

40

YEARS OF
DEVELOPMENT PROGRESS

2024
INTEGRATED
ANNUAL
REPORT



DBSA
DEVELOPMENT BANK OF SOUTHERN AFRICA
Building Africa's Prosperity

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NAVIGATION

Our reporting suite for the year ended 31 March 2024 consists of three reports:



The 2024 Integrated Annual Report, which is our primary communication document with our stakeholders.

The 2024 Annual Financial Statements, which includes the Directors' Report and the independent auditor's report.

The 2024 Sustainability Review, which provides further information on our sustainability performance.

Throughout our 2024 Integrated Annual Report, we use the following icons to connect information:



Our stakeholders (Refer to pages 51 to 61 for further details of how we engage our key stakeholders)



The Development Bank of Southern Africa (DBSA or the Bank) is one of Africa's leading development finance institutions. It is wholly owned by the government of the Republic of South Africa. The DBSA has a mandate to promote inclusive and sustainable economic growth, human resources and institutional capacity development, support development projects and programmes in the region, and promote regional integration through infrastructure development that improves the quality of life for people in Africa.

The DBSA has an over 40 years track record of successfully supporting development in the Sub-Saharan Region, investing R120 billion in projects across the region, accelerating job creation, improving access to education and healthcare, and reducing poverty.

The DBSA is committed to working with the private sector, governments and civil society to achieve its goals. It is a trusted partner for development, and its work is making significant difference in the lives of people across the Sub Saharan Region.

OUR APPROACH TO REPORTING

This Integrated Annual Report (IAR) provides a comprehensive overview of our organisation’s performance, strategy, governance, and sustainability practices over the past year. Through transparent disclosure and insightful analysis, we aim to offer stakeholders a clear understanding of how we create and sustain value across economic, environmental, and social dimensions. By embracing integrated thinking and reporting, we strive to illustrate the interconnectedness of our business activities and their impact on the broader ecosystem, fostering trust, accountability, and informed decision-making.

The Development Bank of Southern Africa is a development finance institution (DFI) governed by the DBSA Act, No. 13 of 1997 (Amended Act No. 41 of 2014) and is wholly owned by the government of the Republic of South Africa. The Act outlines our mandate and governs the structure and behaviour of our Board of Directors.

Our leadership adheres to the principles outlined in the King IV™ Report on Corporate Governance for South Africa (King IV) and the protocol on Corporate Governance in the Public Sector. Furthermore, our operations are regulated by the Public Finance Management Act No. 1 of 1999 (PFMA).

The IAR provides an overview of the Bank’s performance for the financial year ended on 31 March 2024. It delves into our operational environment, highlighting risks and opportunities, key stakeholders, our overarching strategy, and internal operations and governance practices.

Our reporting suite for the year ended 31 March 2024 consists of three reports.


- AFS** The 2024 Annual Financial Statements
- IAR** The 2024 Integrated Annual Report
- SR** The 2024 Sustainability Review

The principle of materiality was applied to determine the content of this report. Material matters are defined as those that have the potential to substantively affect the DBSA’s ability to create and sustain value over the short, medium and long term. In defining these, we consider stakeholder feedback.

These material matters are outlined from page 78 and addressed throughout this report. The report aligns with the International Integrated Reporting <IR> Framework. The disclosures included in the report are guided by the principle of materiality; and we disclose information about all aspects that have an impact on our ability to create sustainable value in the short, medium, and long term.

Financial performance information included in the IAR is drawn from the Bank’s Annual Financial Statements, which are prepared in accordance with:

- The Development Bank of Southern Africa Act, No. 13 of 1997 (Amended Act No. 41 of 2014) (DBSA Act)
- The Public Finance Management Act, No. 1 of 1999 (PFMA)
- International Financial Reporting Standards (IFRS)
- Sections 27 to 31 of the Companies Act of South Africa, No. 71 of 2008 being the relevant and corresponding sections of those specified in the DBSA Act
- JSE Debt Listings Requirements

 For the full Annual Financial Statements, visit <https://www.dbsa.org/investor-relations>.

