CORPORATE PLAN

2025/26 - 2027/28

DBSA

DEVELOPMENT BANK OF SOUTHERN AFRICA

Building Africa's Prosperity

CONTENTS

ABBREVIATIONS

B-BBEE	Broad-Based Black Economic Empowerment
BCIC	Board Credit and Investment Committee
BCM	Business Continuity Management
CEO	Chief Executive Officer
CFF	Climate Finance Facility
Companies Act	Companies Act No. 71 of 2008, as amended
COVID-19	Novel Coronavirus Disease 2019
DBSA	Development Bank of Southern Africa
DFI	Development Finance Institution
DMTN	Domestic Medium-Term Note
EE	Employment Equity
EGIP	Embedded Generation Investment Programme
ESG	Environmental, Social, and Governance
ESS	Environmental and Social Safeguards
FX	Foreign Exchange
FY	Financial Year
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
ICT	Information and Communication Technology
IDD	Infrastructure Delivery Division
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPP	Independent Power Producer
ISO	International Organization for Standardization
JTF	Just Transition Framework
King IV	King Code on Corporate Governance in South Africa (2016)
NDP	National Development Plan, Vision 2030
PaD	Partner-A-District
PESTEL	Political, Economic, Sociological, Technological, Environmental and Legal
PFMA	Public Finance Management Act (No. 1 of 1999)
PRECCA	Prevention and Combating of Corrupt Activities Act No.12 of 2004
ROE	Return on Equity
SADC	Southern African Development Community
SAPS	South African Police Service
SARB	South African Reserve Bank
SDG	Sustainable Development Goals (United Nations, 2015)
SWOT	Strengths, Weaknesses, Opportunities, Threats
The Bank	Development Bank of Southern Africa
The Board	Development Bank of Southern Africa Board
The Constitution	Constitution of the Republic of South Africa, Act No. 108 of 1996
The Shareholder	Government of the Republic of South Africa, represented by the Minister of Finance.
US/USA	United States of America
USD	United States Dollar

1. PURPOSE OF THE CORPORATE PLAN

The DBSA is a Schedule 2 public entity in terms of the Public Finance Management Act (No. 1 of 1999) (PFMA). Section 52 of the PFMA and Treasury Regulation 29.1 provide that a Schedule 2 Public Entity and its subsidiaries must submit a corporate plan in the prescribed format covering the affairs of the public entity for the following three financial years.

The Corporate Plan for 2025/26–2027/28 Medium Term Expenditure period is in compliance with Section 52 of the PFMA and Treasury Regulation 29.1. The Corporate Plan serves as the implementation plan/ roadmap of the broader corporate strategy and scenarios of the Bank to ensure the achievement of the development impact and growth as a Development Finance Institution (DFI). The purpose of this corporate plan is to reflect on the progress to date in delivering on the DBSA's stated priorities, to respond to emerging environmental factors affecting the future strategic direction of the Bank.

2. OUR MANDATE, PURPOSE, AND STRATEGIC FOCUS

The DBSA is a leading DFI, wholly owned by the Government of South Africa. Reporting to the Minister of Finance as the Executive Authority, the DBSA has its primary purpose firmly rooted in stimulating socioeconomic growth, given its infrastructure and capacity development mandate. This includes infrastructure finance and development, human resource development, and institutional capacity building. It is further focused on mobilising financial and other resources from the national and international private and public sectors for sustainable development projects and programmes in South Africa, the South African Development Community (SADC), and the African continent.

2.1. Legislative and Policy Mandates

2.1.1. Legislative Mandates

The DBSA was established in terms of the Development Bank of Southern Africa Act (No. 13 of 1997), as amended by the Development Bank of Southern Africa Amendment Act (No. 41 of 2014), which provides for the continued existence of the juristic person known as the Development Bank of Southern Africa as a development finance institution, with the primary purpose to promote economic development and growth, human resource development, and institutional capacity building by mobilising financial and other resources from the national or international private and public sectors for sustainable development projects and programmes. Section 3(1) of the act prescribes the main objects of the DBSA as:

1) Mobilising financial and other resources from the private and public sectors, national or international, on a wholesale basis as determined in the regulations promulgated in terms of the DBSA Act.

2) Appraising, planning, and monitoring the implementation of development projects and programmes.

3) Facilitating the participation of the private sector and community organisations in development projects and programmes.

4) Providing technical assistance, particularly in respect of human resource development and training with regard to the identification, preparation, evaluation, financing, implementation, and management of development projects and programmes.

5) Funding or mobilising wholesale funding for initiatives to minimise or mitigate the environmental impact of development projects or programmes.

6) Assisting other international, national, regional, and provincial initiatives in order to achieve an integrated finance system for development; and

7) Assisting other institutions in the national or international public and private sectors with the management of specific funds.

In terms of the **PFMA**, the DBSA is listed as a Schedule 2 major public entity with a dual mandate of commercial viability as well as that of socioeconomic development. All prescripts and regulations arising from the PFMA are applicable to DBSA governance and operations, as well as the fiduciary and other responsibilities reflected in Section 9 of the **Companies Act (No. 71 of 2008)**, as amended.

2.1.2. Policy Mandates

Where the legislation regulates how the DBSA must operate in giving effect to its mandate, various policy and strategy frameworks inform how the mandate should be implemented and have direct bearing on the priorities and focus areas of the DBSA, notably:

1) The **United Nations' 2030 Agenda for Sustainable Development**, and the 17 **Sustainable Development Goals (SDGs)** recognise that poverty eradication initiatives should be linked to strategies for improving health and education, reducing inequality, and promoting economic growth while addressing challenges related to climate change. As a DFI with a domestic and continental footprint, SDGs 6, 7, 9, 11, 13, and 17 inform the DBSA's main priorities, while SDGs 1, 3, 4, and 5 are indirectly supported by the core activities[1].

2) The 26th United Nations Climate Change Conference of the Parties reaffirmed the **Paris Agreement on Climate Change** goal of limiting the increase in the global average temperature to below 2°C above pre-industrial levels and pursuing efforts to limit it to 1.5°C. It stressed the urgency of action "in this critical decade" when carbon dioxide emissions must be reduced by 45.0% to reach net zero around mid-century.

3) Through the **Glasgow Agreement**, countries agreed to a provision calling for a phase-down of coal power and a phase-out of 'inefficient' fossil fuel subsidies, and a doubling of finance to support developing countries in adapting to the impacts of climate change and building resilience. The agreement sets out the norms related to carbon markets, which will allow countries struggling to meet their emissions targets to purchase emissions reductions from other nations that have already exceeded their targets.

   The **United Nations Environment Programme Finance Initiative's Principles for Responsible Banking (2022)** calls for banks to align their business activities to the Paris Agreement. The **Glasgow Financial Alliance for Net Zero** aims to accelerate the alignment of financing activities with Net Zero and support efforts by all institutions and countries to achieve the goals of the 2015 Paris Agreement.

4) The **African Union Agenda 2063** is aimed at harnessing the continent's comparative advantages to effect equitable and people-centred social, economic, and technological transformation and the eradication of poverty. Agenda 2063 is the African Union's strategic framework to realise the socioeconomic transformation of the African continent over the next five decades. While it focuses on Africa's aspirations for the future, it also identifies critical flagship programmes to boost Africa's economic growth and development, ultimately leading to the rapid transformation of the continent. The DBSA supports the Africa Continental Free Trade Agreement and the North-South Corridor, among other initiatives.

   The **African Union Programme for Infrastructure Development in Africa** is the successor to the New Partnership for Africa's Development Medium to Long-Term Strategic Framework and aims to promote socioeconomic development and poverty reduction in Africa through improved access to integrated regional and continental infrastructure networks and services.

5) Adopted in 2020, the **Southern African Development Community (SADC) Vision 2050** is a long-term ambition that sets out the aspirations of the region until 2050. The **SADC Regional Indicative Strategic Development Plan 2020-2030** operationalises Vision 2050 and provides a guiding framework for the implementation of SADC's regional integration and developmental agenda and programmes

[1] See the description of SDGs in Annexure K of this Corporate Plan.

for the next 10 years. It is premised on three interrelated pillars: Industrial Development and Market Integration, Infrastructure Development in support of Regional Integration, and Social and Human Capital Development.

6) The South African **National Development Plan, Vision 2030 (NDP)** is the blueprint of government's vision and development route for South Africa, with business and society as collaborative partners. Seeking to eliminate poverty and sharply reduce inequality, the NDP identifies the critical trade-offs and challenges to be addressed by the country over the period to 2030. The DBSA contributes to the NDP through large-scale infrastructure projects in the energy, transport, water, and ICT sectors, as well as by resolving social infrastructure bottlenecks and expanding regional integration.

7) Cabinet established the **Presidential Infrastructure Coordinating Council** to coordinate, integrate and accelerate implementation on infrastructure projects. The **National Infrastructure Plan 2050** aims to transform the economic landscape, while simultaneously creating significant numbers of new jobs and strengthening the delivery of basic services. It further supports the integration of African economies. In line with the plan, strategic integrated projects have been identified, which cover social and economic infrastructure across all nine provinces (with an emphasis on lagging regions). The strategic integrated projects include catalytic projects that can fast-track development and growth.

8) The **Economic Reconstruction and Recovery Plan, 2021** places infrastructure at the centre of the economic recovery agenda and focuses on accelerated implementation while committing financial resources. The Plan identifies eight priority interventions to drive the reconstruction and recovery of the South African economy, namely:
   a) Ensuring energy security
   b) Growing the productive economy
   c) Mass employment interventions
   d) Infrastructure investment
   e) Green economy interventions
   f) Strengthening food security
   g) Support for tourism recovery and growth.
   h) Gender equality and the inclusion of women and youth

9) The Presidential Climate Commission published the **Just Transition Framework (JTF) for South Africa** in July 2022. The JTF aims to bring coordination and coherence to Just Transition planning in the country. It sets out a shared vision for the Just Transition, principles to guide the transition, and policies and governance arrangements to give effect to the transition. The JTF is applicable to all social partners in South Africa, across all sectors. There is, however, no 'one size fits all' approach to the Just Transitionn and all social partners will need to design their own policies and programmes in line with their specific conditions, responsibilities, and realms of influence, based on the vision, principles, and interventions articulated in the framework. The framework is to be implemented through the **Just Energy Transition Implementation Plan 2023–2027**.

10) Aligned to the **National Spatial Development Framework 2050**, the DBSA implements the Integrated Municipal Approach which has strategic rationale including an integrated approach to municipal support taking the full value chain of the DBSA into account, identifying municipalities for a targeted intervention involving both financial and non-financial solutions and promoting alternative financing for infrastructure, particularly Metros. The Partner-A-District (PaD) programme, which is implemented as part of the Integrated Municipal Approach aims to (1) invest in critical infrastructure; (2) deliver and manage infrastructure; (3) strengthen governance and the institutional architecture of municipalities; and (4) support local economic development.

2.1.3. Special Mandates

2.1.3.1. Infrastructure Fund

The Infrastructure Fund, as a key initiative, was mandated to create blended finance solutions to significantly crowd-in private sector investment in the implementation of infrastructure programmes and projects in South Africa, thus contributing to increased gross fixed capital formation. Its primary objective is to facilitate the effective execution of socioeconomic infrastructure programmes and projects in the country.

The fund is designed to address the pressing need for investment in key infrastructure sectors, such as energy, transport, water, telecommunication, and social infrastructure. The amount already approved by National Treasury for programmes is R21.7 billion to improve the scale, speed, quality, and efficiency of infrastructure spending. Total allocations to 2028/29 amount to almost R100 billion. Partnerships, both locally and internationally, with the private and public sectors, and ongoing engagement with stakeholders along the value chain, remain critical to the further mobilisation of funds towards infrastructure development.

By providing long-term financing and technical expertise, the Infrastructure Fund enables the implementation of sustainable infrastructure projects that drive economic growth, promote social development, and enhance regional integration. The DBSA established the fund as a ringfenced unit and manages it on behalf of National Treasury, in partnership with the Department of Public Works and Infrastructure South Africa. The DBSA and National Treasury each finance 50.0% of the operational costs of the Fund.

2.1.3.2. The Independent Power Producers (IPP) Office

The Independent Power Producers (IPP) Programme and the IPP Office plays a crucial role in sourcing electricity from renewable and non-renewable sources. The IPP Office focuses on achieving national renewable energy capacity goals, securing electricity capacity from independent power producers, and providing advisory services for programme and project planning. The DBSA continues to support the IPP Office, ensuring the procurement of renewable energy providers through the IPP Procurement Programme.

2.1.3.3. National Water Partnership Programme

The National Water Partnership Programme is a joint initiative developed by the Department of Water and Sanitation, the DBSA and the South African Local Government Association to address South Africa's water and sanitation challenges. While the National Water Partnership Programme is owned by the Department of Water and Sanitation, a Water Partnership Office has been established as a separate unit within the DBSA to implement the programme. The Water Partnership Office's role is to design standardised programmes to assist municipalities and water boards in scaling up the implementation of water and sanitation projects through partnerships with the private sector. This "*centre of excellence*" supports and delivers a pipeline of bankable water and sanitation projects that are attractive to the private sector by providing project preparation, structuring and design, arranging of finance, and more. The Water Partnership Office's current standardised programmes include municipal non-revenue water, water reuse, wastewater treatment, non-sewered sanitation, seawater desalination and management contracts.

2.2. Our Development Position

The development position of the DBSA forms the departure point from which DBSA seeks to deliver on its mandate. The focus is on driving sustainability through innovative solutioning and remaining financially sustainable, whilst accelerating development outcomes. The development position of the DBSA is as follows:

THE DEVELOPMENT POSITION OF THE DBSA

As a trusted African-focused DFI, the DBSA will '***bend the arc of history***' through its continued multifaceted investments in sustainable infrastructure and human capacity development.

The DBSA will contribute to a just transition towards a renewed and inclusive economy and society that embodies resilience, regeneration, and transcends current trajectories.

As a sanctuary for development practitioners, the DBSA holds this to be the transformative change needed to realise a prosperous, integrated, and resource efficient continent. This stance progressively advances the common goals for sustainable and equitable wellbeing.

The DBSA will work in partnership to co-produce impactful development solutions and the sustained platforms of an enabling environment for participation, a sense of purpose, empowerment, and deep connections.

2.3. Economic Policy Position

The economic policy position of the DBSA is centred on the understanding that infrastructure development is a key pillar in South Africa's growth and development agenda. In support of regional and national policy, the DBSA will:

1) Support cities to promote economic growth and spatial development.
2) Provide planning and implementation support to municipalities, with specific emphasis on lower tier secondary cities and under-resourced municipalities.
3) Provide support to large state-owned companies.
4) Support the transformation of the ownership patterns of the South African economy.
5) Spur the informal economy through development initiatives.
6) Contribute to sustainability, as well as climate adaptation and mitigation.
7) Serve both domestic and regional requirements.
8) Implement programmes in support of key development corridors across Africa.
9) Crowd in third parties, especially the private sector.
10) Lift the standard of living through social infrastructure development.
11) Identify niche markets and improve DBSA performance.
12) Financial sustainability is key if the DBSA is to remain viable.

The DBSA focuses on the economic infrastructure of energy, transport, water, and Information and Communication Technology (ICT) sectors and also serves the social infrastructure of health, housing, and education sectors. Biodiversity and the broader 'nature based' projects and programmes are supported through the Green Fund and Global Environmental Facility.

2.4 Regional Mandate

South Africa has concluded various binational trade agreements with countries across the continent to support broader regional integration in line with the SADC Integrated Infrastructure Development Plan, the Programme for Infrastructure Development in Africa, and the African Union Agenda 2063.

In line with the mandate to maintain its exposure level of 60% South Africa and 40% rest of Africa, the DBSA's Regional Development and Integration Strategy is aimed at both SADC and the rest of Africa, for example, the Tripartite Free Trade Area linking SADC, Common Market for Eastern and Southern Africa, and East African Community, as well as corridor development. The strategy notes the huge infrastructure backlogs in the African continent and prioritises smart partnerships, country prioritisation using country ratings, taking a long-term perspective and prospects, and considering the South African developmental and economic aspirations. Continental opportunities will be explored in various African countries.

The DBSA's regional investments contribute to the socio-economic development and integration in Southern Africa. The Bank strategically allocates resources to finance key infrastructure projects across the region, including energy, transport, water, telecommunication and social infrastructure. By investing in regional initiatives, we aim to enhance connectivity, stimulate economic growth and promote sustainable development.

The exploration of regional developmental opportunities is to be undertaken in support of *Outcome 4 of the DBSA 10-year strategy.*[2] *"Regional integration and access through key sectors facilitated"*, with the Bank constantly keeping the identified domestic and regional macroeconomic weaknesses clearly within its line of sight to limit the potential negative impact of such on the developmental pipeline. The DBSA will continue to strategically allocate resources to finance key infrastructure projects across the region, including energy, transport, water, telecommunications, and social infrastructure. These investments support the creation of employment opportunities, improve access to essential services, and strengthen regional cooperation, thereby stimulating economic growth and promoting sustainable development. Such regional integration endeavours over the ten-year strategy period will focus on, among other:

- Increased inter-regional trade - rail and road, ports, marine and air infrastructure.
- Drive for primary material beneficiation through basic infrastructure.
- Improved access to quality, reliable, and affordable portable water.
- Energy transmission and improved energy generation capacity and access to affordable energy.
- Universal access to connectivity and telecommunications.
- Increased economic activity through trade financing.

[2] This is an outcome as captured in the DBSA's 2023/24 – 2032/33 Strategy.

3. OUR STRATEGIC FOCUS

3.1. Vision, Mission, Values, and Strategic Goals

Informed by the legislative and policy mandate, the Corporate Plan articulates the DBSA's strategic focus – its vision, mission, organisational values, and strategic goals – as follows:

OUR VISION

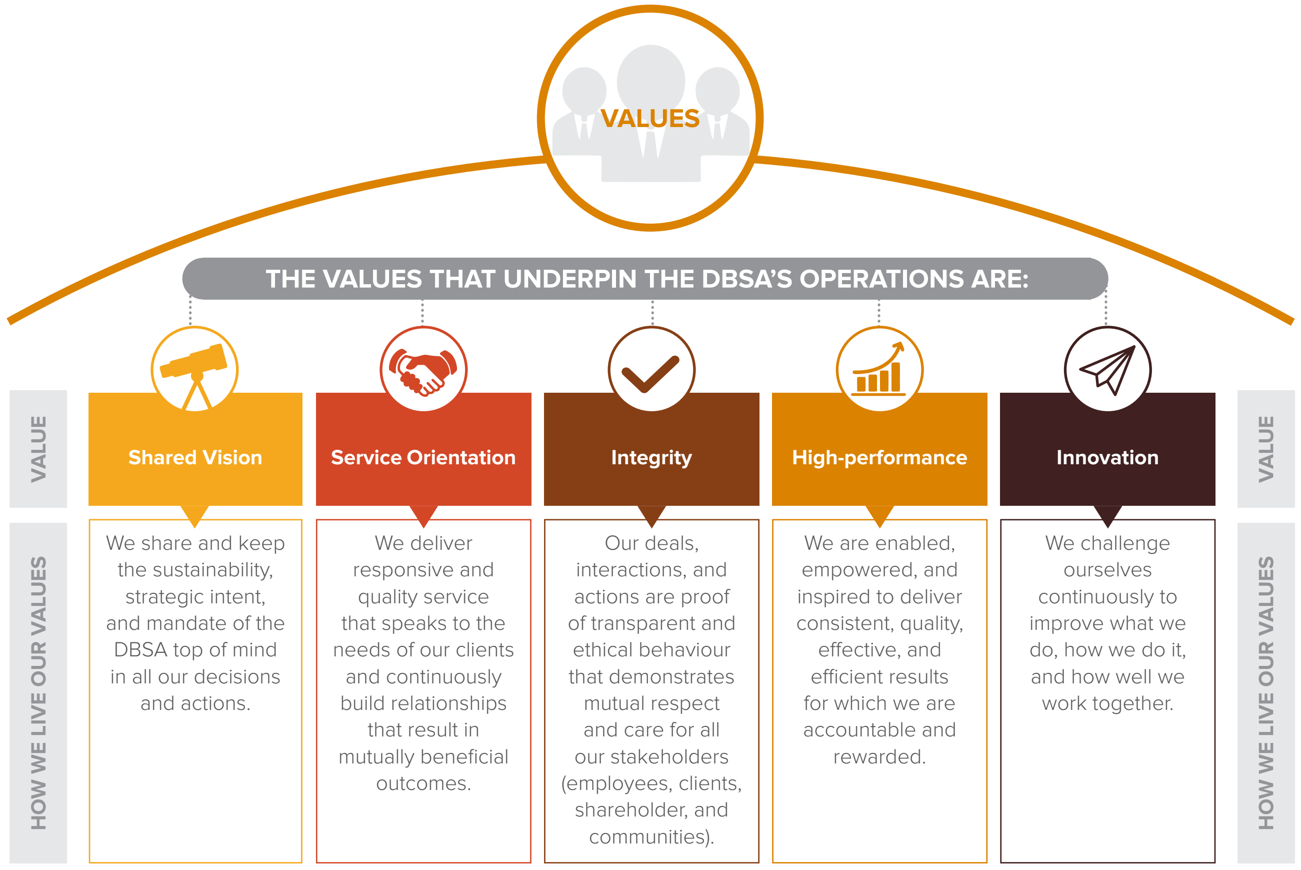
A prosperous and integrated resource-efficient region progressively free of poverty and dependency.

OUR MISSION

The DBSA's mission is to advance development impact in the region by expanding access to development finance, and effectively integrate and implement sustainable development solutions to:

- improve the quality of life through the development of social infrastructure
- support economic growth through investment in economic infrastructure
- support regional integration
- promote sustainable use of scarce resources

The DBSA seeks to effect economic growth that is correlated to the improvement in the quality of the lives of our people.



STRATEGIC GOALS

Underpinned by the Bank's purpose statement to **"bend the arc of history toward shared prosperity"**, the DBSA is focused on ensuring financial sustainability and strong governance, while achieving a trajectory of accelerated and enhanced development impact, i.e., **"growing the DBSA to maximise development impact"**. It builds on the four strategic goals of the DBSA strategy, namely:

1) Financial sustainability

The DBSA aims to achieve financial sustainability through income growth, balance sheet growth, and cost optimisation. Achieving disbursement and credit extension targets is crucial to the financial sustainability of the Bank as this directly relates to the Bank's asset base, which must grow at a rate higher than or at par with increasing operating costs for long-term sustainability. Achieving our credit extension objectives also serves as a lead indicator of the development impact we are destined to deliver.

The levers for achieving financial sustainability are the ability to grow good quality and profitable disbursements, growing market share through enabling regional integration and development, creating integrated and sustainable infrastructure development solutions, facilitating the improvement of the municipal capability and improving our operational efficiencies as part of cost optimisation.

2) Accelerating development impact

Balanced with the financial focus is the developmental focus, which sees the Bank continue to invest in those projects and activities that ultimately contribute towards unemployment reduction, poverty alleviation, and reduction of inequality. The aim is to drive quality transactions, while ensuring greater development impact of our investments. Accelerating the development outcomes includes stimulating infrastructure development through a programmatic approach for a secure and scaled development trajectory, while contributing to creating inclusive and sustainable socioeconomic growth. Priority is placed on increasing the development impact of disbursements and projects in the sectors that we currently operate in in the region, as well as in the South African municipal districts. The DBSA works to create an integrated development environment in the value chain to respond to the rapid changes in the environment – particularly in a post-lockdown environment.

3) Future-fit-DBSA

The DBSA endeavours to be more effective through tailoring its products, services, and organisational capabilities to respond to stakeholder needs and the environmental conditions. There is a need to improve collaboration and integration internally, as well as to completely digitalise the Bank. This will require an integrated approach operationally and a shift to enabling strategy implementation through monitoring and achieving cross functional outcomes. A future-fit DBSA requires a cultural reform and mindset shift towards achieving operational efficiencies and outcome effectiveness and driving innovation in all aspects of the business. This requires reviewing how the Bank operates and is structured to respond to the strategy but also influencing the perspectives of the people within DBSA, and emphasising efforts towards digitalisation.

4) Smart partnerships

Smart partnerships are purpose-driven collaborations that co-create development solutions and enhance private sector participation in infrastructure projects that promote inclusive growth. Partnerships further seek to enable public sector entities unlock bottlenecks that serve as obstacles to accelerated infrastructure development. The Bank pursues such partnerships with stakeholders both inside and outside South Africa to fulfil its mandate.

These goals, in turn, drive the seven outcomes that the DBSA will pursue over the period to 2033.

ENABLERS

The following are among the key enablers that underpin our corporate strategy:

Optimal Balance Sheet Management: through diversified funding options, managing the cost of funds and maintaining healthy liquidity levels.

Driving a Digital DBSA: The DBSA recognises the transformative power of digitalisation. This transformative journey goes together with ensuring organisational excellence, underpinned by a renewed organizational design, culture, and change management. The DBSA will make extensive investments in technology to bolster its capabilities and effectiveness.

Develop a high performance and accountability culture: while attracting and developing strategic skills which are critical to bolstering core banking and developmental capabilities to enhance internal processes. Excelling in strategy execution through working as a team through collaborative efforts will lead to a higher success rate of achieving goals.

Optimal organizational design to enable strategy execution: The DBSA could be more effective through tailoring products, services, and organisational capabilities to respond to stakeholder's needs. There is a need to improve collaboration and integration internally, as well as to completely digitalise the Bank. This will require an integrated approach operationally and a shift from strategic implementation through individual performance to team performance and outcomes.

Build strategic partnerships: The Bank's aptitude to nurture strategic partnerships that are mutually beneficial in achieving its mandate is an asset. These include building relationships with other DFIs, SOEs, the public sector and the private sector. Our strong relationships with strategic investment partners nationally, regionally, and internationally enhance the development and growth of the Bank's infrastructure pipeline. Synergies created through these partnerships also have the benefit of enhancing the DBSA's reputation as one of the leading African DFIs.

Adherence to sound governance and risk management principles is of paramount importance within governments and in business to meet stakeholder expectations in the short, medium, and long term to ensure organizational sustainability. The DBSA strives to continuously improve governance and risk management.

3.2. Strategic Intent and Sector Focus

The DBSA's mandate requires the Bank to maximise development impact in infrastructure development, financing, and capacity development, both in South Africa and across the African continent. The DBSA operates in key sectors which are transport and logistics, energy, water & sanitation, information & communications technology, education, health, and human settlements. The DBSA achieves this through its participation in the infrastructure value chain by playing a key role in the planning, preparation, funding, building, and maintenance phases of the infrastructure development value chain.

