

# INVESTOR UPDATE

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## CONTENT

- STRATEGY OVERVIEW
- GOVERNANCE
- FINANCIAL RESULTS HIGHLIGHTS
- FUNDING & LIQUIDITY





## STRATEGY OVERVIEW

## FINANCIAL SUSTAINABILITY

- **Remain financially sustainable through:**
  - Driving revenue growth through right products and markets
  - Limiting cost and driving efficiency
  - Deploying capital sustainably
  - Managing risks

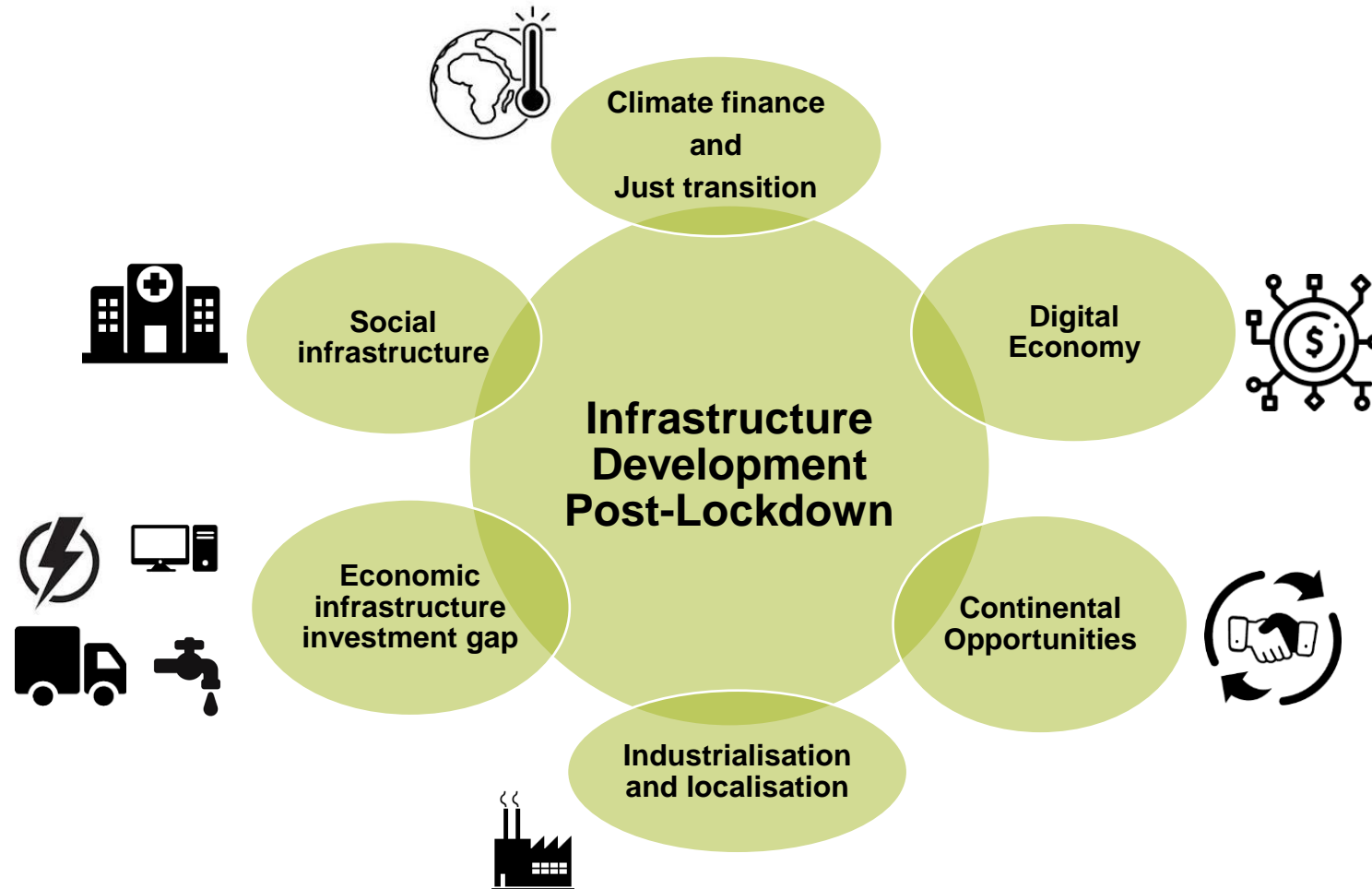
## DEVELOPMENT IMPACT

- **Maintaining the drive to achieve socio-economic transformation and impact at scale in the sectors that we play in:**
  - We seek to achieve impact in all that we do through supporting and driving achievement of the development goals and aspirational end-states such as reduced unemployment, poverty and inequality, net zero effect and promoting access to basic services
  - Our people are Development Activists at heart

# STRATEGY PILLARS AND FOCUS

STRATEGY THEME	INCLUSIVE ECONOMIC RECOVERY IN SOUTH AFRICA		STRATEGIC REST OF AFRICA LENS	DOING THINGS DIFFERENTLY
STRATEGY FOCUS AREAS	Pursuing <b>green growth</b> for sustainability and resilience	Strengthening infrastructure to support <b>economic expansion</b> and an <b>equitable society</b>	Pursuing sound <b>Rest of Africa</b> strategy	Enhancing <b>operational excellence</b>
STRATEGY ACTIONS	<ul style="list-style-type: none"><li>• Liquidity and capital management</li><li>• Navigating the just transition</li><li>• Scaling up and fast-tracking infrastructure development</li><li>• Equity funding for transformation and economic access</li><li>• Integrated municipal approach</li><li>• Building a fit-for-purpose DBSA</li></ul>			

# GROWTH AREAS POST-LOCKDOWN



# ESG FRAMEWORK

*Enhancing the sustainable development of the social, economic and ecological environment is one of the foundation principles of the DBSA*





## GOVERNANCE





## *How We Are Governed*

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- Schedule 2 Public Entity in terms of the Public Finance Management Act (PFMA).
- 100% SA Government owned - Minister of Finance as the Executive Authority.
- Board comprising 13 non-executive directors and 2 executive directors.
- Shareholder Compact regulates the relationship between the Shareholder and the Board.
- Regulated by the DBSA Act, PFMA & National Treasury Regulations, JSE Debt Listings Requirements, and Corporate Governance Legislation (e.g. Companies Act & King IV Code of Corporate Governance). Board Charter developed.

**The process of filling current DBSA Board vacancies is underway**



## FINANCIAL RESULTS HIGHLIGHTS

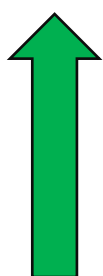
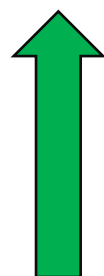
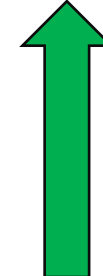
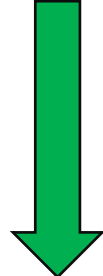


## INCOME STATEMENT

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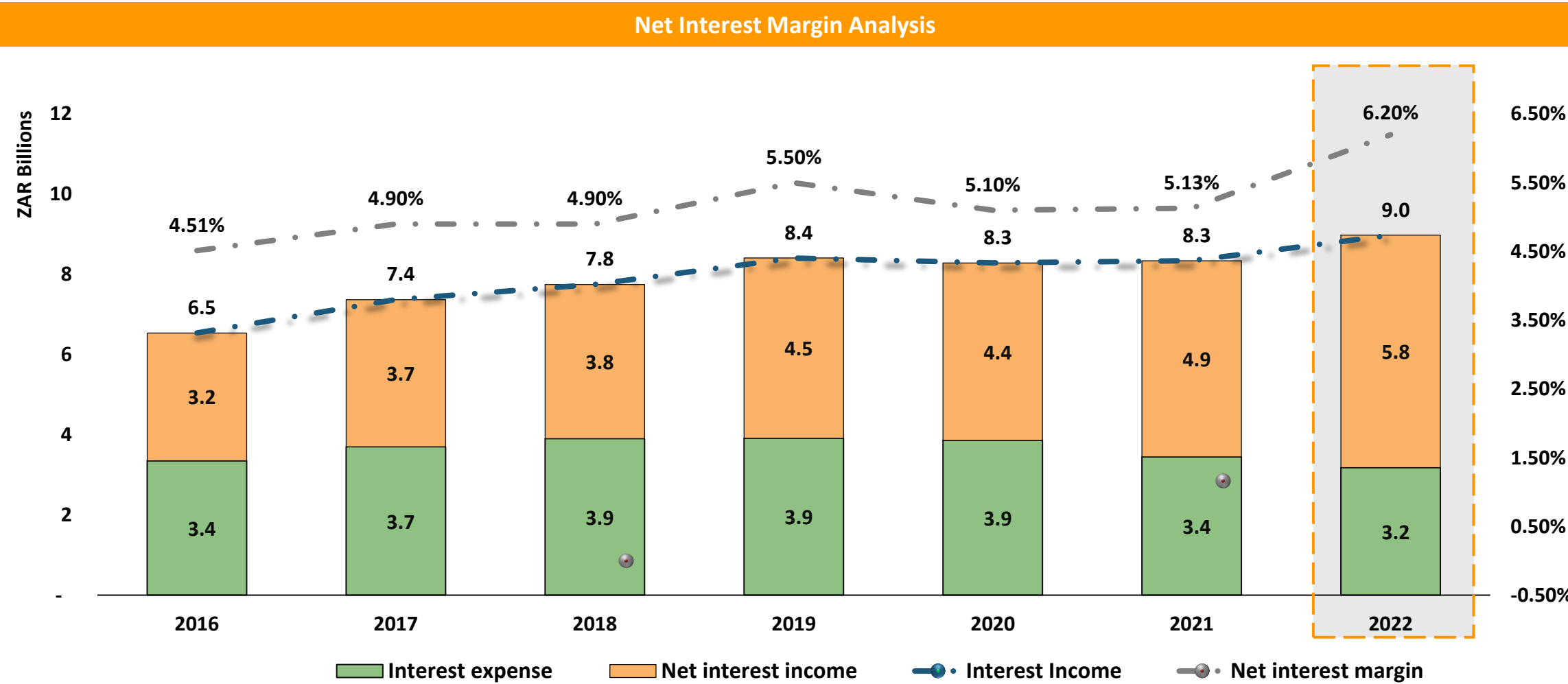


# STATEMENT OF COMPREHENSIVE INCOME





	NET PROFIT	NET INTEREST INCOME	OPERATING INCOME	ECL CHARGE
MARCH 2022	R3.8bn	R5.8bn	R6.3bn	R1bn
	 169%	 18%	 62%	 13%
MARCH 2021	R1.4bn	R4.9bn	R3.9bn	R1.2bn



# PROFITABILITY AND MARGIN ANALYSIS



# TOTAL ECL PROVISIONS AND CURRENT YEAR INCOME STATEMENT MOVEMENT

Total ECL Provisions (Total)	Balance Sheet 31-Mar-22 <i>R'000</i>	Balance Sheet 31-Mar-21 <i>R'000</i>	Income Statement <i>R'000</i>
<i>Performing ECL</i>	7 720 524	6 311 094	1 255 426 
<i>POCI ECL</i>	867 489	7 035	860 649 
<i>Non-performing ECL</i>	3 248 901	5 064 757	(1 127 253) 
Total impairment	11 836 914	11 375 851	988 823 

