding and that do not in the aggregate materially detract from the value of the property or assets subject thereto or materially impair the use of such property or assets in the business of CABEI;
- (b) mortgages, pledges and other liens securing reimbursement obligations under letters of credit and similar documents given in the ordinary course of business and that do not support the payment of bonds, notes or other evidence of indebtedness for money borrowed or guarantees of such bonds, notes or other evidence of indebtedness; and
- (c) liens securing obligations under hedge agreements entered into in the ordinary course of business.

For purposes of this Section 8, “hedge agreements” means: any swap agreement, cap agreement, collar agreement, futures contract, forward contract, option contract or similar agreement or arrangement designed to protect against or mitigate the effect of fluctuations in interest rates or foreign exchange and entered into as bona fide hedges and not for speculative purposes.

(9) Redemption and Repayment

The Notes will not be subject to any sinking fund. Unless a Redemption Commencement Date is specified in the applicable Final Terms, the Notes will not be redeemable or repayable prior to their Stated Maturity. If a Redemption Commencement Date is so specified with respect to any Note, the applicable Final Terms will also specify one or more redemption prices (expressed as a percentage of the principal amount of such Note) (“Redemption Prices”) and the redemption period or periods (“Redemption Periods”) during which such Redemption Prices will apply. Unless otherwise specified in the applicable Final Terms, any such Note will be redeemable, in whole or in part, at the option of CABEI, on or after such specified Redemption Commencement Date, at the specified Redemption Price applicable to the Redemption Period during which such Note is to be redeemed, together with any interest accrued to the redemption date. If not so redeemed, the Notes shall be paid on the Stated Maturity.

In the event that CABEI exercises its option to redeem any Note in the circumstances referred to above, CABEI will, unless otherwise provided in the applicable Final Terms, give written notice to the Fiscal Agent of the principal amount of such Note to be redeemed not less than 30 days prior to the optional redemption date. In the case of a partial redemption of the Notes of a Series, the Notes to be redeemed shall be selected by the Fiscal Agent by such method as the Fiscal Agent shall deem fair and appropriate. All notices of redemption will be made in the name and at the expense of CABEI and will be given in the manner described below under “Notices”.

CABEI or any instrumentality thereof may at any time purchase Notes in the open market or otherwise at any price.

(10) Additional Amounts

Any and all payments by CABEI in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by any Member Country or any political subdivisions or authorities thereof or therein having power to tax (“Taxes”), unless CABEI is compelled by law to deduct or withhold such Taxes. In such event, CABEI shall make such withholding or deduction, make payment of the amount so withheld or deducted to the appropriate governmental authority and forthwith pay such additional amounts (“Additional Amounts”) as may be necessary in order to ensure that the net amounts receivable by the Holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest that would have been receivable in respect of the Notes in the absence of such withholding or deduction, except that no such Additional Amounts shall be payable in respect of any Note to or on behalf of a Holder or beneficial owner of a Note who is liable for such Taxes:

- (a) by reason of such Holder or beneficial owner having some connection with any taxing jurisdiction other than the mere holding of such Note or the receipt of principal or interest in respect thereof;
- (b) by reason of the failure of the Holder or beneficial owner to comply with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with any taxing jurisdiction of the Holder or beneficial owner of a Note or any interest therein or rights in respect thereof, if compliance is required by CABEL or by such taxing jurisdiction as a precondition to exemption from all or any part of such deduction or withholding;
- (c) by reason of the failure of such Holder to present such Holder's Note or Coupon for payment (where such presentation is required) within 30 days after the relevant payment is first made available for payment to the Holder;
- (d) by reason of any tax, duty, assessment or other governmental charge imposed by any unit of the federal or a state government of the United States;
- (e) by reason of any tax, duty, assessment or other governmental charge that is payable other than by deduction or withholding from a payment on a Note;
- (f) by reason of any estate, inheritance, gift, sales, transfer or personal property tax or any similar tax, duty, assessment or governmental charge;
- (g) by reason of withholding or deduction imposed on a payment to an individual that is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (h) by reason of withholding or deduction imposed on a payment to an individual who would have been able to avoid such withholding or deduction by presenting the relevant Notes for payment to another Paying Agent in a European Union member state not obliged to withhold or deduct;
- (i) by reason of withholding or deduction imposed on or in respect of any Note pursuant to sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), any successor law or regulation implementing or complying with, or introduced in order to conform to, such sections or any intergovernmental agreement or any agreement entered into pursuant to section 1471(b)(1) of the Code; or
- (j) by reason of any combination of the taxes, duties, assessments or other governmental charges described above;

nor shall any Additional Amounts be payable to a Holder of a Note that is a fiduciary or partnership or other than a sole beneficial owner of such payment to the extent that a beneficiary or settlor of such fiduciary or partnership or beneficial owner would not have been entitled to such Additional Amounts had such beneficiary, settlor or other beneficial owner been the Holder of such Note.

Except as specifically provided above, CABEL shall not be required to make any payment with respect to any tax, assessment or other governmental charge imposed by any government or any political subdivision or taxing authority thereof or therein. Whenever in a Note there is a reference, in any context, to the payment of the principal of (or premium, if any, on) or interest on, or in respect of, any Note, such mention shall be deemed to include mention of the payment of Additional Amounts provided for in this Section 10 to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to the provisions of this Section 10, and express mention of the payment of Additional Amounts (if applicable) in any provisions hereof shall not be construed as excluding Additional Amounts in those provisions hereof where such express mention is not made.

(11) Status

The Notes will constitute general, direct, unconditional, unsecured and unsubordinated obligations of CABEI and will rank *pari passu* without any preference among themselves with all other present and future unsecured and unsubordinated indebtedness of CABEI.

(12) Default; Acceleration of Maturity

In case one or more of the following events (herein referred to as “Events of Default”) shall have occurred and be continuing:

- (a) CABEI shall fail to pay any principal of or premium, if any, or interest on any of the Notes of a Series when due, and such failure shall continue for 30 days; or
- (b) CABEI shall fail duly to perform any other material obligation contained in the Notes of a Series or (with respect to the Notes of a Series) the Fiscal Agency Agreement, and such failure shall continue for 90 days after written notice thereof shall have been given to CABEI with a copy to the Fiscal Agent by any holder of the Notes of such Series; or
- (c) CABEI shall fail to pay any amount in excess of US\$10,000,000 (or the equivalent thereof in any other currency or currencies) of principal or interest or premium in respect of any indebtedness incurred, assumed or guaranteed by CABEI as and when such amount becomes due and payable and such failure continues until the expiration of any applicable grace period; or
- (d) the acceleration of any indebtedness incurred or assumed by CABEI with an aggregate principal amount in excess of US\$10,000,000 (or the equivalent thereof in any other currency or currencies) by the holder or holders thereof;

then any Note may, by written notice addressed by the holder thereof to CABEI and delivered to CABEI and the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount (or, in the case of Zero Coupon Notes, Original Issue Discount Notes, Currency Indexed Notes or Indexed Notes, at the amount due and payable upon maturity) together with accrued interest without further action or formality, unless prior to receipt of such notice by CABEI all Events of Default in respect of such Note shall have been cured. If all such Events of Default shall have been cured following such declaration, such declaration may be rescinded by any such holder with respect to any such previously accelerated Note upon delivery of written notice of such rescission to the CABEI and the Fiscal Agent.

(13) Notices

Notices to Holders of Notes issued in registered form will be given by mail to the Holders of such Notes at their registered addresses as recorded in the Note Register. In addition, if and for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such Exchange so require, such notices will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and/or in a daily newspaper of general circulation in Luxembourg (expected to be the *Luxemburger Wort*). If publication as aforesaid is not practicable, notices will be validly given if made in accordance with the rules of the Luxembourg Stock Exchange. Any such notice shall be deemed to have been given on the later of the date of such publication and the date of mailing.

With respect to Notes issued in bearer form, all notices will be deemed to have been duly given if published at least once (i) in a leading daily newspaper in the English language of general circulation in London, England and (ii) if such Notes are listed on the Luxembourg Stock Exchange, on the website of the Luxembourg Stock Exchange and/or in a daily newspaper of general circulation in Luxembourg. It is expected that any such publication by newspaper will be made in the *Financial Times* and the *Luxemburger Wort*. Any notice published in a newspaper as aforesaid shall be deemed to have been given on the date of such publication, or if published more than once, on the date of the first such publication. Any notice published on the website of the Luxembourg Stock Exchange shall be

deemed to have been given on the date of such publication. If publication as aforesaid is not practicable, notices will be validly given if made in accordance with the rules of the Luxembourg Stock Exchange.

Notwithstanding the foregoing, so long as a Temporary Global Bearer Note or a Permanent Global Bearer Note representing Notes of a Series is held on behalf of Euroclear and Clearstream, Luxembourg, there may be substituted for such publication on the website of the Luxembourg Stock Exchange or in such newspapers the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the Holders of interests in the relevant Temporary Global Bearer Note or Permanent Global Bearer Note; *provided* that, so long as the Notes are listed on the Luxembourg Stock Exchange, substitution of publication may only be made if permitted by the rules of the Luxembourg Stock Exchange. Neither the failure to give notice nor any defect in any notice given to any particular Holder of a Note shall affect the sufficiency of any notice with respect to other Notes.

(14) Purchase of Notes by CABEI

CABEI may at any time purchase any of the Notes in any manner and at any price. Any Note so purchased by CABEI (including upon any redemption) shall be promptly surrendered to the Fiscal Agent for cancellation and shall not be reissued or resold.

(15) Meetings of Holders, Modification and Waiver

Upon (i) the affirmative vote, in person or by proxy thereunto duly authorized in writing, of the Holders of not less than a simple majority in aggregate principal amount of the Notes of a Series then outstanding represented at a meeting of holders held in accordance with the provisions of Section 11 of the Fiscal Agency Agreement (or of such other percentage as may be set forth in the text of this Note with respect to the action being taken), or (ii) with the written consent of the owners of a simple majority in aggregate principal amount of the Notes of a Series then outstanding (or of such other percentage as may be set forth in the text of such Note with respect to the action being taken), CABEI may modify, amend or supplement the terms of the Notes of such Series or, insofar as respects the Notes of such Series, the Fiscal Agency Agreement, in any way, and such holders may make, take or give any request, demand, authorization, direction, notice, consent, waiver or other action provided by the Fiscal Agency Agreement or the Notes of such Series to be made, given or taken by Holders of Notes of such Series; *provided* that no such action may, without the consent or the affirmative vote of the Holder of each Note of a Series affected thereby, (a) change the due date for the payment of the principal of (or premium, if any) or any installment of interest on the Notes of such Series, (b) reduce the principal amount of the Notes of such Series, the portion of such principal amount that is payable upon acceleration of the maturity of the Notes of such Series, the interest rate thereon or the premium payable upon redemption thereof, (c) change the currency of principal of (or premium, if any) or interest on the Notes of such Series, (d) shorten the period during which CABEI is not permitted to redeem the Notes of such Series, or permit CABEI to redeem the Notes of such Series if, prior to such action, CABEI is not permitted so to do, (e) reduce the proportion of the principal amount of the Notes of such Series, the vote or consent of the holders of which is necessary to modify, amend or supplement the Fiscal Agency Agreement or the terms and conditions of the Notes of such Series or to make, take or give any request, demand, authorization, direction, notice, consent, waiver or other action provided hereby or thereby to be made, taken or given, or (f) change the obligation of CABEI to pay Additional Amounts in respect of the Notes of such Series.

CABEI may, without the vote or consent of any Holder of the Notes of a Series, amend the Fiscal Agency Agreement or the Notes of such Series for the purpose of (a) adding to the covenants of CABEI, for the benefit of the holders of Notes of such Series, (b) surrendering any right or power conferred upon CABEI, (c) securing the Notes of such Series pursuant to the requirements of the Notes of such Series or otherwise, (d) curing any ambiguity, or curing, correcting or supplementing any defective provision contained in the Fiscal Agency Agreement or in the Notes of such Series, or (e) amending the Fiscal Agency Agreement or the Notes of such Series in any manner that CABEI may determine and that shall not materially adversely affect the interests of the Holders of the Notes of such Series.

(16) Replacement of Notes and Coupons

If any mutilated Note or a Note with a mutilated Coupon appurtenant to it is surrendered to the Fiscal Agent, CABEI shall execute, and the Fiscal Agent shall authenticate and deliver in exchange therefor, a new Note of

like tenor and principal amount, bearing a number not contemporaneously outstanding, with Coupons corresponding to the Coupons, if any, appurtenant to the surrendered Note.

If there be delivered to CABEI and the Fiscal Agent (i) evidence to their satisfaction of the destruction, loss or theft of any Note or Coupon, and (ii) such security or indemnity as may be required by them to save each of them and any agent of each of them harmless, then, in the absence of notice to CABEI or the Fiscal Agent that such Note or Coupon has been acquired by a bona fide purchaser, CABEI shall execute, and upon its request the Fiscal Agent shall authenticate and deliver in lieu of any such destroyed, lost or stolen Note or in exchange for the Note to which such Coupon appertains (with all appurtenant Coupons not destroyed, lost or stolen), a new Note of like tenor or principal amount and bearing a number not contemporaneously outstanding, with Coupons corresponding to the Coupons, if any, appertaining to such destroyed, lost or stolen Note or to the Note to which such destroyed, lost or stolen Coupon appertains.

Upon the issuance of any new Note under this Section 16, CABEI may require the payment of a sum sufficient to cover any stamp or other tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and the expenses of the Fiscal Agent) connected therewith.

Every new Note with its Coupons, if any, issued pursuant to this Section 16 in lieu of any destroyed, lost or stolen Note, or in exchange for a Note to which a destroyed, lost or stolen Coupon appertains, shall constitute an original additional contractual obligation of CABEI, whether or not the destroyed, lost or stolen Note and its Coupons, if any, or the destroyed, lost or stolen Coupon shall be at any time enforceable by anyone.

Any new Bearer Note delivered pursuant to this Section 16 shall be dated the date of its authentication. Any new Registered Note delivered pursuant to this Section 16 shall be so dated that neither gain nor loss in interest shall result from such exchange.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes or Coupons.

(17) Judgment Currency

If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder to the Holder of this Note in one currency into another currency, CABEI and each Holder agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures such Holder could purchase the first currency with such other currency in The City of New York on the date of entry of the final judgment.

To the fullest extent that they may effectively do so, CABEI and each Holder agree that the obligation of CABEI in respect of any sum payable by it to the Holder of this Note shall, notwithstanding any judgment in a currency (the "judgment currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Note (the "Note currency"), be discharged only to the extent that on the Business Day following receipt by such Holder of this Note of any sum adjudged to be so due in the judgment currency, such Holder of this Note may in accordance with normal banking procedures purchase the Note currency with the judgment currency; if the amount of the Note currency so purchased is less than the sum originally due to the Holder of this Note in the Note currency (determined in the manner set forth in the preceding paragraph), CABEI agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Holder of this Note against such loss, and if the amount of the Note currency so purchased exceeds the sum originally due to the Holder of this Note such Holder agrees to remit to CABEI such excess, *provided* that such Holder shall have no obligation to remit any such excess as long as CABEI shall have failed to pay such Holder any obligations due and payable under this Note, in which case such excess may be applied to such obligations of CABEI hereunder in accordance with the terms hereof.