The figure below illustrates the infrastructure value chain and the various services, as well as the key target markets per the value chain segment.

Advance sustainable development impact in infrastructure development, financing, and capacity development both in South Africa and across the African continent

LEAD AND RESPOND
Focus on addressing factors in the macro- and micro-environments and to capitalise on the successes and strengths of the Bank

CONCEPTUALISE	CATALYSE	IMPLEMENT
Focus on identifying and crafting development programmes which direct concerted action by a diverse range of actors to foster an enabling environment	Focus on coordination of multiple actors, and on raising investment levels through innovative mechanisms	Focus on the implementation of key priority projects to deliver tangible solutions

ECONOMIC AND SOCIAL INFRASTRUCTURE
Energy, Transport, Water, ICT, Health, Housing and Education Sectors, and Biodiversity and Nature-based

PLAN	PREPARE	FINANCE	BUILD	MANTAIN
• Infrastructure needs assessment • Bulk infrastructure plans • Infrastructure planning advice	• Project identification • Feasibility assessment • Technical assistance • Programme development • Project preparation functions	• Long-term senior and subordinated debt • Corporate and project finance • Mezzanine finance • Structured finance solutions • Equity support for BEE entities	• Design and manage construction of projects • Project management support	• Support maintenance and improvement of social and economic infrastructure projects

MOBILISE
Focus on cementing and strengthening smart partnerships

Financial sustainability through balance sheet growth, income growth, and cost optimisation

The DBSA's strategy seeks to leverage its competitive advantages as far as possible. The Bank has a comprehensive offering across all segments of the infrastructure delivery value chain, and clients may interact with multiple DBSA business units and their needs and requirements may vary substantially depending on what stage in the infrastructure value chain their prioritised projects are.

3.3. Key Operating Principles

The following guiding principles are critical for effective implementation of the DBSA Corporate Plan:

1) **Economic expansion and development:** The DBSA is strategically positioned to not only support economic growth and development but to be a catalyst for transformative change through strategic infrastructure and capacity investments.

2) **Social equity and just transition:** The DBSA places an unwavering emphasis on social equity, ensuring that all the engagements that it undertakes enables a human centred approach. It stands committed to ensuring that every development initiative, no matter how large or small, contributes to just transitions for all stakeholders. The DBSA's initiatives will be vehicles of change, addressing inequalities and creating opportunities for marginalised communities.

3) **Green growth for sustainability:** The DBSA prioritises green growth as a key economic opportunity, but also in support of sustainability and resilience at the local, regional, and global levels. It not only aligns with national priorities but exemplifies the DBSA's proactive stance in addressing environmental challenges, ensuring a greener and more sustainable future for all.

4) **Maximising development impact without compromising financial sustainability:** The DBSA is steadfast in its pursuit of elevating development impact while maintaining the financial sustainability and longevity of the institution. This will be achieved through a deliberate and holistic approach, reinforcing monitoring and evaluation across all operational levels, backed by the necessary resource commitments. The DBSA is committed to ensuring financial independence to ensure that the fiscus directs resources towards areas of need.

5) **Capable public institutions and enhanced service delivery:** The DBSA's commitment to building capable public institutions extends to enhance capacity and assist in improving the financial health of municipalities and public institutions. This commitment signifies the DBSA's vital role as an enabler of frontline service delivery, and social infrastructure.

6) **Rigorous project preparation and quality assurance:** The focus on being a project preparation factory stands at the heart of the DBSA's mission. This principle underscores the imperative for rigorous project evaluation, robust project preparation, and expedited turnaround times in project processing. The Bank continuously drives infrastructure development through de-risking critical projects and or ensuring catalysation which enables the participation of other players.

7) **Strategic partnering and holistic stakeholder engagement:** The DBSA is committed to fostering synergistic outcomes and will pursue smart partnerships and engaged stakeholders. These strategic collaborations are a vital tool in advancing the DBSA's mission, helping shape the development landscape, and driving innovation and progress across the board. The DBSA embraces a comprehensive and integrated approach to development that extends beyond municipal projects and covers all spheres of influence. By breaking down silos, the DBSA seeks to maximise the impact of its initiatives and foster a culture of shared success.

8) **Digital transformation and organisational effectiveness:** The DBSA recognises the transformative power of digitalisation as envisaged by the fourth and fifth industrial revolution. This transformative journey goes hand-in-hand with ensuring organisational excellence, underpinned by a renewed organizational design, culture, and change management. The DBSA will make extensive investments in technology to bolster its capabilities and effectiveness.

9) **Skills enhancement and employee empowerment:** The DBSA is unyielding in its commitment to building its employees capacity and capability, and continuously improving the employee value proposition. This encompasses skill retention, career development, nurturing a supportive work environment, and the consistent recognition and incentivisation of employees' dedication and exceptional efforts.

These principles reflect the DBSA's commitment to promoting sustainable development, economic growth, and social equity, while also focusing on internal efficiency and alignment with key stakeholders.

4. SITUATIONAL ANALYSIS

The DBSA executes its mandate and seeks to achieve its strategic intent in a complex environment, impacted by global, regional, and subnational events. In turn, the organisation requires the correct institutional environment to enable delivery of its strategic intent.

4.1. Macroeconomic Context

The global growth recovery remains uninspiring, hindered by weak demand amid heightened geopolitical risks and the impact of prolonged restrictive monetary policy. Domestic economic growth surprised to the downside, contracting by -0.3% in the third quarter of 2024 from a revised increase of 0.3%, due to an unprecedented contraction in value added by the agricultural sector. Urgent reforms, and sustained, higher economic growth, are needed to support job creation. Operation Vulindlela reported the successful implementation of several structural reforms affecting infrastructure development, including increasing the role of independent power producers, reviving the Green Drop, Blue Drop, and No-Drop water quality monitoring programme, establishing the Transnet National Ports Authority as a subsidiary of Transnet, implementing a third-party access policy and concession for branch freight rail lines, and finalising and implementing the White Paper on National Rail Policy. In addition, the National Transmission Company of South Africa (NTCSA) started trading on 1 July 2024.

GLOBAL ECONOMIC OUTLOOK

The global growth forecast remained muted, hovering at 3.2% for both 2024 and 2025. The growth outlook for advanced economies was broadly unchanged at 1.8% for 2024 and 2025, with growth in emerging markets and developing economies expected to hold steady at 4.2% in 2024 and 2025. Despite services inflation remaining sticky to the upside, global consumer price inflation continued to moderate in 2024, prompting major central banks to ease monetary policy in the second half of 2024. Global inflation is projected to moderate further in 2025 although risks to the outlook are to the upside.

SUB-SAHARAN AFRICA OUTLOOK

The growth forecast for Sub-Saharan Africa was revised downward to 3.6% in 2024 and upward to 4.2% in 2025 on account of the diminishing impact of weather shocks and easing of supply constraints. The outlook for growth remains hampered by social insecurity, extreme weather conditions, sharp cost of living increases related to food and fuel shortages and tight domestic and international financing conditions. Inflation in the region is expected to remain in the double-digit range in 2024, moderating somewhat in 2025. Consequently, the monetary policy response has remained broadly restrictive. While this has supported sovereign spreads in the region, debt servicing costs have remained high with an increased probability of fiscal distress as fewer financial resources can be assigned to finance economic growth and development. Several downside risks may impact Sub-Saharan Africa from a global perspective, including financial market volatility related to monetary policies in advanced economies, resulting in the risk of further capital flight and liquidity challenges. Ongoing conflict in the region may further exacerbate the region's instability.

SOUTH AFRICA OUTLOOK

South Africa's real Gross Domestic Product (GDP) surprised to the downside, contracting by -0.3% in the third quarter of 2024 (down from 0.3% in the second quarter), due to an unprecedented contraction in gross value added by the agricultural sector. Following four consecutive quarters of contraction, Gross Fixed Capital Formation (GFCF) increased by 0.3% in the third quarter of 2024. The public sector largely drove the improvement in the quarter, as both general government and public corporations' fixed investment increased. Private sector investment (constituting 70% of total GFCF) contracted for a third consecutive quarter by -1.7%. Investment as a percentage of GDP averaged 14.2% in the first three quarters of 2024, well below the 2030 National Development Plan aspiration of 30.0%. Although optimism surrounding the newly formed Government of National Unity (GNU) may bode well for business confidence and investment in the medium term, accelerated implementation of structural reforms and a focus on public-private partnerships in capital investment projects are needed to advance growth in GFCF.

Headline consumer price inflation has continued to moderate since March 2024, falling to a four-year low of 2.8% in October 2024, before increasing marginally to 2.9% in November. The slowdown since March was largely driven by a deceleration in food and fuel price inflation. The South African 10-year government bond yield increased marginally from 10.0% in September to 10.3% at the end of December 2024. The exchange value of the rand will likely have higher volatility in the run-up to the new United State administration. The 2024 MTBPS has prioritised ramping up of infrastructure investment. The DBSA has long been advocating for infrastructure finance to be treated as an asset class, as well as for the scaling up of private-sector participation.

4.2. Strategic Environmental Analysis

The PESTEL and SWOT frameworks were used to conduct the strategic environmental analysis. A PESTEL analysis is undertaken to provide key external factors (Political, Economic, Sociological, Technological, Environmental and Legal) that influence the environment within which the Bank operates, while the SWOT analysis assisted with developing a strategic framework based on the Bank's Strengths, Weaknesses, Opportunities, and Threats. Key external and internal environmental factors that influence the environment within which the DBSA operates were considered.

4.2.1. Overview of the Operating Environment

The strategy review process has revealed a combination of external and internal factors that converge to impact on the ability of the DBSA to fulfil its developmental mandate. The DBSA contends with internal and external factors, with six drivers namely, DBSA specific matters, economic factors, geo-political environment, South African Specific factors, financial and market volatility and unstoppable trends. The following issues are shaping our operational environment:

DBSA MATTERS	UPWARD PHASE	GLOBAL REALIGNMENT	IMPACT ON PRODUCTIVITY, TRADE, STANDARD OF LIVING	BORROWING RATES	ADAPTING TO TRENDS
• Operating model review • Efficiencies • Strategy execution • Corporate culture	• Slow growth recovery • Low inflation and interest	• Post-election reset • Protectionist and tough trade • Conflict • Seat at the global table for developing world	• Combating corruption • Infrastructure decay • Municipal functionality • Growth trajectory • Politics (GNU)	• Dollar strength • Ratings agencies • Evidence of normalising bid prices	• Climate change • Greening earth • Future of energy • Digital transformation • Work-Life balance

4.2.1.1. Internal Environment

The internal environment provides strength and weaknesses that are likely to determine whether the Bank will be able to take advantage of opportunities and mitigate threats presented in the external environment, and thus formulate proper strategies. These are the strength that the DBSA can leverage and weaknesses that need to be managed.

STRENGTHS TO LEVERAGE	WEAKNESSES TO MANAGE
• Convening power of the DBSA • Early-stage risk-taker. • Long-term investor. • Strong institutional balance sheet. • Good governance and ethical culture. • Level 1 B-BBEE. • Strong DBSA brand reputation. • An existing continental footprint. • Access to climate financing - regional agency accreditation by the Global Environmental Facility. • A thought leader locally and internationally. • Smart partnerships and the co-creation of development solutions. • Partnership building experience. • Expertise in the entire infrastructure value chain. • Expert knowledge in the municipality sector. • Skilled and dedicated workforce driven by purpose and high performance.	• High cost of capital and concentrated loan book, which is likely to impact or impede growth. • Limited sources of funding due to the nature of the DBSA as a state-owned entity. • Limited partnering with the private sector to address major gaps in development. • Unoptimized business processes. • Low integrated approach to operations. • Deal quality affecting the completion of the ERR process timelines. • Slow execution for some of the fit-for-purpose strategic initiatives. • Inability to retain critical skills. • Inadequate organisational culture and employee value proposition (staff engagement).

EXTERNAL ENVIRONMENT

The external environment consists of all the factors or influences external to the Bank, which have the potential to impact the operations of the Bank. These factors focus on the opportunities that the DBSA can exploit and threats that should be mitigated.

External Factors	OPPORTUNITIES TO EXPLOIT	THREATS TO MITIGATE
Political	• Government of National Unity could provide opportunities as the interests of the country will be pursued and not the political party's interest.	• Problematic coalitions at municipal level and changes to accounting authorities have a negative impact on municipal administration and service delivery. • Pockets of volatility across the continent could limit the DBSA's footprint and potential markets – limiting growth opportunities for the DBSA. • Increased geopolitical tensions could limit DBSA's opportunities to grow.
Economic	• $100 billion infrastructure funding gap in the continent. • South Africa infrastructure needs of between R4.8 trillion and R6.2 trillion on transport, water and sanitation, basic education, and Technical and Vocational Education and Training (TVET) between the years 2022 and 2030. • Global soft landing and continued global growth recovery, albeit slow. • Government drive for infrastructure-led economic recovery. • Metros unbundling their trading entities. • High conversion of self-generated and strategic infrastructure funding opportunities. • Lack of bankable projects within the public sector. • Unreliable electricity supply and logistical challenges in ports and railways.	• High debt levels around the continent. • Fitch downgrade to some of our client countries. • Shallow debt absorption capacity of municipalities. • Municipalities under debt relief programmes are refrained from borrowing. • Increased competition in the municipal finance environment due to better price points by commercial banks. • High levels of inflation, interest, and bond rates. • Domestic and regional macroeconomic weakness resulting in a narrow pipeline. • Credit quality deterioration, e.g., non-performing loans. • South Africa is still on the Financial Action Task Force's grey list since February 2023 which could result in narrow pipeline. • Government's cost-cutting could affect the DBSA pipeline.
Social	• Revitalization of township economy. • Addressing water infrastructure challenges.	• South Africa's official unemployment rate is 32,9% with youth unemployment at 45,5% in the first quarter of 2024. • Unequal society with a Gini coefficient of 0.63. • Service delivery protests.
Technological	• The Digital Co-operation Organisation (DCO) launched the Digital Foreign Direct Investment Initiative focused on accelerating FDI for digitalization in emerging economies. • 4IR has transformed the banking sector which has disrupted the formal platforms to do banking. The key focus has been on improving customer experience, supporting financial technology and driving financial inclusion. • Emerging technologies enabling more collaborative and productive methods of project delivery and management throughout an asset's lifecycle. • Technology may provide the DBSA with an effective and agile procurement system to manage normal and disaster response procurement.	• Cybercrime is increasingly becoming a major threat to organisations, in instances such as ransomware.

External Factors	OPPORTUNITIES TO EXPLOIT	THREATS TO MITIGATE
Environmental	• The signing of the Climate Change Act into law by the President provides the DBSA an opportunity to assist government in responding to climate change. • National Treasury developed a Green Finance Taxonomy that will support the process of transitioning the DBSA's portfolio. • Globally, the call to move towards Net Zero through a Just Transition is being heeded by governments and private sectors. • Green Industrial Revolution in critical minerals	• Damage to infrastructure caused by inclement weather due to climate change.
Legal	• Imminent approval of the DFI Scorecard. • The revised municipal public private partnership regulations aimed at simplifying the procurement of PPP projects by making the procurement process less complex.	• Erosion of the rule of law in South Africa could serve as an impediment for increased investment in the economy. • Construction Business Forums (Construction Mafia) impacting on the delivery of infrastructure.

4.3. Key challenges facing the DBSA

The Bank is contending with stagnant business growth, operational inefficiency, and rapid transition issues. The Bank is operating under a rapidly changing environment and transitions are taking place at global, regional, national, and institutional levels.

CHALLENGES IMPACTING GROWTH OF THE DBSA

The Bank has demonstrated strong performance and continues to be resilient amid a slow economic growth, global inflationary pressures, and geopolitical tensions. In South Africa, subdued economic growth is expected to persist given the energy security and reliability challenges, water infrastructure gaps impacting on the supply of quality water, logistical constraints, and inflation. The long-standing slow implementation of structural reforms to respond to high unemployment, crime and inequality, power shortages, and logistical challenges that are creating productivity and trade bottlenecks remains a concern. Facilitating the resolution of the municipality sector challenges which include the poor revenue collections, weak financial management and governance challenges remains among the DBSA's strategic focus areas.

Despite these challenges, the DBSA remains focused on stimulating development, fostering partnerships, and mobilising resources to address developmental challenges across Africa. The Bank's growth strategy is centred on achieving sustainable development outcomes through infrastructure development and strategic partnerships.

ADDRESSING OPERATIONAL INEFFICIENCIES

The strategy review process confirmed that the Bank is on the right path to improve the Bank's operational efficiencies to drive strategic and operational effectiveness, including supply chain management and human capital management. Some of the areas being addressed include functional silos across business operations, overlapping of certain functions across divisions, persisting manual operations, and improving the monitoring and evaluation of development impact. These issues manifest themselves in slow conversion rates, slow implementation of strategic initiatives and stagnant customer satisfaction levels. There is also a need to develop a clear and uniform governance oversight framework over agencies that the Bank manages on behalf of the government, e.g., IPP Office and Infrastructure Fund.

Currently, the DBSA is not operationally and technologically as efficient as it ought to be. To ensure capacity for the future, identifying future skills as well as addressing skills mismatches become critical. Both the skills and digital transformation initiatives are in the process of being implemented. This effort is not only about improving operational efficiency but also about creating a workforce that is adaptable and future ready. The following interventions will assist the DBSA to address the challenges and to respond to the situational analysis:

- **Continue to pursue lower cost of funding:** This will be achieved through exploration of diversified funding options, increasing partnerships with other DFIs, accessing concessional funding which will grow the balance sheet, and the implementation of mechanisms for improved risk sharing. Regulatory issues and shareholding will be reviewed for possible support on this matter. This priority will result in an improved financial base that enables the DBSA to optimise development impact across sectors and regions.

- **Boost and develop key partnerships:** The Bank's aptitude to nurture strategic partnerships that are mutually beneficial in achieving the mandate is a strategic imperative. These strategic partnerships include building relationships with other DFIs, state-owned entities, and the public and private sector. Strong relationships with strategic investment partners nationally, regionally, and internationally enhance the development and growth of the Bank's infrastructure pipeline. Synergies created through these partnerships also have the benefit of enhancing the DBSA's reputation as one of the leading African DFIs.

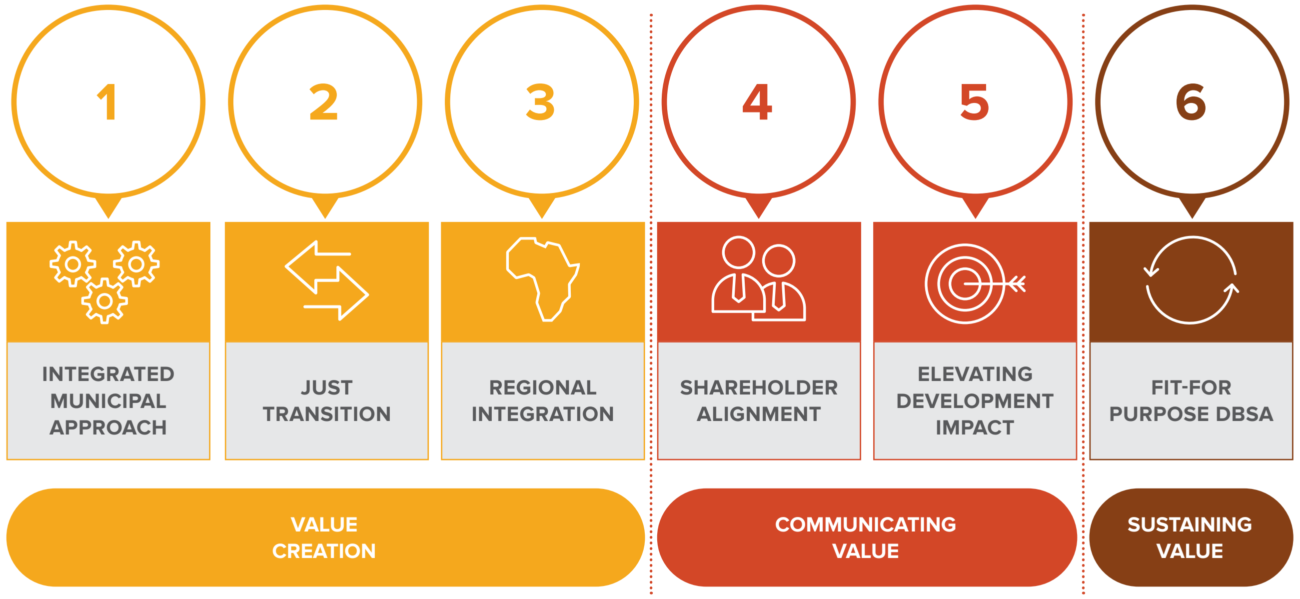
- **Operational excellence:** Developing a high-performance and accountability culture, while attracting and developing strategic job families which are critical to bolstering core banking and developmental skills to enhance internal processes. Excelling in strategy through ensuring corporate strategy execution is key. Working as a team through collaborative efforts will lead to a higher success rate of achieving these goals.

- **Strong and effective corporate governance:** As the bedrock on which to cultivate a culture of integrity, leading to positive performance and a sustainable business outcome, good governance is of paramount importance within governments and business to meet stakeholder expectations in the short, medium, and long term. The DBSA strives to continuously improve governance and risk management.

- **Doing things differently:** There is a need for the DBSA to differentiate itself and serve as a catalyst for crowding-in funding and implementing largescale, high-impact projects in the region. The DBSA's potential development impact is bolstered with a strong pipeline of projects and when the project preparation, deal origination, and finance teams are able to engage more potential clients by offering attractive deals. This pipeline is critical to sustain the organisation for years to come. Key priorities are to include a review of the Bank's operating model for improved agility and efficiencies.

4.4. DBSA's Strategy Initiatives

The DBSA implements its strategy through strategy initiatives and performance indicators. The strategic initiatives are critical execution plans which enable the implementation and monitoring of the DBSA's strategy. These initiatives seek to provide a response to the challenges, threats and opportunities of the organisation as identified by the annual environmental scanning exercise. For the 2025/26 medium term, the Bank will focus on the implementation of six strategy initiatives to achieve its strategic goals as shown in the following figure:



4.4.1 Integrated Municipal Approach

The DBSA was founded on the very principle of supporting local economies and has a long-standing history of supporting municipalities. The DBSA's market share of Local Government funding is over 40%, whilst contributing infrastructure investment of more than R70 billion and contributed to household income of more than R22 billion with more than 84 500 jobs. However, over the years, some municipalities have failed to meet the basic needs of their constituents and municipal situation therefore continues to deteriorate. As at March 2023, 66 out of 257 municipalities were rated as dysfunctional by COGTA, while the Auditor-General South Africa (AGSA) found that only 34 municipalities achieved clean audits by March 2024. This necessitates a rethink in the portfolio of lending and non-lending services offered to municipalities. The rationale for this strategic initiative continuing to feature in the 2025/26 financial year is two-fold, being that the municipal market is the DBSA's core market of which we have significant presence in as well as the fact that the municipalities are crucial drivers of service delivery and execution of Local Government plans, which align squarely with our mandate. Moreover, as a development finance institution, addressing market failure is crucial to enabling socio-economic outcomes, with the municipal sector under considerable strain due to challenges faced such as burgeoning debt, lack of asset care and capabilities to manage natural resources. The initiative further focuses on directing resources to non-financial products such as the revenue enhancement programme and capacity building support through programme management offices within the municipalities. Focus in implementing this initiative includes but not limited to:

- Partner and support specific districts.
- Diversify clients/products and implement updated municipal borrowing framework, including capital market offering and guarantees.
- Accelerate frontloading of municipal grants; public private partnerships (PPPs) and ring-fenced off balance sheet structures as well as pursue project finance type opportunities in municipalities.
- Supporting urban development programmes (including in the Rest of Africa).

4.4.2 Just Transition

The Just Transition (JT) initiative enables the Bank to achieve its environmental, social and governance obligations as outlined in the policy mandates above. The global transition from fossils to renewables will happen with or without the DBSA's participation. It is therefore in the Bank's interest to develop a clearly defined transition path that will assist with the creation of domestic economic development processes such as productivity (including manufacturing) and trade. The current focus of the JT is on the development of an Integrated Sustainability Strategy and Financing Framework that will guide the way the DBSA manages both financial and non-financial projects whilst enabling the achievement of the Net Zero path.

The implementation focus for this initiative includes but not limited to:

- Review of the Bank's JT Statement to broaden the framework and explain the JT concept;
- Creating a strong pipeline of projects supporting JT;
- Assessing and measuring how the Bank is reducing carbon footprint in its existing programmes and restructured programmes;
- Supporting the security of energy supply and transmission grid, alternative energy sources and new areas of work such as green hydrogen, biodiversity assets and carbon markets;
- Direct investments and infrastructure delivery towards climate-resilient infrastructure for cities;
- Define own niche in the critical minerals value chain towards green industrialisation;
- Review of the Bank's biodiversity approach focusing on implementing SDG 9 "Clean energy for all", through its impact, investing and social objectives; and
- Managing, monitoring and reporting on JT related risks effectively.

4.4.3 Regional Integration

Regional integration is an important tool that can be used to promote economic growth. Given its growth ambitions, the DBSA has identified the need to refine and articulate its regional drive through the rest of Africa strategy. However, geopolitics and socio-economic considerations dictate opportunities within the continent. The rest of Africa is currently about 25% of the Bank's asset book and as such is strategically key to sustaining and growing revenue. To promote inclusive growth and a transition to green growth using regional integration, the Bank will tackle key constraints to boosting intra-African trade and investment, increasing the continent's participation in regional and global value chains, and supporting development.

Regional integration will help create larger markets that are attractive to investors, critical for generating sustained growth, creating jobs and transitioning to inclusive growth. By leveraging these markets, it is also anticipated that opportunities will arise for South African businesses to grow and deepen their market share in Africa as they look to benefit from trade agreements and softer regulations in the region. To achieve this geographic growth, the DBSA has approved a new trade finance product, which is being deployed regionally and is reviewing programmatic approaches to sectors in the region utilising the lessons learned from the South African market.

4.4.4. Shareholder alignment

In respect of managing the cost of capital and investor sentiment, this initiative seeks to enable the regulation of the DBSA through the SARB, consider options for diversifying shareholding, and manage stakeholders effectively through the development of a consolidated stakeholder approach for the Bank. The DBSA will be able to lend above its current gearing ratio and grow its balance sheet. There is strong alignment and interdependence of this initiative and the Fit-for-Purpose initiative through aspects such as the operating model alignment, operational effectiveness, and the technological drive through digitalisation of processes.

