

**CORPORATE  
PLAN**

2026/27-  
2028/29

Building on  
Strength,  
**Expanding  
Impact**



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# ACRONYMS AND 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)
MTEF	Medium-Term Expenditure Framework
NDP	National Development Plan, Vision 2030
PaD	Partner-A-District
PESTEL	Political, Economic, Sociological, Technological, Environmental and Legislative
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 Development Bank of Southern Africa (DBSA) is classified as a Schedule 2 public entity in terms of the Public Finance Management Act (PFMA), Act No. 1 of 1999. In accordance with Section 52 of the PFMA and Treasury Regulation 29.1, the DBSA is required to submit a Corporate Plan in the prescribed format, covering a rolling three-year Medium-Term Expenditure Framework (MTEF) period.

The DBSA hereby submits its Corporate Plan for the 2026/27 to 2028/29 period, in compliance to the above legislative and regulatory requirements. This Corporate Plan serves as the operational roadmap for the implementation of the DBSA's corporate strategy. It outlines the Bank's approach to delivering on its mandate as a Development Finance Institution (DFI), with a clear focus on achieving sustainable development impact and supporting inclusive economic growth.

# 2. OUR MANDATE, PURPOSE, AND STRATEGIC FOCUS

The DBSA is a leading DFI, fully owned by the Government of South Africa and reporting directly to the Minister of Finance as its Executive Authority. Its core mandate is to drive socioeconomic development by supporting infrastructure financing, development, and capacity building. The DBSA plays a pivotal role in mobilising both public and private sector

resources—locally and internationally—for sustainable development projects across South Africa, the SADC region, and the rest of the African continent. Key areas of focus include infrastructure investment, human resource development, and institutional strengthening.

## 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 (DFI), 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. 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:

Framework / Initiative	Purpose / Focus	DBSA Strategic Alignment / Role
<b>UN 2030 Agenda &amp; SDGs</b>	Promote sustainable development, linking poverty reduction to health, education, equality, economic growth, and climate action	Directly supports SDGs 6, 7, 9, 11, 13, 17; indirectly supports SDGs 1, 3, 4, 5 through DBSA infrastructure and development activities
<b>Paris Agreement / COP26</b>	Limit global temperature rise below 2°C; reduce CO <sub>2</sub> emissions by 45% by 2030	Align DBSA projects and financing with low-carbon pathways; integrate climate resilience and responsible banking principles
<b>Glasgow Climate &amp; Financial Agreements</b>	Phase-down coal, phase-out inefficient fossil fuel subsidies, enhance finance for developing countries, establish carbon markets	Support client and partner alignment with climate goals; catalyse green finance and adaptation projects
<b>AU Agenda 2063</b>	Africa-wide socioeconomic transformation, poverty eradication, and equitable growth	Contribute to continental flagship programmes: AfCFTA, Hydropower Projects, Continental Corridors, Regional Infrastructure Development
<b>African Union Programme for Infrastructure Development in Africa (PIDA)</b>	Promote integrated regional infrastructure for socioeconomic development	Invest in and support projects strengthening regional connectivity and reducing poverty
<b>SADC Vision 2050 &amp; Regional Strategic Plan 2020–2030</b>	Long-term regional integration and development in industry, infrastructure, and human capital	Guide DBSA cross-border infrastructure investments and capacity-building initiatives

Framework / Initiative	Purpose / Focus	DBSA Strategic Alignment / Role
<b>South African NDP: Vision 2030</b>	Eliminate poverty, reduce inequality, guide national development	Deliver large-scale infrastructure (including energy, transport & logistics, water & sanitation, ICT) and address social infrastructure bottlenecks
<b>Presidential Infrastructure Coordinating Council / National Infrastructure Plan 2050</b>	Coordinate critical infrastructure projects; generate employment; support inclusive growth	Invest in strategic integrated projects, catalyse economic development, and enhance regional integration
<b>Medium-Term Development Plan 2024–2029</b>	5-year implementation of NDP Vision 2030; focus on inclusive growth, job creation, poverty alleviation, and state capability	Prioritize projects supporting job creation, poverty reduction, and effective service delivery
<b>Just Transition Framework (JTF) &amp; Just Energy Transition Implementation Plan (2023–2027)</b>	Support equitable, low-carbon transition across sectors	Finance climate-resilient projects, support policy alignment, and enable social partner engagement
<b>National Spatial Development Framework 2050 &amp; Integrated Municipal Approach</b>	Targeted municipal support; integrated financial and non-financial interventions	Implement Partner-A-District (PaD) programme: invest in critical municipal infrastructure, strengthen governance, and boost local economic development

### 2.1.3. SPECIAL MANDATES

The DBSA plays a pivotal role in supporting national development priorities through the implementation of strategic special mandates. These are designed to enhance infrastructure investment, promote sustainable energy, and address critical water and sanitation challenges in South Africa. These special mandates underscore the DBSA's central role in catalysing infrastructure-led development, leveraging partnerships, and ensuring the long-term sustainability and resilience of South Africa's key infrastructure sectors. The following are the key mandates currently managed or supported by the DBSA:

#### 2.1.3.1. Infrastructure Fund

The Infrastructure Fund (IF), 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. Initially allocated R100 billion via the Budget Facility for Infrastructure (BFI), the IF has secured R37.6 billion in BFI approvals since inception to improve the scale, speed, quality and efficiency of infrastructure spending. By providing long-term financing and technical expertise, the IF enables the implementation of sustainable infrastructure projects that drive economic growth, promote social development and enhance regional integration.

#### 2.1.3.2. The Independent Power Producers (IPP) Office

The Independent Power Producers (IPP) Programme, driven by the IPP Office, secures electricity from diverse sources to meet national renewable energy targets. The IPP Office manages IPP procurement and offers planning advisory services, with ongoing support from the DBSA. The DBSA continues to support the IPP Office, ensuring the procurement of renewable energy providers through the Independent Power Producers 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 (SALGA) 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.

#### 2.1.3.4. Rail Private Sector Participation Programme

The Rail Private Sector Participation (PSP) Programme, led by the Department of Transport and supported by a newly established PSP Unit hosted by the DBSA, aims to revitalise South Africa's declining rail and port systems, which have hindered exports and regional trade since 2017. Challenges such as outdated infrastructure, limited funding, crime, and poor spatial planning have caused severe inefficiencies, resulting in an infrastructure backlog of over R265 billion

across freight and passenger rail. These challenges have severely undermined the viability of exports. Launched in 2023 with Cabinet's approval of the PSP Framework, the programme seeks to attract private investment, strengthen state capacity, and support Transnet and PRASA in developing sustainable rail projects. Through market engagement and project identification in key corridors, it aims to improve efficiency, stimulate growth and jobs, and enhance South Africa's position as a regional logistics hub. By 2030, it targets 250 million tonnes in freight and 600 million passengers annually, advancing infrastructure-led economic development.

#### 2.1.3.5. The Independent Transmission Projects Pilot Procurement Programme

The Independent Transmission Projects (ITP) Procurement Programme represents South Africa's first major initiative to attract private investment into the national grid, with the current intervention serving as a pilot phase. The pilot Programme, based on current plans, focuses on developing 1,164 km's of new 400 kV transmission lines across the Northern Cape, North West and Gauteng, forming part of the broader Transmission Development Plan (2025–2034), which targets the construction of over 14,000 km's of lines nationwide. The DBSA, as host of the IPPO, is providing institutional and financial support through the recruitment of dedicated staff and the appointment of transaction advisors to structure, procure and manage the pilot projects. Designed to demonstrate the viability of private participation in transmission infrastructure, the pilot will serve as a proof-of-concept for scaling the ITP nationally. The ITP is expected to mobilise approximately R440 billion in private capital, strengthening South Africa's grid and accelerating the country's energy transition.

## 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 DBSA contributes 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 partnerships to co-produce impactful development solutions and the sustained platforms of an enabling environment for participation, a sense of purpose, empowerment, and deep connections. The DBSA will bend the arc of history through its continued multifaceted investments in sustainable infrastructure and human capacity development.

## 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 serves the social infrastructure of health, housing, and education sectors. The Bank also supports biodiversity and the broader 'nature based' projects and programmes by among others the Green Fund, partnerships and/or accreditations with UN Convention based financing mechanisms such as Global Environmental Facility and Green Climate Fund.

## 2.4 REGIONAL MANDATE

South Africa has concluded numerous binational trade agreements across the African continent to support broader regional integration, aligning with key frameworks such as the SADC Integrated Infrastructure Development Plan, the Programme for Infrastructure Development in Africa (PIDA), and the African Union's 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 undertaken in support of *Outcome 4 of the DBSA 10-year strategy, "Regional integration and key development corridors advanced"*<sup>1</sup>. The Bank constantly keep 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.

<sup>1</sup> 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:



### VISION

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



### 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".

This mission will enable the Bank to:

- Improve the quality of life through the development of social infrastructure.
- Support economic growth through investment in economic and social infrastructure.
- Support regional integration.
- Promote sustainable use of scarce resources.

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

## VALUES

The values that underpin the DBSA's operations are:



### Shared Vision

We share and keep the sustainability, strategic intent and mandate of the DBSA top of mind in all our decisions and actions.



### Service Orientation

We deliver responsive and quality service that speaks to the needs of our clients and continuously build relationships that result in mutually beneficial outcomes.



### Integrity

Our deals, actions and interactions are proof of transparent and ethical behavior that demonstrates mutual respect and care for all our stakeholders.



### High-performance

We are enabled, empowered and inspired to deliver consistent, quality, effective and efficient results for which we are accountable and rewarded.



### Innovation

We challenge ourselves continuously to improve what we do, how we do it and how well we work together.

## 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 through development bonds and development loans 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 extension development expenditure objectives also serves as a lead indicator of the development impact we are mandated 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 socio-economic 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 aims to drive community development and stimulate economic development through the Development Laboratories (DLabs). The DBSA also works to create an integrated development process in the value chain to respond to the rapid changes in the operating environment. The DBSA partners with the government to fund and accelerate infrastructure development in education, health, human settlements, and municipalities through infrastructure delivery and its role as an implementing agent, supporting programmes like ASIDI, NHI, and Ideal Clinic to enhance social services.

### 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. Through digitalisation and implementing the reviewed operating model, the Bank anticipates that it will enable its future readiness to achieve both internal and external outcomes. A future-fit DBSA also 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 influences the perspectives of the people within DBSA towards a developmental impact culture whilst 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.

### 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 Bank operates in key sectors, which are Transport and Logistics, Energy, Water & Sanitation, Information & Communications Technology, Education, Health, and Human Settlements. This is achieved 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.

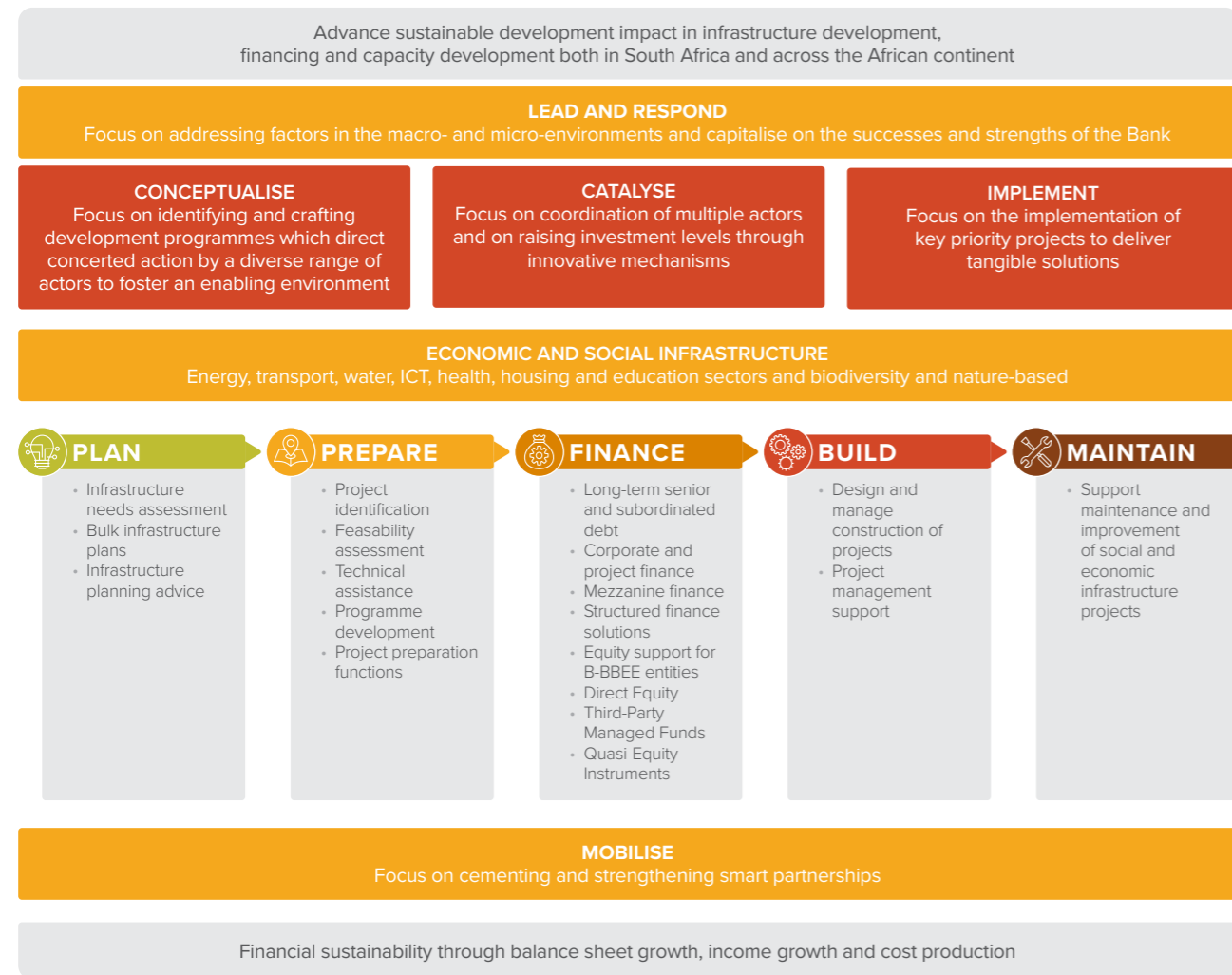


Figure 1: DBSA's Infrastructure Value Chain

## 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. The DBSA operates in an ever-evolving development finance environment and a landscape characterised by its dynamism, challenges, and abundant opportunities for infrastructure investment. To propel the DBSA towards its preferred future, the organisation aims to seize these opportunities for development while

steering development activities and outcomes, while remaining financially sustainable. As part of the DBSA strategic planning process, the Bank assesses the environment in which it is executing its organisational strategy. This enables the organisation to periodically assess the continued relevance of its strategy, its ability to enhance development impact and remain financially sustainable, and to remain abreast of external and internal factors that may affect its implementation and result realisation.

### 4.1. 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 it should mitigate.

#### Macroeconomic Context

Global growth projections remain muted as the impact of global tariff implementation and ongoing trade policy uncertainty weighs on economic activity. While trade agreements have been reached between the United States and certain countries, the full impact of the global tariff regime is yet to materialise in terms of its impact on growth, inflation, and employment. Additionally, risks of escalating geopolitical tensions

and increased global fragmentation persist. The domestic growth outlook remains weak, as GDP rose by a muted 0.1% in the first quarter of 2025. South African gross fixed capital formation (GFCF) contracted in the first half of 2025. An uncertain global economic outlook will continue to impact domestic growth prospects, while weak business confidence and a lack of investment highlight the urgent need for structural reform. The second phase of Operation Vulindlela will prioritise long-standing constraints such as deteriorating local government performance and spatial inequality. Investment in renewable energy and more efficient port and rail operations through private sector participation, creating a flexible visa system and improvements of large-scale service delivery remain crucial to accelerate growth domestically.

