Early Warning System

IFC-50650

SLGP EC FirstRand Bank Limited

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Quick Facts

Countries	South Africa
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2024-12-13
Borrower	SLGP EC FirstRand Bank
Sectors	Finance, Industry and Trade
Investment Type(s)	Guarantee
Investment Amount (USD)	$ 50.00 million
Project Cost (USD)	$ 100.00 million

Project Description

According to the Bank’s website, the proposed project consists of an unfunded Risk Sharing Facility (RSF) to FirstRand Bank Limited (FRB or the Bank) where IFC will cover 50% of the credit risk of an up to US$100 million equivalent in South African Rand (ZAR) portfolio of eligible loans to small and medium enterprises (SMEs) in South Africa (the Project). The RSF will specifically support the Bank to finance woman-owned SMEs and SMEs involved with climate solutions, including climate smart agriculture; or healthcare activities. The Project will be processed under the Small Loan Guarantee Program European Commission/Private Sector Window (SLGP EC/PSW or the Program), a programmatic approach to risk sharing which aims to enhance and strengthen the capacity of financial institutions for risk taking and financing of SMEs in eligible countries. The Project is also expected to be supported by the IFC-BMWK (Bundesministerium für Wirtschaft und Klimaschutz) Scale Up Climate Finance through Greening the Financial Sector (BMWK) Program as described in the Blended Finance section.

Early Warning System Project Analysis

The Project will support the Bank's lending program to qualifying small and medium enterprises (SMEs), including women-owned businesses and SMEs involved in climate and health activities. The overall E&S risk of activities to be supported by IFC are considered to have medium adverse E&S risks and impacts that are few in number, generally site-specific, largely reversible and which can be readily addressed through mitigation measures. Therefore, the Project has been categorized as FI-2 in accordance with IFC's Sustainability Policy.

Investment Description

- International Finance Corporation (IFC)

The proposed project consists of an unfunded RSF to FRB, where IFC will cover 50% of the credit risk of an up to US$100 million equivalent in ZAR portfolio of eligible loans to SMEs.

IFC's Investment as Approved by the Board: Guarantee 50.0 million (USD)

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)

Private Actors Description

FRB provides a comprehensive range of retail, commercial, corporate and investment banking services in South Africa and offers niche products in certain international markets. The Bank has three major divisions which are separately branded: First National Bank (FNB), WesBank and Rand Merchant Bank (RMB). FRB is wholly owned by FirstRand Limited (FirstRand), a leading financial institution in Africa. FirstRand is listed on the Johannesburg Stock Exchange and the Namibian Stock Exchange. As of June 2024, the Public Investment Corporation held 14.7% of FirstRand's shares and no other shareholder held more than 5%. Direct corporate shareholders included Royal Bafokeng Holdings and Remgro, holding together 4.2%. FRB is the largest operating subsidiary of FirstRand.

Contact Information

FirstRand Bank Limited
Bhulesh Singh
FirstRand Group Treasurer

debt.officer@firstrand.co.za
4 Merchant Place, Corner Fredman and Rivonia Road, Sandton, 2196 South Africa
www.firstrand.co.za

ACCESS TO INFORMATION

You can submit a request for information disclosure at: https://disclosures.ifc.org/#/inquiries

If you believe that your request for information from IFC has been unreasonably denied, or that this Policy has been interpreted incorrectly, you can submit a complaint at the link above to IFC's Access to Information Policy Advisor, who reports directly to IFC's Executive Vice President.

ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org