

ISSUER PROFILE

9 March 2020



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Development Bank of Southern Africa

Key Facts and Statistics - H1 FY2020

Company overview

Development Bank of Southern Africa (DBSA) is a Johannesburg-based state-owned development financial institution that supports infrastructure development in South Africa and elsewhere in Africa. As of 30 September 2019, DBSA held 1.5% market share in terms of assets and 7.8% market share in terms of equity in South Africa. As of the same date, it reported total consolidated assets of ZAR89.7 billion (\$5.9 billion). While DBSA mainly operates in South Africa, it also supports infrastructure development projects in Angola, Congo, Ghana, Zambia and Zimbabwe, among other African countries. As of 31 March 2019, about 75% of its gross development loans were concentrated in South Africa.

DBSA was established in 1983 to support South Africa's economic development. In 1994, it was transformed under the country's new constitution into a development financial institution with a focus on infrastructure, especially in southern Africa. Between 2010 and 2016, it concentrated on investments in regional infrastructure. Later in 2016, it focused on creating favourable investment conditions and terms for third-party investment, as well as financing and advisory services at every stage of infrastructure development, from planning through financing to implementation support.

DBSA is solely owned by the Government of the Republic of South Africa.

Currency converted using exchange rate of ZAR-\$0.06594, as of 30 Sep 2019.

Sources: Company reports (interim financial statements Sep 2019, annual report Mar 2019, annual financial statements Mar 2019), Moody's Investors Service research, www.resbank.co.za, and www.oanda.com

Financial highlights

Note: The financials presented below are those reported by the entity and are not adjusted for Moody's analytic purposes. For Moody's generated ratios on Development Bank of Southern Africa, please see <[Development Bank of Southern Africa](#) on moodys.com>

Exhibit 1

Latest full-year results

Development Bank of Southern Africa

(in ZAR Million)	31-Mar-19	31-Mar-18	31-Mar-17	% Change 19/18	% Change 18/17
ZAR/\$, Period end	0.06882	0.08446	0.07696	-	-
Total Assets	89,488	89,212	83,653	0.31	6.65
Total Equity	37,172	34,321	32,031	8.31	7.15
Net Income	3,097	2,283	2,821	35.65	(19.07)

Shareholders Equity excluding Minority Interest and Net Income Attributable to Equity Holders are not applicable to the bank.

Source: Company reports (annual financial statements Mar 2019 and Mar 2018)

Exhibit 2

Latest half-year results

Development Bank of Southern Africa

(in ZAR Million)	30-Sep-19	30-Sep-18	% Change 19/18
ZAR/\$, Period end	0.06594	0.07049	-
Total Assets	89,652	88,598	1.19
Total Equity	37,948	36,285	4.58
Net Income	805	2,260	(64.39)

Shareholders Equity excluding Minority Interest and Net Income Attributable to Equity Holders are not applicable to the bank.

Source: Company reports (interim financial statements Sep 2019 and Sep 2018)

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Business description

DBSA operates at every stage of an infrastructure project in South Africa and elsewhere on the continent, with the aim of promoting economic development and growth, human resource development and institutional capacity. It has extensive product offerings that address constraints on infrastructure development in municipalities. The services it provides include infrastructure planning, project preparation and implementation support to under-resourced municipalities, while assisting them in building sustainable institutional capacity.

DBSA also operates the following funds:

- 1) **DBSA Project Preparation Fund** provides project preparation funds for infrastructure projects in South Africa, the Southern African Development Community (SADC) region and other select African countries, with a focus on infrastructure in the following sectors: energy, water and sanitation, transport and logistics, and information and communication technology (ICT).
- 2) **Infrastructure Investment Programme for South Africa (IIPSA)**, for which DBSA acts as the implementing agent and fund manager. The fund provides support for the implementation of the government's infrastructure programme and addresses constraints on infrastructure development in South Africa and the SADC region. IIPSA is available to fund infrastructure in the following sectors: energy, transport and logistics, environmental protection, ICT and social services.
- 3) **SADC Project Preparation & Development Facility (PPDF)** was created to address a shortage in project preparation funding for infrastructure projects in the region. The fund is administered, managed and disbursed by DBSA on behalf of the SADC Secretariat and is funded by the European Union and KfW Investment Bank. PPDF is available to fund infrastructure projects in the following sectors: transport, energy generation and transmission, ICT, water and sanitation, and tourism.

