Early Warning System

FMO-61498

BANCO DE AMERICA CENTRAL, S.A

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Quick Facts

Countries	Guatemala
Financial Institutions	Netherlands Development Finance Company (FMO)
Status	Approved
Bank Risk Rating	A
Voting Date	2022-11-24
Borrower	Banco de America Central, S.A.
Sectors	Finance
Potential Rights Impacts	Healthy Environment
Investment Type(s)	Loan
Investment Amount (USD)	$ 200.00 million
Loan Amount (USD)	$ 80.00 million

Project Description

WHO IS OUR PROSPECTIVE CLIENT?

Banco de America Central, S.A. (BAC) is a large size commercial bank in Guatemala with a strong presence in the small and medium sized company sector (SME) as well as among corporate clients in the country. The Bank has total assets amounting to USD 4.7 billion and a loan portfolio of USD 3.4 billion as of March 2022.

WHAT IS THE FUNDING OBJECTIVE?

The USD 200 million senior term facility will focus on supporting SMEs and local Green loans in Guatemala. The SME funding will be used by BAC to expand its SME portfolio, while the Green loans will be on-lent to green projects in line with FMO's green lending criteria. These loan purposes fit perfectly with the ongoing strategy of BAC and their Group to become a more sustainable financial institution and to support local SME clients. The total USD 200 mln transaction refers to a committed tranche of USD 120mln and an uncommitted tranche of USD 80mln (which may be activated). The committed tranche will be funded by FMO and joint participants.

WHY DO WE WANT TO FUND THIS PROJECT?

Providing financing to SMEs and green projects in Guatemala is in line with FMO's strategic goal to support job creation, reduction of GHG emissions and to expand actions against climate change effects. Considering the size of this facility and BAC's loan portfolio for SMEs and corporate clients, there will be a significant contribution to advance green finance and environmental protection among private sector entities in Guatemala. Additionally, funding SMEs will be key in the context of weathering the impact of international economic slowdown and energy crisis.

ENVIRONMENTAL AND SOCIAL RATIONALE

Given the Bank's current portfolio, including an exposure to IFC PS Triggered Transactions >10%, the customer has an E&S Category A. The Bank has an existing ESMS which is limited in scope; therefore, an Environmental and Social Action Plan (ESAP) will be agreed with the client which seeks to align BAC's ESMS with FMO's requirements. BAC is willing to partner up with FMO to advance their sustainability policy, an upgraded ESMS plays a central role in that process.

Investment Description

- Netherlands Development Finance Company (FMO)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Banco de América Central, S.A. (Guatemala) (Financial Intermediary)

Private Actor Relationship

FMO NV

Private Actors Description

Banco de América Central, S.A. (BAC) is a large commercial bank in Guatemala with a strong presence in the small and medium-sized company sector (SME) and among corporate clients in the country. The Bank has total assets amounting to USD 4.7 billion and a loan portfolio of USD 3.4 billion as of March 2022.

Contact Information

ACCESS TO INFORMATION

As part of FMO's ex-ante disclosure (disclosure of transactions before contracting), you can send requests or questions for additional information to: disclosure@fmo.nl

ACCOUNTABILITY MECHANISM OF FMO

Communities who believe they will be negatively affected by a project funded by the Dutch Development Bank (FMO) may be able to file a complaint with the Independent Complaints Mechanism, which is the joint independent accountability mechanism of the Dutch Development Bank (FMO) and the German Investment Corporation (KfW). A complaint can be filed in writing, by email, post, or online. The complaint can be filed in English or any other language of the complainant. The Independent Complaints Mechanism is comprised of a three-member Independent Expert Panel and it can provide either problem-solving, compliance review or both, in either order. Additional information about this accountability mechanism, including a guide and template for filing a complaint, can be found at: https://www.fmo.nl/independent-complaints-mechanism