# ASSET QUALITY ECL - KEY DRIVERS OF EXPECTED CREDIT LOSS CHARGE FOR THE YEAR

## MARCH 2022

**TOTAL INCOME STATEMENT CHARGE = R1bn**

**UNCHANGED**  
multivariate methodology

**UPDATED**  
Forward Looking  
Information (incl. marginal  
PD adjustment) impact for  
March 2022

IFRS 9 considerations on  
ECL reversals, settlements,  
increasing risk due to  
**COVID-19**, MS rating (credit  
risk) changes, debt  
suspensions initiative etc

**UNCHANGED**  
Risk rating scale following  
March 2020 update

**UNCHANGED**  
Base Credit Models

## MARCH 2021

**TOTAL INCOME STATEMENT CHARGE = R1.2bn**

**UNCHANGED**  
multivariate methodology

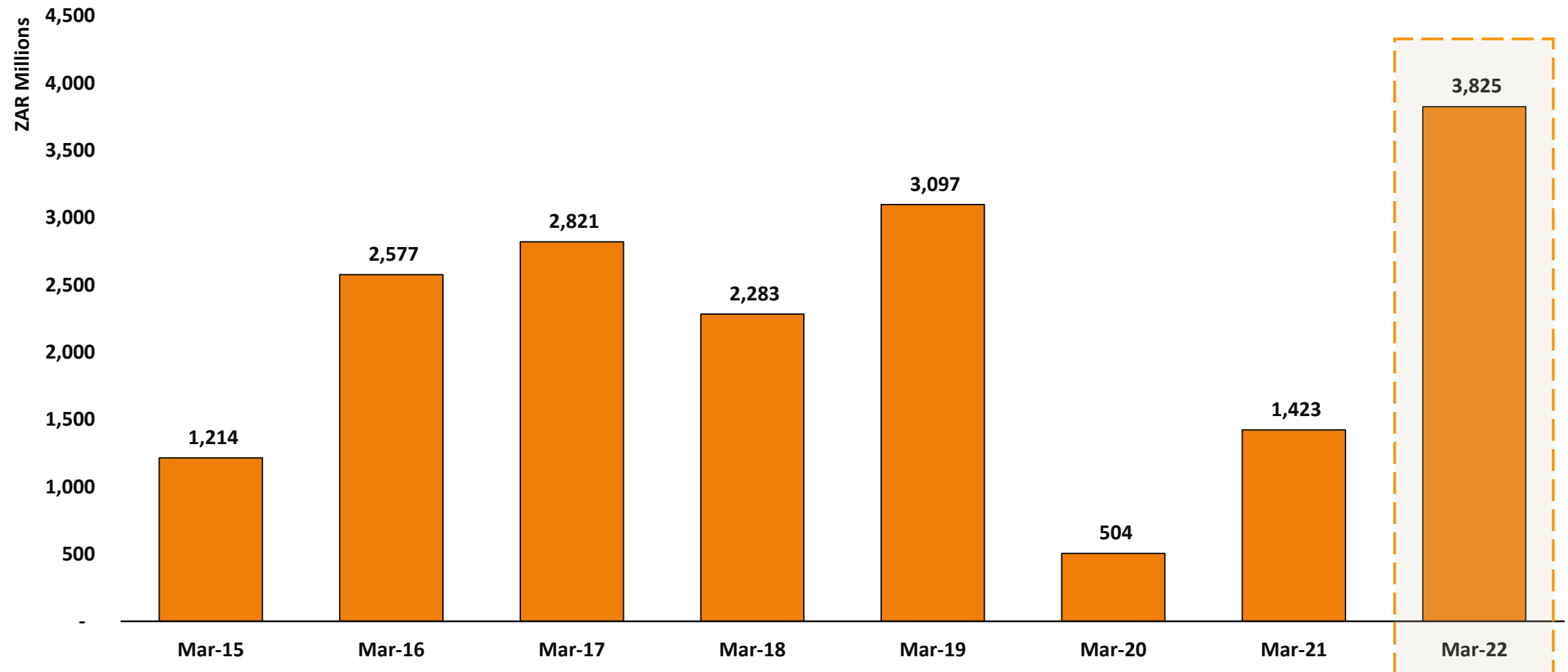
**UPDATED**  
Forward Looking  
Information (incl. marginal  
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March 2021

IFRS 9 considerations on  
ECL reversals, increasing  
risk due to **COVID-19**, MS  
rating (credit risk) changes