## Key Opportunities and Threats

The table below outlines the DBSA's assessed opportunities and threats:

Strategic Focus	Opportunities	Threats	Potential Impact of the threats if not addressed
<b>Driving a Green Revolution: Climate &amp; Sustainability</b>	Invest in climate-resilient infrastructure, renewable energy, and green technologies; leverage blended finance to promote a circular economy	Climate shocks and extreme weather events	Asset damage, supply chain disruption, increased project costs, and disaster recovery needs
<b>Unlocking Municipal Potential: Infrastructure for Growth</b>	Strengthen municipal capacity, improve grant utilisation, promote PPPs, and provide master & sector plans	Upcoming Local Government elections causing political uncertainty and decision delays	Delays in project approvals and execution, misalignment of priorities, reduced service delivery, reduced creditor confidence, and municipalities struggling to service debt
<b>Connecting the Continent: Regional &amp; Continental Integration</b>	Finance regional projects, participate in SADC Vision 2027, AfCFTA, and AU Agenda 2063	Geopolitical complexities	Disruption of infrastructure & services, repayment risks, impact on growth
<b>Harnessing the Digital Wave: Technology &amp; Smart Cities</b>	Invest in digital infrastructure, fintech, health tech, smart city solutions; improve digital literacy and inclusion	Global & regional economic volatility	Financial risks, reduced project viability, and impact on returns
<b>Investing in People: Social Cohesion &amp; Inclusion</b>	Fund social infrastructure (education, health, human settlements); enhance access for marginalised groups	Social & political instability	Project disruption, decreased investor confidence, and complications in investment recovery
<b>Turning Critical Minerals into Opportunity: Green Industrialisation</b>	Support local beneficiation, ethical supply chains, logistics, energy, processing, and manufacturing infrastructure	Untapped critical mineral potential	Missed strategic investment opportunities, delayed value creation, and slower sustainable growth
<b>Leveraging Public-Private Partnerships (PPPs)</b>	Partner with capital-intensive private sector and DFIs to fill finance gaps (~1/3 of infrastructure needs); focus on economic infrastructure and support social sector (education, health)	Under-utilisation of PPPs	Slower infrastructure delivery and limited private sector engagement

## 4.2. INTERNAL ENVIRONMENT

The internal environment provides strengths 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.

Internal Focus / Strength	Description of strength	Weaknesses / Challenges to Mitigate	Impact / Strategic Imperative of leveraging the strengths and addressing the weaknesses
<b>Strong Development Mandate &amp; Government Backing</b>	Clear mandate to drive socio-economic development and alignment with NDP, SADC Vision 2027, AU Agenda 2063	Limited visible development impact has created a perception that the organisation is not effectively delivering on its mandate	Positions DBSA as a credible enabler of infrastructure and socio-economic development
<b>Extensive Experience &amp; Track Record</b>	40+ years supporting energy, water, transport, ICT, health, education, and human settlements	Extensive experience has not been fully capitalised on to drive innovation and demonstrate consistent, measurable impact across sectors	Demonstrates capacity to deliver large-scale, impactful development projects
<b>Global Accreditations</b>	GEF accreditation; access to global environmental funds; participation in sustainable initiatives	Limited utilisation of global accreditations to access funds and drive sustainable regional development outcomes	Strengthens credibility and capacity to implement sustainable and low-carbon development initiatives
<b>Optimised Financial &amp; Capital Management</b>	Efficient capital use, liquidity management, risk mitigation, and diversification of funding sources	High cost of funding	Enhances financial sustainability and ability to fund transformative development projects
<b>Strong Balance Sheet &amp; Development Impact</b>	Self-sustaining with low NPLs; ability to support infrastructure across Africa	Exposure to financial risks (credit, liquidity, country risk)	Enables sustained development impact and financial resilience
<b>Ability to Mobilise Third-Party Funds &amp; Partnerships</b>	Strong track record in leveraging private sector, government, and civil society partnerships	Operational inefficiencies	Expands investment scale, resources, and development impact
<b>Strong Governance &amp; Risk Management</b>	Robust compliance frameworks (DBSA Act, PFMA, King IV); proactive risk management	Organisational culture challenges	Ensures operational stability, accountability, and resilience
<b>Commitment to Local Content, Job Creation &amp; SMMEs</b>	Focus on using local goods/services, creating employment, and empowering SMMEs	Decline in brand health	Promotes inclusive growth, strengthens community relations, and local economic benefits

Internal Focus / Strength	Description of strength	Weaknesses / Challenges to Mitigate	Impact / Strategic Imperative of leveraging the strengths and addressing the weaknesses
<b>Innovation &amp; Digital Transformation</b>	Adoption of ICT solutions to enhance efficiency, project delivery, and customer experience	Operational inefficiencies	Improves efficiency, innovation, and future-readiness
<b>Strategic Partnerships, Thought Leadership &amp; Convening Power</b>	Strong relationships with DFIs, private sector, and state entities; ability to catalyse infrastructure investment; recognised as a thought leader and convener in development finance	Reputational risk which could impact on the ability to be a thought leader and forging strong partnerships	Unlocks high-impact projects, mobilises resources, shapes sector agendas, and enhances DBSA's reputation
<b>Pipeline &amp; Project Origination</b>	Strong infrastructure pipeline; proactive origination strategy	Complacency and failure to recognize new opportunities	Supports sustained organisational growth and development impact

### 4.3. DBSA'S STRATEGY INITIATIVES

Strategic initiatives represent the core execution framework through which the DBSA implements, monitors, and evaluates progress against its strategic objectives. The 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 2026/27 financial year, the Bank will focus on the implementation of six strategy initiatives to achieve its strategic goals as shown in the figure below:



Figure 2: Overview of Strategic Initiatives

#### 4.3.1. Integrated Municipal Approach

This initiative focuses on developing innovative solutions to address municipal borrowing challenges and evolving business models. Through the Partner a District Programme, the DBSA collaborates with district municipalities and metros to co-create integrated infrastructure and development solutions. The initiative promotes financial sustainability, enhances service delivery, builds institutional capacity, and strengthens governance, ultimately supporting resilient and self-sufficient municipalities that drive sustainable local development.

#### 4.3.2. Sustainability

This is a key strategic focus area for the Bank, where efforts are directed towards implementing the Sustainability Framework, establishing scientific measures to assess the Bank's portfolio, and developing both a greenhouse gas calculator and a Just Transition financing mechanism. The initiative also leverages the role of Development Labs to advance the Just Transition by piloting innovative financing solutions, identifying high-impact interventions, and generating evidence-based insights.

#### 4.3.3. Shareholder Alignment

The focus of this initiative is on optimising the Bank's balance sheet and strengthening shareholder relations. It also includes initiatives aimed at influencing regulatory reforms that support the DBSA's strategic objectives and financial sustainability.

#### 4.3.4. Regional Integration

This initiative strengthens the DBSA's regional presence by developing products and partnerships that drive market penetration and establish strategic development corridors across Africa. Working with regional and multilateral partners, the Bank focuses on cross-border projects in energy, water, transport, and ICT that enhance connectivity and trade. The initiative supports the objectives of the African Continental Free Trade Area (AfCFTA) and SA Inc. by contributing to building a more integrated, resilient, and inclusive regional economy.

#### 4.3.5. Elevating Development Impact

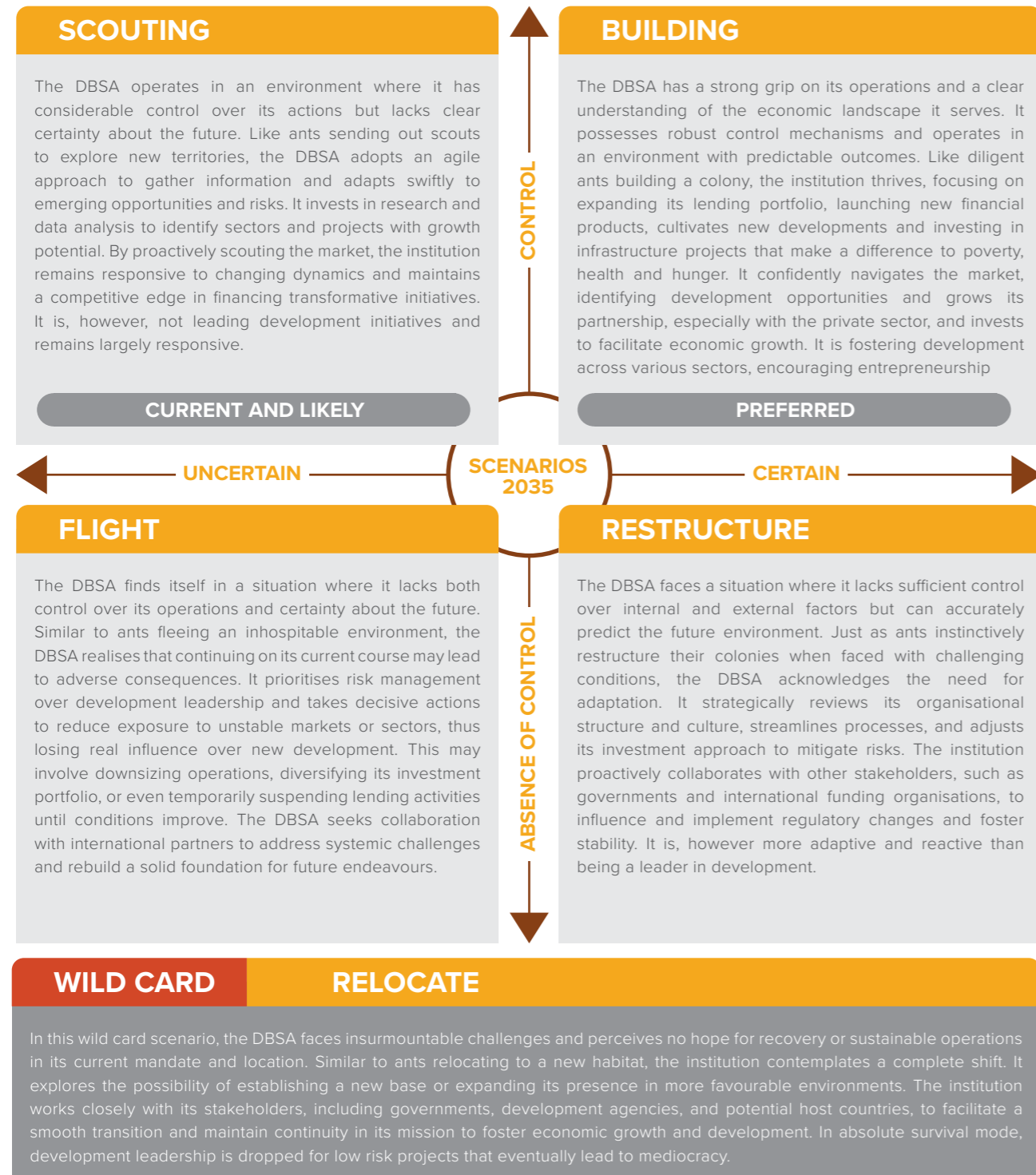
This initiative focuses on strengthening how the DBSA measures, manages, and communicates its development results. It aims to ensure that all projects and programmes demonstrate clear socio-economic and environmental outcomes, reinforcing the Bank's role as a leading development finance institution. Key priorities include embedding consistent development impact indicators across all operations, enhancing data analytics and evaluation capabilities, as well as reporting.

#### 4.3.6. Fit for Purpose DBSA

This initiative strengthens the DBSA's institutional efficiency and agility through the implementation of the new operating model and digital transformation roadmap. It focuses on optimising structures, processes, and systems to enhance operational excellence and client experience. Key priorities include digitalising core functions, building future-ready skills, and embedding a performance-driven culture. The initiative also reinforces governance, risk management, and business continuity, ensuring the Bank remains resilient, innovative, and capable of delivering sustained development impact.

## 4.4. DBSA'S SCENARIOS 2035

The DBSA has introduced strategic foresight through its strategy scenarios model, which outlines possible future trajectories for the Bank under varying favourable and unfavourable conditions. 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.



In its assessment, the DBSA locates itself currently in the **SCOUTING SCENARIO**, with this also being the likely scenario if the DBSA continues its current trajectory. However, the **BUILDING SCENARIO** is the preferred future.

The 10-year corporate strategy (decadal strategy) aims to steer the DBSA toward the 'building' scenario as the preferred future. The strategy will guide the Bank's future landscape over the 10-year period, propelling it to become a preferred strategic partner for development initiatives across Africa. In addition

to extending the horizon of the DBSA's planning framework, **the decadal strategy identifies and then expands on three critical shifts to move from the current trajectory towards the preferred future**, namely, (i) to lead in identifying and packaging opportunities for development; (ii) to sharpen the external strategic focus of the Bank beyond traditional approaches, and (iii) to elevate the mobilisation of strategic partnerships and external partner contributions. During the 2026/27 financial year, the DBSA will be implementing year 3 of the decadal strategy, poised to achieve the decadal outcomes.



Figure 3: DBSA's Scenarios 2035

# 5. MEASURING OUR PERFORMANCE

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

## DBSA's 2024-2033 strategy at a glance



Figure 4: DBSA's 2024-2033 strategy at glance

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 follows:

“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”.

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's corporate scorecard reflects the outputs, output indicators, and annual targets for the medium term (2026/27 to 2028/29). 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 2026/27 – 2028/29

The scorecard that tracks the execution of the strategy over the 2026/27 medium-term period is provided below:

Contribution to the 10-Year Strategy Outcomes	Objectives	Key performance indicator	Owner	Weighting	SDG and NDP alignment to BSC	Target as per the Corporate Plan 2025/26	MTEF Targets		
							2026/27	2027/28	2028/29
<b>CORE MEASURES: FINANCIAL OUTCOMES (35%)</b>									
<b>Financial Focus: Financial Outcomes (20%)</b>									
<b>Financial sustainability</b>	Financial sustainability	ROE (calculated on sustainable earnings)	Chief Financial Officer	12%	NDP 11	8%	7.5%	8%	8%
		Cost to income ratio <sup>2</sup> – financing business	Chief Financial Officer	8%	NDP 11	25%	25-30%	25-30%	25-30%
<b>Financial Focus: Internal Levers (15%)</b>									
<b>Inclusive economic expansion, climate resilient development, thought leadership and project preparation factory.</b>	Grow good quality and profitable disbursements	Value of Total Disbursements <sup>3</sup>	Chief Investment Officer GE: Programmes	15%	SDGs 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 13  NDP 1, 2, 3, 4, 5, 6, 7, 8, 9, 10	R15.5 billion	R20 billion - R24 billion	R22 billion - R26 billion	R24 billion - R28 billion
<b>Regional integration and access through key sectors facilitated.</b>									
<b>Just transition advanced</b>									
<b>CORE MEASURES: DEVELOPMENT OUTCOMES (45%)</b>									
<b>Inclusive economic expansion, climate resilient development, thought leadership and project preparation factory.</b>	Contribute to the unemployment reduction through the facilitation of jobs	Number of jobs facilitated <sup>4</sup>	GE: SES Chief Investment Officer GE: IDD GE: Programmes	6%	SDG 1, 2, 8, 9, 10  NDP 1	26 000	28 000	30 000	32 000
<b>Inclusive economic expansion, climate resilient development, thought leadership and project preparation factory</b>	Contribute to the increase of SA fixed capital formation	Value of Infrastructure Delivered	GE: IDD	6%	SDG 1, 3, 4, 5, 6, 8, 9, 11  NDP 1, 2, 4, 6, 7, 8, 10	R6.2 billion	R5.8 billion <sup>5</sup>	R6.1 billion	R6.5 billion
<b>Capable and strengthened municipalities</b>	Increased sustainable developmental outcomes in under resourced municipalities	Value of infrastructure unlocked in under-resourced municipalities	Chief Investment Officer	12%	SDG 1, 3, 6, 8, 9, 11, 17  NDP 1, 2, 3, 4, 6, 10	R2,5 billion	R2,9 billion <sup>6</sup>	R3,3 billion	R3,6 billion
<b>Just transition advanced</b>	Achieving a Just Transition	Value of projects approved for funding by DBSA's existing Climate and Environmental Facilities (e.g., CFF, EGIP etc.)	GE: Programmes Chief Investment Officer	7%	SDG 7, 11, 13, 17  NDP 1, 2, 3, 4, 9	R1,5 billion	R2 billion	R2.5 billion	R3 billion

<sup>2</sup> Ratio includes developmental expenditure, projects preparation and grants, and excludes IDD. The ratio target comprises operating expenses and development expenditure.