(18) Jurisdiction, Consent to Service and Enforceability

CABEI hereby irrevocably submits to the exclusive jurisdiction of any state or federal court sitting in the Borough of Manhattan, The City of New York in respect of any action arising out of or based on the Notes of a Series that may be brought by the Holder of any such Note, irrevocably waives any objection that it may have to the venue of any such court in respect of any such action and, to the extent permitted by law, irrevocably waives and agrees not to plead any immunity to the jurisdiction of any such court to which it may otherwise be entitled (including sovereign immunity and immunity to post-judgment attachment and execution but not to prejudgment attachment) in any such action; *provided* that, except as provided under Article 29 of the Constitutive Agreement, the revenues, assets and property of CABEI located in any Founding Member country are not subject to execution or attachment. CABEI has appointed CT Corporation System, presently at 111 Eighth Avenue, New York, New York 10011, as its authorized agent (“Authorized Agent”) upon whom process may be served in any such action that may be instituted in any state or federal court in the Borough of Manhattan, The City of New York. Such appointment shall be irrevocable until all amounts in respect of the principal of (and premium, if any) and interest due and to become due on or in respect of all the Notes of this Series have been paid to the Fiscal Agent, except that if, for any reason, CT Corporation System ceases to be able to act as Authorized Agent or no longer has an address in The City of New York, CABEI will appoint another person in the Borough of Manhattan, The City of New York, as such Authorized Agent. CABEI will take any and all action, including the filing of any and all documents and instruments that may be necessary to continue such appointment or appointments in full force and effect as aforesaid. Upon receipt of such service of process, the Authorized Agent shall advise CABEI promptly at its address specified in Section 13 of the Fiscal Agency Agreement. Service of process upon the Authorized Agent at the address indicated above, or at such other address in the Borough of Manhattan, The City of New York as the Authorized Agent shall specify by written notice given by it to the Fiscal Agent shall be deemed, in every respect, effective service of process upon CABEI.

(19) Further Issues

CABEI may from time to time without the consent of the Holders of Notes of a Series create and issue further Notes of such Series either having the same terms and conditions as such Notes in all respects (or in all respects except for the first payment of interest on them or the issue price).

(20) Governing Law

This Note will be governed by, and interpreted in accordance with, the laws of the State of New York.

FORM OF FINAL TERMS

Final Terms No.

Final Terms Dated []



US\$6,000,000,000
Central American Bank for Economic Integration
[Title of Notes] under the
Medium-Term Note Program

[Agent Name(s)]

This Final Terms supplements the Base Prospectus, dated [_____], 201__, relating to the Central American Bank for Economic Integration’s Medium Term Notes (the “Base Prospectus”), and should be read in conjunction with the Base Prospectus. Terms used but not defined herein have the same meaning as in the Base Prospectus.

Unless the context otherwise requires, references to the “Terms and Conditions” herein are to the Terms and Conditions of the Notes set out in the Base Prospectus.

[Include whichever of the following apply:]

- 1. Series number: []
- 2. (a) Aggregate principal amount: []
- (b) Stated Maturity: []
- 3. (a) Issue date: []
- (b) Issue price: [generally, % of principal amount]
- (c) Trade date: []
- (d) Settlement date: []
- 4. Authorized denomination(s) (See Section 2 of the Terms and Conditions): []
- 5. Specified Currency: []
- 6. Interest/payment basis: [Fixed Rate Notes/Floating Rate Notes/Zero Coupon Notes/Indexed Notes/Currency Indexed Notes]
- 7. Fixed Rate Notes: []
- (a) Fixed Rate of interest: []% per annum

- (b) Interest payment date(s): [semi-annually on ___ and ___ of each year, beginning ___ and at maturity]
- (c) Other terms for computing interest: []
8. Floating Rate Notes: []
- (a) Interest Rate Basis: [Commercial Paper Rate/Prime Rate/LIBOR/Treasury Rate/CD Rate/Federal Funds Rate/other interest rate formula (provide details)]
- (b) Spread and/or Spread Multiplier: [+/- ___ basis points] []% per annum
- (c) If LIBOR Notes, Relevant Screen Page: [Reuters Screen LIBO Page/Telerate Screen Page 3750/Other]
- (d) Interest Determination Dates: []
- (e) Minimum Rate of interest: []% per annum
- (f) Maximum Rate of interest: []% per annum
- (g) Calculation Agent: []
- (h) Initial Interest Rate: []
- (i) Interest Payment Dates: []
- (j) Regular Record Dates: []
- (k) Calculation Dates: []
- (l) Index Maturity: []
- (m) Interest Reset Period: []
- (n) Interest Reset Dates: []
9. Zero Coupon Notes: []
- (a) Formula/basis of determining amount payable at maturity: []
10. Currency Indexed Notes/Indexed Notes: []
- (a) Face Amount: []
- (b) Indexed Currency; Base Exchange Rate (units of Indexed Currency per one unit of Specified Currency): []
- (c) Index/formula for determining dates of payments, amounts payable, rates and other terms: []
- (d) Party responsible for calculating the principal and/or interest due: []
- (e) Provisions where calculation by reference to index and/or formula is impossible and/or impracticable: []
- (f) Description of applicable index or formula: []

- (g) Information regarding historical exchange rate of Indexed Currency against Specified Currency and any applicable exchange controls:
- (h) Any tax consequences to holder of Notes:
- (i) Special risks associated with Notes:
11. Foreign Currency Notes:
- (a) Exchange Rate Agent:
- (b) Exchange Rate:
12. Original Issue Discount Note: [Yes/No]
- (a) Total amount of OID: [__ per [\$] 1,000 principal amount]
- (b) Yield to maturity:
- (c) Method used to determine yield:
- (d) Initial accrual period of OID: [__ per [\$] 1,000 principal amount]
- (e) Formula/basis for determining amount payable upon redemption or acceleration of maturity:
13. Redemption at CABEI's and/or Noteholders' option — [Yes/No], if yes: [specify]
- (a) Redemption Commencement Date:
- (b) Redemption price(s): [% of principal amount]
- (c) Redemption period(s):
14. Details of the relevant stabilizing Agent, if any:
15. Additional selling restrictions: [give details]
16. Other terms or special conditions or modifications:
17. Applicable definition of Business Day (if different from that set out in the Terms and Conditions):
18. As applicable:
- Euroclear and Clearstream, Luxembourg common code:
- CUSIP number:
- ISIN number:
19. Notes to be listed on the Luxembourg Stock Exchange: [Yes/No]
20. Notes to be traded on the Euro MTF market: [Yes/No]

21. Form of Notes: [Registered Notes/Bearer Notes] [Represented by: Temporary Global Note/Permanent Global Note/Restricted Global Note/U.S. Global Note/Regulation S Global Note/International Global Note/Certificated Notes]
22. Depository: [DTC/Common Depository]
23. Net proceeds []
24. Intended use of proceeds of the Notes (if other than general purposes): []
25. Method of distribution (syndicated/non-syndicated): []
26. Name(s) of the Agent(s) or syndicates of dealer(s) that are to offer and sell the Notes to be issued: []

Responsibility

CABEI accepts responsibility for the information contained in this Final Terms, which, when read together with the Base Prospectus referred to above, contains all information that is material in the context of the issue of the Notes.

Signed on behalf of CABEI:

By: _____
Duly authorized signatory

CERTAIN PROVISIONS RELATING TO THE FORMS OF THE NOTES

Global Notes

U.S. Global Notes

Registered Notes of the same Series and of like tenor may be represented, in whole or in part, by a Note in global form that is deposited with or on behalf of a depository located in the United States (a “U.S. Depository”) or a nominee thereof, for credit to the respective accounts of beneficial owners of the Notes represented thereby (a “U.S. Global Note”). U.S. Global Notes are subject to special restrictions and procedures set forth in the Fiscal Agency Agreement.

Notes of the same Series and like tenor that are sold in offshore transactions in reliance on Regulation S may be issued in the form of a U.S. Global Note in registered form without interest coupons (each, a “Regulation S Global Note”), which will be registered in the name of DTC, as U.S. Depository, or a nominee of DTC, and deposited with the Fiscal Agent, at its New York office, as custodian for DTC. Prior to the 40th day after the completion of the distribution (as certified in writing to the Fiscal Agent by the relevant Agent) of Notes constituting an identifiable tranche, beneficial interests in the related Regulation S Global Note may be held only by non-U.S. persons, unless delivery is made through a Restricted Global Note (as defined below) of the same Series and of like tenor in accordance with the certification requirements described below.

Notes of the same Series and like tenor that are sold in reliance on Rule 144A may be represented by a single U.S. Global Note in registered form without interest coupons (each, a “Restricted Global Note”), which will be deposited with the Fiscal Agent, at its New York office, as custodian for DTC and registered in the name of DTC, as U.S. Depository, or a nominee of DTC. A Restricted Global Note (and any Notes issued in exchange therefor) is subject to certain restrictions on transfer set forth in the Fiscal Agency Agreement. Prior to the 40th day after the completion of the distribution (as certified in writing to the Fiscal Agent by the relevant Agent) of Notes constituting an identifiable tranche represented by a Regulation S Global Note, a beneficial interest therein may be transferred to a person who takes delivery in the form of an interest in a Restricted Global Note of the same Series and like tenor, but only upon receipt by the Fiscal Agent of a written certification from the transferor (in the form provided in the Fiscal Agency Agreement) to the effect that such transfer is being made to a person who the transferor reasonably believes is purchasing for its own account or accounts as to which it exercises sole investment discretion and that such person and each such account is a qualified institutional buyer within the meaning of Rule 144A, in each case in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the states of the United States (a “Restricted Global Note Certificate”). On and after such 40th day, such written certification requirement will no longer apply to such transfers. Beneficial interests in a Restricted Global Note may be transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note of the same Series and of like tenor, whether before, on or after such 40th day, but only upon receipt by the Fiscal Agent of a written certification from the transferor (in the form(s) provided in the Fiscal Agency Agreement) to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or (if available) Rule 144 under the Securities Act (a “Regulation S Global Note Certificate”) and that, if (but only if) such transfer occurs prior to such 40th day, the interest transferred will be held immediately thereafter through Euroclear or Clearstream, Luxembourg for the account of non-U.S. persons. Any beneficial interest in a U.S. Global Note that is transferred to a person who takes delivery in the form of an interest in another U.S. Global Note of the same Series and of like tenor will, upon transfer, cease to be an interest in such U.S. Global Note and become an interest in such other U.S. Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other U.S. Global Note for as long as it remains such an interest.

Upon the issuance of a U.S. Global Note, DTC or its custodian will credit, on its internal system, the respective principal amounts of the individual beneficial interests represented by such U.S. Global Note to the accounts of persons who have accounts with the U.S. Depository. Such accounts initially will be designated by or on behalf of the participating Agents (or, if none, CABEL). Ownership of beneficial interests in a U.S. Global Note will be limited to persons who have accounts with DTC or persons who hold interests through participants. Ownership of beneficial interests in the U.S. Global Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants).

So long as DTC, or its nominee, is the registered holder of a U.S. Global Note, DTC or such nominee, as the case may be, will be considered the sole owner and holder of the Notes represented by such U.S. Global Note for all purposes under the Fiscal Agency Agreement and the Notes. Unless DTC notifies CABEI that it is unwilling or unable to continue as depository for such Note, or ceases to be a “Clearing Agency” registered under the U.S. Securities and Exchange Act of 1934 (the “Exchange Act”), or an Event of Default has occurred and is continuing with respect to such Note, owners of beneficial interests in such U.S. Global Note will not be entitled to have any portions of such U.S. Global Note registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive form and will not be considered the owners or holders of such U.S. Global Note (or any Notes represented thereby) under the Fiscal Agency Agreement or the Notes. In addition, no beneficial owner of an interest in a U.S. Global Note will be able to transfer that interest except in accordance with DTC’s applicable procedures (in addition to those under the Fiscal Agency Agreement referred to herein and, if applicable, those of Euroclear and Clearstream, Luxembourg).

Investors may also hold their interests in a Regulation S Global Note through Clearstream, Luxembourg or Euroclear, if they are participants in such systems, or indirectly through organizations which are participants in such systems. Beginning 40 days after the completion of the distribution (as certified in writing to the Fiscal Agent by the relevant Agent) of Notes constituting an identifiable tranche represented by such Regulation S Global Note, investors may also hold such interests through organizations other than Clearstream, Luxembourg and Euroclear that are participants in the DTC system. Clearstream, Luxembourg and Euroclear will hold interests in a Regulation S Global Note on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositories, which in turn will hold such interests in customers’ securities accounts in the depositories’ names on the books of DTC. Investors may hold their interests in a Restricted Global Note directly through DTC, if they are participants in such system, or indirectly through organizations which are participants in such system.

Payments of the principal of and any premium, interest, Additional Amounts, if any, and other amounts on any U.S. Global Note will be made to DTC or its nominee as the registered owner thereof. None of CABEI, the Fiscal Agent and any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a U.S. Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

CABEI expects that DTC or its nominee, upon receipt of any payment in respect of a U.S. Global Note held by it or its nominee, will immediately credit participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such U.S. Global Note as shown on the records of DTC or its nominee. CABEI also expects that payments by participants to owners of beneficial interests in a U.S. Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in street name. Such payments will be the responsibility of such participants.

Transfers between participants in DTC will be effected in accordance with DTC’s procedures and will be settled in same-day funds. The laws of some states of the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in a U.S. Global Note to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of a person having a beneficial interest in a U.S. Global Note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate of such interest. Transfers between participants in Euroclear and Clearstream, Luxembourg will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes described above, cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, Luxembourg, as the case may be, by its respective depository; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, Luxembourg, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (Brussels or Luxembourg time). Euroclear or Clearstream, Luxembourg, as the case may be, will, if the transaction

meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in any U.S. Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream, Luxembourg participants and Euroclear participants may not deliver instructions directly to the depositories for Clearstream, Luxembourg or Euroclear.

Because of time zone differences, the securities account of a Euroclear or Clearstream, Luxembourg participant purchasing an interest in a U.S. Global Note from a DTC participant will be credited during the securities settlement processing day (which must be a Business Day for Euroclear and Clearstream, Luxembourg) immediately following the DTC settlement date and such credit of any transactions in interests in a U.S. Global Note settled during such processing day will be reported to the relevant Euroclear or Clearstream, Luxembourg participant on such day. Cash received in Euroclear or Clearstream, Luxembourg as a result of sales of securities by or through a Euroclear participant or a Clearstream, Luxembourg participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream, Luxembourg cash account only as of the Business Day following settlement in DTC.