**UNCHANGED**  
Risk rating scale following  
March 2020 update

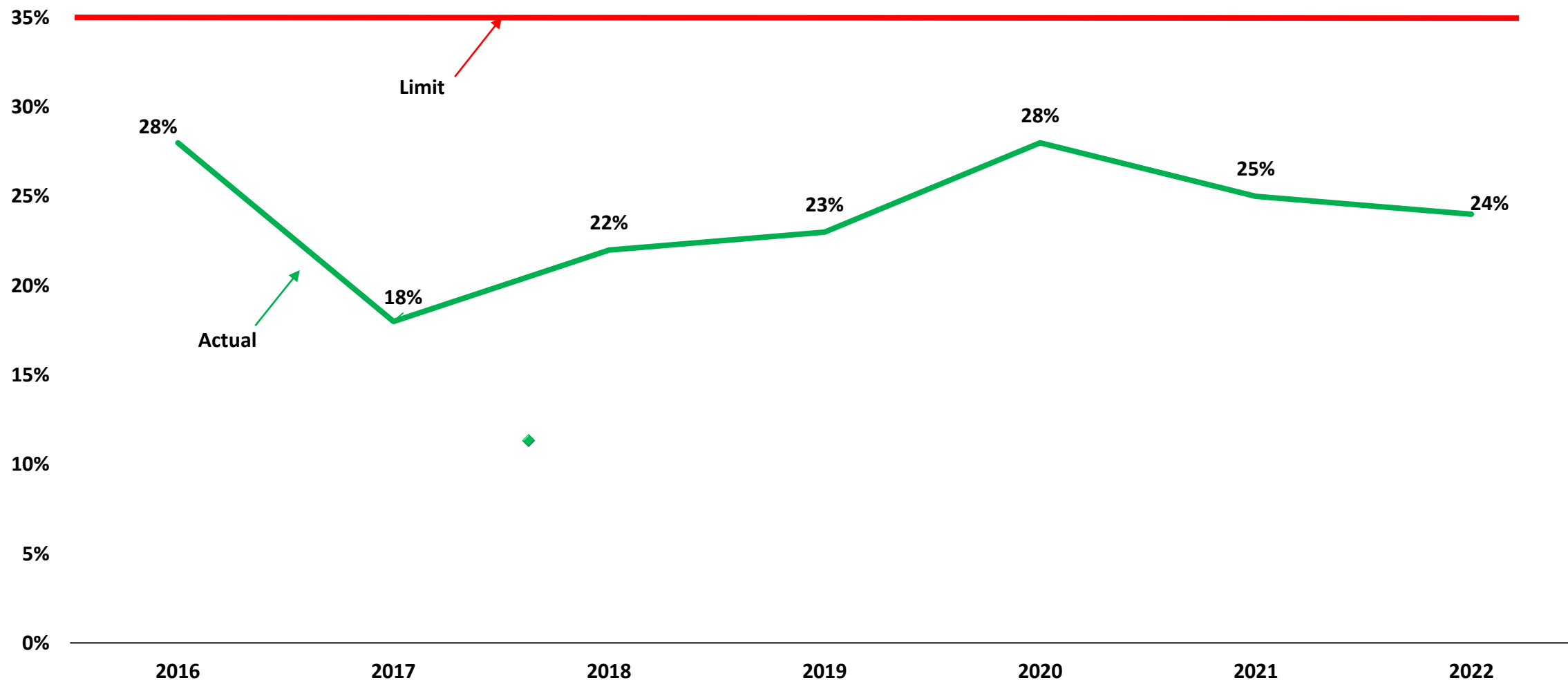
**UNCHANGED**  
Base Credit Models

# PROFITABILITY- 8 YEAR TREND ANALYSIS

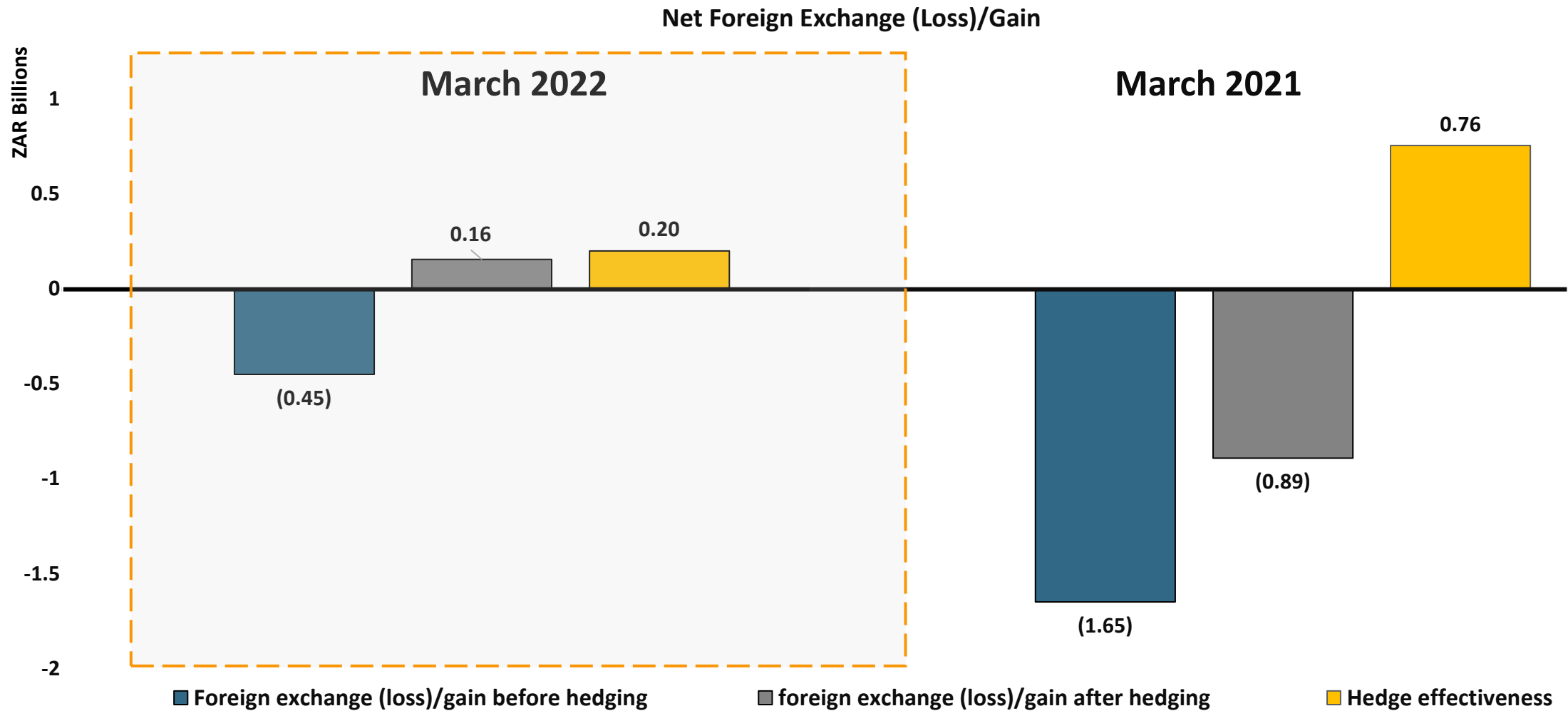




# COST OPTIMISATION: COST TO INCOME RATIO



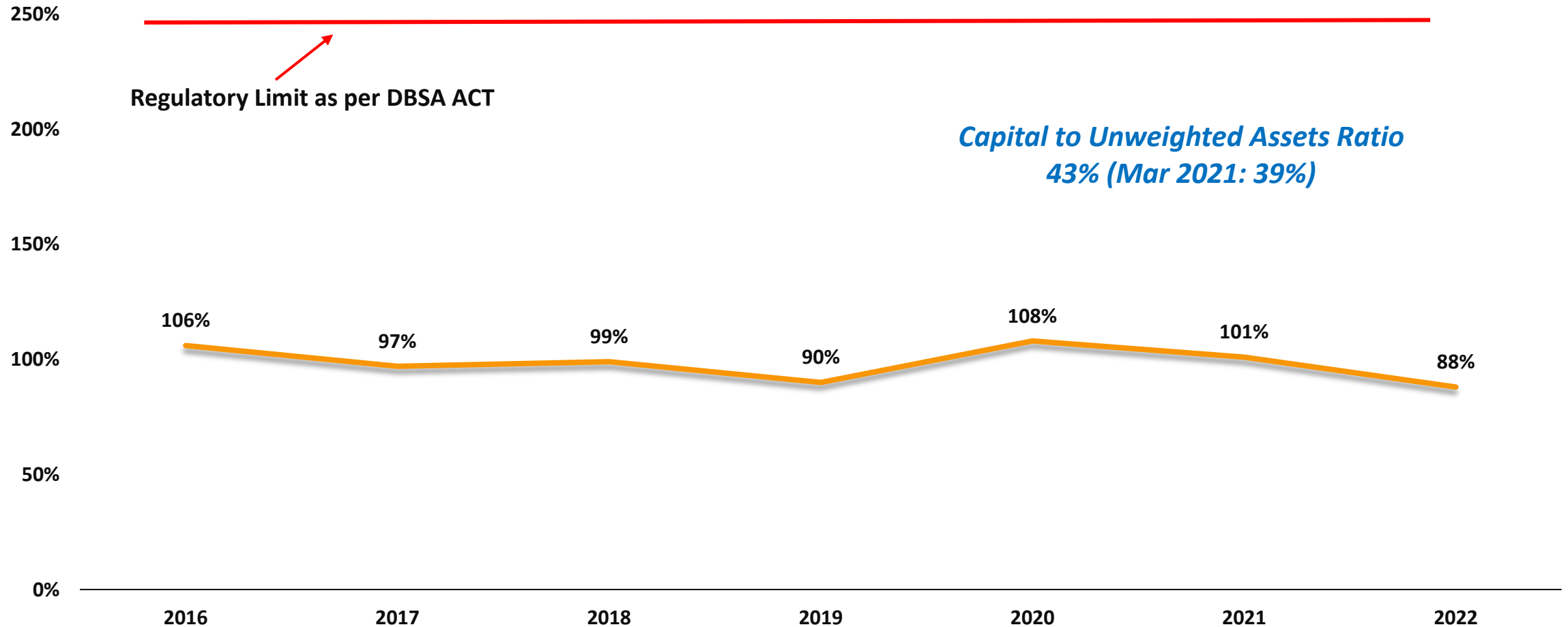
# IMPACT OF FX MOVEMENTS ON THE NET OPEN POSITION





## BALANCE SHEET HIGHLIGHTS

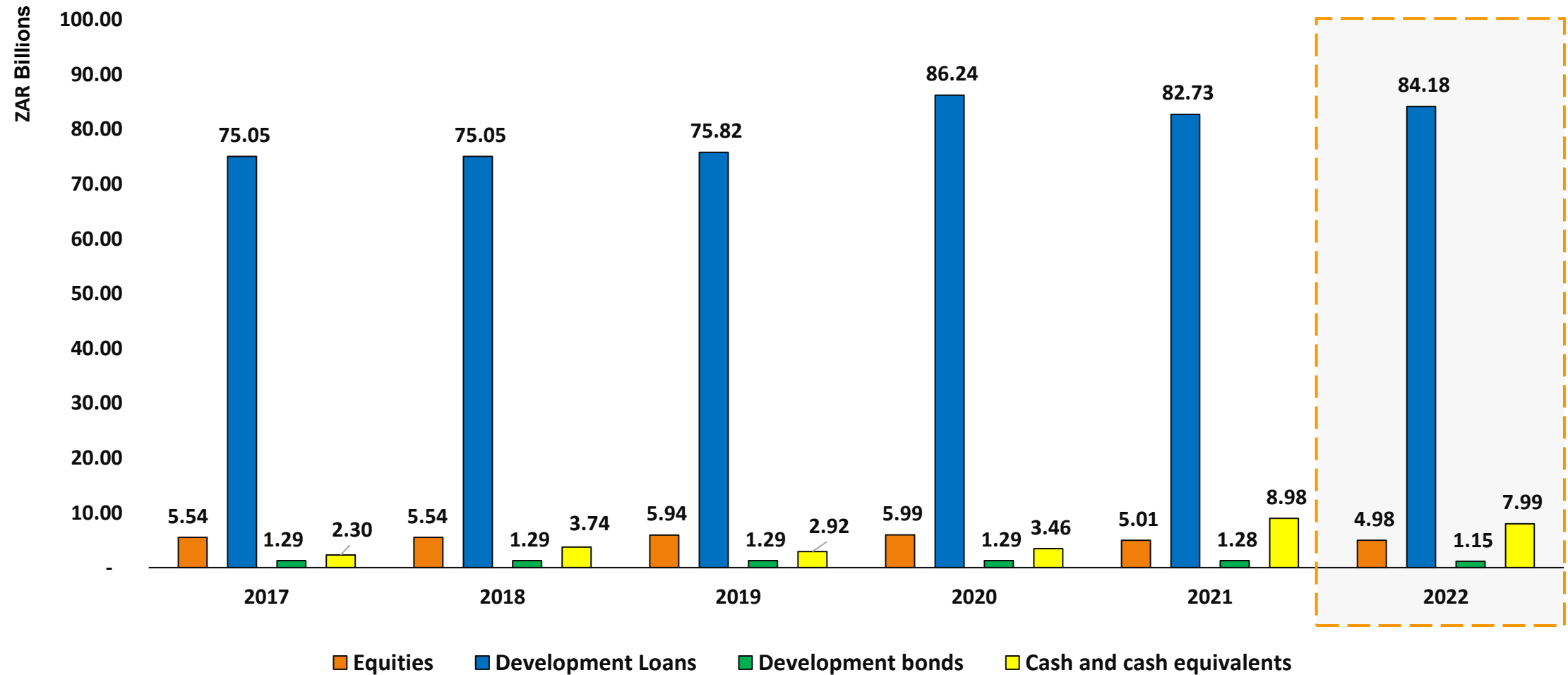
# CAPITAL ADEQUACY- TREND ANALYSIS





# ASSET PORTFOLIO –

*Development Loans, Development Bonds, Equity Investments and Cash balances*



# DEVELOPMENT LOANS: RECON AT A GLANCE

LOAN  
BOOK



March 2022: R84.17bn  
March 2021: R82.73bn

TOTAL  
ASSETS



March 2022: R100bn  