DBSA primarily operates through the following five business segments: RSA Municipalities, RSA Economic and Social, Rest of Africa, Infrastructure Delivery and Treasury. The bank also has all other segment which includes project preparation, agencies and corporate assets. For the first-half ended 30 September 2019 (H1 FY2020), the largest contributor to the bank's interest income was RSA Economic and Social (42.4%).

RSA Municipalities: This business segment supports government-funded projects in under-resourced municipalities. Its services include infrastructure planning, project preparation and implementation support, along with building sustainable institutional capacity. As of 30 September 2019, this segment reported total consolidated assets of ZAR28.2 billion (\$1.9 billion), and accounted for 34.3% of the bank's interest income in H1 FY2020.

RSA Economic and Social: This segment includes infrastructure projects for economic and social development in South Africa and the rest of the continent, including the primary sectors of energy, water, transport and ICT. It also finances the secondary sectors of education, health and housing. As of 30 September 2019, this segment reported total consolidated assets of ZAR35.3 billion (\$2.3 billion), and accounted for 42.4% of the bank's interest income in H1 FY2020.

Rest of Africa: This segment provides financial and non-financial products and services to private and public sector clients and partners in SADC countries excluding South Africa. As of 30 September 2019, it reported total consolidated assets of ZAR19.0 billion (\$1.3 billion), and accounted for 17.1% of the bank's interest income in H1 FY2020.

Treasury: This segment manages foreign exchange across the bank and all foreign exchange gains and losses that have been reallocated to Treasury. As of 30 September 2019, it reported total consolidated assets of ZAR6.4 billion (\$420.3 million), and accounted for 6.2% of the bank's interest income in H1 FY2020.

Infrastructure Delivery: This segment supports infrastructure projects across all spheres of government to accelerate planned infrastructure development and support job creation. It plays a key government support role in accelerating the implementation of a number of programmes in priority sectors such as education, health, and housing and urban infrastructure. As of 30 September 2019, this segment reported total consolidated assets of ZAR176.1 million (\$11.6 million).

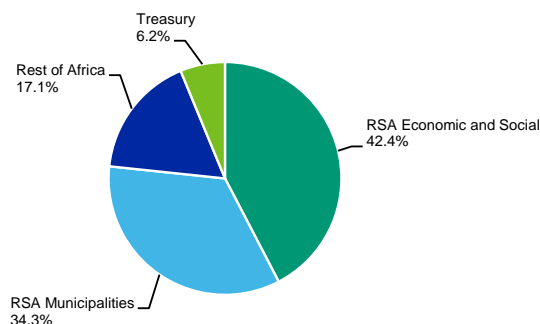
Currency converted using exchange rate of ZAR=\$0.06594, as of 30 Sep 2019.

Sources: Company reports (interim financial statements Sep 2019, annual financial statements Mar 2019, annual report Mar 2019), Moody's Investors Service research and company data

Exhibit 3

Business segment

(% of Interest income*, for H1 FY2020)



