

BNP Paribas Personal Finance South Africa Ltd.

August 7, 2025

This report does not constitute a rating action.

Credit Highlights

Overview

Key strengths	Key risks
Strong capitalization and ongoing contingent liquidity support.	Focus on unsecured consumer credit in South Africa, where households' disposable income remains under pressure.
Support and oversight from parent BNP Paribas.	Elevated credit costs.
	Reliance on wholesale funding that is sensitive to investor confidence.

High concentration as a monoline business but expansion of strategic partnerships should support revenue growth. BNP Paribas Personal Finance South Africa Ltd. (BNPPF-SA) has a narrow business focus on unsecured consumer lending through its card and cash loan segments. However, it has formed strategic partnerships with most major retailers in South Africa that will help it expand its revenue base.

A strong capital position mitigates risks from higher credit losses. We expect BNPPF-SA's credit losses to marginally improve in 2025, although still high at about 6.9% of loans. This is as pressure on household disposable income eases because of lower interest rates and inflation. We expect the entity to maintain a strong risk-adjusted capital (RAC) ratio of 11.0%-11.5% over the next 12-18 months.

BNPPF-SA benefits from being part of a broader group. We view BNPPF-SA as a strategically important subsidiary of France-based BNP Paribas (BNPP). Our opinion of the subsidiary's group status is underpinned by its 100% ownership by BNPP and the strong ongoing support it receives, as illustrated by guaranteed wholesale funding and a standby liquidity facility.

Anchor: 'b+' For Nonbank Financial Institutions (NBFIs) Operating Primarily In South Africa

The anchor for BNPPF-SA, an NBFI operating in South Africa is 'b+', in line with our typical preliminary anchor for a finance company operating in South Africa. This is three notches below our 'bb+' anchor for banks in South Africa, which we derive from our Banking Industry Country

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Risk Assessment. We think NBFIs face higher incremental risks than banks. These risks include the lack of access to central bank funding and liquidity and substantial reliance on wholesale funding. In addition, NBFIs face higher competitive risks because they are more susceptible to business cycles, leading to more volatile revenue and potential product substitution by banks.

We expect credit conditions to continue easing through 2025, thanks to interest rate cuts. The South African Reserve Bank (SARB) has cut interest rates by a cumulative 125 basis points (bps) since it started rate cutting in September 2024. We therefore expect private sector lending to accelerate to 7%-8% in 2025, driven mainly by investments in infrastructure, including logistics and renewable projects and a recovery in retail lending.

Household leverage (household debt to disposable income) will, however, remain stable, at 62% through 2026. We forecast credit losses will decline to around 90 bps in 2025 as pressure on household disposable incomes eases because of lower inflation and interest rates. Similarly, we expect nonperforming assets to decrease to 4.5% in 2025, from 5.1% in 2024.

Business Position: Niche Monoline Business Focused On Unsecured Lending.

BNPPF-SA is an unsecured consumer finance provider operating in the competitive South African market without a banking license. BNPPF-SA has a modest size both in the context of the wider BNPP group and domestic financial sector with total assets of South African rand (ZAR) 14.9 billion (US\$790 million) as of Dec. 31, 2024. It operates two main business lines: RCS Cards, which generated 83% of profit before tax (PBT); and RCS Loans, which accounted for 9% PBT, both as of Dec. 31, 2024.

The card business consists of general purpose, co-branded, credit, and private label cards, making RCS one of the leading providers of these products in South Africa. RCS leverages its strategic partnership networks with over 30,000 retail merchant outlets across a range of lifestyle products.

BNPPF-SA also provides short-term insurance products underwritten by third parties, leveraging off its distribution channel. The entity also has operations in Botswana and Namibia, although they represent a small portion of the entity's asset base.

BNPPF-SA continues to broaden its reach, having strategic partnerships with some of South Africa's largest retailers. We expect the partnerships to accelerate growth into the e-commerce space, widen its customer base, and support revenue growth. In addition, they continue to increase functionality on its platforms through digitalization such as contactless payments and tokenization.

Capital And Earnings: Strong Capitalization As Measured By Our RAC

BNPPF-SA's capitalization is strong under our RAC framework. We expect our RAC ratio to remain sound and broadly stable, at 11.0%-11.5% over the next 12-18 months, compared with 11.1% in 2024. We expect earnings to continue growing, supported by higher net interest income off growth in the customer base, and improved economic conditions in South Africa. We forecast credit impairments will improve marginally to 6.8%-6.9% in 2025. BNPPF-SA's earnings improved in 2024 with a return on average equity of 8.6% in 2024, up from 5.5% in 2023, supported by higher net interest margins.