DTC has advised CABEI that it will take any action permitted to be taken by a holder of a U.S. Global Note (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account with DTC interests in such U.S. Global Note are credited and only in respect of such portion of the aggregate principal amount of such U.S. Global Note as to which such participant or participants has or have given such direction. However, if there is an Event of Default (as defined under “Terms and Conditions of the Notes—Default; Acceleration of Maturity”) under a U.S. Global Note, DTC will exchange such U.S. Global Note for legended Notes in definitive form, which it will distribute to its participants. DTC has advised CABEI that, with respect to any Foreign Currency Note that is held in the name of DTC or its nominee, it will elect to have all payments of principal and any premium and interest on such Foreign Currency Note made in U.S. dollars, unless notified by a participant through which an interest in such Foreign Currency Note is held that it elects to receive such payment of principal or any premium or interest in the relevant foreign currency. Holders of Foreign Currency Notes that are registered in the name of a broker or nominee should contact such broker or nominee to determine whether and how an election to receive payments in the relevant foreign currency may be made.

DTC has advised CABEI as follows: DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “Clearing Agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of interests in the U.S. Global Notes among participants of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of CABEI, the Fiscal Agent, any Paying Agent and the Registrar will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

International Global Notes

Registered Notes or Bearer Notes of the same Series and of like tenor may be represented, in whole or in part, by a Registered Note or a Bearer Note, as the case may be, in global form that is deposited with or on behalf of a depository located outside the United States and its possessions (a “Common Depository”) or a nominee thereof, for credit to the respective accounts of beneficial owners of the Notes represented thereby (or to such other accounts as they may direct), *provided* that all such accounts are maintained at or through Euroclear or Clearstream,

Luxembourg (an “International Global Note”). International Global Notes are subject to special restrictions and procedures set forth in the Fiscal Agency Agreement.

Investors may hold their interests in an International Global Note through Euroclear or Clearstream, Luxembourg, or such other clearing systems as specified in the relevant final terms, if they are participants in such systems, or indirectly through organizations that are participants in such systems. Each International Global Note will be deposited with the Common Depositary which will be the registered holder or bearer, as the case may be, of such Note on behalf of Euroclear or Clearstream, Luxembourg.

As long as the Common Depositary, or its nominee, is the registered holder of an International Global Note in registered form, or the bearer of an International Global Note in bearer form, the Common Depositary or such nominee, as the case may be, will be considered the sole owner and holder of the Notes represented by such International Global Note for all purposes under the Fiscal Agency Agreement and the Notes. Except as described under “—Bearer Notes”, owners of beneficial interests in an International Global Note will not be entitled to have any portions of such International Global Note registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive form and will not be considered the owners or holders of such International Global Note (or any Notes represented thereby) under the Fiscal Agency Agreement or the Notes. In addition, no beneficial owner of an interest in an International Global Note will be able to transfer that interest except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg (in addition to those under the Fiscal Agency Agreement referred to herein and, if applicable as indicated below, those of DTC).

Payments of the principal of and any premium, interest, Additional Amounts, if any, and other amounts on any International Global Notes will be made to Euroclear or Clearstream, Luxembourg, as the case may be, or its nominee as the registered owner or bearer thereof, as the case may be. None of CABEI, the Fiscal Agent and any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in an International Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

CABEI expects that each of Euroclear and Clearstream, Luxembourg, upon receipt of any payment in respect of an International Global Note held by a Common Depositary or its nominee, will immediately credit participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such International Global Note as shown on the records of Euroclear or Clearstream, Luxembourg, as the case may be. CABEI also expects that payments by participants to owners of beneficial interests in an International Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in street name. Such payments will be the responsibility of such participants.

If all Notes represented by an International Global Note are offered and sold pursuant to Regulation S, such International Global Note may be designated, in the applicable Final Terms, as a Regulation S Global Note. In such event, the procedures for transfer of beneficial interests in Regulation S Global Notes and Restricted Global Notes described above under “—U.S. Global Notes”, may, if so specified in the applicable Final Terms, apply to such International Global Note and any Restricted Global Note of the same Series and of like tenor, with such modification as may be specified therein, subject in all cases to the restrictions described below under “—Bearer Notes” regarding exchanges and deliveries of Bearer Notes.

In any such case, the considerations discussed above under “—U.S. Global Notes” regarding settlement and transfer, including cross-market transfers, through DTC may be relevant.

Except as otherwise may be specified in the applicable Final Terms, CABEI will appoint (i) Deutsche Bank Trust Company Americas as its Fiscal Agent, Registrar, New York Paying Agent and Transfer Agent, (ii) Deutsche Bank Luxembourg S.A. as its Luxembourg Paying Agent and Transfer Agent and (iii) Deutsche Bank AG London as its Paying Agent and Transfer Agent in London, if applicable, of the Notes. In such capacities, the Fiscal Agent will be responsible for, among other things, (i) maintaining a record of the aggregate principal amount of Notes represented by each U.S. Global Note and International Global Note, (ii) accepting Notes for exchange and, if applicable, registration of transfer, (iii) ensuring that payments in respect of Notes received by the Fiscal Agent from

CABEI are duly paid to the holders and (iv) forwarding to CABEI any notices received by the Fiscal Agent from holders.

Unless otherwise specified in the applicable Final Terms under its current rules, if DTC requires that a beneficial owner of Notes held in the book-entry settlement system of DTC denominated in a Specified Currency other than U.S. dollars electing to receive payments of principal, premium (if any) or interest on this Note in the Specified Currency must notify the DTC participant through which its interest is held on or prior to the applicable Regular Record Date, in the case of a payment of interest, and on or prior to the sixteenth day prior to the Stated Maturity (in the case of Fixed Rate Notes or Original Issue Discount Notes) or the final Interest Payment Date (in the case of Floating Rate Notes) in the case of principal or premium, if any, of such beneficial owner's election to receive such payment in such currency. Such DTC participant must notify DTC of such election (a) to receive all, or the specified portion, of such payment in the Specified Currency and (b) its instructions for wire transfer of such payment to a Specified Currency account or accounts prior to the third Business Day after such Regular Record Date or 12 days prior to the payment of principal. DTC will notify the Fiscal Agent of such election on or prior to the fifth Business Day after such Regular Record Date or the 10th Business Day prior to the payment date for the payment of principal. If complete instructions are received by a DTC participant, DTC, and the Fiscal Agent, on or prior to such dates, the Fiscal Agent shall use such instructions to pay such DTC participant directly. In the case of a beneficial owner of interests in a Regulation S Global Note, such owner electing to receive payments of principal, premium (if any) and any interest on such Note in such Specified Currency must notify Euroclear or Clearstream, Luxembourg at least seven days prior to the Regular Record Date, in the case of a payment of interest, and at least 18 days prior to the Stated Maturity or the final Interest Payment Date, in the case of a payment of principal or premium (if any).

Certificated Notes

If a U.S. Depository is at any time unwilling or unable to continue as a depository for a U.S. Global Note and a substitute U.S. Depository is not appointed, CABEI will issue, in exchange for beneficial interests in such U.S. Global Note, definitive Registered Notes of the same Series and of like tenor and having an equal principal amount. In addition, if so indicated in the applicable Final Terms, Temporary Global Bearer Notes (as defined below) may be exchangeable for definitive Notes upon satisfaction of certain requirements as described below. Beneficial interests in a global Registered Note and definitive Registered Notes will not be exchangeable for beneficial interests in a Temporary Global Bearer Note or a Permanent Global Bearer Note (as defined below) or for definitive Bearer Notes. In all cases, certificates for Notes delivered in exchange for any global Note or beneficial interests therein will be registered in the name (if such Notes are Registered Notes), and issued in any approved denominations, requested by the depository.

In the case of certificates for Notes issued in exchange for any Restricted Global Note, such certificates will bear the legend referred to under "Notice to Investors" in the version of this Base Prospectus used in connection with sales of the Notes made in reliance on Rule 144A (unless CABEI determines otherwise in accordance with applicable law). The holder of a definitive Registered Note may transfer such Note, subject to compliance with the provisions of such legend, by surrendering it at (i) the office or agency maintained by CABEI for such purpose in The City of New York, which initially will be the office of the Fiscal Agent, or (ii) the office of any Transfer Agent appointed by CABEI. Upon the transfer, exchange or replacement of Notes bearing the legend, or upon specific request for removal of the legend on a Note, CABEI will deliver only Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to CABEI such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by CABEI that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act. Before any Note in definitive form may be transferred to a person who takes delivery in the form of an interest in any U.S. Global Note, the transferor will be required to provide the Fiscal Agent with a Restricted Global Note Certificate or a Regulation S Global Note Certificate, as the case may be.

Bearer Notes

Bearer Notes will initially be represented only in the form of one or more Bearer Notes in temporary global form without interest coupons attached (each, a "Temporary Global Bearer Note"), which will be deposited with or on behalf of a Common Depository, for credit to the respective accounts of the beneficial owners of such Notes (or

to such other accounts as they may direct), *provided* that all such accounts must be maintained at or through Euroclear or Clearstream, Luxembourg. Notwithstanding the foregoing, if indicated in the applicable Final Terms, Bearer Notes with a maturity not exceeding one year from the date of issue may initially be represented by one or more Bearer Notes in permanent global form without interest coupons attached (each, a “Permanent Global Bearer Note”). Bearer Notes will be subject to certain requirements and restrictions imposed by the U.S. federal tax laws and regulations. See “Limitations on Issuance of Bearer Notes”.

Temporary Global Bearer Notes will be exchangeable for definitive Bearer Notes, interests in a Permanent Global Bearer Note or definitive Registered Notes, as specified in the applicable Final Terms; *provided* that no Temporary Global Bearer Note or portion thereof may be exchanged for any definitive Bearer Note or an interest in a Permanent Global Bearer Note until (A) on or after the 40th day after the issuance of such Temporary Global Bearer Note (the “Exchange Date”) and (B) with respect to each beneficial interest in the portion of such Temporary Global Bearer Note to be exchanged, (i) the participant in Euroclear or Clearstream, Luxembourg, as the case may be, through which such beneficial interest is held has delivered to Euroclear or Clearstream, Luxembourg, as the case may be, an Owner Tax Certification (as defined below), and (ii) Euroclear or Clearstream, Luxembourg, as the case may be, has delivered to the Fiscal Agent a Depository Tax Certification in the form required by the Fiscal Agency Agreement.

No interest payable in respect of any beneficial interest in a Temporary Global Bearer Note will be paid until the certification requirements described above have been satisfied with respect to such beneficial interest. Delivery of the Owner Tax Certification by a participant in Euroclear or Clearstream, Luxembourg shall constitute an irrevocable instruction by such participant to Euroclear or Clearstream, Luxembourg, as the case may be, to exchange on the applicable Exchange Date, the beneficial interest covered by such certificate for such definitive Bearer Notes or interest in a Permanent Global Bearer Note as such participant may specify consistent with the Fiscal Agency Agreement and the applicable Final Terms.

As described above, no payment will be made on any Temporary Global Bearer Note and no exchange of a beneficial interest in a Temporary Global Bearer Note for a definitive Bearer Note or an interest in a Permanent Global Bearer Note may occur until the person entitled to receive such interest or Bearer Note furnishes written certification (an “Owner Tax Certification”), in the form required by the Fiscal Agency Agreement and Schedule E thereof, to the effect that such person (i) is not a U.S. person (as defined below under “Limitations on Issuance of Bearer Notes”), (ii) is a foreign branch of a U.S. financial institution purchasing for its own account or for resale, or is a U.S. person who acquired the Note through such a financial institution and who holds the Note through such financial institution on the date of certification, *provided* in either case that such financial institution certifies that it agrees to comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended (the “Code”) and the U.S. Treasury regulations thereunder, or (iii) is a financial institution holding for purposes of resale during the restricted period (as defined in U.S. Treasury regulations Section 1.163-5(c)(2)(i)(D)(7)). A financial institution described in clause (iii) of the preceding sentence (whether or not also described in clause (i) or (ii)) must certify that it has not acquired the Note for purposes of resale directly or indirectly to a U.S. person or to a person within the United States or its possessions.

The following legend will appear on all Temporary Global Bearer Notes, Permanent Global Bearer Notes and definitive Bearer Notes and any coupons with respect thereto: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”. The sections referred to in the legend provide that, with certain exceptions, a U.S. taxpayer will not be permitted to deduct any loss, and will not be eligible for capital gain treatment with respect to any gain, realized on a sale, exchange or redemption of a Bearer Note or Coupon.

LIMITATIONS ON ISSUANCE OF BEARER NOTES

In compliance with U.S. federal income tax laws and Treasury regulations, Bearer Notes (including Temporary Global Bearer Notes), other than Bearer Notes with a maturity not exceeding one year from the date of issue, may not be offered or sold during the restricted period (as defined in U.S. Treasury regulations Section 1.163-5(c)(2)(i)(D)(7)) within the United States or its possessions or to U.S. persons (each as defined below) other than to an office located outside the United States or its possessions of a U.S. financial institution within the meaning of U.S. Treasury regulations Section 1.163-5(c)(2)(i)(D)(6), purchasing for its own account or for resale or for the account of certain customers, that provides a certificate stating that it agrees to comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Code and the U.S. Treasury regulations thereunder, or to certain other persons described in U.S. Treasury regulations Section 1.163-5(c)(2)(i)(D)(1)(iii)(B). Moreover, such Bearer Notes may not be delivered within the United States or its possessions in connection with their sale during the restricted period. No Bearer Note (other than a Temporary Global Bearer Note) may be delivered, nor may interest be paid on any Bearer Note until receipt by CABEI of (i) a Depository Tax Certification in the case of Temporary Global Bearer Notes or (ii) an Owner Tax Certification in all other cases as described above under “Certain Provisions Relating to the Forms of the Notes—Bearer Notes”.

As used herein, “U.S. person” means a citizen or resident of the United States, a U.S. partnership and certain non-U.S. partnerships, a corporation created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia, an estate whose income is subject to U.S. federal income tax regardless of its source, or a trust if a U.S. court can exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust; and “United States” means the United States of America (including the states thereof and the District of Columbia) and “possessions” of the United States include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

IMPORTANT TAX CONSIDERATIONS

The following is a general description of certain tax considerations relating to the Notes, but is not a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their own tax advisors as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of the United States and the Member Countries of acquiring, owning and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This description is based upon laws as in effect on the date of this Base Prospectus, all of which are subject to change, possibly with retroactive effect.

United States Taxation

This section describes the material U.S. federal income tax considerations related to the acquisition, ownership and disposition of Notes issued under the Program, subject to the limitations set forth below. This section applies only to U.S. Holders (as defined below) who acquire Notes in an offering pursuant to the Program and who hold such Notes as capital assets for U.S. federal income tax purposes. This section does not apply to a U.S. Holder who is a member of a class of holders subject to special rules, such as:

- a dealer in securities or currencies,
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings,
- a bank or other financial institution,
- an insurance company,
- a tax-exempt organization,
- a person that owns Notes that are a hedge or that are hedged against interest rate or currency risks,
- a person that owns Notes as part of a straddle, conversion transaction or other integration transaction for U.S. federal income tax purposes,
- a U.S. Holder (as defined below) whose functional currency for U.S. federal income tax purposes is not the U.S. dollar,
- a partnership (or any entity or arrangement treated as a partnership) for U.S. federal income tax purposes, or
- a taxpayer liable for the alternative minimum tax.