4.4.5. Elevating development impact

As a DFI, development impact will remain a core initiative for the Bank. The DBSA's development practice defines development as an inclusive process towards enriched and sustainable livelihoods achieved through growing the economy, reducing poverty, unemployment, and inequalities, creating local economic development platforms and capabilities as well as contributing to alleviating climate change in the African continent. Accelerating the development impact includes stimulating infrastructure development through a programmatic approach while contributing to creating inclusive and sustainable socio-economic growth. Priority is placed on increasing the development impact of disbursements and projects in our core sectors. A considerable amount of work has been done to showcase our development impact to our key stakeholders, including our Shareholder by telling success stories on the Bank's impact through case studies and evaluation reports, and it is an ongoing journey. Embedding a developmental culture and determining appropriate impact measurement criteria will be pursued under this initiative.

4.4.6. Fit-for-purpose DBSA

Unlike "future-proof" organisations that emphasize a static state of readiness, future-fit organizations are those that possess the flexibility, foresight, and capability to anticipate and respond to emerging trends, disruptions, and opportunities effectively. The latter embrace continuous learning, innovation, and evolution as fundamental aspects of their culture and operations. This involves not only acquiring new knowledge and skills but also letting go of outdated practices, mindsets, and behaviours. Building a future-fit DBSA is one of the Bank's four strategic goals (together with financial sustainability, accelerated development impact and smart partnerships). By embracing change, investing in future readiness, and fostering a culture of continuous improvement, the Bank can position itself to thrive in an uncertain and rapidly evolving world. Focus on this initiative will be on the implementation of the operating model review, digital transformation and data management.

4.5 DBSA's Scenarios 2035

The implementation of the DBSA's strategy is meant to steer the DBSA towards its preferred future, based on the five scenarios that have been defined by the Bank as shown in the figure below.

CONTROL

UNCERTAIN — SCENARIOS 2035 — CERTAIN

ABSENCE OF CONTROL

SCOUTING

The DBSA operates in an environment where it has considerable control over its actions but lacks clear certainty about the future. Like ants sending out scouts to explore new territories, the DBSA adopts an agile approach to gather information and adapts swiftly to emerging opportunities and risks. It invests in research and data analysis to identify sectors and projects with growth potential. By proactively scouting the market, the institution remains responsive to changing dynamics and maintains a competitive edge in financing transformative initiatives. It is, however, not leading development initiatives and remains largely responsive.

CURRENT AND LIKELY

BUILDING

The DBSA has a strong grip on its operations and a clear understanding of the economic landscape it serves. It possesses robust control mechanisms and operates in an environment with predictable outcomes. Like diligent ants building a colony, the institution thrives, focusing on expanding its lending portfolio, launching new financial products, cultivates new developments and investing in infrastructure projects that make a difference to poverty, health and hunger. It confidently navigates the market, identifying development opportunities and grows its partnership, especially with the private sector, and invests to facilitate economic growth. It is fostering development across various sectors, encouraging entrepreneurship

PREFERRED

FLIGHT

The DBSA finds itself in a situation where it lacks both control over its operations and certainty about the future. Similar to ants fleeing an inhospitable environment, the DBSA realises that continuing on its current course may lead to adverse consequences. It prioritises risk management over development leadership and takes decisive actions to reduce exposure to unstable markets or sectors, thus losing real influence over new development. This may involve downsizing operations, diversifying its investment portfolio, or even temporarily suspending lending activities until conditions improve. The DBSA seeks collaboration with international partners to address systemic challenges and rebuild a solid foundation for future endeavours.

RESTRUCTURE

The DBSA faces a situation where it lacks sufficient control over internal and external factors but can accurately predict the future environment. Just as ants instinctively restructure their colonies when faced with challenging conditions, the DBSA acknowledges the need for adaptation. It strategically reviews its organisational structure and culture, streamlines processes, and adjusts its investment approach to mitigate risks. The institution proactively collaborates with other stakeholders, such as governments and international funding organisations, to influence and implement regulatory changes and foster stability. It is, however more adaptive and reactive than being a leader in development.

WILD CARD — RELOCATE

In this wild card scenario, the DBSA faces insurmountable challenges and perceives no hope for recovery or sustainable operations in its current mandate and location. Similar to ants relocating to a new habitat, the institution contemplates a complete shift. It explores the possibility of establishing a new base or expanding its presence in more favourable environments. The institution works closely with its stakeholders, including governments, development agencies, and potential host countries, to facilitate a smooth transition and maintain continuity in its mission to foster economic growth and development. In absolute survival mode, development leadership is dropped for low risk projects that eventually lead to mediocracy.

5. MEASURING OUR PERFORMANCE

A visual representation of the DBSA ten-year strategic framework, as defined in the Corporate Strategy for 2024 -2033, is presented below:

DBSA 2024-2033 STRATEGY AT A GLANCE

OUR STRATEGIC FOCUS

OUR MANDATE

- Promoting economic development and sustainable growth
- Promoting human resource development and institutional capacity building
- Mobilising financial and other resources from the national and international private and public sectors
- Facilitating sustainable development projects and programmes in South Africa and the wider African continent

Maintain exposure level of 60.0% South Africa and 40.0% Rest of Africa of which >50.0% outside SADC

OUR PURPOSE

To build Africa's prosperity by driving inclusive growth and securing innovative developmental solutions

OUR DEVELOPMENT POSITION:

To bend the arc of history toward shared prosperity

OUR VISION

A prosperous and integrated resource efficient region, progressively free of poverty and dependency

OUR MISSION

To advance development impact in the region by expanding access to development finance and effectively integrating and implementing sustainable development solutions

OUR VALUES

SHARED VISION | SERVICE ORIENTATION | INTEGRITY | HIGH PERFORMANCE | INNOVATION

OUR STRATEGIC POSTURE

Ensuring financial sustainability and strong governance, while moving onto a trajectory of accelerated and enhanced development impact

OUR STRATEGIC GOALS:

- Financial Sustainability
- Accelerated Development Impact
- Future Fit DBSA
- Smart Partnerships

OUR 10-YEAR RESULTS FRAMEWORK

OUR IMPACT (LEVEL 1)

Sustainable and equitable wellbeing through a renewed and inclusive economy and society that embodies resilience, regeneration, and transcends current trajectories; and Public institutions capable of delivering infrastructure and services effectively, and the full potential of the region unlocked through regional integration and development corridors.

OUR OUTCOMES (LEVEL 2) AND KEY RESULT AREAS /OUTPUTS (LEVEL 3)

1. Inclusive economic expansion, climate resilient development, thought leadership and project preparation factory

- Economic and social infrastructure development supported
- Third party commitments catalysed for economic and social projects
- Improved access to connectivity
- Climate resilient and social projects
- Skills development, thought leadership, job creation and empowerment support

2. Capable and strengthened municipalities

- Increased sustainable developmental outcomes in SA districts and regional cities
- Increased sustainable developmental outcomes in under-resourced municipalities

3. Just transition advanced

- Just transition infrastructure development supported
- Third party commitments catalysed for climate and just transition projects

4. Regional integration and access through key sectors facilitated

- A robust Regional Development and Integration Strategy implemented

5. Financial sustainability

- Balance sheet growth and leverage enhanced
- Income growth exchange
- Financial and Cash efficiencies enhanced

6. Sound governance and operational excellence

- Good corporate governance
- Adequate and effective risk management
- Organisational efficiency and effectiveness optimised

7. Fit for purpose organisation

- An engaged workforce and effective organisation
- Innovation, thought leadership and value creation enhanced

Informed by its mandate and line of sight to global, regional and national policy, the DBSA defines its impact – the long-term developmental result that it seeks to realise as:

"Sustainable and equitable wellbeing through a renewed and inclusive economy and society that embodies resilience, regeneration, and transcends current trajectories; and public institutions capable of delivering infrastructure and services effectively, and the full potential of the region unlocked through regional integration and development corridors".

This is enabled by: *"A sustainable and capable DBSA playing a catalytic role in mobilising partnerships and co-producing impactful development solutions".* Towards realising this impact over time, the DBSA defines its targeted results (outcomes) to be achieved over the period of its ten-year corporate strategic plan. In delivering the outcomes, the DBSA corporate scorecard reflects the outputs, output indicators, and annual targets for the medium term (2025/26 to 2027/28). These targets are designed to facilitate the Bank's transition from the **Scouting** (current and likely) scenario to the **Building** (preferred) scenario, and to maintain this state once achieved.

5.1. Corporate Balanced Scorecard for the Period 2025/26 – 2027/28

The scorecard that tracks the execution of the strategy over the 2025/26 medium-term period is provided below:

Contribution to the 10-Year Strategy Outcomes	Focus area	Key performance indicator	Owner	Weighting	SDG and NDP alignment to BSC	Target as per the Corporate Plan 2024/25	MTEF Targets 2025/26	MTEF Targets 2026/27	MTEF Targets 2027/28
CORE MEASURES: FINANCIAL OUTCOMES (30%)									
Financial Focus: Financial Outcomes (17%)									
Financial sustainability	Financial sustainability	ROE (calculated on sustainable earnings)	Chief Financial Officer	10%	NDP 11	6%	8%	8%	8%
		Cost to income ratio[3] – financing business	Chief Financial Officer	7%	NDP 11	30%	25%	24%	25%
Financial Focus: Internal Levers (13%)									
Inclusive economic expansion, climate resilient development, thought leadership and project preparation factory. **Regional integration and access through key sectors facilitated.** **Just transition advanced**	Grow good quality and profitable disbursements	Value of Total Disbursements[4]	GE: Coverage GE Transacting GE: PPD	13%	SDGs 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 13 NDP 1, 2, 3, 4, 5, 6, 7, 8, 9, 10	R14.5 billion	R15.5 billion	R19.4 billion	R20.6 billion
CORE MEASURES: DEVELOPMENT OUTCOMES (40%)									
Development Focus: Development Impact and sustainable development (40%)									
Inclusive economic expansion, climate resilient development, thought leadership and project preparation factory.	Contribute to the unemployment reduction through the facilitation of jobs	Number of jobs facilitated [5]	GE: FinOps GE: Coverage GE: Transacting GE: IDD	5%	SDG 1, 2, 8, 9, 10 NDP 1	24 000	26 000	28 000	30 000
Inclusive economic expansion, climate resilient development, thought leadership and project preparation factory	Contribute to the increase of SA fixed capital formation	Value of Infrastructure Delivered	GE: IDD	5%	SDG 1, 3, 4, 5, 6, 8, 9, 11 NDP 1, 2, 4, 6, 7, 8, 10	R5.6 billion	R6.2 billion	R6.8 billion	R7.5 billion
Capable and strengthened municipalities	Increased sustainable developmental outcomes in SA Districts	Value of infrastructure unlocked in district municipal spaces adopted for programmatic approach	GE: Coverage GE: Transacting GE: PPD GE: IDD	6%	SDG 1, 3, 6, 8, 9, 11, 17 NDP 1, 2, 3, 4, 6, 10	R300 million	R500 million	R700 million	R900 million
	Increased sustainable developmental outcomes in under-resourced municipalities	Value of infrastructure unlocked in under-resourced municipalities (excluding the partnered municipal spaces)	GE: Coverage GE: PPD	6%	SDG 1, 3, 6, 8, 9, 11, 17 NDP 1, 2, 3, 4, 6, 10	R1.8 billion	R2 billion	R2.2 billion	R2.4 billion
Just transition advanced	Achieving a Just Transition	Value of projects approved for funding by DBSA's existing Climate and Environmental Facilities (e.g., CFF, EGIP etc.)	GE: PPD GE: Transacting	6%	SDG 7, 11, 13, 17 NDP 1, 2, 3, 4, 9	R500 million	R1.5 billion	R2 billion	R2.5 billion

[3] Ratio excludes IDD and includes developmental expenditure, PPD and grants.
[4] Refer to Annexure J for breakdown.
[5] Includes permanent employees employed at DLabs. Overall contribution to unemployment reduction includes direct and indirect jobs created and facilitated.

Contribution to the 10-Year Strategy Outcomes	Focus area	Key performance indicator	Owner	Weighting	SDG and NDP alignment to BSC	Target as per the Corporate Plan 2024/25	MTEF Targets 2025/26	2026/27	2027/28
Inclusive economic expansion, climate resilient development, thought leadership and project preparation factory	Empowerment support	Number of transactions that are committed for DBSA funding to Black-owned entities	GE: Coverage GE: Transacting GE: PPD	6%	SDG 1, 9, 10 NDP 9	8	10	12	12
	Gender mainstreaming	Percentage of procurement spend on Black woman owned suppliers for IDD third party fund (30% and above shareholding)	GE: IDD	6%	SDG 9, 10	35% of total procurement spend from B-BBEE suppliers	40% of total procurement spend from B-BBEE suppliers	40% of total procurement spend from B-BBEE suppliers	40% of total procurement spend from B-BBEE suppliers
ENABLERS (10%)									
Sound governance and operational excellence. **Fit for purpose organisation**	Increase DBSA efficiency and effectiveness	Number of digital DBSA business processes automated	Chief Financial Officer Chief Risk Officer	4%	SDG 9 NDP 11	3 business processes automated	4 business processes automated[6]	4 business processes automated	4 business processes automated
	Develop a high performance, accountability, and suitable organisational culture	Implementation of culture change initiative	Chief Executive Officer GE: Human Capital	2%	NDP 11	Implementation of the approved culture strategy	Implementation of the approved culture strategy	Implementation of the approved culture strategy	Conduct a culture survey
	Smart partnerships	Client and Stakeholder satisfaction survey	GE: Coverage GE: Project Prep GE: Transacting GE: IDD	4%	SDG 17 NDP 11	4	4	4	4
GOVERNANCE AND COMPLIANCE (20%)									
Sound governance and operational excellence	Improve DBSA governance and risk management	Irregular, unauthorised and fruitless and wasteful expenditure	Chief Financial Officer	5%	NDP 11, 12	Classify 0.0% (R value) of expenses as irregular, unauthorized and fruitless and wasteful expenditure	Classify 0.0% (R value) of expenses as irregular, unauthorized and fruitless and wasteful expenditure	Classify 0.0% (R value) of expenses as irregular, unauthorized and fruitless and wasteful expenditure	Classify 0.0% (R value) of expenses as irregular, unauthorized and fruitless and wasteful expenditure
		Ethical behaviour	Corporate Secretariat	5%	NDP 11, 12	Decisive consequence management for unethical behaviour	Decisive consequence management for unethical behaviour	Decisive consequence management for unethical behaviour	Decisive consequence management for unethical behaviour
		Compliance with the PFMA	Chief Risk Officer	5%	NDP 11, 13	Process all PFMA submissions within the stipulated deadline	Process all PFMA submissions within the stipulated deadline	Process all PFMA submissions within the stipulated deadline	Process all PFMA submissions within the stipulated deadline
		Unqualified Audit opinion	Chief Financial Officer	5%	NDP 11, 12	Achieve unqualified audit opinion without matters of emphasis	Achieve unqualified audit opinion without matter of emphasis	Achieve unqualified audit opinion without matters of emphasis	Achieve unqualified audit opinion without matters of emphasis

[6] The target is as per the digitisation portfolio to be approved by 31 March 2025.

ANNEXURES

CORPORATE PLAN COMPLIANCE CHECKLIST

No	Description	Reference	Status
1	Strategy	Section 3	✓
2	Balanced Scorecard	Section 5	✓
3	Capital Expenditure Plan (covering the next three years)	Annexure A	✓
4	Financial Plan (covering the next three years) including: • Projected income statement • Projected balance sheet • Projected cash flow statement	Annexure B	✓
5	Dividend Policy	Annexure B	✓
6	Procurement Policy	Annexure B	
7	Materiality and Significance Framework	Annexure B	✓
8	Governance Structures • Governance structures and roles/responsibilities • Structure of Board of Directors committees • Structure of Executive Management	Annexure C	✓
9	Employment Equity Plan	Annexure D	✓
10	Fraud Prevention Plan	Annexure E	✓
11	Funding Plan and Borrowing Programme (covering the next three years)	Annexure F	✓
12	Risk Management Plan • Description of risk management process • Key operational risks	Annexure G	✓
13	Business Continuity and Organisational Resilience	Annexure H	✓
14.	Other Supporting Plans and Frameworks: • DBSA Environmental and Social Sustainability Frame-work	Annexure I	✓

ANNEXURE A: CAPITAL EXPENDITURE AND FINANCIAL PLAN

As a DFI, the financial sustainability of the Bank is fundamental to our ability to create value. Our priority is to have development impact, whilst making an overall risk adjusted return sufficient to ensure sustainability. The commercial activities of the DBSA must be financially sustainable. A strong balance sheet allows us to make greater development impact, facilitates future lending, provides resilience in tough economic periods, assists in attracting private funding, and supports future growth.

The DBSA maintains a strong focus on profitability, sustaining inflation-linked growth in equity and generating sufficient cash to meet all our obligations as and when they arise. Over the past few years, we have implemented a capital management project to quantify the Bank's portfolio on a risk weighted basis in order to fully assess all the business risks. In preparing the three-year financial plan of the DBSA, domestic and international macroeconomic environment factors have been considered.

The financial projections (see below) take into account the affordability of the DBSA planned activities without negating the expected delivery on its mandate. The proposed budgets are informed by the need to pay closer attention to the DBSA's balance sheet and ensure that the Bank achieves a reasonable level of growth. This was done in line with the need to increase funding activities in support of the country's economic recovery interventions. However, based on three-year projections, overall funding levels will increase steadily in the outer years to ensure that the DBSA maintains and strives towards more acceptable risk ratios (such as debt/equity, borrowings, and impairments as per DBSA's risk appetite framework).

THREE-YEAR FINANCIAL PLANNING ASSUMPTIONS

Foreign Exchange Rate	Mar-24	FCT Mar 2025	2025/26	2026/27	2027/28
USD/ZAR rate	18.94	18.24	17.92	17.93	18.05

Inflation Rates	Mar-24	FCT Mar 2025	2025/26	2026/27	2027/28
Year on year CPI	5.30%	4.10%	4.20%	4.40%	4.60%

Funding Base Rates	2025/26	2026/27	2027/28
Jibar 6M	7.96%	7.68%	7.46%
Gov't rate 10 to 13 years	10.57%	10.41%	10.43%
SOFR	3.26%	3.03%	3.09%

Funding Margins	2025/26	2026/27	2027/28
Jibar 6M	1.70%	1.70%	1.70%
Gov't rate 10 to 13 Years	2.00%	2.00%	2.00%
SOFR	2.30%	2.30%	2.30%

CAPITAL EXPENDITURE PLAN

The Capital Expenditure Plan as set out below is mainly to support the collective operations of the Bank and the envisaged growth over the next three years. The following table provides a summary:

Asset Type	Projection 2025/26	Projection 2026/27	Projection 2027/28
Building	R55mn	R55mn	R55mn
Computer equipment	R20mn	R20mn	R20mn
Intangible assets	R30mn	R30mn	R30mn
Total	**R105mn**	**R105mn**	**R105mn**

LOAN BOOK SUMMARY

The table below reflects the budgeted gross loan book and impairment provision over the medium term. The impaired amount reflected in the Financial Plan is based on preliminary IFRS9 impairment numbers. The implementation team is currently assessing the full extent of the impact and significant changes will be communicated accordingly.

Loan book summary[7]	2025 Forecast	2026	2027	2028
SA Financing				
Gross loan book	78,402,595,864	83,554,002,244	89,410,525,885	90,284,647,116
Impairment provision (Incl. interest in suspense)	(6,487,440,569)	(7,055,083,237)	(7,709,436,685)	(8,403,924,829)
Net loan book	71,915,155,295	76,498,919,008	81,701,089,200	81,880,722,286
International Financing				
Gross loan book	31,291,179,917	32,783,517,760	34,565,449,997	36,589,770,423
Impairment provision (Incl. interest in suspense)	(9,728,554,308)	(10,579,790,240)	(11,561,057,503)	(12,602,510,687)
Net loan book	21,562,625,609	22,203,727,520	23,004,392,494	23,987,259,736
Total DBSA	**93,477,780,904**	**98,702,646,527**	**104,705,481,694**	**105,867,982,023**

[7] This summary shows stock values and does not show the massive flows from disbursements and repayments.

ANNEXURE B: THREE-YEAR FINANCIAL PLAN

THREE YEAR FINANCIAL PLAN					
INCOME STATEMENT	FY2023/24	FY2024/25 Forecast	3 Year Forecast		
	Actuals R'mil	FY2024/25 R'mil	FY2025/26 R'mil	FY2026/27 R'mil	FY2027/28 R'mil
Total Interest Income	12,953	13,093	13,952	14,498	15,428
Interest expense (post hedging)	(5,240)	(5,023)	(5,580)	(5,736)	(6,147)
Net interest income	**7,713**	**8,070**	**8,372**	**8,761**	**9,281**
Net fee income	128	72	55	60	65
IDD Management fees and other income recovery	224	282	324	357	393
Dividend income	54	15	13	13	13
Project preparation income	45	45	72	120	114
Green Fund deferred income recognised	8	-	33	34	37
Other operating income	4	7	-	-	-
Operating income	8,175	8,489	8,871	9,345	9,902
Impairments	(1,428)	(1,840)	(1,420)	(1,636)	(1,737)
Revaluation on equity investments	(464)	47	(10)	1	(0)
Operating expense	(1,489)	(1,698)	(1,842)	(1,953)	(2,070)
- Personnel expenses : DBSA	(822)	(938)	(990)	(1,050)	(1,113)
- Other expenses : DBSA	(377)	(426)	(502)	(524)	(548)
- Depreciation : DBSA	(42)	(40)	(45)	(45)	(46)
- Personnel expenses : IDD	(175)	(200)	(214)	(235)	(258)
- Other expenses : IDD	(73)	(93)	(90)	(98)	(104)
- Depreciation : IDD	(1)	(1)	(1)	(1)	(1)
- Personnel expenses : Green Fund	-	-	-	-	-
- Other expenses : Green Fund	-	-	-	-	-
- Depreciation : Green Fund	-	-	-	-	-
Development expenditure					
Project Preparation	(9)	(57)	(69)	(74)	(81)
Corporate Social Investment	(26)	(25)	(30)	(31)	(32)
Municipal interest subsidy	-	(33)	(25)	(28)	(32)
Municipal planning, capacity and project implementation support	(92)	(106)	(150)	(179)	(258)
Stakeholder Relations Costs	-	(8)	(17)	(18)	(19)
Strategic initiatives (IF, DLABS etc)	(102)	(192)	(323)	(190)	(177)
Green Fund Grants	-	(11)	(20)	(22)	(25)
Sustainable earnings	**4,565**	**4,553**	**4,964**	**5,214**	**5,472**
Forex adjustments	128	(144)	(90)	(153)	(105)
Revaluation gains / (losses) on other financial instruments	(45)	(158)	(69)	(71)	(75)
Net profit	**4,649**	**4,252**	**4,805**	**4,989**	**5,292**

THREE YEAR FINANCIAL PLAN					
Balance Sheet	**Actual**	**Forecast**	**3 Year Forecast**		
	FY2023/24 R'mil	**FY2024/25 R'mil**	**FY2025/26 R'mil**	**FY2026/27 R'mil**	**FY2027/28 R'mil**
Assets					
Cash & cash equivalents	10,804	11,681	6,259	6,734	6,908
Financial market assets	540	1,086	1,070	1,055	1,040
Equity investments	4,809	4,618	3,974	3,937	3,921
Development loans	99,350	93,478	98,703	104,705	105,868
Development Bonds	2,066	1,526	1,526	1,525	1,524
Fixed assets	507	533	592	651	710
Other assets	239	275	289	303	318
Total Assets	118,315	113,197	112,413	118,910	120,290
Liabilities					
Other liabilities	1,525	1,978	2,054	2,131	2,210
Deferred income	578	510	600	704	802
Repurchase agreements	-	(0)	(0)	(0)	(0)
Medium to long term: debt securities (existing)	40,243	24,900	18,293	15,204	7,550
Medium to long term: lines of credit (existing)	23,452	28,283	22,713	15,044	5,387
Medium to long term: derivatives	477	0	0	0	0
Medium to long term: New debt	-	-	6,421	18,505	31,727
Total Liabilities	**66,274**	**55,670**	**50,081**	**51,589**	**47,677**
Equity	-	-	-	-	-
Share capital	200	200	200	200	200
Retained earnings	37,865	42,435	47,240	52,230	57,521
Other reserves	13,975	14,892	14,892	14,892	14,892
Total Equity	52,041	57,527	62,332	67,321	72,613
Total equity & liabilities	**118,315**	**113,197**	**112,413**	**118,910**	**120,290**

THREE YEAR FINANCIAL PLAN					
	Actual	**Forecast**	**3 Year Financial Plan**		
CASH FLOW STATEMENT	**FY2023/24 R'mil**	**FY2024/25 R'mil**	**FY 2025/26 R'mil**	**FY 2026/27 R'mil**	**FY 2027/28 R'mil**
Net profit:	**4,649**	**4,252**	**4,805**	**4,989**	**5,292**
Adjustments:	**(6,169)**	**(5,338)**	**(6,429)**	**(6,678)**	**(7,153)**
- Depreciation	43	41	46	46	47
- TA Grants	228	433	391	261	252
- Dividends	(54)	(15)	(13)	(13)	(13)
- Losses on asset disposals	(2)	(0)	-	-	-
- Fee accruals	85	105	-	-	-
- Equity gains	464	(23)	10	(1)	0
- Revaluation gains/(losses)	(519)	206	-	-	-
- Forex (gains) / losses on equity investments	(128)	144	117	154	116
- Forex (gains) / losses on USD assets	-	-	(829)	(11)	(172)
- Forex (gains) / losses on USD funding	-	-	802	11	162
- Impairments	1,428	1,840	1,420	1,636	1,737
- Net interest income	(7,713)	(8,070)	(8,372)	(8,761)	(9,281)
Subtotal	**(1,520)**	**(1,086)**	**(1,624)**	**(1,689)**	**(1,861)**
Change in other assets	9	(11)	(14)	(14)	(15)
Change in other liabilities	(98)	(261)	167	181	177
Interest & dividends received	11,547	13,672	13,965	14,511	15,441
Interest paid	(4,511)	(4,265)	(5,580)	(5,736)	(6,147)
Net cash from operating activities	**5,426**	**8,049**	**6,915**	**7,252**	**7,594**
Cash flows from development activities	**(3,817)**	**(36)**	**(5,690)**	**(8,004)**	**(3,078)**
Development loan disbursements	(16,930)	(17,398)	(15,500)	(19,400)	(20,600)
Development loan repayments	13,100	17,684	9,454	11,617	17,740
Net increase in equity investments	73	34	747	40	34
Grants paid	(211)	(433)	(391)	(261)	(252)
Net advances on National Mandates	151	77	-	-	-
Cash flows from investment activities	**(201)**	**96**	**(89)**	**(90)**	**(91)**

CASH FLOW STATEMENT (CONTINUED)	THREE YEAR FINANCIAL PLAN				
	Actual	Forecast	3 Year Financial Plan		
	FY2023/24 R'mil	FY2024/25 R'mil	FY 2025/26 R'mil	FY 2026/27 R'mil	FY 2027/28 R'mil
Purchase of PPE & intangible assets	(43)	(56)	(105)	(105)	(105)
Proceeds from PPE	0	(13)	-	-	-
Movement in FMA	(158)	166	16	15	14
Cash flows from financing activities	**3,016**	**(7,113)**	**(6,558)**	**1,317**	**(4,251)**
Capital raised	-	-	-	-	-
Financial market liabilities repaid	(10,364)	(9,592)	(12,128)	(10,836)	(19,288)
Financial market liabilities raised	13,380	2,479	5,571	12,153	15,037
Net increase / (decrease) in cash & cash equivalents	4,425	996	(5,422)	475	174
Effect of exchange rate movements on cash balances	213	(119)	-	-	-
Movement in cash & cash equivalents	**4,638**	**877**	**(5,422)**	**475**	**174**
Cash & cash equivalents beginning of the year	**6,166**	**10,804**	**11,681**	**6,259**	**6,734**
Cash & cash equivalents end of the year	**10,804**	**11,681**	**6,259**	**6,734**	**6,908**

DIVIDEND POLICY

The Dividend Policy of DBSA was approved at the 2023 AGM for implementation effective from the 2023/24 financial year. The purpose of the dividend policy is to set out guidelines for the DBSA to follow when distributing a portion of its earnings to the Shareholder. The salient features of the policy are as follows:

- The dividend payment to the shareholder shall be 3% of net profit for the year, however this amount is capped at 3% of net cash generated from operating and development activities. The dividend calculation must be made with reference to the relevant year's audited annual financial statements.
- The Board has the discretion to declare a special dividend if the cap of the 3% of net cash generated from operating and development activities is significantly lower than the 3% of net profit for the year. The special dividend must not exceed 1.5% of net profit for the year.