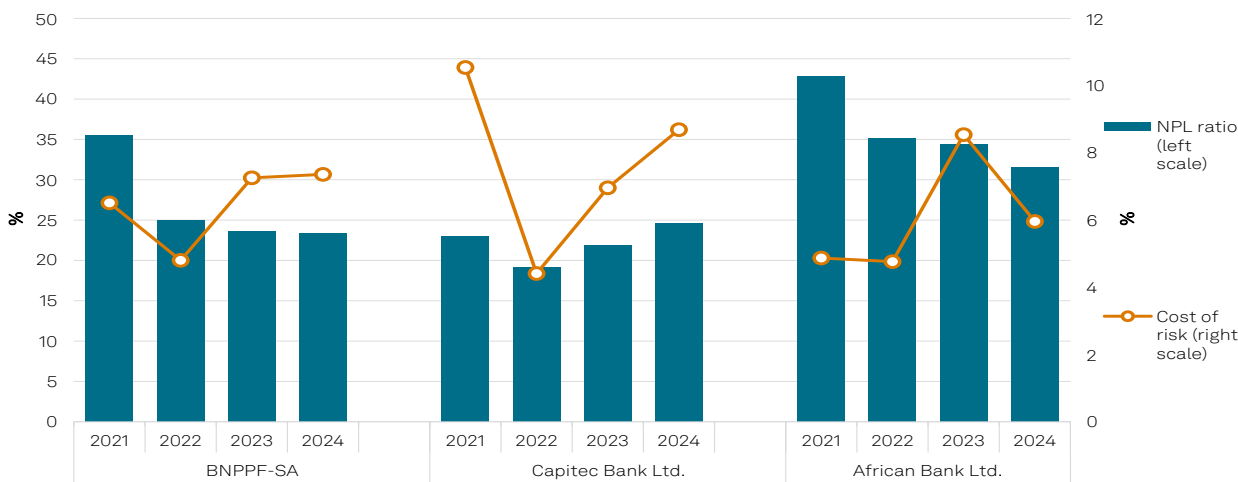
Unlike its banking sector peers, BNPPF-SA is not subject to regulatory supervision by the South African Reserve Bank and or required to adhere to the minimum regulatory capital adequacy ratio (CAR). However, the company's financial policy operates with a high internal minimum CAR of 20%. We expect the company to maintain robust capital management targets above the internal minimum over the next 12-18 months.

Risk Position: Credit Risk Heightened By Focus On Consumer Lending, But We Expect Marginal Improvement In Asset Quality

We expect credit losses to improve marginally in 2025 as pressure on household disposable income eases following lower interest rates and inflation. This largely stems from the nature of the lending book being consumer finance. Credit impairments remained stable at 7.3% in 2024, while nonperforming loans (NPLs) improved marginally to 23.4%. This was in line with banking peers with a similar business focus, which on average recorded 7.0% and 27%, respectively, in 2024.

We expect nominal NPLs to increase in line with loan growth and the NPL ratio to remain elevated, near 23% over the next 12-18 months. Our measure of NPLs incorporates written-off accounts that remain recoverable. BNPPF-SA mainly outsources collection of NPLs to third parties and regularly sells written-off accounts in debt sale auctions.

BNPPFSA's asset quality metrics compares well with those of other unsecured lender peers



Source: S&P Global Ratings.
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Funding And Liquidity: High Reliance On Wholesale Funding

BNPPF-SA is not a deposit-taking entity because it does not have a banking license. It is purely wholesale-funded. The entity has a good track record in the wholesale funding market, with access to multiple sources of debt, including banks and debt markets. The full guarantee on BNPPF-SA's medium-term note program supports the 'zaAAA' issue rating.

BNPP provides a conditional and irrevocable guarantee for BNPPF-SA's payment obligations in terms of the notes issued under its domestic medium-term note program. In 2024, BNPPF-SA announced the launch of an unguaranteed funding program. This allows the entity to start funding on a more stand-alone basis while introducing additional investors. BNPPF-SA maintains adequate on balance sheet liquidity and has committed lines from banks as well as a committed standby liquidity facility from its parent.

Group Support: Strategically Important to BNP Paribas

We view BNPPF-SA as a strategically important subsidiary of France-based BNPP. Our opinion of the subsidiary's group status is underpinned by its 100% ownership by BNPP and the strong ongoing support it receives, as illustrated by guaranteed wholesale funding and the standby liquidity facility.

