

Development Bank of Southern Africa Limited

(Reconstituted and incorporated in terms of section 2 of the Development Bank of Southern Africa Act, 1997)

Registration number: 1600157FN

JSE company code: DIDBS

LEI code: 25490071AZ4HOFUNIH94

(the “DBSA” or the “Bank”)

REVIEWED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2025

Overview

DBSA is a development finance institution; whose only shareholder is the Government of the Republic of South Africa. This summary of the condensed financial results for the interim period ended 30 September 2025 (the “results”) is published on the JSE Limited (“JSE”) Stock Exchange News Service to provide the information to the holders of the Bank’s listed debt securities. The results are prepared in accordance with the requirements of International Financial Reporting Standards (“IFRS”) and its interpretations as issued by the International Accounting Standards Board (“IASB”), the presentation requirements of IAS 34, the requirements of sections 27 to 31 of the Companies Act of South Africa (Act No.71 of 2008, as amended) (“Companies Act”), these being the relevant and corresponding sections specified in the Development Bank of Southern Africa Act (Act No. 13 of 1997) (“DBSA Act”) and the JSE Debt and Specialist Securities Listings Requirements. The condensed interim financial statements for the six-month period ended 30 September 2025 (“condensed interim financial statements” or “interims”) and the auditor’s unmodified review conclusion are available through a secure electronic manner at the election of the person requesting on the DBSA website at <https://www.dbsa.org/investor-relations>

Key impressions of the financial results and activities

Highlights from the financial results:

The key financial indicators for the period under review are:

Solid earnings and continued profitability

- Net interest income increased by 9.3% to R4.4 billion (30 September 2024: R4 billion).
- Operating income increased by 55.9% to R5.6 billion (30 September 2024: R3.6 billion).
- Net profit increased by 91.2% to R4.1 billion (30 September 2024: R2.2 billion).
- Sustainable earnings increased by approximately 42.7% of R3.6 billion (30 September 2024: R2.5 billion).
- Annualized ROE on sustainable earnings increased to 12.0% (30 September 2024: 9.4%).
- Annualized ROE on net profit increased to 13.8% (30 September 2024: 8.1%)

Effective cost optimization strategies

- Cost to income ratio improved to 20.1% (30 September 2024: 21.5%).

Asset growth and strong disbursements levels

- Total assets increased by 1% to R122 billion (31 March 2025: R121 billion).
- Total development loans and development bonds increased by 2.3% to R117.3 billion (31 March 2025: R114.6 billion).
- Total disbursements (loans and equities) amounted to R11.1 billion (30 September 2024: R7.1 billion).

Strong and record cash collections from loan book

- Cash flow generated from operations increased by 5.2% to R3.3 billion (30 September 2024: R3.2 billion).
- Total loan book repayments increased by 4.4% to R12.9 billion (30 September 2024: R12.4 billion).

Asset quality - resilient asset portfolio under difficult operating environment

- Gross NPL% ratio decreased to 3.0% (31 March 2025: 3.2%).
- Net NPL% decreased to 1.1% (31 March 2025: 1.2%).
- Impairment losses decreased to R497 million (30 September 2024: R502 million).

Capital adequacy and leverage ratios well within regulatory limits.

- Debt-to-equity ratio excluding R20 billion callable capital improved to 92% (31 March 2025: 105%).
- Debt-to-equity ratio including R20 billion callable capital improved to 70% (31 March 2025: 78%).
- Callable capital is authorised shares but not yet issued. Debt to equity ratio is within the Bank's regulatory limit of 250%.

Review of the condensed interim financial statements

DBSA's auditor, the Auditor General of South Africa (hereinafter referred to as the "AG") conducted a review of the condensed interim financial statements in accordance with the International Standard on Review Engagements 2410, *'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'*. The AG has expressed an unmodified review conclusion on the condensed interim financial statements.