<sup>3</sup> Refer to Annexure I for Disbursements Range Breakdown.

<sup>4</sup> Overall contribution to unemployment reduction includes permanent employees employed at DLabs as well as direct and indirect jobs created and facilitated.

<sup>5</sup> The target for FY2026/27 was adjusted to align with historical performance, and owing to challenges experienced over the years, which are beyond the control of the Bank.

<sup>6</sup> The target includes Municipalities that are part of the Partner-a-District programme.

Contribution to the 10-Year Strategy Outcomes	Objectives	Key performance indicator	Owner	Weighting	SDG and NDP alignment to BSC	Target as per the Corporate Plan 2025/26	MTEF Targets		
						2026/27	2027/28	2028/29	
<b>CORE MEASURES: DEVELOPMENT OUTCOMES (45%)</b>									
<b>Inclusive economic expansion, climate resilient development, thought leadership and project preparation factory</b>	Empowerment support	Number of transactions that are committed for DBSA funding to Black-owned entities	Chief Investment Officer	7%	SDG 1, 9, 10 NDP 9	10	12	12	14
	Gender mainstreaming	Percentage of procurement spend on Black woman owned suppliers for IDD third party fund (30% and above shareholding)	GE: IDD	7%	SDG 9, 10	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	40% of total procurement spend from B-BBEE suppliers
<b>ENABLERS (10%)</b>									
<b>Sound governance and operational excellence.</b>	Increase DBSA efficiency and effectiveness	Percentage of Business engineering process achieved on critical functions <sup>7,8</sup>	Chief Financial Officer	3%	SDG 9 NDP 11	4 business processes automated	100% achieved ("As is") process mapping on 5 critical functions for baseline	50-75% achieved for Level 4 process mapping re-engineered	100% of Level 5 achieved for process mapping re-engineered
<b>Fit for purpose organisation</b>			Chief Risk Officer					60% of mapped processes ("To be") with demonstrable improvement on turnaround time & risk mitigation	
	Strengthen employee engagement and organisational commitment	Employee Net Promoter Score (eNPS) <sup>9</sup>	Chief Executive Officer	3%	NDP 11	Implementation of the approved culture strategy	58% - 63%	63% - 68%	68% - 72%
	Strengthen organisational capacity and capability	Percentage of priority vacant positions filled	GE: Human Capital	2%	NDP 11	New Indicator	90%	90%	90%
	Smart partnerships	Client and Stakeholder satisfaction survey	Chief Investment Officer GE: IDD GE: Programmes GE: SES	2%	SDG 17 NDP 11	4	4	4	4

<sup>7</sup> The indicator was previously defined as "Number of digital DBSA business processes automated" with a target of "4 business processes automated".

<sup>8</sup> Critical functions refer to Investments, Project Preparation, Construction, Supply Chain Management, and Development impact

<sup>9</sup> The indicator in FY2024/25 and FY2025/26 was "Implementation of culture change initiative" with the target focusing on "Implementation of the approved culture strategy". For the new 2026 MTEF, the indicator has been revised to "Employee Net Promoter Score (eNPS)".

Contribution to the 10-Year Strategy Outcomes	Objectives	Key performance indicator	Owner	Weighting	SDG and NDP alignment to BSC	Target as per the Corporate Plan 2025/26	MTEF Targets		
							2026/27	2027/28	2028/29
<b>GOVERNANCE AND COMPLIANCE (10%)</b>									
<b>Sound governance and operational excellence</b>	Improve DBSA governance and risk management	Irregular, unauthorised and fruitless and wasteful expenditure	Chief Financial Officer	3%	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	GE: Corporate Governance and Company Secretariat	3%	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
		Unqualified Audit opinion	Chief Financial Officer	4%	NDP 11, 12	Achieve unqualified audit opinion without matters of emphasis	Achieve unqualified audit opinion without matters of emphasis	Achieve unqualified audit opinion without matters of emphasis	Achieve unqualified audit opinion without matters of emphasis



# 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: <ul style="list-style-type: none"> <li>Projected income statement</li> <li>Projected balance sheet</li> <li>Projected cash flow statement</li> </ul>	Annexure B	✓
5	Dividend Policy	Annexure B	✓
6	Procurement Policy	Annexure B	✓
7	Materiality and Significance Framework	Annexure B	✓
8	Governance Structures <ul style="list-style-type: none"> <li>Governance structures and roles/responsibilities</li> <li>Structure of Board of Directors committees</li> <li>Structure of Executive Management</li> </ul>	Annexure C	✓
9	Fraud Prevention Plan	Annexure D	✓
10	Funding Plan and Borrowing Programme (covering the next three years)	Annexure E	✓
11	Risk Management Plan <ul style="list-style-type: none"> <li>Description of risk management process</li> <li>Key operational risks</li> </ul>	Annexure F	✓
12	Business Continuity and Organisational Resilience	Annexure G	✓
13	Other Supporting Plans and Frameworks: <ul style="list-style-type: none"> <li>DBSA Environmental and Social Sustainability Framework</li> </ul>	Annexure H	✓

## ANNEXURE A: CAPITAL EXPENDITURE AND FINANCIAL PLAN

The Development Bank of Southern Africa (DBSA), as a Development Finance Institution (DFI), is committed to delivering high-impact development outcomes while maintaining long-term financial sustainability. Our ability to create value and support national development priorities is underpinned by a strong, resilient balance sheet and sound financial management.

The Bank's overarching financial strategy focuses on achieving an overall risk-adjusted return that supports sustainability without compromising our developmental mandate. We recognise that financial strength is essential to enabling greater development impact, ensuring future lending capacity, enhancing resilience during economic volatility, attracting private capital, and supporting long-term institutional growth.

To this end, the DBSA has placed a strong emphasis on maintaining financial sustainability, achieving inflation-linked growth in equity, and ensuring sufficient cash flows to meet all obligations as they arise. A key milestone in our financial journey has been the implementation of a capital management project, which quantifies the Bank's portfolio on a risk-weighted basis to enable a comprehensive assessment of business risk.

In preparing the DBSA's three-year financial plan, both domestic and international macroeconomic conditions have been carefully considered. The financial projections aim to balance the affordability of the Bank's planned activities with the imperative to deliver on its mandate. These budgets also reflect a strategic focus on strengthening the balance sheet while supporting increased funding activities aligned with South Africa's economic recovery initiatives.

Over the next three years, the DBSA's funding levels are expected to grow steadily to support developmental initiatives while maintaining prudent risk management practices. This includes managing key financial indicators such as the debt-to-equity ratio, borrowings, and impairments within the limits set by the Bank's Risk Appetite Framework.

The DBSA remains committed to a disciplined, sustainability-focused approach that ensures we continue to be a reliable development partner in fostering inclusive economic growth and infrastructure development across the region.

### THREE-YEAR FINANCIAL PLANNING ASSUMPTIONS

Foreign Exchange Rate	Mar FY2024/25	FCT FY2025/26	FY2026/27	FY2027/28	FY2028/29
<b>USD/ZAR rate</b>	18.30	17.68	17.72	17.97	18.24

Inflation Rates	Mar FY2024/25	FCT Mar 2026	FY2026/27	FY2027/28	FY2028/29
<b>Year on year CPI</b>	2.70%	3.52%	3.86%	3.76%	3.73%

Funding Base Rates	FY2026/27	FY2027/28	FY2028/29
<b>Jibar 6M</b>	7.38%	7.20%	6.97%
<b>Gov't rate 10 to 13 Years</b>	10.46%	10.20%	10.00%
<b>SOFR</b>	3.22%	3.24%	3.30%

Funding Margins	FY2026/27	FY2027/28	FY2028/29
<b>Jibar 6M</b>	1.40%	1.40%	1.40%
<b>Gov't rate 10 to 13 Years</b>	1.00%	1.00%	1.00%
<b>SOFR</b>	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	Projections		
	FY2026/27	FY2027/28	FY2028/29
	R'mil	R'mil	R'mil
Building	92	92	92
Computer Equipment	27	27	27
Intangible assets	136	136	136
<b>Total</b>	<b>255</b>	<b>255</b>	<b>255</b>

## LOAN BOOK SUMMARY <sup>10</sup>

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	2026 Forecast	2027	2028	2029
<b>SA Financing</b>				
Gross loan book	80 446 503 694	87 379 056 275	89 872 691 765	93 406 354 107
Impairment provision (Incl. interest in suspense)	(6 273 854 850)	(6 854 695 083)	(7 473 195 973)	(8 116 479 899)
<b>Net loan book</b>	<b>74 172 648 844</b>	<b>80 524 361 191</b>	<b>82 399 495 793</b>	<b>85 289 874 207</b>
<b>International Financing</b>				
Gross loan book	33 572 542 344	38 663 436 321	43 669 698 642	49 029 298 868
Impairment provision (Incl. interest in suspense)	(10 053 900 179)	(10 984 701 077)	(11 975 853 463)	(13 006 720 854)
<b>Net loan book</b>	<b>23 518 642 165</b>	<b>27 678 735 244</b>	<b>31 693 845 179</b>	<b>36 022 578 014</b>
<b>Total DBSA</b>	<b>97 691 291 009</b>	<b>108 203 096 435</b>	<b>114 093 340 972</b>	<b>121 312 452 221</b>

<sup>10</sup> This summary shows stock values and does not show the massive flows from disbursements and repayments.

## ANNEXURE B: THREE-YEAR FINANCIAL PLAN

INCOME STATEMENT	THREE YEAR FINANCIAL PLAN					
	FY2024/25	Corporate Plan	Forecast	3 Year Forecast		
	Actuals R'mil	FY2025/26 R'mil	FY2025/26 R'mil	FY2026/27 R'mil	FY2027/28 R'mil	FY2028/29 R'mil
Interest income on development loans	12 332 414	13 030 422	12 326 106	13 190 787	14 299 569	15 259 988
Interest income on investment securities	1 116 326	921 767	1 204 731	1 252 688	1 338 649	1 408 707
Total Interest Income	13 448 740	13 952 189	13 530 837	14 443 475	15 638 218	16 668 695
Interest expense (post hedging)	(5 068 903)	(5 579 911)	(5 072 282)	(5 441 842)	(5 861 246)	(6 225 312)
<b>Net interest income</b>	<b>8 379 837</b>	<b>8 372 278</b>	<b>8 458 555</b>	<b>9 001 632</b>	<b>9 776 971</b>	<b>10 443 383</b>
Net fee income	107 883	55 498	99 101	97 958	102 254	104 492
IDD Management fees and other income recovery	243 006	324 426	282 443	313 096	328 750	355 050
Dividend income	10 959	13 000	32 994	26 000	20 000	19 000
Project preparation income	3	20 735	7 000	20 000	20 000	25 000
Green Fund deferred income recognised	10 358	33 338	26 004	104 658	47 204	32 000
Programmes division income	25 606	51 551	47 436	105 263	154 007	231 372
<b>Other operating income</b>	<b>(2 008)</b>	<b>-</b>	<b>(636)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other income	(2 008)	-	(636)	-	-	-
<b>Operating income</b>	<b>8 775 642</b>	<b>8 870 683</b>	<b>8 952 896</b>	<b>9 668 607</b>	<b>10 449 187</b>	<b>11 210 297</b>
<b>Impairments</b>	<b>(1 500 777)</b>	<b>(1 419 642)</b>	<b>(1 408 703)</b>	<b>(1 512 402)</b>	<b>(1 610 414)</b>	<b>(1 674 912)</b>
<b>Revaluation on equity investments</b>	<b>(217 175)</b>	<b>(10 092)</b>	<b>398 325</b>	<b>(119 205)</b>	<b>(112 353)</b>	<b>(49 590)</b>
<b>Operating expense</b>	<b>(1 614 884)</b>	<b>(1 841 887)</b>	<b>(1 758 218)</b>	<b>(2 138 093)</b>	<b>(2 356 412)</b>	<b>(2 595 819)</b>
- Personnel expenses: DBSA	(893 210)	(990 487)	(974 794)	(1 177 306)	(1 327 945)	(1 487 621)
- Other expenses: DBSA	(396 982)	(502 169)	(461 841)	(605 514)	(658 253)	(712 829)
- Depreciation: DBSA	(41 798)	(44 649)	(39 319)	(54 100)	(54 641)	(55 187)
- Personnel expenses: IDD	(187 545)	(213 535)	(184 103)	(191 778)	(201 600)	(211 680)
- Other expenses: IDD	(94 399)	(90 057)	(97 166)	(108 404)	(112 982)	(127 511)
- Depreciation: IDD	(951)	(991)	(996)	(991)	(991)	(991)

THREE YEAR FINANCIAL PLAN						
INCOME STATEMENT	FY2024/25	Corporate Plan	Forecast	3 Year Forecast		
Continued...	Actuals	FY2025/26	FY2025/26	FY2026/27	FY2027/28	FY2028/29
	R'mil	R'mil	R'mil	R'mil	R'mil	R'mil
<b>Development, Project Preparation and Grants expenditure:</b>						
Project Preparation	(15 092)	(69 412)	(44 545)	(185 110)	(235 569)	(283 674)
Corporate Social Investment	(34 840)	(30 190)	(30 067)	(31 660)	(32 920)	(33 470)
Municipal interest subsidy	(17 774)	(25 000)	(12 500)	(125 000)	(150 000)	(200 000)
Municipal planning, capacity, PAD & PAM and project implementation support	(105 329)	(149 552)	(116 818)	(174 360)	(200 328)	(231 344)
Stakeholder Relations Costs	(4 558)	(17 167)	(15 706)	(17 167)	(17 811)	(18 476)
Strategic initiatives (DLABS, Digital transformation, TOM etc)	(138 598)	(323 114)	(203 458)	(299 106)	(273 565)	(261 470)
Green Fund Grants	(1 133)	(20 283)	(16 293)	(88 529)	(47 204)	(32 000)
<b>Sustainable earnings</b>	<b>5 125 483</b>	<b>4 964 345</b>	<b>5 728 620</b>	<b>4 977 977</b>	<b>5 412 611</b>	<b>5 829 541</b>
Forex adjustments	(55 476)	(90 443)	995	(114 491)	(129 133)	(154 588)
Revaluation gains / (losses) on other financial instruments	248 911	(68 729)	442 553	(68 729)	(71 478)	(75 052)
<b>Net profit</b>	<b>5 318 918</b>	<b>4 805 173</b>	<b>6 172 168</b>	<b>4 794 758</b>	<b>5 212 000</b>	<b>5 599 901</b>

### 1. Net Interest Income

Net interest income is projected to grow by an average of 7% per annum over the planning period. This is driven by increase in development loans and growth in internally generated capital. Growth in internally generated capital in the form of retained earnings (expected to average R5.2bn over the planning period) provides a relief on the total interest expense paid as a portion of new loans gets funded from profits generated.

### 2. Operating expenses

Operating expenses are growing at an average of 14% due to upfront investments in personnel and other expenses as the Bank pursues its growth strategy that is expected to result in an exponential growth in disbursements. The Bank is set to increase its capacity (staff complement) as it strives to grow its disbursements to much higher levels than before. This is aligned with its ambition to expand its development impact in South Africa and the rest of Africa.

### 3. Development expenditure

The Bank's total development expenditure is expected to increase by 110% as the Bank ramps up its support in the municipality space through more capacity and planning support, interest subsidy and its Partner a District programme. Investments in the development labs is expected to continue in a bid to stimulate development in communities. Project preparation is also budgeted to increase as it is an important engine for disbursements growth. In addition, the Bank is also investing in its IT infrastructure to improve its platform for interaction with clients.

