NCR

National Credit Regulator

Advocating For Inclusive Credit

# Annual Report

## 2025/26

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# PART A

# GENERAL INFORMATION

# National Credit Regulator
# General Information

**Registered name**
National Credit Regulator (NCR)

**Registered office address**
127–15th Road
Randjespark
Midrand
1685

**Postal address**
PO Box 209
Halfway House
1685

**Contact telephone number**
Switchboard: 011 554 2600/2700
Toll Share: 0860 627 627
0860 NCR NCR

**Email address**
Complaints: complaints@ncr.org.za
Enquiries: info@ncr.org.za

**Website address**
www.ncr.org.za

**External auditor's information**
**Auditor-General of South Africa**
4 Daventry Street
Lynnwood Bridge Office Park
Lynnwood Manor
Pretoria
Tel: 012 426 8000

**Banker's information**
Standard Bank of South Africa

**Acting Company Secretary**
Mr Ngoako Mabeba

# LIST OF ABBREVIATIONS/ACRONYMS

| | |
|---|---|
| **5IR** | Fifth Industrial Revolution |
| **AA** | Accounting Authority |
| **AC** | Audit Committee |
| **AFS** | Annual Financial Statements |
| **AGSA** | Auditor-General of South Africa |
| **AI** | Artificial Intelligence |
| **APP** | Annual Performance Plan |
| **APR** | Annual Performance Report |
| **ARMC** | Audit and Risk Management Committee |
| **B-BBEE** | Broad-Based Black Economic Empowerment |
| **BANKSETA** | Banking Sector Education and Training Authority |
| **BCM** | Business Continuity Management |
| **BCP** | Business Continuity Plan |
| **BusCRI** | Business Credit Information |
| **CBM** | Credit Bureau Monitor |
| **CCMA** | Commission for Conciliation, Mediation and Arbitration |
| **CCMR** | Consumer Credit Market Report |
| **CEC** | Consumer Education Committee |
| **CEO** | Chief Executive Officer |
| **CFO** | Chief Financial Officer |
| **CIF** | Credit Industry Forum |
| **CIO** | Chief Information Officer |
| **COO** | Chief Operations Officer |
| **COTII** | Council of Trade and Industry Institutions |
| **CPF** | Consumer Protection Forum |
| **CSD** | Central Supplier Database |
| **DC** | Debt counsellor |
| **DHS** | Debt Help System |
| **dtic** | Department of Trade, Industry and Competition |
| **EA** | Enterprise Agreement |
| **ECL** | Expected Credit Loss |
| **eNCA** | eNews Channel Africa |
| **ERM** | Enterprise Risk Management |
| **ESG** | Environmental, Sustainability and Governance |
| **ESS** | Employee Self Service |
| **EXCO** | Executive Committee |
| **FAR** | Fixed Asset Register |
| **FNB** | First National Bank |
| **FSCA** | Financial Sector Conduct Authority |
| **F&W** | Fruitless and wasteful expenditure |
| **GCIS** | Government Communication and Information System |
| **GDP** | Gross Domestic Product |
| **GRAP** | Standards of Generally Recognised Accounting Practice |
| **HIRA** | Hazard Identification and Risk Assessment |
| **HR** | Human Resources |
| **HSRC** | Human Science Research Council |
| **IAF** | Internal Audit Function |
| **ICCR** | International Committee on Credit Reporting |
| **ICT** | Information and Communication Technology |
| **IESBA** | International Ethics Standards Board for Accountants |
| **IFC** | International Finance Corporation |
| **IRAS** | Integrated Regulatory Assessment System |
| **ISA** | International Standard(s) on Auditing |
| **IT** | Information Technology |
| **KPI** | Key Performance Indicator |
| **LGBTQ+** | Lesbian, gay, bisexual, transgender, queer or questioning, and other identities |
| **MACR** | Movable Asset Collateral Registry Committee |
| **MANCO** | Management Committee |
| **MOLD** | Maintenance Online Listing of Defaulters |
| **MOU** | Memorandum of Understanding |
| **MP** | Member of Parliament |
| **MPC** | Monetary Policy Committee |
| **MSMEs** | Micro, Small and Medium-sized Enterprises |
| **MSWSA** | Money Smart Week South Africa |
| **MTDP** | Medium-Term Development Plan |
| **NCA** | National Credit Act |
| **NCFEC** | National Consumer Financial Education Committee |
| **NCR** | National Credit Regulator |
| **NCT** | National Consumer Tribunal |
| **NEHAWU** | National Education, Health and Allied Workers' Union |
| **NFO** | National Financial Ombud Scheme South Africa |
| **NRCA** | National Register of Credit Agreements |
| **OHS** | Occupational Health and Safety |
| **OMIS** | Operational Management Information System |
| **PAA** | Public Audit Act |
| **PDA** | Payment Distribution Agent |
| **PFMA** | Public Finance Management Act, Act 1 of 1999 |
| **PPR** | Preferential Procurement Regulations |
| **PPE** | Property, plant and equipment |
| **PSC** | Public Service Commission |
| **QCTO** | Quality Council for Trades and Occupation |
| **RCP** | Revolving credit plan |
| **SABC** | South African Broadcasting Corporation |
| **SACCRA** | South African Credit and Risk Reporting Association |
| **SAPS** | South African Police Service |
| **SCA** | Supreme Court of Appeal |
| **SCM** | Supply Chain Management |
| **SCOPA** | Standing Committee on Public Accounts |
| **SDL** | Skills Development Levy |
| **SECO** | Swiss State Secretariat for Economic Affairs |
| **SHE** | Safety, Health and Environment |
| **SMME** | Small, medium and micro enterprise |
| **Stats SA** | Statistics South Africa |
| **TR** | Treasury Regulations |
| **VPN** | Virtual Private Network |
| **WCRD** | World Consumer Rights Day |

# Foreword by the Minister of Trade, Industry and Competition

"It is my pleasure to table the annual report of the National Credit Regulator (NCR) for the 2025/26 financial year. The report demonstrates the regulator's continued commitment to responsible credit practices, protecting consumers and advancing financial inclusion."

The NCR's strategy remains anchored in its mandate to promote fairness, transparency and accountability in the consumer credit sector. In the 2025/26 financial year the regulator intensified its focus on financial inclusion, leveraging data-driven approaches to increase access to credit while protecting consumers against exploitative practices.

Performance highlights include securing approximately R83 million in redress for consumers through refunds and account adjustments, strengthening compliance monitoring and enhancing consumer education initiatives. These achievements position the NCR as a stabilising force in the credit market and a driver of equitable economic participation.

Collaboration has been integral to NCR's success. The regulator worked closely with dtic entities, regulators and financial institutions to align its efforts with national priorities of industrialisation, transformation and building a capable state. Partnerships with international organisations supported innovation in credit-extension technologies and improved the viability of MSMEs. These strategic relationships increased the NCR's impact and ensured its work contributes to broader socio-economic objectives.

The NCR navigated a complex environment characterised by leadership transitions, heightened consumer vulnerability and rapid technological change in the financial sector. Ensuring effective governance while responding to these pressures required resilience and foresight. Additionally, the leadership had to balance expanding access to credit with the responsibility of mitigating systemic risks, a challenge that will continue to require careful oversight.

The NCR's strategic focus is on improving financial inclusion through innovative credit-assessment models, embedding maintenance payment behaviour into credit records to protect children's welfare and strengthening digital solutions for MSMEs. The regulator will also prioritise proactive compliance engagement, consumer education, and the integration of sustainability principles into credit practices. Over the medium- to long-term, the NCR aims to consolidate its role as a trusted regulator that not only enforces compliance but also drives transformation and resilience in the credit market.

I extend a special word of thanks to the NCR Leadership, senior management and staff for their dedication during the 2025/26 financial year. Thank you to Ms Lynette de Beer and her team's leadership, whose guidance ensured continuity and stability. The NCR's work continues to make a difference in the lives of South Africans by protecting consumers, promoting fairness, and enabling access to responsible credit. As we move forward, the regulator's efforts will remain integral to building a more inclusive, transformed, and resilient economy.

**Mr Parks Tau, MP**
*Minister of Trade, Industry and Competition*

Date:

# Statement by the Deputy Minister of Trade, Industry and Competition

In a period marked by both global uncertainty and domestic resilience, the NCR continues to play a pivotal role in advancing South Africa's economic transformation. Access to fair and responsible credit remains central to building an inclusive economy, reducing poverty, and enabling households and businesses to withstand external shocks such as fuel price volatility and supply chain disruptions.

The NCR's commitment to strengthening the business credit and risk reporting ecosystem is a critical intervention. By improving the visibility of small and medium enterprises to lenders, the Regulator is unlocking opportunities for growth, competitiveness, and job creation. At the same time, its work towards establishing a public credit registry will strengthen macroprudential supervision and financial stability, ensuring that inclusive credit access is supported by robust, evidence-based policy.

Aligned with the strategic priorities of the 7th Administration, the NCR is focused on inclusive growth, tackling the high cost of living, and building a capable, ethical, and developmental state. These efforts are not only about protecting consumers but also about ensuring that credit markets serve as engines of transformation and prosperity.

The Department of Trade, Industry and Competition reaffirms its support for the NCR in this mission. Together, we remain committed to fostering a fair, transparent, and accessible credit environment that empowers South Africans, strengthens our economy, and advances the vision of a more equitable society.

**Mr Zuko Godlimpi, MP**
*Deputy Minister of Trade, Industry and Competition*

Date:

# Chief Executive Officer's Overview

The year under review was marked by both progress and transition for the NCR. Despite leadership changes and capacity constraints, the regulator remained steadfast in fulfilling its mandate to protect consumers, and to promote responsible credit practices and financial inclusion.

The NCR aligned its strategic focus with the dtic's three shared outcomes of industrialisation, transformation, and building a capable state. This alignment ensured that the regulator's work contributed meaningfully to national priorities, even as consumers faced heightened vulnerability in a poly-crisis environment of unemployment, inflation, and food insecurity.

Through collaboration with partners such as the International Finance Corporation (IFC) and the International Committee on Credit Reporting (ICCR), the NCR advanced innovation projects including the automation roadmap, adoption of alternative data, and preparatory work for the Public Credit Registry.

## General financial review

The NCR maintained financial stability during the year under review. For the 2025/26 financial year, the NCR has a final approved budget of R156 904 642 compared to R147 953 942 in the 2024/25 financial year. Revenue consists of R81 675 000 (R79 051 000 in 2024/25), which constitutes 52% of NCR funding received from the dtic, and the balance of R75 229 642 (R68 902 942 in 2024/25) received from registrant fees and other income.

## Spending trends

The NCR allocated its budget as follows during the 2025/26 financial year:

| Expenditure | 2025/26 R | 2024/25 R |
|---|---|---|
| Professional/programme | 12 972 328 | 14 698 600 |
| Administration | 36 117 097 | 37 671 876 |
| Personnel | 96 725 112 | 87 233 424 |
| Capital expenditure | 11 090 105 | 8 350 042 |
| **Total budget** | **156 904 642** | **147 953 942** |

## Capacity constraints and challenges

Funding constraints, frozen positions and ICT disruptions continued to hamper delivery. The NCR relied on interns and consultants to mitigate gaps.

## Discontinued key activities/activities to be discontinued

No activities were discontinued during the year under review.

## New or proposed key activities

No new activities were undertaken during the year under review.

## Requests for roll over of funds

In the 2025/26 financial year, the National Treasury approved the roll-over of funds from the 2024/25 financial year. The retention of these funds is predominantly for ongoing legal matters.

# CHIEF EXECUTIVE OFFICER'S OVERVIEW *continued*

## Supply chain management

Supply chain management processes and systems comply with the SCM regulations and practices in the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) and Treasury Regulations (TR). These policies and procedures ensure that the NCR procures goods and services in a fair, competitive, transparent and equitable manner. The NCR has neither received nor concluded unsolicited bid proposals for the year under review.

## Challenges experienced and how they will be resolved

Challenges during the year included litigation costs, funding constraints, frozen positions, and ICT disruptions. These were addressed through reliance on acting appointments to maintain continuity.

## Audit report matters in the previous year and how these would be addressed

In the 2024/25 financial year, the NCR received an unqualified audit opinion with findings.

## Outlook/plans for the future to address financial challenges

The NCR is developing a new funding model to ensure sustainability alongside proposals for a review of registrant fees. Strategic priorities for 2026/27 include tackling over-indebtedness, debt review without consent, and embedding digitisation.

## Events after the reporting date

The NCR is not aware of any events after the reporting date of 31 March 2026 that are likely to have a material impact on its financial results or operations.

## Economic viability

The NCR financial statements have been prepared on a going concern basis. The economic viability and going concern of the NCR is supported by the dtic.

## Acknowledgements

I extend my appreciation to the NCR executive team, management and staff for their commitment during a year of transition. Their resilience ensured that the organisation continued to deliver on its mandate.

_____

**Mr Otsile Maseng**
*Chief Executive Officer*
National Credit Regulator

Date:

# Statement of responsibility and confirmation of the accuracy of the annual report

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor-General.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) applicable to the public entity.

The Accounting Authority (AA) is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The AA is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2026.

Yours faithfully

_____

**Mr Otsile Maseng**
*Chief Executive Officer*

Date:

# Strategic overview

## VISION

To steer and advance a South African consumer credit market that is fair, transparent, inclusive, accessible, and dynamic.

## MISSION

To advance the social and economic wellness of South Africa, by:

- Promoting a financially inclusive environment where all consumers have the opportunity to make informed decisions and credit services are available to all.
- Proactively regulating for a fair and non-discriminatory market for access to consumer credit.
- Committing to sustainability, social responsibility, and excellence, to ensure a lasting positive impact on both society and the environment.

## VALUES

**Service excellence:** we strive for service excellence that exceeds the expectations of all stakeholders.

**Integrity:** we are committed to honesty and integrity without compromise.

**Empowerment:** we strive for empowerment in the consumer credit market, and we are also committed to employee empowerment.

**Good corporate governance:** we strive to be a model of good corporate governance at all times.

# Legislative and other mandates

In terms of the Public Finance Management Act (PFMA), 1999 (Act No. 01 of 1999), the National Credit Regulator (NCR) is a Schedule 3A public entity.

The purpose of the NCR is to:

- Promote a fair and non-discriminatory marketplace for access to consumer credit and for that purpose to provide for the general regulation of consumer credit and improved standards of consumer information;
- Promote black economic empowerment and ownership within the consumer credit industry;
- Prohibit certain unfair credit and credit-marketing practices;
- Promote responsible credit granting and use, and for that purpose prohibit reckless credit granting;
- Provide for debt reorganisation in cases of over-indebtedness;
- Provide for registration of credit bureaus, credit providers, debt counsellors, payment distribution agents and alternative dispute resolution agents;
- Establish national norms and standards relating to consumer credit;
- Promote a consistent enforcement framework relating to consumer credit;
- Establish the NCR and the NCT; and
- Promote and advance the social and economic welfare of South Africans, promote a fair, transparent, competitive, sustainable, responsible, efficient, effective and accessible credit market and industry.

The NCR enforces the provisions of the NCA by:

- Promoting informal resolution of disputes between consumers and credit providers, credit bureaus and/or debt counsellors;
- Receiving complaints regarding contraventions of the NCA;
- Monitoring the consumer credit market and industry to prevent, detect and/or prosecute contraventions;
- Investigating and evaluating alleged contraventions of the NCA;
- Issuing and enforcing compliance notices in respect of contraventions;
- Negotiating and concluding undertakings and consent orders as a means of resolving consumer complaints; and
- Referring matters to the NCT for adjudication.

The NCR is also mandated to undertake research on the nature and dynamics of the consumer credit market by:

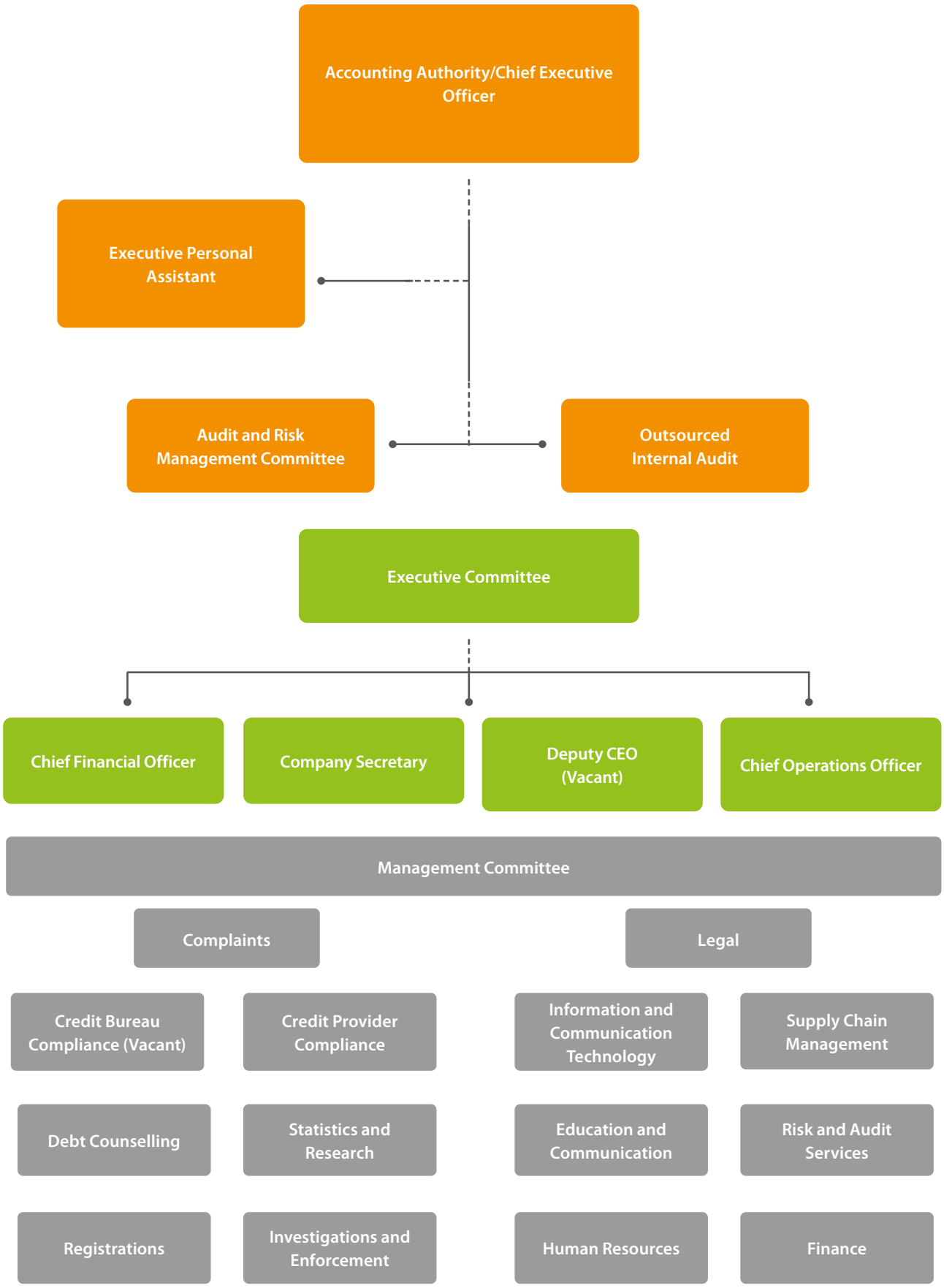
- Providing guidance to the credit market and industry;
- Monitoring socio-economic patterns of consumer credit activity in the Republic of South Africa;
- Conducting reasonable periodic audits of registered credit providers in respect of historical data relative to credit applications and credit agreements;
- Monitoring trends in the consumer credit market and industry;
- Reviewing legislation and regulations, and reporting to the Minister of Trade, Industry and Competition concerning matters related to consumer credit.

The NCR promotes public awareness around consumer credit matters by:

- Implementing education and information measures.

The NCR is also mandated to advise the Minister of Trade, Industry and Competition on matters of national policy relating to consumer credit and on the determination of national norms and standards regarding consumer protection.

# Organisational structure



# PART B

# PERFORMANCE INFORMATION

# Auditor-General's Report: Predetermined Objectives

The Auditor-General of South Africa performed a findings engagement for predetermined objectives with no audit conclusion provided, only factual findings and results. The report on other legal and regulatory requirements is provided in the Report of the Auditor-General to Parliament on the National Credit Regulator on pages 79-81 of this report.

## Situational analysis

Notwithstanding several internal and external challenging factors elaborated in detail under the Accounting Authority's statement, the NCR was able to implement its priorities, objectives and targets as set out in its strategic and annual performance plans. Furthermore, the NCR was successful in aligning its strategic focus to the three (3) shared outcomes introduced by the dtic, namely, industrialisation to promote jobs, transformation to build an inclusive economy and building a capable state to ensure improved impact of public policies. The NCR's strategic focus aligned to the dtic's shared outcomes and output targets were categorised into three (3) programmes with relevant activities.

## State of the credit market

The NCR published the Consumer Credit Market Report (CCMR), which is based on data submitted by registered credit providers. The latest edition of the report covers credit market information up to March 2026. All credit types granted decreased this quarter except for developmental credit. The banking sector constitutes almost 80% of total credit granted. The total value of new credit granted decreased by 8.39% quarter-on-quarter from R181.332 billion to R166.125 billion. The number of credit agreements entered into decreased by 14.91% quarter-on-quarter from 6.23 million to 5.31 million but increased by 4.86% year-on-year.

The following were some of the most significant trends observed in terms of credit granted for the quarter ending in March 2026:

- The value of new mortgages granted decreased by R5.084 billion (9.48%) quarter-on-quarter and increased by R7.043 billion (16.97%) year-on-year.
- Secured credit, which is dominated by vehicle finance, decreased by R4.498 billion (7.20%) quarter-on-quarter, and increased by R8.023 billion (16.06%) year-on-year.
- Credit facilities decreased by R2.354 billion (8.32%) quarter-on-quarter and increased by R1.518 billion (6.21%) year-on year.
- Unsecured credit decreased by R3.954 billion (12.14%) quarter-on-quarter and increased by R2.596 billion (9.97%) year-on-year.
- Short-term credit decreased by R482.417 million (12.32%) quarter-on-quarter and increased by R268.271 million (8.48%) year-on-year.

The total outstanding consumer credit balances (or gross debtor's book) as of March 2026 was R2.54 trillion, representing an increase of 1.30% quarter-on-quarter and by 4.63% year-on-year. The trends for outstanding balances for the quarter ending March 2026 were as follows:

- Mortgages debtors book increased by R11.754 billion (0.91%) quarter-on-quarter and by R39.320 billion (3.11%) year-on-year.
- Secured credit debtors book increased by R12.540 billion (2.19%) quarter-on-quarter and by R51.218 billion (9.58%) year-on-year.
- Credit facilities debtors book increased by R6.178 billion (1.71%) quarter-on-quarter and by R20.231 billion (5.82%) year-on-year.
- Unsecured credit debtors book increased by R2.049 billion (0.96%) quarter-on-quarter and by R2.931 billion (1.39%) year-on-year. Short-term credit debtors book decreased by R279.400 million (8.13%) quarter-on-quarter and increased by R254.950 million (8.79%) year-on-year.
- The total value of new credit granted increased from R146.58 billion to R156.09 billion, an increase of 6.49% when compared to the previous quarter and 11.68% year-on-year.
- The number of applications for credit increased from 18.08 million to 18.48 million, representing an increase of 2.24% for the quarter.

The rejection rate for applications was 67%. The following were some of the most significant trends observed for the quarter ended June 2026:

- The value of new mortgages granted increased by 16.99% quarter-on-quarter from R41.51 billion to R48.56 billion.
- Secured credit, which is dominated by vehicle finance, increasing from R49.96 billion to R51.76 billion (a quarter-on-quarter increase of 3.61%).
- Credit facilities which consist mainly of credit cards, store cards and revolving personal loans (RCPs) increased from R24.44 billion to R24.47 billion (a quarter-on-quarter increase of 0.15%).
- Unsecured credit agreements increased from R26.02 billion to R27.47 billion (a quarter-on-quarter increase of 5.58%).
- Short-term credit increased quarter-on-quarter by 5.77% from R3.16 billion to R3.35 billion.
- Developmental credit decreased quarter-on-quarter by 68.32% from R1.48 billion to R469.42 million.

## Internal environment analysis

Internal institutional factors that influence the NCR's ability to deliver on its mandate are summarised below:

### a) Regulatory resilience

While the 2025/26 financial year presented many challenges, the NCR persevered and achieved an overall of 79% performance targets, narrowly missing its goal of 80%. This achievement reflects the NCR's resilience in the face of fiscal constraints, frozen positions, and ICT limitations.

With outdated fee structures that have not been amended since 2016, the NCR submitted a reviewed fee framework to the Minister of Trade, Industry and Competition, which is currently under consideration. This marks a critical step towards securing financial sustainability and strengthening registrant viability. At the same time, the NCR maintained stability under acting leadership by reinforcing governance, fostering open communication with staff, and implementing cost saving innovations. Strategic initiatives such as the automation roadmap, the development of the Public Credit Registry, and collaboration with international partners on alternative data adoption demonstrate the NCR's commitment to modernising the regulatory environment.

Consumer protection remained central, with compliance monitoring, debt counselling oversight, and awareness campaigns ensuring that vulnerable households were not left behind. These efforts underscore the NCR's determination to adapt, innovate, and deliver on its mandate, even in a poly-crisis environment marked by unemployment, inflation, and rising consumer vulnerability.

In addition to operational pressures, a cybersecurity incident tested the NCR's resilience and required rapid recovery measures. The ICT function worked closely with internal stakeholders to restore systems, strengthen digital infrastructure and reinforce data governance.

### b) NCR's capacity to deliver on its mandate (including human resources, financial resources, ICT capacity and other factors)

**Financial resources:** Adequate funding remains a critical factor for the NCR, particularly under recessionary economic conditions. Despite cost cutting measures and improved efficiencies, the organisation continues to face fiscal constraints due to outdated fee structures that have not been amended since 2016. In response, the NCR submitted a reviewed fee framework to the Minister of Trade, Industry and Competition, which is currently under consideration. This initiative reflects NCR's proactive approach to securing financial sustainability and ensuring registrant viability. While funding pressures persist, the regulator has maintained delivery against its mandate by innovating outreach methods, leveraging ICT solutions, and prioritising high impact activities.

**Human resources:** Capacity constraints remain a challenge with frozen positions and limited resources affecting many departments. High turnover in junior roles, reliance on consultants, and staff burnout due to workload pressures caused strain across the organisation. Leadership instability, with acting appointments in key roles, required EXCO and MANCO to strengthen governance structures to maintain continuity. The NCR's lack of a national footprint further limits reach and capacity. Despite these challenges, the NCR achieved 79% of its performance targets, underscoring the organisation's resilient nature. To boost capacity, the organisation has expanded the use of interns, strengthened governance structures, and introduced cultural frameworks to improve morale and communication. The establishment of NCR's first staff union has also created an open channel for dialogue with EXCO, reinforcing resilience during leadership transitions.

**Occupational health and safety:** The NCR remains committed to maintaining a safe working environment. Supported by an external consultant, the Occupational Health and Safety Committee oversees compliance with the OHS Act to ensure legal compliance and workplace safety standards. Staff relocation into a single building during the year was successfully managed under resource constraints, with hybrid work arrangements mitigating congestion.

**Digitisation of structure, systems, and processes:** The NCR has embarked on an automation programme in partnership with the IFC which includes the development of a roadmap for an Operational Management Information System (OMIS). This initiative will streamline compliance monitoring, data submissions, and internal processes aligned with government priorities to remove red tape and build a capable state. Automation has already been introduced in Debt Counselling through the CBA platform for clearance certificates, mitigating DHS downtime. In the Complaints Department, streamlined processes and resource optimisation have improved case handling despite system disruptions. The Public Credit Registry and BusCRI projects further demonstrate NCR's commitment to digitisation and future readiness.

Cybersecurity resilience was prioritised through penetration testing, vulnerability assessments, quarterly disaster recovery tests, and migration of applications to cloud platforms. SCM supported organisational recovery following the cybersecurity incident, ensuring continuity of supply and compliance with procurement regulations. Recruitment to strengthen ICT capacity is ongoing with appointment anticipated in the next financial year.

