DEVELOPMENT BANK OF SOUTHERN AFRICA

TERMS OF REFERENCE

BOARD CREDIT & INVESTMENT COMMITTEE

2026

BOARD CREDIT & INVESTMENT COMMITTEE - TERMS OF REFERENCE

1. INTRODUCTION

Regulation 114 of the DBSA Act mandates a duly constituted Committee of the Board to transact such business as it is authorized on behalf of the Board.

The Credit and Investments Committee is a sub-Committee of the Board of Directors and supports the Board in the execution of its duties. The Committee is accountable to the Board to properly consider and evaluate any matter that it has been mandated. The Board of Directors has ultimate responsibility for any financial loss or reduction in shareholder value suffered by the Bank. It is therefore responsible for recognising all material risks to which the Bank is exposed to and ensuring that the requisite policies, resources and systems are in place to manage and mitigate these risks. In discharging its responsibilities, the Board has to play a critical role in overseeing, amongst other things, the Bank's investment, loan approval process and the credit risk management process. The Board Credit and Investments Committee ("BCIC" or Committee) shall take approval decisions relating to DBSA investments, including credit instruments, equity, and development, on behalf of the Board. The Committee will also assess management portfolio reporting. The Chairperson may propose that any decision within its mandate be escalated to the Board for approval. Such a motion will be adopted if supported by a majority of non-executive members of the BCIC present at the meeting.

2. AUTHORITY

The BCIC is hereby constituted in terms of section 10 of the Development Bank of Southern Africa Act, Act 13 of 1997 (the Act) as read with the regulations issued in terms of the Act. The Committee shall act independently of management.

The Committee is authorised by the Board to consider any activity within its terms of reference. The Committee may obtain external legal or other independent professional advice and invite external experts with relevant experience to attend meetings as it considers necessary.

The Committee is authorised to establish a sub-committee on an ad-hoc basis to review in detail, investigate or otherwise address any specific issue and shall report its findings to the Committee.

3. PURPOSE OF THE TERMS OF REFERENCE

These terms of reference are intended to provide a concise overview of:

- the delineation of the roles, functions, responsibilities and power of the BCIC;
- the power delegated to the management of the Bank; and
- the duties and responsibilities, policies and practices of the BCIC in respect of credit and investment matters, corporate governance, declarations and conflicts of interest, committee meetings, documentation and committee procedures.

4. COMPOSITION OF THE COMMITTEE AND APPOINTMENT

4.1 Members

Due to the mandate given to the Committee, it shall consist of two-thirds of the constituted Board of Directors. The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) by virtue of their position, shall automatically be members of the Committee.

The Board of Directors shall appoint a Chairperson who shall be an independent non-executive member of the DBSA Board. The Chairperson of the Committee shall not be the Chairperson of the DBSA Board of Directors. In the event that the Chairperson is not present at a meeting, the Committee shall elect an acting chair, who shall be an independent non-executive director.

The members of the Committee must collectively have sufficient experience to fulfil their duties, including an understanding of the following: investment banking, large infrastructure finance experience (complex debt and equity finance), funding, credit analysis, credit risk management, corporate law with investment and equity experience, commercial contracts and agreements, project finance, sustainability issues (environmental, social and governance) and portfolio management.

The duration of appointments of Committee members shall be for a period not exceeding three years, subject to annual review. The composition of the Committee will be reviewed annually to ensure that an appropriate combination of knowledge, expert skills and experience is maintained.

4.2 Co-opted members

The BCIC may have co-opted members, with appropriate expertise and experience in fields relevant to areas of investments considered by the Committee, such as credit analysis, credit risk management, legal (commercial contracts and agreements), project finance, and portfolio management to add value to the decision-making process as provided in the Act. The appointment and remuneration of the co-opted members shall be subject to the arrangements applicable to DBSA Board members.

In order to facilitate the co-option of members, the Committee may establish a pool of experts to be invited to participate in deliberations of the Committee depending on the type of investments and sectors being considered.

As the BCIC is a committee of the Board, co-opted members will not be regarded as members of the Committee for decision-making purposes but are invited members to offer technical assistance and enhance the Committee's deliberations.

Upon co-option, the DBSA Board of Directors shall enter into a written agreement with the co-opted member specifying the obligations and responsibilities of the co-opted member and the requisite terms and conditions governing such co-option.

A member that is co-opted to the Committee shall serve for an agreed period not more than three years subject to satisfactory performance. The performance of the co-opted member shall be assessed by the Chairperson of the Committee in consultation with the members of the Committee.