Key Statistics

BNP Paribas Personal Finance South Africa Ltd. Business Position

Mil. ZAR	2024	2023	2022	2021	2020
Adjusted assets	14,466	14,524	13,151	12,516	14,050
Customer loans (gross)	16,362	16,628	15,356	16,266	18,364
Adjusted common equity	3,046	3,015	2,923	3,202	3,627
Operating revenues	3,050	2,882	2,609	2,752	3,544
Noninterest expenses	1,502	1,464	1,393	1,229	1,322
Core earnings	319	205	376	321	57
Return on average common equity	8.6	5.5	9.8	8.4	1.7
Net interest margin (%)	11.4	11.0	9.9	9.6	13.3
ZAR--South African rand.					

BNP Paribas Personal Finance South Africa Ltd. Capital And Earnings

(%)	2024	2023	2022	2021	2020
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	65.5	65.5	64.4	65.9	68.6
Fee income/operating revenues	21.0	21.5	23.1	25.1	24.1
Cost to income ratio	49.2	50.8	53.4	44.7	37.3
Preprovision operating income/average assets	10.3	9.8	9.2	11.3	16.8
Core earnings/average managed assets	2.1	1.4	2.8	2.4	0.4

BNP Paribas Personal Finance South Africa Ltd. Risk Position

(%)	2024	2023	2022	2021	2020
Growth in customer loans	(1.6)	8.3	(5.6)	(11.4)	18.0
Total managed assets/adjusted common equity (x)	4.9	5.0	4.7	4.0	3.9
New loan loss provisions/average customer loans	7.4	7.3	4.8	6.5	12.9
Gross nonperforming assets/customer loans + other real estate owned	23.4	23.6	24.9	35.6	38.5

BNP Paribas Personal Finance South Africa Ltd. Risk Position

Loan loss reserves/gross nonperforming assets	97.1	100.1	103.5	98.9	96.4
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BNP Paribas Personal Finance South Africa Ltd. Funding And Liquidity

(%)	2024	2023	2022	2021	2020
Long-term funding ratio	49.9	43.8	43.3	61.3	59.7
Stable funding ratio	62.7	56.6	54.6	76.2	75.4
Short-term wholesale funding/funding base	66.5	73.5	77.3	57.1	56.8
Broad liquid assets/short-term wholesale funding (x)	0.2	0.2	0.2	0.4	0.4

Related Criteria

- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Feb. 10, 2025
- [Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology](#), April 30, 2024
- [General Criteria: National And Regional Scale Credit Ratings Methodology](#), June 8, 2023
- [Criteria | Financial Institutions | General: Financial Institutions Rating Methodology](#), Dec. 9, 2021
- [Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions](#), Dec. 9, 2021
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Guarantee Criteria](#), Oct. 21, 2016
- [General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

[Various Rating Actions Taken On South African Banks On Stable Real Estate Prices And Moderate Lending Growth](#), July 1, 2025

[South Africa Banking Outlook 2025](#), Jan. 17, 2025

Regulatory Disclosure

Regulatory disclosures applicable to the most recent credit rating action can be found in "[Various Rating Actions Taken On South African Banks On Stable Real Estate Prices And Moderate Lending Growth](#), July 1, 2025," published July 1, 2025, on RatingsDirect.

Glossary

- Anchor: The starting point for assigning a bank a long-term rating, based on economic and industry risk.
- Asset quality: A key measure of the quality and performance of the assets of a bank.
- Business position: A measure of the strength of a bank's business operations.
- Capital and earnings: A measure of a bank's ability to absorb losses.
- Cost of risk: As a percentage of total loans, the charge for bad and doubtful debts.
- Credit losses: Losses arising from credit risk.
- Credit risk: Risk that a borrower will default on its payment obligations.
- Funding and liquidity: A combined assessment of the strength and stability of a bank's funding mix and its ability to manage its liquidity needs in adverse market and economic conditions over an extended period.
- Group support: An assessment of the likelihood that a parent or other group member would provide extraordinary support to a bank within that group.
- Gross nonperforming assets over customer loans plus other real estate owned over customer loans: Nonaccrual loans, plus restructured loans, plus repossessed assets plus loans 90-days past due; over gross customer loans plus repossessed assets.
- Loan-loss reserves over gross nonperforming assets: General plus specific reserves, over adjusted nonperforming assets (nonaccrual loans plus restructured loans plus repossessed assets plus 90-day past due loans).
- National scale rating: An opinion of an obligor's creditworthiness or overall capacity to meet specific financial obligations, relative to other issuers and issues in a given country or region.
- New loan-loss provisions over average customer loans: Credit loss provisions (including specific loan provisions and general and other provisions) minus recoveries, over average gross customer loans of current period and last fiscal year.
- Noninterest expenses: Salaries and general administrative expenses (including depreciations and amortizations).
- Operating revenues: Net interest income, plus operating noninterest income (mainly includes fees and commissions and trading gains).
- Pre provision operating income over average assets: Operating revenues minus noninterest expenses, over average assets.
- Return on equity: Net income before extraordinary results minus preferred dividends over average common equity (average between current period and last fiscal period).
- Risk position: Our view of the specific risk characteristics of a particular bank.
- Risk-adjusted capital (RAC) ratio before diversification: This is calculated according to S&P Global Ratings' methodology as total adjusted capital over risk-adjusted assets.
- Short-term wholesale funding: Debt securities that mature in less than one year (of commercial papers, debt and senior and subordinated bonds), plus bank deposits that mature in less than one year.