**Knowledge intensity:** Operating in a knowledge driven economy requires continuous investment in staff development. The NCR has promoted resilience and adaptability through ESG training, compliance webinars, and stakeholder engagements. Staff were encouraged to participate in industry forums, international collaborations, and consumer education campaigns, ensuring that organisational knowledge remains current and relevant. Despite budget constraints, NCR continues to prioritise training and knowledge sharing to strengthen its regulatory capacity.

**Corporate governance and compliance:** The NCR continues to comply with the Public Finance Management Act (PFMA) and applies the principles of the King V Code of Governance to the extent possible for a public entity. Oversight by the Executive Authority, the Minister of Trade, Industry and Competition, and Parliament ensures that the NCR embraces good corporate governance practices. The organisation received an unqualified audit opinion with findings in 2024/25 and maintained strong governance structures during 2025/26, despite leadership transitions.

**Litigation and regulatory uncertainty:** Lengthy litigation remains a persistent challenge in the credit sector, requiring sizeable funding. Matters referred to the National Consumer Tribunal (NCT) or the High Court are often contested by either the NCR or industry players, resulting in costly and protracted legal processes. Funding constraints exacerbate this challenge. In addition, differing interpretations of the National Credit Act (NCA) continue to create uncertainty in the regulatory framework, requiring the NCR's Legal Unit to issue guidelines to clarify standards and provide regulatory certainty.

**Consumer education and outreach:** Consumer education remained a core priority. The NCR continued to deliver awareness campaigns and outreach activities, ensuring that consumers are informed about their rights and responsibilities under the National Credit Act. These initiatives contributed to responsible credit use and improved financial literacy nationwide.

**Enforcement capacity:** The NCR's enforcement activities continued to safeguard consumers against unlawful practices. Despite constraints, the regulator maintained its oversight role, working with law enforcement and industry stakeholders to address illegal practices and strengthen consumer protection.

## c) Compliance with the Broad-Based Black Economic Empowerment Act (No. 53 of 2003), as amended

Compliance with B-BBEE legislation and best practice is vital. The NCR issues tenders in line with the Preferential Procurement Regulations (PPR 2022), and advertises new tenders on the e-tender portal and the NCR website. Only suppliers who are registered on the Central Supplier Database (CSD) are engaged.

During a recent cybersecurity incident, Supply Chain Management ensured uninterrupted compliance with procurement regulations.

## d) Emerging priorities and opportunities

**Innovation to Improve Regulatory Environment:** The NCR continues to prioritise innovation as a means of strengthening the regulatory environment. In partnership with the International Finance Corporation (IFC), the NCR has advanced its automation roadmap, including the development of an Operational Management Information System (OMIS) to streamline compliance monitoring and data submissions. This aligns with government priorities to remove red tape and build a capable state.

**Research and pilot project on Promoting Alternative Data:** Understanding that a variety of data can be used when assessing a consumer's creditworthiness, the NCR concluded the Cooperation Agreement with the IFC. The diagnostic study and adoption phase examined the availability and use of non traditional datasets available, such as rental payment histories and trading records of small retailers, to broaden credit assessments. Under this agreement, the IFC provides advisory services and technical assistance to the NCR for a wide range of activities, including the adoption of alternative data. The completion of this project marks an important milestone in promoting financial inclusion.

**Key pieces of priority legislation amendment:** The dtic has committed to review the NCA. The NCR has established an internal working group to prepare proposed amendments, with ongoing guidance sought from the dtic. Updated regulations on fee structures have been submitted to the Minister for review, reflecting NCR's proactive stance in addressing outdated frameworks that affect registrant sustainability.

**Critical pending projects:** Debt counsellors' qualification: The Debt Counselling Department has engaged the Quality Council for Trades and Occupation (QCTO) and BANKSETA to explore the feasibility of developing an occupational qualification for debt counsellors. Given the complexity of the debt review process, the NCR requires that individuals successfully complete an NCR-approved debt counselling course before they can register with the regulator as a debt counsellor. The current qualification is a 10-day short course. With this project, however, the NCR aims to

provide prospective debt counsellors with in-depth theory and practical training that will prepare them for the debt counselling profession. As a result, the standard of debt counselling services, the profession itself and, ultimately, the regulatory environment will improve. The BANKSETA approved funding for the project, however finding a suitable subject matter expert has proved challenging, resulting in the project being delayed.

**Enforcing and listing maintenance court orders:** The NCR has been involved in a regulatory oversight and advisory capacity to help improve the efficiency of the maintenance system and ensure compliance with the credit reporting regulatory framework. The NCR has been working with the Department of Justice and Constitutional Development (the department responsible for maintenance courts) to provide guidance on the reporting of maintenance judgments to credit bureaus. Known as the Maintenance Online Listing of Defaulters (MOLD) Project, it aims to ensure proper listing and accountability of maintenance defaulters.

**Existing strategic collaboration and cooperation relationships:** The NCR continues to strengthen strategic relationships through the Credit Industry Forum (CIF), SACCRA, FSCA, and international partners. Collaboration with the IFC supports digitisation, while participation in the International Committee on Credit Reporting (ICCR) positions the NCR as a global leader in credit regulation. In 2025, South Africa hosted the ICCR Spring Plenary, enhancing NCR's international credibility. Partnerships with government bodies such as the Department of Small Business Development's Movable Asset Collateral Registry Committee (MACR) further support MSME visibility and access to credit.

## External environment analysis

The following issues in the external environment are relevant in informing the NCR's strategy:

### a) Focus on economic recovery and reconstruction

South Africa's economy continues to struggle with low growth, inequality, unemployment, and poverty, exacerbated by geopolitical instability. The ongoing Russia-Ukraine war and Middle East tensions, including the Israel-Hamas conflict, pose risks to security, foreign investment and trade relationships. These dynamics directly affect South Africa's efforts to rebuild its economy.

In addition, the escalation of tensions between Iran and the United States has disrupted global oil markets, driving up fuel prices and creating volatility in energy costs. For South Africa, this has translated into higher transport and production expenses, which causes a ripple effect through the economy. Rising fuel costs directly affect household affordability, placing pressure on consumers' disposable income and increasing the cost of living. At the same time, micro, small and medium enterprises (MSMEs) face intensified competitiveness challenges, as elevated input and logistics costs erode margins and limit their ability to expand. These dynamics complicate efforts to stimulate inclusive growth and job creation, underscoring the importance of coordinated interventions to stabilise supply chains and protect vulnerable sectors.

Economic recovery and reconstruction are greatly supported by the ongoing partnership between government and the private sector to address security of electricity supply, transport and logistics, and crime and corruption. Notable successes were achieved in the first phase of the partnership and ambitious targets have been set for the second phase, including a 3% growth rate and large-scale job creation.

The NCR contributed, within its mandate, to the following 5 of the 10 dtic core output targets:

- Work experience
- MSME support
- Transformation
- Red tape reduction
- Subsistence farmers

### b) Socioeconomic conditions

In November 2025 the South African Reserve Bank's Monetary Policy Committee (MPC) reduced the repo rate by 25 basis points to 6.75%, and the prime lending rate to 10.25%. Headline consumer inflation eased to 3.5%. The moderation stemmed mainly from more subdued transport costs.

Food inflation is down to 1.9%, a substantial relief compared to 5.9% in September 2024, however food affordability and nutrition remain critical concerns. National surveys by the Human Science Research Council (HSRC) and Stats SA report high levels of food insecurity and limited access to nutritious food items, particularly among low-income households and in rural areas.

The unemployment rate remains high at 31.4% in quarter 4 of 2025, translating to around 8 million individuals without work. Although lower than the 32.9% recorded in early 2024, the persistently high rate continues to impair household income security, driving greater reliance on credit and increasing the risk of over indebtedness.

National load shedding has been suspended since May 2025, however localised outages continue to plague Gauteng due to municipal debt, network faults or infrastructure failures. Water supply is also under strain with large areas of Gauteng experiencing prolonged outages due to aging infrastructure and population growth.

This poly-crisis reality leaves South African consumers in a precarious socioeconomic situation. As pressure on the average consumer shows little sign of abating, the NCR expects consumers to borrow more and buy more on credit. Furthermore, unethical players in the credit industry can be expected to take advantage of vulnerable and desperate consumers. This, in addition to an expected increase in the number of consumers (in March 2026, private debt stood at 68.2% of GDP), will increase demand for the NCR's services. Over-indebtedness reduces disposable income, causing consumers to increasingly turn to debt for living expenses and hence sinking deeper into a debt spiral.

### c) Fifth Industrial Revolution (5IR)

The Fifth Industrial Revolution (5IR) is expected to significantly transform the consumer credit market in South Africa by introducing a focus on human-centred technology, ethics, and sustainability. Building on the Fourth Industrial Revolution's advances in digitisation, AI, and data analytics, 5IR emphasises personalised and ethical technology use, aimed at building deeper connections between humans and machines.

With 5IR technologies, credit providers can offer more tailored financial products. AI-driven insights allow for highly customised credit assessments, potentially extending financial services to previously underserved populations by better understanding individual credit behaviours and needs. This can improve credit accessibility for South Africa's diverse demographics, including those with limited credit histories, and ties in with the NCR's alternative data sources project.

5IR marks yet another leap forward in technology use in the consumer credit market. It opens up unprecedented opportunities and potential benefits to consumers, but also demands more than ever before of the NCR in terms of ICT infrastructure and skills. The regulator has to function at a different level to monitor new credit products and their marketing by credit order to protect consumers against debt traps, especially the most vulnerable groups (women and youth).

### d) Strategic relationships

Engagement and collaboration with a wide range of local and international industry players and other bodies (private and corporate) is essential to the NCR's effectiveness and reach, and therefore relevant in informing the institution's strategy. The NCR concluded an MOU with the National Financial Ombud Scheme South Africa (NFO) in the 2024/25 financial year to strengthen consumer protection collaborative efforts. During 2025/26 this partnership continued and formed part of the NCR's ongoing stakeholder engagement.

## Overview of performance

### a) Service delivery environment

The services that the NCR delivers directly to the public entail face-to-face educational activities with consumers and registrants and the channels through which complaints can be lodged. This includes a combination of physical contact when consumers come into the NCR offices or approach officers at outreach events, real-time exchanges in the form of phone calls to the contact centre, and digital exchanges. The latter entails complaints lodged via email or the NCR website.

Personal finance is an intensely personal issue and

education on complex matters, such as dealing with debt and understanding the credit market, is best delivered in face-to-face situations or in real-time exchanges. For these reasons, the NCR values and prioritises its direct dealings with the public.

The persistent tough economic environment continues putting pressure on consumers, as is evident by the number of impaired accounts at the credit bureaus. The number of impaired accounts at the end of June 2025 stood at 20.52 million, a decrease of 0.75% compared to the previous quarter and 1.19% compared to the previous year.

As unemployment remains stubbornly high (32.7%) and households struggle to make ends meet, unscrupulous entities prey on consumers' desperation. In the NCR's sphere of influence, this is reflected in the increase in complaints regarding debt review without consent. In response, the organisation has increased its debt counselling education efforts, as well as the monitoring of debt counsellors and taking enforcement action where necessary.

Economic realities unfortunately also hamper the NCR's ability to fulfil its mandate. Lack of funds complicates the recruitment of appropriately skilled people to fill key positions and prevents the organisation from migrating from a mostly manual to a digital and automated environment that will improve its oversight, enforcement and reporting capabilities. During the year under review, automation and system architecture projects commenced to modernise ICT systems and improve oversight, enforcement and reporting capabilities.

In terms of direct service delivery, the NCR does not have a national footprint. Therefore, it relies heavily on reports and complaints from consumers to guide investigations that do not stem from anomalies or shortcomings in statutory reports from credit providers. Establishing a physical presence across the country will be a costly exercise.

In addressing these challenges, the NCR focused on resilience measures, alignment with dtic priorities, and embedding an ESG framework to stabilise finances.

## b) Organisational environment

After the retirement of the NCR's previous CEO in April 2024, Ms Lynette de Beer was appointed Acting CEO. During this time, managers were reshuffled to cover vacant roles and ensure accountability. While all affected staff members carried out their new and/or expanded duties with dedication, impacts on the smooth functioning of the organisation were inevitable.

The transition to the 7th Administration and the resultant changes to the dtic's strategic direction continued to shape the NCR's 2025/26 APP targets. The MSME procurement target was maintained at 75% and achieved at 97.58%. Work continued on the three new indicators introduced in the 2025/26 financial year to increase contribution to the dtic core outputs of Work Experience, Subsistence Farmers, Transformation and Red Tape Reduction. The diagnostic study of business credit and risk reporting information in South Africa was advanced, the feasibility report on establishing the central credit register was submitted to dtic in Q2, and 10 learners/Interns were recruited in partnership with BANKSETA.

Despite fiscal constraints and leadership transitions, the organisation achieved an overall performance of 79%, close to the 80% set out in the APP. The organisational environment was further affected by internal procurement matters and unexpected downtime of the IRAS system which prevented the capturing of applications, and a cybersecurity incident. The Supply Chain Management and ICT departments coordinated the recovery efforts, rebuilt disrupted systems, recovered critical data, and strengthened firewalls and the VPN. A Security Operations Centre was also established to ensure similar incidents do not reoccur. These measures, along with the appointment of an ICT manager and the commencement of the OMIS automation roadmap with IFC reinforced the NCR's focus on resilience, risk management and continuity planning.

## c) Key policy developments and legislative changes

There were no major changes to legislation and/or policies.

The following institutional policies were reviewed and updated:

- Risk Appetite & Tolerance Policy Framework
- Culture Framework
- Education Strategy and Plan
- ESG Framework
- OHS Policy

## Progress towards Achievement of Institutional Impacts and Outcomes

### IMPACT STATEMENT 1: Improved regulatory environment

Improved regulatory environment, which promotes economic growth through educational awareness and facilitation of job creation to reduce poverty and tackle the high cost of living.

| **MTDP Priority** | **Priority 1:** Inclusive growth and job creation<br>**Priority 2:** Reduce poverty and tackle the high cost of living | | | |
|---|---|---|---|---|
| **Outcome** | **Outcome indicator** | **Baseline** | **Five-year target from 2024–2029** | **One-year achievement** |
| Creating an enabling environment for companies through fast tracking of legislation, other instruments, reducing red tape and unlocking bottlenecks. | A report on the proposed amendments of regulations. | Proposed regulations amendments report submitted to the dtic. | Improve the ease of conducting business. | Proposed regulations amendments report submitted to the dtic. |
| Improved consumer protection through education of the NCA. | Number of NCA consumer education programmes conducted in all provinces. | 1 400 | 20 | Conducted **4** consumer education, awareness campaigns and activities on the NCA. |
| | Number of NCR success stories profiled. | 50 | 250 | N/A |
| | Number of evaluation reports produced on consolidated activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement. | 4 | 20 | **1** evaluation report (Q4) on activities related to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement. |
| Improved consumer protection through education of the NCA. | Impact study report on activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement. | Conduct an impact study on activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement. | – | An impact study on activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement, was not conducted. |
| Improved NCA compliance by registrants. | Number of workshops conducted to support new registrants. | 25 | 20 | Conducted **16** workshops to support new registrants. |

## AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES *continued*

| MTDP Priority | **Priority 1:** Inclusive growth and job creation<br>**Priority 2:** Reduce poverty and tackle the high cost of living | | | |
|---|---|---|---|---|
| **Outcome** | **Outcome indicator** | **Baseline** | **Five-year target from 2024–2029** | **One-year achievement** |
| Increased efficiency in registration of persons and entities (red-tape reduction). | % of new entrants (persons and entities) registered within a number of days of receipt of signed proposed conditions and payment of registration fees. | 98% of persons and entities registered in the consumer credit market within 6 business days of receipt of proposed conditions and payment of registration fees. | 98% of persons and entities registered in the consumer credit market within 6 business days of receipt of proposed conditions and payment of registration fees. | Registered **93.49%** of persons and entities in the consumer credit market within 6 business days of receipt of signed proposed conditions and payment of registration fees. |
| Improved regulatory environment. | Number of circulars and/or guidelines issued in relation to Sec 16(1)(b) of the NCA. | 4 | 20 | **4** circulars and/or guidelines issued in relation to Sec 16(1)(b) of the NCA. |
| | An impact study report on the effect of total cost of credit and credit life insurance regulations on consumers and submit final report to the dtic. | An impact study report on regulations on limitations on fees and interest rates together with credit life regulations and submit report to the dtic. | – | N/A |
| Improved economic growth and development through procurement of goods and services from SMMEs. | % of the total number of qualifying purchase orders issued to SMMEs. | 75% of procurement spent on SMMEs, inclusive of women and youth. | 75% of procurement spent on SMMEs, inclusive of women and youth. | **95.53%** of the total number of purchase orders issued to SMMEs. |
| Improved regulatory environment. | A diagnostic study report on the establishment of business credit and risk reporting in South Africa. | New indicator. | An impact assessment study. | Not achieved. |
| Established central credit register. | A report on the feasibility of establishing the central credit register to the dtic. | New indicator. | Launch of the central credit register. | Developed an implementation plan and commenced with implementation of recommendations from the feasibility study report. |
| Facilitation of job creation through work experience. | Number of learners/interns recruited in partnership with BANKSETA. | 10 | 40 | Not achieved. |
| Approved education strategy. | Implementation of the education strategy and plan. | New indicator. | Implementation of the education strategy and plan. | Approved education strategy and plan. |

## IMPACT STATEMENT 2: A fair, responsible and accessible consumer credit market promoted

| MTDP Priority | **Priority 3:** Build a capable, ethical and developmental state | | | |
|---|---|---|---|---|
| **Outcome** | **Outcome indicator** | **Baseline** | **Five-year target from 2024–2029** | **One-year achievement** |
| Improved compliance through enforcement of the NCA. | Number of investigations conducted on credit providers relating to the NCA. | 490 | 550 | Conducted **614** investigations on credit providers relating to the NCA. |
| | Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance relating to the NCA by credit providers. | 80% | 85% | Enforcement action taken on **96.25%** of investigations which identified non-compliance with the NCA by credit providers by the end of the financial year. |
| Improved compliance through enforcement of the NCA. | Number of investigations conducted on debt counsellors relating to compliance with the NCA. | 350 | 600 | Conducted **771** investigations on debt counsellors relating to compliance with the NCA. |
| | Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance with the NCA by debt counsellors. | 80% | 85% | Enforcement action taken on **98.93%** of investigations which identified non-compliance with the NCA by debt counsellors by the end of the financial year. |
| Improved compliance through enforcement of the NCA. | Number of investigations conducted on hosting credit bureaus in respect of the NCA. | 83% | 6 | Conducted **6** investigations on hosting credit bureaus in respect of credit reports issued for employment purposes in terms of the NCA, removal of adverse consumer credit information and paid-up judgements. |
| | Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance by credit bureaus. | 85% | 90% | Enforcement action taken on **100%** of investigations that identified non-compliance by credit bureaus by the end of the financial year. |
| | % of evaluated credit bureau annual compliance reports certified by an independent auditor for the previous financial year. | 100% | 100% | Evaluated **100%** annual compliance reports certified by an independent auditor submitted by credit bureaus for the 2024 financial year. |

# AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES *continued*

| MTDP Priority | **Priority 3:** Build a capable, ethical and developmental state | | | |
|---|---|---|---|---|
| **Outcome** | **Outcome indicator** | **Baseline** | **Five-year target from 2024–2029** | **One-year achievement** |
| Improved compliance through enforcement of the NCA. | Enforcement action taken by the end of the financial year on a percentage (%) of credit bureaus which were found to be non-compliant after the evaluation of annual compliance reports certified by an independent auditor for the previous financial year. | 80% | 80% | Enforcement action taken on **100%** of credit bureaus which were found to be non-compliant after the evaluation of annual compliance reports certified by an independent auditor for the previous financial year by 31 March 2025. |
| | Number of reports produced on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year. | 3 progress reports and 1 final report on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year. | 12 progress reports and 4 final reports on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year. | Produced **3** progress reports and 1 final report on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year. |

## IMPACT STATEMENT 3: Improved long-term value while minimising our ecological footprint, fostering inclusive communities, and ensuring the highest standards of ethical service delivery.

| MTDP Priority | **Priority 3:** Build a capable, ethical and developmental state | | | |
|---|---|---|---|---|
| **Outcome** | **Outcome indicator** | **Baseline** | **Five-year target from 2024–2029** | **One-year achievement** |
| Proactive Management of ESG and Regulatory Compliance. | Enhanced consumer wellbeing by ensuring an ethical credit environment. | New indicator. | Implementation of ESG Strategy. | Developed and produced ESG strategy document. |
| Financial stability for the entity. | Financially sustained entity. | New indicator. | Implementation of other revenue streams from the funding model. | Developed, produced and submitted a funding model (grant, fees, other) proposal to the dtic. |
| An innovative, collaborative, and resilient workforce. | Ensuring fair labour practice and safe working conditions. | New indicator. | Improved culture within the entity. | Developed and produced a Culture Framework and Implementation Plan. |

### Amendments to the Strategic Plan

There were no significant amendments to the NCR five-year Strategic Plan.

# Performance Information by Activity

## Activity area

### Registrations

**Highlights**

The department saw an increase in the number of new applicants who wanted to be registered with the NCR. The department received about 3 420 applications which represent a 29.45% increase compared to 2 642 the previous year.

**Achievements/Successes**

The department managed to register 1 794 credit providers during this period. There were improvements in the processing of application turnaround times.

**Operational challenges**

System outages from November 2025 resulted in manual processes causing backlogs. Staff burnout and reliance on consultants were noted, but resilience measures ensured continuity.

The NCR Registrations Department registers credit providers, credit bureaus, debt counsellors, alternative dispute resolution agents and payment distribution agents. It is also responsible for the cancellation and lapsing of registrations, maintaining the register of registrants, and managing the payment of annual registration renewal fees.

**To facilitate efficient registration of persons and entities**

The department has built efficiencies in the registration process of applications.

As of 31 March 2026, a total of 9 785 credit providers with 42 619 branches, 1 683 debt counsellors, 53 credit bureaus, 3 payment distribution agents and 10 alternative dispute resolution agents were registered with the NCR.

A total of 1 794 credit providers and 104 debt counsellors were registered during the financial year which may lead to job creation and economic growth.

**To ensure effective implementation of the National Credit Act (NCA)**

The department improves compliance with the Act by conducting stakeholder engagements/roadshows on the Act regarding the registration criteria and process for credit providers.

The department conducted six (6) workshops for unregistered credit providers.

Registrations data also fed into the Consumer Credit Market Report (CCMR) and Credit Bureau Monitor (CBM), reinforcing the department's strategic role in market oversight.

**Future plans/What's in the pipeline**

The department will continue engaging with unregistered credit providers to encourage them to register and comply. We will continue reminding our registrants to renew their registrations on time to avoid the lapse of registrations.

The department will also strengthen its compliance monitoring role by ensuring registration data continues to support broader market analysis and policy development.

# PERFORMANCE INFORMATION BY ACTIVITY *continued*

## Activity area

### Complaints

**Highlights**

An increased number of consumers were removed from unlawful debt review through the complaint resolution process, increasing from 310 in the previous year to 397. The Department engaged with Provincial Consumer Protector Offices and various Ombud schemes to strengthen collaborations and share information on issues of common interest and promote a more coordinated approach to consumer complaint resolution.

**Achievements/Successes**

The department secured refunds and balance adjustments amounting to R1 455 565.21 emanating from complaints evaluation. A total of 397 consumers were removed from unlawful debt review.

**Challenges**

- Lack of automated complaint management system.
- Insufficient staff capacity.
- Reconstruction of data due to the cyber incident.

The NCR Complaints Department is responsible for receiving and processing enquiries, and evaluating complaints on allegations of contraventions of the National Credit Act (NCA) against Debt Counsellors, Credit Providers, Credit Bureaus, Alternative Dispute Resolution Agents and Payment Distribution Agents.

It also promotes the informal resolution of disputes arising in terms of the NCA, without intervening in or adjudicating any such disputes. The department receives complaints through its call centre, then processes and evaluates the complaints, resolves the complaints or takes applicable enforcement measures where contraventions of the NCA are identified. It also negotiates and concludes undertakings and consent orders in terms of section 138(1)(b) of the NCA.

**Enquiries and calls handled**

A total of 186 073 incoming calls were received by the Call Centre, of which 155 188 were handled with an overall call handle rate of 83%. A total of 29 761 calls, which amounts 17% of calls, were lost.

A total of 92 260 written inquiries were received by the Call Centre, of which 62 614 (68% of the total inquiries received) were processed. Of the total processed, 26 781 (43%) were processed within an average of 9 (nine) working days. A total of 1 003 enquiries were referred to the various ombudsman offices.

**Receiving and resolving complaints**

Most complaints received were related to allegations of debt review without consent, reckless lending, disputes regarding outstanding account balances, unregistered persons conducting business of debt counselling or credit granting without being registered, non-distribution of debt review payments, and cost of credit disputes.

Through the complaints resolution mechanism the complaints department secured refunds and/or balance adjustments in favour of consumers to the amount of R1 455 565.21 and about 397 consumers were removed from unlawful debt review processes.

**Enforcement action taken**

Enforcement action was taken where necessary, resulting in 6 (six) consent orders being granted and 79 (seventy-nine) instructional letters issued against debt counsellors, credit bureaus and credit providers.

**Future plans/What's in the pipeline**

- Foster collaborations with stakeholders to address challenges relating to complaints concerning debt review without consent.
- Improve on turnaround times for complaints resolution.
- Enhance the impact of complaints evaluations through increased collaboration on consumer protection and awareness initiatives.
- Strengthen stakeholder relationships.
- Seek support in sourcing an automated complaints management system.
- Explore opportunities to increase staff capacity within the department.
- Continue efforts to address the increasing trend in complaints of debt review without consent, in line with strategic priorities.

## Activity area

### Investigations and Enforcement

**Achievements/Successes**

The Department enhanced its relationship with the National Prosecution Authority, the South African Police Services and the Hawks to optimise its enforcement of the National Credit Act 34 of 2005 by introducing criminal proceedings in addition to the existing civil proceedings.

The role and functions of the department can be found in its strategic objectives, namely to promote responsible credit granting by reducing levels of over-indebtedness and to protect consumers from the abuse of an unfair credit market.

Through investigations and enforcements the department ensures that these objectives are at the forefront at all times in combating an unfair credit market.

**Strategic objective 1:** To promote responsible credit granting.

- Reduce levels of over-indebtedness by improving compliance with regulations pertaining to the total cost of credit (including credit life).
- In the period of 2025/26, the Investigations and Enforcement Department undertook investigations on Credit Providers and Debt Counsellors who had contravened the National Credit Act 34 of 2005.
- This includes a raid undertaken with stakeholders such SASSA, SAPS and Hawks to deter further unfair and unlawful practices within the credit market.

**Strategic objective 2:** To protect consumers from abuse and unfair practices in the consumer credit market.

The investigations and enforcement action taken in the 2025/26 is quantified as follows:

- Eighty (80) investigations were undertaken in the financial year, this includes investigations into both Credit Providers and Debt Counsellors.
- Enforcement action was taken on Credit Providers based on reckless lending and cost of credit amongst other contraventions provided in the National Credit Act 34 of 2005.
  - Forty-six (46) enforcement actions were taken against Credit Providers from Q1 to Q4.
  - Four (4) enforcement actions were taken against Debt Counsellors from Q1 to Q4.
  - The remainder of the investigations and enforcements indicated that the credit market is attempting to be more compliant and align itself with the National Credit Act 34 of 2005.
- Twelve (12) raids across the nine (9) provinces were conducted in collaboration with the South African Police and Hawks to raise awareness and bring to book all individuals not complying with the National Credit Act 34 of 2005.

**Future plans/What's in the pipeline**

- Capacitate the department.
- Improve workflow.
- Conduct raid operations.
- Conduct seventy (70) investigations against Credit Providers and Debt Counsellors who are in contravention of the Act.
- Secure R100 million in refunds and balance adjustments for consumers.
- Impose R1.2 million in administrative fines and penalties.

# PERFORMANCE INFORMATION BY ACTIVITY *continued*

## Activity area

### Credit Provider Compliance

The Credit Provider Compliance Department is responsible for monitoring registered credit providers' compliance with the National Credit Act (NCA) and their conditions of registration. The department executes its mandate through desktop monitoring, on-site visits, market conduct monitoring, submission, and the analysis of statutory reports, applying a risk-based approach to promote responsible lending and consumer protection.

