THE SMARTER MODEL

Transform Staff Loans from a Business Burden into a Managed Solution

Outsource staff lending to an independent, registered credit provider

A proposal for employers

Badger Finance

Reduce Risk
Compliance and default risk sit with the provider

Protect Cash Flow
No company cash tied up in staff loans

Focus on Core Business
HR and management time back on the business

The Proposal at a Glance

What we propose, and what it asks of your company

R0

Company cash lent to staff

None

NCR registration or credit compliance for your company

25%

Of programme net profit can be reinvested in your staff

BADGER FINANCE PROVIDES

- Funding for every loan
- NCA compliance and affordability checks
- Administration and collections

YOUR COMPANY PROVIDES

- Approval to launch
- Salary deductions through payroll
- An HR contact for liaison

The Challenge Your Staff Face

When emergencies hit, employees without a safe option turn to expensive credit

Employee financial emergencies

Medical bills, school fees, funerals, repairs

High-interest or informal lending

Loan sharks and unregulated credit

Financial stress at work

Absenteeism, distraction, lower productivity

Employer-supported loan programme

A regulated option through the workplace

A safer, affordable and responsible alternative — without the employer carrying the loan book

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If the Employer Lends Directly

The loan is only the beginning

01
Grant the loan

02
Assess NCA applicability

03
Register with the NCR (if required)

04
Affordability assessment

05
Written credit agreement

06
Record keeping

07
Collections and Section 129 notices

08
Ongoing compliance



Internal lending creates an ongoing operational and compliance process — not just a once-off employee benefit.

A Second Exposure: SARS Fringe Benefits

Low-interest staff loans can create additional tax administration

Low-interest staff loan

Employer lends below market rate

Official SARS rate > employee rate

The difference is a benefit to the employee

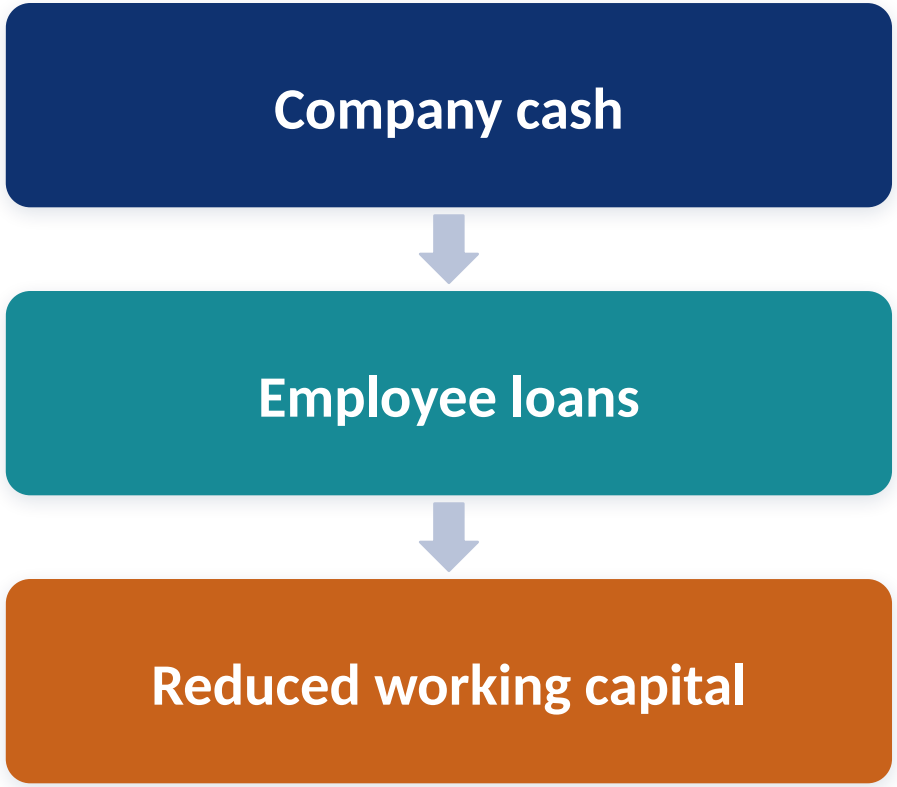
Taxable fringe benefit

Must be included in the employee's PAYE

The employer must calculate, report and account for the PAYE implications — every month, for every qualifying loan.

The Cash Flow Question

Do you want company cash funding employee loans?