4.3 Attendance

The following functionaries shall be required to attend meetings of the Committee unless otherwise determined by the Chairperson of the Committee:

- Chief Risk Officer
- Chief Internal Auditor
- Chief Investment Officer
- GE: Programmes
- GE: Treasury
- GE: Strategy, Economics and Sustainability
- GE: Coverage and Origination
- Group Legal Counsel

Other attendees will be allowed, subject to specific prior agreement with the Company Secretary, who in turn shall liaise with the Chairperson in this regard.

4.4 Secretary

The Company Secretary shall serve as the secretary of the Committee and records of the deliberations of the Committee shall be maintained in accordance with the requirements of the DBSA Act.

5. QUORUM FOR MEETINGS

The quorum for approval of credit and investment decisions within the mandate of the Committee shall be two-thirds of the committee members in person or via teleconference or an acceptable form of digital presence.

6. RESPONSIBILITIES AND FUNCTIONS

The BCIC shall be responsible for the following matters:

6.1 Credit and Investment Approval

The Committee will be responsible for the consideration and approval of:

a) All credit and investment proposals, exceeding the credit approval limits of the Investment Committee as delegated by the CEO, subject to policies approved by the Board of Directors as outlined in Tables 1-5 below.

b) All non-lending support to municipalities in the form of technical grants shall be approved by the Investment Committee and reported to the BCIC as per the monthly reporting schedule of the Investment Committee activities to the Committee.

c) Evaluating and specifying terms and conditions of credit and investment proposals considered as part of its mandate.

d) New products and material changes in business scope.

e) Projects specifically referred to it by the Board.

f) Sell down.

CURRENT DELEGATED COUNTERPARTY CREDIT APPROVAL LIMITS FOR THE INVESTMENT COMMITTEE AND THE HIGH IMPACT INVESTMENT PORTFOLIO COMMITTEE

TABLE 1: DELEGATED COUNTERPARTY CREDIT APPROVAL LIMITS FOR INVESTMENT COMMMITTEE

SOUTH AFRICA	**MS1 – MS10**	**MS11 – MS13**	**HIGHER THAN MS13**
Public Sector	≤R1 billion	≤R500 million	BCIC
Private Sector	≤R250 million	≤R125 million	BCIC
State Supported Programmes	≤R500 million	≤R250 million	BCIC

TABLE 2: DELEGATED REST OF AFRICA COUNTRY TRANSACTION LIMITS FOR INVESTMENT COMMITTEE

REST OF AFRICA	**DEAL RATINGS**		
	MS1 – MS10	**MS11 – MS13**	**HIGHER THAN MS13**
Low and medium Risk Ratings	≤R1 billion	≤R300 million	BCIC
Higher Risk Rating	R0	R0	BCIC

Linked to country risk rating with a 10% variation allowance for movement in forex.

TABLE 3: DELEGATED COUNTERPARTY CREDIT APPROVAL LIMITS AND PROJECT PREPARATION LIMITS FOR INVESTMENT COMMITTEE

PROJECT PREPARATION		
	IC	**BCIC**
South Africa and Common Monetary Area	≤R15 million	>R15 million
International (Outside of Common Monetary Area)	≤$2 million	>$2 million

TABLE 4: DELEGATED APPROVAL LIMITS FOR THE HIGH IMPACT INVESTMENT PORTFOLIO COMMITTEE

High Development Impact Infrastructure Investment:

SOUTH AFRICA		
	HIIPC	**BCIC**
Quasi-Equity/Preference Shares	≤R150 million	>R150 million
Equity	≤R50 million	>R50 million
Third Party Funds	≤R250 million	>R250 million
Transactions where limits Policies are breached	R0	ALL

Recoverable Grants (to fund the piloting of new products and strategic initiatives)	≤R20 million	>R20 million

REST OF AFRICA		
	HIIPC	**BCIC**
Quasi-Equity/Preference Shares	≤$5 million	>$5 million
Equity	R0	ALL
Third Party Funds	≤$15 million	>$15 million
Transactions where limits Policies are breached	R0	ALL
Recoverable Grants (to fund the piloting of new products and strategic initiatives)		

TABLE 5: DELEGATED APPROVAL LIMITS FOR THE HIGH IMPACT INVESTMENT PORTFOLIO COMMITTEE

Angel Investments for Previously Disadvantaged and Post D-Labs Investments:

SOUTH AFRICA		
	HIIPC	**BCIC**
Quasi-Equity/Preference Shares	≤R50 million	>R50 million
Equity	≤R5 million	>R5 million
Third Party Funds	≤R50 million	>R50 million
Transactions where limits Policies are breached	R0	ALL
Recoverable Grants (to fund the piloting of new products and strategic initiatives)	≤R20 million	>R20 million

REST OF AFRICA		
	HIIPC	**BCIC**
Quasi-Equity/Preference Shares	R0	ALL
Equity	R0	ALL
Third Party Funds	R0	ALL
Transactions where limits Policies are breached	R0	ALL
Recoverable Grants (to fund the piloting of new products and strategic initiatives)	R0	ALL

6.2 Amendments to Credit Decisions

For the purpose of operational effectiveness, it will be necessary from time to time to make both interpretive judgments and/or non-material changes to the terms of a specific proposal.