### 4. Expected credit losses (Impairments)

The impairment charge is expected to be relatively flat over the planning period despite growth in development loans. This is mainly due to expected improvements in the risk rating of some large exposures (Eskom, Transnet, Zambian exposures) over the planning period. The improvements are expected to result in write-back of provisions held.

### 5. Cost to income ratio

Despite the investment in development expenditure and building capacity for growth, the cost to income ratio is expected to stay in check at average of 31.2% over the planning period. Management will exercise prudence as it rolls out its growth strategy and will pull back on some expenditures if deemed necessary to manage the cost base of the Bank. This will protect the long-term financial sustainability of the Bank.

### 6. Net profit

The bank is expected to maintain a healthy level of profits in a bid to ensure that long-term financial sustainability is maintained. Return on Equity is expected to average 7.2% over the planning period. This is well above the average forecast inflation rate of 3.8% over the planning period, indicating preservation of shareholder value.

THREE YEAR FINANCIAL PLAN					
Balance Sheet	Actual	Forecast	3 Year Forecast		
	FY2024/25 R'mil	FY2025/26 R'mil	FY2026/27 R'mil	FY2027/28 R'mil	FY2028/29 R'mil
<b>Assets</b>					
Cash & cash equivalents	15 017 755	13 222 195	8 605 712	9 112 490	8 822 925
Investment securities	608 667	2 423 750	2 302 563	2 187 435	2 078 063
Derivative assets held for risk management	223 981	709 811	709 811	709 811	709 811
Post-retirement medical benefits investment	38 534	43 070	43 070	43 070	43 070
Financial market assets	871 182	3 176 631	3 055 444	2 940 316	2 830 944
Equity investments	4 581 600	5 114 274	4 593 929	4 946 079	5 484 582
Development loans	98 155 674	97 691 291	108 203 096	114 093 341	121 312 452
Development Bonds	1 542 364	1 520 895	1 520 134	1 519 374	1 518 613
Fixed assets	503 279	523 878	723 788	923 156	1 121 978
Other receivables	320 173	306 315	321 631	337 712	354 598
Other assets	320 173	306 315	321 631	337 712	354 598
<b>Total Assets</b>	<b>120 992 027</b>	<b>121 555 479</b>	<b>127 023 734</b>	<b>133 872 468</b>	<b>141 446 092</b>
<b>Liabilities</b>					
Other liabilities	1 482 085	2 773 317	2 873 283	2 974 865	3 079 498
Deferred income	702 447	509 757	652 118	797 304	944 372
Medium to long term: debt securities (existing)	37 317 696	24 899 993	16 160 333	8 506 333	6 374 333
Medium to long term: lines of credit (existing)	23 451 726	29 012 881	26 188 542	15 920 704	9 515 618
Medium to long term: derivatives	94 578	25 968	474	474	369
Medium to long term: New debt	-	-	12 020 661	31 332 466	41 591 679
<b>Total Liabilities</b>	<b>63 048 532</b>	<b>57 221 915</b>	<b>57 895 412</b>	<b>59 532 146</b>	<b>61 505 870</b>
<b>Equity</b>					
Share capital	200 000	200 000	200 000	200 000	200 000
Retained earnings	43 489 497	49 502 103	54 296 861	59 508 861	65 108 762
Other reserves	14 253 998	14 631 461	14 631 461	14 631 461	14 631 461
<b>Total Equity</b>	<b>57 943 495</b>	<b>64 333 564</b>	<b>69 128 321</b>	<b>74 340 322</b>	<b>79 940 222</b>
<b>Total equity &amp; liabilities</b>	<b>120 992 027</b>	<b>121 555 479</b>	<b>127 023 734</b>	<b>133 872 468</b>	<b>141 446 092</b>

## 1. Cash and cash equivalents

Cash and cash equivalents are expected to average above R9bn over the planning period. This level of cash will ensure that the Bank is in a good liquidity position to meet its obligations as they fall due.

## 2. Development loans

Development loans are expected to grow at an average of 8% over the planning period, mainly driven by high levels of planned disbursements. Disbursements are projected to be R22bn, R24bn and R26bn in the first, second and third years respectively.

## 3. Funding liabilities

Funding liabilities are mainly influenced by the level of disbursements, loan repayments and cash generated from operations.

Funding liabilities are projected to grow at an average of 2% over the planning period, influenced by the factors highlighted above.

THREE YEAR FINANCIAL PLAN					
CASH FLOW STATEMENT	Actual	Forecast	3 Year Financial Plan		
	FY2024/25 R'mil	FY2025/26 R'mil	FY2026/27 R'mil	FY2027/28 R'mil	FY2028/29 R'mil
<b>Net profit:</b>	<b>5 318 918</b>	<b>6 172 168</b>	<b>4 794 758</b>	<b>5 212 000</b>	<b>5 599 901</b>
<b>Adjustments:</b>	<b>(6 292 346)</b>	<b>(7 397 427)</b>	<b>(6 789 984)</b>	<b>(7 517 939)</b>	<b>(8 181 698)</b>
- Depreciation	42 748	40 315	55 091	55 632	56 178
- TA Grants	317 323	439 388	436 461	371 500	345 416
- Dividends	(10 959)	(32 994)	(26 000)	(20 000)	(19 000)
- Losses on asset disposals	(196)	(48)	-	-	-
- Fee accruals	137 011	87 961	-	-	-
- Equity gains	198 958	-	119 205	112 353	49 590
- Revaluation gains/(losses)	(153 647)	(881 200)	-	-	-
- Forex (gains) / losses on equity investments	55 476	(995)	(339 276)	(84 257)	(123 895)
- Forex (gains) / losses on USD assets	-	-	(581 747)	(386 482)	(484 745)
- Forex (gains) / losses on USD funding	-	-	1 035 513	599 871	763 228
- Impairments	1 500 777	1 408 703	1 512 402	1 610 414	1 674 912
- Net interest income	(8 379 837)	(8 458 555)	(9 001 632)	(9 776 971)	(10 443 383)
<b>Subtotal</b>	<b>(973 428)</b>	<b>(1 225 259)</b>	<b>(1 995 226)</b>	<b>(2 305 939)</b>	<b>(2 581 797)</b>
Change in other assets	13 396	(10 842)	(15 316)	(16 082)	(16 886)
Change in other liabilities	(160 942)	(200 282)	242 329	246 767	251 702
Interest & dividends received	12 345 713	14 607 678	14 469 475	15 658 218	16 687 695
Interest paid	(4 466 942)	(3 658 169)	(5 441 842)	(5 861 246)	(6 225 312)
<b>Net cash from operating activities</b>	<b>6 757 797</b>	<b>9 513 127</b>	<b>7 259 419</b>	<b>7 721 717</b>	<b>8 115 402</b>

CASH FLOW STATEMENT (CONTINUED)	THREE YEAR FINANCIAL PLAN				
	Actual	Forecast	3 Year Financial Plan		
	FY2024/25 R'mil	FY2025/26 R'mil	FY2026/27 R'mil	FY2027/28 R'mil	FY2028/29 R'mil
<b>Cash flows from development activities</b>	<b>198 558</b>	<b>(3 561 733)</b>	<b>(11 137 745)</b>	<b>(7 865 162)</b>	<b>(9 218 132)</b>
Development loan disbursements	(16 335 489)	(18 008 246)	(21 450 000)	(23 400 000)	(25 350 000)
Development loan repayments	16 922 240	14 991 783	10 235 716	16 315 338	17 007 284
Net increase in equity investments	(122 231)	(198 056)	513 000	(409 000)	(530 000)
Grants paid	(317 323)	(439 388)	(436 461)	(371 500)	(345 416)
Net advances on National Mandates	51 361	92 173	-	-	-
<b>Cash flows from investment activities</b>	<b>(201 793)</b>	<b>(1 696 386)</b>	<b>(133 812)</b>	<b>(139 872)</b>	<b>(145 628)</b>
Purchase of PPE & intangible assets	(41 961)	(60 886)	(255 000)	(255 000)	(255 000)
Proceeds from PPE	235	-	-	-	-
Movement in FMA	(160 067)	(1 635 500)	121 188	115 128	109 372
<b>Cash flows from financing activities</b>	<b>(2 464 574)</b>	<b>(5 771 340)</b>	<b>(604 345)</b>	<b>790 095</b>	<b>958 793</b>
Financial market liabilities repaid	(13 208 594)	(6 995 230)	(11 703 414)	(20 184 684)	(14 073 632)
Financial market liabilities raised	10 792 315	1 383 458	11 099 070	20 974 780	15 032 426
Dividends paid	(48 295)	-	-	-	-
<b>Net increase / (decrease) in cash &amp; cash equivalents</b>	<b>4 289 989</b>	<b>(1 516 332)</b>	<b>(4 616 484)</b>	<b>506 778</b>	<b>(289 565)</b>
Effect of exchange rate movements on cash balances	(76 006)	(279 228)	-	-	-
<b>Movement in cash &amp; cash equivalents</b>	<b>4 213 983</b>	<b>(1 795 560)</b>	<b>(4 616 484)</b>	<b>506 778</b>	<b>(289 565)</b>
<b>Cash &amp; cash equivalents beginning of the year</b>	<b>10 803 772</b>	<b>15 017 755</b>	<b>13 222 195</b>	<b>8 605 712</b>	<b>9 112 490</b>
<b>Cash &amp; cash equivalents end of the year</b>	<b>15 017 755</b>	<b>13 222 195</b>	<b>8 605 712</b>	<b>9 112 490</b>	<b>8 822 925</b>

## 1. Cash generated from operations

The Bank forecasts to achieve R7.3bn, R7.7bn and R8.1bn cash generated from operations in the first, second and third year.

This is mainly driven by the growth in net interest income, that has been growing in line with the growth in development assets.

## 2. Cash flows from Financing activities

Financial markets liabilities repaid are a function of maturity profile of the existing funding book, and the modelled amortisation of new liabilities.

New funding raised is a function of the net funding requirement after taking into account disbursements, loan capital repayments, operating expenditure, cash generated from operations and maturing liabilities.

## DIVIDEND POLICY

The Dividend Policy of DBSA was approved at the 2023 AGM for implementation effective from the 2023/24 financial year with the next review date of 31 March 2027. The key considerations for the dividend distribution as per the dividend policy is the solvency and liquidity position, corporate plan commitments and strategic objectives, DBSA Act and regulations and the performance indicators of the Bank.

When all key considerations above are satisfied, the Bank's dividend distribution formula applied is 3% of net profit for the year. The dividend policy caps the dividend to cash generated from operating and development activities. 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 constitutional imperatives and broader transformation goals as set out in government policy and relevant legislation. The DBSA strives to promote Exempt Micro Enterprises, Qualifying Small Enterprises, black women-owned enterprises and stimulate local economic development through its preferential procurement practices.

## MATERIALITY AND SIGNIFICANCE FRAMEWORK

Treasury Regulation 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 FY2026/27
<b>Materiality</b> Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements, financial information, and non-financial information. Materiality depends on the size and nature of the omission or misstatement.	Quantitative: 1.0% of total assets  Qualitative: All losses as a result of criminal conduct, irregular, and fruitless and wasteful expenditure are material. The DBSA has zero tolerance on all acts of criminal conduct.	R1.2 billion
<b>Significant</b>		
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 <b>significant</b> partnership, trust, unincorporated joint venture or similar arrangement.	1.0% of the value of total assets.	R1.2 billion
(c) Acquisition or disposal of a <b>significant</b> 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.	R1.2 billion
(d) Acquisition or disposal of a <b>significant</b> 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.	R1.2 billion
(e) Commencement or cessation of a <b>significant</b> business activity.	1.0% of the value of total assets	R1.2 billion
(f) Change in the nature or extent of its interest in a <b>significant</b> partnership, trust, unincorporated joint venture, or similar arrangement.	1.0% of the value of total assets	R1.2 billion

Materiality	Proposed Framework	Resulting Figures for FY2026/27
(g) Regardless of the above significant threshold, the following transactions are also considered significant.		
Any transaction that:		
1. Results in the DBSA acquiring or disposing of a shareholding of at least 20.0% in any entity or structure.	All transactions, excluding transactions in the ordinary course of the business of the DBSA and within the DBSA mandate (within the powers and objects of the Bank as stipulated in the DBSA Act).	R1.2 billion
2. Regardless of the percentage holding, any transaction that results in a direct equity investment exceeding 1.0% of total assets (as per the 2025/26 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

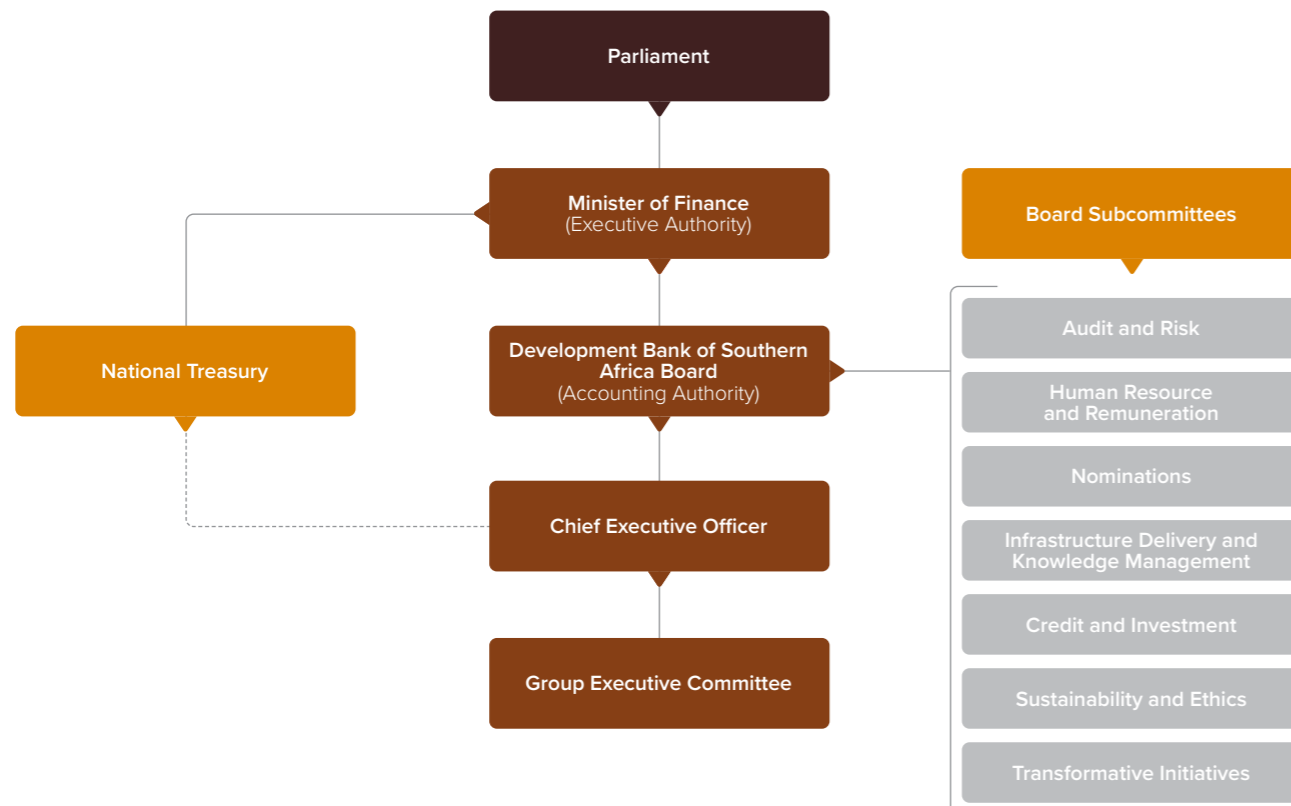
The DBSA operates within a robust governance framework, overseen by an Independent Board of Directors appointed by the Minister of Finance, who is the shareholder representative on behalf of the South African government. The Bank is committed to upholding the principles embodied in appropriate international 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 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

### Chairman



#### Mr David Makhura

Born: 1968

Chairman: Board and Nominations Committee (NC)

Independent Non-executive Director effective: 1 July 2025

#### Expertise:

Strategic leadership, public policy, and stakeholder engagement

#### Academic qualifications:

- Master of Science (MSc) in Public Policy and Management from the University of London

#### Other directorships:

Mwalimu Julius Nyerere Leadership School, Ahmed Kathrada Foundation

#### Committees:



### 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
- B-BBEE 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

#### Other directorships:

None

#### Committees:



- 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
- T** Transformative Initiatives Committee

## Shareholder representative



### Mr Kenneth Brown

Born: 1962

Chairman: Sustainability and Ethics Committee (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

#### Other directorships:

KWB Resources Pty Ltd; DUKAM Pty Ltd

#### Committees:

**B I S**



### 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

#### Other directorships:

The Waldorf CC

#### Committees:

**A H T**



### 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

#### Other directorships:

5th Dimension Capital (Pty) Ltd; 23 South Advisory (Pty) Ltd; Alexander Forbes Investment Ltd

#### Committees:

**A B**



### Dr Petrus Matji

Born: 1966

Chairman: Infrastructure Delivery and Knowledge Management (IDKC)

Independent Non-executive Director effective: 2 October 2020

#### Expertise:

Project Management and Finance, Infrastructure Development and Management.