**Highlights**

**Desktop/On-site Visits Compliance Monitoring**

- Conducted three hundred and twenty-four (324) desktop monitoring reviews and on-site visits in all nine (9) provinces of South Africa. Each visit was a chance to dive deep into the unique aspects of each region, ensuring a comprehensive understanding of the local landscape.
- Evaluations focused on fees, interest calculations, and affordability assessments.
- Non-compliance identified included overcharging and weaknesses in affordability practices.

**Market Conduct Monitoring**

- During quarter 2, the department undertook a market conduct on the implementation of language policy proposals in terms of Section 63 of the Act.
- During quarter 4, the department undertook a market conduct on advertising practices, focusing on registered motor dealers to assess compliance with the Act.

**Conditions of Registration**

- Ongoing monitoring of registration conditions, including submission of language policy proposals, measures to combat over-indebtedness, and commitment to B-BBEE compliance.
- Achieved an impressive 52% increase in the submission of B-BBEE documentation compared to the previous financial year.

**Workshops**

- Conducted four workshops and/or webinars in several provinces, with more than 100 credit providers attending each session.
- Engagements focused on compliance requirements and statutory reporting processes.

**Statutory Reporting**

- Issued three (3) circulars regarding the submission of statutory reports, B-BBEE compliance, and submission of statistical reports (Form 39).
- Achieved a remarkable 97% of credit providers in all categories consistently complying with the requirements for quarterly submissions of Form 39.

**Enforcement Outcomes**

- Instructional letters were issued, resulting in over R81 million refunded to more than 73 000 consumers through refunds and balance adjustments.
- Credit providers instituted undertakings to strengthen systems and internal controls to prevent repeat non-compliance.

**Challenges**

Despite progress, the department continues to face several challenges:

- Difficulties in contacting registrants due to a change of the contact person's details without notification.
- Poor responsiveness and non-submission of reports by some credit providers.

**Future Plans/What's in the pipeline**

In the 2026/27 financial year, the department will continue to execute its mandate in line with the provisions of the National Credit Act, with a strengthened focus on monitoring, enforcement, and credit providers' support to promote a fair and transparent credit market.

The department's key focus areas will include:

- Ongoing Compliance Monitoring:

  The department will continue to monitor compliance with cost-of-credit regulations, with specific emphasis on interest rates, initiation fees, service fees, and the prevention of reckless lending practices.

- Strengthening SMME Compliance:

  Targeted interventions will be implemented to enhance compliance levels among small, medium, and micro enterprises (SMMEs). This will include focused education, guidance, and support initiatives to improve statutory reporting, affordability assessments, and adherence to cost-of-credit requirements.

- Monitoring of Collection Practices:

  Increased attention will be paid to monitoring credit providers' debt collection methods, including the application of default charges and collection costs, to ensure alignment with regulatory standards and the fair treatment of consumers.

## Activity area

### Debt Counselling

**Highlights**

A longstanding matter with one of the PDAs was finalised through a settlement agreement which was made an order of the NCT. The PDA admitted to having contravened various sections of the NCA and agreed to pay a penalty fee of R100 000.00.

Through compliance monitoring activities performed on debt counsellors and payment distribution agents, funds amounting to R251 585.35 were recovered and refunded to consumers by way of distribution to the consumers' credit providers and/or direct deposits/refunds to the consumers.

The issuance of clearance certificates reflecting rehabilitated consumers rose to 59 123, compared to 47 757 in the previous period.

**Challenges**

The technological advancement within the debt counselling industry and a lack of NCR automation hinder effective compliance monitoring. Budget constraints coupled with prolonged system unavailability also had an adverse impact on departmental activities. This includes the temporary down time of the Debt Help System (DHS) which was implemented as a precautionary measure following reports of misconfiguration challenges.

The Debt Counselling Department monitors the compliance of debt counsellors and payment distribution agents with the provisions of the National Credit Act (NCA) and their conditions of registration.

Additionally, the department works with the debt counselling industry to address challenges, promote solutions, and facilitate agreements. This approach strengthens consumer protection, supports debt counselling as a debt relief measure, and balances the interests of consumers, credit providers, and debt counsellors.

**Compliance monitoring**

During the period under review, debt counsellors were subject to compliance monitoring through remote/desktop assessments, investigations and on-site assessments. This process entailed the evaluation and analysis of pertinent information and documentation provided by debt counsellors, payment distribution agents, and NCR reports. Where instances of non-compliance were identified, appropriate enforcement actions were implemented.

The department hosted webinars prior to compliance monitoring exercises aimed at ensuring that debt counsellors understand the NCR's expectation during the compliance monitoring process and to address topical issues affecting the debt counselling industry such as misleading advertising, applications to the National Consumer Tribunal and the process that must be followed, and usage of Payment Distribution Agents (PDAs).

**Debt counsellors**

During 2025/26, 523 debt counsellors were monitored, an increase compared to the 515 monitored in 2024/25. The department continues to employ an intensive and comprehensive compliance monitoring strategy, which has led to enforcement actions against debt counsellors found to be in violation of the NCA.

The main contraventions noted include failure to provide the NCR with required documents and information, failure to refer matters to court or the National Consumer Tribunal within the prescribed timeframes, charging consumers legal fees without referring matters to court or the National Consumer Tribunal, and charging a reckless lending fee without conducting the required reckless lending investigation or assessment.

**Payment distribution agents**

The compliance monitoring of payment distribution agents is undertaken through monthly analysis of their reports, annual audit by an external service provider, quarterly remote/desktop and/or on-site compliance monitoring.

In addition to the monthly report analysis conducted, a total of 12 compliance monitoring activities (i.e. annual audit and quarterly compliance monitoring) were conducted on the 3 registered PDAs, and all PDAs were found to be compliant.

During the review period, one longstanding case which had been referred to the National Consumer Tribunal (NCT) in 2021 was resolved by a settlement agreement, which became a tribunal order. The terms of the agreement were among others that the respondent admits to violating various sections of the NCA and agreed to pay a R100 000 penalty.

# PERFORMANCE INFORMATION BY ACTIVITY *continued*

### Stakeholder engagements

For the period under review the department held 28 stakeholder engagements with various industry stakeholders intended to identify common industry trends and challenges, and to find related solutions. Of these activities, four (4) were for the Credit Industry Forum and one (1) with the Magistrate Civil Forum.

### Providing support and improving compliance

The department hosted a total of 33 webinars for debt counsellors. These webinars included one (1) new debt counsellor webinar aimed at capacitating newly registered debt counsellors and at the same time providing guidance on debt counselling and related matters/topics such as the appointment of a PDA, completion of Form 41s and Form 42s, the importance and role of the Debt Help System (DHS) and others.

### Development of the debt counselling training course as an occupational qualification

Effective debt counselling relies on well-trained debt counsellors. Currently prospective debt counsellors complete a short course carried out over a period of ten (10) days.

To improve the quality of the training offered, it is imperative that the training be developed into an occupational qualification which will include a provision for mandatory practical training for the candidates prior to completion and certification. Approved funding for the project in 2024/2025. Challenges in sourcing a suitable subject matter expert service provider to develop the course has resulted in the project being delayed.

This initiative will benefit debt counsellors, credit providers and consumers alike and will result in high quality debt counselling services.

### Disbursement to credit providers

For the period under review, the PDAs disbursed R19.31 billion to credit providers for consumers under debt counselling, this represents an increase compared to the previous financial year (2024/2025: R18.95 billion). Even in a challenging economy, debt counselling allows consumers facing financial difficulties to keep paying off their debts with lower payments. Since 2008, the PDAs have disbursed R160 billion to credit providers.

### Administration of the PDA interest account

The Minister of Trade, Industry and Competition empowered by Regulation 10A(9)(h)(iii) of the NCA approved a policy developed by the NCR on the usage of the interest earned by the PDAs. This policy stipulates that the PDA interest earned must be used by the NCR for consumer awareness, education campaigns and the investigation of prohibited conduct.

As a custodian of the policy, the Debt Counselling department must ensure that funds are utilised in compliance with the policy, send quarterly utilisation reports to the dtic and conduct an independent annual audit of the PDA interest account and utilisation. For the period under review, the Debt Counselling department submitted four (4) quarterly utilisation reports to the dtic.

Four (4) success stories of consumers who used debt counselling to address their financial challenges and successfully reached rehabilitation from the process were profiled. (PS: Consent was given to publish the profiled success stories- see below).

## NCR SUCCESS STORIES FOR 2025/26

### Consumers that finalised the debt review process and received their clearance certification

These consumers are debt free and want to stay that way. All of them have learned much during their time under debt review, among others discipline, and the difference between "want" and "need". The choice of debt counsellor was very important to their success.

*MR VEE NKOSI*

***Debt Review: Lessons Learned***

*I first signed up for debt counselling in 2012 after finding myself in financial difficulty. I had discovered debt review online and decided to enrol to protect my assets. At the time, the process was not clearly explained to me. While the benefits of debt review were highlighted, there was little information about how to exit the process should my circumstances change.*

*Less than a year later, I secured a higher income and was able to repay my debts on the original contractual terms. Believing I no longer needed debt review, I requested a withdrawal from my debt counsellor. Without explaining the consequences, they issued me a Form 17.4 for voluntary withdrawal. I thought this meant I had exited debt review – but in reality, my credit record still reflected the status. Years later, in 2019, when I applied for car loan, my application was declined because I was still flagged as being under debt review. Desperate to resolve the situation, I turned to unknown individuals who claimed they could remove me from debt review. I paid significant amounts of money to various people, but none of them succeeded in clearing my record.*

*In March 2024, I was referred to a reputable debt counsellor, Mrs Sullette Naude. She reviewed my credit profile and discovered that most of my accounts had been paid up or prescribed, with only two still outstanding. After providing proof of payment for the remaining debts, she issued a clearance certificate on 3 April 2024. This was sent to my creditors and the credit bureaus, and my debt review status was finally removed, all within a week and at a fraction of the cost of what I had previously paid.*

*Debt review helped me when I was in financial distress, although I wished that I had asked more questions. Knowing what I know now, I would have been far more involved in the process. It is not something you hand over, you must stay a part of it and stay informed.*

**From Mr Nkosi's chest of knowledge:**

First, clarity matters. The first debt counsellor did not fully explain the implications of debt review or how to exit the process. Second, be cautious of promises. Many individuals claiming to "remove" debt review statuses are scams. Lastly, choose a reputable, registered debt counsellor. Mrs Naude's quick, affordable, and legitimate assistance resolved years of frustration.

Debt review was the best decision we could have made for our family. It was not easy, but it gave us the stability and protection we needed to recover from financial disaster.

## PERFORMANCE INFORMATION BY ACTIVITY *continued*

*NATALIE GERMANUS*

*Natalie went under debt review in 2020 after unexpectantly becoming unemployed during the early part of 2020 and only finding employment late in the year. All her accounts were in arrears and were in serious financial trouble. After considering the debt review process for a short while, she found a debt counsellor that explained the process in detail to her and answered all questions that she had. Natalie's debt counsellor negotiated a payment plan that provided an interest rate of 0.68% on all her unsecured debt. This made a huge difference in the overall repayment amount to her credit providers. Natalie paid more than the agreed instalments every opportunity she got, and in this way became debt free 18 months before the expected date. Her debt counsellor truly counselled her through the process.*

*After five (5) years of being under debt review, Natalie is extremely grateful to be on the other side of debt. She now sees the value of budgeting and planning for the medium and long term. She now budgets every month and ensures that saving is an integral part of her budgeting process. "I now live within my means and am saving for a rainy day."*

*Natalie's experience taught her that there is life on the other side of debt review. A good debt counsellor and careful planning of the repayment proposal can reduce interest payable and fast track the overall repayment period. Natalie is adamant that consumers must make sure you do your homework before choosing a debt counsellor.*

*JOAO DE ABREU*

*When Joao was involved in an unfortunate accident, the medical bills piled up to the extent that he owed over half a million rand to medical practitioners. He was fortunate to keep his mortgage agreement up to date during this time but even with his great credit record, he could no longer afford to take on any new loans or pay the unsecured debt he had.*

*After doing his research, he found a debt counsellor that assisted him through the whole process. Upon the advice of his debt counsellor, Joao sought credit life and disability insurance. Thankfully he did, as he was declared permanently disabled a few years later and the insurance settled all his unsecured debt. He is now debt free with a mortgage agreement that is paid up to date.*

*Joao signed up for debt review four (4) years ago and has never looked back. He initially had to undergo debt review as his financial circumstance deteriorated drastically because he had to pay medical bills. With the favorable interest rates that his debt counsellor was able to negotiate for him, which varied between 5% to 10% on unsecured debt, the additional affordability that debt counselling brought enabled him to take out medical aid that will cover all future medical bills.*

*He is convinced that the protection he received from debt counselling, and the competence of his debt counsellor made life after a traumatic accident bearable. Joao stated that "debt counselling taught me the value of having savings in the household for that inevitable emergency that can wait around the corner."*

*He is convinced that without debt counselling, the everyday stress of being in arrears would have had a detrimental impact on his health and in fact saved his life.*

## *CONGRATULATIONS TO*

## *NATALIE AND JOAO ON THEIR REHABILITATION*

### The year ahead

- The department will continue to enhance and reinforce its compliance monitoring and enforcement efforts.
- The department intends to develop and implement comprehensive strategies and processes to support the effective enforcement of orders granted by the National Consumer Tribunal.
- The department will undertake a review and update of the Debt Counsellors' code of conduct, as well as the conditions of registration.
- Efforts will continue to focus on completing active CIF sub-committee work and increasing industry engagement to address shared interests and operational solutions.

**01** Through compliance monitoring an amount of **R251 585.35** was recovered and refunded to consumers.

**02** **33** educational, supportive and compliance related webinars were held for debt counsellors and payment distribution agents.

**03** Increase on clearance certificates issued **59 123** vs 47 757 for 2024/25.

**04** **One (1) matter** was finalised through a settlement agreement that was made an order of the NCT.

**05** PDAs disbursed **R19.31 billion** vs R18.95 billion in 2024/25.

# PERFORMANCE INFORMATION BY ACTIVITY *continued*

## Activity area

### Risk and Audit Services

**Achievements/Successes**

During the period under review, the Risk Appetite and Tolerance Policy Framework and ESG Strategy were approved as an addition to the other approved governance frameworks maintained by the department.

The Risk and Audit Services Department coordinates and supports the overall Enterprise Risk Management (ERM) process in line with the NCR's approved Risk Management Policy Framework. It facilitates the development and review of the NCR Strategy together with the Annual Performance Plan as well as performance monitoring and evaluation. Furthermore, the department directs the outsourced Internal Audit function and ensures implementation of the Environmental, Social and Governance (ESG) programme within the NCR.

During the year under review, the department successfully implemented the approved Risk Management Implementation plan as well as the activities of the Annual Operational Plan. The department translated EXCO's strategic priorities into operational plans and cascaded them into departmental deliverables, ensuring alignment with the APP and the NCR's strategic objectives. In addition, the department also monitored the organisation's performance against the approved plans, and tracked departmental performance against operational plans. Regular reviews, progress tracking and risk assessments were undertaken to identify obstacles early and strengthen accountability.

Risks that have a material impact on the strategic objectives of the organisation were identified, monitored, and reported to the oversight structures. The department also facilitated the NCR's adoption of an integrated risk management model and process that will embed sound risk management practices in all its strategic and operational activities by linking risks to objectives.

**Highlights**

The organisation partook in its second strategic planning breakaway session with the intention of enhancing processes and good governance, set priorities, and strengthen operations.

The department also underwent ESG training to gain relevant skills on the implementation within the NCR. This training supported the implementation of the NCR's ESG strategy, embedding sustainability principles into operational planning. In addition, the department actively raised awareness across the organisation on ERM and ESG principles to promote a culture of informed and sustainable decision making.

Operational improvements included strengthened communication channels through regular stakeholder engagements, performance review meetings, and transparent reporting processes. The department also fostered collaboration, resilience, and morale among staff during leadership transitions by maintaining open communication and encouraging active participation in problem solving.

The department strengthened the organisation's Business Continuity Management (BCM) framework through the review and enhancement of the Business Continuity Plan (BCP), ensuring alignment with critical service delivery functions. Business continuity risks were assessed and incorporated into the enterprise risk register, and awareness initiatives were conducted to improve organisational resilience and crisis preparedness.

**Future Plans/What's in the pipeline**

During the upcoming financial year, the department will execute its approved three-year Risk Management Implementation Plan to enhance internal processes and improve the risk maturity of the organisation. The department is anticipating increasing its workforce to address capacity needs. In addition, the organisation will also be establishing its own internal audit function. The insourcing of an adequately staffed, skilled, and independent internal audit team is critical to strengthening governance, accountability, risk management and internal control within the organisation. The ESG strategy will also be implemented and reported to relevant stakeholders. The department will continue to embed ERM principle awareness throughout the organisation to ensure sustained alignment with governance and sustainability objectives.

## Activity area

### Education and Communication

The Education and Communication Department has the mandate to educate customers of their rights and responsibilities under the National Credit Act, while enhancing public understanding of the NCR's role, initiatives, and services. Education is a core component of the consumer protection framework in South Africa.

**Highlights**

The NCR participated in annual world consumer rights month's commemorative events in the North-West, Northern Cape, Limpopo and Kwazulu-Natal during the build-up programme to commemorate World Consumer Rights Day 2026. The World Consumer Rights Month in South Africa is an annual commemoration celebrated during the month of March to promote consumer rights, highlight unethical market practices, and advocate for fair, transparent, and accountable marketplaces.

The NCR participated in the Money Smart Week 2025 campaigns from 25 to 31 August 2025, as well as the provincial adjudication of the financial literacy speech competition hosted by the FSCA and involving grade 11 learners in all nine provinces.

The NCR joined over 350 emerging business leaders at the Mpumalanga Youth Business Breakfast held at the University of Mpumalanga on 16 June 2025 in commemoration of Youth Day. The event took place under the dynamic theme, "Think Back, Live Now and Look Forward." Organised by the Mpumalanga Department of Economic Development and Tourism, under the banner of Mpumalanga Economic Growth, in partnership with the University of Mpumalanga, the engagement formed part of an industry stakeholder workshop aimed at empowering youth and people living with disabilities through inclusive economic development initiatives.

The NCR in collaboration with the SABC Ligwalagwala FM, hosted a men's event themed "Phefumula Ndvodva" in Nelspruit, Mpumalanga on 26 July 2025.

Consumers of credit and financial products are susceptible to unscrupulous providers and frequently become victims of predatory lending and deceptive marketing methods. Due to the intricate dynamics of South Africa's credit industry and the socio-economic difficulties encountered by consumers, a comprehensive awareness programme is not only beneficial but imperative. It allows the NCR to meet its constitutional responsibilities under the National Credit Act (NCA) and to uphold the essential rights outlined in South Africa's Bill of Rights, fostering equitable access to credit information and just treatment in credit-related engagements.

The department translated EXCO's strategic priorities into operational delivery by aligning its Annual Operations Plan to the NCR's Annual Performance Plan (APP). Priority areas such as consumer education and awareness activities on the NCA and stakeholder engagement were incorporated into departmental Key Performance Indicators (KPIs) and individual performance agreements. Operational continuity was maintained during leadership transitions by redistributing responsibilities where needed to ensure uninterrupted delivery of consumer education, stakeholder communication, media relations, and public awareness campaigns.

The department also strengthened monitoring and reporting mechanisms through impact assessment reports to measure programme outcomes, and support evidence-based decision-making. Collectively, these improvements enhanced operational efficiency, increased public engagement, and contributed to the NCR's mandate of promoting a fair, transparent, and responsible credit market.

In the current economic environment where over-indebtedness, financial exclusion, and inadequate consumer financial literacy continue to hinder socio-economic progress, the department continuously equip consumers with the knowledge to make informed financial decisions and manage credit responsibly.

Broader economic and operational developments significantly influenced the priorities of the Education and Communications function during the reporting period. Rising consumer demand for information, driven by economic pressures, increased the need for consumer financial education on responsible borrowing, debt management, consumer rights, and available regulatory protections.

# PERFORMANCE INFORMATION BY ACTIVITY *continued*

Inflation and the increasing cost of living contributed to greater public interest in debt-related information, good lending practices and accessing credit, resulting in higher demand for public awareness activities, stakeholder engagements, and media interviews.

## Education activities

We conducted 1 405 activities by partnering with various stakeholders and initiating engagements. These activities included workshops, exhibitions, mall activations, webinars, and media engagements such as interviews on radio, television, and media releases.

Key milestones included the successful implementation of Money Smart Week 2025, the National Consumer Rights month programmes, and quarterly debt counselling webinars engaging stakeholders on topics such as debt counselling without consent, unpacking the process of debt counselling and exiting debt counselling.

## Education through mass media

The department has established good relationships with community, regional and national media. Much of the radio and television coverage is produced through public relations initiatives and efforts aligned in terms of the NCA. Various radio stations and television channels such as the South Africa Broadcast Corporation (SABC), including the eNCA provided the NCR with interview opportunities in the year under review.

The NCR's public relations and media relations team leveraged established media relationships to secure additional complimentary multimedia exposure. The sustained assistance from 27 community radio stations through complimentary weekly interview slots allowed the NCR to significantly expand and enhance its regional and rural footprint.

The NCR also conducted education and awareness campaigns, including outside broadcasts in partnership with SABC Radio and various community radio stations to reach the widest audience possible. Built around the main theme of consumer rights, the campaigns' main messages were:

- STAY#SCAMALERT
- Ignore the hype. Don't let Black Friday and Cyber Monday lead to a blacklisting. Be credit savvy.
- Protect your ID and personal details to avoid being the victim of a scam!
- #JanuaryMatters! Spend wisely and be credit smart.

## Mass media education and news coverage

In 2025/26 the department conducted media engagement activities. These included:

- 1 035 radio interviews
- 14 television interviews
- 12 media releases issued

The radio interview topics included debt counselling, budgeting and saving, scam alerts, over-indebtedness, interest-rate hikes, cost of credit, credit bureaus, prescribed debt, surrendering of goods, consumer rights and responsibilities amongst other topics under the NCA.

Media coverage enhances awareness of the NCR and reinforces its brand identity. The NCR's studies regarding the credit industry and credit-active customers attract business media, whereas narratives such as enforcement, non-compliant credit providers, debt counselling, and consumer awareness on the NCA engage the general news media.

**The NCA issued the following media releases:**

- "NATIONAL CREDIT REGULATOR: Supreme Court of Appeal Rules in favour of the National Credit Regulator, and delivers victory for consumers"

  The National Credit Regulator (NCR) has welcomed a significant Supreme Court of Appeal (SCA) landmark judgment handed down on Tuesday, 8 April 2025. The judgment, delivered in Bloemfontein, followed an Appeal brought by Pretoria-based Loan Company (Pty) Ltd ("the Loan Company"), following a judgement handed by the National Consumer Tribunal ("the Tribunal"). The article was released on 16 April 2025.

- **"NATIONAL CREDIT REGULATOR: The national credit regulator warns the youth to not 'soft life' into unnecessary harmful debt traps"**

  The NCR urged young consumers to exercise caution and financial responsibility. With the increasing popularity of the "soft life" culture, epitomised by a lifestyle of luxury, designer brands, and instant gratification, many young people find themselves living beyond their means. The article was released on 17 June 2025.

- **"NATIONAL CREDIT REGULATOR: Issues guideline to ensure accurate credit reporting for consumers under debt review"**

  The National Credit Regulator (NCR) issued a new guideline (Guideline 003/2025) to direct credit providers on the proper implementation of Sections 69(2), 70(1), 70(2), and 71(5) of the National Credit Act (NCA), read together with Regulation 19(13). The guideline aims to address a critical gap in the reporting of consumer payment profile information to credit bureaus during and after the debt review process. The article was released on 4 July 2025.

- **"NATIONAL CREDIT REGULATOR: Urges men to be money-wise amid rising costs"**

  The NCR observed both Savings Month and Men's Month during July 2025, calling on men to take control of their finances by cultivating a habit of saving and becoming credit savvy especially in the face of soaring living costs. The NCR emphasised that savings builds resilience and is a great step towards achieving financial freedom. It also recognised that men are often seen as breadwinners and

go-getters and that this perception and/or expectation can often cause a lot of pressure on men, especially younger men. The article was released on 17 July 2025.

- **"NATIONAL CREDIT REGULATOR: Issues a scam alert – fake website falsely claims to represent the National Credit Regulator"**

  The NCR was made aware of a fraudulent website, www.NCRSwift.org.za, which falsely claims to be associated with the NCR. It purports to be a secure platform created for the consumer to shut down debt review scams, bring perpetrators to book and offers services for debt counselling complaint submissions. This website is not authorised, not affiliated, and not recognised by the NCR in any capacity but fraudulently using the NCR's name to mislead and scam consumers. The article was released on 30 July 2025.

- **"NCR says that consumers should pay attention to detail, as the country commemorates money smart week"**

  The NCR participated in MSWSA 2025 from 25 to 31 August 2025 and encouraged South Africans to make informed and responsible credit and money decisions to improve their financial wellbeing. As the regulator responsible for the South African consumer credit market, the NCR's participation is focused on raising awareness about responsible borrowing, budgeting, and increasing knowledge of the available consumer protection mechanisms. The article was released on 22 August 2025.

- **"NCR website update and assurance on data security"**

  The NCR informed the public about the technical disruptions experienced on its website (www.ncr.org.za). It further assured all stakeholders that no personal information has been compromised as the website only hosts public information and that NCR's internal systems and consumer data remain fully secured, no data breach has occurred. As a result of the disruption, users were further informed about the slower loading times or temporary difficulty accessing the website. The article was released on 10 September 2025.

- **"NATIONAL CREDIT REGULATOR: Black Friday frenzy: Spend wisely, safeguard your wallet for a more prosperous festive season"**

  The NCR continues to advocate for inclusiveness, responsible borrowing and lending, educating consumers on their protection offered by NCA, ensuring fair and transparent practices in the credit market. The NCR's mandate is to educate consumers on responsible credit use and their consumer credit rights so that individuals and families can, to some extent, avoid debt traps that can affect their financial wellbeing and credit profiles long after the festive season. The article was released on 27 November 2025.

- **"NATIONAL CREDIT REGULATOR: National Credit Regulator urges South Africans to spend wisely and avoid a post-festive 'financial hangover'"**

  The National Credit Regulator (NCR) called on all consumers to exercise strict financial caution during the 2025 festive season to avoid starting 2026 overwhelmed by debt and financial distress. With approximately 10 million South Africans already over-indebted, the organisation warns that impulsive spending, social pressures, and easy access to credit continue to push many households into unsustainable financial situations. The article was released on 12 December 2025.

- **"NATIONAL CREDIT REGULATOR MARKS WORLD CONSUMER RIGHTS MONTH 2026 WITH STRONG WARNING AGAINST UNFAIR CREDIT PRACTICES"**

  As consumers worldwide commemorate World Consumer Rights Day (WCRD) on 13 March 2026, the National Credit Regulator (NCR) reaffirmed its commitment not only to consumer education, but to decisive regulatory enforcement against unfair and unlawful credit practices. This year's theme, "Turning the Tide Against Unfair Business Practices," reflected the urgent need to confront exploitative conduct within the marketplace particularly in the credit sector, where vulnerable consumers are often exposed to reckless lending, unlawful fees, misrepresentation, and unethical debt counselling practices. The article was released on 9 March 2026.

- **"NCR URGES CONSUMERS TO PREPARE RESPONSIBLY AMID ANTICIPATED FUEL SUPPLY DISRUPTIONS"**

  The National Credit Regulator (NCR) cautioned South African consumers to prepare responsibly for potential fuel supply disruptions as the anticipated shortages may place additional financial pressure on already strained households, particularly as consumers may need to adjust their daily commuting patterns, household budgets, and essential spending. The NCR also urged consumers to exercise financial prudence, avoid making impulsive financial decisions in response to uncertainty and encouraged consumers to adopt practical financial management strategies to help cushion the potential impact. The article was released on 31 March 2026.