As these amendments occur in most transactions and largely have no or immaterial impact on the risk profile of the transaction, these amendments may be approved by the CEO, who can, in turn, delegate this responsibility to the CRO. Amendments resulting in adjustments of up to 10% of material conditions may not be delegated and shall be made with the explicit written confirmation of the CEO. For clarity, such conditions would include amount, tenor and security components of the specific loan approval. Such amendments are to be noted back to BCIC.

Should the proposed amendment have a material impact on the risk profile in excess of the 10% framework above, this may at the Chairperson's discretion be dealt with either by way of a Round Robin or by the full committee.

Where there is any doubt on the materiality of an issue, the decision on the materiality of the amendments should be made by the CEO.

With respect to the amendment of credit decisions, the Price Working Group, the CEO and the CRO shall:

Committee/Role	**Responsibility**	**Delegation**
Price Working Group	Review all relevant information and the client's performance and recommend appropriate pricing in accordance with the Board-approved frameworks and benchmarks. The Pricing Working Group recommends the proposed pricing to the Investment Committee for approval.	n/a
CEO	The CEO shall approve or delegate the CRO to: i. Approve amendments to transactions that have largely no, or immaterial impact on the risk profile of the transaction and ii. Approve pricing as agreed by the Pricing Committee which falls outside the guidelines set by BCIC and has been agreed to by the CEO.	Amendments below 10% of material conditions.
CRO	Approve amendments to transactions as delegated by the CEO.	Amendments below 10% of material conditions.
Board Credit & Investment Committee	Consider and approve amendments to transactions resulting in adjustments exceeding 10% of material conditions.	Amendments exceeding 10% of material conditions.

Conditions include price, amount, tenor and security components of the specific loan approval.

6.3 Chief Executive's Authority to Extend Limits to Existing Facilities

By nature of its investments, the DBSA will from time to time be involved in turnaround strategies and business rescues. In such cases, judgment should be exercised to balance the risk of loss in liquidation with the salvaging of the business and its related economic benefits. In such circumstances, further funds may be advanced in any form appropriate at the time to best reflect the status of the business/exposure.

Given the nature of such exposures and the risks involved in not acting quickly, the Chief Executive is authorized at his/her discretion to extend the existing facility by up to 10% not exceeding a ZAR equivalent value of ZAR 25 million. The relevant committees should be informed of this additional exposure together with the rationale thereof at the next sitting.

6.4 Submission of Bids/Tenders and IPP Projects

In instances where the timing of the meetings of the Committee does not allow for the DBSA to respond to and meet closing dates for advertised bids and/or tenders, including municipal bids and/or tenders, the submission must be made to BCIC via round robin for approval.

In the case of IPPs, the Business Division requesting authorisation to meet closing dates for the submission of bids shall submit bid underwriting appraisal reports to the IC for recommendation to the BCIC for preliminary approvals to issue bid support letters and term sheets. Final approvals to commit the funding under the respective projects that have been awarded preferred bidder status shall be submitted to IC for recommendation to BCIC. In exceptional circumstances, the BCIC may delegate the finalisation of the process to the IC.

6.5 Evaluation of Portfolio Performance

The Committee will be accountable to the Board of Directors for portfolio management and will review, recommend reasonable and prudent investment and credit policies, standards and procedures in respect of investment portfolios, and portfolio concentration in order to avoid undue credit risk exposure and potential losses. To perform this advisory role, the Committee will periodically review:

a) the Bank's Risk Appetite, specifically the credit prudential limits and thresholds;

b) the Bank's Credit Risk Management Policies;

c) credit extension to legal entities in which the DBSA or the DBSA staff or directors have an interest, including policies related thereto;

d) compliance with Board of Directors-approved credit risk management policies; and

e) A review of portfolio quality.

6.6 Technical Assistance and Project Investment Grants

BCIC to review and provide the final approval on all **conditionally** approved grants and project preparation funding of exceeding $2 million for projects outside South Africa

Grants/Project Preparation Funds approved at IC will be notified to BCIC, to prevent reputational and other risks associated with IC approving funding to prepare projects which may eventually be considered by it for investment approval. IC will perform the detailed review and approval, the BCIC will be notified and afforded the opportunity to raise issues where appropriate.