Assurance

The DBSA employs a combined assurance model to ensure effective oversight and management of assurance functions, fostering credibility in reporting while enhancing internal processes for information gathering. This approach emphasises shared accountability across risk management, compliance, internal audit, external audit, and other assurance providers. As a State-Owned Entity, the DBSA is subject to the Public Audit Act, requiring external assurance on financial statements, performance against predetermined objectives and compliance with laws and regulations. During the year under review, the Auditor-General of South Africa reaffirmed the DBSA’s clean audit outcome, providing external assurance on the fair presentation of annual financial statements.

Approval by the Board

Although the reporting process was delegated to a proficient and seasoned reporting Team, the Board retains final accountability for the integrity of the IAR bolstered by the Audit and Risk Committee (ARC) and DBSA Executive Management. The leadership diligently oversees the reporting process, emphasising the meticulous crafting of the DBSA’s value-creation narrative. The Board affirms that this report accurately portrays all material concerns and aligns with the <IR> Framework. Approval of this report was granted by the Board of Directors on 27 June 2024.



Mr Ebrahim Rasool
Chairman of the Board



Mr Bongani Nqwababa
Chairman of the Audit and Risk Committee



Ms Boitumelo Mosako
Chief Executive Officer

We welcome your feedback on this report. Send your comments to the Head of Corporate Strategy at corporatestrategy@dbsa.org or submit them to the DBSA premises at 1258 Lever Road, Headway Hill, Midrand, Gauteng.

PERFORMANCE HIGHLIGHTS

OPERATIONAL PERFORMANCE

R72.9 billion

Total infrastructure development supported

R31.6 billion

Funds catalysed

R17.0 billion

Total loans and bonds disbursements

R4.6 billion

Infrastructure implementation support delivered

R17.2 billion

Value of prepared projects approved

R2.5 billion

Infrastructure unlocked for under-resourced municipalities

DEVELOPMENT IMPACT

4 375

Learners benefitted from six newly built schools

14 755

Learners benefitted from 18 refurbished schools

17 289

Learners benefitted from 116 DBE SAFE VIP toilet projects constructed

47 901

Learners benefitted from 73 Limpopo DBE ablution facilities constructed

1 308

Local SMMEs and subcontractors employed in the construction of projects

R4.1 billion

Value of infrastructure delivered by black-owned entities, of which R2.3 billion was delivered by black women-owned entities

R615 million

Benefit accrued to local small, medium, and micro enterprises (SMMEs) and subcontractors employed in the construction projects