PROCUREMENT POLICY

In line with the requirements of Section 217(1) of the Constitution and Section 51 (1)(a)(iii) of the Public Finance Management Act of (1999), the Bank has developed and implemented procurement policies and procedures that address the B-BBEE and Preferential Procurement requirements as set out in government policy and relevant legislation. The DBSA strives to promote Exempt Micro Enterprises, Qualifying Small Enterprises, women-owned enterprises and support of local business through its preferential procurement practices.

The Public Procurement Act has been approved and gazetted. The Act is not in force as yet whilst we await the relevant regulations to be issued. Procurement Policies and procedures will be updated once the relevant regulations are published.

MATERIALITY AND SIGNIFICANCE FRAMEWORK

Treasury Regulation Section 28.3.1: "For purposes of materiality (sections 55(2) of the Public Finance Management Act (PFMA)) and significant (Section 54(2) of the PFMA), the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority.

Materiality	Proposed Framework	Resulting Figures for 2025/26
Significant		
Section 54(2) of the PFMA states that the accounting authority for a public entity must inform the relevant treasury and submit relevant particulars to its executive authority for approval in respect of any of the following qualifying transactions:		
(a) Establishment or participation in the establishment of a company.	All transactions.	-
(b) Participation in a **significant** partnership, trust, unincorporated joint venture or similar arrangement.	1.0% of the value of total assets.	R1.1 billion
(c) Acquisition or disposal of a **significant** shareholding in a company.	1.0% of the value of total assets This excludes transactions in the ordinary course of the business of the DBSA and within the DBSA mandate. This also excludes transactions within the powers and objects of the Bank as stipulated in the DBSA Act.	R1.1 billion

Materiality	Proposed Framework	Resulting Figures for 2025/26
(d) Acquisition or disposal of a **significant** asset	1.0% of the value of total assets. Significant acquisition and disposal of assets excludes all assets acquired or disposed in the ordinary course of the business of the DBSA and within the DBSA mandate. This also excludes transactions within the powers and objects of the Bank as stipulated in the DBSA Act. Exclusion examples include equity investments, financial instruments, development loans.	R1.1 billion
(e) Commencement or cessation of a **significant** business activity.	1.0% of the value of total assets	R1.1 billion
(f) Change in the nature or extent of its interest in a **significant** partnership, trust, unincorporated joint venture, or similar arrangement.	1.0% of the value of total assets	R1.1 billion
(g) Regardless of the above significant threshold, the following transactions are also considered significant. Any transaction that:		R1.1 billion
1. Results in the DBSA acquiring or disposing of a shareholding of at least 20.0% in any entity or structure.	All transactions	
2. Regardless of the percentage holding, any transaction that results in a direct equity investment exceeding 1.0% of total assets (as per the 2023/24 financial year) of the Bank.	1.0% of total assets	
3. Results in the DBSA being deemed to have control over any entity regardless of the shareholding acquired.	All transactions	

ANNEXURE C: CORPORATE GOVERNANCE FRAMEWORK

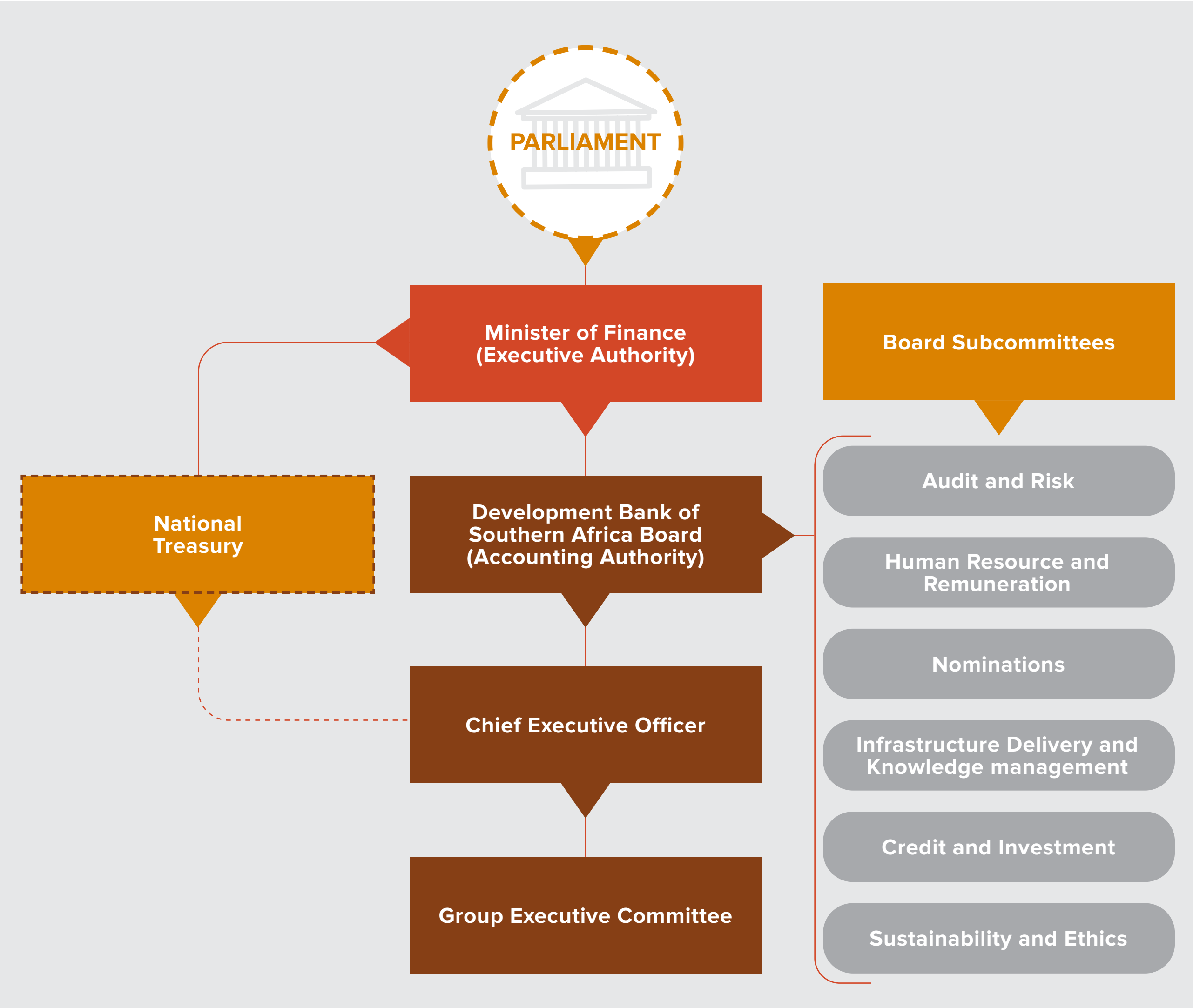
The DBSA operates within a robust governance framework, overseen by an Independent Board of Directors appointed by the Minister, i.e. The DBSA Board reports to the Minister of Finance, who is the shareholder representative on behalf of the South African government. The institution is committed to upholding the principles embodied in appropriate international corporate governance codes and the King IV. The shareholder 's relationship with the DBSA Board is formalised by the Shareholder Compact which confirms the mandate and strategic priorities of the DBSA.

The Board currently consists of 15 directors, 12 of whom are independent non-executives, 1 non-executive director (shareholder representative) and 2 are executive directors. The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) are the only executive directors. The Board charter does not distinguish fiduciary responsibilities of shareholder representatives from that of independent non-executive directors.

The Board plays a pivotal role in ensuring compliance with international corporate governance codes. The Board Charter defines its responsibilities and emphasises alignment with global best practices. As the Accounting Authority in terms of the PFMA and the Companies Act, the Board provides strategic direction to enhance Shareholder value and ensure the Bank's long-term sustainable development. In exercising its authority, the Board has delegated some of its responsibilities to subcommittees including the Audit and Risk Committee, Board Credit and Investment Committee, Human Resources and Remuneration Committee, Nominations Committee, Sustainability and Ethics Committee, as well as the Infrastructure Delivery and Knowledge Committee.

The CEO and Executive Team supports the Board's responsibility to provide strategic direction by implementing approved corporate strategies, plans, and policies. The Company Secretary serves as a critical linkage between the DBSA and the Shareholder facilitating the annual Board Programme. The Corporate Secretariat Unit also serves as the critical linkage between the DBSA and the shareholder.

DBSA Governance Structure



Board of Directors

Interim Chairperson

Ms Martie Janse van Rensburg
Born: 1957
Interim Chairperson: Board and NC
Independent Non-executive Director effective: 1 January 2016

Expertise:
Infrastructure Development, Funding, Project Finance, Financial Management/Audit, Corporate Governance and Risk Management

Academic qualifications:
- Executive Programme in Strategy and Organisation, Stanford University Business
- Chartered Accountant (SA)
- BCompt Hons, University of South Africa
- BCom, University of Free State

Committees:
B H I N

Other Directorships:
Sephaku Holding Ltd; Ivanhoe Mines Ltd

Chief Executive and Managing Director

Ms Boitumelo Mosako
Born: 1978
Chief Executive and Managing Director
DBSA staff member and Group Executive effective: 1 April 2018
Executive Director as from 1 June 2018

Expertise:
Strategic leadership, Auditing and Financial Management

Academic qualifications:
- Chartered Accountant (SA)
- Advanced Management Programme, Harvard Business School
- BBBEE Management Development Programme, University of South Africa
- Higher Diploma in Auditing, Accounting Professional Training
- Post Graduate Diploma in Accounting, University of Cape Town
- BCom Accounting, University of Cape Town

Committees:
B S

Other Directorships:
None

Shareholder representative

Mr Kenneth Brown
Born: 1962
Chairman: SEC
Non-executive Director effective: 30 November 2022

Expertise:
Investment Banking, Public Policy and Public Sector (Intergovernmental and Procurement)

Academic qualifications:
- Master of Science (Public Policy)-University of Illinois at Urbana Champaign
- Bachelor of Arts Honours (Economics)-University of the Western Cape
- Bachelor of Arts- University of the Western Cape

Committees:
B I S

Other Directorships:
KWB Resources Pty Ltd; DUKAM Pty Ltd; Brown Chickens Shop Pty Ltd

Mr Barry Hore
Born: 1960
Independent Non-executive Director effective: 2 October 2023

Expertise:
ICT (Process engineering, ICT infrastructure knowledge, cyber security) Strategic Operations, Change Management and Banking

Academic qualifications:
- Advanced Management Programme, Harvard University
- BCom, University of Natal

Committees:
A H

Other Directorships:
The Waldorf CC

Ms Dinao Lerutla
Born: 1980
Independent Non-executive Director effective: 30 November 2022

Expertise:
Investment Banking, Capital and Financial Markets

Academic qualifications:
- Chartered Financial Analyst (CFA)
- Master's in Development Finance, Stellenbosch Business School
- Bachelor of Business Science Honours, University of Cape Town

Committees:
A B

Other Directorships:
Maya Group (Pty) Ltd; Alula Water Pty Ltd; Maia Capital Partners (Pty) Ltd

Mr Petrus Matji
Born: 1966
Chairman: IDKC
Independent Non-executive Director effective: 2 October 2020

Expertise:
Project Management and Finance, Infrastructure Development and Management.

Academic qualifications:
- MSc (Engineering Sciences, Civil Engineering), University of Stellenbosch
- MBL, University of South Africa
- Management Advanced Programme, Wits Business School
- BSc (Hons) Computational Fluid Dynamics, University of the Witwatersrand
- BSc (Physics and Applied Mathematics), University of the North
- Diploma (Business Management), Varsity College
- Certificate (Project Management), Damelin Management School

Committees:
I B

Other Directorships:
Morwakoma Matji Investment Holdings (Pty) Ltd; Lion Infrastructure Africa (Pty); Machidi Development Foundation; Cape Agri Logistics

B Board Credit and Investment Committee
H Human Resources and Remuneration Committee
I Infrastructure Delivery and Knowledge Management Committee
N Nominations Committee
S Social and Ethics Committee
A Audit and Risk Committee

Ms Ntombizodwa Mbele
Born: 1971
Chief Financial Officer
DBSA Staff member as of 10 October 2016, Executive Director effective: 2 October 2023

Expertise:
Financial Management, Infrastructure Financing and Treasury Management

Academic qualifications:
- Chartered Accountant (SA)
- Advanced Management Programme, Harvard Business School
- Executive Development Programme, University of Stellenbosch Business School
- Management Advanced Programme, WITS Business School
- Certificate in International Treasury Management ACT (UK)
- Bachelor of Accounting Science Honours Unisa
- Baccalaureus Paedonomia University of Zululalnd

Committees:
B

Other Directorships:
Stanlib Infrastructure Fund; Vodacom Financial Services and Vodacom Insurance and Life Assurance Company; Vergenoeg Mining (Pty) Ltd

Ms Disebo Moephuli
Born: 1964
Chairperson: BCIC
Independent Non-executive Director effective: 2 October 2023

Expertise:
Banking, Risk, Treasury and Financial Markets

Academic qualifications:
- LEAP, INSEAD
- MBA, Dalhousie University
- BA: Economics, University of Lesotho

Committees:
A B

Other Directorships:
ThaLerDis Investments (Pty) Ltd; TCTA Finance Committee; HBZ Bank Limited

Mr Jonathan Muthige
Born: 1967
Independent Non-executive Director effective: 2 October 2023

Expertise:
Human Capital Strategist

Academic qualifications:
- BA Hons, University of KwaZulu-Natal
- PMD, Damelin
- Strategic HR Management Programme, Harvard Business School
- Certificate in Advanced Management Programme, Wharton Business School.

Committees:
H S

Other Directorships:
Ainovate

Dr Chantal Naidoo

Born: 1970

Independent Non-executive Director effective: 2 October 2023

Expertise:

Investment and Corporate Banking, ESG Investment and Global Climate Change

Academic qualifications:

- PhD, University of Sussex, (Explored the role of Financial Services in supporting Sustainability – SA's IPP)
- MA: Development Finance, Stellenbosch University
- Programme: Sustainable Leadership, University of Cambridge
- Int'l EDP, BankSeta
- PGDip: Tax Law, University of Witwatersrand
- BCom, University of Cape Town

Committees:

A B S

Other Directorships:

Rabia Transitions; Womens Legal Centre

Mr Joel Netshitenzhe

Born: 1956

Independent Non-executive Director effective: 2 October 2023

Expertise:

Strategic Leadership, Economist, Strategy, Writer, Research and Policy Development

Academic qualifications:

- MSc: Financial Economics, University of London
- PGDip: Economic Principles, University of London
- MB ChB, University of Kwa-Zulu Natal (Incomplete)

Committees:

I S

Other Directorships:

Life Healthcare; Mapungubwe Institute (MISTRA)

Ms Patience Nosipho Nqeto

Born: 1957

Chairman: HRC

Independent Non-executive Director effective: 1 August 2017

Expertise:

Strategic Management and Human Capital

Academic qualifications:

- MBA, University of Charles Sturt, Australia
- Honours (Economics), University of South Africa
- BCom, University of Transkei

Committees:

H I N

Other Directorships:

None

Mr Bongani Nqwababa

Born: 1966

Chairman: ARC

Independent Non-executive Director effective: 2 October 2020

Expertise:

Financial Management, Audit, Risk Management, Funding and Strategic Leadership

Academic qualifications:

- MBA with Merit, jointly awarded by Universities of Wales, Bangor and Manchester
- FCA, Institute of Chartered Accountants of Zimbabwe
- BAcc (Hons), University of Zimbabwe

Committees:

A B H

Other Directorships:

Discovery Bank Limited; African Rainbow Minerals Limited; Harmony gold; Babcock Ntuthuko Engineering and Babcock Plant Services in South Africa

Professor Edgar Pieterse

Born: 1968

Independent Non-executive Director effective: 2 October 2023

Expertise:

Academic, Development Studies, Policy Development and Leadership

Academic qualifications:

- PhD, London School of Economics & Political Science
- MA: Politics of Alternative Development Strategies, Institute of Social Studies, The Hague

Committees:

I

Other Directorships:

None

B Board Credit and Investment Committee

H Human Resources and Remuneration Committee

I Infrastructure Delivery and Knowledge Management Committee

N Nominations Committee

S Social and Ethics Committee

A Audit and Risk Committee

Directors' appointment and induction

Appointment and nomination of directors to the DBSA Board is regulated by the DBSA Act in terms of which the shareholder is charged with appointing the directors, based on their abilities in relation to socio-economic development, finance, business, banking and/or administration. The Nomination Committee consider and recommend to the Board potential candidates for membership into the DBSA Board for the Shareholder consideration and approval, i.e., The NOMCO identify, nominate, and evaluate potential candidates for appointment as members of the DBSA Board of Directors. The Board provide the Minister with a shortlist of individuals who meet the fit and proper criteria.

Directors are appointed on a performance contract of three years and are eligible for reappointment, depending on satisfactory performance. The Act further allows the Board to co-opt persons with special knowledge to its committees. A Board induction is conducted for all new Board members.

Board Charter

The DBSA Board is governed by a charter which outlines the principal provisions of the DBSA Act, the fiduciary responsibilities of directors, the relationship with executive management, and matters of policy that the shareholder and the Board ought to follow in order to ensure good corporate governance. The role of the Board, as defined by the charter, is summarised as follows:

- Ensure that the Bank achieves its mandate as defined by the shareholder through the Bank's founding statute (the DBSA Act);
- Responsible to the broader stakeholders, which includes the present and potential beneficiaries of the DBSA's products and services, clients, lenders and employees, to achieve continuing prosperity for the Bank;
- Exercise leadership, enterprise, integrity and judgement in directing the Board to achieve continuing prosperity and to act in the best interests of the Bank while respecting the principles of transparency and accountability;
- Provide strategic guidance to management in the formulation and review of corporate strategy, and approve major plans of action, governance policies, appropriate procurement and provisioning systems, annual budgets and business plans;
- Ensure that the technology and systems used in the Bank are adequate to run the business properly for it to compete through the efficient use of its assets, processes and human resources;
- Ensure that the shareholder's performance objectives are achieved and that the same can be measured in terms of performance of the Board. In this regard, the Board shall annually conclude a shareholder compact as required in terms of the Public Finance Management Act (PFMA) to document key performance areas;
- The Board members shall develop and put in place a Code of Ethics outlining the values, ethics, and beliefs that guide the behaviour of the Board and define the ethical standards applicable to it and to all who deal with it; and
- Board members shall monitor the social responsibilities of the Bank and promulgate policies consistent with the Bank's legitimate interests and good business practices.

Board Committees Responsibilities

- **Audit and Risk Committee (ARC)**
  - The fundamental role of ARC is to assist the Board in effecting its oversight responsibilities in the areas of internal and external audit, internal financial controls, statutory and regulatory compliance, and financial reporting.

- **Board Credit and Investment Committee (BCIC)**
  - The Board delegated to the BCIC the oversight responsibility for approval decisions relating to DBSA investments (credit instruments, equity, and development) and assessment of management portfolio reporting. The committee approves all credit and investment proposals as shown on the following tables.

South Africa	MS1 – MS10	MS11 – MS13	>MS13
Public Sector	R1 000 million	R500 million	BCIC
Private Sector	R500 million	R250 million	BCIC
State Supported Programmes			BCIC

Rest of Africa*	MS1 – MS10	MS11 – MS13	>MS13
Low and medium risk countries	R1 000 million	R300 million	BCIC
High risk countries	BCIC	BCIC	BCIC

*Link to country rating

Project Preparation	IC (and BCIC notification)	BCIC
South Africa and Common Monetary Area	<R30 million	>R30 million
International (Outside Common Monetary Area)	BCIC	BCIC

- **Human Resources and Remuneration Committee (HRC)**
  - The HRC assists the Board in fulfilling its responsibilities regarding the implementation of the human capital strategy and related matters, remuneration for the DBSA, as well as governance issues and any additional governance requirements beyond the mandate of the Nominations Committee.

- **Nominations Committee (NOMCO)**
  - The NOMCO supports the Board in the execution of its duties with respect to the nomination of directors for the DBSA's Board, directors' affairs, and governance related matters.

- **Infrastructure Delivery and Knowledge Committee (IDKC)**
  - In the execution of its function, the committee has oversight responsibility of the infrastructure delivery, knowledge management and non-financing infrastructure delivery support and programme implementation of the Bank.

- **Sustainability and Ethics Committee (SEC)**
  - The SEC assist the Board with the governance of social, sustainability and ethical matters relating to the Bank.

Composition of DBSA Board and Board Committees

The table below presents the composition of the DBSA Board and its committees.

DBSA Board	Audit and Risk Committee	Board Credit and Investment Committee	Infrastructure Delivery and Knowledge Committee	Human Resources and Remuneration Committee	Sustainability and Ethics Committee	Nominations Committee
Ms Martie Janse van Rensburg Interim Chairperson		X	X	X		Chair
Ms Boitumelo Mosako (CEO)		X			X	
Ms Disebo Moephuli	X	Chair				
Mr Bongani Nqwababa	Chair	X		X		
Mr Petrus Matji		X	Chair			
Ms Patience Nqeto			X	Chair		X
Mr Jonathan Muthige				X	X	
Dr Chantal Naidoo	X	X			X	
Mr Barry Hore	X			X		
Ms Zodwa Mbele (CFO)		X				
Ms Dinao Lerutla	X	X				
Mr Joel Netshitenzhe			X		X	
Mr Kenneth Brown		X	X		Chair	
Professor Edgar Pieterse			X			

Internal control and the Internal Audit function

Responsibility for the systems of internal financial and operational control rests with the Board and has, without subrogation, been delegated to the Audit and Risk Committee. The Bank's governance principles on ethical behaviour, legislative compliance and sound accounting practice lay the foundation for its internal control processes, while the enterprise-wide risk management approach and risk strategy adopted by the Board form the framework for internal control. Executive management is accountable for determining the adequacy, extent, and operation of control systems.

The internal audit function conducts periodic reviews of key processes linked to the significant risks of the Bank to provide independent assurance to the Board and management on the effectiveness of the internal control system. Members of the Audit and Risk Committee review this function, and the Chief Audit Executive has unfettered access to the chairperson of the committee and the Board to ensure the escalation of any significant audit matters requiring immediate Board attention.

Quality assurance assessments for the internal audit function (internal and external)

Internal audit conforms to the International Standards for the Professional Practice of Internal Auditing as published by the Institute of Internal Auditors. This function undergoes an external quality assurance assessment every five years as recommended by King IV. The function has further implemented a quality assurance and improvement programme during which internal quality assurance assessments are conducted on an ongoing basis for all audit engagements. Additionally, periodic self-assessments are conducted to assess the function as a whole, in terms of quality and areas of improvements.

Combined assurance

The DBSA has implemented a combined assurance function which is coordinated and managed by internal audit. King IV describes this model as "Integrating and aligning assurance processes in a company to maximise risk and governance oversight and control efficiencies and optimise overall assurance to the Audit and Risk committee, considering the company's risk appetite". The model reflects the key risks facing the DBSA coupled with the key processes and controls in place to ensure the mitigation and/or minimisation of these risks. Along with the five levels of defence strategy the DBSA has adopted, the model seeks to identify the assurance providers of the identified key risks. The assurance providers are delineated in the Combined Assurance Policy and report the consolidated outcomes of their assurance activities to the Audit and Risk Committee through the combined assurance working committee (CAWC).

Additionally, internal audit issues a written assessment annually to the Audit and Risk Committee providing assurance on the overall control environment, taking cognisance of the governance, IT, risk management and operational/financial risk areas. Such assurance is informed by the outcome of the audits/reviews conducted, based on an approved risk-based audit plan.

Ethics management and fraud prevention

The Bank also has an ethics management programme to ensure that ethics is managed comprehensively. The Bank acknowledges that in today's business environment, fraud is prevalent, and all business organisations are susceptible to the risk of fraud. The fraud prevention plan which is updated annually sets out and reinforces the Bank's policy of zero tolerance towards fraud and management's commitment to combating all forms of fraud inherent in the Bank's operations.