If a partnership (including for this purpose any entity or any arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of the Notes, the treatment of a partner in the partnership generally will depend upon the status of the partner and upon the activities of the partnership. A U.S. Holder that is a partnership and partners in such partnership should consult their tax advisors regarding the U.S. federal income tax treatment of holding and disposing of Notes.

This section addresses Notes that are due to mature 30 years or less from the date on which they are originally issued. The U.S. federal income tax consequences of owning Notes that are due to mature more than 30 years from their date of original issue will be discussed in an applicable Final Terms. This section is based on the Code, its legislative history, existing and proposed U.S. Treasury regulations promulgated under the Code, published Internal Revenue Service (the "IRS") rulings and court decisions, all as of the date hereof. These laws are subject to change, possibly on a retroactive basis.

Prospective purchasers are advised to consult their own tax advisor concerning the consequences of owning Notes in their particular circumstances under the Code and the laws of any other taxing jurisdiction.

This section does not discuss the Medicare tax on net investment income. Further, this section does not discuss Bearer Notes. Prior to investing in Bearer Notes, prospective investors who would be U.S. Holders should consult with their U.S. tax advisor concerning an investment in Bearer Notes and the limitations under U.S. federal income tax law.

As used herein, the term “U.S. Holder” means a beneficial owner of a Note that is:

- an individual who is a citizen or resident of the United States,
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia,
- an estate whose income is subject to U.S. federal income tax regardless of its source, or
- a trust if a U.S. court can exercise primary supervision over the trust’s administration and one or more U.S. persons are authorized to control all substantial decisions of the trust.

This subsection does not address the U.S. federal income tax consequences applicable to investors who are not U.S. Holders. Such investors should consult their own tax advisors.

Payments of Interest

General. Except as described below in the case of interest on an Original Issue Discount Note that is not qualified stated interest (as defined below under “—Original Issue Discount—General”) and in the case of short-term Notes, a U.S. Holder will be taxed on any interest on Notes held by such U.S. Holder and any Additional Amounts paid with respect to any withholding taxes on such Notes, including withholding tax on payments of such Additional Amounts, whether payable in U.S. dollars or a foreign currency, as ordinary income at the time the U.S. Holder receives the interest or when it accrues, depending on the U.S. Holder’s method of accounting for tax purposes. Thus, a U.S. Holder may be required to report income in an amount greater than the actual amount of interest it receives on the Notes if payments on the Notes are subject to withholding tax.

Interest and Additional Amounts, if any, paid by CABEI on Notes and original issue discount (“OID”), if any, accrued with respect to such Notes (as described below under “—Original Issue Discount”) is income from sources outside the United States for U.S. foreign tax credit purposes and typically will constitute “passive category income” for purposes of computing the U.S. foreign tax credit allowable to a U.S. Holder. In lieu of claiming a credit, U.S. Holders may elect to deduct foreign income taxes in computing their U.S. federal taxable income, *provided* the U.S. Holder does not elect to credit any foreign income taxes paid or accrued for the relevant taxable year. The rules relating to foreign tax credits are complex, and U.S. Holders should consult their own tax advisors with regard to the availability of a U.S. foreign tax credit and the application of the U.S. foreign tax credit limitations to their particular situations.

Cash Basis Taxpayers. If a U.S. Holder is a taxpayer that uses the cash receipts and disbursements method of accounting for U.S. federal income tax purposes and receives an interest payment and any Additional Amount that is denominated in, or determined by reference to, a foreign currency, such U.S. Holder must recognize income equal to the U.S. dollar value of the interest payment and the Additional Amount, if any, based on the exchange rate in effect on the date of receipt, regardless of whether the U.S. Holder actually converts the payment into U.S. dollars at such time.

Accrual Basis Taxpayers. If a U.S. Holder is a taxpayer that uses an accrual method of accounting for U.S. federal income tax purposes, such U.S. Holder may determine the amount of income that it recognizes with respect to an interest payment and any Additional Amount denominated in, or determined by reference to, a foreign

currency by using one of two methods. Under the first method, such U.S. Holder will determine the amount of income accrued based on the average exchange rate in effect during the interest accrual period or, with respect to an accrual period that spans two taxable years, that part of the period within the taxable year.

Under the second method, a U.S. Holder would determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period, or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. Additionally, under this second method, if the U.S. Holder receives a payment of interest within five Business Days of the last day of its accrual period or taxable year, it may instead translate the interest accrued into U.S. dollars at the exchange rate in effect on the day that it actually receives the interest payment. If such U.S. Holder elects the second method, that method will apply to all debt instruments that such U.S. Holder holds at the beginning of the first taxable year to which the election applies and to all debt instruments that such U.S. Holder subsequently acquires. A U.S. Holder may not revoke this election without the consent of the IRS.

When a U.S. Holder actually receives an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of its Note) denominated in, or determined by reference to, a single foreign currency for which such U.S. Holder accrued an amount of income, such U.S. Holder will recognize ordinary income or loss measured by the difference, if any, between the exchange rate that such U.S. Holder used to accrue interest income and the exchange rate in effect on the date of receipt, regardless of whether such U.S. Holder actually converts the payment into U.S. dollars at such time.

Special rules may apply to Notes with interest denominated in, or determined by reference to, multiple foreign currencies. The U.S. federal income tax consequences of such Notes will be described in the applicable Final Terms.

Original Issue Discount

General. If a U.S. Holder owns a Note, other than a short-term note with a term of one year or less, it will be treated as an Original Issue Discount Note with OID if the amount by which the Note's stated redemption price at maturity exceeds its issue price is more than a *de minimis* amount. Generally, a Note's issue price will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers. A Note's stated redemption price at maturity is the total of all payments provided by the Note that are not payments of qualified stated interest. Generally, an interest payment on a Note is qualified stated interest if it is one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate, with certain exceptions for lower rates paid during some periods, applied to the outstanding principal amount of the Note. There are special rules for Floating Rate Notes that are discussed under "—Floating Rate Notes".

In general, a Note does not have OID if the amount by which its stated redemption price at maturity exceeds its issue price is less than the *de minimis* amount of $\frac{1}{4}$ of 1 percent of its stated redemption price at maturity multiplied by the number of complete years to its maturity from its original issue date. A U.S. Holder's Note will have *de minimis* OID if the amount of the excess is less than the *de minimis* amount. If a Note has *de minimis* OID, such U.S. Holder must include the *de minimis* amount in income as capital gain as stated principal payments are made on the Note, unless such U.S. Holder makes the election described below under "—Election to Treat All Interest as Original Issue Discount".

Generally, a U.S. Holder must include OID in income before receiving cash attributable to that income. The amount of OID that a U.S. Holder must include in income is calculated using a constant-yield method, and generally a U.S. Holder will include increasingly greater amounts of OID in income over the term of its Notes. More specifically, a U.S. Holder can calculate the amount of OID that it must include in income by adding the daily portions of OID with respect to its Original Issue Discount Note for each day during the taxable year or portion of the taxable year that it holds its Original Issue Discount Note. The daily portion is determined by allocating to each day in any accrual period a pro rata portion of the OID allocable to that accrual period. A U.S. Holder may select an accrual period of any length with respect to its Original Issue Discount Note and such U.S. Holder may vary the length of each accrual period over the term of its Original Issue Discount Note. However, no accrual period may be

longer than one year and each scheduled payment of interest or principal on the Original Issue Discount Note must occur on either the first or final day of an accrual period.

A U.S. Holder can determine the amount of OID allocable to an accrual period by:

- multiplying its Original Issue Discount Note's adjusted issue price at the beginning of the accrual period by such Note's yield to maturity, and then
- subtracting from this figure the sum of the payments of qualified stated interest on such Note allocable to the accrual period.

A U.S. Holder must determine the Original Issue Discount Note's yield to maturity on the basis of compounding at the close of each accrual period and adjusting for the length of each accrual period. Further, a U.S. Holder determines its Original Issue Discount Note's adjusted issue price at the beginning of any accrual period by:

- adding its Original Issue Discount Note's issue price and any accrued OID for each prior accrual period, and then
- subtracting any payments previously made on such Original Issue Discount Note that were not qualified stated interest payments.

In determining the amount of OID allocable to an accrual period, if an interval between payments of qualified stated interest on a U.S. Holder's Note contains more than one accrual period, then, when such U.S. Holder determines the amount of OID allocable to an accrual period, it must allocate the amount of qualified stated interest payable at the end of the interval, including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval, pro rata to each accrual period in the interval based on their relative lengths. In addition, a U.S. Holder must increase the adjusted issue price at the beginning of each accrual period in the interval by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but that is not payable until the end of the interval. A U.S. Holder may compute the amount of OID allocable to an initial short accrual period by using any reasonable method if all other accrual periods, other than a final short accrual period, are of equal length.

The amount of OID allocable to the final accrual period is equal to the difference between:

- the amount payable at the maturity of the U.S. Holder's Note, other than any payment of qualified stated interest, and
- the adjusted issue price of the U.S. Holder's Note as of the beginning of the final accrual period.

Acquisition Premium. If a U.S. Holder purchases a Note for an amount that is less than its stated redemption price at maturity as of the purchase date but that is greater than its adjusted issue price, as described above, the excess is acquisition premium. If a U.S. Holder does not make the election described below under "— Election to Treat All Interest as Original Issue Discount", then the U.S. Holder must reduce the daily portions of OID includible in income for a taxable year by the portion of the excess properly allocable to that year.

Election to Treat All Interest as Original Issue Discount. A U.S. Holder may elect to include in gross income all interest that accrues on a Note held by it using the constant-yield method described above, with the modifications described below. For purposes of this election, interest will include stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium. In applying the constant-yield method pursuant to this election:

- the issue price of such Note will equal the U.S. Holder's cost,
- the issue date of such Note will be the date the U.S. Holder acquired it, and

- no payments on such Note will be treated as payments of qualified stated interest.

Generally, this election will apply only to the Note for which it is made; however, if a Note has amortizable bond premium or market discount, the U.S. Holder will be deemed to have made an election that applies to other debt instruments held by such Holder. A U.S. Holder may not revoke any election to apply the constant-yield method to all interest on a Note or the deemed elections with respect to amortizable bond premium or market discount Notes without the consent of the IRS.

Foreign Currency Original Issue Discount Notes. If an Original Issue Discount Note is also a Foreign Currency Note, a U.S. Holder must determine OID for any accrual period on its Original Issue Discount Note in the foreign currency and then translate the amount of OID into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described under “—U.S. Holders—Payments of Interest”. Such U.S. Holder may recognize ordinary income or loss when it receives an amount attributable to OID in connection with a payment of interest or the sale or retirement of such Note.

Pre-Issuance Accrued Interest.

An election may be made to decrease the issue price of a Note by the amount of pre-issuance accrued interest if:

- a portion of the initial purchase price of such Note is attributable to pre-issuance accrued interest,
- the first stated interest payment on such Note is to be made within one year of such Note’s issue date, and
- the payment will equal or exceed the amount of pre-issuance accrued interest.

If this election is made, a portion of the first stated interest payment will be treated as a return of the excluded pre-issuance accrued interest and not as an amount payable on such Note.

Notes Subject to Certain Contingencies Including Optional Redemption.

If a Note provides for an alternative payment schedule or schedules applicable upon the occurrence of a contingency or contingencies, other than those that are disregarded as remote or incidental, and the timing and amounts of the payments that comprise each payment schedule are known as of the issue date of such Note, a U.S. Holder must determine the yield and maturity of such Note by assuming that the payments will be made according to the payment schedule, if any, that is significantly more likely than not to occur.

If there is no single payment schedule that is significantly more likely than not to occur, other than because of a mandatory sinking fund, a U.S. Holder must recognize income on a Note in accordance with special rules that govern the treatment of contingent payment debt obligations. If relevant, these rules will be discussed in the applicable Final Terms.

Notwithstanding the general rules for determining yield and maturity, if a Note is subject to contingencies, and either a U.S. Holder or CABEI has an unconditional option or options that, if exercised, would require payments to be made on such Note under an alternative payment schedule or schedules, then:

- in the case of an option or options that CABEI may exercise, CABEI will be deemed to exercise or not exercise an option or combination of options in the manner that minimizes the yield on such Note, and
- in the case of an option or options that a U.S. Holder may exercise, the U.S. Holder will be deemed to exercise or not exercise an option or combination of options in the manner that maximizes the yield on such Note.

If both a U.S. Holder and CABEI hold options described in the preceding sentence, those rules will apply to each option in the order in which they may be exercised. A U.S. Holder may determine the yield on a Note held by it for the purposes of those calculations by using any date on which such Note may be redeemed or repurchased as the maturity date and the amount payable on the date that it chooses in accordance with the terms of such Note as the principal amount payable at maturity.

If a contingency, including the exercise of an option, actually occurs or does not occur contrary to an assumption made according to the above rules, then except to the extent that a portion of a Note is repaid as a result of this change in circumstances and solely to determine the amount and accrual of OID, a U.S. Holder must redetermine the yield and maturity of such Note by treating such Note as having been retired and reissued on the date of the change in circumstances for an amount equal to such Note's adjusted issue price on that date.

Floating Rate Notes.

A Floating Rate Note will constitute a variable rate debt instrument ("VRDI") if:

- such Floating Rate Note's issue price does not exceed the total noncontingent principal payments by more than the lesser of:
 1. 1.5 percent multiplied by the product of the total noncontingent principal payments and the number of complete years to maturity from the issue date, or
 2. 15 percent of the total noncontingent principal payments; and
- such Floating Rate Note provides for stated interest, compounded or paid at least annually, only at:
 1. one or more qualified floating rates,
 2. a single fixed rate and one or more qualified floating rates,
 3. a single objective rate, or
 4. a single fixed rate and a single objective rate that is a qualified inverse floating rate.

A Floating Rate Note provides for stated interest at a qualified floating rate if:

- variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which such Floating Rate Note is denominated; or
- the rate is equal to such a rate multiplied by either (x) a fixed multiple that is greater than 0.65 but not more than 1.35 or (y) a fixed multiple greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate; and
- the value of the rate on any date during the term of such Floating Rate Note is set no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If such Floating Rate Note provides for two or more qualified floating rates that are within 0.25 percentage points of each other on the issue date or can reasonably be expected to have approximately the same values throughout the term of such Floating Rate Note, the qualified floating rates together constitute a single qualified floating rate.

A Floating Rate Note will not have a qualified floating rate, however, if the rate is subject to certain restrictions (including caps, floors, governors, or other similar restrictions) unless such restrictions are fixed throughout the term of such Floating Rate Note or are not reasonably expected to significantly affect the yield on such Floating Rate Note.

A Floating Rate Note provides for stated interest at a single objective rate if:

- the rate is not a qualified floating rate,
- the rate is determined using a single, fixed formula that is based on objective financial or economic information that is not within the control of or unique to the circumstances of CABEI or a related party, and
- the value of the rate on any date during the term of such Floating Rate Note is set no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

A Floating Rate Note will not provide for stated interest at an objective rate, however, if it is reasonably expected that the average value of the rate during the first half of such Floating Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of such Floating Rate Note's term.