31 638

Temporary and permanent jobs facilitated

1 594

Youth trained in future skills through the DLabs programme

479

Start-up enterprises supported through the DLabs programme

FUND MANAGERS CONTRIBUTION

3 852 023

Tonnes of food and food-related products delivered

109 029

Total smallholder farmers and micro-entrepreneurs impacted

32 519

Permanent jobs sustained in the different sectors sector

8

Kilometres of road and rail network built

47 967

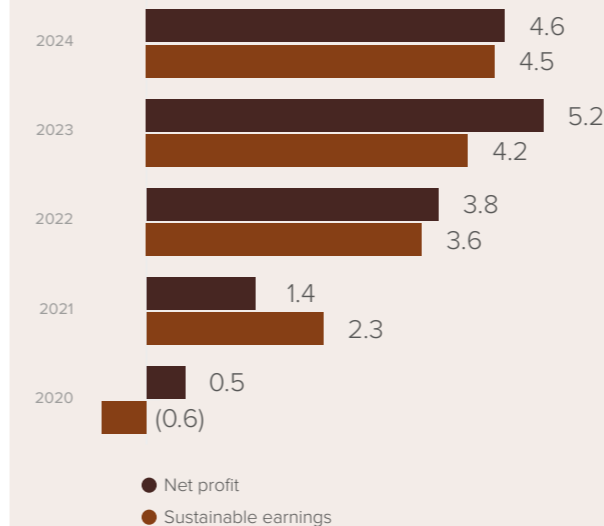
Kilometres of fibre built

FINANCIAL PERFORMANCE

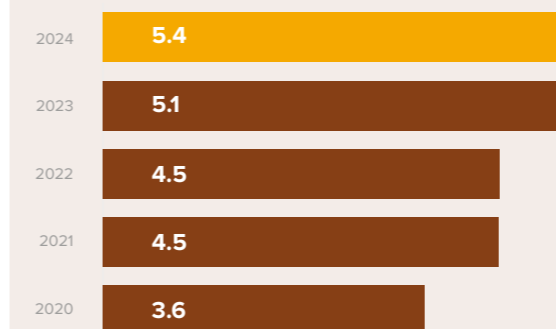
Total assets (R billion)



Sustainable earnings and net profit (R billion)



Cash generated from operating activities (R billion)



GOVERNANCE

- Received unqualified audit opinion since its inception
- Boasts a robust, ethical and diverse leadership
- Reported R nil in irregular, fruitless and wasteful expenditure during the financial year under review (2023: R111 000)

RATINGS AND ACCREDITATIONS

- A Ba3 foreign currency rating by Moody's
- An AA rating by Association for African Development Finance Institutions PSGRS (valid until December 2024)
- Global Environmental Facility accreditation since August 2014
- Green Climate Fund EU 6-pillar accreditation (valid until 2026)

ACCOLADES AND AWARDS

The DBSA won the following awards in the year ended 31 March 2024:

- Chartered Governance Institute of Southern Africa's Integrated Reporting Awards 2023: Winner in the State-Owned Company category

01

**INTRODUCTION
TO THE
INTEGRATED
REPORT**

40 YEARS OF DEVELOPMENT PROGRESS

As we mark the DBSA's 40th anniversary, we recognise that our achievements, signify more than milestones in our history. Four decades of infrastructure investment, represent a steadfast commitment to progress and positive transformation.

Our theme this year is 40 years of development progress. Our reporting suite is designed to showcase the DBSA's unwavering commitment to infrastructure development, reflecting on our purpose-led journey.

Over the past 40 years, investment in Africa's infrastructure has been pivotal in fostering economic growth, improving social well-being, and strengthening South Africa's position on the global stage.

1979

Concept of a development bank for Southern Africa to develop Transkei, Bophuthatswana, Venda and Ciskei (TBVC states) was put forward at the Carlton Conference


THE ERA

1983–1993

THE PRE-DEMOCRACY PERIOD

THE DBSA'S ROLE

Conduit of public finance and government agency for the TBVC states



MILESTONE YEARS

1983
Constituted and commenced operations

1987
Construction of the DBSA campus begins

1988
R131 million finance for Lesotho Highlands Water project

1983

Constituted and commenced operations with **96 approved projects** and **46 projects in appraisal stage** previously administered by the government

Our history and evolution

1984

Signed first loan agreement, appraised by the Bank itself. Acquired the first computers

1987

Construction of the DBSA campus began and was completed in December 1988. Engaged international DFIs on potential co-financing of developmental projects in the Southern African region

1988

R131 million finance for Lesotho Highlands Water project, the first activity in neighbouring countries and the largest loan at the time

1990

Entered the capital market, raising R178 million through public issue stock

At the forefront of economic restructuring of South and Southern Africa, focused on addressing poverty and economic disparities

1992

Adapted products and processes in response to needs of people at grassroots level