- **"NCR ISSUES GUIDELINE TO PROMOTE FAIR HANDLING OF CREDIT REPORT DISPUTES"**

  The National Credit Regulator (NCR) issued a Guideline on Credible Evidence for Disputed Credit Bureau Information (Guideline 005/2025) to all its registrants. The aim of this Guideline is to provide uniformity and clarity on the proof required when consumers dispute incorrect information on their credit reports. It also ensures that credit bureaus and credit providers treat disputes fairly, consistently and in line with the National Credit Act. The article was released on 23 March 2026.

# PERFORMANCE INFORMATION BY ACTIVITY *continued*

## Stakeholder engagement and community outreach

The NCR held 329 community outreach workshops, webinars, exhibitions and mall activitations to educate consumers on their rights and responsibilities in terms of the NCA through digital and face-to-face interactions.

The department held 49 stakeholder engagement meetings using both virtual platforms and face-to-face. These meetings were held with the following stakeholders, amongst others:

OMBUD Council, National Consumer Financial Education Committee (NCFEC), Consumer Protection Forum (CPF), Ramotshinyadi Youth Centre, Financial Sector Conduct Authority (FSCA), City of Johannesburg Forum, the South African Police Services (SAPS), Consumer Education Committee (CEC), Mpumalanga Office of the Premier, Financial Sector Conduct Authority (FSCA), MSWSA steering committee, the dtic COTII Communication and Marketing Forum, Consumer Protection Forum (CPF), Blacksash, National Consumer Financial Education Committee (NCFEC), Information Regulator, Midrand Stakeholder Forum, Kya Sands Stakeholder Forum, Cosmo City Multi-Sectoral Forum, Department of Justice, Economic Development, Eastern Cape Environmental Affairs and Tourism, South African National Parks (Kruger National Park), Special Investigating Unit, Growth and Development Institute, Riqueza Wealth, Walter Silulu University, Consumer Protection Forum, LGBTQ+, Money Smart Week South Africa Steerco, Gauteng Office of Consumer Affairs, Gauteng Liquor Board, Gauteng Gambling Board, GCIS.

MANCO provided strategic oversight and leadership in strengthening collaboration with government departments, regulators, educational institutions, consumer organisations, traditional leaders, and industry associations. These partnerships extended the reach of awareness campaigns and improved access to consumer education across South Africa.

**Challenges**

The Education and Communication Department achieved its targets during the year under review despite budgetary and human resource capacity constraints exacerbated by environmental and social factors. To mitigate this, the team planned work in a way that improvised for low staff and leveraged other teams/stakeholders' resources.

## Fraud awareness activities

Five quarterly internal workshops were conducted during the 2025/26 financial year for new and existing NCR employees to raise awareness of anti-corruption measures and the anonymous ethics tip-off line, including distribution of digital posters to all staff.

## Future plans/The year ahead

During 2026/27, the department will continue enhancing relationships with stakeholders, maintaining existing partnerships while establishing new ones, and explore digital platforms to protect the rights of consumers by advancing their awareness of the National Credit Act and the services of the NCR.

Priorities include implementing the 2026–2029 Consumer Financial Awareness and Advocacy Strategy, expanding digital communication (including social media platforms), strengthening media relations, producing multilingual educational content, and conducting an impact study on activities relating to educational awareness activities.

## Activity area

### Statistics and Research

The Statistics and Research Department is mandated to systematically collate, analyse, produce, and publish high-quality statistical data that supports evidence-based decision-making within the consumer credit market. Data is collected in a prescribed and standardised format from credit providers, credit bureaus, debt counsellors, and credit life insurers to ensure consistency, accuracy, and reliability.

**Highlights**

Completed an in-depth study of vehicle finance options in South Africa, uncovering how the market operates and where critical risks and opportunities lie. This deeper understanding strengthens our ability to monitor the sector effectively and elevates our role in protecting consumers. Findings were used by the Education and Communications department to design targeted consumer awareness campaigns.

Completed a comprehensive review of the fee structure in line with regulation 45 and formally submitted the findings to the dtic, with the objective of supporting informed decision-making. The review is currently at the public consultation stage, aimed at gathering stakeholder input to ensure transparency, alignment, and robustness of the final outcomes.

Published the CCMR despite ICT disruptions, using manual processes and interim workarounds .

Beyond data production, the department plays a strategic role in advancing the body of knowledge on consumer credit through rigorous research, trend analysis, and insightful interpretation of market dynamics. This work informs policy development, regulatory oversight, and industry best practices.

The department's core outputs are the Consumer Credit Market Report (CCMR) and the Credit Bureau Monitor (CBM), both produced on a trimonthly basis. These flagship reports serve as authoritative reference points for a wide range of stakeholders, including government entities, the media, credit providers, industry analysts, investors, researchers, and other key decision-makers who rely on timely, credible data to guide strategic and operational decisions.

The reporting requirements under the National Credit Act (NCA) are intended to ensure clear, consistent, and proportionate regulatory oversight of credit providers based on their market size and level of activity. Accordingly, the NCA differentiates between small credit providers defined as those with annual disbursements of less than R15 million, and larger credit providers defined as those with annual disbursements exceeding R15 million. This distinction is designed to align reporting obligations with the scale and potential systemic impact of each category, while promoting transparency, compliance, and effective monitoring within the credit market.

The reporting quarters applicable to the CCMR and CBM are explained in the table below:

| Quarter | Reporting period | Quarter | New credit R'B | Debtors book R'T |
|---|---|---|---|---|
| **Quarter 2 (Q2)** | 1 April–30 June | 2025 Q2 | R156.1 | R2.44 |
| **Quarter 3 (Q3)** | 1 July–30 September | 2025 Q3 | R170.34 | R2.46 |
| **Quarter 4 (Q4)** | 2025 Q4 | 2025 Q4 | R181.33 | R2.50 |
| **Quarter 1 (Q1)** | 1 January–31 March | 2026 Q1 | R166.12 | R2.54 |

In accordance with Sections 13 and 16 of the National Credit Act, the department is mandated not only to fulfil its statutory obligations but also to proactively undertake research that provides insight into prevailing market conditions, emerging trends, and evolving risks. This research function is intended to strengthen evidence-based decision-making, inform regulatory and policy interventions, and ensure that the department remains responsive to developments within the credit market. Historic data analysis is increasingly used to predict future market trends and guide other NCR departments in planning.

**Challenges**

The National Credit Regulator (NCR) has been experiencing significant system disruptions following the cyberattack encountered on 19 November 2025. As a result of this incident, the Statistics and Research department's shared drive was affected and all data files were lost. The data lost includes amongst others, capturing sheets, pivots, Adobe InDesign and Illustrator and the research data mine. The data sheets were used to produce the Consumer Credit Market Report (CCMR) and Credit Bureau Monitor (CBM). Despite the disruption, the department maintained delivery of CCMR and CBM through manual processes and interim workarounds, ensuring continuity of oversight.

The department remains understaffed due to ongoing budget cuts, which continue to constrain NCR's capacity to meet operational demands, sustain performance standards, and deliver on strategic objectives.

# PERFORMANCE INFORMATION BY ACTIVITY *continued*

## Activity area

### Security and Facilities

**Achievements/Successes**

Completion of the following Occupational Health and Safety training:

- SHE Representative
- First Aid
- Legal Liability
- HIRA
- Emergency Preparedness
- Fire Fighting
- Incident Investigation

Successfully relocated and consolidated staff into the building at 127-15th Road, Randjespark, Midrand. This included reinstating the vacated building and arranging offsite storage of assets.

Completed office redesign in the Executive Department.

The Security and Facilities Unit is responsible for the provision of integrated facilities management services to maintain, improve and adapt the NCR's work environment. This includes managing and coordinating the best use of space, building services, infrastructure and people, and the provision of a range of supplies and services.

The unit oversees the operations of the office in Midrand, as well as the repairs and maintenance of existing buildings and equipment. The Security and Facilities Unit ensures that the NCR has a suitable, safe and secure working environment for its employees, visitors and their activities.

#### Future plans/The year ahead

Request for proposals and processes planned for the 2026/27 financial year are to appoint:

- a service provider for office space/accommodation
- a service provider to provide cleaning services
- a service provider to provide security services
- an Insurance Broker for the NCR
- an OHS Consultant for the NCR
- a service provider for offsite document storage

## Activity area

### Credit Bureau Compliance

**Key Achievements in 2025/26**

During the 2025/26 fiscal year, the department:

- Conducted 14 on-site compliance monitoring visits.
- Held 20 compliance visibility meetings.
- Reviewed periodic regulatory submissions from credit bureaus.
- Conducted 6 compliance awareness campaigns.

The above initiatives reinforced compliance efforts and strengthened the regulatory framework.

The Credit Bureau Compliance Department plays a critical role in regulating registered credit bureaus. Its primary objective is to strengthen adherence to the National Credit Act (NCA), ensuring compliance with registration conditions and guidelines issued by the National Credit Regulator (NCR). The department focuses on maintaining the quality, accuracy, and standards of consumer credit information held by credit bureaus.

#### Compliance Mechanisms

To achieve its mandate, the department employs a range of compliance measures, including:

- Reviewing annual and quarterly reports submitted by credit bureaus.
- Conducting on-site and desktop monitoring exercises.
- Proactive engagements and visibility meetings to foster open communication and collaboration between credit bureaus and the NCR.

These efforts promote a cooperative compliance environment, ensuring credit bureaus operate transparently and in line with regulatory expectations.

#### Identified Non-Compliance Issues

The department uncovered three primary areas of non-compliance:

1) Failure to submit regulatory reports as required.
2) Misrepresentation of the NCA related to some areas of the Credit Bureau's legislative obligations.
3) Operating as a credit bureau without proper NCR registration, in violation of the NCA.

Addressing these issues remains a priority to uphold the integrity of the credit reporting system.

#### Strategic Collaboration and Enhancements/Highlights

1) The NCR collaborated with IFC on the completion of a Feasibility Report on the establishment of a National Register of Credit Agreement (NRCA).

   The objective of the report was to determine the feasibility of the National Credit Regulator to 'establish and maintain' in the prescribed manner and form, a single national register of outstanding credit agreements based on the information provided to it in terms of section 69(I) of the National Credit Act, 2005.

   The proposed NRCA would become South Africa's most complete source of credit agreement data, encompassing both individuals and entities. Its primary objectives are:

   - Regulatory oversight: Monitoring systemic risks and ensuring compliance with lending laws.
   - Centralised record-keeping: Aggregating all outstanding credit agreements for full market visibility.
   - Policy support: Enabling deeper, data-driven analysis of credit trends, inclusion, and crises.

# PERFORMANCE INFORMATION BY ACTIVITY *continued*

- Academic and policy research: Supplying high-quality data for research purposes.

2) The NCR further collaborated with IFC and SACCRA in the Business Credit Information Sharing in South Africa Project.

   A diagnostic study was conducted. The completed report contained the following:

   - Updated information on the state of credit access by businesses, especially MSMEs including constraints they face.
   - Provided the rationale (economic or otherwise) for credit industry framework for collection of business credit and risk data.
   - Mapped the current state of information sharing for businesses with a special focus on MSMEs in South Africa including the existing credit and opportunities that BusCRI can address.
   - Identified additional financial and non-financial data that can contribute to the creditworthiness of MSMEs.
   - Proffered recommendations including new or improvements to existing models, operations, legal, and regulatory reform for sharing information on businesses, especially MSMEs.
   - Formulated a strategy for engaging with key stakeholders, including industry champions, data contributors, data hosts, regulators and other parties, such as the Department of Small Business Development, and donors involved in this space for possible funding models.

## Looking Ahead

In the upcoming year, the Credit Bureau Compliance Department will continue its oversight efforts by refining compliance monitoring tools and strengthening regulatory enforcement in alignment with the NCA. Through enhanced engagement and strategic initiatives, the department aims to ensure that credit bureaus uphold the highest standards of compliance, fostering trust and transparency within the credit reporting ecosystem.

A key focus will be working with all partners in completion of the BusCRI project and the National Register of Credit Agreements.

# Institutional Programme Performance Information

## PROGRAMME 1: Improved regulatory environment

### Purpose of the programme

To improve education awareness, promote economic growth by combating over-indebtedness and facilitating job creation.

**Programme/Sub-programme:** Improved regulatory environment

| Outcome | Output | Output Indicator | Audited Actual Performance 2023/24 | Audited Actual Performance 2024/25 | Planned Annual Target 2025/26 | *Actual Achievement 2025/26 until date of re-tabling | Deviation from planned target to Actual Achievement 2025/26 | Reasons for deviations | Reasons for revisions to the Outputs/Output indicators/Annual Targets |
|---|---|---|---|---|---|---|---|---|---|
| Creating an enabling environment for companies through fast-tracking of legislation, other instruments, reducing red tape and unlocking bottlenecks. | Proposed amendments report. | A report on the proposed amendments of regulations. | New indicator | New indicator | Proposed regulations amendments report submitted to the dtic. | Proposed regulations amendments report submitted to the dtic. | No variance | Target achieved | N/A |
| Improved consumer protection through education and awareness of the NCA. | Consumer education and awareness of the NCA. | Number of consumer education programmes conducted in provinces. | Conducted **1 597** consumer education and awareness campaigns and activities on the NCA. | Conducted **1 725** consumer education and awareness campaigns and activities on the NCA within the 52 district municipalities. | Conduct **4** consumer education, awareness campaigns and activities on the NCA. | Conducted **4** consumer education, awareness campaigns and activities on the NCA. | No variance | Target achieved | N/A |
| Improved consumer protection through education and awareness of the NCA. | Impact study report produced. | Impact study report on activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement. | **4** evaluation reports on activities related to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement. | **4** evaluation reports on consolidated activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement. | Conduct an impact study on activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement. | An impact study on activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement, was not conducted. | The indicator was erroneously captured in an incorrect financial year. | Target not achieved | The target was amended to align with the approved NCR PDA Interest Utilisation Policy that requires an impact study to be conducted every 3 years. The previous impact study report was submitted in 2024/25 and the next report is due 3 years thereafter, being 2027/28. |
| | Consolidated evaluation reports produced. | Number of evaluation reports produced on activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement. | **4** evaluation reports on activities related to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement. | **4** evaluation reports on consolidated activities relating to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement. | **4** evaluation reports on activities related to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement. | **1** evaluation report (Q4) on activities related to educational awareness, investigations, complaints evaluations, compliance monitoring, debt counselling and enforcement. | -3 | Target not achieved | The amendments to include this target were approved only in the fourth quarter of the financial year, which had a ripple effect on performance reporting for the preceding quarters. |
| Improved NCA compliance by registrants. | Workshops conducted to support new registrants. | Number of workshops conducted to support new registrants. | New indicator | New indicator | Conduct **4** workshops to support new registrants. | Conducted **16** workshops to support new registrants. | +12 | **Target exceeded** Collaborative efforts by departments resulted in increased outreach and enhanced support for new registrants. | |
| Increased efficiency in registration of persons and entities to facilitate creation of job opportunities (red-tape reduction). | New persons and entities registered within the set timelines. | % of new persons and entities registered in the consumer credit market within 6 business days of receipt of signed proposed conditions and payment of registration fees. | **98.64%** of applications were registered within 7 business days of receipt of signed proposed conditions and payment of registration fees. | Register **96.57%** of persons and entities in the consumer credit market within 6 business days of receipt of signed proposed conditions and payment of registration fees. | Register **98%** of persons and entities in the consumer credit market within 6 business days of receipt of signed proposed conditions and payment of registration fees. | Registered **93.49%** of persons and entities in the consumer credit market within 6 business days of receipt of signed proposed conditions and payment of registration fees. | -4,51% | **Partially achieved** Due to the cyberattack, the registration process was adversely affected, resulting in delayed commencement of the processing of applications. | |
| Improved regulatory environment. | Circulars/ guidelines in relation to Sec 16(1)(b) of the NCA issued. | Number of circulars and/or guidelines issued in relation to Sec 16(1)(b) of the NCA. | New indicator | **4** circulars and/or guidelines issued in relation to Sec 16(1)(b) of the NCA. | **4** circulars and/or guidelines issued in relation to Sec 16(1)(b) of the NCA. | **4** circulars and/or guidelines issued in relation to Sec 16(1)(b) of the NCA | No variance | Target achieved | |
| Improved economic growth and development through procurement of goods and services from SMMEs. | Qualifying purchase orders issued to SMMEs. | % of the total number of qualifying purchase orders issued to SMMEs. | New indicator | **97.58%** of Procurement spent on SMMEs, inclusive of women and youth. | **75%** of the total number of purchase orders issued to SMMEs. | **95.53%** of the total number of purchase orders issued to SMMEs. | +20.53% | **Target exceeded** The qualifying and awarded bidders fall under SMMEs. | |



PART B | Performance Information

## INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION *continued*

**Programme/Sub-programme:** Improved regulatory environment

| Outcome | Output | Output Indicator | Audited Actual Performance 2023/24 | Audited Actual Performance 2024/25 | Planned Annual Target 2025/26 | *Actual Achievement 2025/26 until date of re-tabling | Deviation from planned target to Actual Achievement 2025/26 | Reasons for deviations | Reasons for revisions to the Outputs/Output indicators/Annual Targets |
|---|---|---|---|---|---|---|---|---|---|
| Enabling access to comprehensive, consistent, validated data by closing the information gap between businesses and lenders. | Diagnostic study report produced. | Implementation of recommendations from the diagnostic study report. | New indicator | Not achieved | Develop an implementation plan and commence with implementation of recommendations from the diagnostic report. | Not achieved | Not achieved | **Target not achieved** The delayed approval of the implementation plan negatively affected the timely commencement of implementing the recommendations. | |
| Central repository of credit information. | Report on the feasibility of establishing the register produced. | Implementation of recommendations from the feasibility study report. | New indicator | Not achieved | Develop an implementation plan and commence with implementation of recommendations from the feasibility study report. | Developed an implementation plan and commenced with implementation of recommendations from the feasibility study report. | No variance | Target achieved | |
| Institutionalised education strategy for the NCR. | Approved education strategy. | Development of the education strategy and plan. | New indicator | New indicator | Approved education strategy and plan. | Approved education strategy and plan. | No variance | Target achieved | |
| Facilitate job creation. | Learners/interns recruited in partnership with BANKSETA. | Number of learners/interns recruited in partnership with BANKSETA. | New indicator | Recruited **10** learners/interns through BANKSETA. | Recruit **10** learners/interns through BANKSETA. | Not achieved | -10 | **Target not achieved** Misalignment of timelines between NCR and BANKSETAwhich resulted in no placement of learners/interns. | |

### Strategy to overcome areas of underperformance

The organisation recovery project was established to ensure NCR's ability to operate safely, securely and effectively after the cyber incident. Temporary implementation of manual processes came into effect following the loss of information. Business continuity plans were implemented to mitigate the challenges experienced following the cyberattack which adversely affected operations, including the registration of applications. In addition, delays in the approval of the implementation plan impacted the timely commencement of the recommendations arising from the diagnostic study report. These recommendations are scheduled to be reviewed and approved in the first quarter of the new financial year. Furthermore, the underperformance relating to the recruitment of learners and interns through BANKSETA will be addressed by ensuring improved alignment of implementation timelines with BANKSETA going forward.

### Changes to planned targets

The impact study target was incorrectly captured in the incorrect financial year. Consequently, amendments were implemented to align the target with the approved NCR PDA Interest Utilisation Policy, which requires that an impact study be conducted once every three years. The most recent impact study report was completed in the 2024/25 financial year, therefore the next study is scheduled for the 2027/28 financial year. As a result of this correction, an evaluation report target was introduced. However, the amendments were only approved in the fourth quarter of the financial year, which had a ripple effect on performance reporting for the preceding quarters.



PART B | Performance Information

# INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION *continued*

## PROGRAMME 2: Enforcement of the National Credit Act

### Purpose of the programme

To promote a fair, responsible and accessible consumer credit market through the enforcement of the NCA. This will be implemented by conducting investigations and taking enforcement action on non-compliant registrants.

**Programme/Sub-programme:** Enforcement of the National Credit Act

| Outcome | Output | Output Indicator | Audited Actual Performance 2023/24 | Audited Actual Performance 2024/25 | Planned Annual Target 2025/26 | **Actual Achievement 2025/26 | Deviation from planned target to Actual Achievement 2025/26 | Reasons for deviations | Reasons for revisions to the Outputs/ Output indicators/ Annual Targets |
|---|---|---|---|---|---|---|---|---|---|
| Improved compliance through enforcement of the NCA. | Investigations on credit providers conducted. | Number of investigations conducted on credit providers relating to the NCA. | **575** investigations on credit providers were conducted by way of complaints evaluations, compliance monitoring and investigations. | Conducted **721** investigations on credit providers relating to the NCA. | Conduct **500** investigations on credit providers relating to the NCA. | Conducted **614** investigations on credit providers relating to the NCA. | +114 | **Target exceeded** High number of credit provider complaints received enabling efficient handling and resolution. In addition, enhanced engagement and improved process clarity contributed to quicker response times. | |
| Improved compliance through enforcement of the NCA. | Enforcement action taken on non-compliance identified. | Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non- compliance relating to the NCA by credit providers. | Enforcement action was taken on **93%** of investigations on credit providers where contraventions relating to reckless lending were identified. | Enforcement action taken on **96%** of investigations which identified non-compliance with the NCA by credit providers by the end of the financial year. | Take enforcement action on **85%** of investigations which identified non-compliance with the NCA by credit providers by the end of the financial year. | Enforcement action on **96.25%** of investigations which identified non-compliance with the NCA by credit providers by the end of the financial year**.** | +11.25% | **Target exceeded** Timely assessments of information provided by credit providers and engagements throughout the process. | |
| Improved compliance through enforcement of the NCA. | Investigations on debt counsellors conducted. | Number of investigations conducted on debt counsellors relating to compliance with the NCA. | **610** investigations on debt counsellors were conducted by way of compliance monitoring, complaints evaluations and investigations. | Conducted **1 069** investigations on debt counsellors relating to compliance with the NCA. | Conduct **400** investigations on debt counsellors relating to compliance with the NCA. | Conduct **771** investigations on debt counsellors relating to compliance with the NCA. | +371 | **Target exceeded** High number of debt counselling complaints received, enabling efficient handling and resolution. Further supported by a targeted focus on DCs that overcharge consumers for after-care fees. | |
| Improved compliance through enforcement of the NCA. | Enforcement action taken on non-compliance identified. | Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance with the NCA by debt counsellors. | Enforcement action was taken on **92%** of investigations on debt counsellors where contraventions relating to the NCA identified. | Enforcement action taken on **99%** of investigations which identified non-compliance with the NCA by debt counsellors by the end of the financial year. | Take enforcement action on **80%** of investigations which identified non-compliance with the NCA by debt counsellors by the end of the financial year. | Enforcement action on **98.93%** of investigations which identified non-compliance with the NCA by debt counsellors by the end of the financial year. | +18.93% | **Target exceeded** Control measures were implemented to ensure that enforcement action is taken in cases of non-compliance identified. | |
| Improved compliance through enforcement of the NCA. | Investigations on credit bureaus conducted. | Number of investigations conducted on hosting credit bureaus in respect of credit reports issued for employment purposes in terms of the NCA, removal of adverse consumer credit information and paid-up judgements. | **5** hosting credit bureaus investigations were conducted by way of compliance monitoring. | Conducted **6 (100%)** of investigations on hosting credit bureaus in respect of credit reports issued for employment purposes in terms of the NCA, removal of adverse consumer credit information and paid-up judgements. | Conduct **6** investigations on hosting credit bureaus in respect of credit reports issued for employment purposes in terms of the NCA, removal of adverse consumer credit information and paid-up judgements. | Conducted **6** investigation on hosting credit bureaus in respect of credit reports issued for employment purposes in terms of the NCA, removal of adverse consumer credit information and paid-up judgements. | No variance | Target achieved | |
| Improved compliance through enforcement of the NCA. | Enforcement action taken on non-compliance identified. | Enforcement action taken by the end of the financial year on a percentage (%) of investigations that identified non-compliance by credit bureaus. | No opportunity to demonstrate. All credit bureaus were found to be compliant after investigations were conducted. | Enforcement action taken on **100%** of investigations, which identified non-compliance by credit bureaus by end of the financial year. | Take enforcement action on **85%** of investigations, that identified non-compliance by credit bureaus by the end of the financial year. | Enforcement action taken on **100%** of investigations, that identified non-compliance by credit bureaus by the end of the financial year. | +15% | Target exceeded All identified cases of non-compliance were addressed, resulting in 100% enforcement action taken within the required timeframe. | |
| | | % of evaluated credit bureau annual compliance reports certified by an independent auditor for the previous financial year. | Evaluated **100%** annual compliance reports certified by an independent auditor submitted by credit bureaus for the 2022/23 financial year. | Evaluated **100%** annual compliance reports certified by an independent auditor submitted by credit bureaus for the 2023/24 financial year. | Evaluate **100%** annual compliance reports certified by an independent auditor submitted by credit bureaus for the 2024/25 financial year. | Evaluated **100%** annual compliance reports certified by an independent auditor submitted by credit bureaus for the 2024/25 financial year. | No variance | Target achieved | |

## INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION *continued*

**Programme/Sub-programme:** Enforcement of the National Credit Act

| Outcome | Output | Output Indicator | Audited Actual Performance 2023/24 | Audited Actual Performance 2024/25 | Planned Annual Target 2025/26 | **Actual Achievement 2025/26 | Deviation from planned target to Actual Achievement 2025/26 | Reasons for deviations | Reasons for revisions to the Outputs/ Output indicators/ Annual Targets |
|---|---|---|---|---|---|---|---|---|---|
| | Enforcement action taken on non-compliance identified. | Enforcement action taken by the end of financial year on percentage (%) of credit bureaus which were found to be non-compliant after the evaluation of annual compliance reports certified by an independent auditor for the previous financial year. | No opportunity to demonstrate. All credit bureaus were found to be compliant after the evaluation of annual compliance reports certified by an independent auditor for the previous financial year. | Enforcement action taken on **100%** of credit bureaus which were found to be non-compliant after the evaluation of annual compliance reports certified by an independent auditor for their previous financial year by 31 March 2025. | Take enforcement action on **85%** of credit bureaus which were found to be non-compliant after the evaluation of annual compliance reports certified by an independent auditor for the previous financial year by 31 March 2025. | Enforcement action taken on **100%** of credit bureaus which were found to be non-compliant after the evaluation of annual compliance reports certified by an independent auditor for the previous financial year by 31 March 2025. | +15% | **Target exceeded** All identified cases of non-compliance were addressed, resulting in 100% enforcement action taken within the required timeframe. | |
| Improved compliance of the NCA. | Reports on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year. | Number of reports produced on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year. | **3** progress reports and **1** final report on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year, produced. | **3** progress reports and **1** final report on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year, produced. | **3** progress reports and **1** final report on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year. | Produced **3** progress reports and **1** final report on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year. | No variance | Target achieved | |

### Strategy to overcome areas of underperformance

There were no areas of under-performance.

### Changes to planned targets

There were no material changes to planned targets.

### PROGRAMME 3: Sustainability, Environmental, Social and Governance

#### Purpose of the programme

To improve financial stability whilst ensuring long-term success by balancing economic growth, environmental responsibility, and social well-being.

**Programme/Sub-programme:** Sustainability, Environmental, Social and Governance

| Outcome | Output | Output Indicator | Audited Actual Performance 2023/24 | Audited Actual Performance 2024/25 | Planned Annual Target 2025/26 | **Actual Achievement 2025/26 | Deviation from planned target to Actual Achievement 2025/26 | Reasons for deviations | Reasons for revisions to the Outputs/Output indicators/Annual Targets |
|---|---|---|---|---|---|---|---|---|---|
| Proactive Management of ESG and Regulatory Compliance | ESG strategy produced | A strategy document produced. | New Indicator | New Indicator | Develop and produce ESG strategy document. | Developed and produced ESG strategy document . | No variance | Target achieved | |
| Financial stability for the entity | A funding model produced. | A funding model document produced. | New Indicator | New Indicator | Develop, produce and submit a funding mode (grant, fees, other) proposal to the dtic. | Developed, produced and submitted a funding mode (grant, fees, other) proposal to the dtic. | No variance | Target achieved | |
| An innovative, collaborative, and resilient workforce | Culture framework produced. | A culture framework produced. | New Indicator | New Indicator | Develop and produce a Culture Framework and Implementation Plan. | Developed and produced a Culture Framework and Implementation Plan. | No variance | Target achieved | |

# INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION *continued*

## Strategy to overcome areas of underperformance

There were no areas of underperformance.