An objective rate as described above is a qualified inverse floating rate if:

- the rate is equal to a fixed rate minus a qualified floating rate; and
- the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the cost of newly borrowed funds.

A Floating Rate Note will also provide for stated interest at a single qualified floating rate or an objective rate if interest on such Floating Rate Note is stated at a fixed rate for an initial period of one year or less followed by either a qualified floating rate or an objective rate for a subsequent period, and either:

- the fixed rate and the qualified floating rate or objective rate have values on the issue date of such Floating Rate Note that do not differ by more than 0.25 percentage points; or
- the value of the qualified floating rate or objective rate is intended to approximate the fixed rate.

Commercial Paper Rate Notes, Prime Rate Notes, LIBOR Notes, Treasury Rate Notes, CD Rate Notes, and Federal Funds Rate Notes generally will be treated as VRDIs under these rules. In some circumstances, however, such Notes may be subject to special rules governing "contingent payment debt instruments", in which case the U.S. federal income tax consequences will be described in the applicable Final Terms.

In general, if a Floating Rate Note provides for stated interest at a single qualified floating rate or objective rate, or one of those rates after a single fixed rate for an initial period with interest payable at least annually, all stated interest on such Floating Rate Note is qualified stated interest. Thus, such a Floating Rate Note will generally not be issued with OID unless the Floating Rate Note is issued at a "true" discount (i.e., at a price below the Note's stated principal amount) in excess of a specified de minimis amount. The amount of OID on such a Floating Rate Note is determined by using, in the case of a qualified floating rate or qualified inverse floating rate, the value as of the issue date of the qualified floating rate or qualified inverse floating rate, or, for any other objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield reasonably expected for such Floating Rate Note.

If a Floating Rate Note constitutes a VRDI but does not provide for stated interest at a single qualified floating rate or a single objective rate, and also does not provide for interest payable at a fixed rate other than a single fixed rate for an initial period, a U.S. Holder generally must determine the interest and OID accruals on such Floating Rate Note by:

- determining a fixed rate substitute for each variable rate provided under such Floating Rate Note,
- constructing the equivalent fixed rate debt instrument, using the fixed rate substitute described above,

- determining the amount of qualified stated interest and OID with respect to the equivalent fixed rate debt instrument, and
- adjusting for actual variable rates during the applicable accrual period.

When a U.S. Holder determines the fixed rate substitute for each variable rate provided under a Floating Rate Note, it generally will use the value of each variable rate as of the issue date of such Note or, for an objective rate that is not a qualified inverse floating rate, a rate that reflects the reasonably expected yield on such Floating Rate Note.

If a Floating Rate Note provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate, and also provides for stated interest at a single fixed rate (other than at a single fixed rate for an initial period as described above), a U.S. Holder generally must determine interest and OID accruals by using the method described in the previous paragraph. However, a Floating Rate Note will be treated, for purposes of the first three steps of the determination, as if such Note had provided for a qualified floating rate, or a qualified inverse floating rate, rather than the fixed rate. The qualified floating rate, or qualified inverse floating rate, that replaces the fixed rate must be such that the fair market value of such Floating Rate Note as of the issue date approximates the fair market value of an otherwise identical debt instrument that provides for the qualified floating rate, or qualified inverse floating rate, rather than the fixed rate.

Short-Term Notes.

In general, if a U.S. Holder is an individual or other cash basis U.S. Holder of a short-term Note, such U.S. Holder is not required to accrue OID for the purposes of the rules relating to debt obligations with a term of less than one year for U.S. federal income tax purposes unless it elects to do so (although it is possible that it may be required to include any stated interest in income as it receives it). If a U.S. Holder is an accrual basis taxpayer, a taxpayer in a special class, including, but not limited to, a regulated investment company, common trust fund, or a certain type of pass-through entity, or a cash basis taxpayer who so elects, such U.S. Holder will be required to accrue OID on short-term Notes on either a straight-line basis or under the constant-yield method, based on daily compounding. If a U.S. Holder is not required and does not elect to include OID in income currently, any gain such U.S. Holder realizes on the sale or retirement of its short-term Note will be ordinary income to the extent of the accrued OID, which will be determined on a straight-line basis unless such U.S. Holder makes an election to accrue the OID under the constant-yield method, through the date of sale or retirement. However, if a U.S. Holder is not required and does not elect to accrue OID on its short-term Notes, such U.S. Holder will be required to defer deductions for interest on borrowings allocable to its short-term Notes in an amount not exceeding the deferred income until the deferred income is realized.

For purposes of determining the amount of OID subject to these rules, all interest payments on a short-term Note are included in the short-term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a short-term Note as if the short-term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the short-term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Market Discount

A U.S. Holder will be treated as if it purchased a Note, other than a short-term Note, at a market discount, and such Note will be a market discount Note if:

- (i) in the case of a Note that is not an Original Issue Discount Note, the Note is purchased for less than its stated redemption price at maturity as determined above under “—Original Discount—General”, or
- (ii) in the case of an Original Issue Discount Note, the Note is purchased for less than its revised issue price (i.e., its issue price increased by the aggregate amount of OID includible in income before the Original Issue Discount Note was acquired by such U.S. Holder and decreased by the aggregate

amount of all payments previously made on the Note other than payments of qualified stated interest); and

- the difference between such Note's stated redemption price at maturity or, in the case of an Original Issue Discount Note, its revised issue price, and the price the relevant U.S. Holder paid for such Note is an amount that is equal to or greater than 1/4 of 1 percent of its stated redemption price at maturity or revised issue price multiplied by the number of complete years to maturity remaining after the U.S. Holder acquired the Note.

If this difference is less than such amount, the difference constitutes *de minimis* market discount, and the rules discussed below are not applicable to the relevant U.S. Holder.

A U.S. Holder must treat any gain it recognizes on the maturity or disposition of a market discount Note (including the receipt of any payment on a Note that is not qualified stated interest) as ordinary income to the extent of the accrued market discount on such Note on a straight-line basis or by using a constant-yield method. Alternatively, such U.S. Holder may elect to include market discount in income currently over the life of such Note on a straight-line basis or by using a constant-yield method. If a U.S. Holder makes this election, it will apply to all debt instruments with market discount that a U.S. Holder acquires on or after the first day of the first taxable year to which the election applies. A U.S. Holder may not revoke this election without the consent of the IRS. If a U.S. Holder owns a market discount Note and does not make this election, it will generally be required to defer deductions for interest on borrowings allocable to such Note in an amount not exceeding the accrued market discount on such Note until the maturity or taxable disposition of such Note.

A U.S. Holder will accrue market discount on its market discount Note on a straight-line basis unless it elects to accrue market discount using a constant-yield method. If a U.S. Holder makes this election, such election will apply only to the Note with respect to which it is made and the U.S. Holder may not revoke it.

With respect to a Foreign Currency Note, market discount is determined in the applicable foreign currency. In the case of a U.S. Holder who does not elect current inclusion, accrued market discount is translated into U.S. dollars at the spot rate on the date of disposition. No part of such accrued market discount is treated as exchange gain or loss. In the case of a U.S. Holder who elects current inclusion, the amount currently includible in income for a taxable year is the U.S. dollar value of the market discount that has accrued during such accrual period (or portion thereof within the U.S. Holder's taxable year), determined by translating such market discount at the average rate of exchange for the period or periods during which it accrued. Such an electing U.S. Holder will recognize exchange gain or loss with respect to accrued market discount under the same rules as apply to accrued interest on a Foreign Currency Note received by a Holder on the accrual basis. See “—Payments of Interest—Accrual Basis Taxpayer” as applicable to Notes that are not Original Issue Discount Notes.

Notes Purchased at a Premium

If a U.S. Holder purchases a Note for an amount in excess of its principal amount, the U.S. Holder may elect to treat the excess as amortizable bond premium. If the U.S. Holder makes this election, the U.S. Holder will reduce the amount required to be included in its taxable income each year with respect to interest on such Note by the amount of amortizable bond premium allocable to that year, based on such Note's yield to maturity. If such Note is a Foreign Currency Note, the relevant U.S. Holder will compute its amortizable bond premium in units of the foreign currency and its amortizable bond premium will reduce its interest income in units of the foreign currency. Gain or loss recognized that is attributable to changes in exchange rates between the time the relevant U.S. Holder's amortized bond premium offsets interest income and the time of the acquisition of such Note is generally taxable as ordinary income or loss. If a U.S. Holder makes an election to amortize bond premium, the election will apply to all debt instruments (other than debt instruments the interest on which is excludible from gross income for U.S. federal income tax purposes) that such person holds at the beginning of the first taxable year to which the election applies or that such person thereafter acquires, and such U.S. Holder may not revoke it without the consent of the IRS. See also “—Original Issue Discount—Election to Treat All Interest as Original Issue Discount”.

Purchase, Sale, Exchange and Retirement of the Notes

A U.S. Holder's tax basis in a Note will generally be the U.S. dollar cost, as defined below, of such Note, adjusted by:

- adding any OID, market discount, *de minimis* OID and *de minimis* market discount previously included in income with respect to such Note, and then
- subtracting any payments on such Note that are not qualified stated interest payments and any amortizable bond premium applied to reduce interest on such Note.

If a U.S. Holder purchases a Note with foreign currency, the U.S. dollar cost of such Note will generally be the U.S. dollar value of the purchase price on the date of purchase. However, if a U.S. Holder is a cash basis taxpayer, or an accrual basis taxpayer if the U.S. Holder so elects, and the Note is traded on an established securities market, as defined in the applicable U.S. Treasury regulations, the U.S. dollar cost of such Note will be the U.S. dollar value of the purchase price on the settlement date in respect of the Note purchased.

A U.S. Holder will generally recognize gain or loss on the sale, exchange, retirement or other taxable disposition of such Note equal to the difference between the amount such U.S. Holder realized on the sale, exchange, retirement or other taxable disposition and its tax basis in such Note. If such Note is sold, retired or otherwise disposed of for an amount in foreign currency, the amount the relevant U.S. Holder realizes will be the U.S. dollar value of such amount on:

- the date payment is received, if such U.S. Holder is a cash basis taxpayer and the relevant Notes are not traded on an established securities market, as defined in the applicable U.S. Treasury regulations,
- the date of disposition, if such U.S. Holder is an accrual basis taxpayer, or
- the settlement date for the sale, if it is a cash basis taxpayer, or an accrual basis taxpayer that so elects, and the relevant Notes are traded on an established securities market, as defined in the applicable U.S. Treasury regulations.

A U.S. Holder will recognize capital gain or loss when it sells, retires or otherwise disposes of a Note held by it, except to the extent:

- described above under “—Original Issue Discount—Short-Term Notes” or “—Market Discount”,
- the amount realized is attributable to accrued but unpaid interest,
- the rules governing contingent payment debt obligations apply,
- attributable to changes in exchange rates as described below, or
- otherwise specified in the applicable Final Terms.

Any capital gain or loss recognized on the sale, exchange, retirement or other taxable disposition of a Note will be long-term capital gain or loss if the U.S. Holder's holding period in the Note exceeds one year. Certain non-corporate U.S. Holders (including individuals), under current law, may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. The deductibility of capital losses is subject to limitations under the Code. Gain or loss realized by a U.S. Holder on the sale, exchange, retirement or other taxable disposition of a Note generally will be treated as derived from U.S. sources for purposes of the U.S. foreign tax credit. Consequently, in the case of a gain from the sale, exchange, retirement or other taxable disposition of a Note that is subject to a foreign income tax, the U.S. Holder may not be able to benefit from the foreign tax credit for the tax unless the U.S. Holder can apply the credit against U.S. federal income tax payable on other income from foreign sources. Alternatively, the U.S. Holder may take a deduction for such tax if the U.S. Holder elects to deduct (rather

than credit) all foreign income taxes paid or accrued during the taxable year. The rules governing foreign tax credits are complex and, therefore, U.S. Holders should consult their tax advisors regarding the availability of foreign tax credits in their particular circumstances.

A U.S. Holder must treat any portion of the gain or loss that it recognizes on the sale, exchange, retirement or other taxable disposition of a Note as ordinary income or loss to the extent attributable to changes in exchange rates. However, the amount of any exchange gain or loss to be realized is limited to the amount of the total gain or loss realized on the transaction.

Exchange of Amounts in Other Than U.S. Dollars

If a U.S. Holder receives foreign currency as interest on a Note held by it or on sale, retirement or other taxable disposition of a Note held by it, the tax basis of such U.S. Holder in the foreign currency will equal its U.S. dollar value when the interest is received or at the time of the sale, retirement or other taxable disposition. If a U.S. Holder purchases foreign currency, it generally will have a tax basis equal to the U.S. dollar value of the foreign currency on the date of such purchase. If such U.S. Holder sells or disposes of a foreign currency, including if such U.S. Holder uses such foreign currency to purchase Notes or exchange such foreign currency for U.S. dollars, any gain or loss recognized generally will be ordinary income or loss.

Reportable Transaction Disclosure Statement

Pursuant to U.S. Treasury regulations, a U.S. Holder that recognizes a foreign exchange loss on the sale or exchange of the Notes may be required to disclose the transaction as a “reportable transaction” on IRS Form 8886 (or a suitable substitute) in the event the loss equals at least US\$50,000 in a single year if the U.S. Holder is an individual or trust, or higher amounts for certain other Holders. Additionally, a U.S. Holder that recognizes a loss on the sale or exchange of the Notes may be required to disclose the transaction as a reportable transaction in the event the loss equals at least US\$2,000,000 in any single taxable year (or US\$4,000,000 in any combination of taxable years) if the U.S. Holder is an individual, S corporation or a trust, or generally higher amounts if the U.S. Holder is any other type of holder. A U.S. Holder should consult with its tax advisor regarding any tax filing and reporting obligations that may apply in connection with acquiring, owning and disposing of Notes.

Indexed Notes and Other Notes

The applicable Final Terms will discuss any special U.S. federal income tax provisions with respect to Notes the payments on which are determined by reference to any index and other Notes that are subject to special U.S. federal income tax rules governing contingent payment debt obligations, as well as with respect to any Notes providing for the periodic payment of principal over the life of the Note.

Fungible Issue

CABEI may, without the consent of the Holders of outstanding Notes, issue Additional Notes with identical terms. These Additional Notes, even if treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as separate issue for U.S. federal income tax purposes. In such a case, the Additional Notes may be considered to have been issued with OID even if the original Notes had no OID, or the Additional Notes may have a greater amount of OID than the original Notes. These differences may affect the market value of the original Notes if the Additional Notes are not otherwise distinguishable from the original Notes.

Information Reporting and Backup Withholding

If you are a non-corporate U.S. Holder, information reporting requirements, on IRS Form 1099, generally will apply to:

- payments of principal, interest (including OID, if any) and premium (if any) on a Note within the United States, including payments made by wire transfer from outside the United States to an account you maintain in the United States; and

- the payment of the proceeds from the sale of the Note effected at a U.S. office of a broker.