1993

Appointed Professor Wiseman Nkuhlu as the first African Chairman of the DBSA

Restructured operations along sectoral lines


THE ERA

1994–2003

THE POST-DEMOCRACY YEARS

THE DBSA'S ROLE

Financier and partner



MILESTONE YEARS

1995
First Black CEO and Managing Director

1997
Introduced new DBSA logo

2001
Approved R80 million for the Green Fund, focused on rural development

1994

Formed a transformation team to advise on the transformation of the DBSA into a new and more focused development finance institution

Founding member of the Mvula Trust mandated to improve the health and welfare of disadvantaged rural and peri-urban South Africans through increased access to safe water and sanitation

1995

Aligned operations with the Reconstruction and Development Programme, a socio-economic policy framework, which addressed the inequalities and imbalances created by our pre-democracy history

Hosted conferences and workshops, bringing together experts and stakeholders to discuss development issues facing South Africa and the region

The Bank appointed the first Black CEO and Managing Director

1996

Repositioned to maximise its contribution to the transformed society and aligned with government policy to be fully financially self-sustaining.

New interim Board of Directors appointed intensified focus on development impact

1997

Development Bank of Southern Africa Act (No. 13 of 1997) passed

Introduced new DBSA logo

1998

Enhanced position as a knowledge institution, reinforced risk management, embedded a robust governance framework

1999

Provided financing for the construction of low-cost housing in South Africa and other SADC countries

2000

Supported municipal restructuring by providing technical assistance and capacity, approximately **1.1 million households** connected to basic infrastructure through the Bank's projects

2001

Approved **R80 million** for the Green Fund, focused on rural development

DBSA expanded technical assistance to municipalities

2002

Instituted a Knowledge Management Strategy and established a knowledge management function elevating and combining research and advisory services

Mandate extended to include the rest of sub-Saharan Africa in the spirit of NEPAD, the implementing arm for the AU's Agenda 2063

DBSA Development Fund established, dedicated to capacity building in previously disadvantaged and institutionally weak areas of the country

2003

Provided policy and information to support clients and the broader development community

Our history and evolution

THE ERA
2003-2012
A NEW PARADIGM FOR DEVELOPMENT

THE DBSA'S ROLE
Financier, partner, adviser, project preparer and implementer



MILESTONE YEARS


- 2006**
New logo, reflecting the great baobab tree
- 2010**
Landmark deal with Eskom for debt finance of R15 billion
- 2012**
Launched R9 billion Jobs Fund

2004	2005	2006
<p>Established R25 million Project Preparation Facility for NEPAD projects in partnership with the French Development Agency, Agence Française de Développement</p> <p>Established Vulindlela Academy</p> <p>Established Local Government Resource Centre, a web-based information portal, in conjunction with South African Local Government Association and the Department of Provincial and Local Government</p> <p>Contributed to the DBSA/Old Mutual Local Investment Agency Initiative; the Tourism Route Investment Programme, with the Department of Environmental Affairs and Tourism; and a tourism action plan for Africa with the AU/NEPAD Working Committee</p>	<p>Launched the Sustainable Communities Programme</p>	<p>New logo, reflecting the great baobab tree</p> <p>Launched Siyenza Manje, a municipal capacity-building initiative to assist with the delivery of services, assuming a more active approach to project implementation</p>

2008	2010	2011	2012
<p>First renewable energy projects funded by the DBSA</p>	<p>Landmark deal with Eskom for debt finance of R15 billion to be disbursed for the construction of the Medupi and Kusile power stations</p>	<p>DBSA and government initiated a health Public-Private Partnership programme</p>	<p>Positioned as a centre of excellence for infrastructure development</p> <p>Launched R9 billion Jobs Fund to co-finance projects by public, private and non-governmental organisations that will contribute significantly to job creation</p>

THE ERA
2013-2023
INFRASTRUCTURE INVESTMENT, A CATALYST FOR GROWTH

THE DBSA'S ROLE
Financier, strategic partner, adviser, project preparer, implementer and catalyser



