



MEDIA RELEASE

INNOVATIVE CONSUMER FINANCE BUSINESS RCS BUYS ABSA PORTION OF EDCON STORE CARD DEBTORS BOOK AND BECOMES THE PREFERRED PROVIDER OF CONSUMER FINANCE PRODUCTS TO EDCON

29 October 2019- Johannesburg: Innovative consumer finance business RCS – a subsidiary of BNP Paribas Personal Finance, European leader in financing for individuals, itself part of the French bank BNP Paribas - has acquired the Absa funded portion of the Edcon Store Card debtors book, subject to regulatory approvals. It has also secured the right to provide consumer finance products to Edcon customers, including credit cards, store cards and personal loans.

The investment cements RCS as the pre-eminent provider of outsourced credit solutions in the region, sending a clear message to the market that BNP Paribas Personal Finance is committed to South Africa.

According to Regan Adams, the CEO of RCS, becoming the preferred provider of financial solutions to one of the largest non-food retailers in South Africa, boasting a loyal customer base of approximately 10 million, has always been an ambition of RCS.

According to Adams, RCS will acquire over 1 million additional store card customers as a result of the deal. “This deal significantly strengthens our position as the leading provider of retail consumer finance products and provides the company with the opportunity to grow, for the benefit of our shareholders, our people and our customers,” says Adams.

Celebrating its 20th year in operation, RCS provides credit products for some of the largest retailers in South Africa, including Massmart, Pick n Pay, Cotton ON Group and Cape Union Mart. Currently, RCS partners with more than 26 000 retail merchants, serving more than 1.2 million customers in South Africa, Namibia and Botswana, with an established book value of over R 10 billion.



The Edcon store card portfolio is one of the largest and most well-established store credit programs in South Africa. Speaking on the strategy behind the acquisition, Adams says that the Edcon deal will add substantial scale to the RCS business. “Leveraging the national footprint of Edcon, RCS will be in a position to access over a million additional customers. With the opportunity to cross sell and market new and more innovative products to a larger market, RCS is set to increase its balance sheet and market share,” says Adams.

The deal is important to Edcon’s revised business strategy, which includes ensuring a sustainable credit business as a critical pillar. This will be done by driving growth through new credit extensions, increasing credit contributions to total sales and introducing new revenue streams.

According to Grant Pattison, CEO of Edcon, “The deal represents an exceptional opportunity for Edcon to partner with a financially strong and well managed, reputable consumer finance business, possessing a culture and core values similar to ours. They also share the commitment to build long-term customer relationships by providing ‘service beyond expectations’. Partnering with RCS will not only grow Edcon’s credit business and customer base, but it offers our customers a more diverse and dynamic set of consumer finance solutions.”

“Edcon, in working together with RCS aims to take the lead in customer service and credit management, retaining ownership of the customer journey and improving our customer’s omnichannel experience. Our top priority is to ensure the accelerated growth of credit sales, which is key to Edcon’s turnaround plan. We look forward to strong growth in this next and promising chapter of Edcon,” says Pattison.

In addition to purchasing the Absa portion of the EDCON book, RCS will also acquire qualifying portions of the Edcon funded book that meet its strict risk criteria over time. The deals between Absa, RCS and Edcon remains subject to regulatory approval.



Vikas Khandelwal, Head of Territory BNP Paribas South Africa, says that the acquisition speaks to the cornerstone of the company’s philosophy, namely cultivating long term partnerships that achieve shared goals.

“The BNP Paribas Group has developed an active partnership strategy with retailers, automakers, car dealers, e-commerce businesses and other financial institutions, internationally. This deal in South Africa is at the heart of the BNP Paribas Group DNA, and we are excited for the potential that it holds,” says Khandelwal.

“The potential for growth in South Africa and the backing of BNP Paribas – the largest foreign bank in the region - has given us great confidence to pursue this deal,” concludes Adams. “The purchase of the Edcon book is in keeping with the RCS Growth strategy and demonstrates its commitment to making things possible in South Africa.”

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About RCS Group

RCS Group is a subsidiary of BNP Paribas Personal Finance South Africa, part of the BNP Paribas Group. The innovative consumer finance provider offers customers a wide range of financial services products under its own brand name and in association with a number of leading retailers in South Africa, Namibia and Botswana. RCS offers a portfolio of consumer finance products which extends across store card, credit card, loans, insurance and vehicle finance products.

Currently employing close to 2 000 people, the core purpose of RCS is to make things possible, by enhancing people's lifestyles and protecting their financial security through innovative, desirable and accessible credit solutions. The idea is to enable RCS customers to enjoy the convenience, comfort and peace of mind offered by these credit solutions.

About BNP Paribas Personal Finance

BNP Paribas Personal Finance is the leader in France and in Europe for personal loans via its activities in consumer credit and mortgage lending. A 100% subsidiary of the BNP Paribas Group, BNP Paribas Personal Finance has nearly 20,000 employees and operates in about 30 countries. Under brands including Cetelem, Findomestic, Cofinoga and AlphaCredit, the company offers a full range of personal credit products at points of sale and car dealerships and directly to consumers through its customer relations centres and Internet.

BNP Paribas Personal Finance has added an insurance and savings offer for its clients in Bulgaria, France, Germany, and Italy. BNP Paribas Personal Finance has developed an active partnership strategy with retailers, manufacturers and automotive retailers, web merchants and financial institutions (banks and insurance companies), based on its experience with marketing credit offers and integrated services tailored to partners' business and commercial objectives. It is also a leading player in the field of responsible lending and financial education www.bnpparibas-pf.com | @bnpp_pf

About BNP Paribas:

BNP Paribas is a leading bank in Europe with an international reach. It has a presence in 72 countries, with more than 202,000 employees, of which more than 154,000 in Europe. The Group has key positions in its three main activities: Domestic Markets and International Financial Services (whose retail-banking networks and financial services are covered by Retail Banking & Services) and Corporate & Institutional Banking, which serves two client franchises: corporate clients and institutional investors. The Group helps all its clients (individuals, community associations, entrepreneurs, SMEs, corporate and institutional clients) to realise their projects through solutions spanning financing, investment, savings and protection insurance. In Europe, the Group has four domestic markets (Belgium, France, Italy and Luxembourg) and BNP Paribas Personal Finance is the European leader in consumer lending.

BNP Paribas is rolling out its integrated retail-banking model in Mediterranean countries, in Turkey, in Eastern Europe and a large network in the western part of the United States. In its Corporate & Institutional Banking and International Financial Services activities, BNP Paribas also enjoys top positions in Europe, a strong presence in the Americas as well as a solid and fast-growing business in Asia-Pacific.

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About Edcon:

Edcon is one of southern Africa's largest non-food retailers. We have been in operation for 90 years. We operate our business under four principal divisions throughout southern Africa:

- Edgars is South Africa's leading fashion retailer, offering a wide variety of Fashion, Beauty and Homeware. Showcasing a portfolio of desired and recognisable international and local brands Edgars enables South Africans to express themselves for all occasions.
- Jet addresses the lifestyle needs of the value conscious customer in clothing, home and beauty without compromising aspirations.
- CNA, your favourite stationery store offers a premium range of stationery, educational lines, arts and craft lines, gifting solutions and so much more.
- Our Thank U division is a newly formed Operating Division focused on enhancing the customer journey through convenient, personalised access to products and services through both physical and digital channels. It includes credit, insurance, cellular, e-commerce, and our loyalty programme, Thank U, which is one of the largest rewards programmes in sub-Saharan Africa.