

FINDEV CANADA TRANSACTION SUMMARY

Banco Industrial

This document provides an overview of the FinDev Canada transaction, including a summary of the anticipated development impacts and of the environmental and social (E&S) risk assessment performed, potential risks identified, and related mitigation measures to be implemented.



Transaction Description

Banco Industrial, S.A. ("Banco Industrial" or "the Bank") is the largest and most important financial institution in Guatemala. Through a nationwide network of over 11,500 service points, the bank provides access to millions of individuals and thousands of businesses across both urban and rural areas, serving both corporate and individual clients.

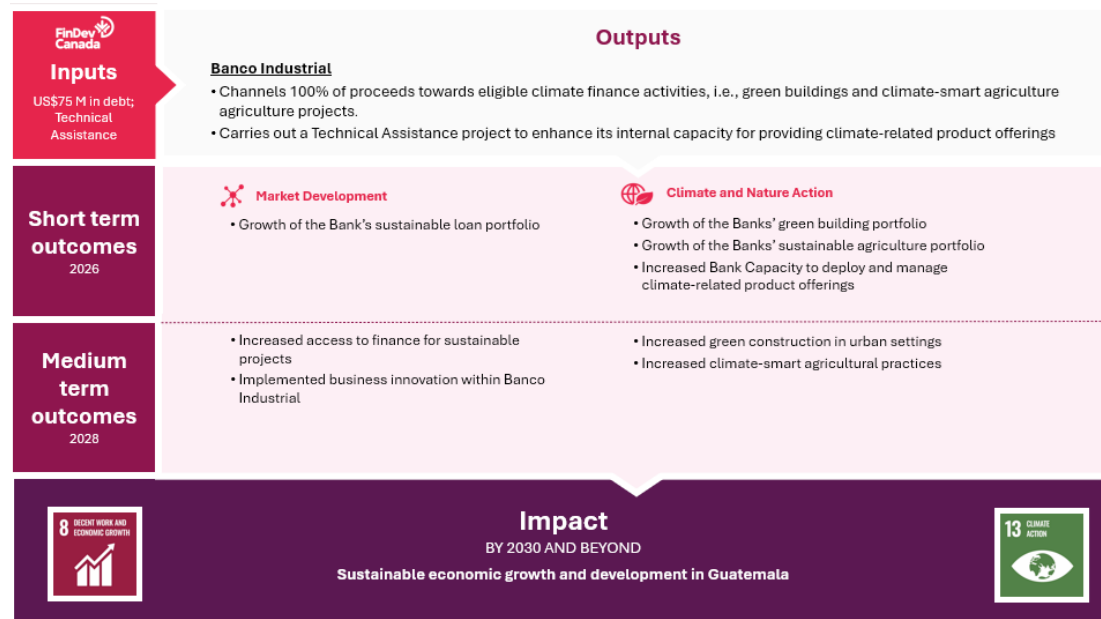
The transaction consists of a senior unsecured, four-year loan of up to \$75M to the Bank and will mark FinDev Canada's first entry into Guatemala, as well as an opportunity to co-lend with International Finance Corporation ("IFC") and Japan International Cooperation Agency ("JICA"), to fully deploy FinDev Canada's funding towards climate finance. The transaction will provide medium-term financing that will enable Banco Industrial to extend better pricing conditions to its Climate-Smart Agriculture (CSA) borrowers and green building projects and will support the broadening of the Bank's sustainability focus.

