

FINDEV CANADA TRANSACTION SUMMARY

BANPAIS

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

BANPAIS is a universal bank and the fifth largest bank in Honduras by total assets. The Bank is headquartered in San Pedro Sula, employs 2,895 employees, and has a presence in all 18 Honduran departments via its 103 branches and 254 ATMs. As the market leader in corporate and mortgage lending, BANPAIS' strategy aims to expand its business to MSMEs and retail clients, and to build on its new climate finance portfolio.

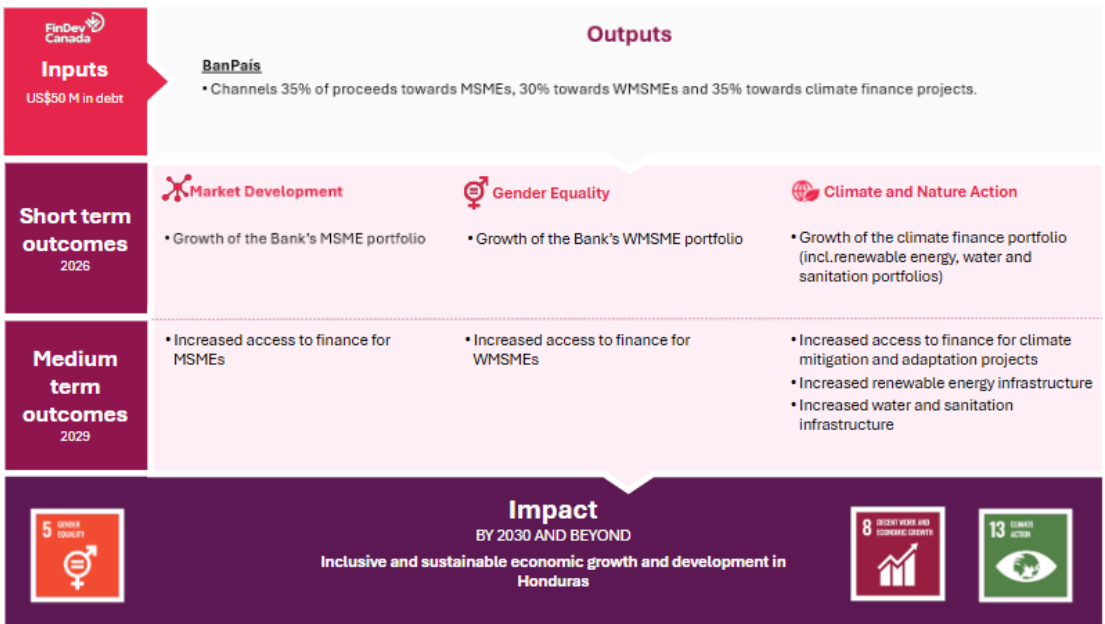
The transaction consists of a two-year, up to USD 50M, senior unsecured loan to Banco del País S.A. ("BANPAIS" or the "Bank"), renewable once for an additional two years, for a maximum tenor of up to four years (the "Loan"), to support financing of micro, small, and medium sized enterprises ("MSMEs") (35%), women-owned or led MSMEs ("WMSMEs") (30%), and climate finance eligible on-lending (35%).

Transaction Details

COUNTERPARTY	Banco del País S.A. ("BANPAIS", "the Bank")
DOMICILE	Honduras
COUNTRY(IES) OF OPERATION	Honduras
TERM OF FINANCING	Up to 4 years (2 years + option for a 2-year extension, subject to FinDev Canada consent)
SECTOR	Financial Institutions
E&S CATEGORY	FI-2
FINANCING PRODUCT	Debt
FINDEV CANADA TRANSACTION AMOUNT	USD 50 million
DATE OF TRANSACTION DISCLOSURE	27/05/2025
DATE OF TRANSACTION SIGNING	27/06/2025
DATE OF TRANSACTION SUMMARY PUBLICATION	TBD
2X ALIGNMENT	Yes, under leadership, employment and the portfolio criteria

Summary of Anticipated Development Impacts

The development impact value proposition of the transaction is to contribute to inclusive and sustainable economic growth and development in Honduras by improving access to finance for climate finance projects and MSMEs, including women-owned or led enterprises.