MILESTONE YEARS

- 2014**
Expansion into the rest of Africa
- 2016**
First green bond, raising R1.5 billion
- 2023**
First Black woman CEO and Managing Director

2013	2014	2015	2016
<p>R7.9 billion capital injection approved by the National Treasury for the Bank over a period of three years, starting from April 2013 until March 2016</p> <p>Established a Project Preparation Unit</p> <p>Established an Infrastructure Delivery Division to assist the South African Government with supply of quality infrastructure to communities</p>	<p>DBSA Act amended to expand the territorial participation to include the rest of Africa</p>	<p>Launched new five-year strategy, focused on supporting inclusive growth and sustainable development in the Southern African Development Community (SADC) region</p>	<p>Launched first green bond, raising R1.5 billion to finance sustainable infrastructure projects</p>

2017	2018	2019	2020	2022	2023
<p>Launched impact measurement framework to track the impact of investments on development outcomes</p>	<p>Established and operationalised the Infrastructure Fund</p>	<p>Awarded USD55.6 million funding from the Green Climate Fund to establish a R2 billion Climate Finance Facility for projects on the African continent</p> <p>Matched the Green Climate Fund grant of USD100 million to establish the Embedded Generation Investment Programme</p> <p>Launched revised growth strategy, which outlines the Bank's commitment to using innovative approaches to support sustainable development in the SADC region</p>	<p>Launched COVID-19 response strategy, which outlines the Bank's commitment to supporting the SADC region in its response to the COVID-19 pandemic</p> <p>The Bank allocated R150 million to COVID-19 response programmes in South Africa and the SADC region</p>	<p>Developed a Net Zero Statement committing to playing an active role in a Just Transition that achieves net zero emissions by 2050</p>	<p>The Bank appointed the first Black woman CEO and Managing Director</p>



40 YEARS OF
DEVELOPMENT PROGRESS

Enoch Godongwana
Minister of Finance

INTRODUCTION BY THE MINISTER OF FINANCE

As we mark three decades of South Africa's democratic journey, we celebrate the indelible mark the DBSA has made on our country and the wider African continent since its inception, 40 years ago. Reflecting on four decades of continuous advancement, we applaud the DBSA's transformative spirit. This visionary approach fosters adaptability and foresight, enabling the Bank to navigate economic shifts and consistently anticipate the evolving needs of South Africa and the region. It is fitting too, that for the past year the Bank has been led by a Black woman CEO, Boitumelo Mosako, for the first time since its establishment.

As the pre-democracy system crumbled and our democracy was born, the DBSA took a proactive role in reshaping policies for the upcoming democratic era. The Bank's focus on social and economic infrastructure development continues to support transformation, poverty reduction, urban development and regional integration.

Infrastructure is the backbone of any thriving society, facilitating access to public services and vital

connections to economic opportunities. Across Africa, projects like roads, railways, and telecommunications networks are lifelines for communities, fostering social cohesion, and empowering individuals. At the same time, infrastructure development lays the foundation for a more rapid, inclusive economy that creates jobs and business opportunities, crowds in private sector investments and put the economy on a more sustainable trajectory. By effectively addressing economic, social, and environmental development challenges, the DBSA drives structural transformation.

Recognizing the transformative power of infrastructure, the DBSA strategically positions itself to play a pivotal countercyclical role. As the shareholder, I understand that economic downturns often see a decline in private sector investment. By stepping in and increasing infrastructure investments during these challenging times, the DBSA helps to stabilize the economy and creates jobs. Infrastructure is the very foundation in which a more equitable, inclusive and sustainable future can be built.

As we navigate the rapid climate shift, driven by the urgent need for decarbonization and electrification, infrastructure investment takes on a new urgency. The DBSA is committed to playing a leading role in addressing the challenges of climate change and sustainable development. President Cyril Ramaphosa's 2020 Economic Reconstruction and Recovery Plan echoed this critical need. This is not just a call for investment; it is a clarion call for transformation, the very essence of true progress. The DBSA has already shown its commitment to this course and has been a trailblazer in renewable energy investments and continues to be a driving force in addressing the energy gap.