Transaction Details

COUNTERPARTY	Banco Industrial S.A. ("BISA" or "the Bank")
DOMICILE	Guatemala
COUNTRY(IES) OF OPERATION	Guatemala
TERM OF FINANCING	4 years
SECTOR	Financial industry
E&S CATEGORY	FI-2
FINANCING PRODUCT	Debt
FINDEV CANADA TRANSACTION AMOUNT	USD 75 million
DATE OF TRANSACTION DISCLOSURE	09/05/2025
DATE OF TRANSACTION SIGNING	08/07/2025
DATE OF TRANSACTION SUMMARY PUBLICATION	08/10/2025
2X ALIGNMENT	No

Summary of Anticipated Development Impacts

The transaction's development impact value proposition is to contribute to sustainable economic growth and development in Guatemala by improving access to finance for climate mitigation and adaptation projects. This includes supporting sustainable initiatives, such as green buildings and climate-smart agriculture (CSA) projects, helping to reduce Guatemala's housing deficit, and promoting the growth of enterprises in the construction and agriculture sectors.



MARKET DEVELOPMENT

- **Strengthen local enterprises and value chains:** Since 2021, Banco Industrial has been supporting socially and environmentally favorable projects through its sustainable portfolio, focusing on green building and sustainable agriculture. The Bank aims to grow these portfolios between 2025 and 2029. Beyond financing, the bank provides its enterprise clients with payment solutions, process streamlining and digitalization services to support their growth.
- **Promote market leadership in climate finance:** In a market where sustainable lending practices are nascent, enhancing climate loan product frameworks and measurement methodologies could set a benchmark for best practices in the financial sector. As the largest financial institution in Guatemala, BISA is well-positioned to influence market practices and encourage other financial institutions to adopt climate lending.



CLIMATE AND NATURE ACTION

- **Contribute to climate change mitigation and adaptation:** Guatemala is highly vulnerable to climate change, with agriculture affected by declining water availability and crop yields, and urban housing stock—94% of which is built with low-quality materials—exposed to natural disasters. The transaction will channel 100% of proceeds to climate mitigation and adaptation projects, in line with the MDBs/IDFC Common Principles for Climate Finance. Financing will support the construction of certified green buildings (commercial and residential) and climate-smart agriculture (CSA) practices, both critical for reducing emissions and enhancing resilience in Guatemala.
- **Strengthen climate finance practices:** Banco Industrial is expected to develop climate metrics to evaluate and monitor the performance of specialized climate assets, reinforcing its role in advancing sustainable finance in Guatemala.

Summary of Environmental and Social Assessment and Related Risk Mitigation Measures

The FinDev Canada E&S Risk Management Team considers this transaction to be a Category FI-2, given the nature and size of Banco Industrial's corporate portfolio and proposed climate finance pipeline across climate-smart agriculture, green buildings, and sustainable mobility projects. These sectors are expected to have exposure to adverse E&S risks that are typically site-specific and reversible through mitigation measures, and related to labour rights and working conditions, occupational and community health & safety, resource efficiency, pollution prevention and biodiversity conservation. Contextual risks for human rights violations are also present at the country level and could exacerbate sector risks associated with child labour, migrant workers trafficking, inhumane or precarious working conditions, occupational disease, Indigenous Peoples rights, water access, and gender-based violence and harassment (GBVH) that are prevalent in agriculture.

FinDev Canada's E&S risk due diligence was conducted between December 2024 and February 2025 and consisted of track record searches, direct engagement with the client's representatives at Banco Industrial headquarters in Guatemala City, Guatemala, and a review of environmental and social documentation. In conducting its environmental and social review, FinDev Canada's E&S Risk Management Team identified the International Finance Corporation (IFC) Performance Standards (IFC PS) 1 & 2 as the relevant international E&S benchmarks for the transaction.

The FinDev Canada E&S Risk team is of the opinion that adverse environmental, social, or human rights risks associated with the client's on-lending portfolio will be mitigated in a manner that aligns with the FinDev Canada Environmental and Social Policy and the IFC Performance Standards and relevant International Standards following the implementation of the Environmental and Social Action Plan (ESAP). The transaction will also exclude on-lending to higher risk sub-projects involving land acquisition, palm oil agriculture, non-certified agriculture, sub-projects in water stressed areas, and those impacting regionally and internationally recognized biodiversity areas.