Executive Committee

Mr Michael Hillary
Born: 1970
Group Executive: Financing Operations
DBSA Staff member and Group Executive as from 1 October 2012

Academic qualifications:
- MBA, University of Witwatersrand.
- BCom Hons, University of Witwatersrand
- CAIB (SA), Institute of Bankers

Mr Lebogang Seperepere
Born: 1977
Acting Group Executive: Project Preparation
DBSA staff member effective 17 May 2020 and Acting Group Executive effective 1 November 2024

Academic qualifications:
- Chartered Accountant (SA)
- Certificate in the Theory of Accounting, University of KwaZulu-Natal
- Bachelor of Commerce (Honours) in Accounting University of KwaZulu-Natal
- National Diploma: Accounting, University of Johannesburg

Mr Mpho Kubelo
Born: 1977
Group Chief Risk Officer
DBSA Staff member as from 1 November 2007
Group Executive as from 6 October 2017

Academic qualifications:
- CFA® Charter, CFA® Institute
- Advanced Management Program (AMP), MiT Sloane School of Management
- Project and Infrastructure Finance Program, London School of Business
- MS Risk Management, NYU Stern Business School
- Master of Business Administration (MBA), Wits Business School
- BSc Engineering (Electrical), University of the Witwatersrand (Wits)

Mr Mpho Mokwele
Born 1979
Group Executive: Transacting
DBSA staff member as from 1 March 2008 and Group Executive effective 1 November 2023

Academic qualifications:
- Advanced Management Programme, INSEAD
- Chartered Accountant (SA)
- Certificate in Theory of Accounting, University of the Witwatersrand
- Bachelor of Commerce in Accounting, University of the Witwatersrand

Ms Sheila Motsepe
Born: 1969
Group Executive: Human Capital
DBSA staff member and group executive effective 1 February 2019

Academic qualifications:
- MBA, Gordon Institute of Business Science (GIBS), University of Pretoria
- Master of Science (Clinical Psychology), Sefako Makgatho Health Sciences University
- Bachelor of Science Honours (Psychology) (Cum Laude), Sefako Makgatho Health Sciences University
- Bachelor of Social Sciences (Social Work), North West University

Mr Chuene Ramphele
Born: 1974
Group Executive: Infrastructure Delivery
DBSA Staff Member as from: 1 June 2010
Group Executive as from: 1 November 2018

Academic qualifications:
- Advanced Management Programme, Harvard Business School
- MBL, UNISA Graduate School of Business Leadership
- Advanced Management Development Programme, University of Pretoria
- Baccalaureus Technologiae: Public Management, UNISA
- National Diploma: Public Management and Administration, Technikon Northern Transvaal

Mr Mohan Vivekanandan
Born: 1973
Group Executive: Coverage
DBSA Staff member and Group Executive as from 24 March 2014

Academic qualifications:
- Master of Science in Global Finance (MSGF), HKUST-NYU Stern
- MBA, Kellogg School of Management, USA
- Project and Infrastructure Finance Programme, London Business School
- Bachelor of Arts (Honours) in Economics and Mathematical Methods in the Social Sciences (MMSS), North-western University, USA

Company Secretary

Ms Bathobile Sowazi
Born: 1972
Company Secretary:
DBSA Company Secretary as from 1 May 2010

Academic qualifications:
- Transition to General Management Programme, INSEAD
- Project and Infrastructure Finance Programme, London Business School
- Advanced Banking Law, University of Johannesburg
- LLB, Rhodes University
- BA Law, University of Swaziland

ANNEXURE D: EMPLOYMENT EQUITY PLAN

In support of the overall DBSA Vision, the Employment Equity (EE) vision is to build a transformed and high-performing workforce that is representative of the demographics of the country. This EE vision is in line with the DBSA's strategic objective of continuing transformation by employing staff in line with employment equity and gender mainstreaming requirements. The vision will be realised by implementing the numerical and non-numerical goals contained in the Bank's EE Plan and the EE numeral target contained in the plan.

Numerical goals for all employees, including people with disabilities (FY2025/26 – FY2027/28)[8]

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	4	1	0	1	4	1	1	0	0	0	12
Senior management	9	1	2	1	8	2	1	0	1	1	26
Professionally qualified and experienced specialists and mid-management	155	14	16	19	155	14	15	17	18	7	430
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	79	9	2	2	128	9	5	12	1	4	251
Semi-skilled and discretionary decision making	28	2	0	0	17	2	0	0	0	0	49
Unskilled and defined decision making	4		0	0	17	0	0	0	0	0	21
TOTAL PERMANENT	**279**	**27**	**20**	**23**	**329**	**28**	**22**	**29**	**20**	**12**	**789**
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**279**	**27**	**20**	**23**	**329**	**28**	**22**	**29**	**20**	**12**	**789**

8 This is a summarised version of the EE Plan

ANNEXURE E: FRAUD PREVENTION PLAN

INTRODUCTION AND DEFINITIONS

Prevention and detection of any financial crime, fraud, and corruption in particular, is about understanding risks, both internal and external, as well as recognising that the environment created by an organisation is the most significant factor in determining how much of a target the organisation will be viewed as by any criminal.

Given the requirement for an organisation to protect its assets and to prevent fruitless, wasteful, and irregular expenditure, there is a requirement for an Executive Management team to ensure that internal controls are adequate and operating effectively.

In this Fraud and Corruption Prevention Plan and, where the context lends itself thereto, the term 'fraud' relates to include all financial crime typologies, which includes fraud, theft, corruption, forgery, uttering, cybercrime, and any other irregular behaviours involving dishonesty and deception.

The focus of the DBSA Fraud and Corruption Prevention Plan is to create a zero-tolerance environment within the DBSA, inclusive of a high level of awareness and a control environment that makes it as difficult as reasonably possible to misappropriate assets or to succumb to any form of fraud, corruption, or associated dishonest irregular activity.

The DBSA is committed to establishing and applying appropriate standards of regularity and propriety, including applying appropriate cultures and behaviours. DBSA will not condone any form of fraud, corruption, or other financial crime. The DBSA guards against the perception of impropriety, as well as the reality thereof.

There are essentially four pillars to a world-class fraud and corruption prevention plan:

1) Creation of a zero-tolerant environment;
2) Understand and manage the risks;
3) Be proactive in defence; and
4) React swiftly and efficiently to the appearance or allegations of crime and irregularities.

These pillars provide the framework of the DBSA Fraud and Corruption Prevention Plan.

Any reference to the term "employee" should be read as to include all permanent, temporary, and contract staff, DBSA directors, DBSA Board members (non-executive directors), independent contractors, fixed-term consultants, contracted service providers, and contracted subcontractors, all of whom are to comply with the DBSA Fraud and Corruption Policy and its underlying plans and directives.

Any reference to the term "client" should be read to include all recipients of funding from the DBSA, in whatever form. Any bidder for tenders issued by the DBSA or awardees of tenders issued by the DBSA is expected to comply with both the word and spirit of the DBSA Fraud and Corruption Prevention Policy.

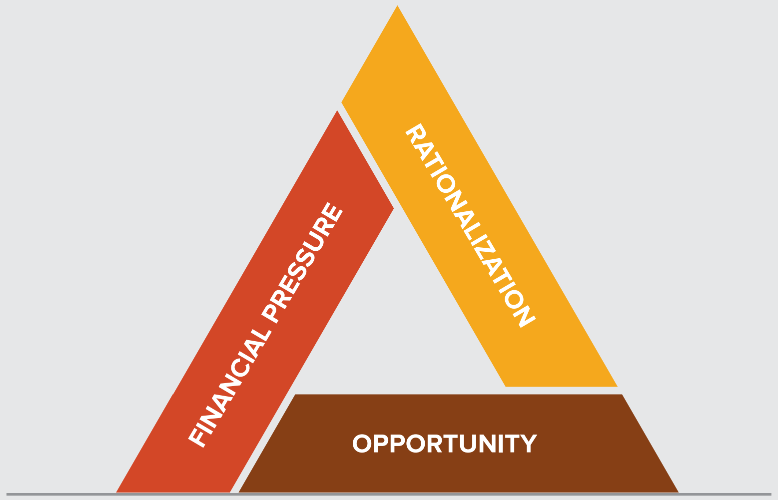
This DBSA Fraud and Corruption Prevention Plan gives effect to the preceding and overarching DBSA Fraud and Corruption Prevention Policy. This Plan operates within the confines of the Internal Audit Forensics Terms of Reference and works in conjunction with other DBSA policies; more specifically, but not limited to, the DBSA Recruitment Policy, the DBSA Disciplinary Code, the DBSA Code of Ethics, the DBSA Gifts and Hospitality Policy, the DBSA Conflicts of Interest Policy, and the DBSA Whistleblowing Policy.

THE FRAUD TRIANGLE

The Fraud Triangle is a model that explains the factors that lead to fraudulent behavior. It consists of three components:

1. **Opportunity:** This refers to the circumstances that allow fraud to occur. Weak internal controls, lack of oversight, and easy access to resources can create opportunities for individuals to commit fraud.
2. **Pressure:** Often, individuals feel pressured to commit fraud due to financial difficulties, unrealistic performance expectations, or personal issues. This pressure can push someone to take unethical actions.
3. **Rationalization:** This is the mindset that allows individuals to justify their fraudulent actions. They might convince themselves that what they are doing is not really wrong or that they deserve it for some reason.

Understanding these elements can help organizations identify potential risks and implement stronger controls to mitigate fraud.



- **Strengthen Internal Controls:** Implement robust procedures, such as segregation of duties, regular audits, and access controls to reduce the chances of fraud occurring.
- **Monitor Transactions:** Use technology to monitor and analyze transactions for unusual patterns that may indicate fraud.
- **Training and Awareness:** Educate employees about internal controls and the importance of reporting suspicious activities.

- **Foster a Supportive Environment:** Create a workplace culture that supports employees and addresses their concerns. Open communication can alleviate some pressures.
- **Set Realistic Goals:** Ensure that performance expectations are achievable and fair to reduce the temptation to commit fraud to meet targets.
- **Provide Employee Assistance Programs:** Offer resources for personal issues, such as financial counseling, to help employees manage stress and pressures.

- **Promote Ethical Standards:** Clearly define and communicate the organization's values and ethical standards. Make sure employees understand the consequences of unethical behavior.
- **Encourage Accountability:** Foster an environment where employees feel accountable for their actions and understand that their integrity is paramount.
- **Lead by Example:** Management should model ethical behavior, reinforcing the idea that fraud is unacceptable.

By addressing these components, the DBSA can create a more secure environment that deters fraudulent behavior.

PURPOSE AND SCOPE

The DBSA has no reason to believe that fraud and corruption is currently a serious problem but is vigilant about the risk of fraud and corruption and have appropriate policies and plans in place. The purpose of the Fraud and Corruption Prevention Plan is to ensure that all employees are aware of their responsibilities to counter fraud and corruption. Within this context employees have a critical role in assisting the DBSA to combat the risk of fraud and corruption.

ESTABLISHING A ZERO TOLERANCE ENVIRONMENT

Zero-tolerance is a fundamental aspect of the plan and will be cemented into place through appropriate policy, procedures, and management support. This is inclusive of the proverbial "Tone at the Top" – which includes regular communication from the DBSA Executive and Management confirming the zero-tolerance stance.

Such executive and management level communication of the zero-tolerance stance will take place on a regular basis, not only during internal meetings with employees, but during external meetings as well, such as those with suppliers, clients, and business partners.

This Fraud and Corruption Prevention Plan reflects the DBSA's zero tolerance for fraud, corruption, financial mismanagement, and other forms of financial crime in its operations, including malpractice by employees, consultants, contractors, clients, and bidders. This stance will be communicated to relevant stakeholders.

Any breach of the DBSA Fraud and Corruption Plan can result in disciplinary measures being taken against employees in conjunction with the DBSA Disciplinary Code and accompanying procedures, including termination of employment and civil litigation and/or criminal case reporting to the SAPS being undertaken. Insofar as suppliers, clients, bidders or other business partners, any action on their part that can be considered a breach of the DBSA Fraud and Corruption Prevention Plan may result in, amongst other responses, the withdrawal of business from the supplier, client or business partner and reporting of criminal cases to the SAPS.

Saying that the DBSA has adopted a policy of 'zero tolerance' towards Fraud and Corruption means that all instances of known or suspected Fraud, Corruption and any other Financial Crime will be investigated, disciplinary processes followed as contained in the DBSA Disciplinary Code and Procedures, and if required, criminal charges initiated where appropriate, or as required by law.

FRAUD REPORTING MECHANISMS

Any employee who suspects or becomes aware of any fraud, corruption, or other incident of dishonest irregular behaviour is obliged to report his or her suspicions. The reporting process and hierarchy as detailed in the DBSA Whistleblowing Policy should be followed. In summary, the first level of reporting is an employee's line manager. If for some reason the employee believes that reporting the allegation or incident to the line manager would result in it not being properly dealt with or compromise the investigation, the next level of reporting would be the employee's group executive (and higher, if the employee has similar concerns in respect of their group executive). The DBSA Whistleblowing Policy details the escalation policy for reporting of incidents and allegations.

Employees can also report matters anonymously through the DBSA Tip Off's Anonymous hotline (administered independently by "Whistle-blowers"), on 0800 20 49 33 or dbsa@whistleblowing.co.za). An escalation protocol, as in the DBSA Whistleblowing Policy, is also applicable to the hotline.

Employees are encouraged not to discuss the information pertaining to the allegations with colleagues, as this might prejudice the success of any investigation. And they should not approach or confront the suspected individual/s and should also not endeavour to locate or remove records and documents relevant to the suspicion.

All reports should be made in good faith. False and/or malicious allegations made by employees will not be tolerated and appropriate action shall be taken against employees in such cases. Reporting and actions taken should be in line with the relevant prescripts of the Protected Disclosures Act and Companies Act, as amended.

If a supplier, client, bidder, or other external third-party suspects fraud, corruption, or other financial crime, they are encouraged to report such suspicions through the Tip Off's Anonymous Hotline – 0800 20 49 33 or dbsa@whistleblowing.co.za.

TIP OFF'S ANONYMOUS HOTLINE

The fraud hotline is in place at the DBSA in order to facilitate the anonymous reporting of potential incidents of fraud, corruption, and related incidents of dishonest irregular behaviour. The existence of this facility, provided and managed through an independent external service provider "Whistle-blowers", is regularly communicated to employees.
The hotline contact number and email address are visible via posters throughout the DBSA building, as well as on promotional items and the DBSA intranet and internet pages (0800 20 49 33 and dbsa@whistleblowing.co.za").

Regular initiatives will be embarked upon to ensure third-party suppliers, clients, bidders, and recipients of DBSA funding in any form, are aware of DBSA's zero tolerance to fraud and corruption and that any suspicions can be reported to the DBSA Tip Off's Anonymous Hotline; this will include the advertising of the facility in DBSA contracts, tender documents, invoices, and agreements, as well as on the DBSA internet site.

The DBSA shall actively promote the DBSA Fraud and Corruption Prevention Plan and involve all stakeholders (internal and external). We will continue this publicity in various forms, periodically, including giving exposure to:

- The DBSA Fraud and Corruption Policy.
- The DBSA Fraud and Corruption Prevention Plan and its initiatives.
- Disciplinary actions and prosecutions instituted and their outcomes post finalisation and within the prescripts of relevant legislation; and
- Recoveries of losses from acts of fraud and corruption.

The DBSA will assess the degree of publication required (internal and/or external) on a case-by-case basis, taking cognisance of confidentiality and privacy issues, inclusive of Protection of Personal Information Act (Act 4 of 2013) and General Data Protection Regulation where appropriate.

A summarised version of the DBSA Fraud and Corruption Prevention Plan, including the Internal Audit Forensic Investigations Terms of Reference, specifically excluding any sensitive information that may hamper fraud and corruption detection, prevention, and investigation activities, will be made publicly available on the DBSA Website (www.dbsa.org).

In addition to making the DBSA Fraud and Corruption Prevention Plan publicly available, DBSA Internal Audit, in conjunction with DBSA Corporate Communications, will from time to time publish fraud and corruption related scam alerts on the DBSA website.

The Bank will internally publicise the significance of adherence to the DBSA Code of Ethics Policy, the DBSA Conflicts of Interest Policy, and the DBSA Whistleblowing Policy and communicate this to all employees.

The Bank will conduct familiarisation workshops and training on the DBSA Code of Ethics, Conflict of Interest, and Whistleblowing Policies, as coordinated by the Ethics Officer and DBSA Corporate Secretariat. The Bank will, on a regular basis, review the efficiency of the current whistle-blowing hotline and campaign to encourage use thereof. This includes highlighting the fact that it vigorously safeguards the identity of whistle blowers, encouraging employees and other stakeholders to report fraud and corruption without the fear of reprisal or victimisation.

Effective and efficient fraud risk management starts with employees. For this reason, all personnel will receive ongoing formal awareness training in, amongst other fraud-related topics, the following:

- The legal aspects of various financial crimes, focusing on fraud and corruption.
- Conflicts of Interest as the 'gateway' to corruption.
- The Prevention and Combating of Corrupt Activities Act, No 12 of 2004.
- 'Lessons learnt' through previous forensic investigations and audit reviews.
- Fraud risk indicators and 'red flags'.
- The DBSA Fraud and Corruption Prevention Plan and Response Plan.
- The DBSA Whistleblowing Policy.
- The DBSA Code of Ethics.
- The DBSA Gifts and Hospitality Policy.
- The DBSA Conflict of Interest Policy.
- The DBSA Fruitless, Wasteful and Irregular Expenditure Policy.
- Relevant sections of the PFMA; and
- The Protected Disclosures Amendment Act, Act 5 of 2017 (PDA).

All new appointees will be made aware of the Bank's Fraud and Corruption Prevention Policy, Plan and Response Plan as part of their induction course.

FINANCIAL CRIME TYPOLOGIES

Corruption

It is important to note that 'corruption' is termed 'bribery' in other jurisdictions, including those in which the DBSA has formed contractual relationships. Snyman (Snyman Criminal Law 2014 (403)) defines corruption simply as **accepting** any gratification from anybody else or **giving** any gratification to anybody else in order to influence the receiver to conduct themselves in a way which amounts to an unlawful exercise of any duties, commits corruption.

From a legislative perspective, the general offence of corruption, as reflected in the Prevention and Combating of Corrupt Activities Act (Act 12 of 2004) (PRECCA), is similarly defined as:

Any person who directly or indirectly –

(1) accepts or agrees or offers to accept any' gratification from any other person, whether for the benefit of himself or herself or for the benefit of another person; or

(2) gives or agrees or offers to give to any other person any gratification, whether for the benefit of that other person or for the benefit of another person, in order to act personally, or by influencing another person so to act, in a manner-
   - (i) that amounts to the-
     - (aa) illegal, dishonest, unauthorised, incomplete, or biased; or
     - (bb) misuse or selling of information or material acquired in the course of the, exercise, carrying out or performance of any powers, duties or function arising out of a constitutional, statutory, contractual or any other legal obligation;
   - (ii) that amounts to-
     - (aa) the abuse of a position of authority;
     - (bb) a breach of trust; or
     - (cc) the violation of a legal duty or a set of rules,
   - (iii) designed to achieve an unjustified result; or
   - (iv) that amounts to any other unauthorised or improper inducement to do or not to do anything,

is guilty of the offence of corruption.

The definition reflected above covers the general definition of the crime of corruption and is not exhaustive in terms of actual corruption related crimes created through PRECCA; therefore, PRECCA should be consulted for a full listing.

It is, however, prudent to highlight **Section 34 of PRECCA**, which creates the following reporting obligation:

> *Any person who holds a position of authority and who knows or ought reasonably to have known or suspected that any other person has committed one of the offences below, involving an amount of* **R100,000** *or more, must report such knowledge or suspicion to any police official, failing which he or she commits an offence carrying a maximum sentence of 10 years imprisonment.*
>
> *Any of the corruption offences (including attempt, conspiracy etc.); or the offence of theft, fraud, extortion, forgery or uttering a forged document.*
>
> There is therefore an obligation on the DBSA to report any such matter as reflected above (given reasonable knowledge or reasonable suspicion).

Theft

According to Snyman (Snyman Criminal Law 2005), theft is the unlawful appropriation of movable corporeal property which belongs to and is in the possession of another, provided that the intention to appropriate the property includes an intention to permanently deprive the person entitled to the possession of the property.

Fraud

Fraud is the unlawful and intentional making of a misrepresentation which causes actual or potential prejudice to another. Fraud can be committed through an act, or an omission (failing to act).

Cybercrimes

Cybercrime is criminal activity that either targets or uses a computer, a computer network, or a networked device. In a South African context, the Cybercrimes Bill was assented to and signed into law by the President on 1 June 2021.

The Cybercrimes Bill does not provide a singular definition for "cybercrime" but rather creates a number of offences which we can refer to collectively as "cybercrimes". Some examples of such offences are as follows:

- Unlawful access – which includes the unlawful and intentional access to data, a computer programme, a computer data storage medium, or a computer system (commonly referred to as "hacking").
- Unlawful interception of data – which includes the acquisition, viewing, capturing, or copying of data of a non-public nature through the use of hardware or software tools.
- Unlawful acts in respect of software and hardware tools – being the unlawful and intentional use or possession of software and hardware tools that are used in the commission of cybercrimes (such as hacking and unlawful interception).
- Unlawful interference with data, computer programmes, storage mediums and computer systems – being the unlawful and intentional interference with data, a computer programme, a computer data storage medium, or computer system; and
- Cyber fraud – being fraud committed by means of data or a computer programme, or through any

interference with data, a computer programme, a computer data storage medium, or a computer system.

DBSA RESPONSE TO FRAUD AND CORRUPTION

The DBSA Fraud and Corruption Response Plan, which is an essential annexure to the Fraud and Corruption Prevention Plan, provides detailed guidance to the appropriate personnel once a crime has been uncovered, either upon receipt of a report on suspicions of fraudulent/corrupt activity or if there is an appearance/other red flag indicator of the commission of a crime or fraudulent/corrupt activity.

The Bank will ensure that it has the resources to investigate an actual or suspected crime, either through in-house forensic auditors or through the appointment of external forensic specialists on an as required basis.

It should be specifically noted that DBSA makes use of data analytics tools, including the use of third-party databases in its fraud and corruption prevention and detection activities.

UNDERSTANDING THE RISKS

The Bank has an enterprise-wide risk management process in place, encompassing, *inter alia*, a risk framework and a risk responsibility matrix. The risk framework does include certain key fraud risk indicators, more specifically linked to conduct risk.

In support of the enterprise-wide risk management framework as managed by the DBSA Risk Management Unit, as well as to direct Internal Audit fraud and corruption prevention efforts, Internal Audit will conduct a fraud and corruption risk assessment during a 4-year cycle, with the fraud and corruption risk assessment performed by an external firm of forensic/legal experts that are adequately skilled and experience to perform such a risk assessment. The fraud and corruption risk assessment will identify the nature and extent of the risks to which the DBSA is exposed, including the DBSA's vulnerabilities to internal and external fraud and corruption.

Information obtained from both risk assessments, as well as lessons learnt from various audits and investigations will be fed back into risk management models and processes, enabling enhanced control recommendations to management, as well as identifying areas of risk that require further investigation.

PROACTIVE DEFENCE THROUGH DUE DILIGENCE ACTIVITIES

Being proactive is an essential principle in combating fraud and corruption. The procedures set out below assist the Bank in identifying areas of risk and prevention of incidents of fraud and corruption.

Data analytics exercises are periodically carried out across DBSA's data. The purpose of data analytics is to identify patterns of potentially fraudulent behaviour, internal control implementation weaknesses, and possible conflict of interest situations.

The Bank also has a formal conflict of interest and declaration of interest policy which requires all employees to declare their external interests and potential conflicts of interests, at a minimum, annually. Given that conflicts of interest are often a precursor to incidences of fraud and corruption, this is a key policy tool. Declaration data is incorporated into data analytic processes.

The Bank ensures comprehensive background checking is carried out on prospective employees, including, at a minimum, verification of previous employment details, academic qualifications, identity confirmation, politically exposed persons checks, as well as criminal record and credit checks where appropriate and in accordance with the DBSA Recruitment Policy; with the Bank acting within relevant legal prescripts in this regard.

Internal Audit are superusers for the Lexis Nexis suite of governance products, including the Procure Check database, against which all prospective employees, consultants, and suppliers are checked in order to identify potential conflicts of interest and other fraud and corruption related red flags. The DBSA Compliance Unit also performs politically exposed persons checks. The results of such checks are shared with Supply Chain Management and Human Capital where appropriate and as required for internal policy and procedure purposes.

The Bank embraces a "KYC - know your client (and supplier)" culture, which minimises fraud in the lending and procurement environments and simultaneously makes the Bank's zero tolerance culture towards fraud visible to service providers.

The DBSA performs due diligence reviews on clients it decides to enter into commercial relationships in order to not only comply with KYC type legislation, but to ensure it only enters into business relationships with reputable third parties. Due diligence reports are compiled by a team of employees with relevant expertise and then presented, scrutinised, and approved or rejected on a committee basis.

The Bank has a reporting database for the recording of all incidences and allegations of fraud, corruption, and associated irregular conduct – whether losses occurred or not. At all times we consider the privacy and confidentiality of this information and access to the database is, therefore, on a limited and restricted basis. The database is also a tool which assists in identifying any fraud and corruption trends and assists in the formulation of lessons learnt activities.

Internal control policies, systems, and procedures (Level 1 - 3) are actively monitored and, in most instances, reviewed by Internal Audit; reviewed and updated as required by the relevant division, department, or unit; and approved by DBSA Exco. Furthermore, audits which test prevention measures are performed on a regular basis.

Where feasible, access to information and third-party audit clauses are included in legal agreements with clients having approved facilities. This best practice promotes transparency and accountability in all business activities, as well as access to information (audit, technical, and financial) to ensure compliance with contractual, regulatory, legislative, and policy obligations.

DBSA employees are encouraged to speak out when they have concerns. The "Whistle-blowers" fraud and corruption reporting hotline (0800 204 933) is in place and advertised widely to employees, suppliers, and business partners. Regular "Tip Off's Anonymous" activities include the placement of topical articles in appropriate internal media, as well as guest speakers where appropriate.

Regular fraud awareness campaigns amongst DBSA employees and stakeholders. The promotion of a strong and ethical corporate culture through the various culture enhancement initiatives undertaken by Human Capital, encouraging employees to always act ethically, responsibly, and in the best interests of the client and the DBSA.

The DBSA will ensure that all agreements and contracts (including General Conditions of Contract and Tender Conditions) entered into with clients, suppliers, bidders, tender awardees, and recipients of DBSA funding in whatever form, shall include clauses giving effect to the following:

- That the entity the DBSA contracts with or with whom the DBSA has a formal signed agreement, shall adhere to the DBSA counter fraud and corruption policies and procedures in place and as amended from time to time; and
- That provides the DBSA has access to bidder/contractor/supplier/client records relating to bids, contracts, projects, funding, or awards from the DBSA, in the event that this is needed to support the investigation of complaints of fraud, corruption, or related financial crimes.

During the normal course of its operational activities, the DBSA accesses funding for its activities from various external funders. It should be noted that information pertaining to any fraud, corruption, or other financial crime investigation and the outcome thereof, that is linked to funding received from an external funding partner to the DBSA, including but not limited to, the Global Environmental Facility and the Green Climate Fund, will be shared with the relevant external funding partner.