MARKET DEVELOPMENT

- **Increase MSME and climate lending:** MSMEs play a critical role in Honduras, accounting for 50% of GDP and providing 70% of employment.¹ Despite their importance, they face a persistent financing gap of USD 5.2B, which limits their growth potential.² BANPAIS has steadily grown its MSME loan portfolio reaching USD 488M in 2024. This transaction will further support BANPAIS in growing its MSME and climate lending activities, improving access to finance for enterprises across the country. FinDev Canada's financing is expected to enable BANPAIS to scale up its climate lending by at least USD 17.5M.

¹World Bank Group, 2022. *Creating Markets in Honduras*, Report.

²SME Finance Forum, 2025. *MSME Finance Gap Database*.



GENDER EQUALITY:

- **Increase access to finance for WMSMEs:** In Honduras, women own 42% of small businesses and 30% of medium-sized businesses yet face a financing gap of approximately USD 1.1B. To help reduce this gap, 30% of FinDev Canada's loan proceeds will be earmarked for WMSMEs. The transaction will also support the Bank's efforts to strengthen its data management systems for more effective tracking of gender-disaggregated data.
- **Support women's leadership and decent employment:** BANPAIS demonstrates strong gender representation at the institutional level, with women representing 55% of the workforce and 50% of the C-suite, exceeding 2X Challenge thresholds. The Bank also promotes women's leadership through initiatives such as its Woman Action Smile program which promotes career advancement through succession plans.
- **2X Challenge Alignment:** FinDev Canada's loan proceeds are fully aligned with the 2024–2027 2X Challenge criteria for financial institutions, meeting the leadership and employment direct criteria as well as the portfolio criterion.



CLIMATE AND NATURE ACTION

- **Contribute to climate change mitigation and resilience:** Honduras is among the countries most affected by climate-related disasters, facing increasing pressure on energy, water, and infrastructure. By allocating 35% of proceeds to loans aligned with the MDBs/IDFC Common Principles for Climate Finance, the transaction will finance renewable energy and water and sanitation projects. These investments will support Honduras' goal of increasing the share of renewable energy in its electricity mix to 80% by 2038, while addressing critical vulnerabilities in water systems and infrastructure caused by extreme weather events.³
- **Strengthen climate finance practices:** In partnership with eco.business Fund, BANPAIS is developing a climate strategy and a green finance framework, while building internal capacity to assess and manage climate-related financial risks.

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 BANPAIS corporate portfolio and the proposed pipeline across SME banking and renewable energy. These sectors are expected to have exposure to adverse E&S risks that are either minimal or few in number, site-specific, generally reversible, and readily addressed through mitigation measures. These may also include social risk in the form of client protection for vulnerable borrowers in the SME segment, as well as project-specific risks informed by the nature and scale of renewable energy operations, such as but not limited to, occupational health & safety (OHS) during construction and operation, community health & safety risk during construction (e.g., road traffic management, noise and dust generation), and end-of-life hazardous waste management (e.g., solar PV panels) during decommissioning. Supply chain risks related to the supply and manufacturing of solar PV panels are also considered.

³ The World Bank Group, 2023. Country Climate and development report, Honduras. Report.

FinDev Canada's E&S risk due diligence was conducted between March and April 2025 and consisted of track record searches, direct engagement with the client's representatives at Banco del País' headquarters in San Pedro Sula, Honduras, 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, as well as the CERISE+SPTF Client Protection Pathway (CPP) for financial inclusion.

Banco del País has an Environmental & Social Management System (ESMS) that is commensurate with the risk profile of the use of proceeds and with higher E&S risk transactions within its broader corporate portfolio. The client's compliance and data protection policies are also aligned with responsible lending practices as established by CERISE+SPTF. The FinDev Canada E&S Risk team is of the opinion that adverse environmental and social 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, the IFC Performance Standards and relevant International Standards.