#### Academic qualifications:

- Doctor of Business Leadership (DBL)
- 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

#### Other directorships:

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

#### Committees:

**I B**



### Ms Zodwa 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 Zululand

#### Other directorships:

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

#### Committees:

**B**



**Ms Disebo Moephuli**

Born: 1964  
Chairman: Board Credit and Investment Committee (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

**Other directorships:**

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

**Committees:**



**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)

**Other directorships:**

Mapungubwe Institute for Strategic Reflection (MISTRA)

**Committees:**



**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.

**Other directorships:**

Ainovate

**Committees:**



**Ms Patience Nosipho Nqeto**

Born: 1957  
Deputy Chairman: Board  
Chairman: Human Resource and Remuneration (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

**Other directorships:**

None

**Committees:**



**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

**Other directorships:**

Rabia Transitions; Womens Legal Centre

**Committees:**



**Mr Bongani Nqwababa**

Born: 1966  
Chairman: Audit and Risk Committee (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

**Other directorships:**

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

**Committees:**





**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
- BA: Social Science, University of the Western Cape

**Other directorships:**

None

**Committees:**



**Ms Lynette Milne**

Born: 1968

Independent Non-executive Director effective: 1 October 2025

**Expertise:**

- Strategic leadership and organisational development
- Project finance and mobilising finance for infrastructure
- Structuring complex projects/programmes
- Infrastructure integration, alignment, coordination and monitoring
- Financial governance and management

**Academic qualifications:**

- Chartered Accountant (SA)
- Honours (Accounting Science and CTA), University of South Africa
- BCompt, University of Free State

**Other directorships:**

Sishen Iron Ore Company Community Development Trust; Milne Innovations (Pty)

**Committees:**



## 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 submit to the Minister its recommendations of candidates 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.

- 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.
- **Human Resources and Remuneration Committee (HRC)**
  - The HRC supports the Board in the execution of its duties with respect to the implementation of the human capital strategy and related matters.
  - Remuneration for the DBSA, and governance issues and/or additional governance requirements outside 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;

## 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;

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.

- **Transformative Initiatives Committee (TIC)**

- The TIC is an ad hoc Board Committee established to assist the Board with overseeing coordination and strategic oversight on critical projects/ initiatives 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	Transformative Initiatives Committee
Mr. David Makhura (Board Chairman)		X	X	X		Chairman	X
Ms. Boitumelo Mosako (CEO)		X			X		
Ms Disebo Moephuli	X	Chairman					
Mr. Bongani Nqwababa	Chairman	X		X			X
Mr. Petrus Matji		X	Chairman				
Ms. Patience Nqeto (Deputy Chairman: Board)			X	Chairman		X	X
Mr Jonathan Muthige				X	X		Chairman
Dr Chantal Naidoo	X				X		
Mr Barry Hore	X			X			X
Ms. Zodwa Mbele (CFO)		X					
Ms Dinao Lerutla	X	X					
Mr Joel Netshitenzhe			X		X	X	
Mr Kenneth Brown		X	X			Chairman	
Professor Edgar Pieterse			X				
Ms. Lynette Milne	X	X	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 Chairman 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

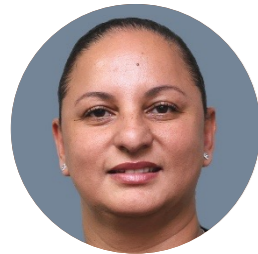
Born: 1970

Group Executive: Treasury

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



### Ms Candace Abrahams

Born: 1982

Acting Chief Risk Officer

DBSA Staff member as from 1 October 2021

Acting Chief Risk Officer as from 1 February 2026

#### Academic qualifications:

- Strategic Executive Program Africa, Harvard Business School
- Master of Business Administration (MBA), University of Pretoria
- Bachelor of Commerce, University of Natal-Durban



### Mr Mpho Mokwele

Born 1979

Group Executive: Transacting & Acting Group Executive: Coverage

DBSA staff member as from 1 March 2008 and Group Executive as from 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 as from 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



### Dr Phindile Masangane

Born: 1972

Group Executive: Programmes

Appointed: 1 February 2026

#### Academic qualifications:

- PhD (Chemistry) from Imperial College London
- MBA, University of the Witwatersrand
- BSc (Mathematics and Chemistry), University of Eswatini



### Mr. Zeph Nhleko

Born: 1974

Chief Economist and Group Executive: Strategy & Sustainability

DBSA Staff member from 1 February 2020 and Group Executive as from 1 July 2025

#### Academic qualifications:

- Program on Investment Appraisal and Risk Analysis, John Deutsch International Executive Programs, Queen's University
- Doctor of Philosophy in Management Studies, University of South Africa
- Master of Business Administration, Henley Business School, University of Reading
- Master of Commerce, University of South Africa
- Bachelor of Commerce Honours, University of KwaZulu-Natal (Durban-Westville)
- Bachelor of Commerce, University of KwaZulu-Natal (Durban-Westville)



### Ms Bathobile Sowazi

Born: 1972

Company Secretary and Group Executive: Legal and Compliance

DBSA Company Secretary from 1 May 2010 and Group Executive as from 1 July 2025

#### 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: FRAUD PREVENTION PLAN<sup>11</sup>

### INTRODUCTION AND DEFINITIONS

In the DBSA Fraud & Corruption Prevention Plan (“Plan”), and where the context lends itself thereto, the term “fraud” which is defined as, “*The unlawful and intentional making of a misrepresentation which causes actual or potential prejudice to another*”, 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 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 & corruption prevention plan; (i) creation of a zero-tolerant environment; (ii) understand and manage the risks; (iii) be proactive in defence; and (iv) react swiftly and efficiently to the appearance or allegations of crime and irregularities.

This Plan gives effect to the overarching DBSA Fraud & Corruption Prevention Policy. It operates within the confines of the Forensic Methodology and works in conjunction with other DBSA Policies, more specifically, the DBSA Recruitment Policy, the DBSA Disciplinary Code, the DBSA Code of Ethics, the DBSA Gifts & Hospitality Policy, the DBSA Conflicts of Interest Policy and the DBSA Whistleblowing Policy.

### PURPOSE AND SCOPE

The purpose of this Fraud and Corruption Prevention Plan is to ensure that all employees are aware of their responsibilities to counter fraud & corruption. Within this context employees have a critical role in assisting the DBSA to combat the risk of fraud & 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 & Management confirming the Zero

Tolerance stance. Any breach of the DBSA Fraud & Corruption Plan can result in disciplinary measures being taken against employees in conjunction with the DBSA Disciplinary Code & 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 & Corruption Prevention Plan may result in, amongst other responses, the withdrawal of business from the supplier, client or business partner, restriction of the supplier in line with DBSA policies and reporting of criminal cases to the SAPS.

### INTERNAL FRAUD AND CORRUPTION 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 internal Whistleblowing Procedure as detailed in the DBSA Whistleblowing Policy should be followed. Matters can also be reported to the Ethics Office at [ethics@dbsa.org](mailto:ethics@dbsa.org) or to the Company Secretary.

### EXTERNAL FRAUD AND CORRUPTION REPORTING PROCEDURE

Acting in good faith, 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](mailto:dbsa@whistleblowing.co.za)). An escalation protocol, as in the DBSA Whistleblowing Policy, is also applicable to the hotline. Employees can also make use of a direct email to Internal Audit, Forensics through [InvestigationsHub@dbsa.org](mailto:InvestigationsHub@dbsa.org). All matters are dealt with in the strictest confidence and in strict accordance with the terms of the Amended Protected Disclosures Act, Act 5 of 2017. Vigorous and prompt investigations are carried out into all cases of actual or suspected fraud discovered or reported. 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) (POPIA) and General Data Protection (GDPR) where appropriate.

#### Training and Awareness

The Bank will conduct familiarisation workshops/training on the DBSA Code of Ethics, Conflict of Interest and Whistleblowing Policies, as coordinated by the Ethics Officer & 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 & Corruption without the fear of reprisal or victimisation.

#### DBSA Response to Fraud & Corruption

The DBSA Fraud & Corruption Response Plan, which is an essential annexure to the Fraud & 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. DBSA recognises that fraud is rarely the result of a single factor. The widely recognised Fraud Triangle model illustrates three conditions that typically must exist, namely Opportunity, Pressure and Rationalization.



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 through the forensic investigation panel, on an as required basis.

#### 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.

#### Proactive Defence Through Due Diligence Activities

Being proactive is an essential principle in combating fraud and corruption. The Bank has various procedures for identifying areas of risk and prevention of incidents of Fraud & Corruption.

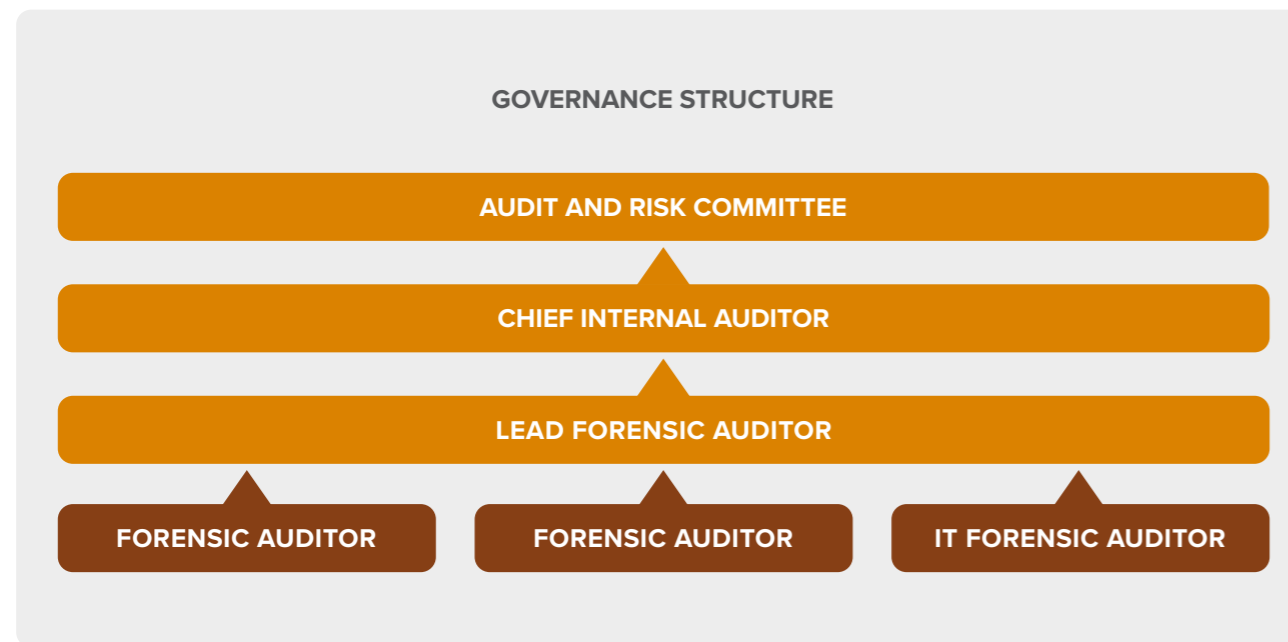
#### DBSA Business Processes supporting the Prevention of Fraud and Corruption

- Strong and effective internal controls.
- Regularly assessment of all significant business processes for control and procedural weaknesses and implements remedies.
- Strong culture of best practice Corporate Governance.

<sup>11</sup> This is a summarised version of the Bank’s Fraud Prevention Plan. A detailed plan is available on request.

- 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 on business partners, former employees/contractors or service providers/vendors/sub-contractors who have been implicated in acts of fraud/corruption/other irregular dishonest conduct, reporting 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.
- The implementation of probity checks on prospective suppliers/contractors/sub-contractors.
- The application of compliance database tools in order to identify any Politically Exposed Person ("PEP"), Prominent Influential Persons ("PIP") or sanctioned persons in accordance with relevant legislation, regulations and policy directives.
- 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.
- Ethical, equitable and thorough employment practices and policies.

## GOVERNANCE, MONITORING AND REVIEW



## ENFORCEMENT AND SANCTIONS

Failure to comply with the provisions of the policy may result in disciplinary actions being taken. Misconduct involving dishonesty is a dismissible offence in terms of the DBSA Disciplinary Code.

## ANNEXURE E: FUNDING PLAN AND BORROWING PROGRAMME FOR THE 2026/27 –2028/29 FINANCIAL YEARS

### 1. INTRODUCTION

The purpose of this document is to outline the Bank's request for a Borrowing Limit for the 2026/27 financial year.

### 2. KEY POINTS ON THE DBSA FUNDING STRATEGY

For the financial year 2026/27, the Bank's borrowing strategy will support the delivery of its development mandate by strengthening financial resilience and expanding access to sustainable funding.

The focus will be on diversifying funding sources to secure a cost-effective and balanced funding mix that underpins long-term sustainability. Continued efforts to strengthen domestic investor confidence remains

a priority to normalise borrowing costs and enhance market access. The planned issuance of a sustainable bond under the new Sustainable Finance Framework will further position the Bank as a leader in impact-driven finance, while strategic engagement with offshore markets will ensure readiness to capitalise on favourable opportunities.

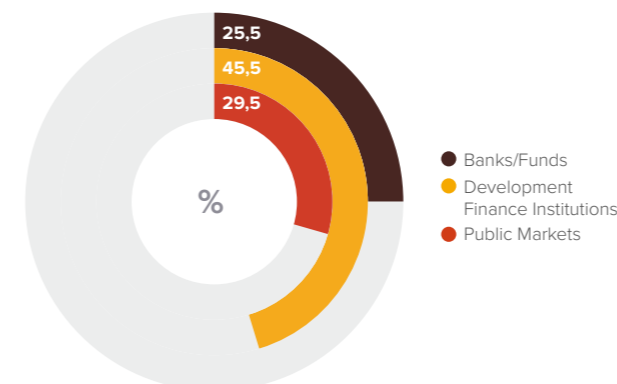
Prudent liquidity management and optimisation of funding costs will continue to anchor the Bank's approach to supporting inclusive and sustainable development outcomes.

### 3. FUNDING SOURCE BY CURRENCY AND SECTOR

Charts 1 and 2 below depict the Bank's funding by currency and source, respectively, as of 30 September 2025.

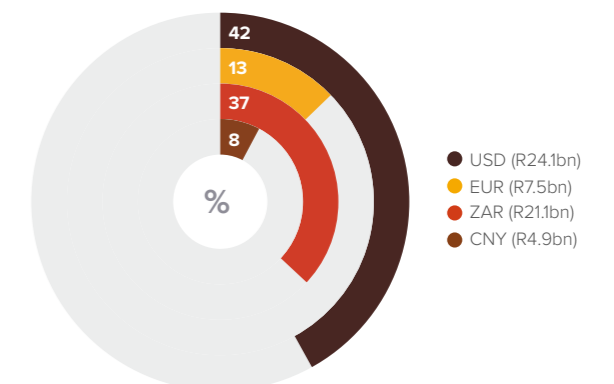
**Chart 1: Funding Split by Currency as of 30 September 2025**

Outstanding Debt Concentration (%)



**Chart 2: Funding Split by Source as at 30 September 2025**

Outstanding Debt by Currency (%)



### 4. BORROWING TERMS AND CONDITIONS

The Bank's borrowing instruments and frameworks are maintained in line with international standards to ensure regulatory compliance, market confidence, and funding flexibility.