## Changes to planned targets

There were no material changes to planned targets.

## Linking performance with budgets

The budgeted expenses per activity compared to the actual expenses for the 2025/26 financial year are set out in the table below:

| | 2025/26 | | | 2024/25 | | |
|---|---|---|---|---|---|---|
| **Performance activity/ objective** | **Budget R'000** | **Actual expenditure R'000** | **(Over)/under expenditure R'000** | **Budget R'000** | **Actual expenditure R'000** | **(Over)/under expenditure R'000** |
| **Programme 1:** Improved regulatory environment | **42 332** | **38 088** | **4 244** | 102 916 | 97 326 | 5 590 |
| **Programme 2:** Enforcement of the NCA | **28 676** | **26 252** | **2 424** | 45 038 | 47 986 | (2 948) |
| **Programme 3:** Sustainability and environmental, social and governance. | **85 897** | **83 087** | **2 810** | – | – | – |
| **Total** | **156 905** | **147 427** | **9 478** | 147 954 | 145 312 | 2 642 |

## Strategy to overcome areas of underperformance

Due to under collection of revenue, stricter and cost cutting measures were put in place to ensure responsible financial management of the income and expenditure of the entity. In that process, the entity managed the expenses to ensure that the strategic targets were not compromised. Expenditure cutting measures included non-renewal of the lease on the second leased premises, savings on rental and service costs were realised. Further details on addressing the underperformance is dealt with under the revenue collection section below.

## Revenue collection

| | 2025/26 | | | 2024/25 | | |
|---|---|---|---|---|---|---|
| **Sources of revenue** | **Budget R'000** | **Actual amount collected R'000** | **(Over)/under collection R'000** | **Budget R'000** | **Actual amount collected R'000** | **(Over)/under collection R'000** |
| **Fees from registrants** | **49 248** | **46 294** | **2 954** | 46 903 | 46 767 | 136 |
| **Transfer payment** | **81 675** | **81 675** | **–** | 79 051 | 79 051 | – |
| Interest income | **8 140** | **4 957** | **3 183** | 8 000 | 5 528 | 2 472 |
| **Other income** | **17 842** | **12 441** | **5 401** | 14 000 | 17 986 | (3 986) |
| **Total** | **156 905** | **145 367** | **11 538** | 147 954 | 149 332 | (1 378) |

Measures to meet the revenue targets are in process. This includes a review of income generation from other income streams. A revenue generation committee has been established, this committee will be tasked with exploring revenue for the entity to generate other income.

## Capital Investment

During the financial year under review there were no major infrastructure or maintenance projects. Measures were taken to ensure that the public entity's asset register remained up to date during the period under review, which includes the following: regular updating of Fixed Asset Register (FAR) with additions; retirement of assets in bad conditions; and monthly reconciliation of the Fixed Assets Register and General Ledger. NCR procured new assets amounting to R6.7 million (R6 785 360) in order to improve efficiencies. The additions represent an increase of 33% compared to the spend of the 2024/25 financial year (R5 million). Overall, an amount of R6.7 million included R827 000 spent on procurement of computer equipment, and R5.7 million spent on software. The current state of the NCR capital assets are in good condition.

# PART C

# GOVERNANCE

# Governance

## Introduction

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance.

Parliament, the Executive Authority and the Accounting Authority of the public entity are responsible for corporate governance.

## Portfolio Committees

The NCR tables financial statements in Parliament. Parliament evaluates the NCR's performance by interrogating its financial statements and performance information.

The Standing Committee on Public Accounts (SCOPA) reviews the NCR's annual financial statements and the audit report compiled by the Auditor-General of South Africa. The Portfolio Committee on Trade, Industry and Competition exercises oversight over the NCR's service delivery and reviews its performance in terms of the financial and non-financial information contained in the NCR's annual report. During the year under review, the NCR met with the Portfolio Committee on Trade, Industry and Competition on 21 October 2025 to discuss the dtic Annual Report and the Quarter 1 performance report.

The NCR met with the Committee again on 25 February 2026 to brief committee members on its financial and non-financial performance for Quarters 1, 2 and 3 of the 2025/26 financial year.

## Executive Authority

The Minister of Trade, Industry and Competition is the Executive Authority. The table below provides details on the executive reports submitted to the Minister.

| Report submitted | Date submitted | Issues raised by the Minister |
|---|---|---|
| Report on financial and non-financial performance (Quarter 4 of 2024/25: 1 January to 31 March 2025) | 30 April 2025 | There were no issues raised by the Minister |
| Report on financial and non-financial performance (Quarter 1 of 2025/26: 1 April to 30 June 2025) | 31 July 2025 | There were no issues raised by the Minister |
| Report on financial and non-financial performance (Quarter 2 of 2025/26: 1 July to 30 September 2025) | 31 October 2025 | There were no issues raised by the Minister |
| Report on financial and non-financial performance (Quarter 3 of 2025/26: 1 October to 30 December 2025). | 30 January 2026 | There were no issues raised by the Minister |

| Report submitted | Date submitted | Issues raised by the Minister |
|---|---|---|
| Executive Summary Report (Quarter 4 of 2024/25: 1 January to 31 March 2025) | 30 April 2025 | There were no issues raised by the Minister. |
| Executive Summary Report (Quarter 1 of 2025/26: 1 April to 30 June 2025) | 30 July 2025 | There were no issues raised by the Minister. |
| Executive Summary Report (Quarter 2 of 2025/26: 1 July to 30 September 2025) | 29 October 2025 | There were no issues raised by the Minister. |
| Executive Summary Report (Quarter 3 of 2025/26: 1 October to 30 December 2025) | 30 January 2026 | There were no issues raised by the Minister. |

# GOVERNANCE *continued*

| Report submitted | *Date submitted |
|---|---|
| **Quarterly Report on PDA Interest Utilisation:** | |
| 2024/25: Quarter 4 | 09 May 2025 |
| 2025/26: Quarter 1 | 08 August 2025 |
| 2025/26: Quarter 2 | 07 November 2025 |
| 2025/26: Quarter 3 | 10 February 2026 |
| 2025/26: Quarter 4 | 08 May 2026 |

* *In accordance with the PDA Policy the Q4 utilisation report is submitted 40 days after the end of the quarterly Executive Summary reports.*

## The Accounting Authority/Board

The Chief Executive Officer (CEO) is the Accounting Authority (AA). The CEO provides strategic leadership, oversees and ensures the efficient and effective use of the NCR's resources and ensures compliance with all its legal requirements and reporting and financial accountability obligations.

## Risk management

The NCR has a risk management policy framework and conducts regular risk assessments to determine the effectiveness of the framework and to identify new and emerging risks. The NCR has successfully implemented a combined assurance model to ensure that all assurance activities provided by assurance providers adequately address key risks facing the organisation and that suitable controls exist to mitigate the risks. The Combined Assurance Policy Framework was reviewed to ensure that good governance principles are applied throughout the organisation. Upon approval of the framework, a comprehensive combined assurance plan will be developed and presented to the committee for consideration and recommendation. Implementation is committed for the new financial year. The NCR Audit and Risk Management Committee (ARMC) advises management on the overall system of risk management, especially the mitigation of unacceptable levels of risk. The committee provides oversight with regards to financial management, internal controls, risk management and the accuracy of financial reporting. The ARMC is constituted in terms of the PFMA and Treasury Regulations. The NCR executive management members are permanent invitees to committee meetings. The committee's mandate is to ensure financial and legal compliance and exercise oversight over internal and external audit and risk management. Details of meetings and responsibilities of the ARMC are presented on page 59 of this report.

## Internal control unit

The internal audit function provides an independent and objective evaluation of the systems of control and any significant risks brought to management's attention. Key internal audit functions include:

Assessing the adequacy and effectiveness of the internal control environment and recommending potential improvements.

Developing a rolling three-year strategic Internal Audit Plan in line with the strategic risk assessments.

Preparing annual internal audit plans using a risk-based methodology, incorporating any risks or control concerns identified by management, and submitting the plan to the Audit and Risk Management Committee for approval.

Executing the approved Annual Internal Audit Plan, and any special projects/tasks requested by the management and/or ARMC.

Internal audit reports were tabled to the Audit and Risk Management Committee (ARMC) on a quarterly basis.

## Internal Audit and Audit Committees

The key activities and objectives of the internal audit function and the ARMC are to review and ensure:

- The effectiveness of the risk management process;
- The effectiveness of the internal control systems;
- The risk areas of the entity's operations covered in the risk registers;
- The adequacy, reliability and accuracy of financial and non-financial information provided to management and users of such information; and
- Compliance with legal and regulatory provisions.

The 2025/26 ARMC consisted of four members. The committee held five meetings, one of which was a special meeting held on 27 May 2025. The frequency of the meetings is as per the approved Audit and Risk Management Committee Charter. The ARMC is an independent and objective body that assists the AA to discharge their duties relating to:

- Safeguarding assets;
- Assessing the going concern status;
- Reviewing financial information, including quarterly management accounts and annual financial statements; and
- External audit process and oversight of the risk management environment.

The ARMC has fulfilled its responsibilities in compliance with its charter. More information is provided in the report of the ARMC on pages 59 to 60.

| | Number of findings | Total addressed | Not yet due | Total not addressed | Number of recurring findings Last three financial years |
|---|---|---|---|---|---|
| IAF findings | 23 | 0 | 1 | 22 | |
| AGSA findings | 31 | 24 | 0 | 7 | 1 |

## Composition of the Audit Committee and Meeting Attendance

The table below discloses relevant information on the audit committee members

| Name (Full name and surname, including professional titles) | Qualifications | Appointment: Term of Office | | No. of meetings attended 2025/26 | | Has the AC member declared private and business interests in every meeting? (Yes/No) | Is the AC member an employee of an organ of state? (Yes/No) | No. of other ACs that the member served on during the reporting period (whether in the public sector or not) | No. of other governance structures the member served on during the reporting period, e.g. Boards, Risk Committee, IT Committee, etc., whether in this or any other institution(s) |
|---|---|---|---|---|---|---|---|---|---|
| | | Start date | End date | Ordinary Meetings | Special Meetings | | | | |
| Nkosenhle Ngongoma | Postgraduate Diploma in Management, B-Tech in IT Knowledge Management, National Diploma in IT Software Development, CIO Professional Practice for IT Operations and Management, Executive Development Programme | 16 July 2025 | 15 July 2028 | 4 | 3 (Two interviews for ICT Manager) | No | No | N/A | N/A |
| Noziphiwo Lubanga | Master's in Business Administration, BCom Internal Auditing (Hons), Executive Development Programme | 16 October 2023 | 15 October 2026 | 4 | 1 | No | No | N/A | N/A |
| Thilivhali Archibald Ramawa (Chair) | Postgraduate Diploma in Accounting (CTA) CA(SA) | 28 October 2024 | 27 October 2027 | 4 | 1 | No | No | N/A | N/A |
| Mmabagaki Mothelesi | Honours Bachelor of Commerce Bachelor of Commerce | 28 October 2024 | 27 October 2027 | 4 | 1 | No | Yes | N/A | N/A |

# GOVERNANCE *continued*

### Remuneration of audit committee members

- Rates = R2 876.00 per hour
- Ms Mabagaki Mothelesi works for an organ of state and is thus not remunerated.
- Total audit committee expenditure for the reporting period:
  - Mr IN Ngongoma = R189 632
  - Mr TA Ramawa = R120 800
  - Ms N Lubanga = R106 324
  - Total = R416 756

## Compliance with Laws and Regulations

The NCR is committed to complying with all applicable laws and regulations and takes reasonable measures to ensure compliance.

## Fraud and Corruption

A fraud prevention plan has been developed within the context of the Risk Management Policy Framework with the aim to reduce fraud to an absolute minimum and effect policies and procedures to maintain the risk of fraud within tolerable levels, and preferably zero, at all times. Various measures have been implemented to prevent fraud. These include authorisation, custody of assets, detection controls, physical supervision, management information, segregation of duties, physical security and information security. The Fraud Prevention Policy includes the response mechanisms in place to report, investigate and resolve incidents of fraud impacting the NCR. An outsourced service provider maintains a fraud reporting hotline for internal and external stakeholders to report incidents of corruption, fraud and unethical practices in the workplace. Monthly reports from the hotline service provider are dealt with confidentially in line with the approved internal policy for handling fraud allegations.

## Environment, Sustainability and Governance (ESG)

The Regulator has established and adopted ESG as part of governance processes with an approved strategy in place. The Environmental, Social and Governance (ESG) Strategy provides the strategic direction for embedding sustainability and responsible business practices across the organisation. The strategy aims to establish meaningful ESG performance measures, reporting mechanisms and drive continuous improvement and organisational resilience.

## Minimising Conflict of Interest

NCR employees are required to disclose any conflict of interest. In the event of such a conflict, the conflicting party is recused from the process. Bidders and service providers registered with the NCR are required to complete declaration of interest forms. Supply chain management practitioners and management submit their financial disclosure forms annually, as required by the Public Service Commission (PSC).

## Code of conduct

The NCR recognises the importance of treating staff fairly in all aspects of employment and expects staff to identify and comply with its philosophy and values. The Code of Conduct prescribes the minimum standards of conduct. It reflects the basic requirements of professionalism, integrity and courtesy required to provide a quality service and a pleasant and safe working environment. The Code forms part of the NCR's conditions of employment and applies to casual, temporary and permanent employees.

The NCR expects its employees to:

- Work within the law with honesty and integrity.
- Uphold ethical standards at all times.
- Comply with all lawful and reasonable instructions.
- Comply with the NCR's policies.
- Work diligently and meet the requirements of their employment agreement.
- Respect the rights of colleagues and clients.

## Health Safety and Environmental Issues

The NCR has a legal responsibility to ensure a safe and healthy workplace. The organisation has appointed an occupational health and safety (OHS) consultant to execute its annual OHS plan. Tasks include managing regular fire drills, training health and safety officials across the organisation and the review of the OHS Policy. Safety is a core value of the NCR, and the organisation is committed to continued advancement of an institutional safety culture with strong programmes on personal safety, accident and injury prevention, wellness promotion, and compliance with applicable environmental and health and safety laws and regulations (OHS Act). To ensure that the organisation continues to provide a healthy and safe workplace, a process is underway to appoint a service provider for cleaning and hygiene services and security provision.

## Company/Board Secretary

The Company Secretary's role is to ensure implementation of sound corporate governance within the NCR's operations. In addition, the incumbent ensures that the NCR complies with all legal compliance requirements. The Company Secretary serves as a link between the NCR and the Audit and Risk Management Committee by coordinating the activities of the committee, providing support and guidance in relation to its fiduciary duties, corporate governance procedures and relevant legislation. Mr Ngoako Mabeba, who was appointed on 1 March 2025, serves as NCR Acting Company Secretary.

## Social Responsibility

The NCR is a non-profit public entity and is, therefore, precluded from disbursing funds to good causes. No donations were made to any charitable organisation in the 2025/26 financial year.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2026.

### Part 1: ARMC Reflections – 2025/26

The ARMC reports that it has complied with its responsibilities arising from Section 38(1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The ARMC also reports that it has adopted appropriate formal terms of reference as its ARMC Charter, has regulated its affairs in compliance with this Charter, and has discharged all its responsibilities as contained therein. The ARMC Charter was also reviewed as required by Treasury Regulation 3.1.8.

The ARMC confirms that it is independent of the National Credit Regulator (NCR) and no Committee Members are employed by the entity. Furthermore, members of the ARMC declare conflicts of interest at each audit committee meeting and no conflicts of interest existed in the year under review. The ARMC further confirms that it has functioned without hindrance or limitations throughout the reporting period.

### Part 2: Audit and Risk Management Committee members and attendance

The audit committee consists of four members. The committee is properly constituted, with a balanced representation of independent members and a diverse and appropriate mix of qualifications, skills, and experience. The committee convened five times during the year with four being ordinary meetings and the remainder a special meeting.

| Meetings | Dates | Mr T Ramawa | Mr N Ngongoma | Ms N Lubanga | Ms M Mothelesi |
|---|---|---|---|---|---|
| Quarterly Meeting | 29 April 2025 | Present | Present | Present | Present |
| Special Meeting | 27 May 2025 | Present | Present | Present | Present |
| Quarterly Meeting | 29 July 2025 | Present | Present | Present | Present |
| Quarterly Meeting | 29 October 2025 | Present | Present | Present | Present |
| Quarterly Meeting | 29 January 2026 | Present | Present | Present | Present |

### Part 3: ARMC Focus Areas

The following was reviewed during the year under review:

#### Effectiveness of the internal control systems

In line with the requirements of the Public Finance Management Act and Treasury Regulations, the Internal Audit Function (IAF) provides the ARMC and management with assurance that the internal controls are appropriate and effective. This is achieved by evaluating internal controls to determine their adequacy, effectiveness, and efficiency and by developing recommendations for enhancement or improvement. Our review of the findings of the internal audit work, which was based on the risk assessments conducted in the entity, revealed certain weaknesses that were raised with management for corrective action to be implemented. Our conclusion on the system of internal controls is that they were adequate.

#### Activities and effectiveness of the IAF

The Public Finance Management Act requires the accounting officer to ensure that the NCR has a system of internal audit under the control and direction of the ARMC. We were satisfied with the independence of the IAF as it reported functionally to the ARMC and administratively to the accounting officer. The IAF had unrestricted access to the ARMC, unrestricted access to records and personnel, and the freedom to determine its own work scope.

The ARMC approved a risk-based, three-year rolling strategic internal audit plan and an annual audit plan for the period under review, covering the following key areas:

- Finance and Supply Chain Management;
- Organisational performance;
- Entry levels control;
- Human Resource Management;
- Operational Reviews;
- Information Technology Audits; and
- AFS and APR reviews.

Findings identified through the internal audit work were reviewed by the ARMC and included in the Audit Action Plan for monitoring on a quarterly basis. Follow-up audits were also performed by the IAF to ensure that findings raised were adequately addressed by management.

# GOVERNANCE *continued*

We therefore conclude that the IAF has properly discharged its functions and responsibilities during the year under review.

### Effectiveness of risk management

Management is responsible for the establishment and maintenance of an effective system of governance and risk management, the prevention and detection of fraud, and the implementation of effective internal controls. The entity assessed strategic and operational risks that could negatively impact the achievement of its objectives. Risks were prioritised based on likelihood and impact, and mitigations were implemented to reduce risks to acceptable levels. Progress on risk management was reported quarterly at the ARMC meetings through the Combined Assurance Plan, and recommendations were made by ARMC for improvement where necessary.

### Adequacy, reliability, and accuracy of financial and performance information

The entity has implemented adequate internal controls to ensure the accuracy, reliability and adequacy of financial and performance information. The IAF reviews the portfolio of evidence for the achievement of performance indicators and targets. Where issues are identified, these are reported in the internal audit reports and are addressed by the entity. We are therefore satisfied with the adequacy, accuracy and reliability of the reported financial and performance information.

### Compliance with legal and regulatory provisions

The ARMC notes that no material non-compliance matters were identified in the year under review.

### In-Year Monitoring and Monthly/Quarterly Report

The Entity has been reporting monthly and quarterly to the dtic and National Treasury as is required by the PFMA. The Audit Committee commends Management for the improvement over the content and quality of the monthly/quarterly financial reports prepared by the Entity during the year under review.

### Evaluation of the AFS and annual performance report (APR)

We reviewed the AFS and the APR prepared by the entity for the year under review prior to their submission by the accounting officer to the Office of Auditor General of South Africa (AGSA) for auditing and made recommendations for amendments where necessary. Material misstatements were identified in certain reported performance targets during the audit. In addition, the AGSA could not verify some reported performance targets, mainly because supporting information was lost during the cyberattack.

### External audit and AGSA's report

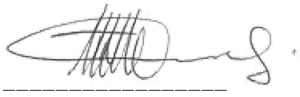
We reviewed the AGSA's audit strategy and engagement letter and were satisfied that the audit addressed key risk areas of the entity. We also conducted a review of the Audit Action Plan developed to address the prior year's audit findings, confirming on a quarterly basis and that identified issues were appropriately addressed.

We reviewed the AGSA's management and audit reports and concur with and accept the AGSA's opinion on the financial statements, and conclusions on the audit of compliance with laws and regulations and performance information. We further concur with and accept the AGSA's conclusions on the status of internal controls in the entity.

## Conclusion

The ARMC wishes to congratulate the entity for retaining/maintaining the unqualified audit opinion in the period under review. This demonstrates management's commitment to maintaining a robust internal control environment, which supports effective service delivery consistent with the entity's mandate.

We also wish to extend our gratitude to the management team for their unwavering support for the work of the ARMC and ensuring that the ARMC's recommendations are implemented.



**Mr Thilivhali Archibald Ramawa, CA(SA)**
*Chairperson of the Audit and Risk Management Committee*

National Credit Regulator

Date: 31 August 2026

## B-BBEE Compliance Performance Information

The following table has been completed in accordance with the compliance to the B-BBEE requirements of the B-BBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

| Criteria | Yes/No | Discussion (measures taken/not taken to comply) |
|---|---|---|
| Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law? | **Yes** | The NCR issues licences to credit providers, debt counsellors, payment distribution agents and credit bureaus in accordance with the National Credit Act. |
| Developing and implementing a preferential procurement policy? | **Yes** | NCR tenders were issued based on the revised PPR 2022, were advertised on the NCR website and e-tender portal. Only suppliers registered on CSD are awarded business. NCR had a target through special goals of 75% spend (awards issued) to MSMEs owned by black people/women/youth and people with disabilities. |
| Determining qualification criteria for the sale of state-owned enterprises? | **No** | Currently the NCR does not have any qualifying criteria for the sale of state-owned enterprises. |
| Developing criteria for entering into partnerships with the private sector? | **No** | The NCR does not have partnerships with the private sector. |
| Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment? | **Yes** | With the reduction in budget, NCR will not be able to implement these criteria in the foreseeable future. |

# PART D

# Human Resource Management

# Human Resource Management

## Introduction

The year under review saw the employees of NCR and the Human Resources department demonstrate resilience despite a cyberattack that disrupted payroll, performance management and leave systems. HR partnered with the ICT department and external service providers to reinstate data, ensuring payroll continuity and employee tax submissions. HR ensured that our workforce remained adaptable, engaged, and equipped to meet company goals. Notwithstanding these constraints, the department partnered with the Executive Committee and the recognised union, NEHAWU, to successfully sign a recognition agreement and concluded a cost-of-living agreement facilitated by the Department of Trade, Industry and Competition.

### Workforce Profile and Retention

The NCR is a medium-sized institution, with more than 60% of employees falling within the youth category (ages 18–35). While this creates a dynamic workforce, it also presents a retention challenge, as many employees aspire to grow and make a broader impact in the industry. Despite this, attrition rates were lowest in recent years, reflecting the NCR's efforts to foster morale through culture and ESG frameworks.

To address succession gaps, the institution has prioritised appointing internal candidates with the required skills, institutional knowledge and competence to senior positions and acting roles which staff embraced as career development opportunities.

### Training and Development

There is a strong demand within the institution for training and development. However, budget limitations mean that not all skills development plans can be fully implemented. To mitigate this, the department partnered with BANKSETA to participate in a number of skills programmes that are fully funded by them.

Employees received training in the following areas:

- Performance Management
- Contract Management
- Customer Service
- Conflict Management

In addition, internship and mentorship opportunities were expanded to strengthen internal capacity and build leadership pipelines.

### Leadership Capacity and Business Continuity

The absence of permanently appointed CEO and Deputy CEO positions posed a risk to organisational stability. To ensure business continuity and sustained service delivery, HR relied on acting leadership, including the Acting CEO and the Management Committee to support executive responsibilities during this period.

Staff resilience was reinforced through open communication channels with EXCO and the establishment of NCR's first union, creating a platform for engagement and negotiation.

### Strategic Outlook for the Upcoming Year

Looking ahead, the HR department will continue to collaborate with the ICT department to fully reinstate the SAGE Employee Self Service (ESS) and all modules of the SAGE HR system.

Key priorities include refining our hybrid work policies, strengthening succession planning through a structured mentorship programme, and reviewing policies to align conditions to industry needs. HR will also work with the Executive Committee and MANCO to ensure skills are available to expand on digital transformation within the organisation. This will enable HR to redefine our organisational structure and enhance the employee experience while optimising service delivery to the public.

Furthermore, the department will ensure that the organisation remains equipped with the required skills and that conditions of service are strengthened to address industry gaps. Achieving these objectives will help position the NCR as an employer of choice, enabling it to attract and retain a skilled workforce.