March 2021: R100bn

DISBURSEMENTS



March 2022: R12.9bn  
March 2021: R13.5bn

REPAYMENTS



March 2022: R18.5bn  
March 2021: R18.8bn

FOREX



March 2022: -R0.7bn  
March 2021: -R4.9bn

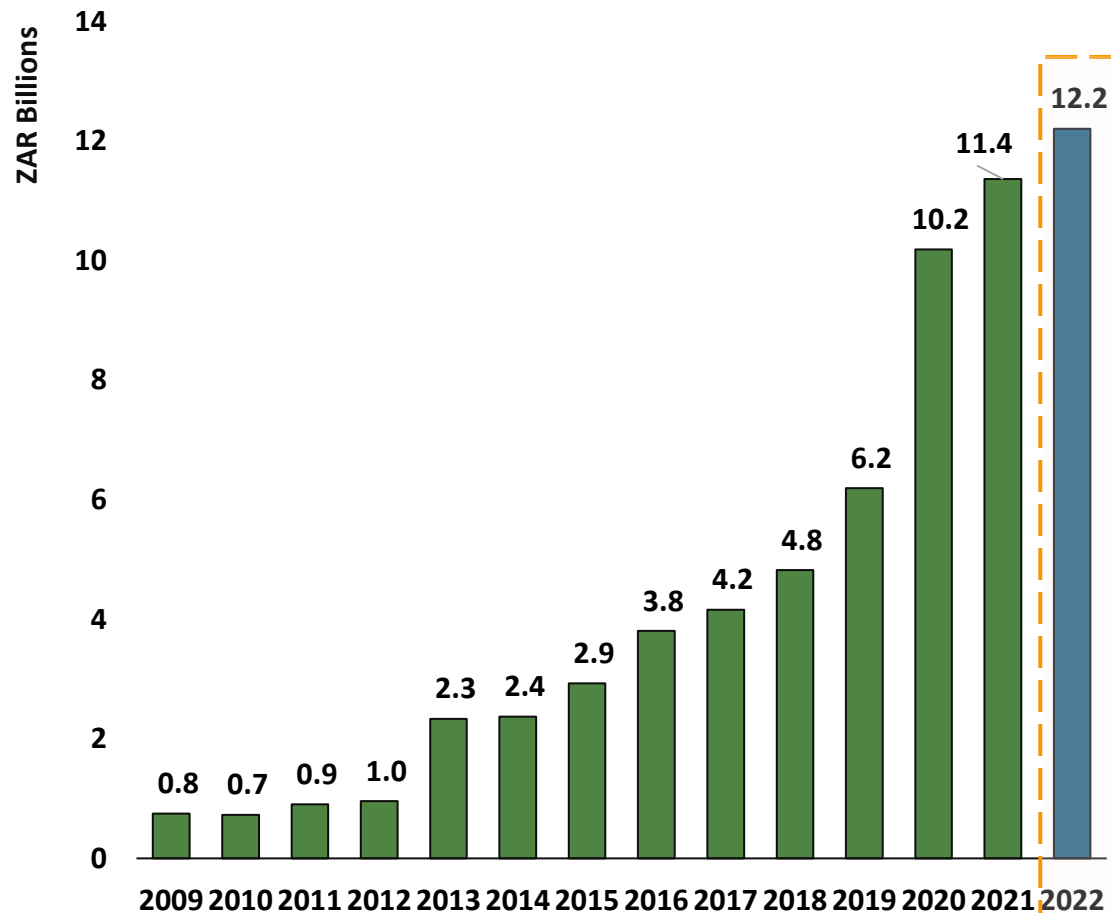
INTEREST CAPITALISED



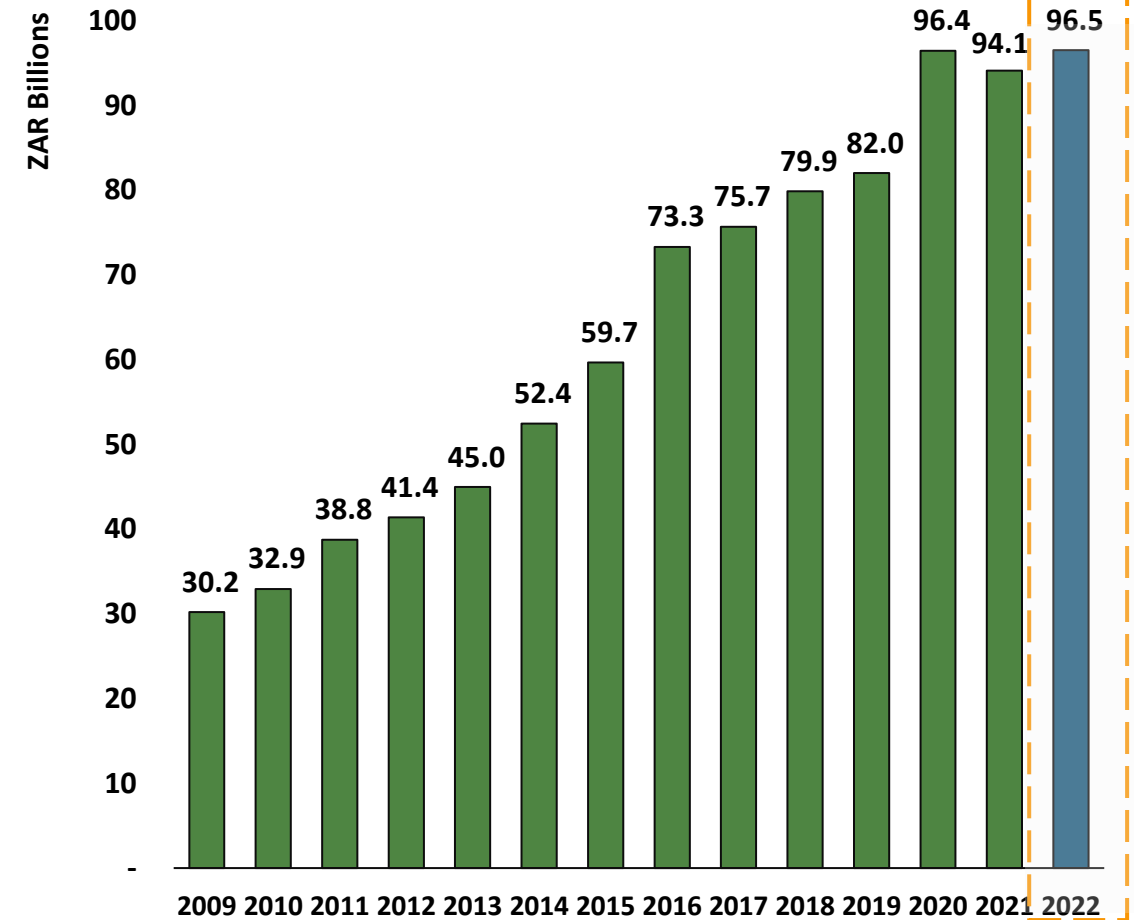
March 2022: R8.4bn  
March 2021: R7.8bn

# ASSET QUALITY- ECL TREND VS LOAN BOOK GROWTH

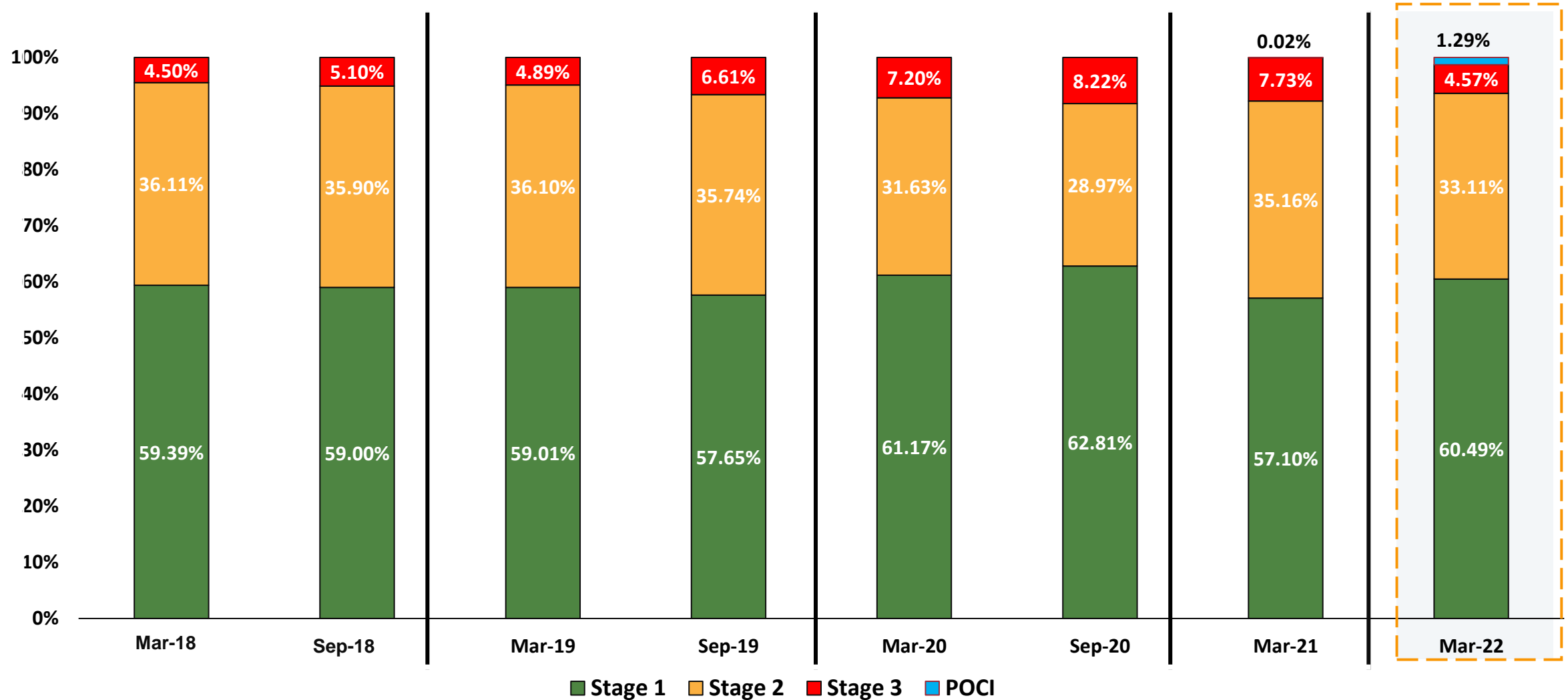
ECL Provisions – Trend since 2009



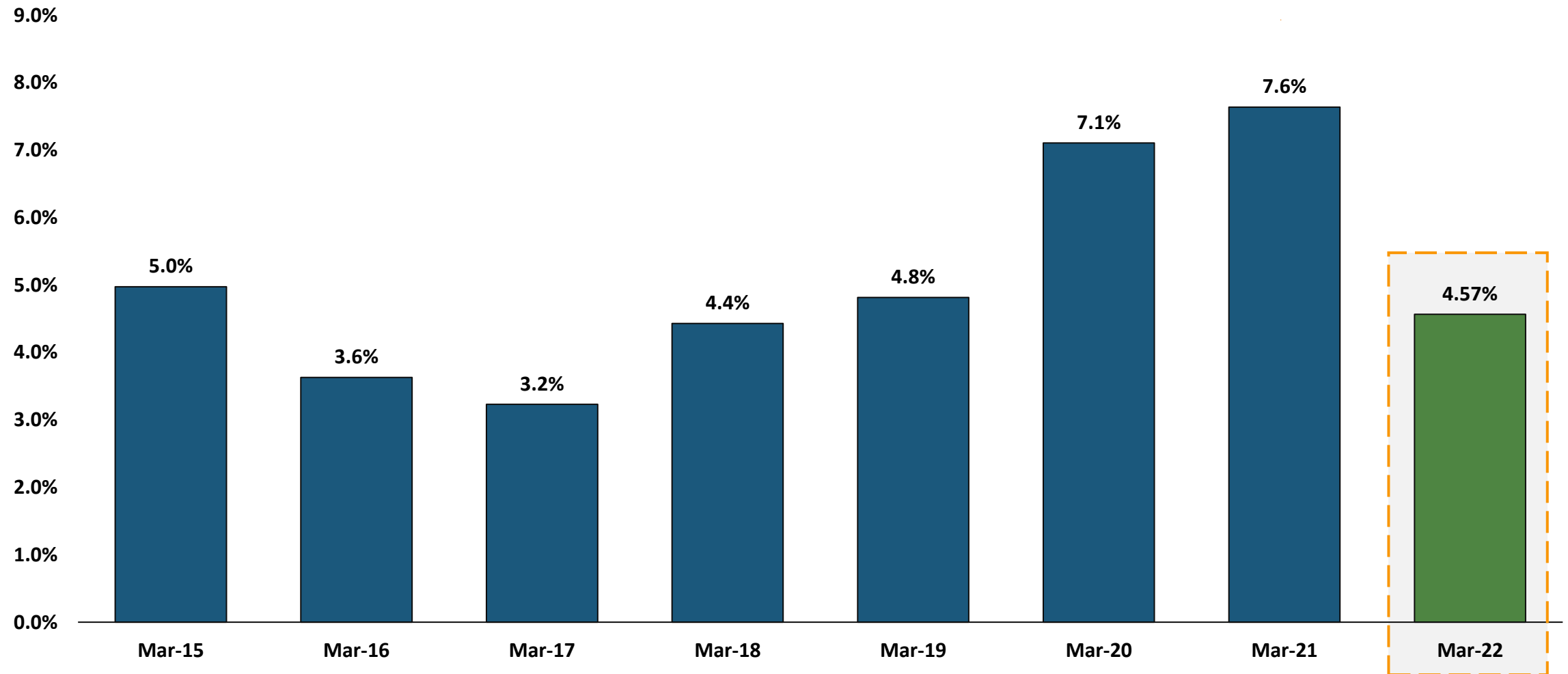
Development Loan Book Growth since 2009



# ASSET QUALITY – GROSS LOAN BOOK IFRS 9 STAGING

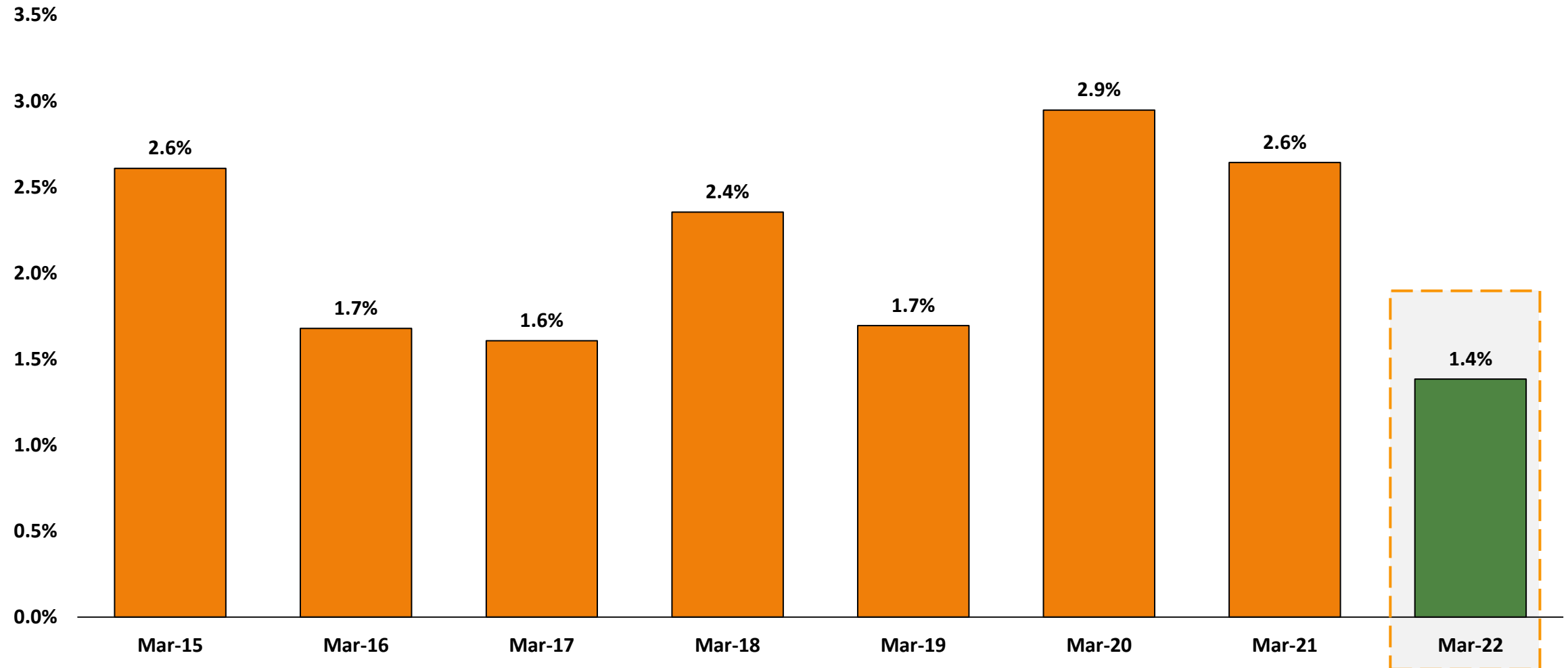


# NPL RATIO ANALYSIS (GROSS NPL VS GROSS LOAN BOOK)

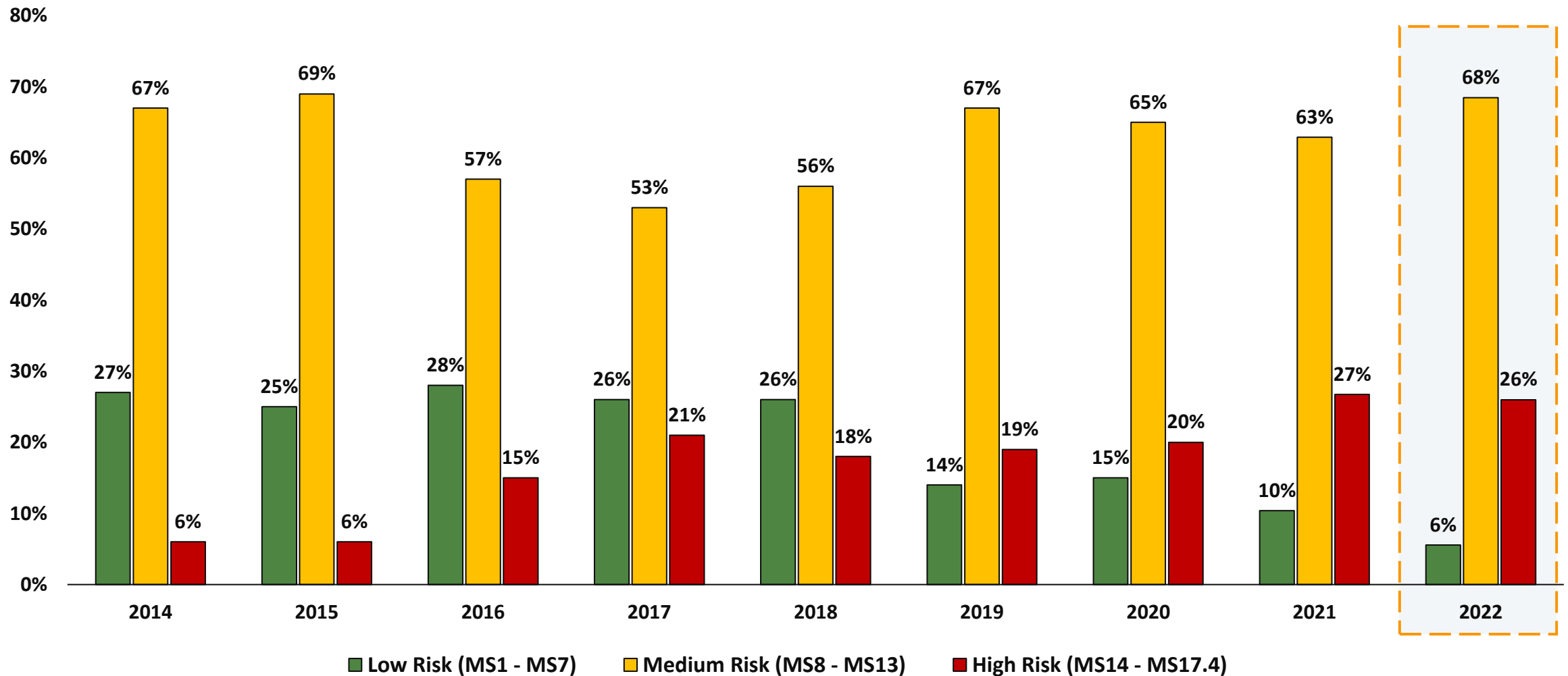




