

 Early Warning System

FMO-63916

FirstRand Bank Limited - Nasira Portfolio



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## Quick Facts

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| <b>Countries</b>               | South Africa                                  |
| <b>Financial Institutions</b>  | Netherlands Development Finance Company (FMO) |
| <b>Status</b>                  | Approved                                      |
| <b>Bank Risk Rating</b>        | A   |
| <b>Voting Date</b>             | 2024-07-02                                    |
| <b>Borrower</b>                | FirstRand Bank Limited                        |
| <b>Sectors</b>                 | Finance, Industry and Trade                   |
| <b>Investment Type(s)</b>      | Guarantee                                     |
| <b>Investment Amount (USD)</b> | \$ 50.00 million                              |



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## Project Description

According to the Bank's website, FMO will provide FirstRand Bank Limited (FRB) with a USD50mIn (in LCY equivalent) Nasira portfolio guarantee covering loans provided to Micro, Small, and Medium-sized Enterprises (MSMEs). The NASIRA guarantee aims to support FNB's strategy to increase its lending to MSME entrepreneurs. The NASIRA guarantee will target a segment of customers in the South African financial industry, namely >50% Women/Youth/Rural and >65% Black Economic Empowerment as defined in the South African context.

This guarantee will enable FRB to lend to MSME clients that are typically outside of its risk appetite, thereby contributing to financial inclusion and job creation.



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## Early Warning System Project Analysis

FRB is classified as an E&S A risk since the bank has a high exposure in absolute terms to high-risk sectors (outstanding exposure to high-risk long-term loans & project finance as well as to IFC Performance Standards (PS) Triggered Transactions). The high E&S risk portfolio can mainly be found in the RMB business line (25% of the group's loan book) which represents the bank's activities in the corporate and investment banking segments in South Africa and on the broader African continent. High E&S risk corporate client sector exposures include the chemical industry, up-stream oil and gas, mining, and agribusiness.



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## Investment Description

- Netherlands Development Finance Company (FMO)

A USD50mIn (in LCY equivalent) Nasira portfolio guarantee covering loans provided to Micro, Small, and Medium-sized Enterprises (MSMEs).

## 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.

- [FirstRand Bank](#) (Financial Intermediary)



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### Private Actors Description

FirstRand Bank Limited (FRB or the bank) is a wholly owned subsidiary of FirstRand Limited (FirstRand or the group), which is listed on the Johannesburg Stock Exchange (JSE) and Namibian Stock Exchange (NSX). The bank provides a comprehensive range of retail, commercial, corporate and investment banking services in South Africa and offers niche products in certain inter-national markets. The bank has three major divisions which are separately branded: First National Bank (FNB), WesBank and Rand Merchant Bank (RMB).



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## Contact Information

*No contacts available at the time of disclosure.*

Website customer/investment: <https://www.firststrand.co.za/>

## 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](mailto: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>