The Bank issues domestic bonds and commercial paper under its JSE-listed Domestic Medium-Term

Note (DMTN) Programme, which was refreshed in 2023 to align with the latest Debt Listing Rules and market best practice.

Bilateral facilities from DFIs, commercial banks, and private investors are governed by international loan standards, with most lenders adopting or aligning to the Loan Market Association (LMA) framework.

Green Bonds are issued in line with the Bank's Green Bond Framework, which is anchored in the

International Capital Market Association (ICMA) Green Bond Principles – the global benchmark for sustainable financing. The Bank has recently issued a Sustainability Framework and obtained a Second Party Opinion from IBIS.

In LMA loans, typical conditions include maintaining government ownership and control, adherence to the 250% leverage cap, preservation of minimum credit ratings, and compliance with information and reporting obligations for 'use of proceeds' instruments.

## 5. PROPOSED BORROWING PROGRAMME FOR THE 2026/27 – 2028/29 FINANCIAL YEARS

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

- The Bank's policies, which require the following:
  - minimum liquidity levels have to be held, equivalent to 10% of outstanding liabilities. And
  - Basel III based liquidity risk parameters including the 30-day Liquidity Coverage Ratio

(LCR) and Net Stable Funding Ratio (NSFR) need to be considered when conducting liquidity forecasting requirements.

- 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 20% 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 1** below.



**Table 1: Projected Borrowing Requirement for FY2026/27 to FY2028/29**

	FY2026/27				FY2027/28				FY2028/29			
	1.00 ZAR	17.72 USD	20.63 EUR	Total ZAR	1.00 ZAR	17.97 USD	20.91 EUR	Total ZAR	1.00 ZAR	18.24 USD	21.11 EUR	Total ZAR
Capital received	5 727	156	84	10 236	11 311	171	92	16 315	11 421	202	90	17 007
Interest received	11 886	107	34	14 469	12 743	130	28	15 658	13 399	156	21	16 688
Disbursements	12 650	348	128	21 450	12 650	374	193	23 400	14 950	399	148	25 350
Capital repaid	5 227	311	47	11 703	10 359	465	70	20 185	5 290	409	62	14 074
Interest paid	3 631	87	13	5 442	3 790	98	15	5 861	3 796	113	17	6 225
Other inflows	626	0	0	626	636	0	0	636	731	0	0	731
Movements in Cash	4 616	0	0	4 616	507	0	0	507	290	0	0	290
Other outflow	2 451	0	0	2 451	3 632	0	0	3 632	4 099	0	0	4 099
<b>Total</b>	<b>1 104</b>	<b>482</b>	<b>70</b>	<b>11 099</b>	<b>6 248</b>	<b>636</b>	<b>158</b>	<b>20 975</b>	<b>2 294</b>	<b>563</b>	<b>117</b>	<b>15 032</b>
<b>Borrowing Limit Requirement – Total (includes a 20% buffer)</b>	<b>1 325</b>	<b>579</b>	<b>84</b>	<b>13 319</b>	<b>7 497</b>	<b>763</b>	<b>190</b>	<b>25 170</b>	<b>2 752</b>	<b>676</b>	<b>140</b>	<b>18 039</b>
<b>FX debt balance in USD and EURO</b>		<b>1 937</b>	<b>484</b>			<b>2 108</b>	<b>572</b>			<b>2 262</b>	<b>626</b>	
<b>FX debt balance in ZAR</b>		<b>44 326</b>				<b>49 831</b>				<b>54 480</b>		
<b>NT Approved Foreign Currency Borrowing Limit</b>		<b>45 370</b>				<b>48 870</b>				-		

## 6. FOREIGN CURRENCY BORROWING REQUIREMENT

Foreign currency borrowings stood at R36.5 billion as at 30 September 2025 against a foreign currency borrowing limit of R42.26 billion. 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 2: Foreign Currency Borrowings (“000,000”) – 30 September 2025**

Institutes	EUR	USD	Total in ZAR
DFI	(243)	(54)	(5 855)
DFI		(100)	(1 725)
Commercial Bank		(25)	(431)
DFI	(33)		(676)
DFI	(60)	(73)	(2 466)
DFI		(3)	(52)
DFI		(100)	(1 725)
DFI	(33)	(100)	(2 391)
Commercial Bank		(225)	(3 881)
Commercial Bank		(50)	(863)
Commercial Bank		(255)	(4 399)
Commercial Bank		(40)	(690)
DFI		(120)	(2 070)
DFI		(250)	(4 320)
DFI		(288)	(4 967)
<b>Total</b>			<b>(36 511)</b>

**Table 3: Projected Currency Funding Split to FY2028/29**

(Millions)	FY2026/27			FY2027/28			FY2028/29		
	ZAR	USD	EUR	ZAR	USD	EUR	ZAR	USD	EUR
<b>Disbursements</b>	59%	29%	12%	56%	29%	15%	59%	29%	12%
<b>Funding</b>	1%	86%	13%	26%	61%	14%	33%	54%	13%

Whilst DBSA’s debt composition continues to reflect a higher reliance on USD-denominated funding, this position was largely driven by the temporary dislocation of the South African capital markets during the COVID-19 period, which constrained access to long-term domestic liquidity. With local market conditions now improving and investor confidence returning, as evidenced by recent auctions where DBSA achieved a spread reduction of over 25 basis points, the Bank is strategically rebalancing towards increased ZAR-denominated funding.

This shift will be implemented at an appropriate pace, aligned with the Bank’s disbursement profile and prevailing market conditions, to ensure cost efficiency and balance sheet resilience. Local funding remains a critical component of DBSA’s capital-raising strategy, and the Bank will continue to employ a blend of public auctions and private placements to attract ZAR funding at competitive levels.

In addition, the Sustainability Framework will support selective ZAR-denominated issuances in the sustainable finance market, while DBSA continues to engage with peer DFIs to encourage greater provision of local-currency funding — a trend already gaining momentum among some institutions. These measures collectively enhance the Bank’s funding diversity, reduce foreign exchange exposure, and strengthen alignment between funding and developmental disbursements.

## 7. AVAILABLE FUNDING SOURCES

As of 30 September 2025, a total of R10.7 billion of funding can still be accessed through committed facilities.

**Table 4: Committed Facilities**

Committed Facilities as at 30 September 2025			
Counterpart	Currency	Amount Available	Total ZAR
DFI	EUR	240 000 000	4 800 000 000
DFI	USD	58 243 856	1 025 091 866
DFI	USD	52 000 000	915 200 000
DFI	EUR	200 000 000	4 000 000 000
<b>Total</b>			<b>10 740 291 866</b>

## 8. FUNDING SOURCES

Table 5 below depicts potential funding sources for FY2026/27. 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 5: Potential sources of funding**

Funding Source	Facility use	USD	EUR	Total ZAR
Bank	- General Corporate Purposes	100 000 000		1 760 000 000
DFI	- Renewable Energy		80 000 000	1 600 000 000
Bank	- General Corporate Purposes	250 000 000		4 400 000 000
DFI	- Metros		100 000 000	2 000 000 000
<b>Total</b>				<b>9 760 000 000</b>

## 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. Credit ratings as of 30 September 2025 were:

**Table 6: 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 F: RISK MANAGEMENT PLAN <sup>12</sup>

### 1. Framework

The DBSA's Enterprise Risk Management Framework contains the three key 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. Sets the parameters for which the Bank may operate in and gives guidance to avoid breaches thereof.

#### 1.2 Risk assurance

Enables oversight of the Bank through 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. Risk assurance is conducted in both a proactive manner through determining emerging risk as well as in complementarity with the business as an advisory function.

#### 1.3 Risk process

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

<sup>12</sup> This is a summarised version of the Risk Management Plan. The detailed plan is available on request.

## 2. Roles and responsibilities

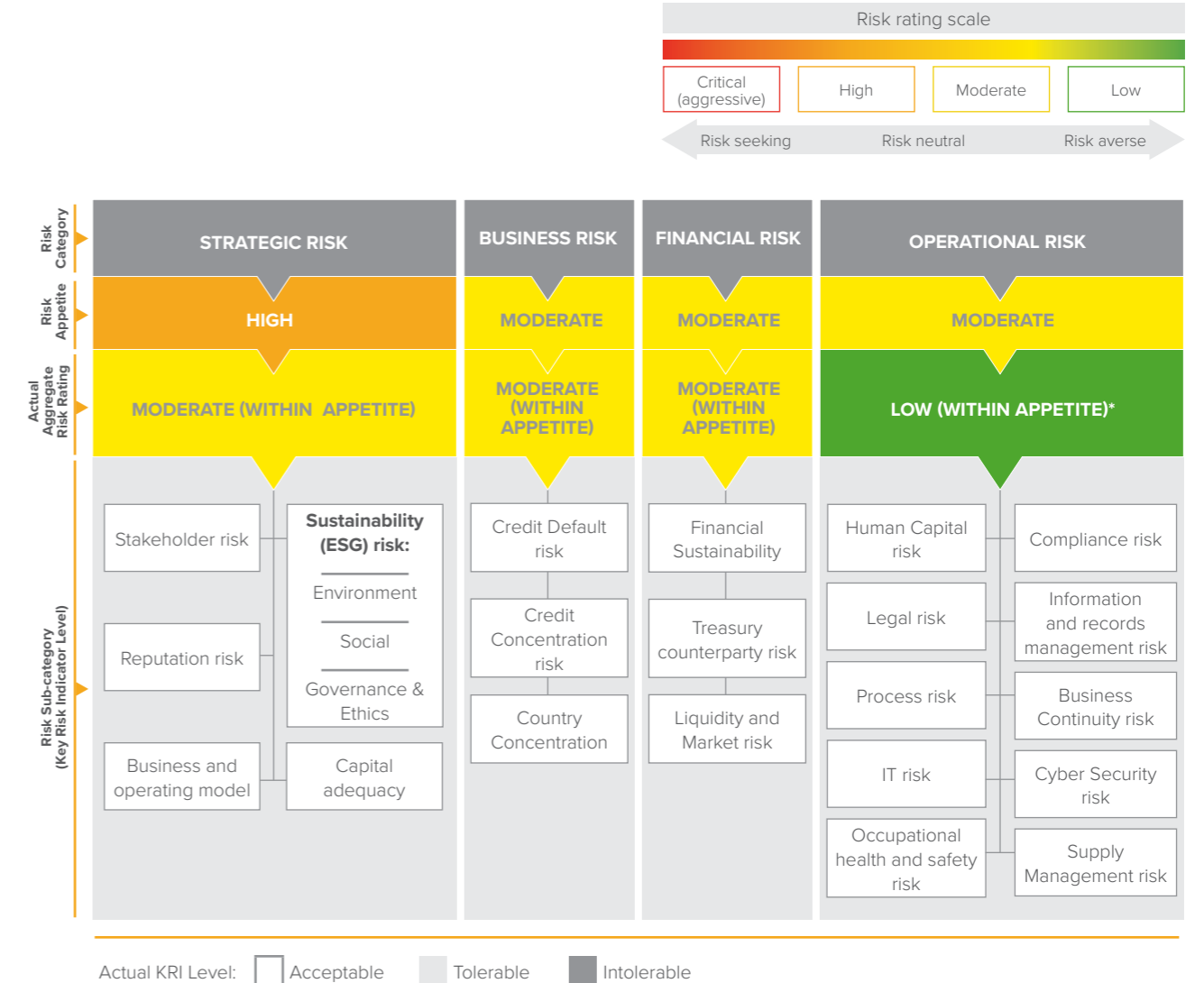
Function	Role	Responsibility
Business unit	1 <sup>st</sup> line of defence	Management of risk, controlling and monitoring operations
Assurance functions	2 <sup>nd</sup> line of defence	Develop policies, monitor adherence
Internal and External Auditors	3 <sup>rd</sup> line of defence	Provide independent assurance
Executive Committee	4 <sup>th</sup> line of defence	Provide oversight, ensure implementation
Board	5 <sup>th</sup> line of defence	Sets the Bank's strategy and ensures organisational performance

## 3. Risk Categories

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

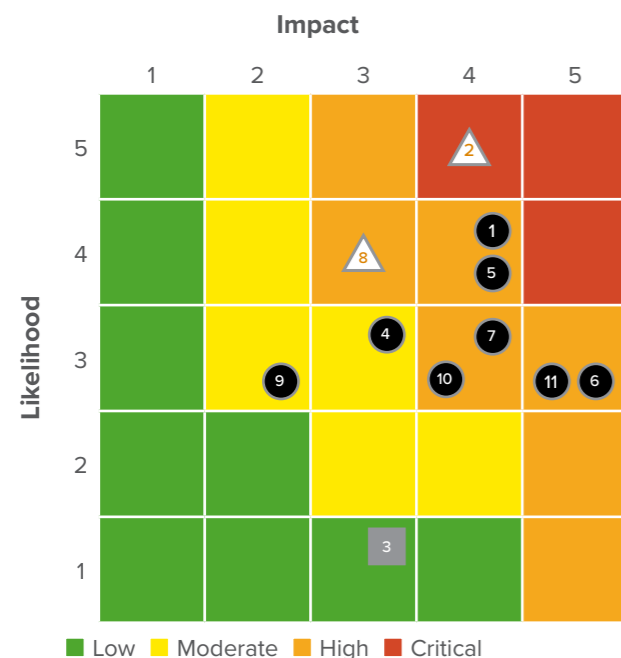


## 4. Risk Appetite Dashboard



**PRINCIPAL RISKS**

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



- Internal policy control/activity (ongoing by nature)
- Strategic initiative
- Action item

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

Risk Owner/s	CRO	Inclusive economic recovery	✓	Strategic Rest of Africa lens	✓	Doing things differently	✓
<b>Key drivers</b>		<b>Controls &amp; Responses (Status)</b>					
<ul style="list-style-type: none"> <li>Possible non-performance of a single large credit exposure or multiple exposures that are closely correlated</li> <li>The performing loan book remains MS14 (High risk)</li> <li>International Portfolio with an aggregate MS rating of MS15 (High risk)</li> <li>SA Portfolio with an aggregate rating of MS 13 (Medium risk)</li> <li>Increasing political uncertainty or conflict in some exposure countries</li> <li>High levels of indebtedness, high interest rates and high inflation in key markets</li> <li>Knock on effects from volatile geo-political environment</li> <li>Increasing dysfunction in municipalities</li> <li>Sovereign downgrade of some of our clients</li> <li>Changes in legislation may affect repayment ability of munics e.g. impact of Electricity Regulation Amendment Act</li> <li>Increasing Expected Credit Losses</li> </ul>		<ul style="list-style-type: none"> <li>Risk sharing strategies such as credit insurance etc. for balance sheet optimisation and limit relief (31 March 2026)</li> <li>Active portfolio management/risk tilting (31 March 2026)</li> <li>Diversify clients/products and pursue off-balance sheet structures (31 March 2026)</li> <li>Proactive risk management with the application of due diligence process on deals (31 March 2026)</li> <li>Analyses of economic and global market conditions (31 March 2026)</li> <li>All disbursement requests to be accompanied by high level credit confirmation of no material change to the credit profile of the client (31 March 2026)</li> <li>Legal continues to ensure that all financing documents that are still being negotiated include appropriate clauses for market disruption and economic failure including repricing</li> <li>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 (31 March 2026)</li> <li>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 (31 March 2026)</li> <li>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 &amp; Recovery Unit (BSRU) at Stage 2 (31 March 2026)</li> <li>Loans that are non-performing are in Stage 3 and are handed over to BSRU (31 March 2026)</li> </ul>					
<b>Key impacts</b>		<b>Relevant indicators</b>					
<p>Downside impacts</p> <ul style="list-style-type: none"> <li>Deterioration in asset quality and increasing ratio of non-performing loans</li> <li>Increase in impairments leading to a negative impact on sustainable profit</li> </ul>		<ul style="list-style-type: none"> <li>Non-Performing Loans as % of Total Loans and Advances</li> <li>Sector, Country and Single obligor concentration/limit utilisation</li> </ul>					
Inherent Risk Rating	Residual Risk Rating	Appetite					
High	High	Moderate					