Additionally, U.S. backup withholding tax will apply to such payments if you are a non-corporate U.S. Holder that:

- fails to provide an accurate taxpayer identification number;
- is notified by the IRS that you have failed to report all interest and dividends required to be shown on your U.S. federal income tax returns; or
- in certain circumstances, fails to comply with applicable certification requirements.

Backup withholding is not additional tax. Amounts withheld may be credited against a U.S. Holder's U.S. federal income tax liability, and a U.S. Holder may obtain a refund of any excess amounts withheld by filing the appropriate claim for refund with the IRS in a timely manner. U.S. Holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

In addition, U.S. Holders should be aware that recently enacted legislation imposes new reporting requirements with respect to the holding of certain foreign financial assets, including debt of foreign issuers, if the aggregate value of all of such assets exceeds US\$50,000. U.S. Holders should consult their own tax advisors regarding the application of the information reporting rules to our Notes and the application of the recently enacted legislation to their particular situation.

Member Country Taxation

In accordance with its Constitutive Agreement which has been ratified by the legislature in each of the Founding Members, CABEL is exempt from all types of taxes levied by each of the Member Countries on its income, property and other assets, and on operations it carries out pursuant to its Constitutive Agreement and no tax or lien may be levied on any obligation or security issued by CABEL, including any dividend or interest thereon.

Payments of principal and interest in respect of the Notes to a non-resident of the Member Countries will therefore not be subject to taxation in any of the Member Countries, nor will any withholding for tax of any of the Member Countries be required on any such payments to any Holder of Notes. In the event of the imposition of withholding taxes by any of the Member Countries, CABEL has undertaken to pay Additional Amounts in respect of any payments subject to such withholding, subject to certain exemptions, as described under Section 10 (Additional Amounts) of the Terms and Conditions of the Notes.

El Salvador Taxation

The following is a general discussion of Salvadoran tax considerations. The discussion is based upon the tax laws of El Salvador as in effect on the date of this Base Prospectus, which are subject to change. Prospective investors should consult their own tax advisors with respect to Salvadoran tax consequences of the investment. This summary does not discuss the effects of any treaties that may be entered into by, or be effective with respect to, El Salvador.

Under current Salvadoran law, payments of principal and interest on the Notes to Holders are not subject to taxation in El Salvador. Holding a Note will not by itself subject a Holder to any tax in El Salvador.

Costa Rican Taxation

The following is a general discussion of Costa Rican tax considerations. The discussion is based upon the tax laws of Costa Rica as in effect on the date of this Base Prospectus, which are subject to change. Prospective investors should consult their own tax advisors with respect to Costa Rican tax consequences of the investment. This summary does not discuss the effects of any treaties that may be entered into by, or be effective with respect to, Costa Rica.

Under current Costa Rican law, payments of principal and interest on the Notes to Holders are not subject to taxation in Costa Rica. Holding a Note will not by itself subject a Holder to any tax in Costa Rica.

Guatemalan Taxation

The following is a general discussion of Guatemalan tax considerations. The discussion is based upon the tax laws of Guatemala as in effect on the date of this Base Prospectus, which are subject to change. Prospective investors should consult their own tax advisors with respect to Guatemalan tax consequences of the investment. This summary does not discuss the effects of any treaties that may be entered into by, or be effective with respect to, Guatemala.

Under current Guatemalan law, payments of principal and interest on the Notes to Holders are not subject to taxation in Guatemala. Holding a Note will not by itself subject a Holder to any tax in Guatemala.

Honduran Taxation

The following is a general discussion of Honduran tax considerations. The discussion is based upon the tax laws of Honduras as in effect on the date of this Base Prospectus, which are subject to change. Prospective investors should consult their own tax advisors with respect to Honduran tax consequences of the investment. This summary does not discuss the effects of any treaties that may be entered into by, or be effective with respect to, Honduras.

Under current Honduran law, payments of principal and interest on the Notes to Holders are not subject to taxation in Honduras. Holding a Note will not by itself subject a Holder to any tax in Honduras.

Nicaraguan Taxation

The following is a general discussion of Nicaraguan tax considerations. The discussion is based upon the tax laws of Nicaragua as in effect on the date of this Base Prospectus, which are subject to change. Prospective investors should consult their own tax advisors with respect to Nicaraguan tax consequences of the investment. This summary does not discuss the effects of any treaties that may be entered into by, or be effective with respect to, Nicaragua.

Under current Nicaraguan law, payments of principal and interest on the Notes to Holders are not subject to taxation in Nicaragua. Holding a Note will not by itself subject a Holder to any tax in Nicaragua.

OFFERING AND SALE

Notes may be sold from time to time by CABEL to or through certain financial institutions (the “Agents”). The arrangements under which the Notes may from time to time be agreed to be sold by CABEL to or through the Agents are set out in the Distribution Agreement dated April 2, 2003, as amended (the “Distribution Agreement”) between CABEL and Salomon Smith Barney Inc. (now Citigroup Global Markets Inc.). The Distribution Agreement provides for the resignation or termination of appointment of the Agents and for the appointment of additional or other Agents either generally in respect of the Program or in relation to a particular tranche of Notes. Any agreement for the sale of Notes will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, whether the placement of the Notes is underwritten or sold on an agency basis only, the price at which such Notes will be purchased by the Agent, the commissions or other agreed deductibles (if any) which are payable or allowable by CABEL in respect of such purchase and the form of any indemnity to the Agent against certain liabilities in connection with the offer and sale of the relevant Notes.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder.

The Agents have agreed and each further Agent appointed under the Program will be required to agree that, except as permitted by the Distribution Agreement, it will not offer, sell or, in the case of Bearer Notes, deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Fiscal Agent by the relevant Agent, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Agent to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restriction on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Distribution Agreement provides that the Agents may, directly or through their respective U.S. broker-dealer affiliates, arrange for the offer and resale of Notes within the United States in reliance on Rule 144A only to a “qualified institutional buyer”, or “QIB”, within the meaning of Rule 144A under the Securities Act.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of such Notes within the United States by any dealer that is not participating in the offering of such Notes may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

In connection with an offering of Notes, the Agent may purchase and sell the Notes in the open market. These transactions may include over-allotment and stabilizing transactions and purchases to cover short positions created by the Agent in connection with the offering. Stabilizing transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of the Notes; and short positions created by the Agent involve the sale by the Agent of a greater number of Notes than it is required to purchase from the Issuer in the offering. The Agent also may impose a penalty bid, whereby selling concessions allowed to broker-dealers in respect of the securities sold in the offering may be reclaimed by the Agent if such Notes are repurchased by the Agent in stabilizing or covering transactions. These activities may stabilize, maintain or otherwise affect the market price of the Notes, which may be higher than the price that might otherwise prevail in the open market; and these activities, if commenced, may be discontinued at any time subject to the following paragraph. These transactions may be effected in the over-the-counter market or otherwise.

In connection with the offering of any tranche of Notes, the person appointed as stabilizing agent (or persons acting on its behalf) may over-allot Notes or effect transactions with a view to supporting the market price

of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the person appointed as stabilizing agent (or persons acting on its behalf) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Notes is made and, if begun, may be ended at any time, but it must end no later than 30 days after the date on which CABEL received the proceeds of the issue, or no later than 60 days after the date of allotment of the relevant notes, whichever is the earlier.

This Base Prospectus has been prepared by CABEL for use in connection with the offer and sale of the Notes outside the United States to non-U.S. persons and for the resale of the Notes in the United States and for the listing of Notes on the Luxembourg Stock Exchange. CABEL and the Agent reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the number of Notes which may be offered pursuant to Rule 144A. This Base Prospectus does not constitute an offer to any person in the United States or to any U.S. person other than a QIB within the meaning of Rule 144A to whom an offer has been made directly by the Agent or an affiliate of the Agent. Distribution of this Base Prospectus by any non-U.S. person outside the United States or by any QIB in the United States to any U.S. person or to any other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB with respect thereto, is unauthorized and any disclosure without the prior written consent of CABEL of any of its contents to any such U.S. person or other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB, is prohibited.

United Kingdom

Each Agent has represented, warranted and agreed, and each further Agent appointed under the Program will be required to represent, warrant and agree, that (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their business where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”); (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to CABEL; and (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

This Base Prospectus as completed by the final terms in relation thereto is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This Base Prospectus as completed by the final terms in relation thereto is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Base Prospectus as completed by the final terms in relation thereto relates is available only to relevant persons and will be engaged in only with relevant persons.

Any investor purchasing the notes is solely responsible for ensuring that any offer or resale of Notes it purchases occurs in compliance with applicable laws and regulations.

No action has been or will be taken in any jurisdiction by the Agent or CABEL that would permit a public offering of any of the Notes, or possession or distribution of this Base Prospectus, or any part thereof including any Final Terms, or any other offering or publicity material relating to the Notes, in any country or jurisdiction where

action for that purpose is required. The Agent has agreed and each further Agent appointed under the Program will be required to agree that it will comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells, or delivers Notes or has in its possession or distributes this Base Prospectus, or any part thereof including any Final Terms, or any such other material, in all cases at its own expense. The Agent has agreed and each further Agent appointed under the Program will be required to agree that it will also ensure that no obligations are imposed on CABEI in any such jurisdiction as a result of any of the foregoing actions (except to the extent that such actions are the actions of CABEI). CABEI will have no responsibility for, and the Agent has agreed and each further Agent appointed under the Program will be required to agree that it will obtain any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it may make any acquisition, offer, sale or delivery.

No Agent is authorized to make any representation or use any information in connection with the issue, offering and sale of the Notes other than as contained in this Base Prospectus, including the applicable Final Terms, and any other information or document supplied.

Selling restrictions may be modified by the agreement of CABEI and the relevant Agents. Any such modification will be set out in the Final Terms issued in respect of the Notes to which it relates or in a supplement to this Base Prospectus.

CABEI has agreed to indemnify the Agent against certain liabilities, including liabilities under U.S. federal and state securities laws, or to contribute to payments that the Agent may be required to make in respect of any of those liabilities.

The Agent or its affiliates have performed certain investment banking, commercial banking or advisory services for CABEI from time to time for which they have received customary fees and expenses. The Agent or its affiliates may, from time to time, engage in transactions with or perform services for CABEI in the ordinary course of business.

NOTICE TO INVESTORS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of Notes.

Rule 144A Notes

Each purchaser of the Notes offered and sold in reliance on Rule 144A (“Rule 144A”) under the Securities Act and each owner of any beneficial interest therein will be deemed to have represented and agreed as follows (terms used herein that are defined in Rule 144A or Regulation S (“Regulation S”) under the Securities Act are used herein as defined therein):

- (1) It (i) is a qualified institutional buyer, (ii) is aware that the sale of the Notes to it is being made in reliance on Rule 144A, (iii) is acquiring such Notes for its own account or for the account of a qualified institutional buyer, as the case may be, and (iv) is not acquiring such Notes with a view to any resale or distribution thereof other than in accordance with the restrictions set forth below.
- (2) It understands that the Notes have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except (i) so long as the Note is eligible for resale pursuant to Rule 144A, to a person who the purchaser reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act, or (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with all applicable securities laws of the states of the United States.
- (3) It understands that the Notes will be represented by a Restricted Global Note. Before any interest in a Restricted Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note, the transferor will be required to provide the fiscal agent with a written certification (in the form provided in the fiscal agency agreement) as to compliance with the transfer restrictions referred to in clause (2)(ii) or (2)(iii) above.
- (4) The Notes will bear a legend to the following effect, unless CABEI determines otherwise in compliance with applicable law:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) SO LONG AS THE NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE NOTE, REPRESENTS AND AGREES THAT IT SHALL NOTIFY THE PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

THIS LEGEND MAY BE REMOVED SOLELY AT THE DISCRETION AND AT THE DIRECTION OF THE ISSUER.

Regulation S Notes

Each purchaser of Registered Notes offered outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Base Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

(1) It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of CABEI or a person acting on behalf of such affiliate.

(2) It understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except (a) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any state of the United States.

(3) It understands that such Notes, unless otherwise determined by CABEI in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.

THIS LEGEND MAY BE REMOVED SOLELY AT THE DISCRETION AND AT THE DIRECTION OF THE ISSUER.

(4) The Issuer, the Registrar, the Agent and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

(5) It understands that the Notes offered in reliance on Regulation S will be represented by the Regulation S Global Note. Prior to the expiration of the distribution compliance period, before any interest in the Regulation S Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

(6) Delivery of the Notes may be made against payment therefor on or about a date which will occur more than three Business Days after the date of pricing of the Notes. Pursuant to Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in three Business Days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing or the next succeeding Business Day will be required, by virtue of the fact that the Notes may initially settle on or about a date which will occur more than three Business Days after the date of pricing of the Notes, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Notes who wish to trade Notes on the date of pricing or the next succeeding Business Day should consult their own advisor.

VALIDITY OF THE NOTES

The validity under New York law of the notes will be passed upon for CABEL by Shearman & Sterling LLP, New York, New York. Certain legal matters governed by the Constitutive Agreement will be passed on by the Head of CABEL's Legal Affairs Office.

INDEPENDENT AUDITORS

THE FINANCIAL STATEMENTS OF CABEL AS OF DECEMBER 31, 2015, 2014 AND 2013 AND FOR THE YEARS THEN ENDED INCLUDED IN THIS BASE PROSPECTUS AND THE EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING AS OF DECEMBER 31, 2015 HAVE BEEN AUDITED BY KPMG, INDEPENDENT AUDITORS, AS STATED IN THEIR REPORTS APPEARING HEREIN.

GENERAL INFORMATION

1. The Program, the issuance of the Notes and the execution of all documents in connection therewith have been authorized by a resolution of the Board of Directors dated August 27, 2002, as amended by resolutions of the Board of Directors dated June 28, 2006, February 24, 2009, September 25, 2013 and March 29, 2016.

2. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code for the Bearer Notes, together with the relevant ISIN Code or CUSIP number for the Registered Notes, will be contained in the Final Terms relating thereto. In addition, CABEI will make an application with respect to any Notes of a Registered Series to be accepted for trading in book-entry form by DTC. Acceptance by DTC of each tranche of a Registered Series will be confirmed in the applicable Final Terms.

3. Except as disclosed or provided herein, there has been no significant adverse change in the financial position of CABEI since December 31, 2015.

4. CABEI has appointed Deutsche Bank Luxembourg S.A. as Paying Agent and Transfer Agent in Luxembourg. CABEI has appointed Banque Internationale à Luxembourg, Société Anonyme as its Listing Agent in Luxembourg. CABEI has also appointed Deutsche Bank Trust Company Americas as Fiscal Agent, Registrar, Paying Agent and Transfer Agent in The City of New York and Deutsche Bank AG London as its Paying Agent and Transfer Agent in London. CABEI reserves the right to vary such appointment.

5. CABEI is involved in routine litigation and other proceedings in the ordinary course of business. CABEI does not believe that the proceedings pending against it are likely to have a material adverse effect on its business or results of operations.

6. So long as Notes are outstanding and listed on the Luxembourg Stock Exchange, and the rules of the Luxembourg Stock Exchange so require, CABEI will make available copies of its Constitutive Agreement, latest annual report, annual financial statements and any six month interim financial statements, as well as this Base Prospectus and any supplements to this Base Prospectus, each Final Terms and the Fiscal Agency Agreement at the specified office of the Paying Agent in Luxembourg during normal business hours.