Context of the condensed interim financial statement

The global economic outlook remains lackluster, despite a smaller-than-expected trade tariff impact. Reciprocal tariffs initially introduced new challenges, including changing global trade dynamics, and increasing geopolitical tensions and costs of doing business. The growth outlook for the African continent was revised upward, although debt vulnerabilities remain elevated, negatively impacting long-term growth and the social fabric, as more resources are channeled towards debt service rather than investment. In South Africa, the economic environment remains sensitive to geopolitical developments. Domestic growth has been characterised by modest GDP growth, weak investment, persistently high unemployment, inequality and significant public debt, coupled with risks associated with the US trade tariffs on South Africa. Despite these global and domestic risks, the DBSA's growth strategy remains focused on catalyzing development, fostering partnerships, and mobilizing resources to address developmental challenges and unlocking the full potential of the African continent. The DBSA aims to create lasting sustainable development outcomes through infrastructure development and strategic partnerships within the confines of our balance sheet.

Preparation of the condensed interim financial statements

The directors take full responsibility for the preparation of this announcement and confirm that the financial information has been correctly extracted from the underlying reviewed condensed interim financial statements for inclusion in this announcement.

Basis of preparation

The condensed interim financial statements have been prepared in accordance with the recognition, measurement, and disclosure requirements of IFRS and the presentation requirements of IAS 34 *'Interim Financial Reporting'*, sections 27 to 31 of the Companies Act, the DBSA Act and the JSE Debt and Specialist Securities Listings Requirements. The condensed interim financial statements have been prepared on the historical cost basis, except for financial instruments held at fair value through profit or loss, financial instruments designated at fair value through profit or loss, derivative financial instruments, equity investments, land and buildings, post-retirement medical aid benefit investment, funeral benefit, and post-retirement medical aid liability. Accounting policies and methods of computation adopted are consistent with those applied to the annual financial statements as at 31 March 2025. The preparation of the condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and are subject to DBSA governance processes.

Income statement commentary

Profitability & efficiency

The current operating environment continues to remain challenging, buoyed by improved investor sentiment, the exchange value of the Rand performing well, and government bond yields having declined, coupled with declining interest rates and relatively lower inflation. The Bank continues to be profitable. The net profit for the interim period increased by 91.2% from R2.2 billion to R4.1 billion. The increase in the net profit for the period under review stems from increase in net interest income, a higher net gain from financial assets and liabilities. Net interest income increased by 9.3% during the current interim period, when compared to the 8.2% reported in prior interim period. The annualized return on equity for the current interim period increased to 13.8% when compared to 8.1% for the prior period due to higher levels of profitability and increased equity base when compared to the prior period.

The Bank has assets and liabilities that are mostly denominated in USD and Euro. DBSA funds projects in USD and Euro outside of South Africa. Consequently, the Bank has a net foreign currency asset position (i.e. total foreign currency asset minus total foreign currency liabilities) amounting to equivalent USD93 million (31 March 2025: USD151 million). Given the Rand appreciation against the USD during the interim period when compared to the prior year; foreign currency exchange rate gain in the income statement amounted to R52 million (R217 million loss in the prior interim period). Whilst the net foreign currency position is not fully hedged, the Bank closely monitors and manages its exposure to foreign exchange rate risk using natural hedges and derivative hedging strategies.

The Bank remains efficient in managing operational costs and the cost optimization strategy continues to be effective. The total cost-to-income ratio for the current interim period improved to 20.1% (21.5%: 30 September 2024) and the ratio continues to be in line with the Bank's cost optimization strategy and well below the limit of 35%.

Balance sheet commentary

Funding and liquidity management

The Bank's liquidity and capital position remains strong. DBSA continues to raise funding from a diverse pool of funding sources which include debt capital markets, bilateral engagements with commercial banks, bond market, money market, private placements and international development finance institutions. As at 30 September 2025, the 30-day liquidity coverage ratio amounted to 463% (31 March 2025: 1 510%). The Bank's total debt redemptions for the six months amounted to approximately R6.9 billion (30 September 2024: R5.5 billion). Liquidity holdings remained within policy parameters with total liquid assets of R11.3 billion as at 30 September 2025, down from R15.0 billion as at 31 March 2025. The Bank's total outstanding debt funding decreased by R3.3 billion, from R60.8 billion as at 31 March 2025 to R57.5 billion as at 30 September 2025. The DBSA's loan book remained resilient in a difficult environment. The cash collections from the loan book for the interim period amounted to R12.9 billion (comprising interest R5.1 billion and capital R7.8 billion) with development loan and equity disbursements amounting to R11.1 billion when compared to the R7.1 billion the prior interim period.