# ASSET QUALITY- NPL NET OF ECL PROVISIONS

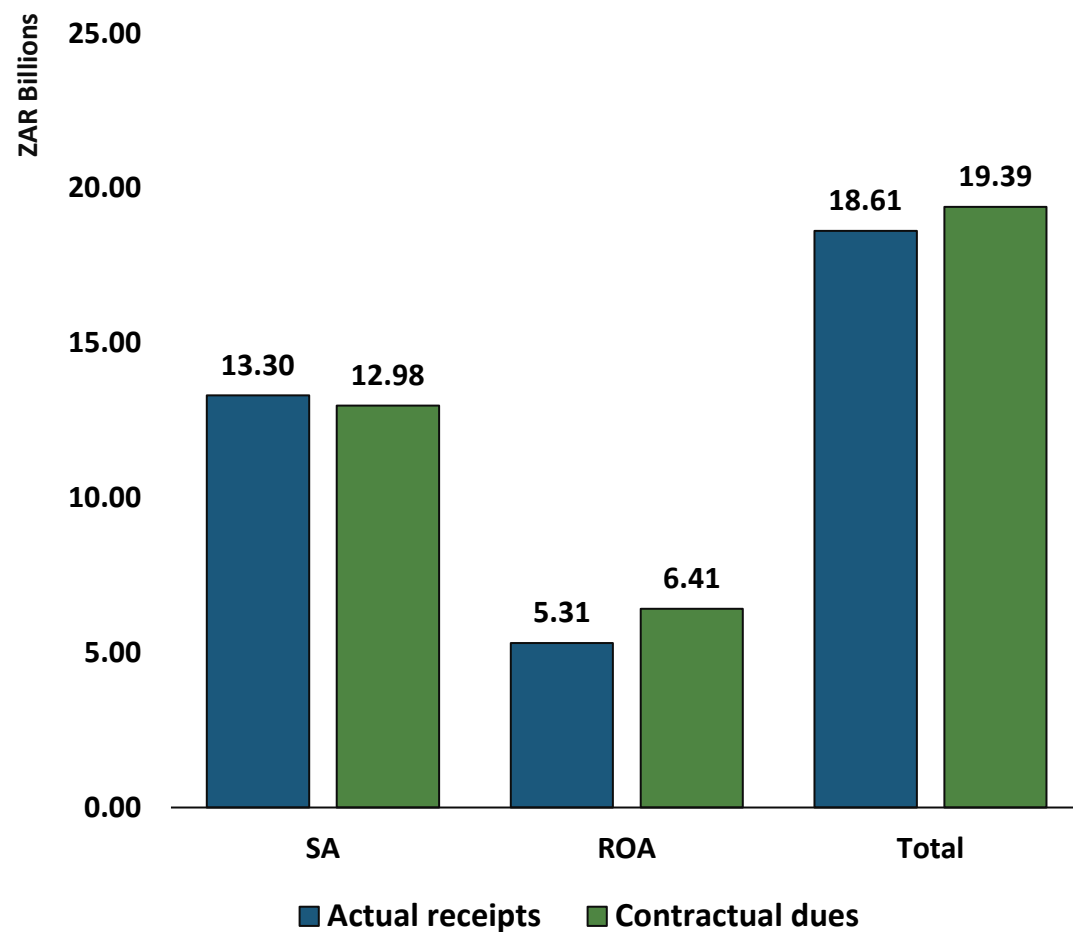


# ASSET QUALITY- LOAN BOOK RISK PROFILE

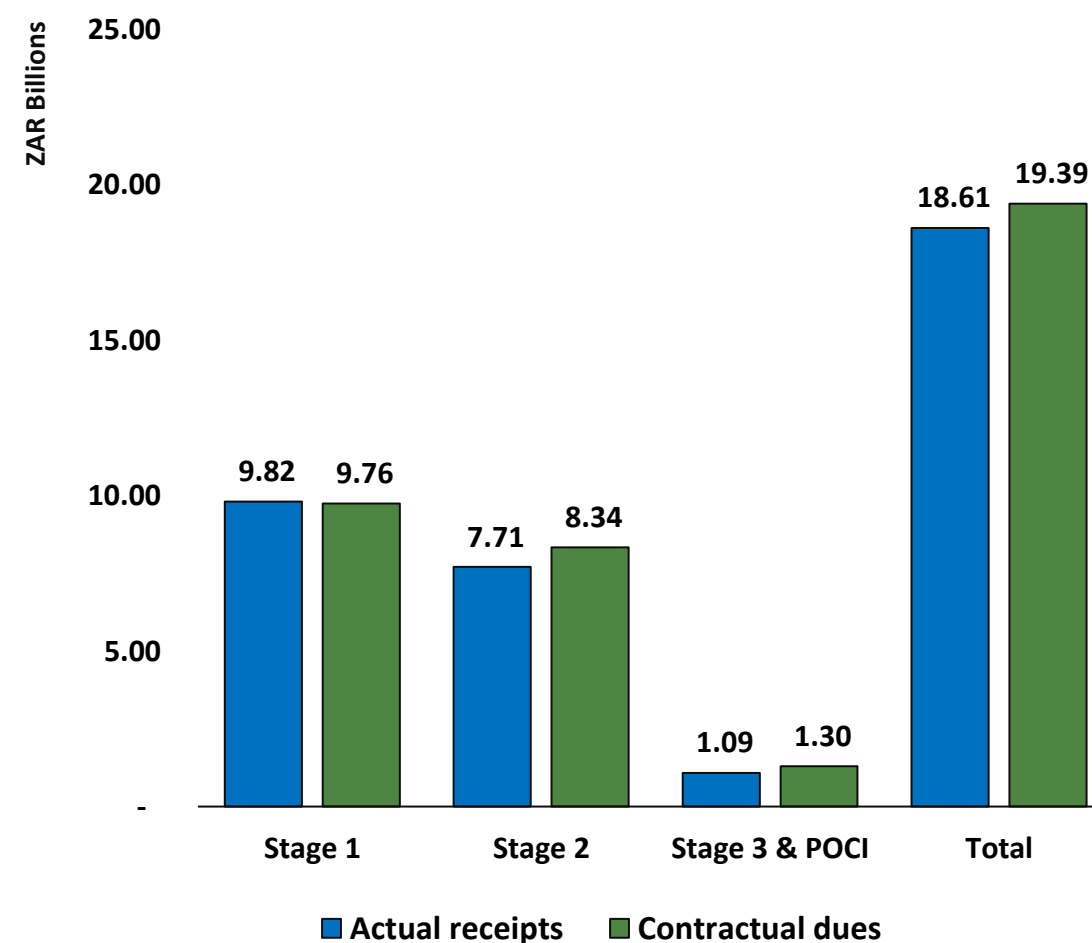


# ASSET QUALITY – YEAR TO DATE CASH COLLECTIONS

Cash Collections – SA vs ROA

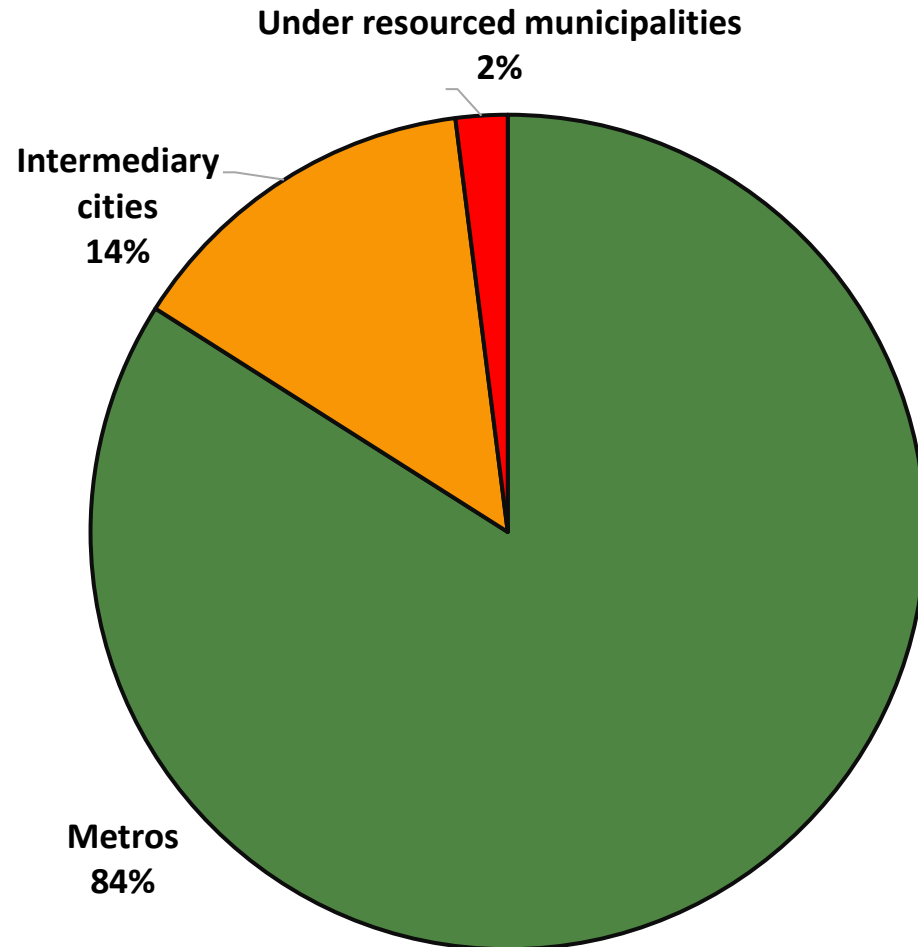


Cash Collections by IFRS 9 Stage

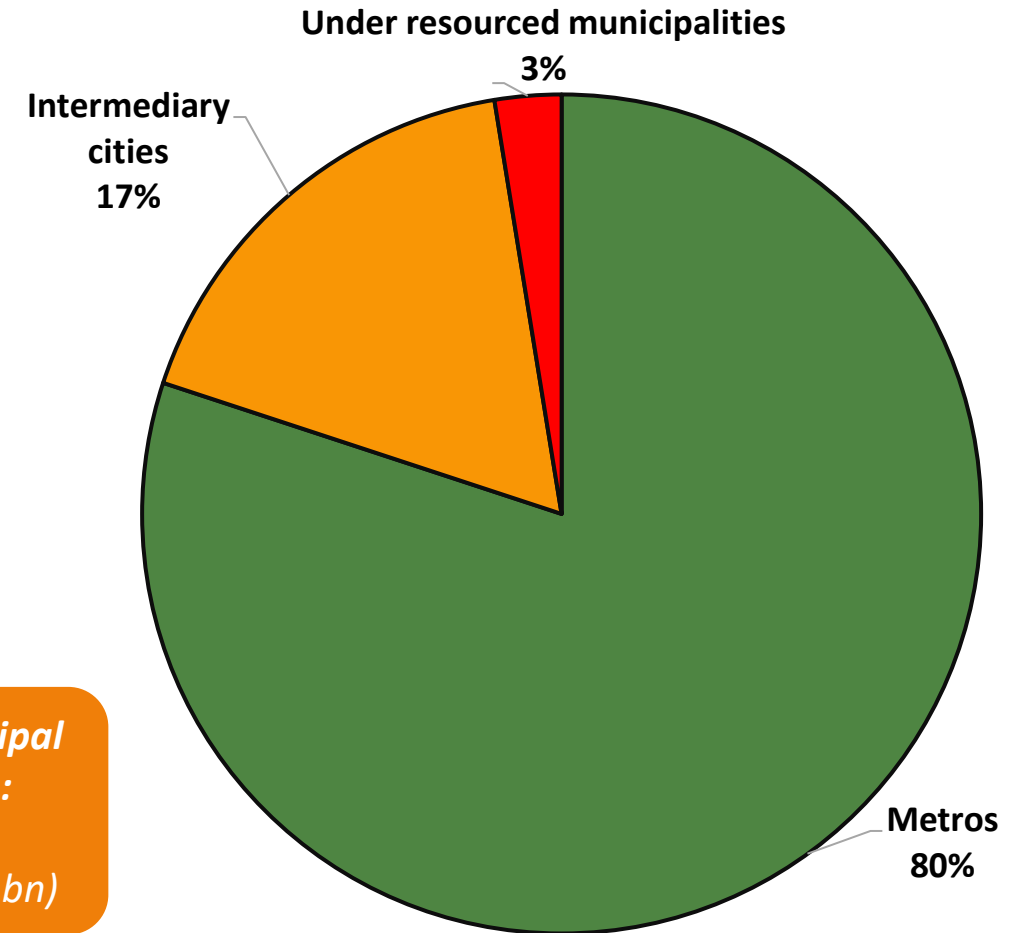


# TOTAL MUNICIPAL EXPOSURE BREAKDOWN

Municipal Exposure by Market – 31 March 2022

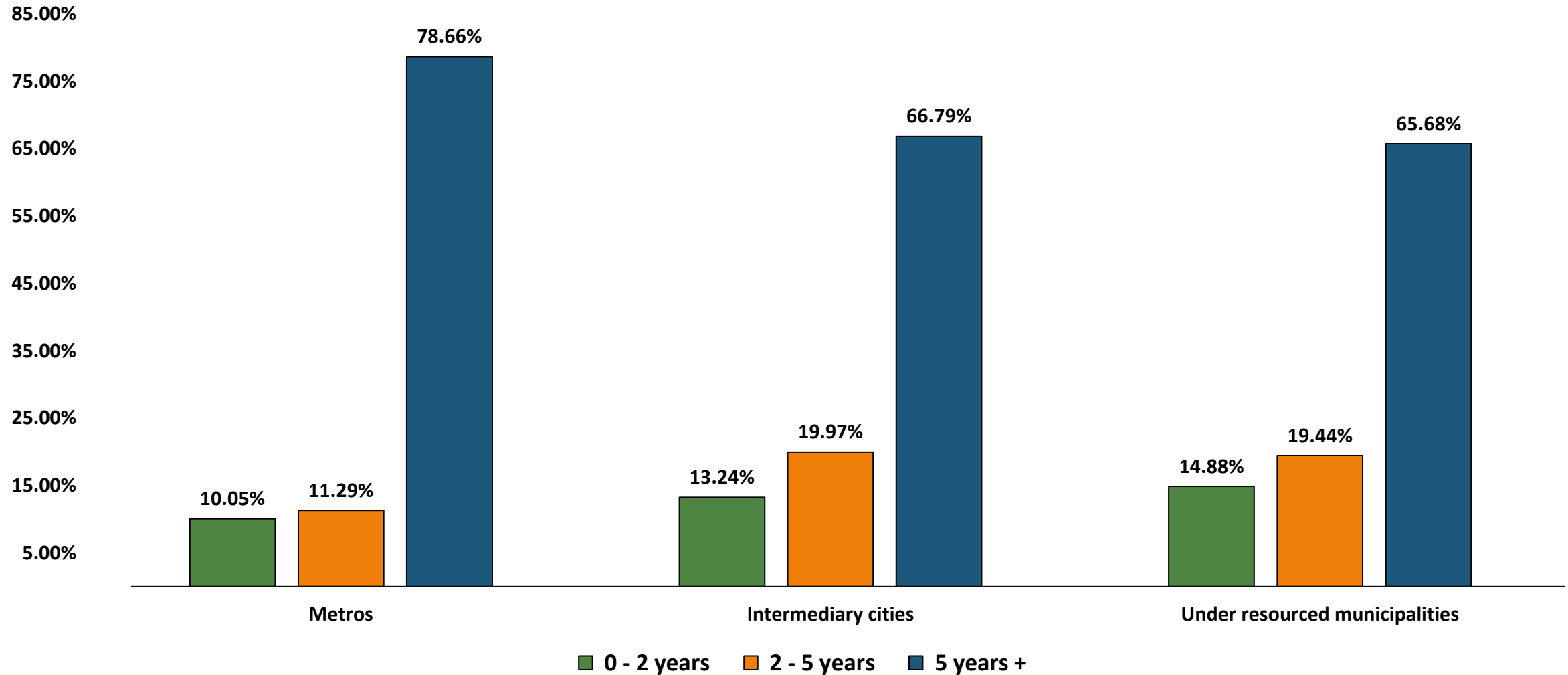


Municipal Exposure by Market – 31 March 2021



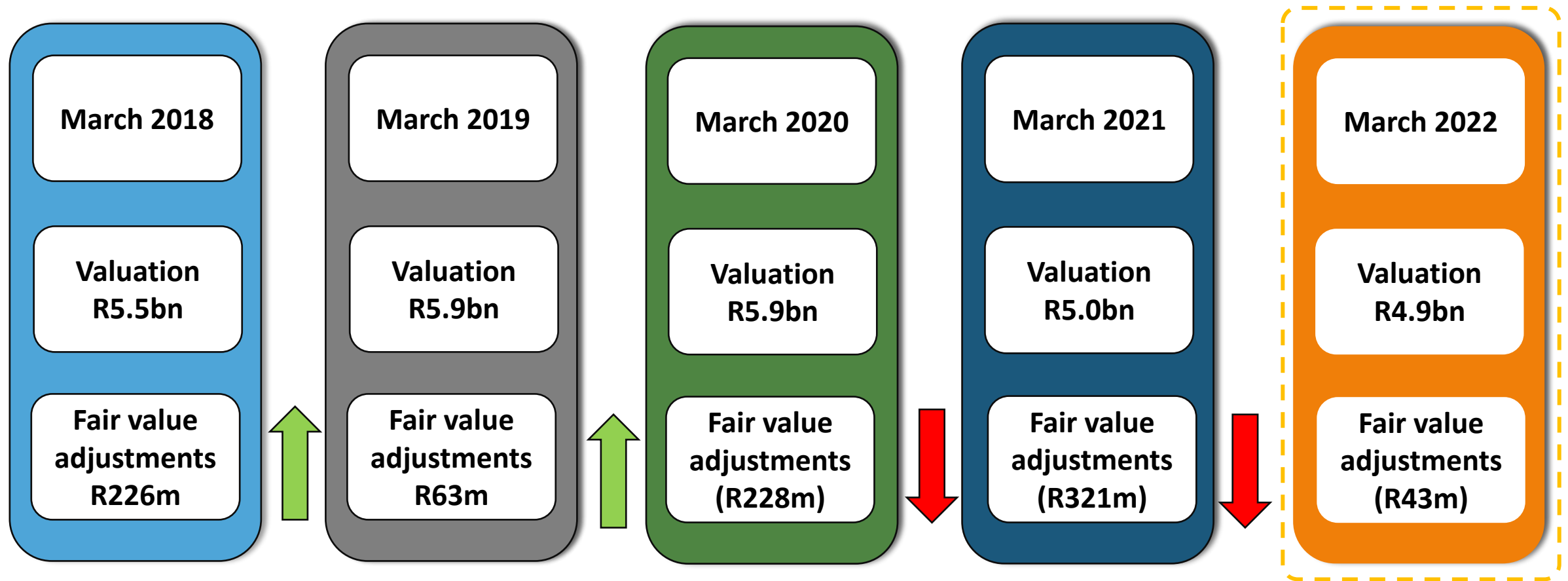
**Total Municipal Exposure:**  
**R32 bn**  
(2021: R29 bn)