DBSA BUSINESS PROCESSES SUPPORTING THE PREVENTION OF FRAUD AND CORRUPTION

The following aspects of the Bank's operations are essential to the proper conduct of its affairs, but also support fraud prevention and promote a zero-tolerance environment:

- Strong and effective internal controls, including rigorous approval processes and the regular assessment of fraud and corruption risks, inclusive of appropriate remedial actions.
- Furthermore, the DBSA regularly assess all significant business processes for control and procedural weaknesses and implements remedies. Where absolutely necessary, the DBSA will consider implementing 'forensic controls', taking current legislation and regulations and policy into consideration.

- Strong culture of best practice corporate governance, driven by DBSA Corporate Secretariat, including visible Executive Management support for counter fraud and corruption initiatives.
- A strong Code of Ethics, which is regularly communicated to all employees through the Ethics Officer, and clearly stipulates the Bank's stance on corporate values, compliance issues, conflicts of interest, business gifts, use of corporate resources, and the consequences of dishonest behaviour.
- The implementation of a register to advise of business partners, former employees, contractors, or service providers/vendors/subcontractors who have been implicated in acts of fraud, corruption, or other irregular dishonest conduct, as well as the reporting of such individuals/entities to National Treasury for inclusion on the National Treasury restricted list of suppliers.
- The implementation of a cooling-off period clause through the DBSA Conflict of Interest Policy.
- Lessons learnt processes, providing investment officers and other employees with best practice information from previous audits and investigations on how to avoid and mitigate areas of potential risk.
- The implementation of probity checks on suppliers, contractors, and subcontractors to be appointed by the DBSA in order to determine their bona fides and whether there are any conflicts of interests or other significant issues which may impact on their ability to deliver on contractual obligations:
- The application of compliance database tools in order to identify any politically exposed person, prominent influential persons, or sanctioned persons in accordance with relevant legislation, regulations, and policy directives, which enable decision-making committees to apply their minds during investment and other critical authorisation processes.
- A strong, independent, and effective Board Audit and Risk Committee that has been in existence for many years.
- Strong and independent internal audit, compliance, and risk functions.
- Independent external auditors; and
- Ethical, equitable, and thorough employment practices and policies.

FRAUD RISK MANAGEMENT STRATEGY

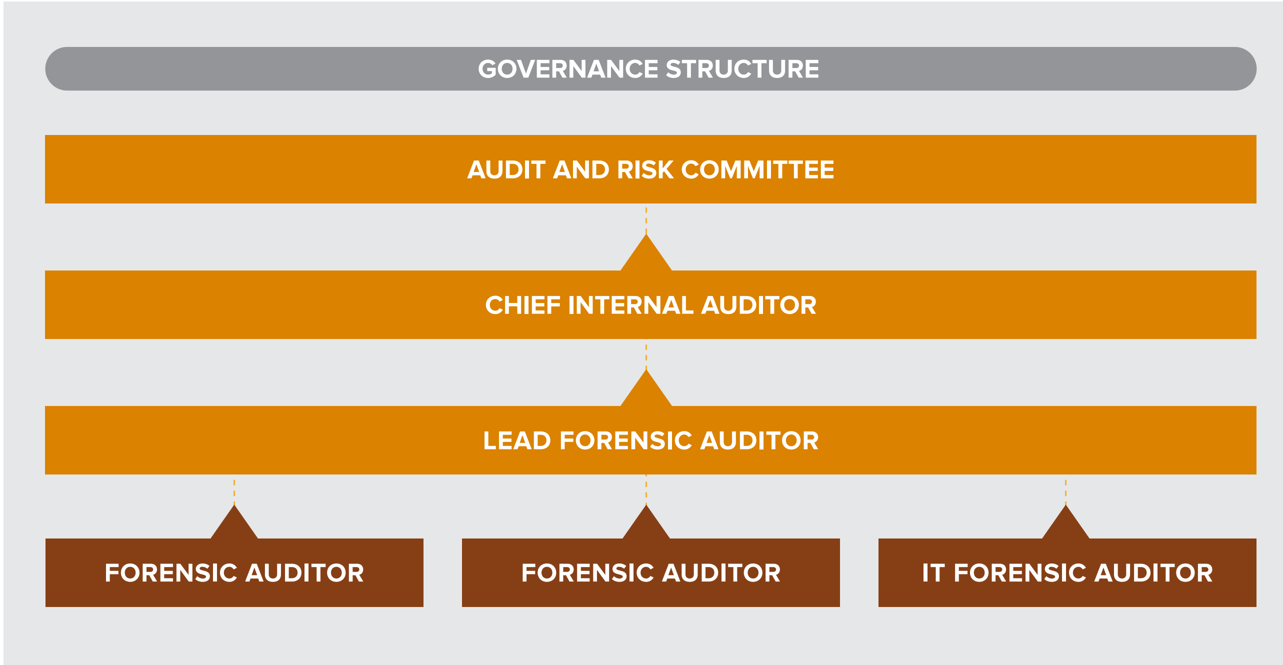
The fraud risk management strategy is designed to identify, assess, and mitigate the risk of fraudulent activities within the DBSA. Here are the key components and functions:

1. **Risk Assessment:** Evaluates potential fraud risks by analyzing processes, transactions, and vulnerabilities.
2. **Prevention Measures:** Implements controls, policies, and training to prevent fraud, such as employee training, robust internal controls, and fraud awareness programs.
3. **Detection Techniques:** Establishes systems to identify fraudulent activities early, such as data analytics, monitoring systems, and whistleblower mechanisms.
4. **Response Planning:** Develops procedures for responding to detected fraud, including investigation protocols and communication plans.
5. **Compliance:** Ensures adherence to legal and regulatory requirements related to fraud prevention and reporting.
6. **Continuous Improvement:** Regularly reviews and updates the strategy based on new threats, technological advancements, and lessons learned from incidents.

Overall, a strong fraud risk management strategy helps protect the DBSA assets, reputation, and operational integrity.

The DBSA conducts Fraud Awareness Training for all employees on an ongoing basis. The DBSA conducts a bank wide Fraud and Corruption Risk Assessment every 4 years.

GOVERNANCE, MONITORING, AND REVIEW



The **Audit and Risk Committee (ARC)** plays a crucial role in corporate governance. Here are its primary functions:

1. **Oversight of Financial Reporting:** The committee ensures the integrity of financial statements, reviews accounting policies, and assesses the effectiveness of internal controls.
2. **External Audit Coordination:** It oversees the work of external auditors, including their appointment, performance evaluation, and independence.
3. **Risk Management:** The committee identifies and assesses risks the organization faces, ensuring that appropriate risk management strategies are in place.
4. **Compliance Monitoring:** It ensures compliance with legal and regulatory requirements, as well as internal policies.
5. **Internal Audit Oversight:** The committee supervises internal audit activities, reviews audit plans and findings, and ensures that corrective actions are taken.
6. **Reporting to the Board:** It regularly reports to the board of directors on its activities, findings, and any issues that require attention.

By fulfilling these responsibilities, the ARC helps enhance the DBSA's transparency, accountability, and overall risk management framework.

The **Chief Internal Auditor (CIA)** plays a key role in the DBSA's governance and risk management. Here are the primary responsibilities of a CIA:

1. **Internal Audit Strategy:** Develops and implements the internal audit plan aligned with the organization's objectives and risk profile.
2. **Risk Assessment:** Conducts risk assessments to identify potential areas of vulnerability and assesses the effectiveness of risk management practices.
3. **Audit Execution:** Oversees and conducts audits of various departments and functions to evaluate efficiency, compliance, and internal controls.
4. **Reporting:** Prepares and presents audit findings and recommendations to senior management and the Audit and Risk Committee, highlighting areas for improvement.
5. **Compliance Monitoring:** Ensures adherence to regulatory requirements and internal policies, identifying any compliance issues.
6. **Collaboration:** Works closely with other departments, including finance and compliance, to foster a culture of accountability and continuous improvement.
7. **Training and Development:** Leads and develops the internal audit team, providing guidance and training to enhance their skills.

8. **Stakeholder Engagement:** Engages with external auditors and regulatory bodies, ensuring effective communication and collaboration.

By fulfilling these responsibilities, the CIA helps safeguard the DBSA's assets, improve operational efficiency, and enhance overall governance.

The **Lead Forensic Auditor** oversees the forensic audit function within the DBSA, focusing on investigating financial irregularities and fraud. Here are the key responsibilities:

1. **Leadership and Strategy:** Develops and implements the forensic audit strategy, aligning it with the organization's risk management and compliance objectives.
2. **Team Management**: Leads and manages the forensic audit team, providing guidance, support, and training to ensure high-quality investigations.
3. **Fraud Investigations:** Directs complex investigations into suspected fraud, misconduct, and financial discrepancies, ensuring thoroughness and accuracy.
4. **Risk Assessment:** Identifies and evaluates potential fraud risks within the organization, advising on preventive measures and internal controls.
5. **Stakeholder Collaboration:** Works closely with internal and external stakeholders, including legal teams, compliance officers, and law enforcement agencies, to coordinate investigations and share findings.
6. **Reporting:** Prepares comprehensive reports on investigation results, presenting findings and recommendations to senior management and, if necessary, to the board or audit committee.
7. **Policy Development:** Contributes to the development and enhancement of policies and procedures related to fraud prevention, detection, and response.
8. **Training and Awareness:** Promotes fraud awareness within the organization through training sessions and workshops for employees at all levels.
9. **Legal Compliance:** Ensures that all investigations comply with legal standards and best practices, preserving the integrity of evidence for potential legal proceedings.
10. **Continuous Improvement:** Monitors industry trends and emerging fraud risks, adapting strategies and processes to enhance the effectiveness of the forensic audit function.

By fulfilling these responsibilities, the Lead Forensic Auditor plays a critical role in protecting the DBSA from financial loss and reputational damage due to fraud.

The **Forensic Auditor** specializes in investigating financial discrepancies and potential fraud. Here are the key responsibilities of a forensic auditor:

1. **Fraud Investigation:** Examines financial records and transactions to uncover signs of fraud, embezzlement, or misconduct.
2. **Data Analysis:** Uses analytical techniques to identify irregular patterns, anomalies, and suspicious activities within financial data.
3. **Evidence Gathering:** Collects and preserves evidence in a manner that is admissible in court, including documentation, digital records, and witness statements.
4. **Reporting:** Prepares detailed reports that outline findings, methodologies, and recommendations for addressing identified issues, often for use in legal proceedings.
5. **Collaboration:** Works with law enforcement, legal teams, and other stakeholders to assist in investigations and prosecutions.
6. **Internal Control Evaluation:** Assesses the effectiveness of internal controls and suggests improvements to prevent future fraud.
7. **Risk Assessment:** Identifies vulnerabilities in financial systems and processes that could be exploited for fraudulent activities.
8. **Training and Awareness:** Educates staff on fraud prevention and detection measures, promoting a culture of integrity within the organization.
9. **Testifying in Court:** May be called to provide expert testimony in legal proceedings regarding findings from the audit.

By performing these duties, a forensic auditor helps DBSA detect, investigate, and mitigate fraud, safeguarding their financial integrity.

Cognisance is taken of financial crime risks, specifically fraud and corruption risks in all policy, systems, and procedure implementations and changes, through reviews of internal controls in place to identify and manage fraud and corruption risk.

The DBSA undertakes to the monitoring and review the DBSA Fraud and Corruption Prevention Plan on an annual basis, to ensure compliance with legislative and regulatory changes in fraud and anti-corruption policies and procedures in order to identify any issues as they arise and to make improvements where necessary. A full review will be done every three (3) years.

To this end, the DBSA takes cognisance of the ISO 37001 standard in respect of anti-bribery management systems. The standard is designed to assist organisations in implementing and maintaining specific measures which assist them in preventing, detecting, and addressing bribery across the organisation and its business activities. The DBSA states its desire to commence a journey that will result in the implementation of the ISO 37001 standard. This will subsequently enable the use of external specialists or verification agencies to independently evaluate the effectiveness of the DBSA Fraud and Corruption Prevention Plan, and anti-bribery and corruption controls put in place at the DBSA.

The custodian of this policy is the Chief Internal Auditor, who is responsible for issuing, implementation, administration, revision, interpretation, and application of this policy, which will be fully reviewed every three years and revised as required on an annual basis. This Fraud and Corruption Prevention Plan also forms an integral annexure to the annual Shareholder Compact.

Any alteration to this policy is subject to final approval by the DBSA Executive Committee and the DBSA Board Audit and Risk Committee.

POLICY ENFORCEMENT AND SANCTIONS

Failure by any DBSA employee to comply with this policy may result in disciplinary action being taken in terms of the DBSA Disciplinary Code. Without detracting from the general nature of this statement, misconduct involving dishonesty, such as fraud, theft, and corruption is a dismissible offence in terms of the DBSA Disciplinary Code.

ANNEXURE F: FUNDING PLAN AND BORROWING PROGRAMME FOR THE 2025/26 – 2027/28 FINANCIAL YEARS

1. INTRODUCTION

The purpose of this document is to outline the Bank's request

2. KEY POINTS ON THE DBSA FUNDING STRATEGY

The focus during 2025/26 financial year will continue to be on:

- The diversification of the Bank's funding sources to achieve an optimal funding mix at the lowest cost possible to promote long-term financial sustainability.
- Continue to grow domestic market investor confidence with a view to normalise the Bank's funding operations and driving down borrowing costs to pre-pandemic levels.
- Issue a sustainable bond under the new Sustainable Finance Framework and to access the growing global impact investor universe.
- Continue to explore offshore bond markets for potential issuance when opportune.
- Optimising funding costs through balancing sources and tenors relative to the inherent refinancing risk.
- Maintaining prudential liquidity sufficient to withstand the potential impact of a prolonged liquidity squeeze.

3. FUNDING RAISED 1 APRIL 2024 – 31 DECEMBER 2024

Net borrowings for the period amounted to (R660m). The primary source of the funding raised was through bi-lateral facilities concluded with DFIs and Commercial Banks as well as Debt Capital Market Funding.

The Bank's policy is to manage minimum liquidity levels equivalent to 10% of outstanding liabilities, in addition to Basel III based liquidity risk parameters including the 30-day Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

Charts 1 and **2** below depict the Bank's funding by currency and source, respectively, as of 31 December 2024.

Chart 1: Funding Split by Currency as of 31 December 2024

Outstanding debt by currency

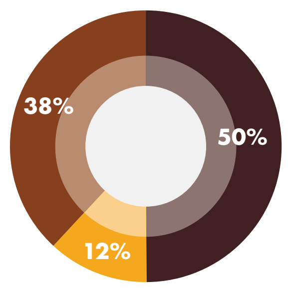
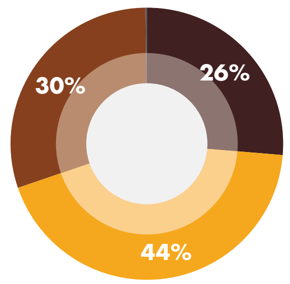


Chart 2: Funding Split by Source as at 31 December 2024

Outstanding debt concentration



4. BORROWING TERMS AND CONDITIONS

The Bank's domestic bonds / commercial paper are issued under the JSE listed DMTN Programme which captures the terms and conditions of the bond funding. The DMTN Programme was updated in 2023 to align it with the latest Debt Listing Rules.

Bilateral facilities both from DFIs and commercial banks and private Investors are executed under terms and conditions typical of international loan agreements with many of the Bank's lenders adopting or approximating the standards of the Loan Market Association (LMA). Green Bonds issued are governed by the Bank's Green Bond Framework which is premised on the Green Bond Principles of the International Capital Market Association (ICMA), the prevailing global market standard.

General conditions of bi-lateral loans include, but are not limited to:

- The requirement that the SA government retains control and ownership of the Bank;
- Compliance with the Bank's leverage cap of 250%;
- Maintaining credit ratings at defined minimum levels; and
- Various information undertakings in terms of projects financed through 'use of proceeds' instruments.

5. PROPOSED BORROWING PROGRAMME FOR THE 2025/26 – 2027/28 FINANCIAL YEARS

The size of the annual borrowing requirement is driven by the following considerations:

- Projected loan disbursements.
- Contractual loan interest and capital receipts (cash inflows).
- Contractual debt service and repayments (cash outflows).
- Operational expenses.
- The projected prudential liquidity level required.
- The projected exchange rates for USD / ZAR and EURO / ZAR.
- Buffer of 15% to cushion against cash shortfalls due to FX volatility and disbursements above targeted levels.

A request for an increase in the Approved Borrowing Limit, shall be made to Board, in the event that borrowing requirements exceed that provided for in the limit. The projected cashflow forecast and resultant borrowing requirements for the next three financial years are reflected in Table 3 below.

Table 3: Projected Borrowing Requirement for FY2025/26 to FY2027/28

	FY2025/26 - Forecast				FY2026/27- Forecast				FY2027/28 - Forecast			
FX rates	**1.00**	**17.92**	**19.90**	**Total ZAR**	**1.00**	**17.93**	**20.27**	**Total ZAR**	**1.00**	**18.05**	**20.65**	**Total ZAR**
Cashflows	**ZAR**	**USD**	**EUR**		**ZAR**	**USD**	**EUR**		**ZAR**	**USD**	**EUR**	
Capital received	3,965	260	42	9,454	5,565	280	57	11,740	11,855	248	50	17,377
Interest received	10,668	118	30	13,373	11,850	119	26	14,499	11,999	103	21	
Disbursements	9,941	217	84	15,500	12,443	272	103	19,400	13,212	286	107	20,600
Capital repaid	4,032	316	122	12,128	3,990	279	106	11,141	9,407	377	141	19,134
Interest paid	3,545	4	110	5,798	3,749	29	82	5,928	4,209	53	54	6,288
Other inflows	472	0	0	472	557	0	0	557	608	0	0	608
Movements in Cash	5,422			5,422	475			475	174			174
Other outflow	1,787	0	0	1,787	2,591	0	0	2,591	2,516	0	0	2,516
Total	**1,221**	**159**	**244**	**6,491**	**4,326**	**181**	**209**	**11,790**	**4,709**	**366**	**232**	**30,379**
Borrowing Limit Requirement – Total	**0**	**175**	**269**	**8,484**	**4,759**	**199**	**229**	**12,969**	**5,179**	**402**	**255**	**17,701**
FX debt balance in USD at 31 Mar 2025		**1,536**	**536**			**1,456**	**659**			**1,481**	**773**	
FX debt balance in ZAR		**38,183**				**39,463**				**42,696**		
Plus buffer (15%)		**43,911**				**45,383**				**49,100**		

6. FOREIGN CURRENCY BORROWING REQUIREMENT

Foreign currency borrowings stood at R39.2bn as at 31 December 2024 against a foreign currency borrowing limit of R41.4bn. The breakdown of the borrowings to date is disclosed in foreign currency and translated to ZAR in the table below.

All foreign currency borrowings are approved by the South African Reserve Bank (SARB) prior to loan signature and drawdowns.

Table 4: Foreign Currency Borrowings – 31 December 2024

Institutes	EUR	USD	All in ZAR
DFI	(243,100,000)	(62,500,000)	(5,922,509,393)
DFI		(100,000,000)	(1,885,060,000)
Commercial Bank		(25,000,000)	(471,265,000)
DFI	(50,000,000)		(975,801,500)
DFI	(60,000,000)	(80,633,210)	(2,690,946,182)
DFI		(3,000,000)	(56,551,800)
DFI		(100,000,000)	(1,885,060,000)
DFI	(36,127,051)	(112,599,326)	(2,827,621,466)
Commercial Bank		(225,000,000)	(4,241,385,000)
Commercial Bank		(50,000,000)	(942,530,000)
Commercial Bank		(255,000,000)	(4,806,903,000)
Commercial Bank		(66,666,667)	(1,256,706,667)
DFI		(320,000,000)	(6,032,192,000)
DFI		(276,538,753)	(5,212,921,418)
Total			**(39,207,453,426)**

Table 5: Forecast on FX Utilisation

	Forecast on FX		
(Millions)	**FY2025/26**	**FY2026/27**	**FY2027/28**
FX debt balance in ZAR	38,183	39,463	42,696
Plus buffer (15%)	**43,911**	**45,383**	**49,100**

Table 6: Projected Currency Funding Split to FY 2027/28

	FY2025/26			FY2026/27			FY2027/28		
	ZAR	USD	EUR	ZAR	USD	EUR	ZAR	USD	EUR
Disbursements	64%	25%	11%	64%	25%	11%	64%	25%	11%
Disbursements in ZAR	(9,300)	(3,891)	(1,668)	(12,443)	(4,870)	(1,827)	(13,212)	(5,171)	(2,216)
Funding	0%	37%	63%	37%	27%	36%	29%	41%	30%
Funding in ZAR	-	3,135	5,349	4,759	3,560	4,650	5,179	7,264	5,258

DBSA's debt composition reflects a strong reliance on USD funding, especially since COVID-19, when local ZAR markets were largely inaccessible, leading DBSA to secure more Development Finance Institution (DFI) funding in USD. Prior to the pandemic, DBSA's debt was heavily supported by local investors, with ZAR debt comprising around 70% of the portfolio. However, post-COVID market dynamics have made local funding more challenging due to heightened State-Owned Enterprise (SOE) risk perceptions and significant debt redemptions. Consequently, DBSA has increasingly turned to concessional DFI funding with favourable terms to manage costs while also working on re-engaging local investors. Through initiatives like consistent investor communication, focusing on financial stability, and the most recent successful Domestic Medium-Term Note (DMTN) auction, DBSA is committed to revitalizing local support and maintaining a balanced funding strategy across domestic and international markets.

Based on the forecast in **Tables 3** and **5**, the projected foreign currency borrowings are expected to amount to:

- For the financial years 2025/26 – R44bn;
- For the financial year 2026/27 – R45bn;
- For the financial year 2027/28 – R49bn.

The projections in **Table 5** incorporate a buffer of 15%. This is required to cater for the following scenarios:

a) Volatility of the USD/ZAR and EUR/ZAR rates; and

b) Potential increase in USD & EUR disbursement.

7. AVAILABLE FUNDING SOURCES

As of 31 December 2024, a total of R10bn of funding can still be accessed through committed facilities.

Table 7: Committed Facilities

Committed Facilities as at 31 December 2024			
Counterpart	**Currency**	**Amount Available**	**Total ZAR**
DFI	EUR	240,000,000	4,740,000,000
DFI	EUR	7,621,000	150,514,750
DFI	USD	58,243,856	1,046,642,092
DFI	EUR	200,000,000	3,950,000,000
Total			9,887,156,842

8. FUNDING SOURCES

Table 8 below depicts potential funding sources for FY2025/26. The conclusion of any new facilities will be subject to the size and timing of funds requirements, near term projects/loans pipeline, and reaching agreement on key terms and pricing. Funding sources exclude funding that the Bank will obtain from the local DMTN programme.

Table 8: Potential sources of funding

Funding Source	Facility use	USD	EUR	Total ZAR
DFI	- General corporate use	100,000,000		1,797,000,000
DFI	- General infrastructure	200,000,000		3,594,000,000
DFI	- Renewable Energy		170,000,000	3,357,500,000
DFI	- Embedded Generation	100,000,000		1,797,000,000
DFI	- Metros		100,000,000	1,975,000,000
Total		400,000,000	470,000,000	12,520,500,000

9. MARKET RISK MANAGEMENT

When sourcing new funding, the Bank takes into consideration the inherent interest rate and currency risk exposures. These risks are managed in line with the Board approved risk parameters. Where possible, new funding is structured in order to achieve the desired interest rate, currency and maturity profiles. Undesired residual risk exposures are brought within tolerance levels through the use of offsetting derivatives positions. Hedging transactions are effected through permitted instruments and transacted with approved counterparties.

10. CREDIT RATINGS

The Bank is rated by Standard and Poor's (S&P's) and Moody's. Key considerations taken into account during the rating review process include financial sustainability, prudential liquidity, adequacy of impairments and provisioning, and risk adjusted capital which cushions the bank in the event of severe financial distress. In addition, the rating agencies make assumptions about the expected strength and likelihood of shareholder support in the event of distress.

S&P upgraded the outlook on DBSA from Stable to Positive. The Positive outlook for DBSA is aligned with South Africa's sovereign credit improvement. The Positive outlook has the following impact on DBSA:

a) Signals reduced credit risk, enhancing DBSA's attractiveness to local and international investors;
b) Enables access to more competitive funding, with a potential reduction in borrowing costs for Eurobonds and other issuances, as yields on DBSA's debt aligns closer to sovereign bonds; and
c) Diversified investor base, as improved ratings could attract new investors, broadening the funding pool.

Credit ratings as of 31 December 2024 were:

Table 9: Credit Ratings

Agency	Issuer rating type	Short term	Long term	Outlook
Moody's	Foreign currency	NP	Ba3	Stable
	National Scale	P-1.za	Aa3.za	-
Standard & Poor's	Foreign currency	BB-	BB-	Positive
	Local currency	BB	BB	Positive

ANNEXURE G: RISK REGISTER[9]

Risk management.

1. Framework

The nature of our business, as a developmental bank, requires risk management as a key capability in managing the trade-off between our development impact focus and maintaining financial sustainability. DBSA's Enterprise Risk Management Framework contains the elements depicted below and is outlined in detail as an internal policy document.

1.1 Risk Governance

Enables a structured environment for decision-making and oversight related to the management of risk.

1.2 Risk assurance

Enables monitoring of the management of risk at the DBSA from several points of view in order to inform enhancements that will increase the adequacy and effectiveness of the internal control environment of the organisation.

1.3 Risk process

Enables the assessment of risk and informs the DBSA's responses to manage uncertainty in pursuit of strategy, business, and operational objectives.