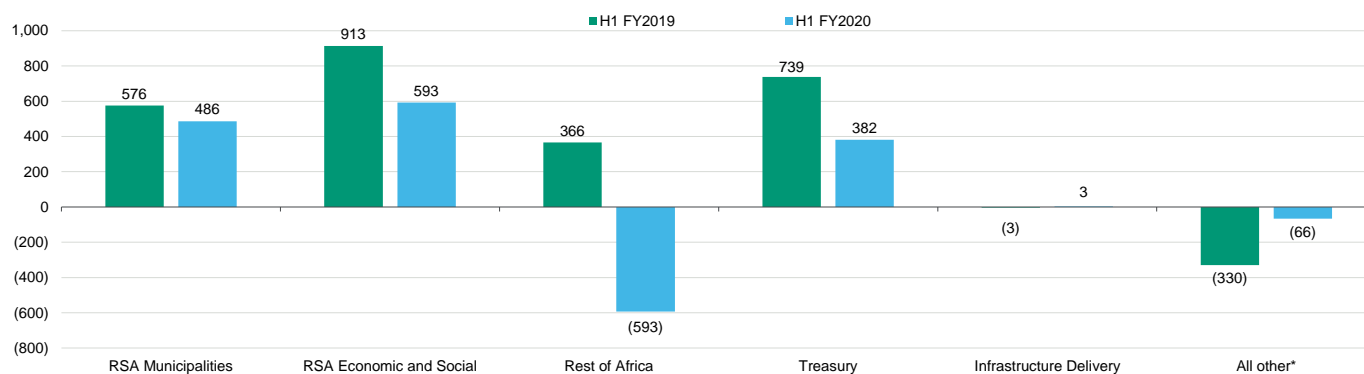
*Excluding "Infrastructure Delivery" and "All other" segment because of nil contribution.

Source: Company report (interim financial statements Sep 2019, Pg: 23)

Exhibit 4

Net profit/(loss) per business segment

(in ZAR million)



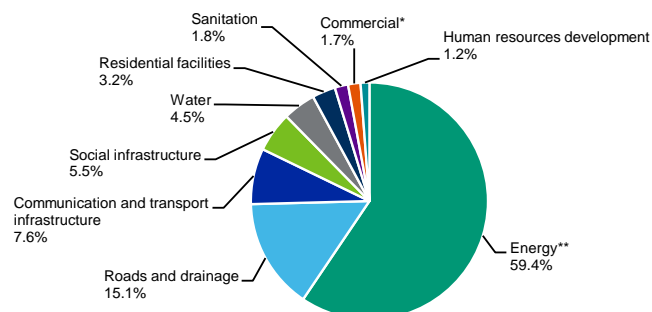
*All other include the following divisions: Project Preparation, Agencies and Corporate Assets

Source: Company report (interim financial statements Sep 2019, Pg: 23)

As of 31 March 2019, DBSA had outstanding development loans of ZAR82.0 billion (\$5.6 billion¹) to a variety of sectors, most prominently energy (59.4%) and roads and drainage (15.1%).

Exhibit 5

Total development loans by sector[†] (% outstanding, as of 31 Mar 2019)



*Commercial includes Commercial-fund, Commercial-manufacturing, Commercial-mining, Commercial-tourism, and Commercial-other.

**Energy includes Energy-electricity and Energy-non-grid standalone.

† Excluding institutional infrastructure due to its negligible contribution.

Source: Company report (annual financial statements Mar 2019, Pg: 104)

Distribution channels

In FY2019, DBSA approved projects for funding worth ZAR14.0 billion (2018: ZAR7.6 billion), and disbursed ZAR8.8 billion (2018: ZAR11.9 billion) in new development loans.

DBSA's South African operations comprised 74.9% of its total development loans, as of 31 March 2019. The geographic distribution of the bank's development loans were as follows:

Exhibit 6

Development loans (% share)

Region	31-Mar-19	31-Mar-18
South Africa	74.9	78.7
Zambia	8.0	7.4
Zimbabwe	3.3	2.7
Ghana	3.2	2.5
Congo	1.5	1.3
Others	9.1	7.4
Total	100.0	100.0

Source: Company reports (annual financial statements Mar 2019, annual report Mar 2019)

In FY2019, RSA economic continued to account for the largest share of the bank's disbursements, at 41.0% of the total.