- Internal policy control/activity (ongoing by nature)
- Strategic initiative
- Action item

**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	✓
<b>Key drivers</b>		<b>Controls &amp; Responses (Status)</b>					
<ul style="list-style-type: none"> <li>Increasing number and sophistication of cyber-attacks in general (globally and locally)</li> <li>Failure of key controls e.g., threat monitoring, reliance on third parties</li> <li>Inadequate password security from a user perspective</li> <li>Inadequate configuration of security measures</li> </ul>		<ul style="list-style-type: none"> <li>Training and awareness using DBSA brief and virtual training (30 Nov 2026)</li> <li>Completion of all audit actions (31 March 2026)</li> <li>Implement Information Security Management System (ISMS) &amp; Cyber Security Strategy-Cyber security risk simulation (30 Nov 2026)</li> <li>A third-party service provider conducts on-going threat monitoring with monthly Security Operations Centre (SOC) reporting in place (30 Nov 2026)</li> <li>Implementation of Managed Portfolio Process (Business Case Evaluation and Project Prioritization) (31 March 2026)</li> <li>Implementation of ICT Governance Framework (On-going)</li> <li>Virtual ICT assistance to staff</li> <li>Allow access to DBSA systems and tools to all staff via VPN and Vox 3G, with Multi-factor authentication enabled for VPN log ins (Complete)</li> <li>Implementation of ICT Continuity Plan (Backup &amp; Restore Testing) (31 March 2026)</li> <li>Chief Information Security Officer (CISO) appointed (Complete)</li> </ul>					
<b>Key impacts</b>		<b>Relevant indicators</b>					
<p>Downside impacts</p> <ul style="list-style-type: none"> <li>Non-compliance to POPIA if data security is breached and personal information is compromised</li> <li>Business disruption</li> <li>Adverse impact on reputation</li> <li>Increased costs to insure against cyber incidents and loss/reduction in available cover for cyber incidents</li> </ul>		<ul style="list-style-type: none"> <li>Critical system unavailability for period</li> <li>Number and severity of cyber security issues (Threats and Vulnerabilities, Ransomware, Malware)</li> </ul>					
Inherent Risk Rating	Residual Risk Rating	Appetite					
Critical	Critical	Low					



- Internal policy control/activity (ongoing by nature)
- Strategic initiative
- Action item

**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	✓
<b>Key drivers</b>		<b>Controls &amp; Responses (Status)</b>					
<ul style="list-style-type: none"> <li>Currency volatility</li> <li>Increase in the cost of funding</li> <li>A reduction in funding options due to ESG performance or considerations</li> <li>Growing investor and lender concerns around the risk emanating from the Bank's exposure to the municipal and SOE sectors</li> </ul>		<ul style="list-style-type: none"> <li>Engaging with key investors to understand funding requirements and funding strategy (31 March 2026)</li> <li>Meeting quarterly with internal clients to understand their disbursement needs or requirements (31 March 2026)</li> <li>Monitor full year schedule of disbursements by currency, split into Committed vs Uncommitted transactions (31 March 2026)</li> <li>Rolling over of maturing liabilities (although terms may change as a result of market conditions e.g., amounts and pricing may change) (31 March 2026)</li> <li>Pursuing additional facilities with other lenders (31 March 2026)</li> <li>Existing operational hedging instruments against interest rate and currency risk swaps (31 March 2026)</li> <li>Raising long term funding through bond issuances and long-term bilateral loans including novel instruments such as sustainability bonds (31 March 2026)</li> <li>Regular monitoring of prudential limits (31 March 2026)</li> <li>Seek approval for an adequate Foreign Currency Borrowing limit (31 March 2026)</li> <li>Regular cash flow forecasting (31 March 2026)</li> <li>Unutilised facilities in place (31 March 2026)</li> <li>Access to the repo market (31 March 2026)</li> <li>Explore participation in Climate Change Fund (31 March 2026)</li> <li>Reviewing lines of credit to reduce the cost of funding (31 March 2026)</li> </ul>					
<b>Key impacts</b>		<b>Relevant indicators</b>					
<p>Downside impacts</p> <ul style="list-style-type: none"> <li>A temporary downward cycle in core lending performance</li> <li>Adverse impact on financial sustainability</li> <li>Reduced ability to raise affordable funding</li> <li>Bank unable to achieve mandate and development impact</li> <li>Over-utilisation of the foreign currency borrowing limit</li> <li>Challenges in the ability to price senior debt i.e., this is an issue already for IPPs</li> </ul>		<ul style="list-style-type: none"> <li>Liquidity Coverage Ratio</li> <li>Net Stable Funding Ratio</li> <li>Net Open Position</li> </ul>					
Inherent Risk Rating	Residual Risk Rating	Appetite					
High	Moderate	Moderate					



- Internal policy control/activity (ongoing by nature)
- Strategic initiative
- Action item

**REPUTATION RISK - ARISING 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 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
- Politicisation of DBSA projects, there have been calls for increased scrutiny on the progress of the parliament building re-construction project and completion rate on tourism projects
- Delays in implementation of shareholder agreements

**Controls & Responses (Status)**

- Outline transition periods for gas and oil (30 June 2026)
- Develop business cases for new growth opportunities from green hydrogen, biodiversity assets and carbon markets (31 March 2026)
- Pursue PFMA exemption e.g. foreign currency borrowing limits and process (31 March 2026)
- Influence regulatory reforms (31 March 2026)
- Utilisation of development subsidy to enable IDD unlock municipal projects (31 March 2026)
- Undertake 10-year review of benefits unlocked from DBSA support to municipalities (lending and non-lending) (Completed)
- Integrated Municipal Approach (31 March 2026)
- Comms & Marketing and stakeholder management to communicate mandate and performance outcomes (31 March 2026)
- Utilising the Development Position and related Development Index to align stakeholder expectations (31 March 2026)
- Infrastructure Fund, Partner-a-District, non-financial support to under-resourced municipalities and the High Impact Investment Fund as levers to enhance impact (31 March 2026)
- Development of a Net Zero emissions strategy (Statement completed)
- Increasing capacity of Monitoring and Evaluation unit via the Operating Model Review (31 March 2026)
- Holding statement in response to negative press and only respond where DBSA is addressed directly (31 March 2026)

**Key impacts**

Downside impacts

- Loss of stakeholder goodwill
- Increasing oversight by the Shareholder
- On-going negative mainstream and social media coverage
- Adverse impact on DBSA's desirability as an employer

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



- Internal policy control/activity (ongoing by nature)
- Strategic initiative
- Action item

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

Risk Owner/s: **CFO, CRO, GE:SES** | 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
- 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 leading to depressed deal pipeline in RSA
- Increasing number of severe/extreme weather events and disasters
- Trade uncertainty driven by the US e.g. changes and trade tariffs were announced and subsequently revised

**Controls & Responses (Status)**

- Develop business case for trade finance (Completed)
- Scale up new products e.g., High Impact Investment Portfolio (31 March 2026)
- Increasing focus on the non-core lending aspects of the business i.e. D Labs, Infrastructure Delivery Division, Partner-a-District platform etc. (31 March 2026)
- Investigating options to reshape the loan book from fewer larger deals to increased volumes of smaller deals (31 March 2026)
- Strengthening partnerships and increased collaboration with other DFI's
- Increasing digitalization in operations (31 March 2026)
- Improving the effectiveness of learning and development initiatives to develop adequate skills (31 March 2026)
- Improving strategy alignment and execution through an enhanced Balanced Scorecard process (31 March 2026)
- Approval of DFI scorecard by Department of Trade Industry and Competition (31 Mar 26)
- Participation in conditional grant pledging to enable greater participation in municipal infrastructure rollout (31 March 2026)
- Pursuing joint bidding on municipal tenders to offer competitive pricing (31 March 2026)

**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

**Relevant indicators**

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



- Internal policy control/activity (ongoing by nature)
- Strategic initiative
- Action item

**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	✓
<b>Key drivers</b>		<b>Controls &amp; Responses (Status)</b>					
<ul style="list-style-type: none"> <li>Culture survey results indicate several areas of improvement</li> <li>Employee burnout and work-related stress</li> <li>Insufficient resources to pursue some strategic initiatives and business as usual concurrently</li> <li>Several divisions have raised risks around "keyperson" dependencies and unclear succession planning</li> <li>Higher than desired vacancy levels</li> <li>Increasing adoption of artificial intelligence tools such as ChatGPT may be a positive driver for productivity improvement tools</li> <li>Change fatigue</li> </ul>		<ul style="list-style-type: none"> <li>● Hybrid Working Model (31 March 2026)</li> <li>○ Operating Model Review (30 Jan 2026)</li> <li>● Clarify and align training policy with talent management (Completed)</li> <li>● Assess capability across all units and the feasibility of moving staff (Completed)</li> <li>● Implementing the Culture Strategy (31 March 2026)</li> <li>○ Digital Transformation Initiative (DigiEvolve) (31 March 2026)</li> <li>● Develop a senior succession plan (Completed)</li> <li>● Contingency plans relating to succession for critical skills (Completed)</li> <li>● Regular communications to staff (31 March 2026)</li> <li>● Access to the Employee Wellness Provider to support employees (31 March 2026)</li> <li>● Provide sufficient resources (31 March 2026)</li> <li>● Identify change fatigue early through polling via the Pulse tool (31 March 2026)</li> </ul>					
<b>Key impacts</b>		<b>Relevant indicators</b>					
Downside impacts		<ul style="list-style-type: none"> <li>Digital DBSA (digitalisation, automation, and process re-engineering)</li> </ul>					
Inherent Risk Rating	Residual Risk Rating	Appetite					
High	Moderate	Moderate					



- Internal policy control/activity (ongoing by nature)
- Strategic initiative
- Action item

**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	✓
<b>Key drivers</b>		<b>Controls &amp; Responses (Status)</b>					
<p>Capability (quality)</p> <ul style="list-style-type: none"> <li>Under-utilisation of training resources and professional development opportunities</li> <li>Inability to recruit at the required skill level (possibly due to the market)</li> </ul> <p>Capacity (number)</p> <ul style="list-style-type: none"> <li>Recruitment challenges - Substantial increase in candidates with adverse records or assessment results</li> <li>Inadequate number of sector specialists (issue raised by Transacting)</li> <li>Loss of potential candidates due to competition, talent mobility</li> <li>Lengthy recruitment process partly due to market conditions and internal processes</li> <li>Insufficient work-force planning</li> <li>Loss of talent through resignations or retirements etc.</li> <li>Uneven distribution of workload</li> <li>Inadequate work tools</li> </ul>		<ul style="list-style-type: none"> <li>● Learning &amp; development programme (31 March 2026)</li> <li>● Succession planning (Completed)</li> <li>● Recruitment process (31 March 2026)</li> <li>● Performance management (31 March 2026)</li> <li>○ Target Operating Model Review (31 March 2026)</li> <li>● Remuneration Policy (31 March 2026)</li> <li>○ Digital Transformation Initiative (DigiEvolve) (31 March 2026)</li> </ul>					
<b>Key impacts</b>		<b>Relevant indicators</b>					
Downside impact		<ul style="list-style-type: none"> <li>Digital DBSA (digitalisation, automation, and process re-engineering)</li> <li>Retention of critical skills</li> <li>Vacancy levels or occupancy levels</li> </ul>					
Inherent Risk Rating	Residual Risk Rating	Appetite					
High	High	Moderate					



- Internal policy control/activity (ongoing by nature)
- Strategic initiative
- Action item

**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	CRO	Inclusive economic recovery	✓	Strategic Rest of Africa lens	✓	Doing things differently	✗
<b>Key drivers</b>		<b>Controls &amp; Responses (Status)</b>					
<p>African climate is driven by:</p> <ul style="list-style-type: none"> <li>• El Niño–Southern Oscillation (ENSO) The ENSO influences extreme weather events globally, causing floods in some regions and droughts in others.</li> <li>• 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.</li> <li>• 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.</li> </ul>		<ul style="list-style-type: none"> <li>● Determine the number of DBSA interests in areas vulnerable to extreme weather (31 Mar 2026)</li> <li>● Develop scenarios covering various levels of damage to infrastructure and the resultant costs to mitigate and restore (30 Nov 2026)</li> </ul>					
<b>Key impacts</b>		<b>Relevant indicators</b>					
<ul style="list-style-type: none"> <li>• Downside impact – Loss of key infrastructure in DBSA key markets reversing development gains that have been made in the past</li> <li>• Downside impact - Adverse social impacts e.g. forced migration, increasing inequality and reduction of economic opportunity</li> <li>• Upside impact – Increase in demand for infrastructure development financing</li> </ul>		<ul style="list-style-type: none"> <li>• Number of extreme weather events</li> <li>• Total losses attributable to extreme weather events</li> </ul>					
Inherent Risk Rating	Residual Risk Rating	Appetite					
High	High	Moderate					



- Internal policy control/activity (ongoing by nature)
- Strategic initiative
- Action item

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

Risk Owner/s	CRO	Inclusive economic recovery	✓	Strategic Rest of Africa lens	✓	Doing things differently	✓
<b>Key drivers</b>		<b>Controls &amp; Responses (Status)</b>					
<ul style="list-style-type: none"> <li>• Multiple complex frameworks for structuring, measuring and monitoring impact on ESG</li> <li>• Inadequate resources e.g., financial resources, number of people and relevant skillset internally to carry out the work required</li> <li>• Inadequate credible data sources</li> <li>• Increased global drive towards net zero emissions by 2050</li> <li>• Signing of RSA Climate Change Act into law</li> </ul>		<ul style="list-style-type: none"> <li>● DBSA ESG Policies, systems and guidelines (01 April 2026) <ul style="list-style-type: none"> <li>• Environmental and Social Safeguard Standards (based on IFC Performance Standards) and Social and Institutional Guidelines</li> <li>• Integrated Environmental and Social Sustainability Approach</li> <li>• Green Finance Taxonomy</li> <li>• Environmental Management System</li> <li>• Environmental Appraisal Framework</li> <li>• Climate Change Policy Framework</li> </ul> </li> <li>● ESG reporting (31 Dec 2026) <ul style="list-style-type: none"> <li>• Development Results Reporting Framework</li> <li>• Impact reporting covering: <ul style="list-style-type: none"> <li>• Energy efficiency</li> <li>• Renewable energy</li> <li>• Non-energy GHG emission reduction</li> <li>• Climate change contribution and adaptation</li> <li>• Green buildings</li> <li>• Clean transportation</li> <li>• Pollution prevention and control</li> <li>• Sustainable management of natural resources including water</li> <li>• Access to essential services</li> <li>• Socio-economic advancement and empowerment</li> <li>• Waste</li> </ul> </li> </ul> </li> </ul>					
<b>Key impacts</b>		<b>Relevant indicators</b>					
<ul style="list-style-type: none"> <li>• Downside impact – Inappropriately controlled adverse impacts on the environment and society</li> <li>• Downside impact – Reduction in the ability to source funding from capital markets as ESG requirements become increasingly common-place and stringent</li> <li>• Downside impact – Adverse impact on DBSA's reputation</li> <li>• Downside impact – Non-compliance to regulations leading to fines and disruption</li> </ul>		<ul style="list-style-type: none"> <li>• Various ESG indicators</li> </ul>					
Inherent Risk Rating	Residual Risk Rating	Appetite					
High	Moderate	Moderate					



- Internal policy control/activity (ongoing by nature)
- Strategic initiative
- Action item