Leverage ratio and capital adequacy.

The Bank continues to have strong capital buffers for unexpected loss events. The Bank's capital base increased by R4.5 billion (to a total equity base of R62.5 billion) during the interim period when compared to last year's R3.5 billion increase in the equity base. As a result, the debt-to-equity ratio, including the R20 billion callable capital as at 30 September 2025, improved to 70% (31 March 2025: 78%), and remains well below the Bank's regulatory debt-to-equity ratio cap of 250%. The debt-to-equity ratio without callable capital improved to 92% (31 March 2025: 105%). Callable capital refers to shares authorized but not yet issued. The Bank's capital ratio, expressed as a percentage of balance sheet shareholder capital to unweighted total assets (per statement of financial position), increased to 51% as at 30 September 2025 from approximately 48% as at 31 March 2025. The capital to unweighted development loans (loan book exposure) ratio increased from 59% to 62%. Overall, the Bank remains well capitalized.

Loan asset quality and expected credit loss provisions (impairments)

The single largest risk that the DBSA faces from its lending activities is credit risk. The Bank has continued to be aggressive when it comes to cash collections and equally conservative in its approach to provisioning in response to any significant increase in credit risk observed in the portfolio and operating environment. DBSA remains proactive in the loan management and monitoring given the current economic environment and negative outlook skewed to the downside.

Further, in terms of IFRS 9, the Bank is required to consider forward looking information in the estimation of expected credit losses on the development loan and bond book. In doing so, the DBSA is required to make reasonable forward - looking assumptions. However, forecasting under the current environment remain complex and expected credit loss provisions by nature have a potential for variability because of many factors including the slow pace of the sovereign debt restructure, geopolitical tensions, tariffs on African exports to US, subdued GDP growth, climate risks and currency movements. For the interim period ended 30 September 2025, the Bank experienced an increase in expected credit loss balance sheet provisions (on development loans and bonds) approximately R485 million from R14.9 billion (31 March 2025) to R15.4 billion (30 September 2025).

The increase is in response to changes in the credit risk profile, growth in the loan book and the challenging macro-economic environment. The DBSA's loan book remained resilient in a difficult environment. As indicated above under Funding and Liquidity Management, the cash collections from the loan book for the interim period amounted to R12.9 billion (comprising interest R5.1 billion and capital R7.8 billion) and development loan and equity disbursement amounted to R11.1 billion when compared to the R7.1 billion in the prior interim period.

In South Africa, the municipal sector continues to face headwinds. Overall, in response to the novel risks associated with the sectors DBSA operates in, the Bank continues to make use of overlays to ensure proactive responsiveness to emerging risk during interim reporting period. The expected credit loss coverage ratio on the total development loan and bonds book increased from 13.0% (31 March 2025) to 13.2% (30 September 2025) in response to the changes in the risk profile of the book. The loans that were restructured successfully in the prior year ended March 2025 continue to perform.

The IFRS 9 stage 1 loans decreased to 46% of the loan book from 48% as at 31 March 2025 due to risk migration and loan book growth. The IFRS 9 Stage 2 loans ratio increased marginally from 48% as at 31 March 2025 to 50% (30 September 2025) and South African exposures in the transport, municipal, energy sectors comprise a significant proportion of the stage 2 loans. IFRS 9 stage 3 net non-performing loan ratio (net non-performing loans to net development loan book) decreased from 1.23% as at 31 March 2025 to 1.11% of the total loan book as at 30 September 2025. The IFRS 9 Stage 3 gross non - performing loan ratio (gross non - performing loans to total gross development loan book) decreased from 3.25% as at 31 March 2025 to 3.04% as at 30 September 2025 due to successful loan restructures, loan migration and strong cash collections.

