

FirstRand Bank 2018: a new loan to support South african SMES



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02/08/2018 - Date of signature of the project

BANKS AND FINANCIAL SERVICES - Sectors

SOUTH AFRICA - Location

LOAN - Financing tool

€43,070,031 - Amount of funding

LOAN OF US\$50M - Financing details

FIRSTRAND BANK LIMITED - Client

A - CES

This new credit line will allow FirstRand Bank, a longstanding partner of Proparco, to finance more SMEs, which remain the main source of employment in South Africa.

CLIENT PRESENTATION

FirstRand Bank is a universal bank operating via several franchises : First National Bank (FNB) for retail banking; Rand Merchant Bank (RMB) for corporate and investment banking; and Westbank for leasing.

FirstRand Bank has been a longstanding partner of AFD Group and Proparco since the opening of

the agency in 1994. It has been allocated several credit lines.

PROJECT DESCRIPTION

The project involves a US\$50m senior credit line to provide long-term resources to finance growth in the bank's SME portfolio.

The project is part of more extensive US\$100m financing alongside DEG, Proparco's German counterpart.

PROJECT IMPACT

The SME segment, on which the bank has focused its efforts in recent years, is the main source of employment in South Africa. This financing will allow over 3,300 loans to be allocated to South African SMEs, accounting for 23,800 indirect jobs.

To better serve these companies, FirstRand Bank also assists its clients by providing them with advice and technical know-how, in particular through its foundation (FirstRand Foundation) and regularly organised entrepreneurship events.

FirstRand Bank also offers a number of financial instruments targeting the low incomes and middle classes in the country, for example, real estate loans, and is committed to disadvantaged populations, thereby supporting the financial inclusion of populations.

Proparco's financing should allow FirstRand Bank to recruit 3,500 additional employees over the next 5 years to support growth in its activities to mobilize savings.