BNP Paribas Personal Finance South Africa Ltd.

- Sovereign support: An assessment of the likelihood that the government would provide extraordinary support to a bank.
- Stand-alone credit profile (SACP): An interim step in assessing a bank's overall creditworthiness. It includes government support, but not extraordinary government support.

Ratings Detail (as of August 07, 2025)***BNP Paribas Personal Finance South Africa Ltd.**

Issuer Credit Rating

<i>South Africa National Scale</i>	zaAA/--/zaA-1+
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Issuer Credit Ratings History

26-Nov-2019	<i>South Africa National Scale</i>	zaAA/--/zaA-1+
02-Jul-2018		zaAA+/--/zaA-1+
29-Nov-2017		zaAA/--/zaA-1+

Sovereign Rating**South Africa**

<i>Foreign Currency</i>	BB-/Positive/B
<i>Local Currency</i>	BB/Positive/B
<i>South Africa National Scale</i>	zaAAA/--/zaA-1+

Related Entities**Arval Service Lease S.A.**

Issuer Credit Rating	A-/Stable/A-2
Senior Unsecured	A-

BGL BNP Paribas S.A.

Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-/--/A-1+

BNP Paribas

Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-/--/A-1+

Commercial Paper

<i>Foreign Currency</i>	A-1
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Junior Subordinated	BBB
Junior Subordinated	BBB-
Senior Subordinated	A-
Subordinated	BBB+

BNP Paribas (Australian Branch)

Senior Unsecured	A+
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BNP Paribas Cardif

Issuer Credit Rating	A-/Stable/--
Junior Subordinated	BBB

BNP Paribas (China) Ltd.

Issuer Credit Rating	A-/Stable/A-2
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BNP Paribas Fortis (New York Branch)

Ratings Detail (as of August 07, 2025)*

Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-/--/A-1+
BNP Paribas Fortis SA/NV	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-/--/A-1+
Certificate Of Deposit	A+/A-1
Junior Subordinated	BBB-
Senior Secured	AAA/Stable
Short-Term Debt	A-1
BNP Paribas Home Loan SFH	
Senior Secured	AAA/Stable
BNP Paribas Issuance B.V.	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-/--/A-1+
BNP Paribas (London Branch)	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-/--/A-1+
BNP Paribas Mexico, S.A., Institucion de Banca Multiple	
Issuer Credit Rating	
<i>CaVal (Mexico) National Scale</i>	mxAAA/Stable/mxA-1+
BNP Paribas (New York Branch)	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-/--/A-1+
Commercial Paper	
<i>Local Currency</i>	A-1
BNP Paribas SA (Ireland Branch)	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-/--/A-1+
BNP Paribas S.A. (Italy Branch)	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-/--/A-1+
BNP Paribas Securities Corp.	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	A+/-/A-1
BNP Paribas (Taipei Branch)	
Issuer Credit Rating	
<i>Taiwan National Scale</i>	twAAA/Stable/twA-1+
Cardif-Assurances Risques Divers	
Financial Strength Rating	
<i>Local Currency</i>	A/Stable/--
Issuer Credit Rating	

Ratings Detail (as of August 07, 2025)*

Local Currency	A/Stable/--
Cardif Assurance Vie	
Financial Strength Rating	
Local Currency	A/Stable/--
Issuer Credit Rating	
Local Currency	A/Stable/--
Cardif Colombia Seguros Generales S.A.	
Financial Strength Rating	
Local Currency	BB+/Negative/--
Issuer Credit Rating	
Local Currency	BB+/Negative/--
Cardif Lux Vie	
Financial Strength Rating	
Local Currency	A/Stable/--
Issuer Credit Rating	
Local Currency	A/Stable/--
Carrefour Banque	
Issuer Credit Rating	BBB-/Stable/A-3
Commercial Paper	
Local Currency	A-3
Senior Unsecured	BBB-

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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