# HUMAN RESOURCE MANAGEMENT *continued*

## Human Resources Oversight Statistics

### Personnel related expenditure

#### Personnel cost by programme/activity/objective

| Programme/activity/objective | Total expenditure for the entity R'000 | Personnel expenditure R'000 | Personnel expenditure as % of total expenditure | Number of employees | Average personnel cost per employee R'000 |
|---|---|---|---|---|---|
| Improved regulatory environment | 125 089 | 76 907 | 85 | 140 | 549 |
| Enforcement of National Credit Act Education and Investigations | 22 337 | 11 376 | 15 | 25 | 455 |
| **Total** | **147 426** | **88 283** | **100** | **165** | **1 004** |

#### Personnel cost by salary band

| Level | Personnel expenditure R'000 | % of personnel expenditure to total personnel cost | Number of employees | Average personnel cost per employee R'000 |
|---|---|---|---|---|
| Top Management | 5 354 | 6 | 3 | 1 784 |
| Senior Management | 17 006 | 19 | 13 | 1 308 |
| Professional qualified | 25 087 | 28 | 30 | 836 |
| Skilled | 31 572 | 36 | 72 | 439 |
| Semi-skilled | 9 264 | 11 | 47 | 197 |
| Unskilled | 0 | 0 | 0 | 0 |
| **TOTAL** | **88 283** | **100** | **165** | **4 546** |

#### Performance Rewards (no performance rewards paid in 2025/26)

| Programme/activity/objective | Performance rewards | Personnel Expenditure (R'000) | % of performance rewards to total personnel cost (R'000) |
|---|---|---|---|
| Top management | 0 | 0 | 0 |
| Senior management | 0 | 0 | 0 |
| Professional qualified | 0 | 0 | 0 |
| Skilled | 0 | 0 | 0 |
| Semi-skilled | 0 | 0 | 0 |
| **Total** | **0** | **0** | **0** |

## Training Costs

| Programme/activity/objective | Personnel expenditure R'000 | Training expenditure R'000 | Training expenditure as a % of total personnel cost | Number of employees trained | Average training cost per employee |
|---|---|---|---|---|---|
| Improved regulatory environment | 76 907 | 301 | 77 | 17 | 17 |
| Enforcement of National Credit Act Education and Investigations | 11 376 | 76 | 23 | 5 | 15 |
| **Total** | **88 283** | **377** | **100** | **22** | **32** |

## Employment and vacancies

| Programme/activity/objective | 2024/25 Number of employees | 2025/26 approved posts | 2025/26 Number of employees | 2025/26 vacancies | % of vacancies |
|---|---|---|---|---|---|
| Improved regulatory environment | 139 | 159 | 140 | 19 | 73 |
| Enforcement of National Credit Act Education and Investigations | 28 | 32 | 25 | 7 | 27 |
| **Total** | **167** | **191** | **165** | **26** | **100** |

| Programme/activity/objective | 2024/25 Number of employees | 2025/26 approved posts | 2025/26 Number of employees | 2025/26 vacancies | % of vacancies |
|---|---|---|---|---|---|
| Top Management | 2 | 4 | 3 | 1 | 4 |
| Senior Management | 15 | 15 | 13 | 2 | 8 |
| Professional qualified | 30 | 35 | 30 | 5 | 19 |
| Skilled | 74 | 87 | 72 | 15 | 58 |
| Semi-skilled | 46 | 50 | 47 | 3 | 11 |
| Unskilled | 0 | 0 | 0 | 0 | 0 |
| **TOTAL** | **167** | **191** | **165** | **26** | **100** |

## Employment changes

| Salary Band | Employment at beginning of period | Appointments | Terminations | Employment at end of the period |
|---|---|---|---|---|
| Top Management | 2 | 1 | 0 | 3 |
| Senior Management | 15 | 0 | 2 | 13 |
| Professional qualified | 30 | 1 | 1 | 30 |
| Skilled | 74 | 6 | 8 | 72 |
| Semi-skilled | 46 | 3 | 2 | 47 |
| Unskilled | 0 | 0 | 0 | 0 |
| **TOTAL** | **167** | **11** | **13** | **165** |

## Reasons for staff leaving

# HUMAN RESOURCE MANAGEMENT *continued*

| Reason | Number | % of total number of staff leaving |
|---|---|---|
| Death | 0 | 0 |
| Resignation | 12 | 92 |
| Dismissal | 0 | 0 |
| Retirement | 0 | 0 |
| Ill health | 0 | 0 |
| Expiry of contract | 1 | 8 |
| Other | 0 | 0 |
| **TOTAL** | **13** | **100** |

## Labour Relations: Misconduct and disciplinary action

| Nature of disciplinary action | Number |
|---|---|
| Verbal Warning | 0 |
| Written Warning | 5 |
| Final Written warning | 1 |
| Dismissal | 0 |
| **TOTAL** | **6** |

## Equity Target and Employment Equity Status

| | Male | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | African | | Coloured | | Indian | | White | |
| Levels | Current | Target | Current | Target | Current | Target | Current | Target |
| Top management | **1** | 2 | **0** | 0 | **0** | 0 | **0** | 0 |
| Senior management | **3** | 3 | **0** | 0 | **0** | 1 | **0** | 0 |
| Professional qualified | **12** | 7 | **1** | 3 | **1** | 4 | **1** | 4 |
| Skilled | **24** | 29 | **0** | 2 | **1** | 1 | **1** | 1 |
| Semi-skilled | **14** | 21 | **1** | 1 | **0** | 1 | **0** | 1 |
| Unskilled | **0** | 0 | **0** | 0 | **0** | 0 | **0** | 0 |
| **Total** | **54** | **62** | **2** | **6** | **2** | **7** | **2** | **6** |

| | Female |
|---|---|

| | African | | Coloured | | Indian | | White | |
|---|---|---|---|---|---|---|---|---|
| **Levels** | **Current** | **Target** | **Current** | **Target** | **Current** | **Target** | **Current** | **Target** |
| Top management | **1** | 1 | **0** | 1 | **0** | 0 | **1** | 0 |
| Senior management | **10** | 8 | **0** | 1 | **0** | 0 | **0** | 0 |
| Professional qualified | **13** | 9 | **0** | 3 | **1** | 3 | **3** | 8 |
| Skilled | **43** | 45 | **2** | 2 | **1** | 3 | **0** | 1 |
| Semi-skilled | **30** | 25 | **1** | 2 | **0** | 1 | **0** | 0 |
| Unskilled | **0** | 0 | **0** | 0 | **0** | 0 | **0** | 0 |
| **Total** | **97** | **88** | **3** | **9** | **2** | **7** | **4** | **9** |

| | People living with disabilities | | | |
|---|---|---|---|---|
| | Male | | Female | |
| **Levels** | **Current** | **Target** | **Current** | **Target** |
| Top management | **0** | 0 | **0** | 0 |
| Senior management | **0** | 0 | **0** | 0 |
| Professional qualified | **0** | 0 | **0** | 0 |
| Skilled | **0** | 1 | **0** | 1 |
| Semi-skilled | **0** | 0 | **1** | 1 |
| Unskilled | **0** | 0 | **0** | 0 |
| **Total** | **0** | **1** | **1** | **2** |

# PART E

# PFMA COMPLIANCE REPORT

# PFMA
# Compliance Report

Report of the Chief Financial Officer as the custodian of, and responsible for, the implementation of policies, legislation and prescripts governing finance and supply chain management), the Office of the CFO is responsible for the overall financial health of the NCR. It provides support on budgets, accounting function, supply chain management, external audit coordination, assets management to all NCR departments, as well as support on statutory submissions to comply with PFMA and Treasury Regulations. During the 2025/26 financial year, the Office of the CFO ensured:

All statutory submissions were submitted on time in compliance with the PFMA and Treasury Regulations;

All management accounts, with variance explanations, were submitted on time to the dtic; and

The NCR continued to comply with relevant National Treasury instructions, including those on cost containment .

## Outcome of the external audit

For the year under review, the entity received an unqualified audit opinion with findings. Measures are in process to ensure that a clean audit (unqualified with no findings) will be obtained in future.

## Irregular, Fruitless and Wasteful Expenditure and Material Losses

## Irregular expenditure

### Reconciliation of irregular expenditure

| Description | 2025/2026 | 2024/2025 | 2023/2024 |
|---|---|---|---|
| Opening balances | 41 100 | 41 100 | 7 984 642 |
| Add: Irregular expenditure confirmend | | | |
| Less: Irregular expenditure reclassified to Fruitless and Wasteful expenditure | – | – | (7 943 542) |
| Less: Irregular expenditure condoned | | | |
| Less: Irregular expenditure not condoned and removed | – | – | – |
| Less: Irregular expenditure recovered | – | – | – |
| Less: Irregular expenditure not recovered and written off | – | – | – |
| **Closing balance** | **41 100** | **41 100** | **41 100** |

### Reconciling notes to the AFS disclosure

| Description | 2025/2026 | 2024/2025 | 2023/2024 |
|---|---|---|---|
| Irregular expenditure that was under assessment in 2024-2025 | – | – | – |
| Irregular expenditure that relates to 2024-2025 and identified in 2025-2026 | – | – | – |
| Irregular expenditure current year | – | – | – |
| Irregular expenditure reclassified to fruitless and wasteful expenditure | – | – | – |
| **Total** | **–** | **–** | **–** |

No irregular expenditure was identified during the year.

### Details of current and previous irregular expenditure

| Description | 2025/2026 | 2024/2025 | 2023/2024 |
|---|---|---|---|
| Irregular expenditure under assessment | – | – | 608 198 |
| Irreguar expenditure under determination | – | – | – |
| Irregular expenditure under investigation | – | – | – |
| **Total** | **–** | **–** | **608 198** |

# PFMA COMPLIANCE REPORT *continued*

## Irregular expenditure prior year

One matter is pending in respect of a non-compliance to Regulation 13(c) of the Public Service Regulations, 2016. The matter is under assessment and not confirmed (R608 198).

### Details of current and previous irregular expenditure condoned

| Description | 2025/2026 | 2024/2025 | 2023/2024 |
|---|---|---|---|
| Irregular expenditure condoned | – | – | – |
| **Total** | **–** | **–** | **–** |

### Details of current and previous irregular expenditure removed

| Description | 2025/2026 | 2024/2025 | 2023/2024 |
|---|---|---|---|
| Irregular expenditure removed | – | – | – |
| **Total** | **–** | **–** | **–** |

### Details of current and previous irregular expenditure recovered

| Description | 2025/2026 | 2024/2025 | 2023/2024 |
|---|---|---|---|
| Irregular expenditure recovered | – | – | – |
| **Total** | **–** | **–** | **–** |

### Details of current and previous irregular expenditure written off

| Description | 2025/2026 | 2024/2025 | 2023/2024 |
|---|---|---|---|
| Irregular expenditure written off | – | – | – |
| **Total** | **–** | **–** | **–** |

## Fruitless and wasteful expenditure

### Reconciliation of fruitless and wasteful expenditure

| Description | 2025/2026 | 2024/2025 | 2023/2024 |
|---|---|---|---|
| Opening balances | 23 251 034 | 23 208 085 | 2 901 989 |
| Add: Fruitless and wasteful expenditure confirmed | 18 590 | 51 949 | 42 166 |
| Add: Fruitless and wasteful expenditure under investigation | 712 106 | | |
| Add: Fruitless and Wasteful expenditure reclassified from irregular expenditure | – | – | 1 574 694 |
| Add: Fruitless and Wasteful expenditure incurred in prior and confirmed in current year | 224 864 | – | 18 697 392 |
| Less: F & W expenditure recovered | ( 15 348 ) | ( 9 000 ) | ( 8 156 ) |
| Less: F & W expenditure expenditure corrections | – | – | – |
| Less: F & W expenditure not recovered and written off | – | – | – |
| **Total** | **24 191 246** | **23 251 034** | **23 208 085** |

Note:

An amount of **R18 590** was incurred in the current financial year as fruitless and wasteful expenditure from various employee transgressions as detailed below.

An amount of **R224 864** was incurred in the prior financial year and confirmed in the current financial year from various employee transgressions as detailed below.

An amount of **R712 106** was incurred in the current financial year and under investigation. The transgression under investigation is detailed below.

### Reconciling notes to the AFS disclosure

| Description | 2025/2026 | 2024/2025 | 2023/2024 |
|---|---|---|---|
| Fruitless and wasteful expenditure that was under assessment in prior year and completed in 2025-2026 | – | – | – |
| Add: Irregular expenditure reclassified to fruitless and wasteful expenditure | | | |
| Fruitless and wasteful expenditure that relates to prior year and identified in 2025-2026 | 224 864 | – | – |
| Less : Fruitless and Wasteful expenditure corrections | – | – | – |
| Fruitless and Wasteful expenditure for the current year | 730 696 | 51 949 | 42 166 |
| **Total** | **955 560** | **51 949** | **42 166** |

### Details of current and previous year F & W expenditure

| Description | 2025/2026 | 2024/2025 | 2023/2024 |
|---|---|---|---|
| F & W that was under assessment | – | – | – |
| F & W that was under determination | – | – | – |
| F & W that was under investigation | – | – | – |
| **Total** | **–** | **–** | **–** |

# PFMA COMPLIANCE REPORT *continued*

During the year under review there were no pending matters.

## Details of current and previous year F & W expenditure recovered

| Description | 2025/2026 | 2024/2025 | 2023/2024 |
|---|---|---|---|
| Fruitless and Wasteful expenditure recovered | 13 612 | 9 000 | 8 156 |
| **Total** | **13 612** | **9 000** | **8 156** |

## Details of current and previous year F & W expenditure written off

| Description | 2025/2026 | 2024/2025 | 2023/2024 |
|---|---|---|---|
| Fruitless and Wasteful expenditure written off | – | – | – |
| **Total** | **–** | **–** | **–** |

During the year under review no matters of fruitless and wasteful expenditure were written off.

## Details of current and previous year disciplinary or criminal steps taken as a result of losses, irregular and fruitless and wasteful expenditure

| Incident description | 2025-2026 | Criminal or disciplinary |
|---|---|---|
| Non-compliance to NCR internal policies: Resignation without notice | 7 539 | In process |
| Payment made not in agreement with NCR Medical Aid Subsidy Policy | 8 800 | Completed recovery commenced |
| Loss of asset | 6 799 | In process |
| Loss of asset – insurance excess | 750 | In process |
| Interest on late supplier payments | 1 501 | In process |
| Salary allowance incorrectly paid | 218 065 | In process |
| Non-compliance with back up and data recovery policy | 712 106 | Investigation commenced |
| **Total** | **955 560** | |

## Supply chain management

### Procurement by other means

| Project description | Name of supplier | Type of procurement by other means | Contract number | Value of contract R'000 |
|---|---|---|---|---|
| Caseware Annual Licences | Adapt IT (Pty) Ltd | Sole Source | PO669 | 372 215.36 |
| Microsoft EA Renewals | Microsoft Ireland | Sita Transversal Contract) | NCR /05/530 | 6 800 000.00 |
| Resite of Printer | Konica Minolta | Single Source- | NCR/11/499 | 7 018.33 |
| Billboard Rental Thousand | Ad Outpost Two Thousand & Services | Single Source | PO712 | 1 701 287.00 |
| Provisioning of Cybercrime Legal Advice. | Breitech Technologies | Single Source | PO11907 | 287 500.00 |
| Manual Payroll Run for December 2025 | Cyber Com Africa (Pty) Ltd | Single Source | PO11905 | 91 591.52 |
| Awareness Advertisement Campaign | SABC | Single Source | PO11920 | 950 000.00 |
| Recovery Planning and Coordination of the NCR ICT Environment | Clyde & Co Inc | Single Source | PO11906 | 258 750.00 |
| Reconstruction of NCR Critical Servers | First Technologies (Pty) Ltd | Single Source | PO11908 | 623 863.50 |
| Reconstruction of Patch Management, Ops Manager Platforms | Unifyx Solutions (Pty) Ltd | Single Source | PO11909 | 205 988.00 |
| Zero Trust Deployment and Exposure Management Following Ransomware Incident | Cyberpro (Pty) Ltd | Single Source | PO11910 | 641 735.65 |
| Manual Payroll Run for Jan 2026 | Breitech Technologies | Single Source | PO11993 | 80 142.58 |
| Provision of Maintenance Support and Licenses Update for the System | Dynaworkx | Single Source | PO04504 | 1 366 200.00 |
| Negotiations Skills Training | CCMA | Single Source | PO11993 | 25 463.84 |
| Reimplementation of Sage 300 People HR and Payroll System | Breitech (Pty) Ltd | Single Source | PO11923 | 625 112.12 |
| Reconstruction of Patch Management, Ops | Unifyx Solutions (Pty) Ltd | Single Source | PO11942 | 102 925.00 |
| Legal Advise Breach | Cyber Com Africa (Pty) Ltd | Single Source | PO11972 | 264 500.00 |
| Digital Signature | Singniglow (Pty) Ltd | Sole Source | PO669 | 1 326 243.25 |
| **Total** | | | | **8 923 517.82** |

# PFMA COMPLIANCE REPORT *continued*

## Contract variations and expansions

| Project description | Name of supplier | Contract modification type (expansion or variation) | Contract number | Original contract value R'000 | Value of previous contract expansion/s or variation/s (if applicable) R'000 | Value of current contract expansion or variation R'000 |
|---|---|---|---|---|---|---|
| Occupational Health and Safety | Tolplan Pty Ltd | Expansion | NCR/99/464 | 2 202 041.66 | – | 191 660.73 |
| Diesel | Elori Trading Enterprise | Variation | NCR/10/55 | 1 800 000.00 | – | 273 842.78 |
| Printing and Supply of Registration and Investigation Certificates | Thoriso Branding (Pty) Ltd | Variation | NCR/03/497 | 500 000.00 | – | – |
| Printing and supply of Window Decals | Thoriso Branding (Pty) Ltd | Variation | NCR/03/480 | 684 572.00 | 127 500.00 | – |
| Security Services | Mvula Quality | Variation | NCR/08/22 | 1 857 077.50 | 37 141.55 | – |
| Cleaning, Hygiene, Disinfection, Pest Control and Garden Services | Servest Property Limited | Variation | NCR/08/27 | 4 806 813.15 | 2 097 610.78 | 1 664 782.52 |
| NCR vs Stelland Finansies and Others | M.S. Shaik Attorneys | Variation | PO906 | 3 924 436.37 | 1 931 356.23 | 1 038 086.28 |
| Volkswagen Financial Services vs NCR, NCR vs BMW Financial Services and NCR vs Mercedes Benz Financial Services | Malatji Incorporated | Variation | P99000856 | 900 000.00 | – | 884 878.65 |
| Legal Advice Breach | Cyber Com Africa (Pty) Ltd | Expansion | P99000944 | 800 000.00 | – | 708 667.50 |
| Disaster Recovery | Afrocentrcip IP | Variation | NCR/11/465 | 258 750.00 | – | 202 461.53 |
| Internal Nextwork Penetration Test | Acorn Technology | Expansion | PO04521 | 1 999 972.42 | 5 377 908.08 | 15 249.32 |
| **Total** | | | | | | **4 175 682.00** |

# PART F

# FINANCIAL INFORMATION

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE NATIONAL CREDIT REGULATOR

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the National Credit Regulator set out on pages 84 to 119, which comprise the statement of financial position as at 31 March 2026, statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget information with actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Credit Regulator as at 31 March 2026 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) as issued by the Accounting Standards Board of South Africa and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

### Responsibilities of the auditor-general for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 80, forms part of my auditor's report.

### Report on the annual performance report

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

11. I selected the following material performance indicators related to programme two on the enforcement of the National Credit Act 34 of 2005 (NCA) presented in the annual performance report for the year ended 31 March 2026. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.
    - Number of investigations conducted on credit providers relating to the NCA.
    - Enforcement actions taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance relating to the NCA by credit providers.
    - Number of investigations conducted on debt counsellors relating to compliance with the NCA.
    - Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance with the NCA by debt counsellors.

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE NATIONAL CREDIT REGULATOR *continued*

- Number of investigations conducted on hosting credit bureaus in respect of credit reports issued for employment purposes in terms of the NCA, removal of adverse consumer credit information and paid-up judgements.
- Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance by credit bureaus.
- Percentage of evaluated credit bureaus' annual compliance reports certified by an independent auditor for the previous financial year.
- Enforcement action taken by the end of the financial year on percentage (%) of credit bureaus which were found to be non-compliant after the evaluation of annual compliance reports certified by the independent auditor for the previous financial year.
- Number of reports produced on the impact of enforcement action taken on entities and persons that were found to be non-compliant in the previous financial year.

12. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.

13. I performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
    - all the indicators relevant for measuring the entity's performance against its primary mandated and prioritised functions and planned objectives are included
    - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
    - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
    - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
    - the reported performance information is presented in the annual performance report in the prescribed manner
    - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement.

14. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

15. The material findings on the reported performance information for the selected material indicators are as follows:

16. I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing for some of the selected material indicators. Consequently, the achievements might be more or less than reported and were not reliable for determining whether the targets had been achieved for these selected material indicators.

| Indicator | Planned target | Reported achievement |
|---|---|---|
| Number of investigations conducted on credit providers relating to the NCA. | 500 | 614 |
| Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance relating to the NCA by credit providers. | 85% | 96.25% |
| Number of investigations conducted on debt counsellors relating to compliance with the NCA. | 400 | 771 |
| Enforcement action taken by the end of the financial year on a percentage (%) of investigations which identified non-compliance with the NCA by debt counsellors. | 80% | 98.93% |

## Other matter

17. I draw attention to the matter below.

### Achievement of planned targets

18. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievements. This information should be considered in the context of the material findings on the reported performance information.

## Report on compliance with legislation

19. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

20. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

21. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

22. I did not identify any material non-compliance with the selected legislative requirements

## Other information in the annual report

23. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.

24. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

25. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

26. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected, this will not be necessary.

## Internal control deficiencies

27. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

28. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the findings on the selected material indicators included in the annual performance report in this report.

29. Management did not implement and maintain adequate record-keeping to ensure that complete, relevant, accurate and readily accessible information was available to support performance reporting. The unavailability of supporting performance information for some indicators in Quarter 1 and Quarter 2 was caused by a cyberattack and by management's failure to establish and maintain secure, isolated and effective off-site backup arrangements to safeguard critical information and ensure its recoverability in the event of a system disruption.

Auditor-General

Pretoria

31 July 2026

AUDITOR-GENERAL
SOUTH AFRICA

# Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

## Auditor-general's responsibility for the audit

### Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the entity's compliance with selected requirements in key legislation.

### Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

## Compliance with legislation - selected legislative requirements

The selected legislative requirements are as follows:

| Legislation | Sections or regulations |
|---|---|
| Public Finance Management Act 1 of 1999 | Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(c); 66(5) |
| Treasury Regulations, 2005 | Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A.7.1; 16A.7.3; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 30.1.1; 31.1.2(c); 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; 31.2.5; 31.2. 7(a); 31.3.3; 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3 |
| Construction Industry Development Board Regulations, 2004 | Regulation 17; 25(7 A); 25(9)(a); 25(10) |
| National Treasury SCM Instruction No. 4A of 2016/17 | Paragraph 6 |
| National Treasury SCM Instruction No. 03 of 2021/22 | Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6 |
| National Treasury SCM Instruction No. 2 of 2021/22 | Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1 |
| National Treasury Practice Note 5 of 2009/10 | Paragraph 3.3 |
| National Treasury Practice Note 7 of 2009/10 | Paragraph 4.1.2 |
| Preferential Procurement Policy Framework Act 5 of 2000 | Section 1; 2(1}(a); 2(1 ) (b); 2.1(f) |
| Preferential Procurement Regulations, 2022 | Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4 |
| Prevention and Combating of Corrupt Activities Act 12 of 2004 | Section 34(1) |
| National Credit Act, No. 34 of 2005 | Whole act |

# General Information

| | |
|---|---|
| **Country of incorporation and domicile** | South Africa |
| **Legal form of entity** | NCR is a National Public Entity listed in Schedule 3A of the Public Finance Management Act, No. 1 of 1999 (as amended) |
| **Nature of business and principal activities** | Credit Industry Regulator – The National Credit Regulator enforces the provisions of the National Credit Act, 2005 (Act 34 of 2005). It is also tasked with registration of credit providers, credit bureaus, debt counsellors, payment distribution agents and alternative resolution agents. It is mandated to undertake research on the nature and dynamics of the consumer credit market and promote public awareness around consumer credit market. |
| **Registered office** | 127 – 15th Road<br>Randjespark Midrand 1685 |
| **Controlling entity** | Department of Trade, Industry and Competition |
| **Bankers** | Standard Bank of South Africa |
| **Auditors** | Auditor General of South Africa |
| **Secretary** | N Mabeba |

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The annual financial statements set out on pages 84 to 119, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 July 2026 and were signed on its behalf by:

**O Maseng**
Chief Executive Officer

31 July 2026

# Annual Financial Statements

## STATEMENT OF FINANCIAL POSITION

as at 31 March 2026

| Figures in Rand | Note(s) | 2026 | 2025 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Receivables from exchange transactions | 3 | **1 800 829** | 1 504 312 |
| Receivables from non-exchange transactions | 4 | **2 776 600** | 3 451 565 |
| Cash and cash equivalents | 5 | **145 378 756** | 128 913 488 |
| | | **149 956 185** | 133 869 365 |
| **Non-current assets** | | | |
| Property, plant and equipment | 6 | **8 698 085** | 10 891 416 |
| Intangible assets | 7 | **11 181 936** | 10 225 200 |
| | | **19 880 021** | 21 116 616 |
| **Total assets** | | **169 836 206** | 154 985 981 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Payables from exchange transactions | 8 | **9 364 582** | 21 390 979 |
| Income received in advance | 9 | **12 596 942** | 8 768 139 |
| Provisions | 10 | **842 170** | 831 464 |
| Project funding | 12 | **20 000 000** | – |
| Operating lease liability | 11 | **–** | 121 075 |
| | | **42 803 694** | 31 111 657 |
| **Non-current liabilities** | | | |
| Payables from non-exchange transactions | 13 | **72 189 132** | 66 970 865 |
| **Total liabilities** | | **114 992 826** | 98 082 522 |
| **Net assets** | | **54 843 380** | 56 903 459 |

# STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2026

| Figures in Rand | Note(s) | 2026 | 2025 |
|---|---|---|---|
| **Revenue** | | | |
| **Revenue from exchange transactions** | | | |
| Other exchange revenue | 14 | **185 957** | 272 856 |
| Fee revenue – other exchange revenue | 15 | **456 650** | 1 515 690 |
| Interest received – investment | 16 | **4 956 850** | 5 528 222 |
| **Total revenue from exchange transactions** | | **5 599 457** | 7 316 768 |
| **Revenue from non-exchange transactions** | | | |
| Government grants and subsidies | 17 | **81 675 000** | 79 051 000 |
| Fee revenue | 18 | **45 651 658** | 46 766 746 |
| Other non-exchange revenue | 19 | **12 440 694** | 16 197 831 |
| **Total revenue from non-exchange transactions** | | **139 767 352** | 142 015 577 |
| **Total revenue** | | **145 366 809** | 149 332 345 |
| **Expenditure** | | | |
| Personnel expenditure | 20 | **88 283 026** | 87 552 774 |
| Depreciation and amortisation | | **8 005 275** | 6 553 441 |
| Operating expenses | 21 | **14 340 329** | 14 521 864 |
| Finance costs | | **1 501** | – |
| Administrative expenses | 22 | **36 796 756** | 36 683 531 |
| **Total expenditure** | | **147 426 887** | 145 311 610 |
| **(Deficit)/surplus for the year** | | **(2 060 078)** | 4 020 735 |

# STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2026

| Figures in Rand | Accumulated surplus/deficit | Total net assets |
|---|---|---|
| **Balance at 1 April 2024** | 52 882 724 | 52 882 724 |
| Changes in net assets | | |
| Surplus for the year | 4 020 735 | 4 020 735 |
| Total changes | 4 020 735 | 4 020 735 |
| **Balance at 1 April 2025** | **56 903 458** | **56 903 458** |
| Changes in net assets | | |
| Deficit for the year | **(2 060 078)** | **(2 060 078)** |
| Total changes | **(2 060 078)** | **(2 060 078)** |
| **Balance at 31 March 2026** | **54 843 380** | **54 843 380** |

# CASH FLOW STATEMENT

for the year ended 31 March 2026

| Figures in Rand | Note(s) | 2026 | 2025 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Receipts** | | | |
| Transfer payment | | **81 675 000** | 79 051 000 |
| Receipts from applications and registrants | | **50 343 544** | 50 032 967 |
| Project funding | | **20 000 000** | – |
| Interest income | | **4 956 850** | 5 528 222 |
| PDA recovery income | | **18 205 219** | 20 180 118 |
| Other non-exchange revenue | | **128 707** | 598 542 |
| Other receipts | | **185 957** | 272 856 |
| | | **175 495 277** | 155 663 705 |
| **Payments** | | | |
| Employee costs | | **(87 838 973)** | (85 447 653) |
| Suppliers | | **(64 404 173)** | (42 587 270) |
| Interest paid | | **(1 501)** | – |
| | | **(152 244 647)** | (128 034 923) |
| **Net cash flows from operating activities** | 23 | **23 250 630** | 27 628 782 |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | **(1 064 653)** | (2 316 421) |
| Purchase of other intangible assets | | **(5 720 707)** | (2 751 712) |
| **Net cash flows from investing activities** | | **(6 785 360)** | (5 068 133) |
| **Net increase/(decrease) in cash and cash equivalents** | | **16 465 270** | 22 560 649 |
| Cash and cash equivalents at the beginning of the year | | **128 913 488** | 106 352 838 |
| **Cash and cash equivalents at the end of the year** | 5 | **145 378 758** | 128 913 487 |

Included in cash and cash equivalents at the end of the year is amount of R79 101 370 (2025: R75 032 793) held by the PDA. These funds are ring-fenced and not available for utilisation by the NCR until such time that the funds are prescribed.