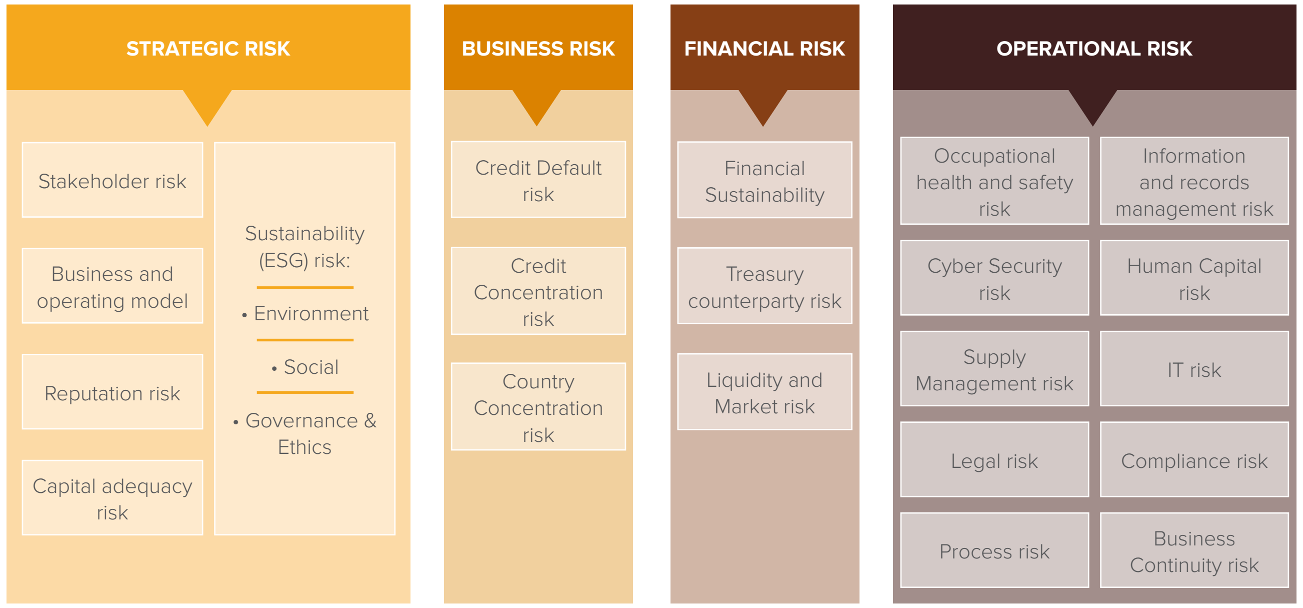
[9] This is a summarised version of the Risk Management Plan. The detailed plan is available on request.

2. Roles and Responsibilities

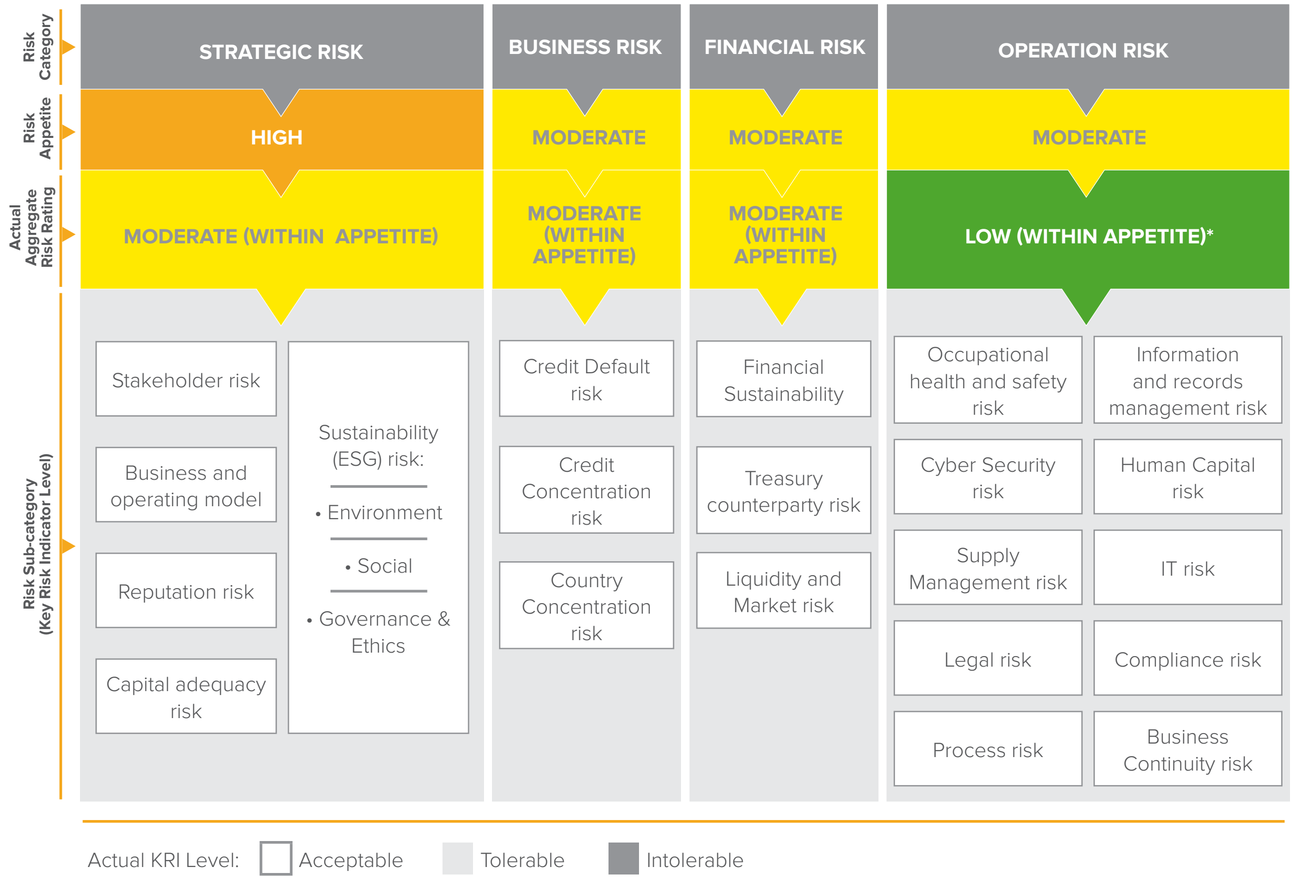
Function	Role	Responsibility
Business unit	1st line of defence	Management of risk, controlling and monitoring operations
Assurance functions	2nd line of defence	Develop policies, monitor adherence
Internal and External Auditors	3rd line of defence	Provide independent assurance
Executive Committee	4th line of defence	Provide oversight, ensure implementation
Board	5th line of defence	Set strategy and ensure performance

3. Risk Categories

DBSA's risk universe is categorised into 4 main categories and several sub-categories.

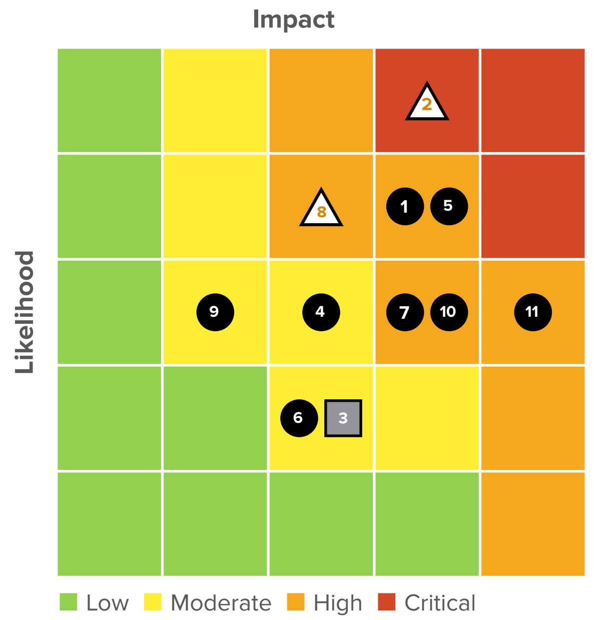


4. Risk Appetite Dashboard



PRINCIPAL RISKS

	Risk	Inherent rating	Residual rating	Residual rating trend
1	**Credit** An increase in the inability of clients to honour debt obligations	High	High	↔
2	**Cyber** Unauthorised or erroneous use of ICT systems, data and/or infrastructure	Critical	Critical	↔
3	**Liquidity** Insufficient funds to meet its maturing obligations and disbursement commitments	High	Moderate	↔
4	**Reputation** Arising from any facet of the bank's actual or perceived conduct and performance	Moderate	Moderate	↔
5	**Challenging business environment & operations** Failure to maintain adequate responsiveness and agility to respond to the changing environment	High	High	↔
6	**People & Culture** Potential decrease in staff morale, productivity, development and wellness	Moderate	Moderate	↔
7	**Skills capablllty and capacity** Inadequate capability and/or capacity to implement the strategy of the organisation	High	High	New
8	**Extreme weather and physical climate risk** An increase in the number and severity of extreme weather events	High	High	↔
9	**ESG monitoring and action** Failure to measure and monitor DBSA's impact on the environment and society	High	Moderate	New
10	**Just Transition** There may be delays or inadequate pace in implementation of an Integrated Just Transition Strategy	High	High	New
11	**Upscaling constraints** Inability to increase scale of development impact, balance sheet or income growth	High	High	New



Velocity	Extremely rapid (month)	Rapid (quater)	Slow (year)

PRINCIPAL RISK RATINGS TREND

	Risk	Inherent rating	Residual rating trendline	Residual rating Q3FY24	Residual rating Q4FY24	Residual rating Q1FY25	Residual rating Q2FY25
1	**Credit** An increase in the inability of clients to honour debt obligations	High		High	High	High	High
2	**Cyber** Unauthorised or erroneous use of ICT systems, data and/or infrastructure	Critical		High	Critical	Critical	Critical
3	**Liquidity** Insufficient funds to meet its maturing obligations and disbursement commitments	High		Moderate	Moderate	Moderate	Moderate
4	**Reputation** Arising from any facet of the bank's actual or perceived conduct and performance	Moderate		Moderate	Moderate	Moderate	Moderate
5	**Challenging business environment & operations** Failure to maintain adequate responsiveness and agility to respond to the changing environment	High		High	High	High	High
6	**People & Culture** Potential decrease in staff morale, productivity, development and wellness	Moderate		Moderate	Moderate	Moderate	Moderate
7	**Skills capablllty and capacity** Inadequate capability and/or capacity to implement the strategy of the organisation	High		-	-	-	High
8	**Extreme weather and physical climate risk** An increase in the number and severity of extreme weather events	High		-	High	High	High
9	**ESG monitoring and action** Failure to measure and monitor DBSA's impact on the environment and society	High		-	Moderate	Moderate	Moderate
10	**Just Transition** There may be delays or inadequate pace in implementation of an Integrated Just Transition Strategy	High		-	-	-	High
11	**Growth limiters** Inability to increase scale of development impact, balance sheet or income growth	High		-	-	-	High

1

CREDIT RISK - AN INCREASE IN THE INABILITY OF CLIENTS TO HONOUR DEBT OBLIGATIONS

Risk Owner/s	GE:Fin Ops, CRO

Inclusive economic recovery	Strategic Rest of Africa lens	Doing things differently
✓	✓	x

Key drivers

- Possible non-performance of a single large credit exposure or multiple exposures that are closely correlated
- The performing loan book remains MS14 (High risk)
- International Portfolio with an aggregate MS rating of MS15 (High risk) (previously MS16)
- SA Portfolio with an aggregate rating of MS 13 (Medium risk)
- (previously MS12)
- Increasing political uncertainty in exposure countries due to national elections taking place in 2024 in several countries
- High levels of indebtedness, high interest rates and high inflation in key markets
- Knock on effects from volatile geo-political environment
- Increasing dysfunction in municipalities
- Sovereign downgrade of some of our clients
- Changes in legislation may affect repayment ability of munics e.g. impact of Electricity Regulation Amendment Act

Key impacts

Downside impacts

- Deterioration in asset quality and increasing ratio of non-performing loans
- Increase in impairments leading to a negative impact on sustainable profit

Inherent Risk Rating	Residual Risk Rating	Appetite
High	High	Moderate

Response (Timeline for review 31 March 2026)

- Active portfolio management risk tilting (On-going)
- Diversify clients/products and pursue off-balance sheet structures (On-going)
- Proactive risk management with the application of due diligence process on deals (Ongoing)
- Analyses of economic and global market conditions (On-going)
- All disbursement requests to be accompanied by high level credit confirmation of no material change to the credit profile of the client (On-going)
- Legal continues to ensure that all financing documents that are still being negotiated include appropriate clauses for market disruption and economic failure including repricing (On-going)
- Routine monitoring of loans occurs through day-to-day monitoring and annual credit reviews. Rapid Risk Reviews take place when indicators show rapid deterioration of loans or material adverse changes are experienced or foreseen (On-going)
- Loans showing early signs of distress (Stage 1 loans) are placed on the Operational Watchlist. This is managed through the Watch List Committee which feeds into IC and BCIC in order to assess the risk of default (RoD). Relevant actions are taken to cure the loans at all three stages. Where required DBSA executives will engage with their counterparts (On-going)
- Loans showing a Significant Increase in Credit Risk (SICR) are in Stage 2 and are placed on the SICR Watchlist. Depending on the RoD, some may be handed over to the Business Support & Recovery Unit (BSRU) at Stage 2. (On-going)
- Loans that are non-performing are in Stage 3 and are handed over to BSRU. (On-going)

Relevant indicators

- Non-Performing Loans as % of Total Loans and Advances
- Sector, Country and Single obliger concentration/limit utilisation

2

CYBER RISK - UNAUTHORISED OR ERRONEOUS USE OF ICT SYSTEMS, DATA AND/OR INFRASTRUCTURE LEADING TO BREACHES OF DATA AND INFORMATION SECURITY

Risk Owner/s	CFO

Inclusive economic recovery	Strategic Rest of Africa lens	Doing things differently
✓	✓	✓

Key drivers

- Increasing number and sophistication of cyber-attacks in general (globally and locally)
- Failure of key controls e.g., threat monitoring, reliance on third parties
- Inadequate password security from a user perspective
- Inadequate configuration of security measures

Key impacts

Downside impacts

- Non-compliance to POPIA if data security is breached and personal information is compromised
- Business disruption
- Adverse impact on reputation
- Increased costs to insure against cyber incidents and loss/ reduction in available cover for cyber incidents

Inherent Risk Rating	Residual Risk Rating	Appetite
Critical	Critical	Low

Response (Timeline for review 31 March 2026)

- Training and awareness using DBSA brief and virtual training (see ICT report for details)
- Completion of all audit actions on an accelerated timeframe (see ICT report for details)
- Implement Information Security Management System (ISMS) & Cyber Security Strategy and Cyber security risk simulation (see ICT report for details)
- A third-party service provider conducts on-going threat monitoring with monthly Security Operations Centre (SOC) reporting in place (On-going)
- Implementation of Managed Portfolio Process (Business Case Evaluation and Project Prioritisation) (On-going)
- Implementation of ICT Governance Framework (On-going)
- Virtual ICT assistance to staff (On-going)
- Allow access to DBSA systems and tools to all staff via VPN and Vox 3G, with Multifactor authentication enabled for VPN log ins (Complete)
- Implementation of JCT Continuity Plan (Backup & Restore Testing) (On-going)
- Chief Information Security Officer (CISO) appointed (Complete)

Relevant indicators

- Critical system unavailability for period
- Number and severity of cyber security issues (Threats and Vulnerabilities, Ransomware. Malware)

3

LIQUIDITY RISK- INABILITY FOR THE BANK TO HAVE SUFFICIENT FUNDS TO MEET ITS MATURING OBLIGATIONS AND DISBURSEMENT TARGET

Risk Owner/s	GE: Treasury, CFO

Inclusive economic recovery	✓	Strategic Rest of Africa lens	✓	Doing things differently	✓

Key drivers

- Currency volatility
- Increase in the cost of funding
- Contagion impact of other SOE's (e.g., Landbank default)
- A reduction in funding options due to ESG performance or considerations
- Growing investor and lender concerns around the risk emanating from the Bank's exposure to the municipal and SOE sectors

Key impacts

Downside impacts
- A temporary downward cycle in core lending performance
- Adverse impact on financial sustainability
- Reduced ability to raise affordable funding
- Bank unable to achieve mandate and development impact
- Over-utilisation of the foreign currency borrowing limit
- Challenges in the ability to price senior debt i.e., this is an issue already for IPPs

Response (Timeline for review 31 March 2026)

- Engaging with key investors to understand funding requirements and funding strategy (On-going)
- Meeting quarterly with internal clients to understand their disbursement needs or requirements (On-going)
- Monitor full year schedule of disbursements by currency, split into Committed vs Uncommitted transactions (On-going)
- Rolling over of maturing liabilities (although terms may change as a result of market conditions e.g., amounts and pricing may change) (On-going)
- Pursuing additional facilities with other lenders (On-going)
- Existing operational hedging instruments against interest rate and currency risk swaps (On-going)
- Raising long term funding through bond issuances and long-term bilateral loans including novel instruments such as sustainability bonds (Ongoing)
- Regular monitoring of prudential limits (On-going)
- Seek approval for an adequate Foreign Currency Borrowing limit
- Regular cash flow forecasting (On-going)
- Unutilised facilities in place (On-going)
- Access to the repo market (On-going)
- Explore participation in Climate Change Fund mentioned in SONA 2024 (Ongoing)
- Pursuing concessional lines of credit to reduce the cost of funding (On-going)

Inherent Risk Rating	Residual Risk Rating	Appetite
High	Moderate	Moderate

Relevant indicators

- Liquidity Coverage Ratio
- Net Stable Funding Ratio
- Net Open Position

4

REPUTATION RISK- RISING FROM ANY FACET OF THE BANK'S ACTUAL OR PERCEIVED CONDUCT AND PERFORMANCE

Risk Owner/s	CE

Inclusive economic recovery	✓	Strategic Rest of Africa lens	✓	Doing things differently	✓

Key drivers

- Perception that DBSA is focusses more on profitability and is less intentional about demonstrating development impact
- DBSA's involvement with key government programmes such as the Infrastructure Fund increase reputational risk exposure if they are perceived to be failing or not governed well
- Insufficient deal flow may negatively affect overall development impact
- Perceived misalignment to the global standards and sustainable development goals
- Politisation of DBSA projects, recently there have been calls for increased scrutiny on the progress of the parliament building reconstruction project
- Delays in implementation of shareholder agreements

Key impacts

Downside impacts
- Loss of stakeholder goodwill
- Increasing oversight by the Shareholder
- On-going negative mainstream and social media coverage

Response (Timeline for review 31 March 2026)

- Outline transition periods for gas and oil (in progress)
- Develop business cases for new growth opportunities from green hydrogen, biodiversity assets and carbon markets (On-going)
- Pursue PFMA exemption (DBSA as implementing agent)
- Utilization of development subsidy to enable IDD unlock municipal projects (in progress)
- Undertake 10-year review of benefits unlocked from DBSA support to municipalities (lending and non-lending) (in progress)
- Public relations and stakeholder management to communicate mandate and performance outcomes (On-going)
- Utilising the Development Position and related Development Index to align stakeholder expectations (On-going)
- Infrastructure Fund, Partner-a-District, non-financial support to under-resourced municipalities and the High Impact Investment Fund.
- Adoption of a Climate-aligned Integrated Energy Investment Framework that will enable the Bank to support the Just Transition (On-going)
- Development of a Net Zero emissions strategy (Statement completed, strategy
- implementation is on-going)
- Increasing capacity of Monitoring and Evaluation unit under consideration (in progress)
- Develop a holding statement in response to negative press and only respond where DBSA is addressed directly (On-going)

Inherent Risk Rating	Residual Risk Rating	Appetite
Moderate	Moderate	Moderate

Relevant indicators

- Client and Stakeholder satisfaction survey
- Number of events leading to stakeholder dissatisfaction or adverse media

5

BUSINESS ENVIRONMENT AND OPERATIONS RISK - FAILURE TO MAINTAIN ADEQUATE RESPONSIVENESS AND AGILITY TO RESPOND TO THE CHANGING ENVIRONMENT

Risk Owner/s	CFO, GE:Fin Ops, CRO, Chief Economist

Inclusive economic recovery	Strategic Rest of Africa lens	Doing things differently
✓	✓	✓

Key drivers

- Political landscape directly affecting DBSA business especially where the Government of National Unity (GNU) and coalitions at provincial level may lead to misalignment on infrastructure related decisions leading to delays
- Increasing negative influence of "Construction ("Mafias") Business Forums"
- Inappropriate DBSA pricing and DBSA BEE score continue to reduce competitiveness in M2/M3 space
- Improvements in Eskom's energy availability factor Inadequate resources e.g., institutional analysts/specialists
- Depressed deal pipelines in RSA and the region
- High Debt to GDP ratio in key markets coupled with high levels of inflation globally
- Stagnant or declining economic growth
- Interest rates remaining higher for longer locally and in the region
- Slow implementation of structural reforms
- Increasing number of severe/extreme weather events and disasters

Key impacts

Downside impacts

- Adverse impact on financial performance of the Bank e.g. higher impairments, costs, reduced revenues etc.
- Inability to achieve development impact and financial growth at scale
- Adverse impact on the ability to raise capital
- Upside impact - A growing infrastructure investment need

Inherent Risk Rating	Residual Risk Rating	Appetite
High	High	Moderate

Response (Timeline for review 31 March 2026)

- Investigate business case to develop advisory capabilities for the Bank (On-going)
- Develop and implement business case for trade finance (On-going)
- Scale up new products e.g., High Impact Investment Portfolio (On-going)
- Increasing focus on the non-core lending aspects of the business i.e. D-Labs, Infrastructure Delivery Division, Partner-a-District platform etc. (On-going)
- Investigating options to reshape the loan book from fewer larger deals to increased volumes of smaller deals (On-going)
- Strengthening partnerships and increased collaboration with other DFI's
- Increasing digitalization in operations (On-going)
- Improving the effectiveness of learning and development initiatives to develop adequate skills (On-going)
- Improving strategy alignment and execution through an enhanced Balanced Scorecard process (ongoing)
- Approval of DFI scorecard by Department of Trade Industry and Competition (Ongoing)
- Participation in conditional grant pledging to enable greater participation in municipal infrastructure rollout (On-going)
- Pursuing joint bidding on municipal tenders to offer competitive pricing (On-going)

Relevant indicators

- Digital DBSA (digitalisation, automation, and process re-engineering)
- Various economic indicators

6

PEOPLE AND CULTURE RISK - POTENTIAL DECREASE IN STAFF MORALE, ADVERSE IMPACT ON WORK PRODUCTIVITY, EMPLOYEE DEVELOPMENT AND WELLNESS

Risk Owner/s	CE, CRO, GE:HC

Inclusive economic recovery	Strategic Rest of Africa lens	Doing things differently
✓	✓	✓

Key drivers

- Culture survey results indicate several areas of improvement
- Employee burnout and work-related stress
- Insufficient resources to pursue some strategic initiatives and business as usual concurrently
- Several divisions have raised risks around "keyperson" dependencies and unclear succession planning
- Higher than desired vacancy levels
- Increasing adoption of artificial intelligence tools such as ChatGPT may be a positive driver for productivity improvement tools
- Change fatigue

Key impacts

Downside impacts

- Adverse impact on the organization's performance operationally and financially

Inherent Risk Rating	Residual Risk Rating	Appetite
Moderate	Moderate	Low

Response (Timeline for review 31 March 2026)

- Hybrid Working Model (On campus days are Tues and Wed for all employees) (ongoing)
- Organisational review (in progress)
- Clarify and align training policy with talent management (ongoing)
- Assess capability across all units and the feasibility of moving staff (ongoing)
- Assess corporate culture through the Deloitte "Best company to work for" survey (Survey complete - further supporting initiatives in progress)
- Integrated digital strategy (ongoing)
- Develop a senior succession plan (ongoing)
- Contingency plans relating to succession for critical skills (ongoing)
- Regular communications to staff (ongoing)
- Access to the Employee Wellness Provider (EWP - ICAS) to support employees (ongoing)
- Demonstrate equal commitment to all changes (ongoing)
- Provide sufficient resources (ongoing)
- Identify change fatigue early (ongoing)

Relevant indicators

- Digital DBSA (digitalisation, automation, and process re-engineering)

7

EXTREME WEATHER AND PHYSICAL CLIMATE RISK - AN INCREASE IN THE NUMBER AND SEVERITY OF EXTREME WEATHER EVENTS IN AFRICA E.G. FLOODS, HEATWAVES & WILDFIRES ETC.

Risk Owner/s	GE Fin Ops, CRO	Inclusive economic recovery	✓	Strategic Rest of Africa lens	✓	Doing things differently	X

Key drivers

African climate is driven by:
- El Nino-Southern Oscillation (ENSO) The ENSO influences extreme weather events globally, causing floods in some regions and droughts in others.
- Indian Ocean Dipole (IOD) The IOD refers to an irregularly alternating sea-surface temperature difference in the waters of the west and east Indian Ocean leading to heavy rainfall in East Africa.
- Inter-Tropical Convergence Zone (ITCZ) The ITCZ is a band of clouds that forms across the tropics leading to heavy rainfall between latitudes of approximately 23.5° N and S.