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7. MEETINGS

7.1 Types of Meetings

7.1.1 Monthly Investment Meetings

Meetings of the BCIC will be held monthly or at such intervals as determined by the Chairperson in alignment with the Bank's operational needs. A schedule of meetings, approved by the Committee, will be provided to all members at the beginning of each financial year. Special meetings can be arranged by mutual consultation between the Chairperson and the Corporate Secretary, as necessary.

7.1.2 Investment Valuation Review Meetings

A semi-annual review of the Bank's investment portfolio, including Performing Loans, Watchlisted Loans, Non-Performing Loans, and Equities, will be held prior to the Audit & Risk Committee's evaluation of the annual and half-year results. The Investment Valuations will be conducted by the Audit & Risk Committee, and the Chairperson of the BCIC will be invited to attend these meetings if not already a member of the committee.

7.1.3 Ad-hoc In-Committee Meetings

Additional meetings may be convened as required, particularly for urgent matters or as deemed necessary by the Chairperson.

7.2 Meeting Frequency and Attendance

7.2.1 Regular and Extraordinary Meetings

The BCIC will hold meetings at venues and times deemed appropriate by the Committee. Extraordinary meetings can be convened with the approval of the Chairperson as needed.

7.2.2 Attendance Expectations

Members are required to attend meetings in person or via teleconference, or other forms of digital presence approved by the Board. In exceptional circumstances, members who cannot attend must notify the Company Secretary, in writing, at least 48 hours in advance of their absence.

7.3 Meeting Procedures

7.3.1 Governance

Meetings and proceedings of the BCIC will be governed by the provisions of the DBSA Act, unless otherwise specified in these Terms of Reference.

7.3.2 Decision Making

The Committee's discussions should remain open and constructive. Consensus will be sought for decision-making. However, where necessary, votes may be called for. The voting threshold for decisions shall require a two-third majority. In the event of a deadlock, the matter will be escalated to the Board for a final decision.

7.3.3 Confidentiality of Discussions

All discussions and records of the BCIC will remain confidential unless the Committee provides specific directives to the contrary.

7.3.4 Notice of Meetings

A minimum of 5 working days' notice must be given for all BCIC meetings. Notices will include the meeting agenda along with any supporting documentation.

7.3.5 Member Responsibility

Each BCIC member is responsible for ensuring that they have been provided with all relevant information necessary to make an informed and objective decision.

7.3.6 Minutes of Meetings

Minutes of each BCIC meeting will be recorded and circulated to all members within 7 days of the meeting. These minutes will include a summary of proceedings, decisions made, and any required actions.

7.3.7 Record of Proceedings

Minutes will capture the decisions and discussions of the meeting and will be kept confidential unless otherwise directed by the Committee.

7.3.8 Attendance Records

A record of attendance for all BCIC meetings will be maintained and monitored to ensure the participation of members.

8. ROUND ROBIN DECISIONS

In order to provide members of the Committee with an opportunity to sufficiently interrogate investment proposals in line with good corporate governance tenets, round-robin decisions shall be by way of exception and upon sufficient motivation to the Chairperson of the Committee through the Company Secretary. All round-robin decisions shall require approval/support of a minimum of a two-thirds majority of the members of the Committee provided that each member has received notice of the matter to be decided. Decisions should be subject to notification at the subsequent meeting of the Committee.

As part of the motivation for round-robin, the concurrence of the CEO shall in all cases be sought to confirm that the projects are not unduly complex and can sufficiently be dealt with under this procedure. Post consultation between the Chairperson and the Company Secretary, all submissions and notification of submission of the round-robin shall be sent to members of the Committee.

9. REPORTING TO THE BOARD OF DIRECTORS

The Chairperson of the Committee shall keep the Board informed on all matters regarded as significant by providing a report back to the Board of Directors at the board meeting following the Committee meeting. Draft minutes of the Committee meetings and the resolutions thereof shall serve at the subsequent meeting of the Board of Directors for notification.

10. EVALUATION OF THE EFFECTIVENESS OF THE BCIC

The effectiveness evaluation of the Board Committees is the responsibility of the Board of Directors and will be conducted after every two years.

11. GENERAL

The Committee shall, on an annual basis, review the provisions of the BCIC terms of reference herein to align with the legal and business environment, mandate of the Bank and overall responsibilities of the Board as dictated from time to time by the Shareholders.

These Terms of Reference of the BCIC, as set out above, were approved by the Board of Directors.