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2026

**Budget on accrual basis**

| Figures in Rand | Approved budget | Adjustments | Final budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|---|---|---|---|---|---|
| **Budget on accrual basis** | | | | | | |
| **Revenue from exchange transactions** | | | | | | |
| Other exchange revenue | 100 000 | – | **100 000** | 185 957 | **85 957** | |
| Fee revenue – other exchange revenue | – | – | **–** | 456 650 | **456 650** | |
| Interest received | 8 140 000 | (2 200 000) | **5 940 000** | 4 956 850 | **(983 150)** | |
| **Total revenue from exchange transactions** | 8 240 000 | (2 200 000) | **6 040 000** | 5 599 457 | **(440 543)** | |
| **Revenue from non-exchange transactions** | | | | | | |
| **Transfer revenue** | | | | | | |
| Transfer payment | 81 675 000 | 41 167 453 | **122 842 453** | 81 675 000 | **(41 167 453)** | N1 |
| Other income – PDA | 17 741 553 | (3 525 685) | **14 215 868** | 12 311 987 | **(1 903 881)** | N2 |
| Fee revenue | 49 248 089 | 2 000 000 | **51 248 089** | 45 651 658 | **(5 596 431)** | N3 |
| Other non-exchange revenue | – | – | **–** | 128 707 | **128 707** | |
| **Total revenue from non-exchange transactions** | 148 664 642 | 39 641 768 | **188 306 410** | 139 767 352 | **(48 539 058)** | |
| **Total revenue** | 156 904 642 | 37 441 768 | **194 346 410** | 145 366 809 | **(48 979 601)** | |
| **Expenditure** | | | | | | |
| Personnel expenditure | (96 725 112) | 8 917 025 | **(87 808 087)** | (88 283 026) | **(474 939)** | |
| Premises and equipment | (13 771 518) | 1 747 890 | **(12 023 628)** | (11 908 065) | **115 563** | |
| Communication costs | (1 537 300) | (6 000) | **(1 543 300)** | (1 345 350) | **197 950** | |
| Information technology | (12 811 419) | (7 269 226) | **(20 080 645)** | (15 027 993) | **5 052 652** | N4 |
| Professional fees | (7 200 000) | (19 265 089) | **(26 465 089)** | (7 722 821) | **18 742 268** | N5 |
| Consumer education and communication | (2 566 300) | (707 500) | **(3 273 800)** | (4 032 564) | **(758 764)** | |
| Stakeholder communication | (884 000) | (142 750) | **(1 026 750)** | (466 194) | **560 556** | |
| Debt counselling initiatives | (662 100) | (1 400 000) | **(2 062 100)** | (2 118 750) | **(56 650)** | |
| Finance costs | – | – | **–** | (1 501) | **(1 501)** | |
| General expenses | (9 656 788) | 503 882 | **(9 152 906)** | (8 515 348) | **637 558** | |
| Capital expenditure | (11 090 105) | (19 820 000) | **(30 910 105)** | (6 785 360) | **24 124 745** | N6 |
| **Total expenditure** | (156 904 642) | (37 441 768) | **(194 346 410)** | (146 206 972) | **48 139 438** | |
| **Surplus for the period** | – | – | **–** | (840 163) | **(840 163)** | |

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS *continued*

| Figures in Rand | Approved budget | Adjustments | Final budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|---|---|---|---|---|---|
| **Reconciliation of surplus for the period with surplus in the Statement of Financial Performance** | | | | | | |
| **Basis difference** | | | | | | |
| Balance per statement of financial performance | | | | (2 060 078) | | |
| **Cash flow conversion** | | | | | | |
| Capital expenditure | | | | (6 785 360) | | |
| Depreciation | | | | 8 005 275 | | |
| **Difference between final budget and actual amount** | | | | (840 163) | | |

**Narrations have been provided for the variances above R1 million:**

**N1 Transfer payment**

Included in the variance for transfer payment is amounts of retention of surplus funds amounting to R21 million approved in the prior periods and R20 million received for project funding and reported in current liabilities.

**N2 PDA income**

During the year, the interest received from the PDAs was lower than budgeted. This revenue is dependent on clients entering and existing the debt review process.

**N3 Fee revenue**

An assessment was done in the current financial year where all the non-paying registrants were lapsed.

**N4 Information technology**

Purchase orders amounting to R5 million were concluded towards the end of the financial year. The purchase orders relates to spending allocated for cyberattack incident.

**N5 Professional fees**

Included in the unspent amount is retention of R19 million for legal fees. Legal cases are continuing and the conclusion is dependent on the outcome of the matter.

**N6 Capital expenditure**

There was a delay in the procurement of assets due to the ICT department needs to focus on the system recovery. A purchase order of R973 000 was finalised. Purchase orders of R4 million were concluded towards the end of the financial year for licences payable. The cyberattack incident resulted in a delay on finalising these payments. Funds amounting to R20 million were received for the enhancement of the ICT environment. The procurement process has commenced for the project. Funds are unspent at year end and reported in current liabilities.

# SIGNIFICANT ACCOUNTING POLICIES

## 1. Significant accounting policies

The National Credit Regulator (NCR) is a National Public Entity as specified in Schedule 3A of the Public Finance Management Act (PFMA), Act No. 1 of 1999 (as amended by Act 29 of 1999). The principal accounting policies applied in the preparation of these financial statements are disclosed below. These policies have been consistently applied to the years presented unless otherwise stated.

These audited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

### 1.1 Basis of preparation

The financial statements have been prepared on an accrual baisis in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements have been prepared on a going concern assumptions based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

In applying accounting policies, management is required to make various judgements, apart from those involving estimations, which may affect the amount of items recognised in the financial statements. Management is also required to make estimates of the effects of uncertain future events which could affect the carrying amounts of certain assets and liabilities at the reporting date. Actual results in the future could differ from the estimates which may be material to the financial statements.

Details of any significant judgements and estimates are explained in the relevant policy where the impact on the financial statements may be material.

These accounting policies are consistent with the previous period, except for the changes set out in note First-time adoption of Standards of GRAP.

### 1.2 Foreign currency translation

Items included in the financial statements are presented using the currency of the primary economic environment in which the NCR operates (functional currency). The functional currency of the NCR and the presentation currency is the South African Rand (ZAR) and all amounts are stated to the nearest rand (R).

### 1.3 Borrowing costs

Section 66 of the PFMA prohibits the NCR from borrowing unless such borrowing has been effected through the Minister of Finance. Partial exemption to this prohibition has been granted through Practice Note 5 of 2006 which allow the NCR to enter into finance lease. Refer to the accounting policy on finance leases. All other borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of the available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

#### Statutory receivables and other receivables

NCR assesses its statutory receivables and receivables for impairment at the end of each reporting period. In determining whether the impairment loss should be recorded in surplus or deficit, the NCR management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment of statutory receivables and receivables is calculated on an individual basis, based on historical performance, adjusted for specific current economic conditions and other indicators present at the reporting date that correlates with the defaults on the debtor.

### Effective interest rate

NCR used the prime interest rate to discount future cash flows.

### Impairment testing

The entity reviews and tests the carrying value of assets when the events or changes in circumstances suggests that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

### Provisions

In all the provisions that are raised, the management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note on Provisions.

### Useful lives of assets

The NCR's management determines the estimated useful lives and related depreciation charges for the tangible and intangible assets. Management adjusts the depreciation charge where useful lives are different than previously estimated useful lives.

Refer to note on Change in estimate.

## 1.5 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Subsequent costs are included in the asset's carrying amount only when it is probable that the future economic benefits or service potential associated with the item will flow to the NCR and the cost of item can be measured reliably. Maintenance and repairs which neither materially add to the value of the assets nor appreciably prolong their useful lives, are expensed during the financial year in which they are incurred.

The assets residual values, depreciation method and useful lives are reviewed and adjusted if appropriate, at each financial year. Management re-assessed the useful lives of all assets that were fully depreciated.

If any item of property, plant and equipment is derecognised upon disposal or when no future economic benefits or service potential are expected from its use or disposal, the gain or loss if any (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the asset) is included in the Statement of Financial Performance in the year the asset is derecognised.

Depreciation on property, plant and equipment is calculated using the straight line method to allocate their cost over their useful lives.

# SIGNIFICANT ACCOUNTING POLICIES *continued*

## 1. Significant accounting policies continued

### 1.5 Property, plant and equipment continued

| Item | Depreciation method | Average useful life |
|---|---|---|
| Leasehold improvements | Straight-line | Remaining period of lease |
| Machinery | Straight-line | 7 years |
| Furniture and fittings | Straight-line | 10 years |
| Motor vehicles | Straight-line | 7 years |
| Office equipment | Straight-line | 3 – 7 years |
| Computer equipment | Straight-line | 3 – 7 years |
| Security equipment | Straight-line | 3 – 7 years |
| ICT operational systems | Straight-line | 5 – 7 years |

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The NCR assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit in the Statement of Financial Performance.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss on disposal arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

Minor assets which are defined as assets having a cost of less than R2 000, are fully expensed in the year of acquisition. All minor assets are classified and recorded in a minor asset register.

### 1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life

| Item | Depreciation method | Average useful life |
|---|---|---|
| Software licenses | Straight-line | License period |
| Computer software | Straight-line | 1 – 7 years |
| Human resource system | Straight-line | 5 – 10 years |

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

# SIGNIFICANT ACCOUNTING POLICIES *continued*

## 1. Significant accounting policies continued

### 1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

A financial asset is cash, a residual interest of another entity, or a contractual right to receive cash or another financial asset from another entity; or exchange financial asset from another entity; or exchange financial asset from another entity or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

#### Classification

The entity has the following types of financial assets (class and category) as reflected on the face of the statement of financial position or in the notes thereto:

| Class | Category |
|---|---|
| Cash and cash equivalents | Financial asset measured at amortised cost |
| Receivable from exchange transactions | Financial asset measured at amortised cost |

The entity has the following types of financial liabilities (class and category) as reflected on the face of the statement of financial position or in the notes thereto:

| Class | Category |
|---|---|
| Payables from exchange transactions | Financial liability measured at amortised cost |

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

#### Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, except for financial instruments subsequently measured at fair value, which are measured at its fair value.

#### Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories: Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

The best evidence of fair value is quoted prices in an active market. This is level 1 hierarchy. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to the price the instrument and that the technique has been demonstrated to provide reliable estimates of the prices obtained in actual market transactions, the NCR uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on the entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

### Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

NCR assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

## Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

## Derecognition

### Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, are settled or waived; the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity derecognises the asset; and recognises separately any rights and obligations created or retained in the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

### Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished – i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

### Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, deposits held on call with banks all of which are available for use by the NCR unless otherwise stated. These are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liability and subsequently recorded at amortised cost.

# SIGNIFICANT ACCOUNTING POLICIES *continued*

## 1. Significant accounting policies continued

### 1.7 Financial instruments continued

#### Receivables from exchange transactions

Other receivables are classified as financial assets at amortised cost. An entity shall remove a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinguished – i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived. An entity shall derecognise a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived; the entity transfers to another party substantially all of its risks and rewards of ownership of the financial assets.

#### Payables from exchange transactions

Trade payables are initially measured to fair value plus transaction costs and are subsequently measured at amortised cost, using the effective interest rate.

#### Payables from non-exchange transactions

Payables from non-exchange relates to Payment Distribution Agency (PDA) interest. It is initially and subsequently measured at fair value plus transaction costs. It consists of interest received from PDAs, interest earned in the PDA account (FNB bank account), unidentified and undistributed consumer funds.

Once conditions (i.e. when investigations and consumer education expenditure has been incurred) are met as prescribed by the PDA policy, the reduction in liability is recognised in the Statement of Financial Position.

Payables from non-exchange further relates to Consumer Refunds held by the NCR. It is initially and subsequently measured at fair value plus transaction costs. It consists of undistributed consumer funds.

Refer to note on Risk Management.

### 1.8 Statutory receivables from non-exchange transactions

Non-exchange transactions are defined as transactions where the NCR receives value from another entity without directly giving approximately equal value in exchange.

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means. The NCR initially measures statutory receivables at their transaction amount.

The NCR measures statutory receivables after initial recognition using the cost method. The carrying amount is the amount at which an asset is recognised in the statement of financial position. The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Accounts receivables are measured at initial recognition at fair value plus transaction cost and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowance for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivables is impaired.

The provision for bad debts recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows at the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced through the use of a provision for bad debts account, and the amount of the deficit is recognised in statement of financial performance as bad debt expenses. When accounts receivables is uncollectible, it is written off against the provision of bad debts account. Refer to note on receivables from non-exchange transactions.

The PDA interest receivable is initially measured at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. The PDA interest receivable is the interest payable to the NCR by the PDA's which comprises of interest generated from consumer unidentified, undistributed funds and interest earned on the PDA trust accounts.

## 1.9 Leases

### Finance leases – lessee

The leases where substantially all the risks and rewards of ownership of the underlying asset are transferred to the NCR, are classified as finance leases. Assets held under finance leases are initially recognised as assets at their fair value at the inception of the lease or, if lower, at the present value of minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as finance lease obligation. Lease payment are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the Statement of Financial Performance. Contingent rentals are recognised as expenses in the years in which they are incurred.

Any contingent rents are expensed in the period in which they are incurred.

### Operating leases – lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

### Operating leases – lessee

The leases that the NCR enters into as a lessee, and where the lessor retains substantially all risks and rewards of ownership of the underlying assets, are classified as operating lease. Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Refer to note on lease liability.

## 1.10 Impairment of tangible and intangible assets

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

At each reporting date, the NCR reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets may be impaired.

An asset is impaired when its recoverable amount is less than its carrying value. In this instance, the carrying value of the asset is reduced to its recoverable amount. This reduction is an impairment loss, which is recognised immediately in the Statement of Financial Performance.

The reversal of an impairment loss of assets other than goodwill is recognised immediately in the Statement of Financial Performance.

## 1.11 Employee benefits

### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service.

Short-term employee benefits include items such as wages, salaries and social security contributions; short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 months after the end of the reporting period in which the employees render the related employee service; bonus, incentive and performance related payments payable within 12 months after the end of the reporting period in which the employees render the related service; and non-monetary benefits (for example, medical care, and free or subsidised goods or services such cell phones) for current employees.

# SIGNIFICANT ACCOUNTING POLICIES *continued*

## 1. Significant accounting policies continued

### 1.11 Employee benefits continued

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service; as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees renders services that increase their entitlement, or, in the case of non-accumulating absences, when absence occurs. The entity measures the expected cost of accumulating compensated absence as the additional amount that the entity expects to pay as a result of unused entitlement that has accumulated at the reporting date.

The expected cost bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

#### Retirement benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

The NCR provides retirement benefits for all its permanent employees through a defined contribution provident fund scheme which is subject to the Pension Funds Act, no. 24 of 1956 as amended.

Defined contribution plans are post-employment benefit plans under which the entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

All the NCR's permanent employees are covered by the provident fund. The contributions to the fund are charged as an expense as and when they accrue. Refer to note – Personnel expenditure.

### 1.12 Provisions

Provisions are recognised when NCR has a present legal or constructive obligation as a result of past events, from which it is probable that the NCR will be required to settle the obligation, and where a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of time value of money is material, the provision is discounted to the present value of the expected cash flows required to settle the obligation. The nature of the provision applicable to the entity are fully explained in the annual financial statements.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A contingent liability is defined as possible obligation depending on whether some uncertain future event occurs or a present obligation however the payment is not probable or amount cannot be measured reliably.

A contingent asset is defined as a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the note – Contingencies in the financial statements.

## 1.13 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

## 1.14 Revenue from exchange transactions

An exchange transaction is the one in which the NCR receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Revenue from exchange transactions is recognised when the right to the revenue has been established and is recorded at the dates:

- Skills development levies – Date of receipt
- Reimbursement – Date of receipt
- Proceeds from insurance claim – Date of receipt
- Proceeds from sale of tender documents – Date of receipt
- Application fees, replacement certificates and window decals – Date of receipt.

### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

## 1.15 Revenue from non-exchange transactions

### Fee revenue

Fee revenue is recognised when the right to the revenue has been established and is recorded at the following dates: Registration fee – Recognised in full at renewal date

Branch fees – Date of registration

Payment distribution agency fees – Date of delivery

Penalty fees – 30 days from the date on which prescribed registration renewal fees were payable

Bad debts recovered – Recognised as income when a debt which has been written off previously are recovered. Bad debts recovered is recognised and recorded at the date that these debts are recovered at the value of the payment received.

### Prescribed income

Prescribed income relates to the recognition as income of unidentified and unclaimed receipts from applicants and registrants in line with the Prescription Act No. 68 of 1969. Prescribed income is recognised and recorded at the date of prescription.

# SIGNIFICANT ACCOUNTING POLICIES *continued*

## 1. Significant accounting policies continued

### 1.15 Revenue from non-exchange transactions continued

#### Government grants

Government grants received for projects purposes are recognised in the Statement of Financial Position as deferred revenue upon receipts when there is a reasonable assurance that the NCR will be able to comply with the conditions attached to the grant. Such grants are recognised as revenue when the conditions of the grant are met.

The portion of the grant relating to projects that compensates the NCR for expenses incurred is recognised as revenue in the Statement of Financial Performance on a systematic basis over the same period in which the expenses are incurred.

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

#### Payment distribution agency (PDA) income

The NCR treats the revenue from the PDA interest similarly to the government grants. Once the conditions are met as prescribed by the PDA policy, revenue is recognised in the Statement of Financial Performance at the date of service delivery (i.e. when investigations and consumer education expenditure has been incurred as prescribed by the policy) with a corresponding reduction in liability in the Statement of Financial Position.

#### Interest received from PDAs

The interest received from PDAs: Interest earned in the NCR FNB account held on behalf of PDA's; unidentified and undistributed consumer funds creates a payable from non-exchange.

#### Transfers

Transfers for operational activities are recognised as revenue on receipts. Where appropriate, the NCR will recognise the asset arising from the portion of the transfer when it gains control of resources that meet the definition of an asset and satisfy the recognition criteria.

### 1.16 Investment revenue

Investment revenue is recognised on a time-proportion basis using the effective interest rate method.

### 1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

If any expenditure meets the definition of fruitless and wasteful expenditure (after an investigation) and it is recoverable from a responsible official, a current asset is created on the statement of financial position and posted to the relevant expenditure account. If any fruitless and wasteful expenditure is from a previous financial year, a current asset is created on the statement of financial position and posted to the revenue recoverable account.

### 1.18 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including this Act; or the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year-end and/or before finalisation of the financial statements, is recorded in the register and disclosed in the notes to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year-end, is recorded in the register and disclosed in the notes to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements are updated with the amount condoned.

If liability for the irregular expenditure can be attributed to a person, a debt account is created if such a person is liable in law. Immediate steps are thereafter taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The register is also updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto remains against the relevant programme/ expenditure item, disclosed as such in the notes to the financial statements and updated accordingly in the register.

## 1.19 Budget information

NCR is subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget covers the fiscal period from 2025/04/01 to 2026/03/31.

Budget and expenditure amounts are prepared on an accrual basis. A reconciliation between the Statement of Financial Performance and the budget have been included in the annual financial statements.

Comparative information is not required.

## 1.20 Related parties

As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Key management are defined as those individuals with authority and responsibility for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

All transactions with related parties not at arm's length or not in the ordinary course of business are disclosed. Refer to note – Related parties.

## 1.21 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting period.

The entity shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting period.

# SIGNIFICANT ACCOUNTING POLICIES *continued*

## 1.22 Administrative and operating expenses

### Recognition

Operating expenses are recognised in the Statement of Financial Performance when:

- an outflow or consumption of economic benefits or service potential has occurred; and
- the amount can be measured reliably.

Expenses are recognised on the accrual basis of accounting and are recorded in the accounting period in which the related goods are consumed or services are received, irrespective of when payment is made.

### Measurement

Operating expenses are measured at the fair value of the consideration paid or payable.

Where expenses relate to contractual obligations, they are measured according to the terms of the underlying agreement.

### Classification

The entity presents operating expenses by nature, meaning expenses are grouped according to their type and not according to functional departments or activities.

Typical operating expense categories include, but are not limited to:

### Capital versus operating expenditure

Expenditure is recognised as an operating expense unless it satisfies the recognition criteria for capitalisation as an asset under the relevant GRAP standard.

Expenditure that enhances an asset beyond its originally assessed standard of performance or extends its useful life is capitalised.

### Accruals and payables

Expenses incurred but not yet paid at reporting date are recognised as accruals or payables.

Where goods or services have been received before year-end and invoices have not yet been received, an accrual is recognised based on the best estimate of the obligation.

## 1.23 Change in accounting policy and accounting for errors

The NCR accounts for changes in accounting policies and corrections of errors retrospectively in the financial statements.

## 1.24 First-time adoption of the revised Standard of GRAP 104 – Financial instruments

During the current financial year, the Entity adopted the revised Standard of GRAP 104 – Financial Instruments, effective for reporting periods commencing on or after 1 April 2025. The Standard has been applied in accordance with its transitional provisions. The Standard was adopted on the mandatory effective date.

Comparative information has not been restated, as permitted by the transitional provisions of the Standard. There was no cumulative effect of initially applying the revised Standard to the opening accumulated surplus at 1 April 2025.

The adoption of the revised Standard resulted primarily in the application of the expected credit loss model for impairment of financial assets. Based on management's assessment, no credit losses were recognised during the year.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2026

## 2. New standards and interpretations

### 2.1 Standards and interpretations issued, but not yet effective

| Standard/Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|---|---|---|
| • GRAP 1 (amemded): Presentation of Financial Statement | Not yet set | Unlikely there will be a material impact. |
| • GRAP 103 (as revised): Heritage Assets | Not yet set | Unlikely there will be a material impact. |
| • GRAP 105 (amended): Transfer of Functions Between Entities Under Control | Not yet set | Unlikely there will be a material impact. |
| • GRAP 106 (as amended): Transfer of Functions Between Entities Not Under Control | Not yet set | Unlikely there will be a material impact. |
| • GRAP 107 (as amended): Mergers | Not yet set | Unlikely there will be a material impact |

## 3. Receivables from exchange transactions

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| Deposits | **658 125** | 658 125 |
| Prepaid expenses | **1 077 196** | 374 246 |
| Staff debts | **65 508** | 3 216 |
| Accrued revenue | **–** | 468 725 |
| | **1 800 829** | 1 504 312 |

## 4. Receivables from non-exchange transactions

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| PDA interest receivable | **2 776 600** | 3 451 565 |
| **Total receivables from non-exchange transactions** | **2 776 600** | 3 451 565 |

The PDA interest receivable is the interest payable to the NCR by the PDAs which comprises of interest generated from consumer unidentified and undistributed funds.

### Statutory receivables from non-exchange transactions

As at 31 March 2026, included in the receivables from non-exchange transactions are statutory receivables of R0 (2025: R1 375 027). In line with section 51 of the NCA, renewal fees from registrants are due on 31 July annually. All registrants who did not pay their renewal fees were lapsed.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

## 4. Receivables from non-exchange transactions continued

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| **Statutory receivables past due and impaired** | | |
| 1 – 60 days | – | 167 008 |
| 61 – 90 days | – | – |
| 91 and over | – | 1 207 844 |
| **Balance** | – | 1 374 852 |
| | | |
| **Statutory receivables as at 31 March 2026** | | |
| Gross | – | 1 374 852 |
| Provision for impairment | – | (1 374 852) |
| | – | – |
| | | |
| **Reconciliation of provision for impairment of receivables from non-exchange transactions** | | |
| Opening balance | **1 374 852** | 714 097 |
| Provision for impairment | – | 924 158 |
| Amounts written off as uncollectable | **(1 374 852)** | (263 403) |
| | – | 1 374 852 |

## 5. Cash and cash equivalents

### Cash and cash equivalents consist of:

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| Bank balances | **4 161 412** | 2 633 382 |
| Short-term deposits | **62 115 974** | 51 247 313 |
| PDA account* | **79 101 370** | 75 032 793 |
| | **145 378 756** | 128 913 488 |

* *PDA FNB account*

The Minister of Trade, Industry and Competition has approved a policy on the utilisation of these funds for investigations, enforcement and consumer education activities effective from 15 October 2015. The utilisation of the interest earned is limited to the actual costs incurred on the approved activities.

## 6. Property, plant and equipment

| | 2026 | | | 2025 | | |
|---|---|---|---|---|---|---|
| Figures in Rand | Cost/ Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost/ Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Furniture and fittings | **3 192 844** | **(2 558 882)** | **633 962** | 3 102 894 | (2 350 069) | 752 825 |
| Motor vehicles | **1 048 404** | **(782 559)** | **265 845** | 1 048 404 | (640 275) | 408 129 |
| Office equipment | **2 560 961** | **(2 008 887)** | **552 074** | 2 413 405 | (1 746 336) | 667 069 |
| Computer equipment | **15 981 734** | **(9 388 038)** | **6 593 696** | 15 191 120 | (7 394 194) | 7 796 926 |
| ICT operational system | **1 006 994** | **(932 307)** | **74 687** | 1 006 994 | (857 722) | 149 272 |
| Security equipment | **2 183 382** | **(1 617 747)** | **565 635** | 2 183 382 | (1 387 773) | 795 609 |
| Machinery | **94 331** | **(82 432)** | **11 899** | 94 331 | (70 305) | 24 026 |
| Leasehold improvements | **3 438 403** | **(3 438 116)** | **287** | 3 438 402 | (3 140 842) | 297 560 |
| **Total** | **29 507 053** | **(20 808 968)** | **8 698 085** | 28 478 932 | (17 587 516) | 10 891 416 |

## Reconciliation of property, plant and equipment – 2026

| Figures in Rand | Opening balance | Additions | Disposals | Depreciation | Total |
|---|---|---|---|---|---|
| Furniture and fittings | **752 825** | **89 950** | **–** | **(208 813)** | **633 962** |
| Motor vehicles | **408 129** | **–** | **–** | **(142 284)** | **265 845** |
| Office equipment | **667 069** | **147 556** | **–** | **(262 551)** | **552 074** |
| Computer equipment | **7 796 926** | **827 147** | **(16 681)** | **(2 013 696)** | **6 593 696** |
| ICT operational system | **149 272** | **–** | **–** | **(74 585)** | **74 687** |
| Security equipment | **795 609** | **–** | **–** | **(229 974)** | **565 635** |
| Machinery | **24 026** | **–** | **–** | **(12 127)** | **11 899** |
| Leasehold improvements | **297 560** | **–** | **–** | **(297 273)** | **287** |
| | **10 891 416** | **1 064 653** | **(16 681)** | **(3 241 303)** | **8 698 085** |

## Reconciliation of property, plant and equipment – 2025

| Figures in Rand | Opening balance | Additions | Disposals | Depreciation | Total |
|---|---|---|---|---|---|
| Furniture and fixtures | 742 326 | – | – | 10 499 | 752 825 |
| Motor vehicles | 550 412 | – | – | (142 283) | 408 129 |
| Office equipment | 768 791 | – | – | (101 722) | 667 069 |
| Computer equipment | 5 948 708 | 3 073 532 | (25 430) | (1 199 884) | 7 796 926 |
| ICT operational system | 7 951 | – | – | 141 321 | 149 272 |
| Security equipment | 823 419 | 98 468 | – | (126 278) | 795 609 |
| Machinery | 73 835 | – | – | (49 809) | 24 026 |
| Leasehold improvements | 298 291 | 104 494 | 1 | (105 226) | 297 560 |
| | 9 213 733 | 3 276 494 | (25 429) | (1 573 382) | 10 891 416 |

## Pledged as security

No property, plant and equipment were pledged as security for any financial liability in the reporting period.

Adjustments relate to assets which were previously written off due to impairment, but were subsequently brought back into use.

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance.

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| Leasehold improvements | **109 600** | 123 925 |
| Machinery | **9 500** | 8 798 |
| Computer equipment | **–** | 5 865 |
| Office equipment | **733** | – |
| Security equipment | **6 526** | – |
| Motor vehicles | **20 469** | – |
| | **146 828** | 138 588 |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

## 6 Property, plant and equipment continued

### Depreciation rates

The depreciation methods and average useful lives of property, plant and equipment have been assessed as follows:

| Item | Depreciation method | Average useful life |
|---|---|---|
| Machinery | Straight-line | 7 years |
| Furniture and fittings | Straight-line | 10 years |
| Motor vehicles | Straight-line | 7 years |
| Office equipment | Straight-line | 3 – 7 years |
| Computer equipment | Straight-line | 3 – 7 years |
| Leasehold improvements | Straight-line | Remaining period of lease |
| Security equipment | Straight-line | 3 – 7 years |
| ICT operational system | Straight-line | 5 – 7 years |

### Capital commitments

Capital commitments are disclosed in a separate note to the annual financial statements.

### Minor assets

During the year under review management reviewed assets with cost values below R2 000 and found the total thereof to be immaterial against the NCR Materiality Framework which set materiality at R1 549 860 (2025: R1 890 857). These assets individually are trivial. Management expense these assets instead of capitalizing them and has amended the NCR Assets Management Policy to allow a threshold for expensing assets. This will provide a more relevant fixed assets register and assets management practice.

The accumulated cost of minor assets held by the NCR are estimated at R1 130 384 (2025: R1 130 384).