Key impacts

- Downside impact - Loss of key infrastructure in DBSA key markets reversing development gains that have been made in the past
- Downside impact -Adverse social impacts e.g forced migration, increasing inequality and reduction of economic opportunity
- Upside impact - Increase in demand for infrastructure development financing

Response (Timeline for review 31 March 2026)

- Determine the number of DBSA interests in areas vulnerable to extreme weather (as per ESG Plan)
- Develop scenarios covering various levels of damage to infrastructure and the resultant costs to mitigate and restore (as per ESG Plan)

Inherent Risk Rating	Residual Risk Rating	Appetite
High	High	Moderate

Relevant indicators

- Number of extreme weather events
- Total losses attributable to extreme weather events

8

ESG MONITORING AND ACTION - FAILURE TO MEASURE, MONITOR AND ACT ON DBSA'S IMPACT ON ESG IN LINE WITH STAKEHOLDER EXPECTATIONS

Risk Owner/s	GE Fin Ops, CRO	Inclusive economic recovery	✓	Strategic Rest of Africa lens	✓	Doing things differently	✓

Key drivers

- Multiple complex frameworks for structuring, measuring and monitoring impact on ESG
- Inadequate resources e.g., financial resources, number of people and relevant skillset internally to carry out the work required
- Inadequate credible data sources
- Increased global drive towards net zero emissions by 2050
- Signing of RSA Climate Change Act into law

Key impacts

- Downside impact - Inappropriately controlled adverse impacts on the environment and society
- Downside impact - Reduction in the ability to source funding from capital markets as ESG requirements become increasingly commonplace and stringent
- Downside impact -Adverse impact on DBSA's reputation
- Downside impact - Non-compliance to regulations leading to fines and disruption

Response (Timeline for review 31 March 2026)

- DBSA ESG Policies, systems and guidelines (On-going)
  - Environmental and Social Safeguard Standards (based on IFC Performance Standards) and Social and Institutional Guidelines
  - Integrated Environmental and Social Sustainability Approach
  - Green Finance Taxonomy
  - Environmental Management System
  - Environmental Appraisal Framework
  - Climate Change Policy Framework
- ESG reporting (On-going)
  - Development Results Reporting Framework
  - Impact reporting covering:
    - Energy efficiency
    - Renewable energy
    - Non-energy GHG emission reduction
    - Climate change contribution and adaptation
    - Green buildings
    - Clean transportation
    - Pollution prevention and control
    - Sustainable management of natural resources including water
    - Access to essential services
    - Socio-economic advancement and empowerment
    - Waste

Inherent Risk Rating	Residual Risk Rating	Appetite
High	Moderate	Moderate

Relevant indicators

- Various ESG indicators

9

SKILLS CAPABILITY AND CAPACITY - THERE MAY BE INADEQUATE CAPABILITY AND/OR CAPACITY TO IMPLEMENT THE STRATEGY OF THE ORGANISATION

Risk Owner/s	GE.All GEs

Inclusive economic recovery	✓	Strategic Rest of Africa lens	✓	Doing things differently	✓

Key drivers

Capability (quality)

- Under-utilization of training resources and professional development opportunities
- Inability to recruit at the required skill level (possibly due to the market)

Capacity (number)

- Inadequate number of sector specialists (issue raised by Transacting)
- Mismatch in growth in the staff complement between the frontline vs the middle and back office
- Loss of potential candidates due to competition, talent mobility
- Lengthy recruitment process partly due to market conditions and internal processes
- Insufficient work-force planning
- Loss of talent through resignations or retirements etc.
- Uneven distribution of workload
- Inadequate work tools

Key impacts

Downside impact

- Key person dependency issues
- Decrease in the quality of outputs
- Adverse impact on current staff morale
- Delays in implementing DBSA's strategy ultimately limiting the opportunity to im rove develo ment im act at scale

Inherent Risk Rating	Residual Risk Rating	Appetite
High	High	Moderate

Response (Timeline for review 31 March 2026)

- Learning & development programme (On-going)
- Succession planning (On-going)
- Recruitment process (On-going)
- Performance management (On-going)
- Fit for Purpose Initiative (On-going)
- Remuneration Policy (On-going)
- Digital Transformation Initiative (DigiEvolve) (On-going)

Relevant indicators

- Digital DBSA (digitalisation, automation, and process re-engineering)
- Retention of critical skills
- Vacancy levels

10

JUST TRANSITION - THERE MAY BE DELAYS OR INADEQUATE PACE IN IMPLEMENTATION OF AN INTEGRATED JUST TRANSITION STRATEGY

Risk Owner/s	GE.All GEs

Inclusive economic recovery	✓	Strategic Rest of Africa lens	✓	Doing things differently	✓

Key drivers

- Lagging development of Just Transition plans and the strategic importance of the current and available sources of energy to the regional economy

Key impacts

Downside impact

- Adverse impact on brand and reputation
- Increasing pressure from stakeholders
- Increase in difficulty of sourcing affordable funding
- Reduced capacity for liability insurance if fossil fuel-based projects are not hased out of the book or added with Just Transition lans)

Inherent Risk Rating	Residual Risk Rating	Appetite
High	High	High

Response (Timeline for review 31 March 2026)

- Development position of the Bank
- Net zero statement was adopted which advocates for sustainable solutions to infrastructure projects
- Strategic choice by DBSA that no new fossil fuel transactions will be funded unless they are underpinned by a clear and unambiguous Just Transition plan
- DBSA will need to continue assessing requests to support fossil fuel related transactions with individually
- DBSA is supporting the IPP programme, embedded public and private power generation projects
- Embracing climate change, environmental protection, social sustainability, gender mainstreaming and embedding sustainability in all its investment opportunities

Relevant indicators

- Value of projects approved for funding by DBSA's existing Climate and Environmental Facilities (e.g., CFF, EGIP etc.)
- Negative impact on natural resources e.g., soil, water, air, fauna, and flora
- Any issues of social nature affecting individuals or communities

11

UPSCALING CONSTRAINTS - INABILITY TO INCREASE SCALE OF DEVELOPMENT IMPACT, BALANCE SHEET OR INCOME GROWTH SIGNIFICANTLY FROM THE CURRENT BASE

Risk Owner/s	GE.All GEs	Inclusive economic recovery ✓	Strategic Rest of Africa lens ✓	Doing things differently ✓

Key drivers

- Lack of competitive advantage e.g. high cost of funding compared to other players in the region
- Shallow municipal debt absorption capacity locally
- Geopolitical tensions and pockets of volatility across the continent could limit the DBSA's footprint and potential markets.
- Increased competition in the municipal finance environment due to better price points by commercial banks.
- Construction mafia remains a major threat to the operations of IDD
- Lack of infrastructure funding and grant allocations
- Change in accounting authorities/political principals at municipal level
- Infrastructure budget cuts due to fiscal constraints by our clients and stakeholders
- Operational inefficiencies leading to slow conversion rates and slow implementation of strategic initiatives
- Inadequate resources

Response (Timeline for review 31 March 2026)

- Corporate Plan Strategic Initiatives
  - Just Transition
  - Integrated Municipal Approach
  - Regional integration
  - Elevating development impact
  - Shareholder alignment
  - Fit for purpose DBSA
- Diversify funding sources
- Shareholder diversification to improve credit rating by separating from the RSA sovereign rating
- Consider wholesale deposit taking as part of SARB regulation drive
- Envisaged state-owned entity governance framework and new DFI empowerment scorecards

Key impacts

Downside impact
- Stagnant or relatively flat growth rate of the DBSA
- Increasing pressure from key stakeholders to 'do more"

Upside impact
- May force a fundamental change in risk appetite towards more risk seekin /aggressive strategic choices

Inherent Risk Rating	Residual Risk Rating	Appetite
High	High	High

Relevant indicators

- ROE (calculated on sustainable earnings)
- Cost to income ratio - financing business
- Total Disbursements
- Number of jobs facilitated
- Value of Infrastructure Delivered
- Value of infrastructure unlocked in district municipal spaces adopted for programmatic approach
- Number of transactions that are committed for DBSA funding to black-owned entities

ANNEXURE H: BUSINESS CONTINUITY AND ORGANISATIONAL RESILIENCE

The DBSA is committed to a structured systematic and integrated approach to business continuity management (BCM) in accordance with the current approved BCM Policy, industry standards, and best practice. The BCM reports into the risk governance structures to provide assurance to the Board. All Group Executives have joint accountability for the implementation of BCM in their divisions.

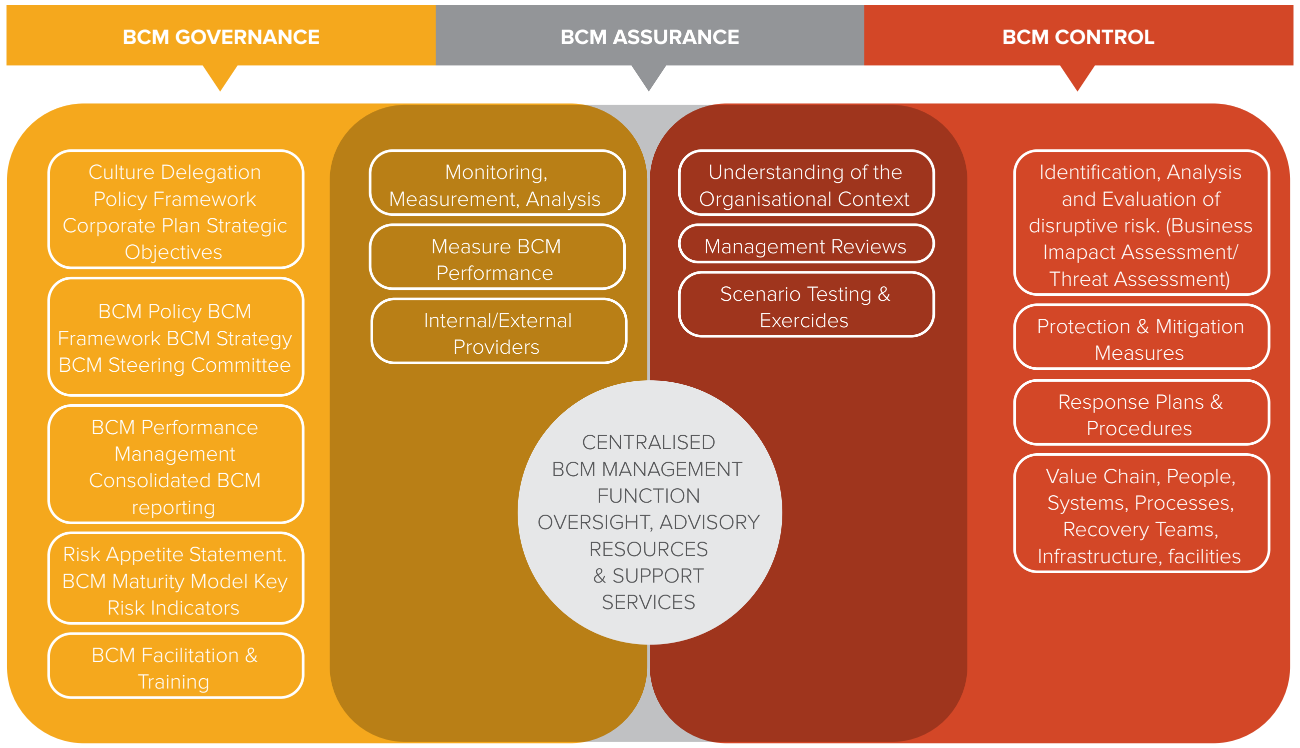
To ensure a certified business continuity capability, the DBSA has aligned to the ISO standard 22301 and the Business Continuity Institute's Good Practice Guidelines. The objective is to provide ongoing management, coordination, and governance to ensure that all BCM activities are conducted and implemented to build a resilient organisation.

OBJECTIVE OF THE BCM FRAMEWORK

The aim of this framework is to inform and drive continual, effective, cross-functional, multilevel continuity planning through holistic, integrated risk management practice. To:

- Establish a control environment to link corporate governance, risk management, business planning, and operational performance to the DBSA's strategic direction (business continuity system).
- Invest time, capital, tools, and techniques to ensure BCM is a fully embedded, auditable business management process (business continuity planning).
- Introduce highly structured co-ordination arrangements ensure that all planning and systems, from the initial business response to recovery and full functionality, are aligned, well-understood, and well-communicated, with roles and responsibilities clearly defined and documented.
- Develop workforce capability and competencies through plans, skills training, role rehearsals, and adequate provision of technical equipment and committed resources.
- Ensure inter-operability of planning and operational activities considering inter- and intra-dependencies.
- Uphold a resilience philosophy in which the business continuity capability always reflects the needs, technology, structure, and culture.

OVERVIEW OF THE BCM FRAMEWORK



CONTINUITY ASSURANCE FRAMEWORK

The BCM Function aims to ensure that the DBSA can adequately respond, recover, and restore business operations resulting from business interruption.

The Continuity Assurance Framework provides management with an evaluation of the enterprise's preparedness in the event of a major business disruption and assists with the identification of any issues that may limit interim business processing and restoration.

There are five elements that form the basis for the Continuity Assurance Framework. These elements ensure that we as an organisation have the ability to adequately respond to any incident by preparation and anticipation, that we are able to prevent and mitigate a disruptive incident and, if the incident does occur, we are able to adequately respond, recover, and restore business as soon as possible, ultimately building a resilient organisation.

CONTINUITY ASSURANCE FRAMEWORK

OBJECTIVE: A STATE OF READINESS TO FACE ANY CHALLENGE

PEOPLE, FACILITIES, PROCESSES AND TECHNOLOGY

PREVENTION

Understanding the Organisation & its context
- Gap Analysis
- Leadership Committment
- ERM Strategy
- Threat and Vulnerability Risk Assessment (BIA)
- Management Review
- Monitoring, Measurements, Metrics and BCM Dashboard. Policy
- Methodology, Standards, Regulation Best practice
- Continuous Improvement

MITIGATION
Education, Information & Communciation

Developing the BCM Strategy
- BCM Strategies:
- People (Human Capital)
- Facilities
- Technology
- Suppliers
- Stakeholders
- Vital Records
- Cost versus Benefit Analysis
- Corporate Plan/ Strategy
- Emergency Management
- Incident Management

Develop the BCM Strategy
- Business Continuity Plans (per division)
- Training & Awareness Programme (BCM Teams)
- Exercise Schedule
- IT Continuity Plan
- DRM Continuity Plan - Communication Protocol
- Emergency response plan
- Testing, Exercising
- BCM Procedures

RESPONSE
Immediate Reaction/ Survival

Activating the Plans
- Disaster Declaration /Communic;ition Protocol
- Crisis Management & Incident Response Management
- Supplier Management
- Stakeholder Management
- Emergency Response Plan
- Business Recovery for core business
- IT Continuity Plan
- DRM Continuity Plan
- Crisis Management Team
- Emergency Response Team
- Damage Assessments

RECOVERY

BCM Processes
- Salvage and Restoration Team
- Alternative Site IT, WAR, Facilities, People
- Minimum Service levels
- Resumption of all IT systems
- Manage business area recovery
- People Coordination
- Transport/Travel
- Additional Budgetary Expenses
- Business Resumptions

RESTORATION

BCM Processes
- Normalising to pre disaster condition
- Transition
- Restore original site or alternative site
- Facilities
- ICT
- Business Restoration

ANNEXURE I: DBSA ENVIRONMENTAL AND SOCIAL SUSTAINABILITY FRAMEWORK

The DBSA environmental and social sustainability framework is aligned to its mission and mandate. The Bank regards sustainability as a fundamental aspect of sound business practice. It recognises that economic development needs to be compatible with human welfare and a healthy environment and therefore the sustainable development agenda is inter-linked with humanitarian, environmental restoration and responsibility, and social inclusivity. The DBSA acknowledges that the financial sector must play a critical enabling role to scale up efforts to limit global warming, ecosystem degradation, and marginalisation of people whilst simultaneously building resilience of society and ecosystems. To deliver this, the organisation aims to:

- Achieve positive social and environmentally sustainable development outcomes in DBSA operations to realise a green and inclusive economy.
- Consider environmental and social factors when making investment decisions, through application of the DBSA Environmental and Social safeguards as well as other internationally recognised standards such as the IFC Performance Standards and the Green House Gas (GHG) Protocol.
- Explicitly improve and leverage Gender mainstreaming efforts at both an investment and organisational level.
- Use its skills and influence to improve the built environment and to maintain the integrity and quality of the natural capital and cultural environments.
- Work with clients, suppliers, contractors, regulators, professional bodies and civil society at large to raise the environmental and social sustainability standards of the sectors and jurisdictions in which it operates.
- Report progress on its material environmental, social and governance related performance indicators in line with internationally recognised reporting frameworks such as the Task Force for Climate Related Financial Disclosure (TCFD).

In meeting these objectives, the organisation will:

- Deliver on its economic development mandate in line with a sustainability imperatives.
- Maintain a high standard of environmental, social and governance awareness through promotion of strategies and practices to address sustainability considerations within investments and across its operations.
- Establish a "Thought Leadership" position within the wider financial sector, on Sustainable Development matters through its investments and through its stakeholders both locally and internationally.

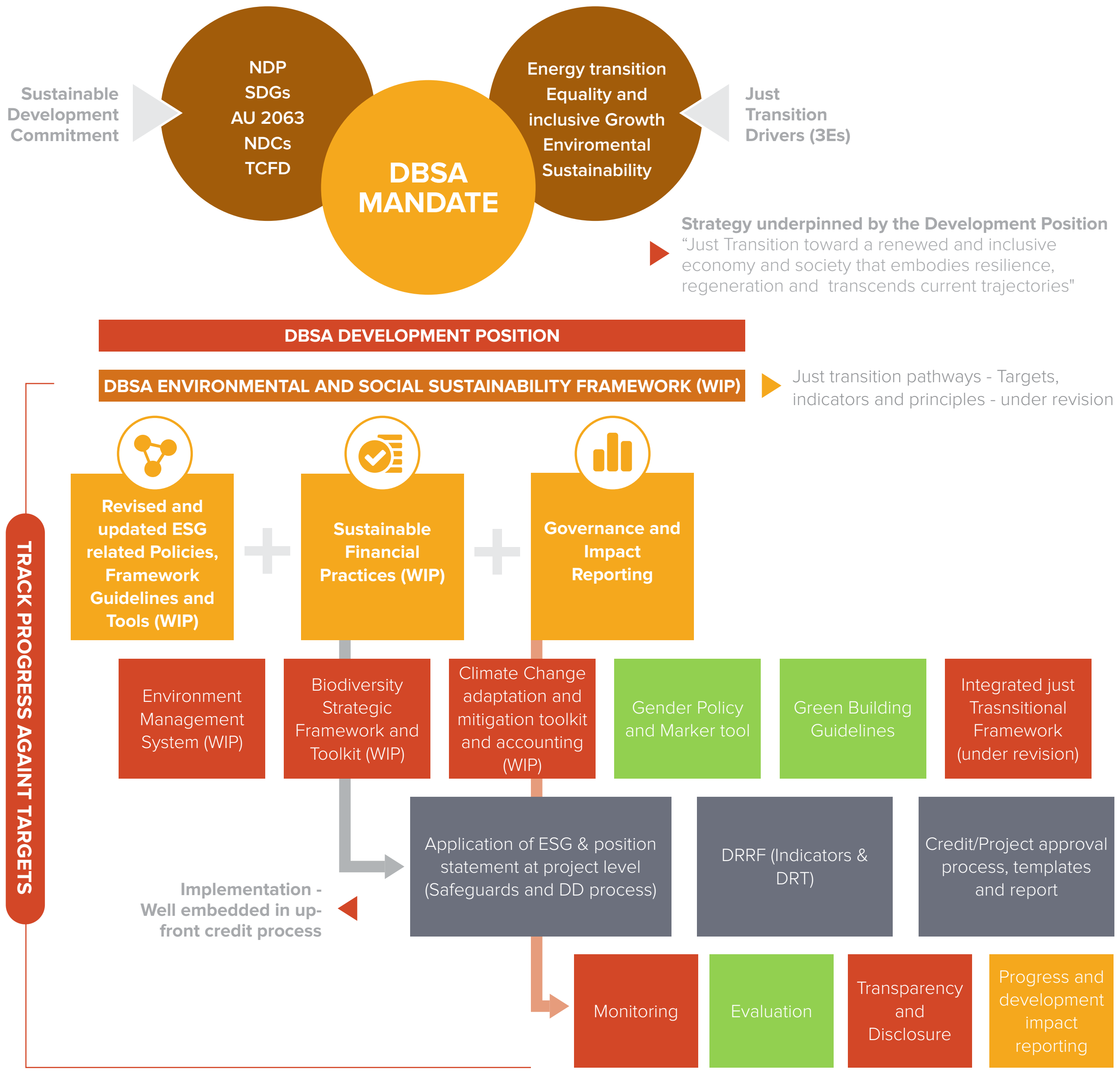


Figure 1: DBSA Sustainability Approach

The DBSA's suite of ESG and sustainability policies, frameworks and tools that outline the DBSA's approach to sustainability considerations, to form the DBSA Environmental and Social Sustainability Framework (ESSF) is in the process of revision to take cognisance of the evolving ESG landscape. The following policies, frameworks and positions form a part of the current Environmental and Social Sustainability Framework:

- DBSA Environmental and Social Safeguard Standards
- Integrated Just Transition Investment (IJT) Framework (2021)
- DBSA Green Bonds Framework approved January 2021 (under revision)
- DBSA Statement on Net Zero: Fossil Fuel funding statement
- Green Building Guidelines
- Development Results processes and procedures
- Gender Mainstreaming policy
- Other organisational wide policies such as the Health and Safety, Code of Ethics and Whistle Blowing Policy are all relevant to the revision of the Environmental and Social Sustainability framework.

The intended revision of the Environmental and Social Sustainability Framework, to incorporate relevant governance parameters pertinent to the organisation, re-confirms our commitment to developing a Precautionary Approach in both our own operating environment and with all our stakeholders in keeping with government's endeavours at protecting the environment and communities. A Climate Risk management framework which forms a part of the over-arching Environmental and Social Sustainability framework, is ear-marked for development over the next three years in line with the four recommendations of the TCFD. The DBSA Integrated Just Transition framework whilst, in a state of revision, is an integral component of the overall Climate Change framework.

IMPLEMENTATION OF DBSA'S ENVIRONMENTAL AND SOCIAL SAFEGUARDS

The DBSA Environmental and Social Safeguards (ESS) approved in November 2018 by the DBSA Social and Ethics Committee, outlines the DBSA's approach to environmental and social due diligence and assessment, mainstreaming and promoting environmental and social considerations in DBSA operations and managing ESG risks in projects funded by the DBSA. The DBSA ESS is available on request.

The ESS builds on how DBSA can create opportunities for a green and inclusive economy especially within the context of a just and green economic recovery from the COVID-19 pandemic which is inextricably intertwined with global environmental issues of biodiversity loss, climate change, air and water pollution, and waste management; both in terms of its origin and the implications for environmental outcomes and the future well-being of societies around the world.

Measuring and evaluating the sustainability impacts over time is crucial, and a set of indicators, covering a broad array of critical environmental dimensions, is being continuously updated for all DBSA projects through its Development Results Reporting Framework.

All programmes and projects considered for funding undergo a rigorous environmental and social appraisal as part of the broader investment appraisal process. This approach enables the DBSA to embed sustainability principles into every step of the investment value chain.

The Bank's environmental, social and governance specialists implement the ESS. The safeguards promote consistency in supporting and enhancing the Bank's decision-making processes. They mitigate and manage environmental and social risk, while also ensuring increased development impact. The Bank strives to achieve net positive environmental and social outcomes; as well as net positive social and economic outcomes where opportunities present. The figure below highlights the key activities involved.

The DBSA seeks to provide innovative and structured financing solutions to meet project needs thereby matching environmental and social safeguards principles with financial solutions to address development challenges. The DBSA adopts an integrated approach to assess the environmental, social, gender, economic, financial and sector considerations of each proposed investment project. This enables the DBSA to embed sustainability principles into every step of the investment value chain.

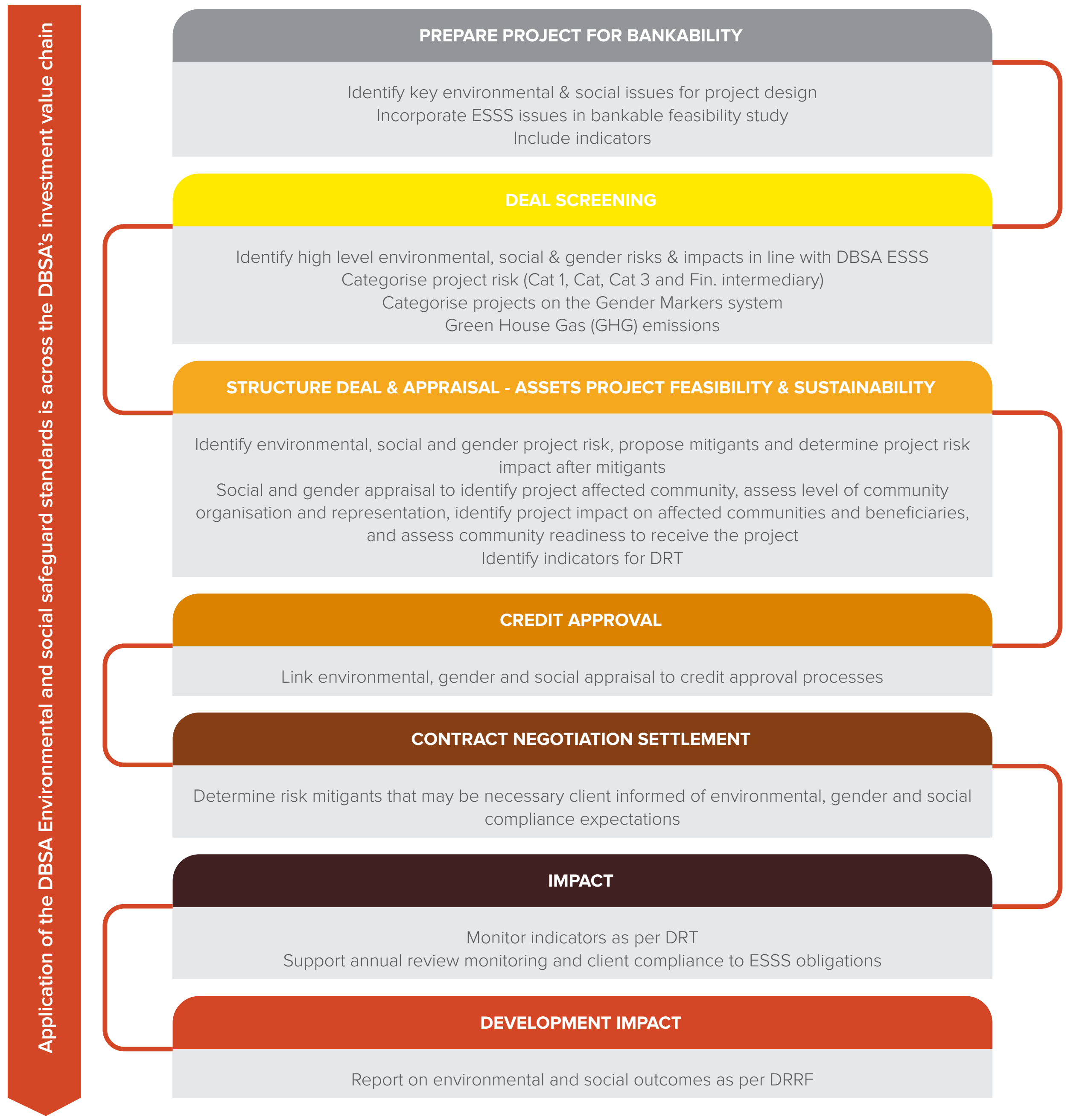


Figure 2: The environmental and social risk process as part of the organisation's investment processes.

ANNEXURE J: BREAKDOWN OF DISBURSEMENT TARGET

Sector / Function Area Split	FY 2025/26 R'm	FY 2026/27 R'm	FY 2027/28 R'm
Metro Top 5	**2 700**	**3 500**	**3 700**
M2/M3	**460**	**600**	**700**
Social	**840**	**1 100**	**1 200**
Economic	**5 300**	**7 200**	**7 600**
Energy & ICT	2 800	3 800	4 000
Transport & Bulk Water	2 500	3 400	3 600
Rest of Africa	**6 200**	**7 000**	**7 400**
SADC	3 100	3 500	3 700
Outside-SADC	3 100	3 500	3 700
Total	**15 500**	**19 400**	**20 600**

ANNEXURE K: DESCRIPTION OF SDGs AND NDP OUTCOMES

SOUTH AFRICAN NATIONAL DEVELOPMENT PLAN (VISION 2030) PRIORITIES

DBSA
DEVELOPMENT BANK OF SOUTHERN AFRICA
Building Africa's Prosperity