Exhibit 7

Total disbursements (% share)

Total Disbursements	FY Mar-19
RSA economic	41.0
RSA local government – top 5 metros	34.3
SADC countries	14.9
Non-SADC countries	4.6
RSA local government – small metros and intermediate cities	4.1
RSA social	1.1
Total	100.0

Source: Company report (annual financial statements Mar 2019)

As of 30 September 2019, DBSA held asset and equity market shares in South Africa of 1.5% and 7.8%, respectively.

Exhibit 8

Development Bank of Southern Africa
(% market share)

Market Share	30-Sep-19	31-Mar-19	31-Mar-18
Assets	1.5	1.6	1.7
Equity	7.8	7.9	7.6

Source: Company reports (interim financial statements Sep 2019, annual financial statements Mar 2019) and www.resbank.co.za

Ownership structure

The South African government, acting through the Ministry of Finance, is the bank's parent and exercises ultimate control.

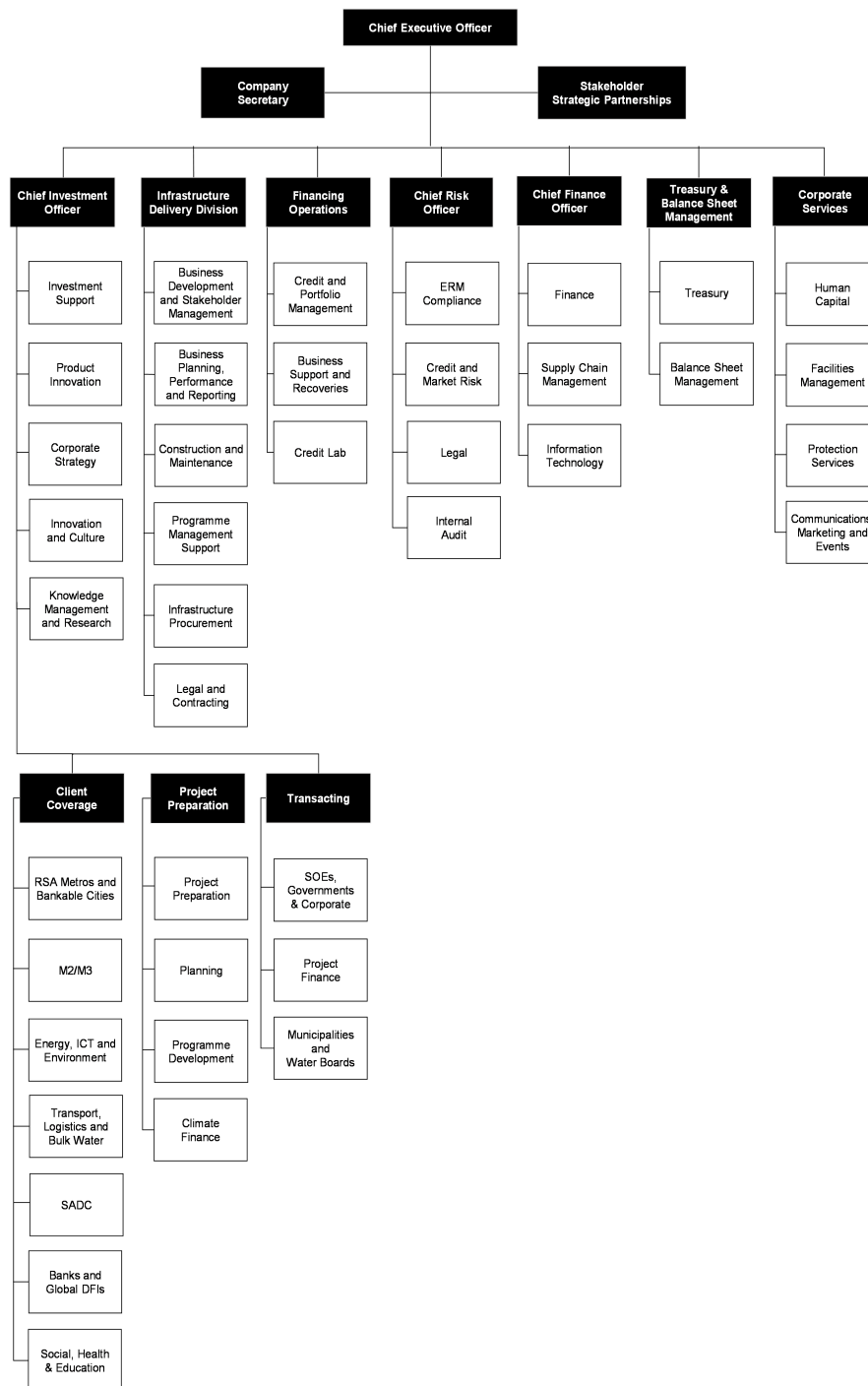
As of 31 March 2019, DBSA's authorised share capital comprised of 2,020,000 ordinary shares.