While global growth is expected to improve slightly in 2025, South Africa's near-term economic outlook remains constrained by low commodity prices and structural issues like power outages and transportation bottlenecks. This has resulted in a revised 2023 growth projection of just 0.6%, with the slow growth trend expected to continue for the next few years. While there are positive signs like easing power cuts and potential for increased household spending, persistent domestic challenges pose significant risks to achieving the necessary economic growth to address the country's developmental needs.

To achieve the NDP infrastructure goals by 2030, it is anticipated that an additional R1.6 trillion in public sector investment and R3.2 trillion from the private sector is needed. South Africa is implementing bold initiatives to deliver infrastructure at the necessary scale and pace. These initiatives include working on reforms to develop sustainable infrastructure, lift business confidence, and encourage investment. Among these reforms is the enabling of provincial governments to pledge conditional grants to access private sector finance to support faster roll-out of their infrastructure programmes. Additionally, amendments to the Public Private Partnership regulations are underway and these aim to make it easier for projects that involve private

sector participation in financing and capacity to advance through the stages of development. The operationalization of the Infrastructure Fund has led to steady growth in the portfolio of blended finance projects, which leverage fiscal resources to de-risk public infrastructure projects and catalyse private sector finance. The total value of the country's Strategic Integrated Projects has grown by 59% from 2020 to R540 billion.

The DBSA's impressive financial performance gains significance when viewed alongside its substantial development impact. Year after year, I take pride in the DBSA's accomplishments, not only in fulfilling its mandate by ensuring financial sustainability and notable development outcomes, but also in maintaining institutional strength built over decades. This strength encompasses high governance standards, steadfast leadership, and unwavering commitment to the mandate at every level of the Bank.

Appreciation

I commend the DBSA leadership for delivering outstanding performance this financial year, meeting targets and making a significant development impact. I extend my gratitude to the Board of Directors, the CEO, the Executive Team and Team DBSA for their hard work and dedication. Your unwavering commitment to enhancing infrastructure and improving lives across our nation, the SADC region, and the entire continent is truly commendable. I look forward for a continuation of good performance and the DBSA playing a critical role in delivering on the President's Economic Reconstruction and Recovery Plan during the 2024/25 financial year.



Mr. Enoch Godongwana, MP
Minister of Finance of South Africa



Ebrahim Rasool
Chairman of the Board

MESSAGE FROM OUR CHAIRMAN

Introduction

Assuming the Chairmanship at the DBSA from October 2023, I have the privilege of inheriting a legacy of exceptional institutional strength. This foundation serves as a springboard for moving forward. In tandem with leadership continuity and stability within both the Board and executive levels, the DBSA embodies a culture of stability and continuity that permeates the organisation. The Bank's performance and investment returns, even during challenging economic times, have ensured continued support from our sole shareholder, the South African government. Our institutional integrity, evidenced by our clean audit outcomes and unwavering credibility, speaks volumes. Being on the Board this past year, with the last few months as Chair, has redoubled my appreciation of the DBSA.

Celebrating 40 year of operation

The DBSA's remarkable 40-year journey is a testament to the power of transformation. To

fully appreciate the Bank's current role, we must acknowledge its origins. Established as an instrument of the pre-democracy system, the Bank is now one of the leading DFIs in Africa. From propping up the TBVC states at the outset, the DBSA advanced to empowering communities, catalyzing investment and shaping a more inclusive society. The DBSA's journey serves as a powerful example of how institutions can evolve and become agents of positive change. These 40 years represent a triumph over the Bank's original architects. It is a story of reconciliation – taking something created for a nefarious purpose and repurposing it for greater good. The DBSA has not just transcended the initial intent but has overturned it. From a tool of segregation, the DBSA has become a force for integration.