# MUNICIPAL EXPOSURE – MATURITY PROFILE





# EQUITY INVESTMENTS AT A GLANCE



# LIABILITY PORTFOLIO AT A GLANCE

## OUTSTANDING DEBT



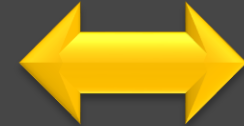
**March 2022: R55bn**  
March 2021: R59bn

## LINES OF CREDIT



**March 2022: R20bn**  
March 2021: R23bn

## DEBT SECURITIES



**March 2022: R35bn**  
March 2021: R35bn

## FOREX ADJUSTMENT



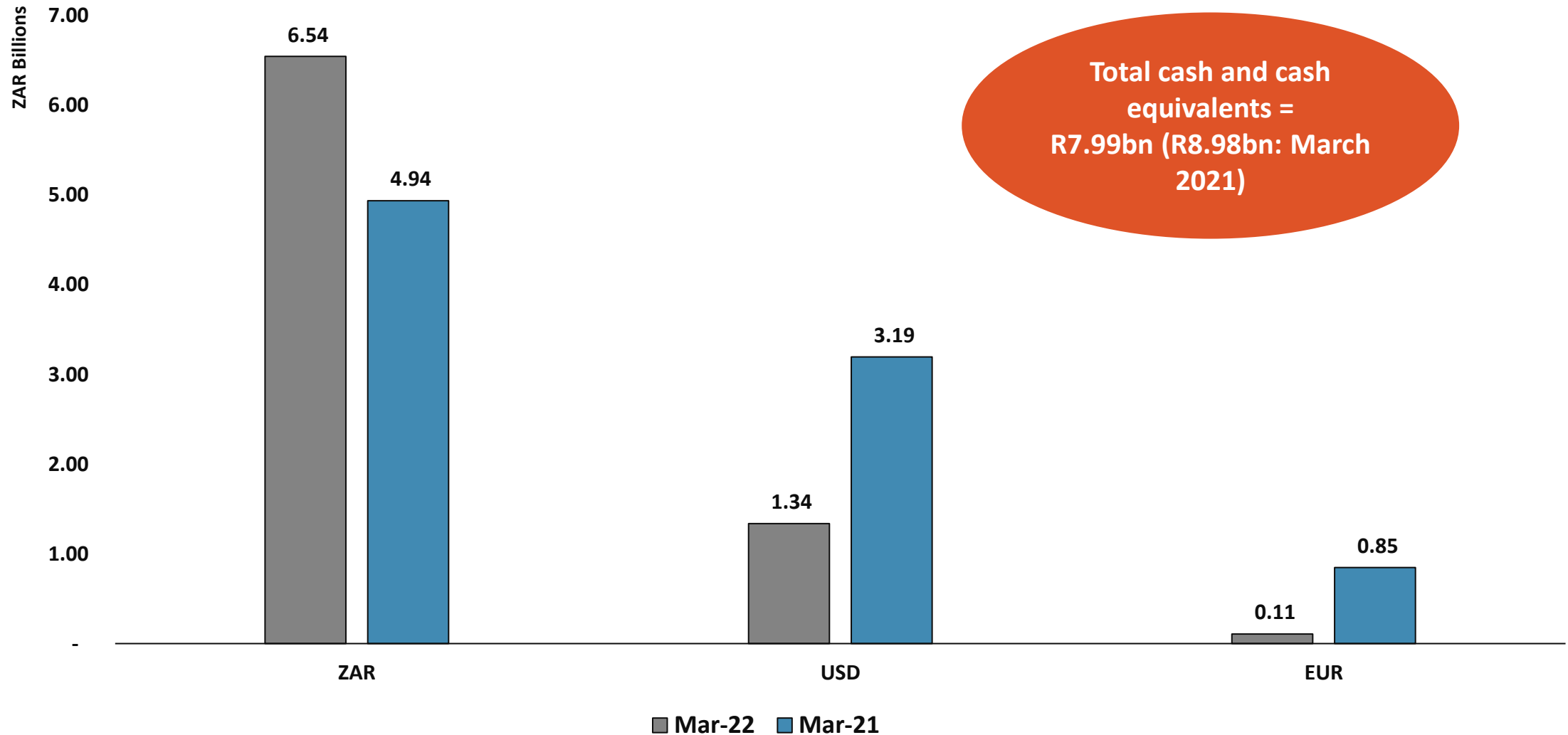
**March 2022: (R632m)**  
March 2021: (R4.4bn)

## REPOS



**March 2022: Nil**  
March 2021: R868m

# CASH AND CASH EQUIVALENTS IN ZAR BILLION EQUIVALENT





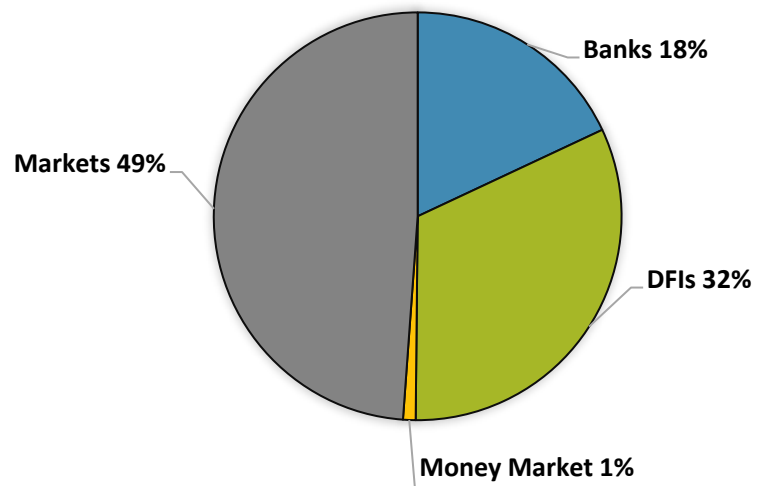
## FUNDING & LIQUIDITY

# FUNDING YEAR TO DATE

Consolidated ZAR Equivalents

	ACTUALS YTD - FY 2022/23					Total
	Apr	May	Jun	Jul	Aug	
Opening Cash	8,290	6,298	6,844	8,251	9,547	8,290
Debt capital repayments	125	75	270	113	837	1,420
Debt interest payments	176	112	116	91	723	1,219
Treasury assets & derivatives				427		427
Loan book capital	409	577	1,485	208	1,138	3,816
Loan book interest	705	389	1,513	337	473	3,417
FX transfers	1,598		355	355	124	765
New funding				1,839		1,839
New disbursements	1,122	148	1,474	726	1,830	5,299
Operational	85	85	85	85	85	425
Closing cash	6,298	6,844	8,251	9,547	7,806	7,806

Outstanding Debt by Source (%)



- Funding FY to date = **ZAR 1.8bn**
- Debt Service = **ZAR 2.6bn** (*capital = ZAR 1.4bn*)
- New loans disbursements = **ZAR 5.3bn**
- Loan book inflow = **ZAR 7.2bn**