## 7. Intangible assets

| | 2026 | | | 2025 | | |
|---|---|---|---|---|---|---|
| | **Cost/ Valuation** | **Accumulated amortisation and accumulated impairment** | **Carrying value** | Cost/ Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software | **17 323 384** | **(8 608 742)** | **8 714 642** | 11 591 925 | (3 947 389) | 7 644 536 |
| Human resource system | **793 589** | **(566 849)** | **226 740** | 793 589 | (453 479) | 340 110 |
| **Total** | **18 116 973** | **(9 175 591)** | **8 941 382** | 12 385 514 | (4 400 868) | 7 984 646 |

### Reconciliation of intangible assets – 2026

| | **Opening balance** | **Additions** | **Amortisation** | **Total** |
|---|---|---|---|---|
| Computer software | **7 644 536** | **5 720 707** | **(4 650 601)** | **8 714 642** |
| Human resource system | **340 110** | **–** | **(113 370)** | **226 740** |
| | **7 984 646** | **5 720 707** | **(4 763 971)** | **8 941 382** |

### Reconciliation of intangible assets – 2025

| | Opening balance | Additions | Amortisation | Total |
|---|---|---|---|---|
| Computer software | 4 644 704 | 7 866 520 | (4 866 688) | 7 644 536 |
| Human resource system | 453 480 | – | (113 370) | 340 110 |
| | 5 098 184 | 7 866 520 | (4 980 058) | 7 984 646 |

### Intangible assets under development

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| MS GP Dynamics System | **1 335 909** | 1 335 909 |
| Business re-engineering and re-design | **904 645** | 904 645 |
| | **2 240 554** | 2 240 554 |

| 2026 | Opening balance | Additions | Closing balance |
|---|---|---|---|
| Intangible assets under development | **2 240 554** | **–** | **2 240 554** |

| 2025 | Opening balance | Additions | Closing balance |
|---|---|---|---|
| Intangible assets under development | 1 335 909 | 904 645 | 2 240 554 |

### MS GP Dynamics System

The intangible assets recorded as work in progress refers to the enhancement of the MS GP Dynamics System. The diagnostic, analysis, design and development stages have been completed. The automation purchase requisition and purchase orders module on MS GP Dynamics System was launched during the 2022/2023 financial year and the enhancement thereto is not yet completed and carried in the work in progress.

### Business re-engineering and re-design

During the 2024/25 financial year, the National Credit Regulator (NCR) received technical assistance from the International Finance Corporation (IFC), a member of the World Bank Group, under the South Africa Credit Reporting & Financial Inclusion Project Phase 2 (the Programme). The Programme is funded by the Swiss State Secretariat for Economic Affairs (SECO) and managed by IFC's Credit Infrastructure – Financial Institutions Group Advisory Services Department.

This assistance was provided on a voluntary and non-commercial basis and forms part of IFC's advisory services to strengthen South Africa's financial sector.

### Other information:

There are no restrictions on title of the intangible assets nor is any of them pledged as security for liabilities.

There was no research and development expenditure recognised as an expense for the intangible asset under development during the period.

## 8. Payables from exchange transactions

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| Trade payables | 3 925 032 | 13 701 138 |
| Accrued leave pay | 3 871 175 | 3 427 122 |
| Accruals | 1 568 375 | 4 262 719 |
| | 9 364 582 | 21 390 979 |

The trade payables are due and payable within 30 days from the date of receipt of a compliant invoice.

## 9. Income received in advance

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| Income received in advance | 12 596 942 | 8 768 139 |

Income received in advance comprise of application fees and renewal fees received in advance from registrants as well as registrants' accounts with credit balances. Income received in advance is reflected as non-exchange revenue when recognised in the Statement of Financial Performance.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

## 10. Provisions

### Reconciliation of provisions – 2026

| Figures in Rand | Opening balance | Additions | Total |
|---|---|---|---|
| Other provisions | 831 464 | 10 706 | 842 170 |

### Reconciliation of provisions – 2025

| Figures in Rand | Opening balance | Reversed during the year | Total |
|---|---|---|---|
| Other provisions | 1 542 688 | (711 224) | 831 464 |

Other provisions are due to present obligations for which it is probable that the NCR will be required to settle them but it is uncertain as to the timing of the settlement. These relate to invoices from service providers which are in dispute, hence uncertainty as to the timing of the settlement of these invoices. No reimbursement is expected in respect of these provisions.

## 11. Operating lease liability

### Operating lease liability

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| Building | – | 121 075 |
| **Minimum lease payments due – Buildings** | | |
| Within one year | 1 627 911 | 758 992 |
| In second to fifth year inclusive | – | – |
| | 1 627 911 | 758 992 |

The operating lease is for NCR office premises which are located at 127-15th Road, Randjespark, Midrand. The lease expired on 30 August 2025 and was renewed for 12 months until 31 August 2026. The lease payments are fixed and amounts to R325 582 per month without escalation. The procurement for office premises is in progress.

The NCR has an additional office which is located on 232 – 15th Road, Randjespark, Midrand. The lease expired on 30 August 2025. Management have not renewed the lease.

### Printers and copiers

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| Within one year | **275 184** | 412 771 |
| In second to fifth year inclusive | **–** | 275 181 |
| | **275 184** | 687 952 |

The printers and copiers lease term is three (3) years which commenced on 1 December 2023 and expires on 30 November 2026. The rental is fixed for 36 months at R34 398 per month.

## 12. Project funding

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| Transfers from dtic | **20 000 000** | – |

During the financial year, NCR received funding of R20 000 000 (2025: R0). The funding is earmarked for the enhancement of the ICT environment, particularly with the ICT process re-engineering project. The procurement process is well underway and it is anticipated that the funds will be spent within the next 12 months of the next financial year.

## 13. Payables from non-exchange transactions

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| Payment distribution agents | **69 565 983** | 64 484 358 |
| Consumer refunds | **2 623 149** | 2 486 507 |
| | **72 189 132** | 66 970 865 |
| **Payment distribution agents** | | |
| Balance unspent at the beginning of the year | **64 484 358** | 58 067 903 |
| PDA interest income | **12 311 987** | 14 950 510 |
| Undistributed/unknown funds current year | **1 273 953** | 1 309 423 |
| Interest income on FNB PDA account | **3 807 672** | 4 156 522 |
| Conditions met transferred to revenue | **(12 311 987)** | (14 000 000) |
| | **69 565 983** | 64 484 358 |
| **Consumer refunds** | | |
| Balance unspent at the beginning of the year | **2 486 508** | 2 335 140 |
| Current receipts | **136 641** | 151 368 |
| | **2 623 149** | 2 486 508 |

### Payment distribution agents (PDA)

The PDA interest transaction is accounted for in terms of GRAP 23: Revenue from non-exchange transactions. Once all the conditions are met, payables from non-exchange transactions are reduced and revenue recognised.

Included in current receipts is an amount of R2 738 268 (2025: R3 451 565) interest not yet received at year end. The revenue of R12 311 987 is pending transfer to the NCR operational bank account.

Included in the balance at year-end are unidentifed/undistributed funds amounting to R41 019 005 (2025: R39 744 834). Current receipts includes all cash flows and accruals for the year.

### Consumer refunds

Included in the balance at year-end are undistributed consumer funds of R2 623 149 (2025: R2 486 508).

## 14. Other exchange revenue

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| Skills development levies recovered | 185 957 | 149 107 |
| Legal reimbursements | – | 103 402 |
| Proceeds from insurance claims | – | 20 347 |
| | 185 957 | 272 856 |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| **15. Fee revenue – other exchange revenue** | | |
| Application fees | 337 150 | 1 436 650 |
| Certificate replacements | 119 500 | 79 040 |
| | 456 650 | 1 515 690 |
| **16. Investment revenue** | | |
| **Interest income** | | |
| Bank | 4 956 850 | 5 528 222 |
| **17. Government grants and subsidies** | | |
| Government grants and subsidies | 81 675 000 | 79 051 000 |

The DTIC contributes to the operational activities of the NCR while also providing funding for specific projects.

| | | |
|---|---|---|
| **18. Fee revenue** | | |
| Registration fees | 34 339 554 | 35 002 150 |
| Bad debts recovered | 28 654 | 209 775 |
| Branch fees | 11 277 250 | 11 204 107 |
| Penalty fees | 6 200 | 350 714 |
| | 45 651 658 | 46 766 746 |
| **19. Other non-exchange revenue** | | |
| Prescribed income | – | 694 734 |
| PDA recovery income | 12 311 987 | 14 000 000 |
| Learnership grant | 128 707 | 598 452 |
| Services In-Kind | – | 904 645 |
| | 12 440 694 | 16 197 831 |

Prescribed income relates to the recognition as income of unidentified and unclaimed receipts in line with the Prescription Act No. 68 of 1969, the prescribed income was previously held for three (3) years under current liabilities in the statement of financial position.

PDA interest relates to the amount recovered by the NCR as per approved PDA interest utilisation policy with effect 15 October 2015.

## 20. Personnel expenditure

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| Basic salaries | 74 541 404 | 73 416 342 |
| Medical aid – company contributions | 3 875 786 | 3 972 118 |
| Training levies – SDL | 438 608 | 783 875 |
| Contributions to retirement | 8 065 525 | 7 913 632 |
| Acting allowances | 1 361 703 | 1 466 807 |
| | 88 283 026 | 87 552 774 |

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| **21. Operating expenses** | | |
| Stakeholder communication | 466 194 | 827 890 |
| Professional fees | 9 122 821 | 9 177 412 |
| Debt counselling initiatives | 718 750 | 258 000 |
| Consumer education | 4 032 564 | 4 258 562 |
| | 14 340 329 | 14 521 864 |
| **22. Administrative expenses** | | |
| Audit and risk committee fees | 416 756 | 277 937 |
| Auditors remuneration | 3 962 479 | 5 443 414 |
| Bank charges | 58 242 | 58 772 |
| Cleaning | 1 253 509 | – |
| Bad debts | – | 924 333 |
| Consumables | 104 917 | 149 700 |
| Insurance | 753 795 | 786 998 |
| Computer expenses | 15 480 673 | 11 763 555 |
| Postage and courier | 36 473 | 7 457 |
| Communication expenses | 1 345 350 | 1 308 843 |
| Subscriptions and membership fees | 12 133 | 27 528 |
| Training | 282 348 | 537 177 |
| Travel – local | 2 362 574 | 2 903 117 |
| Forex loss | 15 228 | – |
| Premises and equipment | 9 463 766 | 11 107 106 |
| Repairs and maintenance | 1 190 790 | 1 297 361 |
| Loss on disposal of assets | 7 581 | 25 429 |
| Mobile unit expenses | 8 142 | – |
| Mobile unit maintenance | 42 000 | 7 962 |
| Outsourced services facilities | – | 56 842 |
| | 36 796 756 | 36 683 531 |

Included in repairs and maintenance are amounts relating to fixed assets. Refer to note 6.

## 23. Cash generated from operations

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| (Deficit) surplus | (2 060 078) | 4 020 735 |
| **Adjustments for:** | | |
| Depreciation of PPE | 3 241 303 | 1 573 382 |
| Amortisation of intangible assets | 4 763 972 | 4 980 059 |
| Movements in provisions | 10 706 | (711 225) |
| Loss on disposal of assets | 7 581 | 25 429 |
| Bad debts written off | – | 924 333 |
| Prescribed income | – | (694 734) |
| Other | – | 263 341 |
| Movements in payables from non-exchange | 5 218 267 | – |
| Movements in operating lease | (121 075) | (258 631) |
| Adjustments to property, plant and equipment | 9 100 | (904 645) |
| **Changes in working capital:** | | |
| Movement in leave accrual | 444 053 | 231 030 |
| Receivables from exchange transactions | (296 517) | 1 115 399 |
| Receivables from non-exchange transactions | 674 965 | 236 337 |
| Payables from exchange transactions | (12 470 450) | 14 424 510 |
| Income received in advance | 3 828 803 | 2 403 462 |
| Project funding | 20 000 000 | – |
| | 23 250 630 | 27 628 782 |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

## 24. Operating surplus

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| Operating surplus for the year is stated after accounting for the following: | | |
| **Income from controlled entities** | | |
| Audit fees | 3 962 479 | 5 443 414 |
| Audit and risk management committee fees | 416 756 | 277 937 |
| Operating lease payments – buildings | – | 5 233 925 |
| Bad debts | – | 924 333 |
| Loss on disposal of assets | 7 581 | 25 429 |
| | 4 386 816 | 11 905 038 |
| **Remuneration, other than to employees, for:** | | |
| Amortisation on intangible assets | 4 763 972 | 4 980 059 |
| Depreciation on property, plant and equipment | 3 241 303 | 1 573 382 |
| Personnel expenditure | 88 283 026 | 87 552 774 |
| | 96 288 301 | 94 106 215 |

## 25. Contingencies

### Contingent assets

The NCR has commenced with legal action for the financial loss suffered during the provision of advertising services by Roadshow Marketing. The financial loss as per court summons is estimated to be R3 683 069 (2025: R3 683 069) as a result of overcharging of agency fees and excess in mark up agreed rates as per the service level agreement. The actual costs will be wholly dependent on the outcome of the court proceedings.

The NCR is intending to institute legal action for the financial loss suffered during the provision of an operating system by Bytes Technology. The financial loss is estimated at R21 591 856 (2025: R21 591 856) as a result of the system not developed in accordance with the agreed functional requirements.

### Other contingencies

The NCR received favourable and unfavourable court rulings on several legal matters which were taken on appeal and in some matters application for leave to appeal is currently pending. The High Court rulings included the awarding of legal costs to the NCR and against the NCR. The actual costs are not yet known and could not be reliably estimated which are wholly dependent on the outcome of the appeals. Litigation matters are orders made up of administrative fines payable to the dtic revenue fund and consumer refunds.

### Surplus for the year

The NCR must annually declare all surpluses or deficits for the financial year to the National Treasury in terms of the National Treasury Instruction No. 12 2020/21. A contingent liability is not raised for the reported surplus as the NCR has received favourable responses from the National Treasury in the previous financial years to retain some of the surpluses based on commitments and obligations of the organisation. Management therefore does not disclose a contingent liability based on a positive assumption that the trend will continue in the financial year.

## 26. Related parties

### Relationships

| | |
|---|---|
| Members of key management | Contractual Relationship – refer to note senior management emoluments 27 |
| Members of Audit and Risk Management Committee | Contractual relationships – refer to non-executive remuneration note 26 |
| Department of Trade, Industry and Competition | Controlling entity |
| National Companies Tribunal | Entities under common control |
| National Consumer Tribunal | Entities under common control |
| National Lotteries Commission | Entities under common control |
| National Gambling Board | Entities under common control |
| National Regulator for Compulsory Specifications | Entities under common control |
| National Competition Tribunal | Entities under common control |
| National Empowerment Fund | Entities under common control |
| National Metrology Institute of South Africa | Entities under common control |
| South Africa Bureau of Standards | Entities under common control |
| South African National Accreditation System | Entities under common control |
| Companies and Intellectual Properties Commission | Entities under common control |
| International Trade Administration Commission | Entities under common control |
| Competition Commission | Entities under common control |
| Industrial Development Corporation | Entities under common control |
| Export Credit Insurance Corporation of South Africa | Entities under common control |
| National Consumer Commission | Entities under common control |

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| **Related party transactions** | | |
| **Department of Trade, Industry and Competition** | | |
| Transfer payments received | 101 675 000 | 79 051 000 |
| **Members of key management** | | |
| Remuneration of key management | 5 687 143 | 7 459 672 |
| **Members of Audit and Risk Management Committee** | | |
| Fees paid to ARMC | 416 756 | 277 937 |
| Entities under common control | | |
| National Companies Tribunal | – | – |
| National Consumer Tribunal | – | – |
| National Lotteries Commission | – | – |
| National Gambling Board | – | – |
| National Regulator for Compulsory Specifications | – | – |
| National Competition Tribunal | – | – |
| National Empowerment Fund | – | – |
| National Metrology Institute of South Africa | – | – |
| South Africa Bureau of Standards | – | – |
| South African National Accreditation System | – | – |
| Companies and Intellectual Properties Commission | – | – |
| International Trade Administration Commission | – | – |
| Competition Commission | – | – |
| Industrial Development Corporation | – | – |
| Export Credit Insurance Corporation of South Africa | – | – |
| National Consumer Commission | – | – |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

## 27. Senior management's emoluments

### Executive

**2026**

| | Salary (including back pay) | Company contributions and other allowances | Acting allowance | Other claims | Total |
|---|---|---|---|---|---|
| L De Beer (Acting CEO from 1 May 2024) | 1 639 011 | 137 057 | 592 172 | 9 628 | 2 377 868 |
| L Mashapa (Company Secretary) | – | 105 137 | – | – | 105 137 |
| P Mweli (Acting CFO from 15 May 2024) | 1 476 041 | 122 335 | 141 061 | 1 338 | 1 740 775 |
| Ms TI Bologo (COO from 2 Feb 2026) | 136 400 | 3 082 | – | – | 139 482 |
| N Mabeba (Acting Company Secretary from 1 March 2025) | 1 131 594 | 101 149 | 87 346 | 3 792 | 1 323 881 |
| | 4 383 046 | 468 760 | 820 579 | 14 758 | 5 687 143 |

2025

| | Salary (including back pay) | Leave pay | Company contributions and other allowances | Acting allowance | Total |
|---|---|---|---|---|---|
| L Motshegare (CEO until 30 April 2024) | 273 430 | 242 219 | 25 780 | – | 541 429 |
| L De Beer (Acting CEO from 1 May 2024) | 1 589 921 | – | 118 923 | 542 825 | 2 251 669 |
| PK Legodi (Acting Company Secretary until 28 February 2025) | 1 041 297 | – | 94 158 | 97 699 | 1 233 154 |
| L Mashapa (Company Secretary) | 57 229 | – | 102 495 | – | 159 724 |
| NS Ngobeni (Senior Legal Advisor Executive) | 1 313 534 | – | 96 020 | 228 575 | 1 638 129 |
| P Mweli (Acting CFO from 15 May 2024) | 1 308 974 | – | 93 079 | 124 603 | 1 526 656 |
| N Mabeba (Acting Company Secretary from 1 March 2025) | 91 204 | – | 7 032 | 10 675 | 108 911 |
| | 5 675 589 | 242 219 | 537 487 | 1 004 377 | 7 459 672 |

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| **Non-executive** | | |
| ARMC member | | |
| Audit and Risk Management Committee fees | | |
| P Chilwane | – | 44 152 |
| T Ramawa | 120 800 | 46 476 |
| N Ngongoma | 189 632 | 88 692 |
| N Lubanga | 106 324 | 98 617 |
| M Mothelesi | – | – |
| | 416 756 | 277 937 |

| ARMC members | Start | End |
|---|---|---|
| P Chilwane | 11 August 2021 | 10 August 2024 |
| T Ramawa | 28 October 2024 | Active |
| N Ngongoma | 19 July 2022 | Active |
| N Lubanga | 23 October 2023 | Active |
| Z Chonco | 11 August 2021 | 10 October 2024 |
| M Mothelesi | 28 October 2024 | Active |

In the current financial year M Mothelesi is employed in the public sector therefore did not submit fee claims.

## 28. Change in estimate

During the period under review, the useful lives of assets was not reviewed, therefore there was no effect on depreciation/amortisation charge for the period under review and accumulated depreciation/amortisation for 2026 R0 (2025: R972 869).

### Property plant and equipment and intangibles

The impact of the change in estimate is as follows:

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| Classes of assets: | | |
| Computer equipment | – | 272 729 |
| Furniture and fittings | – | 162 429 |
| Office equipment | – | 114 329 |
| | – | 69 435 |
| | – | 149 271 |
| | – | 114 301 |
| | – | 90 375 |
| | – | 972 869 |

## 29. Financial instruments disclosure

### Categories of financial instruments

The entity has the following types of financial assets and liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

| Figures in Rand | At amortised cost | Total |
|---|---|---|
| **2026** | | |
| **Financial assets** | | |
| Trade and other receivables from exchange transactions | 723 633 | 723 633 |
| Cash and cash equivalents | 145 378 756 | 145 378 756 |
| | 146 102 389 | 146 102 389 |
| **Financial liabilities** | | |
| Trade and other payables from exchange transactions | 5 493 407 | 5 493 407 |
| **2025** | | |
| **Financial assets** | | |
| Trade and other receivables from exchange transactions | 1 130 066 | 1 130 066 |
| Cash and cash equivalents | 128 913 488 | 128 913 488 |
| | 130 043 554 | 130 043 554 |
| **Financial liabilities** | | |
| Trade and other payables from exchange transactions | 17 963 857 | 17 963 857 |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

## 29. Financial instruments disclosure continued

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the entity recognises a loss allowance for expected credit losses. The loss allowance is measured using either a 12-month expected credit loss or a lifetime expected credit loss depending on whether there has been a significant increase in credit risk since initial recognition. Changes in the expected credit loss allowance are recognised in surplus or deficit as impairment losses or reversals of impairment losses.

## 30. Risk management

### Financial risk management

The NCR Finance function provides services to the organisation, monitors and manages financial risks relating to operations of NCR, through analysing the organisation's degree and magnitude of risks.

In the ordinary course of business, the NCR is exposed to a number of risks as described below.

### Liquidity risk

Management monitors rolling forecasts of the NCR's cash and cash equivalents on the basis of expected cash flow.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the NCR's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date.

| At 31 March 2026 | Payable within 30 days | 31 – 60 days | 61 – 90 days | Over 90 days |
|---|---|---|---|---|
| Trade payables | 5 493 407 | – | – | – |
| At 31 March 2025 | | | | |
| Trade payables | **17 963 857** | – | – | – |

### Credit risk

Credit risk represents the potential risk to the NCR as a result of unexpected defaults or deterioration in the credit worthiness of counterparties. The NCR's credit risk is primarily attributable to its receivables. Revenue is accrued as described in the applicable accounting policy. The carrying amount or other receivables from exchange represents the NCR's maximum exposure to credit risk.

With regard to credit risk arising from the other financial assets, which comprises of cash and cash equivalents, the NCR's exposure arises from a potential counterparty where a credit rating is constantly monitored, with a maximum exposure of R145 378 756 (2025: R128 913 488) to the carrying amount of these instruments. The institution in which funds are being placed is monitored on an annual basis to assess any potential risks. Cash and cash equivalents are only placed with banking institutions with good credit ratings.

Impairment is measured using the Expected Credit Loss (ECL) model in accordance with GRAP 104. The entity assessed expected credit losses on refundable deposits using the 12-month expected credit loss approach. Based on the creditworthiness of counterparties and historical experience, no material impairment loss was recognised. For cash held with financial institutions, expected credit losses are measured using the 12-month expected credit loss model. Management assesses credit risk using external credit ratings, publicly available financial information and market indicators. Based on this assessment, no significant increase in credit risk was identified during the reporting period and the resulting expected credit loss allowance was assessed as immaterial.

Management reviews impairment assumptions at each reporting date. Significant assumptions include historical default rates, the ageing profile of receivables, expected future collections, macroeconomic conditions and the financial circumstances of individual debtors where applicable.

Financial assets are written off when there is no reasonable expectation of recovery following the exhaustion of normal collection procedures, including legal recovery where appropriate.

Financial assets at amortised cost exposed to credit risk at year end were as follows:

**Financial assets**

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| Deposits | 658 125 | 658 125 |
| Cash and cash equivalents | 145 378 756 | 128 913 488 |

There is no security pledged on receivables and cash and cash equivalents.

As at end of the financial year, no financial assets are either past due date or impaired.

### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate owing the changes in the market interest rate.

The interest rate exposure analysis below have been determined based on the NCR's exposure to cash held with the bank on call and in the current account at the reporting date.

Exposure to interest rate exposure analysis below have been determined based on the NCR's exposure to cash held with the bank on call and in the current account at the reporting date.

### Exposure to interest rate risk is set out below

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| Cash and cash equivalents | 145 378 756 | 128 913 488 |

### Interest rate risk sensitivity analysis

The susceptibility of the NCR's financial performance to changes in the interest rates can be illustrated as follows:

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| Interest rate increase of 25 basis points | 372 689 | 322 285 |
| Interest rate decrease of 25 basis points | (372 689) | (322 285) |
| | – | – |

## 31. Events after the reporting date

### Appointment of CEO

Mr Otsile Maseng was appointed as Chief Executive Officer of the NCR. He commenced his duties on 1 June 2026.

There are no other significant matters to be reported as at 31 July 2026 after the reporting date.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS *continued*

## 32. Commitments

Capital expenditure already contracted for but not provided for:

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| PDA Hosting | 446 048 | – |
| Controller servers and routers | 297 021 | – |
| Mimecast license (Software licenses) | 699 999 | 1 492 295 |
| ICT equipment for server room upgrade | – | 327 897 |
| Computer software related expenditure | 3 386 126 | – |
| Laptops (Computer equipment) | 973 935 | 103 495 |
| PDA Hosting – DHS and PDA tool (Software license) | – | 2 147 267 |
| System recovery related expenditure | 1 740 681 | – |
| **Total** | 7 543 810 | 4 070 954 |

## 33. Irregular expenditure and fruitless and wasteful expenditure

| Figures in Rand | 2026 | 2025 |
|---|---|---|
| Irregular expenditure | – | – |
| Fruitless and wasteful expenditure | 955 560 | 51 959 |
| **Opening balance as restated** | – | – |
| **Closing balance** | 955 560 | 51 959 |

Irregular expenditure is presented inclusive of VAT.

**Incidents/cases identified/reported in the current year include those listed below:**

During the year under review, one matter was completed, five matters are pending and one matter is under investigation. Disciplinary steps were taken as a result of losses on fruitless and wasteful expenditure.

| | | 2026 | 2025 |
|---|---|---|---|
| | Disciplinary steps taken/criminal proceedings | – | – |
| Incident description | Disciplinary steps taken | – | – |
| Fruitless wasteful expenditure | | – | – |
| 2026 matter incurred and confirmed in current year | | – | – |
| Non-compliance with NCR Medical Aid Subsidy Policy | Completed – recovered in full | – | 18 612 |
| Loss of NCR asset | Completed – write off memo in progress | – | 16 690 |
| Contempt of court order and cost order | Completed – write off memo in progress | – | 12 067 |
| Non-attendance of paid conference | In progress | – | 4 590 |
| Loss of assets – Mobile phone | In progress | 6 799 | – |
| Salary allowance incorrectly paid | In progress | 218 065 | – |
| Resignation without serving notice | In progress | 7 539 | – |
| Interest on late supplier payments | In progress | 1 501 | – |
| Loss of entity cellphone | In progress | 750 | – |
| Medical Aid Subsidy default | Finalised, recovery commenced | 8 800 | – |
| Non-compliance with back-up and data recovery policy | In progress | 712 106 | – |
| | | 955 560 | 51 959 |

## 34. Change in accounting policy – Budget basis of accounting

### Nature of the change

During the current financial year, the entity changed the basis used for the preparation and presentation of budget information from the cash basis of accounting to the accrual basis of accounting.

Previously, approved budgets were prepared and monitored on a cash basis, whereby revenue and expenditure were recognised only when cash was received or paid. Effective from 1 April 2025, the entity adopted the accrual basis for budgeting purposes to align budget preparation, performance management, and financial reporting with the recognition and measurement principles prescribed by Standards of GRAP.

Under the accrual basis, transactions and events are recognised when they occur, regardless of when cash is received or paid. As a result, budgeted expenditure includes accruals, payables, provisions and other obligations incurred during the reporting period, while budgeted revenue includes amounts earned but not yet received.

### Reason for the change

Management believes that the accrual basis provides more relevant and reliable information for planning, budgeting, performance evaluation and accountability. The change improves alignment between approved budgets and the financial statements prepared in accordance with Standards of GRAP and enhances the comparability of actual and budgeted financial information.

### Impact of the change

The change in accounting policy affects only the basis upon which budget information is prepared and presented. The recognition, measurement and presentation of transactions in the annual financial statements remain unchanged.

Comparative budget information has not been restated, due to the fact that comparatives are not required.

The principal impact of the change is that timing differences arising from accruals, payables, receivables and other non-cash adjustments are now included in budgeted amounts. Consequently, budgeted expenditure and revenue reported in the current period may not be directly comparable to budgets presented under the previous cash basis.

Management has determined that the change results in more relevant information and better reflects the entity's financial performance and position.

## 35. Going concern

The NCR's annual financial statements as at 31 March 2026 have been prepared on a going concern basis. The economic viability and going concern of NCR is supported by the DTIC, therefore NCR's management is certain that the organisation will be able to continue as the going concern in the foreseeable future.

Management has put measures in place to increase revenue and ensure the going concern ability of NCR. Some of the measures comprise of review of registrant's fees and uncapping the credit providers branch fees.

NCR

National Credit Regulator

Advocating For Inclusive Credit

**Company Contact:**
127 – 15th Road Randjespark Midrand
**NCR Reception:**
011 554 2700
**NCR Call Centre:**
0860 627 627/0860 NCR NCR

If you wish to lodge a complaint or an enquiry,
please send your email to complaints@ncr.org.za

**www.ncr.org.za**