7. In connection with the offering, the Agents are not acting for anyone other than CABEI and will not be responsible to anyone other than CABEI for providing the protections afforded to their clients nor for providing advice in relation to the offering.

THE FOUNDING MEMBERS

Certain sections of the following information have been extracted from publicly available sources. CABEI believes that the information is accurate but it has not independently verified it.

Selected Demographic and Economic Data

The following table presents selected demographic and economic data for the Founding Members for the last ten years.

CABEI Founding Members												
Disclaimer: The following information has been extracted from BMI Research datatool. CABEI believes that the information is accurate but it has not independently verified it.												
Indicator Name (unit)	Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Population, mn	Costa Rica	4.2	4.3	4.4	4.4	4.5	4.5	4.6	4.7	4.7	4.8	4.8
	El Salvador	5.9	6.0	6.0	6.0	6.0	6.0	6.1	6.1	6.1	6.1	6.1
	Guatemala	13.2	13.5	13.8	14.1	14.4	14.7	15.0	15.4	15.7	16.0	16.3
	Honduras	6.9	7.0	7.1	7.3	7.4	7.5	7.6	7.7	7.8	8.0	8.1
	Nicaragua	5.4	5.5	5.5	5.6	5.7	5.7	5.8	5.9	5.9	6.0	6.1
Life expectancy at birth, average, years	Costa Rica	78.1	78.2	78.4	78.5	78.6	78.8	78.9	79.1	79.2	79.4	79.6
	El Salvador	70.4	70.7	71.0	71.3	71.6	71.9	72.2	72.5	72.8	73.0	73.3
	Guatemala	69.8	70.0	70.2	70.4	70.7	70.9	71.1	71.4	71.6	71.8	72.1
	Honduras	71.5	71.7	71.9	72.0	72.2	72.4	72.6	72.8	72.9	73.1	73.3
	Nicaragua	71.9	72.3	72.7	73.0	73.4	73.7	74.0	74.3	74.6	74.9	75.2
Nominal GDP, USDbn	Costa Rica	20.0	22.5	26.3	29.8	29.4	36.3	41.2	45.3	49.2	49.5	51.8
	El Salvador	17.1	18.6	20.1	21.4	20.7	21.4	23.1	23.8	24.4	25.2	25.5
	Guatemala	27.2	30.2	34.1	39.1	37.8	41.3	47.6	50.4	53.8	58.7	63.0
	Honduras	9.8	10.9	12.4	13.9	14.6	15.8	17.7	18.7	18.7	20.0	20.4
	Nicaragua	4.9	6.8	7.5	8.5	8.4	8.7	9.8	10.5	10.8	11.8	12.1
GDP per capita, USD	Costa Rica	4,619	5,126	5,896	6,583	6,385	7,776	8,704	9,427	10,101	10,028	10,365
	El Salvador	2,874	3,108	3,358	3,569	3,431	3,547	3,821	3,921	3,998	4,119	4,169
	Guatemala	2,061	2,240	2,471	2,775	2,622	2,805	3,165	3,278	3,430	3,665	3,857
	Honduras	1,418	1,558	1,732	1,913	1,976	2,110	2,326	2,417	2,385	2,510	2,524
	Nicaragua	905	1,244	1,350	1,515	1,478	1,523	1,680	1,779	1,824	1,962	1,986
Goods exports, USDbn	Costa Rica	7.1	8.1	9.3	9.5	8.8	9.5	10.4	11.5	11.6	11.1	11.6
	El Salvador	1.9	2.3	2.8	3.3	2.9	3.5	4.2	4.2	4.3	4.3	4.4
	Guatemala	5.5	6.1	7.0	7.8	7.3	8.5	10.5	10.1	10.2	11.0	11.4
	Honduras	5.0	5.3	5.8	6.2	4.8	6.3	8.0	8.4	7.8	8.1	8.0
	Nicaragua	1.7	1.5	1.8	2.0	1.9	2.4	3.0	3.5	3.3	3.6	3.8
Goods imports, USDbn	Costa Rica	9.3	10.8	12.3	15.4	11.4	13.0	15.5	16.8	17.2	16.3	17.0
	El Salvador	5.4	6.3	7.5	8.4	6.4	7.5	9.0	9.2	9.6	9.5	9.6
	Guatemala	9.7	10.9	12.5	13.4	10.6	12.8	15.5	15.8	16.4	17.1	17.6
	Honduras	6.5	7.3	8.9	10.5	7.4	8.9	11.1	11.4	11.0	11.1	11.1
	Nicaragua	3.0	3.1	3.8	4.4	3.7	4.4	5.5	5.9	5.8	6.0	6.3
Foreign reserves ex gold, USDbn	Costa Rica	2.3	4.1	3.8	3.8	4.1	4.6	4.8	6.9	7.3	7.2	7.8
	El Salvador	1.7	1.8	2.1	2.4	3.0	2.9	2.5	3.2	2.7	2.7	2.7
	Guatemala	3.7	3.9	4.1	4.5	5.0	6.0	6.2	6.7	7.3	7.3	7.8
	Honduras	2.3	2.6	2.5	2.5	2.1	2.7	2.8	2.6	3.0	3.0	3.1
	Nicaragua	0.7	0.9	1.1	1.1	1.6	1.8	1.9	1.9	2.0	2.3	2.1
Consumer price inflation, % y-o-y, eop	Costa Rica	14.1	9.4	10.8	13.9	4.0	5.8	4.7	4.6	3.7	5.1	-0.8
	El Salvador	4.3	4.9	4.9	5.5	-0.2	2.1	5.1	0.8	0.8	0.5	1.0
	Guatemala	8.6	5.8	8.7	9.4	-0.3	5.4	6.2	3.4	4.4	2.9	3.1
	Honduras	7.7	5.3	8.9	10.8	3.0	6.5	5.6	5.4	4.9	5.8	2.4
	Nicaragua	9.6	9.5	16.9	13.8	0.9	9.2	6.9	7.0	5.7	6.5	3.1

Notes: Black values are actuals blue values are estimates/forecasts.

Source: Business Monitor International Ltd. as of April 5, 2016

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**CENTRAL AMERICAN BANK FOR ECONOMIC INTEGRATION
(CABEI)**

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US\$6,000,000,000

Central American Bank for Economic Integration

Medium-Term Note Program



C A B E I

BASE PROSPECTUS

July 18, 2016

NOTICE TO INVESTORS

US\$6,000,000,000
Central American Bank for Economic Integration
Medium-Term Note Program
under the
Luxembourg Stock Exchange for trading on the Euro MTF market

This notice hereby corrects a typographical error in the base prospectus, dated July 18, 2016 (the “Base Prospectus”), for the Medium Term Note Program of the Central American Bank for Economic Integration (“CABEI”).

The definition of Fiscal Agency Agreement on pages 6 and 53 of the Base Prospectus is hereby amended in its entirety to refer to a fourth amendment dated April 5, 2016 to read as follows:

“Fiscal Agency Agreement, dated as of April 2, 2003, as amended on March 8, 2007, April 15, 2009, October 17, 2013 and April 5, 2016 (the “Fiscal Agency Agreement”)”

This notice shall constitute an amendment to the Base Prospectus. Investors must at all times read the Base Prospectus together with this notice.

Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for six months after that corporation or that trust has acquired the Notes pursuant to an offer under Section 275 of the Securities and Futures Act except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law; or

(iv) pursuant to Section 276(7) of the Securities and Futures Act.

- | | |
|---|---|
| 10. Other terms or special conditions or modifications: | Not applicable. |
| 11. Ranking of the Notes: | <i>Pari passu</i> in right of payment with all other senior unsubordinated and unsecured indebtedness of CABEI. |
| 12. Applicable definition of Business Day (if different from that set out in the Terms and Conditions): | Each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in London, New York, Hong Kong and Taipei are obligated or authorized by law to close. |
| 13. ISIN number: | XS1484899395 |
| Common Code: | 148489939 |
| 14. Admission to trading and listing: | <p>Application will be made for the Notes to be admitted for listing on the Luxembourg Stock Exchange for trading on the Euro MTF market and the TPEX in the ROC.</p> <p>The Notes will be traded on the TPEX pursuant to the applicable rules of the TPEX. The effective listing and trading date of the Notes is on or about September 21, 2016.</p> <p>TPEX is not responsible for the content of these Final Terms, the Base Prospectus, or any supplement or amendment thereto, and no representation is made by TPEX to the accuracy or completeness of these Final Terms, the Base</p> |



Prospectus, or any supplement or amendment thereto. TPEX expressly disclaims any and all liability for any losses arising from, or as a result of the reliance on, all or part of the contents of these Final Terms, the Base Prospectus, or any supplement or amendment thereto. The listing and trading of the Notes on the TPEX shall not be an indication of the merits of CABEI or the Notes.

15. Form of Notes: Registered Global Note under custody of Standard Chartered Bank (Taiwan) Limited
16. Common Depositary: Deutsche Bank AG, London Branch
17. Net proceeds: CNY 700,000,000

18. Method of distribution: Syndicated
19. Lead Manager: Standard Chartered Bank (Taiwan) Limited
20. Manager & Liquidity Provider: Cathay United Bank Co., Ltd.
21. Paying Agent: Deutsche Bank AG, London Branch
22. Issuing Agent: Deutsche Bank AG, London Branch
23. Governing law: The laws of the State of New York, United States of America
24. Clearing: Euroclear System Bank S.A./N.V. / Clearstream Banking S.A.
25. Other Final Terms: The additional information and terms and conditions in Annex A, attached hereto, form a part of the Final Terms of the Note.

CABEI accepts responsibility for the information contained in this Final Terms, which, when read together with the Base Prospectus referred to above, contains all information that is material in the context of the issue of the Notes.

Central American Bank for Economic Integration

By: 
Name: Dr. Nick Rischbieth
Title: Executive President 

ANNEX A

RISKS RELATED TO RENMINBI-DENOMINATED NOTES

Set forth below is a brief description of certain risks related to the Notes by reason of being denominated in Chinese Yuan Renminbi (“**Renminbi**,” “**RMB**,” “**CNY**”). The Notes will be denominated and settled in Renminbi deliverable in the Republic of China (“**ROC**”) and the Hong Kong Special Administrative Region of the People’s Republic of China (“**Hong Kong**”), which represents a different market from that of Renminbi deliverable in the People’s Republic of China (excluding Hong Kong, Macau and Taiwan, the “**PRC**”).

Renminbi is not a freely convertible currency, and there are significant restrictions on remittance of Renminbi into and outside the PRC which may affect the liquidity of the Notes.

Renminbi is not a freely convertible currency at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the U.S. dollar and Hong Kong dollar, despite a reduction in recent years by the PRC government of control over routine foreign exchange transactions for current account items. Participating banks in over a dozen international and regional financial centres, including Hong Kong, Singapore, London and Taiwan (“**Renminbi Clearing Centres**”) have been permitted to engage in the settlement of Renminbi trade transactions that qualify as current account items under a pilot scheme introduced in July 2009. The pilot scheme was extended in August 2011 to cover all provinces and cities in the PRC and was further extended in August 2011 to cover all of the PRC and to make Renminbi trade and other current account item settlement available in all countries worldwide.

However, remittance of Renminbi by foreign investors into the PRC for purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and subject to a strict monitoring system.

On October 12, 2011, the Ministry of Commerce of the PRC (“**MOFCOM**”) promulgated the “Circular on Certain Issues Concerning Direct Investment Involving Cross border Renminbi” (the “**MOFCOM Circular**”). Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts were authorized to approve Renminbi foreign direct investments (“**FDI**”) with certain exceptions based on, amongst others, the size and industry of the investment. The MOFCOM Circular also stipulates that the proceeds of FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in domestic companies listed in the PRC through private placements or share transfers by agreement. On October 13, 2011, the People’s Bank of China (the “**PBOC**”) promulgated the “Administrative Measures on Renminbi Settlement of Foreign Direct Investment” (the “**PBOC FDI Measures**”) to set forth rules for settlements of Renminbi inbound direct investments and to detail the PBOC’s Renminbi FDI accounts administration system. The system covers almost all aspects in relation to FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi-denominated cross-border loans. On June 14, 2012, the PBOC further issued a circular setting out the operational guidelines for FDI. Under the PBOC FDI Measures, special approval for RMB FDI and shareholder loans from the PBOC, which was previously required, is no longer necessary. In some cases however, post-event filing with the PBOC is still necessary.

On August 31, 2012, the Taiwan and the PRC governments signed the Renminbi Settlement Memorandum for the purposes of settling Renminbi. Accordingly, on January 25, 2013, the Bank of China, Taipei Branch entered into the Settlement Agreement on the Clearing of RMB Business with the PBOC to further expand the scope of Renminbi business for participating banks in Taiwan. Many Taiwanese banks have signed the settlement agreement and have opened Renminbi settlement accounts with the Bank of China, Taipei Branch.

On December 3, 2013, the MOFCOM promulgated the “Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment” (the “**MOFCOM Foreign Direct Investment Circular**”), which became effective on January 1, 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Foreign Direct Investment Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each FDI and specify “Renminbi Foreign Direct

Investment” and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on FDI, the MOFCOM Foreign Direct Investment Circular removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Foreign Direct Investment Circular also clearly prohibits the FDI funds from being used for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC.

As the PBOC FDI Measures, the MOFCOM Circular and the MOFCOM Foreign Direct Investment Circular are relatively new circulars, they will be subject to interpretation and application by the relevant authorities in the PRC. CABEI cannot assure you whether the relevant PRC authorities will adopt any other new regulations or rules to loosen or further strengthen the administration on the remittance of Renminbi for foreign direct investments.

There is no assurance that the PRC government will continue to gradually liberalize control over cross-border Renminbi remittances in the future, that the pilot scheme introduced in July 2009 (as extended) will not be discontinued or that new regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under the Notes.

Holders of beneficial interests in Notes denominated in Renminbi may be required to provide certifications and other information (including Renminbi account information) in order to allow such holders to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in the Renminbi Clearing Centres.

The limited availability of Renminbi outside the PRC may affect the liquidity of the Notes and the Issuer’s ability to source Renminbi to make payments in respect of the Notes.

As a result of the restrictions by the PRC government on cross-border Renminbi funds flows, there are limits on availability of Renminbi outside the PRC. Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, licensed banks in Hong Kong may offer limited Renminbi-denominated banking services to Hong Kong residents and specified business customers. The PBOC has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On July 19, 2010, further amendments were made to the Settlement Agreement on the Clearing of Renminbi Business (the “**Settlement Agreement**”) between the PBOC and Bank of China (Hong Kong) Limited (the “**CNY Clearing Bank**”) to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong, there is no longer any limit on the ability of corporations to convert Renminbi and there is no longer any restriction on the transfer of Renminbi funds between different accounts in Hong Kong.