# LIQUIDITY FORECAST

Consolidated ZAR Equivalents

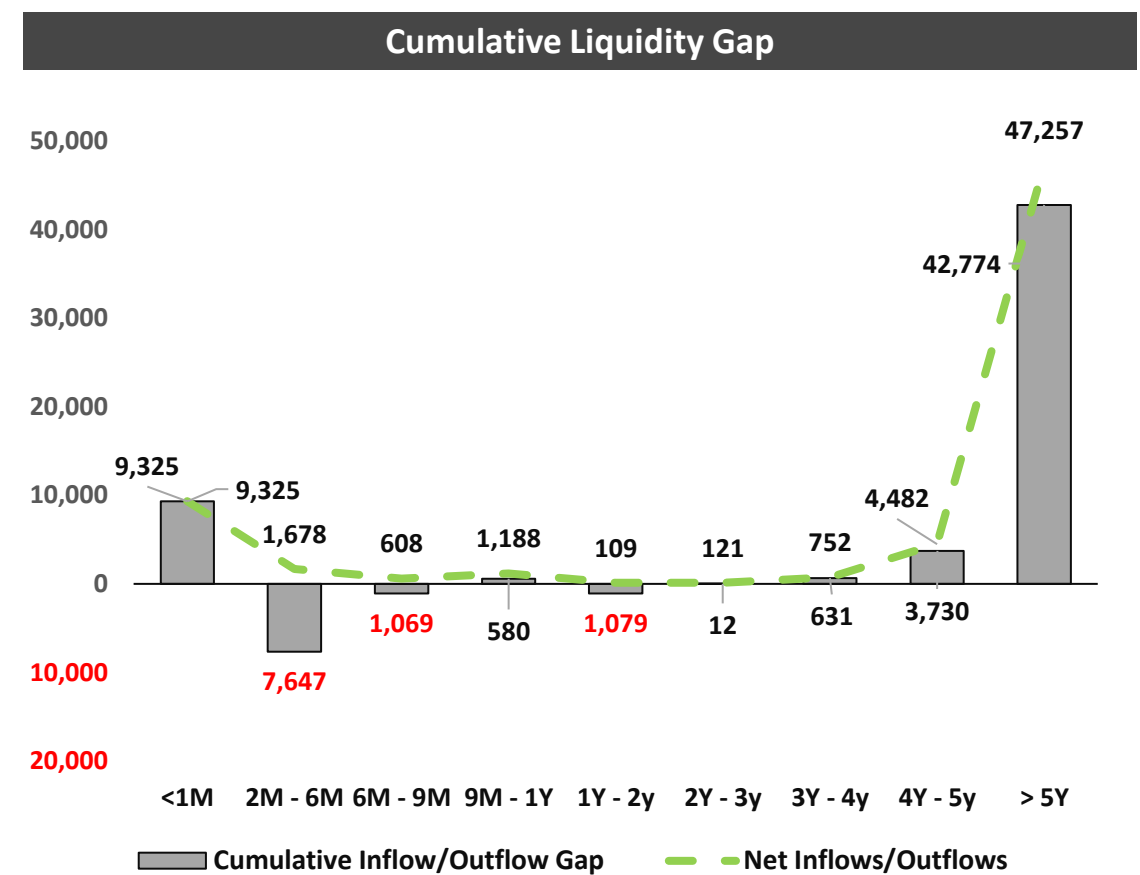
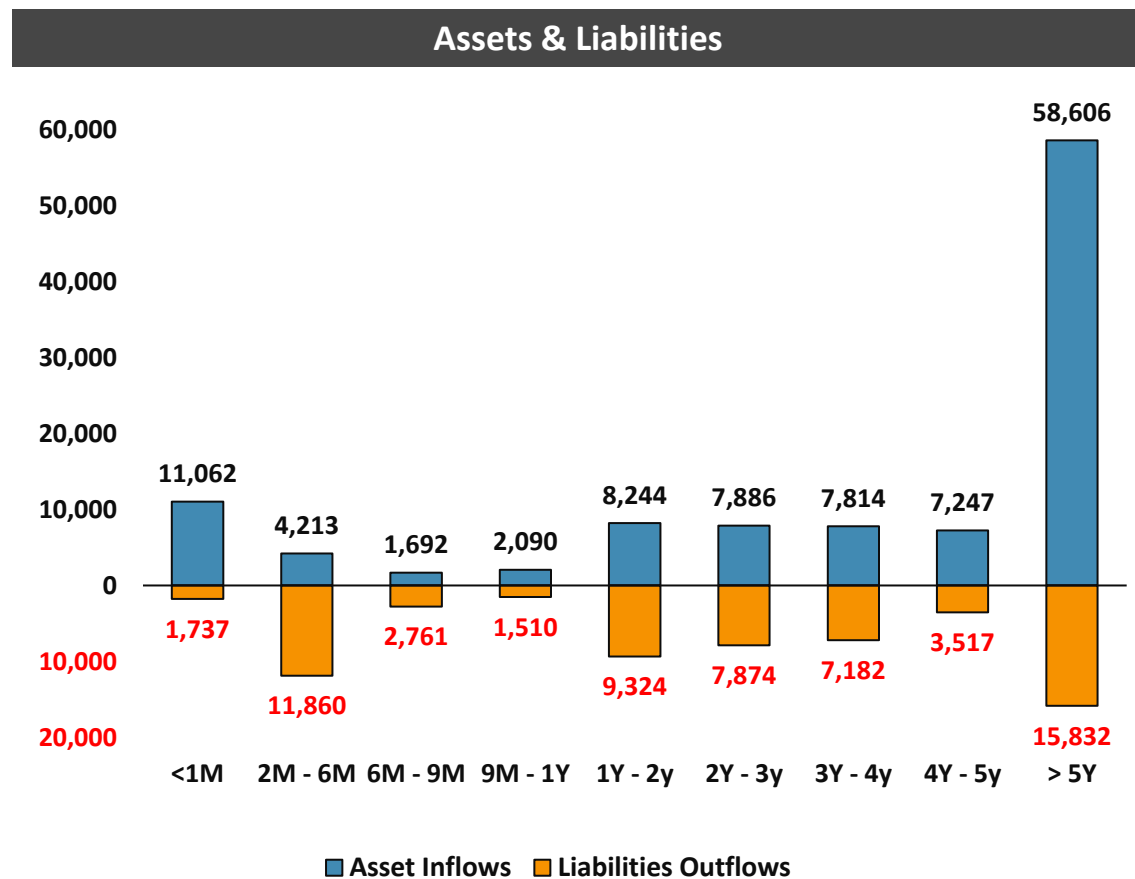
	FY 2022/23							Total	FY 2023/24				Total
	Sep	Oct	Nov	Dec	Jan	Feb	Mar		Q1	Q2	Q3	Q4	
Opening Cash	8,830	9,792	13,134	12,882	15,914	16,142	7,103	<b>8,830</b>	7,530	9,830	9,028	12,077	<b>7,530</b>
Debt capital repayments	643	540		2,413	310	6,813	2,832	<b>13,552</b>	1,160	2,035	117	5,024	<b>8,336</b>
Debt interest payments	207	236	106	144	196	702	377	<b>1,969</b>	444	723	402	822	<b>2,391</b>
Treasury assets & derivatives	27	80	9	143			23	<b>183</b>	280	25	148	25	<b>379</b>
Loan book capital	790	1,240	173	929	357	101	791	<b>4,382</b>	1,726	1,014	1,593	1,408	<b>5,740</b>
Loan book interest	979	472	323	1,282	575	51	1,048	<b>4,730</b>	2,212	1,282	2,142	1,449	<b>7,086</b>
New funding	532	5,659		3,720		1,000	5,323	<b>16,234</b>					<b>0</b>
New disbursements	362	3,234	550	386	98	2,575	3,403	<b>10,607</b>					<b>0</b>
Operational	100	100	100	100	100	100	100	<b>700</b>	315	315	315	315	<b>1,260</b>
Closing cash	<b>9,792</b>	<b>13,134</b>	<b>12,882</b>	<b>15,914</b>	<b>16,142</b>	<b>7,103</b>	<b>7,530</b>	<b>7,530</b>	<b>9,830</b>	<b>9,028</b>	<b>12,077</b>	<b>8,748</b>	<b>8,748</b>

- Loan book inflows haircut by 15% on average (*non-performing loans excluded completely*).
- No new disbursements or funding included in FY2023/24 projections – only existing contractual flows shown at last rate resets.

→ *Cumulative debt service and ops expense covered by haircut loan book inflows*

# ALM MATURITY GAPS

- The cumulative liquidity chart below shows that there is sufficient liquidity to cover all maturing debt across short-term buckets
- Current focus on DV23 redemption in February 2023.



# FOREIGN CURRENCY RISK

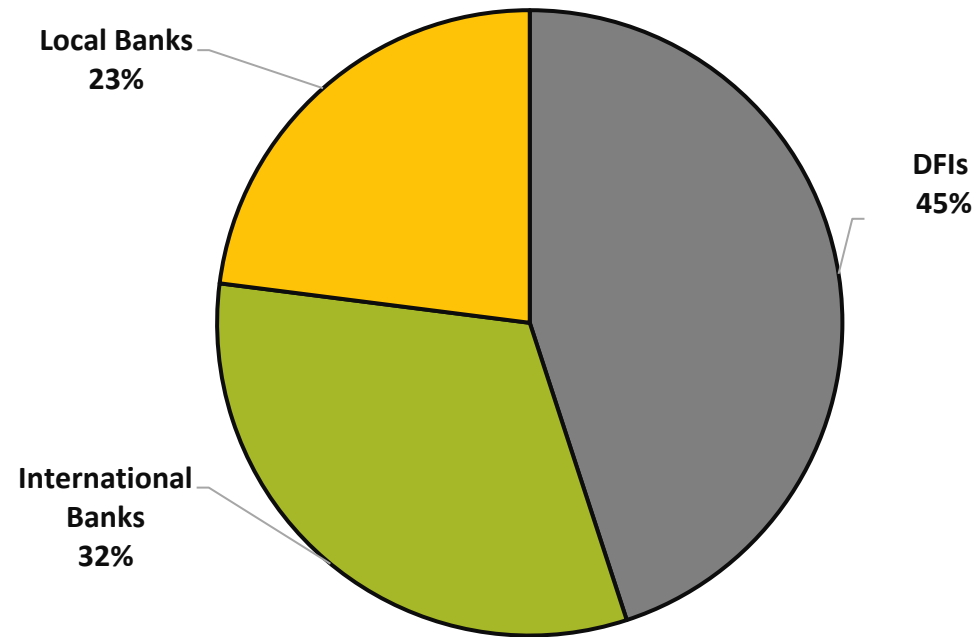
	EUR	USD
<b>Assets</b>		
Cash and cash equivalents at amortised cost	33	34
Investment securities	0	0
Derivative assets held for risk management	33	32
Equity investments held at fair value through profit and loss	33	149
Development bonds at amortised cost	0	0
Development loans - capital	349	1,142
Development loans - arrears	1	207
<b>Total Assets</b>	<b>450</b>	<b>1,563</b>
<b>Liabilities</b>		
Derivative liabilities held for risk management	110	357
Debt funding held at amortised cost	336	1,146
<b>Total liabilities</b>	<b>446</b>	<b>1,502</b>
<b>Net Open Position</b>	<b>3.50</b>	<b>60.93</b>

In addition to ZAR, the Bank has operations in USD and EUR

- The risk arising from these foreign currency operations is managed using derivatives (FEC, cross currency swaps and foreign exchange options).
- As of July 2022, the EUR and USD currency Net Open Positions stood at: +EUR3.5m and +USD60.93m respectively.

# CURRENT & PLANNED FUNDING

## Bilateral Facilities Under Negotiation/Consideration



Aggregate ZAR 15bn equivalent

- Loan book inflows well > conservative projections
- Haircut Inflows > debt service over next 2 years
- ZAR 15bn equivalent of new bilateral facilities under negotiation
- Continuing to:
  - *expand lender/investor base*
  - *explore new markets for alternative funding avenues*

Looking to tap the domestic market again on **21 October** this year

- *Potentially targeting 3-, 5-, and 7 year tenors*
- *RMB to communicate details post further investor engagement*



***THANK YOU***