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

Risk Owner/s	CE, All GES	Inclusive economic recovery	✓	Strategic Rest of Africa lens	✓	Doing things differently	✓
<b>Key drivers</b>		<b>Response (Status)</b>					
<ul style="list-style-type: none"> <li>Lagging development of just transition plans and the strategic importance of the current and available sources of energy to the regional economy</li> </ul>		<ul style="list-style-type: none"> <li>● Development position of the Bank (Completed)</li> <li>● Net zero statement was adopted which advocates for sustainable solutions to infrastructure projects (Completed)</li> <li>● 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 (Completed)</li> <li>● DBSA is supporting the IPP programme, embedded public and private power generation projects (31 March 2026)</li> <li>● Embracing climate change, environmental protection, social sustainability, gender mainstreaming and embedding sustainability in all its investment opportunities (31 March 2026)</li> </ul>					
<b>Key impacts</b>		<b>Relevant indicators</b>					
<p>Downside impact</p> <ul style="list-style-type: none"> <li>Adverse impact on brand and reputation</li> <li>Increasing pressure from stakeholders</li> <li>Increase in difficulty of sourcing affordable funding</li> <li>Reduced capacity for liability insurance if fossil fuel-based projects are not phased out of the book (or added with Just Transition plans)</li> </ul>		<ul style="list-style-type: none"> <li>Value of projects approved for funding by DBSA's existing Climate and Environmental Facilities (e.g., CFF, EGIP etc.)</li> <li>Negative impact on natural resources e.g., soil, water, air, fauna, and flora</li> <li>Any issues of social nature affecting individuals or communities</li> </ul>					
Inherent Risk Rating	Residual Risk Rating	Appetite					
High	High	High					



- Internal policy control/activity (ongoing by nature)
- Strategic initiative
- Action item

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

Risk Owner/s	CE, All GES	Inclusive economic recovery	✓	Strategic Rest of Africa lens	✓	Doing things differently	✓
<b>Key drivers</b>		<b>Response (Status)</b>					
<ul style="list-style-type: none"> <li>Lack of competitive advantage e.g. high cost of funding compared to other players in the region</li> <li>Shallow municipal debt absorption capacity locally</li> <li>Geopolitical tensions and pockets of volatility across the continent could limit the DBSA's footprint and potential markets.</li> <li>Increased competition in the municipal finance environment due to better price points by commercial banks.</li> <li>Construction mafia remains a major threat to the operations of IDD</li> <li>Lack of infrastructure funding and grant allocations</li> <li>Change in accounting authorities/political principals at municipal level</li> <li>Infrastructure budget cuts due to fiscal constraints by our clients and stakeholders</li> <li>Operational inefficiencies leading to slow conversion rates and slow implementation of strategic initiatives</li> <li>Inadequate resources e.g. Coverage, Transacting, PPD under 80% occupancy levels</li> </ul>		<ul style="list-style-type: none"> <li>○ Corporate Plan Strategic Initiatives (31 March 2026) <ul style="list-style-type: none"> <li>Sustainability</li> <li>Integrated Municipal Approach</li> <li>Regional integration</li> <li>Elevating development impact</li> <li>Shareholder alignment</li> <li>Fit for purpose DBSA</li> </ul> </li> <li>● Diversify funding sources (31 March 2026)</li> <li>● Consider shareholder diversification to improve credit rating by separating from the RSA sovereign rating (31 March 2026)</li> <li>● Envisaged state-owned entity governance framework and new DFI empowerment scorecards (31 March 2026)</li> </ul>					
<b>Key impacts</b>		<b>Relevant indicators</b>					
<p>Downside impact</p> <ul style="list-style-type: none"> <li>Stagnant or relatively flat growth rate of the DBSA</li> <li>Increasing pressure from key stakeholders to "do more"</li> <li>May force a fundamental change in risk appetite towards more risk seeking/aggressive strategic choices</li> </ul>		<ul style="list-style-type: none"> <li>ROE (calculated on sustainable earnings)</li> <li>Cost to income ratio – financing business</li> <li>Total Disbursements</li> <li>Number of jobs facilitated</li> <li>Value of Infrastructure Delivered</li> <li>Value of infrastructure unlocked in under-resourced municipalities</li> <li>Number of transactions that are committed for DBSA funding to black-owned entities</li> </ul>					
Inherent Risk Rating	Residual Risk Rating	Appetite					
High	High	High					

## ANNEXURE G: BUSINESS CONTINUITY AND ORGANISATIONAL RESILIENCE

The DBSA remains committed to a proactive, integrated, and future focused approach to Operational Resilience in alignment with the approved BCM Policy, ISO 22301, and the Business Continuity Institute's Good Practice Guidelines. Operational Resilience will continue to report into the risk governance structures, providing the Board with transparent assurance on the organisation's readiness. Accountability for implementation is shared across all Group Executives, ensuring that continuity and resilience are embedded at every level of the business. For the 2026/27 financial year, Operational Resilience will strive to move beyond compliance-driven function to become a strategic resilience partner – anticipating disruption, enabling agility and safeguarding DBSA's ability to deliver on its mandate under any circumstances.

### OBJECTIVE OF THE BCM FRAMEWORK

- Establish a control environment to link corporate governance, risk management, business planning, and operational performance to the

DBSA's strategic direction (business continuity system).

- Embed a resilience culture, which moves Operational Resilience from being a process to being a mindset where employees at all levels are prepared, empowered and equipped to act decisively during disruption.
- 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.
- Advance skills training, simulations, and scenario planning to prepare teams for a broader range of potential threats, from cyber-attacks to climate-related disruptions.
- Uphold a resilience philosophy in which the capability always reflects the needs, technology, structure, and culture.



### CONTINUITY ASSURANCE FRAMEWORK

#### CONTINUITY ASSURANCE FRAMEWORK

OBJECTIVE: A STATE OF READINESS TO FACE ANY CHALLENGE

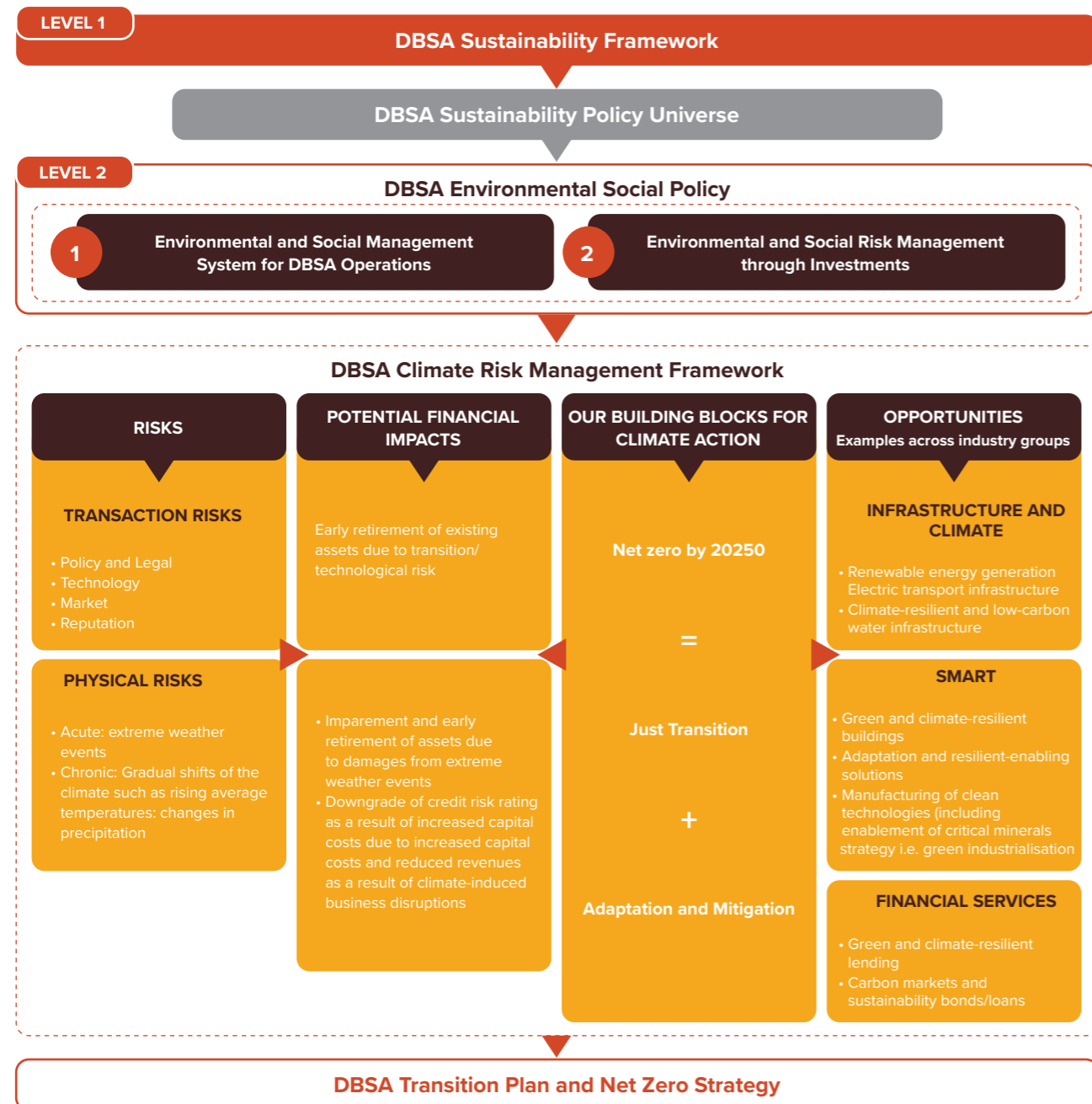
PEOPLE, FACILITIES, PROCESSES AND TECHNOLOGY



## ANNEXURE H: DBSA SUSTAINABILITY FRAMEWORK

The DBSA requires that all its clients comply with the DBSA Environmental and Social safeguards, the environmental, and social legislation, including human rights laws in their host countries. The Bank's Environmental and Social Safeguards are based on International Environmental and Social Performance Standards and Environmental Health and Safety Guidelines. The DBSA recognizes that addressing climate change, nature loss and managing limited resources are imperative to achieving a balanced, sustainable, and resilient future for the society in which it operates. The Bank continuously seeks investment opportunities as it relates to transitioning to a net-zero carbon economy whilst at the same time protecting nature and living within planetary boundaries. The Bank has an ESG policy that underpins the Bank's commitment to the above through implementation of the DBSA's Environmental and Social Safeguard Standards as well as relevant environmental and social legislation. To uphold the sustainability principles, the DBSA has embedded ESG risk management as an integral part of its organizational structure and investment process.

### DBSA's Sustainability Framework



### DBSA's Own Operations

- Continuously collaborate with its clients and its key stakeholders to pragmatically and scientifically transition away from carbon intensive activities whilst conserving nature as part of their transition journey.
- Understand and work with its clients to identify and manage climate (physical, transition and nature related risks and opportunities affecting their business and organization.
- Together with our clients, identify Gender mainstreaming opportunities in line with the DBSA Gender policy for each transaction it finances.
- Proactively identify sustainable finance products or solutions to incentivize our clients that "Do good", to "Do better" from an ESG performance perspective.
- Develop robust ESG procedures internally to hold the organization accountable to its own negative impacts through its operational and lending activities.
- Towards carbon neutrality of its own operational footprint (Scope 1 and Scope 2) by 2032.
- Continuously, invest in learning and strategic partnerships to address ESG related knowledge gaps, lead and promote scalable sustainable finance solutions to environmental challenges.
- Play a policy and planning instrument role for changes to relevant environmental and social policy and regulations including financial industry reporting standards within the South African context.

- Endorses the United Nations Guiding Principles on Business and Human Rights and the Bank recognizes the responsibility of businesses to respect human rights, within the contexts in which it operates.
- Ensures that through our own Environmental and Social Safeguards, we take precautionary measures to avoid supporting activities that may cause or contribute to human rights violations.

The sustainability framework is aligned with the spirit of conducting business in a responsible manner and aligns to society and government's efforts in protecting the biophysical environment. As a financial institution, the DBSA appreciates that its most material ESG related risks may arise indirectly from the social and environmental impact of counterparties, clients and lending solutions or mechanisms. By working with them the Bank can positively influence and encourage responsible conduct in line with international best practice and regulations.

### Roles and Responsibilities

- *DBSA Board (SEC)* – ensuring that an appropriate structure and process are in place to manage the sustainability policy universe.
- *Social, Environmental, Ethics, Climate Risk Committee (SEECR)* – reviewing the accuracy and effectiveness of the DBSA system of internal controls across the Sustainability policy universe.
- *Sustainability Unit* – coordinating the policy and reporting for social and environment information.
- *Group Risk* – ensures that risk is adequately identified, quantified and adequately managed.
- *Internal Audit* – conducts periodic reviews about adherence to policies to provide independent assurance to the Audit and Risk committee (ARC) and executive management.

### Leveraging partnerships

- Finances clients who are intentional and willing to work with the DBSA on improving their approach to manage environmental, social, and human rights risks and impacts, as well as improving their governance.

## ANNEXURE I: DISBURSEMENTS RANGE BREAKDOWN

Sector / Function Area Split	FY2026/27		FY2027/28		FY2028/29	
	R	R	R	R	R	R
<b>Municipalities</b>	<b>4 100 000 000</b>	<b>4 920 000 000</b>	<b>4 510 000 000</b>	<b>5 330 000 000</b>	<b>4 920 000 000</b>	<b>5 740 000 000</b>
Metro Top 5	3 500 000 000	4 200 000 000	3 850 000 000	4 550 000 000	4 200 000 000	4 900 000 000
M2/M3	600 000 000	720 000 000	660 000 000	780 000 000	720 000 000	840 000 000
<b>Social</b>	<b>1 000 000 000</b>	<b>1 200 000 000</b>	<b>1 100 000 000</b>	<b>1 300 000 000</b>	<b>1 200 000 000</b>	<b>1 400 000 000</b>
<b>Economic</b>	<b>6 400 000 000</b>	<b>7 680 000 000</b>	<b>7 040 000 000</b>	<b>8 320 000 000</b>	<b>7 680 000 000</b>	<b>8 960 000 000</b>
Energy	2 800 000 000	3 360 000 000	3 080 000 000	3 640 000 000	3 360 000 000	3 920 000 000
ICT	500 000 000	600 000 000	550 000 000	650 000 000	600 000 000	700 000 000
Transport	2 100 000 000	2 520 000 000	2 310 000 000	2 730 000 000	2 520 000 000	2 940 000 000
Water	1 000 000 000	1 200 000 000	1 100 000 000	1 300 000 000	1 200 000 000	1 400 000 000
<b>Rest of Africa</b>	<b>8 000 000 000</b>	<b>9 600 000 000</b>	<b>8 800 000 000</b>	<b>10 400 000 000</b>	<b>9 600 000 000</b>	<b>11 200 000 000</b>
SADC	4 000 000 000	4 800 000 000	4 400 000 000	5 200 000 000	4 800 000 000	5 600 000 000
Outside-SADC	4 000 000 000	4 800 000 000	4 400 000 000	5 200 000 000	4 800 000 000	5 600 000 000
<b>Equity</b>	<b>500 000 000</b>	<b>600 000 000</b>	<b>550 000 000</b>	<b>650 000 000</b>	<b>600 000 000</b>	<b>700 000 000</b>
<b>Total</b>	<b>20 000 000 000</b>	<b>24 000 000 000</b>	<b>22 000 000 000</b>	<b>26 000 000 000</b>	<b>24 000 000 000</b>	<b>28 000 000 000</b>

## ANNEXURE J: DESCRIPTION OF SDGS AND NDP OUTCOMES

# SUSTAINABLE DEVELOPMENT GOALS



### SOUTH AFRICAN NATIONAL DEVELOPMENT PLAN (VISION 2030) PRIORITIES







8

SARS  
CUSTOMERS & SOCIETY  
PROTECTING  
SA SOCIETY & ECONOMY  
TRAVELER GUIDANCE  
SARS

No persons allowed on conveyor

EMERGENCY STOP



Building on  
Strength,  
**Expanding  
Impact**