Sources: Company reports (consolidated financial statements Sep 2019 and annual financial statements Mar 2019)

Organisation structure

Exhibit 9

Organisational structure as of 31 March 2019



Source: Company report (annual report Mar 2019)

Company management

Exhibit 10

Development Bank of Southern Africa

Company Management	Current Title
Patrick Dlamini	Chief Executive Officer and Member of the Board of Directors
Paul Currie	Chief Investment Officer
Ernest Dietrich	Group Executive - Treasury & Capital Management
Michael Hillary	Group Executive - Financing Operations
Mpho Kubelo	Chief Risk Officer
Zodwa Mbele	Group Executive - Transacting
Boitumelo Mosako	Chief Financial Officer and Member of the Board of Directors
Sheila Motsepe	Group Executive - Human Capital
Rakgatemohale Rakgate	Group Executive - Project Preparation
Chuene Ramphele	Group Executive - Infrastructure Delivery
Mohan Vivekanandan	Group Executive - Client Coverage

As of 5 Feb 2020.

Source: Company data

Exhibit 11

Development Bank of Southern Africa

Board of Directors	Current Title
Enoch Godongwana	Chairman of the Board
Executive Directors	
Patrick Dlamini	Chief Executive Officer and Member of the Board
Boitumelo Mosako	Chief Financial Officer and Member of the Board
Independent Non-Executive Directors	
Martie Janse Van Rensburg	Member of the Board
Zanele Monnakgotla	Member of the Board
Dr. Blessing Mudavanhu	Member of the Board
Bulelwa Ndamase	Member of the Board
Lufuno Nematswerani	Member of the Board
Letlhogonolo Noge-Tungamirai	Member of the Board
Pinkie Nqeto	Member of the Board
Anuradha Sing	Member of the Board
Mark Swilling	Member of the Board
Non-Executive Director	
Malijeng Ngqaleni	Member of the Board

As of 5 Feb 2020.

Source: Company data

Company history

DBSA was established in 1983 to support economic development in South Africa.

In 1994, its role and function were transformed under South Africa's new constitution, and it emerged as a development finance institution focused on infrastructure development, especially in southern Africa.

In 2001, DBSA emphasised its role as a knowledge-sharing institution, intensified risk management and embedded a strong governance framework.

Between 2010 and 2016, it focused on investing in regional infrastructure. Later in 2016, it focused on creating favourable investment conditions and terms for third-party investment, as well as financing and advisory services, covering each stage of an infrastructure project.

Source: Company report (annual report Mar 2019)

Related websites and information sources

For additional information, please see:

The company's website

- » [Development Bank of Southern Africa](#)

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Moody's related publications

Issuer page on Moodys.com

- » [Development Bank of Southern Africa](#)

Credit opinion

- » [Development Bank of Southern Africa, November 2019](#)

Rating methodologies

- » [Finance Companies, November 2019 \(1187099\)](#)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available on the [issuer's page](#). All research may not be available to all clients.

Endnotes

- 1 Currency converted using exchange rate of ZAR-\$0.06882, as of 31 Mar 2019.

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