On January 25, 2013, the Bank of China, Taipei Branch entered into the Settlement Agreement on the Clearing of RMB Business with the PBOC to further expand the scope of Renminbi business for participating banks in Taiwan. Beginning in February 2013, in accordance with arrangements between the PRC government and the Taiwan government, licensed banks in Taiwan could offer limited Renminbi-denominated banking services to Taiwan residents and Taiwan-domiciled companies. However, since Renminbi-denominated banking services have only just been permitted in Taiwan relatively recently, there can be no assurance that there will be sufficient Renminbi deposits held by participating banks authorized to engage in Renminbi banking business in Taiwan or that a liquid Renminbi market can be established.

The current amount of Renminbi-denominated financial assets outside the PRC is limited. As of December 31, 2015, the total amount of Renminbi deposits held by institutions authorized to engage in the Renminbi banking business in Hong Kong totaled approximately RMB 723.0 billion, as reported by the Hong Kong Monetary Authority Monthly Statistical Bulletin. In addition, participating banks are also required by the Hong Kong Monetary Authority to maintain a total amount of Renminbi (in the form of (i) RMB cash and (ii) its settlement account balance with the CNY Clearing Bank, among others) of not less than 25% of their Renminbi customer deposits, which further limits the availability of Renminbi that participating banks may utilize for conversion services for their customers. While participating banks may request a Renminbi liquidity facility from the Hong Kong Monetary Authority to manage their short-term liquidity needs, such facility should not be regarded

as a steady source of funding. Moreover, such participating banks do not have direct Renminbi liquidity support from the People's Bank of China. Participating banks are only allowed to square their open positions with the RMB Clearing Bank after consolidating the CNY trade position of banks outside Hong Kong and Taiwan that are in the same bank group of the participating banks concerned with their own trade position, and the RMB Clearing Bank only has access to onshore liquidity support from the PBOC only for the purpose of squaring open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations in relation to cross-border trade settlement and for individual customers of up to RMB20,000 per person per day and for the designated business customers relating to the CNY received in providing their services. The RMB Clearing Bank is not required to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from the offshore market to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. The Issuer cannot assure you that new PRC regulations will not be promulgated or the Settlement Agreement will not be terminated or amended in the future, which will have the effect of restricting the availability of Renminbi offshore. The limited availability of Renminbi outside of the PRC may affect the liquidity of the Notes issued hereunder. The Issuer cannot assure you that it will be able to source Renminbi on satisfactory terms, if at all, to make payments on the Notes in such currency.

Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorized as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules. In the event that funds cannot be repatriated outside the PRC in Renminbi, the Issuer will need to source Renminbi offshore to finance its obligations under the Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

Investors may be required to provide certifications and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong and Taiwan.

Investment in the Notes is subject to exchange rate risks.

The value of Renminbi against the New Taiwan dollar, Hong Kong dollar, the U.S. dollar and other currencies fluctuates and is affected by changes and developments in or affecting the PRC, international political and economic conditions and many other factors. All payments of interest on and principal of the Notes will be made in Renminbi, except in the case of Inconvertibility, Non-transferability or Illiquidity, in which case the Issuer shall be entitled to settle any such payments in U.S. dollars at the U.S. Dollar Equivalent. As a result, the value of Renminbi payments may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the relevant currency, the value of the investment in relevant currency will have declined and it could cause a decrease in the effective yield of the Notes below their stated coupon rates and, in certain circumstances, could result in a loss when the return on the Notes is translated into the relevant currency.

Investment in the Notes is subject to currency risk.

Investors cannot be assured that payments in respect of the Notes will be made in Renminbi. If the Issuer is not able, or it is impracticable for the Issuer, to satisfy its obligation to pay interest or principal on the Notes as a result of Inconvertibility, Non-transferability or Illiquidity, the Issuer shall be entitled to settle any such payment in U.S. dollars at the U.S. Dollar Equivalent of any such interest or principal, as the case may be.

Investment in the Notes is subject to interest rate risk.

The PRC government has gradually liberalized the regulation of interest rates over the past years. Further liberalization may increase interest rate volatility. The Notes offered hereunder will carry a fixed interest rate. Consequently, the trading price of the Notes will vary with the fluctuations in the Renminbi interest rates. If a holder of the Notes tries to sell the Notes before their maturity, that holder may receive an offer that is less than its original investment.

Remittance of Renminbi into and Outside the People's Republic of China

In the event that the Issuer decides to remit some or all of the proceeds of the offering into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and registration with, the relevant PRC government authorities. However, the Issuer cannot assure you that the necessary approvals from and registration with the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

The Issuer cannot assure you that the PRC government will continue to gradually liberalize the control over cross-border Renminbi remittances in the future, that the pilot scheme introduced in July 2009 will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that the Issuer does remit some or all of the proceeds of the offering into the PRC in Renminbi and the Issuer subsequently is not able to repatriate funds outside the PRC in Renminbi, the Issuer would need to source Renminbi outside the PRC to finance its obligations under the Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

Current Account Items

Under PRC foreign exchange control regulations, current account item payments refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Prior to July 2009, all current account items in the PRC were required to be settled in foreign currencies. Since July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions, including Hong Kong and Macau. On June 17, 2010, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Program of Renminbi Settlement of Cross-Border Trades (Yin Fa (2010) No. 186) (the "**Renminbi Settlement Circular**"), pursuant to which (1) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible in the designated pilot districts, (2) the list of designated pilot districts was expanded to cover 20 provinces and cities and (3) the restriction on designated offshore districts was lifted. Accordingly, any enterprises in the designated pilot districts and offshore enterprises are entitled to use Renminbi to settle imports and exports of goods and other current account items between them. Renminbi remittance for exports of goods from the PRC may only be effected by approved pilot enterprises in designated pilot districts in the PRC.

On 22 August 2011, the PRC Government further expanded Renminbi cross-border trade settlement nationwide and made Renminbi trade and other current account items settlement in all countries worldwide. On February 3, 2012, the PRC government promulgated the Circular on the Relevant Issues Pertaining to Administration over Enterprises Engaging in RMB Settlement of Export of Goods, pursuant to which any enterprises in China which are qualified to engage in import and export trade are allowed to settle their goods export trade in Renminbi.

On July 5, 2013, the PBOC issued the Circular on the Simplification of Renminbi Crossborder Business Processes and the Improvement of Relevant Policies (the "**2013 PBOC Circular**"), pursuant to which on the basis of three principles of "know your customer," "know your business" and "due diligence," PRC banks can directly handle cross-border settlement upon the PRC enterprises presenting the payment instruction (except for enterprises on the key regulatory list of regulating Renminbi cross-border settlement in export goods trade). PRC banks may also allow PRC enterprises to make and receive payments under current account items prior to the relevant PRC bank's verification of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross-border remittance).

The Renminbi Settlement Circular and the 2013 PBOC Circular will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying the Renminbi Settlement Circular and the 2013 PBOC Circular and impose conditions for settlement of current account items. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the use of Renminbi for payment of transactions categorized as current account

items, then such settlement will need to be made subject to the specific requirements or restrictions set out in such regulations.

Capital Account Items

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant PRC authorities.

Settlements for capital account items are generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set forth in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign-invested enterprises or relevant PRC parties are also generally required to make capital item payments, including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors, in a foreign currency. The relevant PRC authorities may grant approval for a foreign entity to make a capital contribution or a shareholder's loan to a foreign-invested enterprise with Renminbi lawfully obtained by it outside the PRC, and for the foreign-invested enterprise to service interest and principal repayment to its foreign investor outside the PRC in Renminbi on a trial basis. The foreign-invested enterprise may be required to complete a registration and verification process with the relevant PRC authorities before being permitted to conduct such Renminbi remittances.

On April 7, 2011, the State Administration of Foreign Exchange of the PRC ("**SAFE**") promulgated the "Circular on Issues Concerning the Capital Account Items in connection with Cross Border Renminbi" (the "**SAFE Circular**"), which became effective on May 1, 2011. According to the SAFE Circular, in the event foreign investors intend to use cross-border Renminbi (including Renminbi inside and outside the PRC held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make a payment for the transfer of an equity interest of an onshore enterprise by a PRC resident, such onshore enterprise shall be required to submit the relevant prior written consent from the MOFCOM to the relevant local branches of SAFE of such onshore enterprise and register for a foreign-invested enterprise status. Furthermore, the SAFE Circular clarified that the foreign debts borrowed, and the external guarantee provided, by an onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the existing PRC foreign debt and external guarantee regime.

On June 3, 2011, the PBOC promulgated the Circular on Clarifying Issues concerning Crossborder Renminbi Settlement (the "**PBOC Circular**"). The PBOC Circular provides instructions to local PBOC authorities on procedures for the approval of settlement activities for non-financial Renminbi foreign direct investment into the PRC. The PBOC Circular applies to all non-financial Renminbi foreign direct investment into the PRC, and includes investment by way of establishing a new enterprise, acquiring an onshore enterprise, transferring the shares, increasing the registered capital of an existing enterprise, or providing loan facilities in Renminbi. The domestic settlement banks of foreign investors or foreign invested enterprises in the PRC are required to submit written applications to the PBOC which include, inter alia, requisite approval letters issued by the relevant MOFCOM authorities. The PBOC Circular only applies to cases where the receiving onshore enterprise is not a financial institution and the approval from PBOC has only been granted on a trial basis.

On October 13, 2011, PBOC promulgated the PBOC FDI Measures to commence the PBOC's detailed RMB FDI administration system, which covers almost all aspects of RMB FDI, including capital injection, payment of purchase price in the acquisition of PRC domestic enterprises, repatriation of dividends and distribution, as well as RMB denominated cross-border loans. Pursuant to the PBOC FDI Measures, PBOC special approval for RMB FDI and shareholder loans, which is required by an earlier circular of PBOC, is no longer necessary and the required enterprise registration is implemented on a regular, rather than trial, basis.

On December 3, 2013, the MOFCOM promulgated the "Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment" (the "**MOFCOM Foreign Direct Investment Circular**"), which became effective on January 1, 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Foreign Direct Investment Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each FDI and specify "Renminbi Foreign Direct Investment" and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on FDI, the MOFCOM Foreign Direct Investment Circular removes the approval requirement for foreign investors who

intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Foreign Direct Investment Circular also clearly prohibits the FDI funds from being used for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC.

The SAFE Circular, the MOFCOM Foreign Direct Investment Circular and the PBOC FDI Measures were promulgated for purposes of controlling the remittance of Renminbi for payment of transactions categorized as capital account items, and are subject to interpretation and application by the relevant PRC authorities. Moreover, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting, as the case may be, the remittance of Renminbi for payment of transactions categorized as capital account items, then such remittances would need to be made subject to the specific requirements or restrictions set out in such new regulations.

The Renminbi Settlement Circular and the 2013 PBOC Circular will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying the Renminbi Settlement Circular and the 2013 PBOC Circular and impose conditions for settlement of current account items. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the use of Renminbi for payment of transactions categorized as current account items, then such settlement will need to be made subject to the specific requirements or restrictions set out in such regulations.

INVESTMENT CONSIDERATION

The Notes constitute a new issue of securities for which there is no existing market, and we cannot assure you that you will be able to sell your Notes in the future.

No public market exists for the Notes. Application will be made for the listing of the Notes on the Luxembourg Stock Exchange for trading on the Euro MTF market and the TPEX. No assurances can be given as to whether the Notes will be, or will remain, listed on either the Luxembourg Stock Exchange for trading on the Euro MTF market or the TPEX. If the Notes fail to or cease to be listed on either the Luxembourg Stock Exchange for trading on the Euro MTF market or the TPEX, certain investors may not invest in, or continue to hold or invest in, the Notes.

IMPORTANT TAX CONSIDERATIONS

The following summary of certain taxation provisions under ROC law is based on current law and practice and that the Notes will be issued, offered, sold and re-sold only to professional institutional investors as defined under Paragraph 2 of Article 4 of the Financial Consumer Protection Act of the ROC. It does not purport to be comprehensive and does not constitute legal or tax advice. Investors (particularly those subject to special tax rules, such as banks, dealers, insurance companies and tax-exempt entities) should consult with their own tax advisers regarding the tax consequences of an investment in the Notes.

Interest on the Notes

We are not a ROC statutory tax withholder, and consequently, there is no ROC withholding tax on the interest paid on the Notes.

ROC corporate holders must include the interest receivable under the Notes as part of their taxable income and pay income tax at a flat rate of 17% (unless the total taxable income for a fiscal year is under NT\$120,000), as they are subject to income tax on their worldwide income on an accrual basis. The alternative minimum tax (“AMT”) is not applicable.

Sale of the Notes

In general, the sale of corporate bonds or financial bonds is subject to a 0.1% securities transaction tax (“STT”) on the transaction price. However, Article 2-1 of the Securities Transaction Tax Act of the ROC prescribes that STT will cease to be levied on the sale of corporate bonds and financial bonds for seven years from January 1,

2010 to December 31, 2016. Therefore, the sale of the Notes will be exempt from STT if the sale is conducted on or before December 31, 2016. Beginning on January 1, 2017, any sale of the Notes will be subject to STT at 0.1 percent of the transaction price, unless otherwise provided by the tax laws that may be in effect at that time.

Capital gains generated from the sale of bonds are exempt from income tax. Accordingly, ROC corporate holders are not subject to income tax on any capital gains generated from the sale of the Notes. However, ROC corporate holders should include the capital gains in calculating their basic income for the purpose of calculating their AMT. If the amount of the AMT exceeds the ordinary income tax calculated pursuant to the Income Basic Tax Act (also known as the AMT Act), of the ROC, the excess becomes the ROC corporate holders' AMT payable. Capital losses, if any, incurred by such holders could be carried over five years to offset against capital gains of same category of income for the purposes of calculating their AMT.

ROC SETTLEMENT AND TRADING

Investors with a securities book-entry account with a Taiwan securities broker and a foreign currency deposit account with a Taiwan bank may request the approval of the Taiwan Depository & Clearing Corporation ("TDCC") to settle the Notes through the account of TDCC at Euroclear or Clearstream, and if such approval is granted by the TDCC, the Notes may be so cleared and settled. In such circumstances, TDCC will allocate the respective book-entry interest of such investor in the Notes to the securities book-entry account designated by such investor in Taiwan. The Notes will be traded and settled pursuant to the applicable rules and operating procedures of the TDCC and the TPEx that govern settlement of domestic bonds.

In addition, an investor may apply to the TDCC (by filing an executed form) to transfer the Notes held in its own account at Euroclear or Clearstream to a TDCC account held at Euroclear or Clearstream for trading in the domestic market or vice versa for trading in overseas markets.

For holders who hold their interest in the Notes through an account opened and held by TDCC with Euroclear or Clearstream, distributions of principal and/or interest in the Notes to such holders may be made by payment service banks whose systems are connected to the TDCC and the foreign currency deposit accounts of the holders. Such payment is expected to be made on the second Taiwanese business day following the TDCC's receipt of such payment (due to time difference, the payment is expected to be received by the TDCC, one Taiwanese business day after the distribution date). However, the timing of when holders will actually receive such distributions may vary depending upon the daily operations of the Taiwan banks with which a holder has the foreign currency deposit account.