What it really costs the business

- Cash tied up in loans
- Non-payment and default risk
- Administration cost
- Recovery and legal costs
- Opportunity cost of capital

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The Outsourced Model

Shift the specialist work to the specialist provider

BADGER FINANCE HANDLES

- **Funding**
- **Compliance**
- **Administration and HR liaison**
- **Collections via payroll deduction**

YOUR COMPANY

- **Focuses on its core business**

- No staff-loan cash outflow
- Reduced regulatory exposure
- Reduced HR administration
- Professional affordability assessments
- Structured collections process
- Clear employee experience

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Loan Structure – Key Parameters

Loans designed for emergencies and essentials

R100 – R5,000

Loan amount (larger loans on request)

1 – 36 months

Loan term (longer terms for larger loans)

Within NCA limits

Fixed interest rate

Disclosed upfront

All fees, in every quote

Emergency & essential

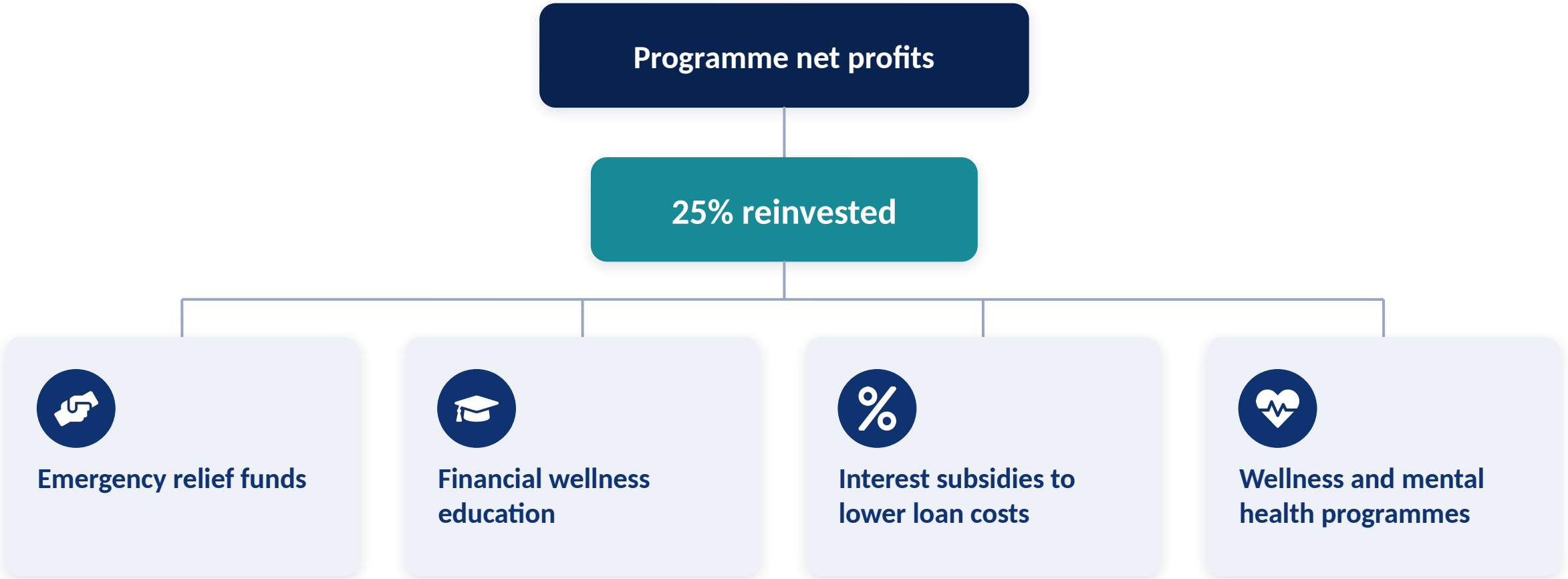
Purpose

Repayments are deducted from salary, so instalments stay predictable for the employee and simple for payroll.

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Profit-Sharing and Employee Reinvestment

25% of the programme's net profits can be reinvested in your employees



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Why Choose Badger Finance

A specialist partner for end-to-end staff lending

- Registered credit provider (NCRCP19928)
- NCA-compliant processes
- Reduced employer risk
- Preserves business cash flow
- Removes SARS fringe-benefit and NCR admin from the employer
- End-to-end staff loan management

NEARLY 28 YEARS IN LENDING

We take on the funding, compliance, administration and collections — so you can concentrate on your core business.

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Next Steps

1

Book a meeting with Badger Finance

2

Confirm the payroll deduction process and an HR contact

3

Agree a launch date and a staff briefing

Book a meeting at badgerfin.co.za/book-a-meeting or call 084 473 8392.

Badger Finance

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Appendix

Operational detail, for reference

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The Hidden Operational Load

Every internal loan adds work across multiple functions

- Register with the NCR
- Pre-agreement disclosures
- Interest and fee compliance
- Default management
- Affordability assessments
- Credit agreements
- Record keeping
- Legal enforcement risk

Management time, HR effort, payroll administration and legal oversight all increase.