As at 30 September 2025, the total municipal portfolio comprises 28% of the total credit portfolio (31 March 2025: 31%) The metropolitan (Tier 1) exposures as at 30 September 2025 constituted 87% (31 March 2025: 87%) of total municipal exposures. The intermediate municipalities (Tier 2) remained unchanged at 12% of total municipal exposures (31 March 2025: 12%). With under resourced municipalities (Tier 3) following a similar trend, remaining unchanged at 1% (31 March 2025: 1%). IFRS 9 stage 3 gross Non-Performing Loan ratio (gross non-performing municipal loans as a percentage of total municipal loans and bonds) increased marginally from 0.13% as at 31 March 2025 to 0.14% as at 30 September 2025, while the net non-performing loan ratio (net non-performing municipal loans to net municipal loans and bonds) remained unchanged at 0.07% (31 March 2025 : 0.07%).

The total cash collections from the municipal portfolio amounted to R5.64 billion (collections from Stage 1 loans of R3.70 billion, collections from Stage 2 loans amounted to R1.93 billion and collections from Stage 3 and POCI loans amounted to R7 million. The expected credit loss coverage ratio for total Stage 3 (non-performing) loans increased marginally to 68% as at 30 September 2025 from 67% as at 31 March 2025, mainly due to a combination of factors including valuation of collateral, credit risk movements, collections, and currency movements.

The coverage ratio for total stage 1 assets remains largely unchanged at 2% (31 March 2025: 2%) and coverage ratio for Stage 2 loans stood at approximately 20% (31 March 2025: 20%). The total impairments charge in the income statement decreased by 1.04%, from approximately R502 million in the prior period ended 30 September 2024 (“prior interim period”), to approximately R497 million for the interim review.

As at 30 September 2025, 53% (67%: 31 March 2025) of the total loan portfolio remains medium risk rated (MS8-MS13 rating) and 41% (27%: 31 March 2025) of the portfolio is high risk rated (MS14-MS17.1) and 6% (6%: 31 March 2025) of the loan portfolio remain low risk rated (MS1-MS7). The expected credit loss provisions remain adequately, and appropriately conservative and the Bank continues focus on cash collections, proactive monitoring, and management of the portfolio.

Total assets

The Bank's total asset base increased by 1% from R121 billion (31 March 2025) to R122 billion as at 30 September 2025 mainly due to increase in investment securities of R1.8 billion. Development loans and equity disbursements increased from R7.1 billion in the prior interim period to R11.1 billion in the current interim period. As at 30 September 2025, the equity investment portfolio increased by 9.7%, from R4.6 billion as at 31 March 2025 to R5.0 billion due to positive fair value movement (R424m), capital redemption (R54m), disbursements (R140m) and currency movements (R63m). Cash and cash equivalents decreased by 25% from R15.0 billion to R11.3 billion in line with and loan disbursement requirements and the Bank liquidity risk management policy.

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2025		
in thousands of rands	30 September 2025 Reviewed	31 March 2025 Audited
Assets		
Cash and cash equivalents at amortised cost	11 278 311	15 017 755
Trade receivables and other assets	319 356	320 172
Investment securities	2 423 750	608 667
Derivative assets held for risk management purposes	744 176	223 981
Other financial assets	43 070	38 534
Development loans held at fair value through profit or loss	2 336	12 877
Equity investments held at fair value through profit or loss	5 027 316	4 581 600
Development bonds at amortised cost	1 503 850	1 542 364
Development loans at amortised cost	100 364 778	98 142 797
Property, equipment and right of use of assets	444 115	450 485
Intangible assets	51 441	52 794
Total assets	122 202 499	120 992 026
Equity and Liabilities		
Liabilities		
Trade, other payables, and accrued interest on debt funding	1 224 027	1 280 726
Derivative liabilities held for risk management purposes	25 968	94 578
Liability for funeral and post-employment medical benefits	47 184	47 184
Debt funding held at amortised cost	57 524 036	60 769 422
Provisions and lease liabilities	139 123	154 175
Deferred income	775 280	702 447
Total liabilities	59 735 618	63 048 532
Equity and reserves		
Share capital	200 000	200 000
Retained income	47 581 837	43 489 498
Permanent government funding	11 692 344	11 692 344
Other reserves	559 992	182 392
Reserve for general loan risk	2 432 708	2 379 260
Total equity and reserves	62 466 881	57 943 494
Total equity, reserves and liabilities	122 202 499	120 992 026

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2025

in thousands of rands	30 September 2025 Reviewed	30 September 2024 Reviewed
Interest income		
Interest income calculated using the effective interest rate	6 514 978	6 524 999
Other interest income	191 942	110 346
Interest expense		
Interest expense calculated using the effective interest rate	(2 310 490)	(2 612 371)
Other interest expense	(438)	(529)
Net interest income	4 395 992	4 022 445
Net fee income	180 850	149 825
Net foreign exchange gain/(loss)	51 812	(217 084)
Net gain/ (loss) from financial assets and financial liabilities	901 407	(396 838)
Investment and other income	38 330	14 001
Net other operating gain/(loss)	1 172 399	(450 096)
Operating income	5 568 391	3 572 349
Project preparation expenditure	(8 948)	(7 243)
Development expenditure	(81 214)	(113 742)
Impairment losses	(497 135)	(502 348)
Personnel expenses	(536 250)	(525 247)
Other operating expenses	(262 528)	(218 092)
Depreciation and amortisation	(19 725)	(19 508)
Profit from operations	4 162 591	2 186 169
Grants paid	(16 804)	(18 189)
Profit for the period	4 145 787	2 167 980

CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2025

in thousands of rands	30 September 2025 Reviewed	30 September 2024 Reviewed
Profit for the period	4 145 787	2 167 980
Items that will not be reclassified to profit or loss	-	-
Total items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss		
Unrealised gain on cash flow hedges	211 915	1 275 309
Loss on cash flow hedges reclassified to profit or loss	165 685	43 211
Total items that may be reclassified subsequently to profit or loss	377 600	1 318 520
Other comprehensive gain	377 600	1 318 520
Total comprehensive income for the period	4 523 387	3 486 500

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2025

in thousands of rands	30 September 2025 Reviewed	30 September 2024 Reviewed
Balance as at 1 April	57 943 494	52 040 646
Net profit for the period	4 145 787	2 167 980
Unrealised gain on cash flow hedges	211 915	1 275 309
Loss on cash flow hedges reclassified to profit or loss	165 685	43 211
Balance as at 30 September	62 466 881	55 527 146
CONDENSED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2025		
in thousands of rands	30 September 2025 Reviewed	30 September 2024 Reviewed
Cash flows from operating activities	3 336 439	3 171 742
Cash flow from development activities	(3 165 301)	296 976
Cash flow from investing activities	(1 641 879)	157 213
Cash flow from financing activities	(2 000 607)	(2 137 110)
Net (decrease)/ increase in cash and cash equivalents	(3 471 348)	1 488 821
Effect of exchange rate movements on cash balances	(268 096)	(148 269)
Movement in cash and cash equivalents	(3 739 444)	1 340 552
Cash and cash equivalents at the beginning of the year	15 017 755	10 803 772
Cash and cash equivalents at the end of the period	11 278 311	12 144 324

Outlook

Despite the challenging economic environment, the DBSA has a strong leadership and management team steering the Bank through these challenges, whilst following the principles of good corporate governance. The Bank has a resilient balance sheet and continues to play a significant role in infrastructure development through lending and non-lending activities. The Bank's continued success hinges on its ability to increased developmental impact using its own balance sheet and partnering with others. Both domestic and global economic factors are critical to the achievement of the Bank's objectives. The Bank has a healthy pipeline of projects that form a solid platform for success in the future and will continue to focus on disbursing to infrastructure projects to grow developmental impact in line with its mandate.

1 December 2025

Debt sponsor: The Standard Bank of South Africa Limited