The DBSA has played a key role for economic and social infrastructure development. Major projects like the Gautrain, the Rapid Transit System and World Cup stadiums showcased the Bank's role in national development and global exposure. Leading by example, the DBSA pioneered investments in renewable energy projects, signaling a commitment

to a more sustainable future. The Bank's investment in social infrastructure, such as schools, healthcare facilities, and community centers, underscores its dedication to addressing inequality and promoting social cohesion.

The state of infrastructure development in Southern Africa presents a complex landscape. It is a mix of growth, challenges, and opportunities. While South Africa has made significant strides in expanding and modernising its infrastructure since the dawn of democracy, there's still much to be done. Despite a national capital asset stock estimated at over R13 trillion, inequality persists, and further development is crucial.

Looking ahead

Our strategy review process revealed a combination of external and internal factors that converge to impact on the ability of the DBSA to fulfil its developmental mandate. We operate in a difficult environment, with a weak global economy grappling with high inflation and interest rates. In addition, there is a push towards achieving net-zero emissions by 2050, driving the need for significant infrastructure investments both domestically and continent-wide. Factors such as ineffective public administration in South Africa, alongside anticipated changes in state-owned entity governance and digitalisation trends, add to the Bank's concerns regarding business growth, efficiency and rapid transition, some of which are rooted in historical trends.

Within the myriad of challenges, there are significant opportunities, which the Bank is well positioned to exploit. Our strategy execution plans for the 2024/25 financial year builds on the previous year's strategic initiatives, outlining six strategic initiatives to achieve our strategic goals.

Ensuring leadership stability at the DBSA

The seamless transition of leadership at the Board and executive level over the past year is testament to the DBSA's strong governance framework and careful succession planning. The DBSA Board operates with staggered member terms and succession planning further emphasises continuity by proactively identifying potential successors for both Board and Committee positions. On behalf of the Board, I would like to thank former Board members who completed their term of office for their invaluable contribution to the DBSA Board.

Six new Independent Non-executive Directors have been appointed for a three-year term starting from 2 October 2023. These appointments aim to bolster expertise across various sectors, including ICT, human capital, and ESG implementation. The newly appointed directors bring extensive experience in leadership, human resources, environmental, social, and governance aspects, as well as in banking, ICT, and socio-economic development. These appointments are aligned with the Bank's strategy and are expected to contribute significantly to its advancement.

The Bank has consistently demonstrated the agility to respond to the external and internal environments. One of the cornerstones of our institutional strength is strong long-standing partnership across Africa and the world. In the year under review, our leadership team undertook an extensive stakeholder engagement exercise, connecting with our sister DFIs on the continent and globally.

Appreciation

On behalf of the Board, I express gratitude to our shareholder representative, the Minister of Finance, and his Team for their dedication and efficiency, as well as their confidence in the DBSA. I must thank the esteemed Company Secretary who supported the Board and I considerably to remain on course during the transition phase. We also extend appreciation to our partners in the international and African capital markets for their invaluable support.

I extend my heartfelt gratitude to the CEO for her visionary leadership and steadfast commitment to the Bank's purpose, mandate mission and values. I want to thank Team DBSA, for their significant contributions to our performance this year.

In conclusion, as we reflect on our journey spanning four decades, it becomes clear that our success is not the result of any single factor, but rather the culmination of collective efforts and unwavering commitment. It is the wisdom of the Board, the patience of the shareholder, the strategic talent of the executive team, and the expertise and dedication of every individual at the DBSA that have propelled us forward.

Mr Ebrahim Rasool
Chairman of the Board

THE DBSA DIFFERENCE: WHAT SETS US APART

The DBSA's institutional strength enables development progress by providing a robust framework for operations and decision-making. Our institutional strength drives resilience and effectiveness and these are factors that contribute to the DBSA's stability, sustainability and ability to make an impact while achieving our purpose.

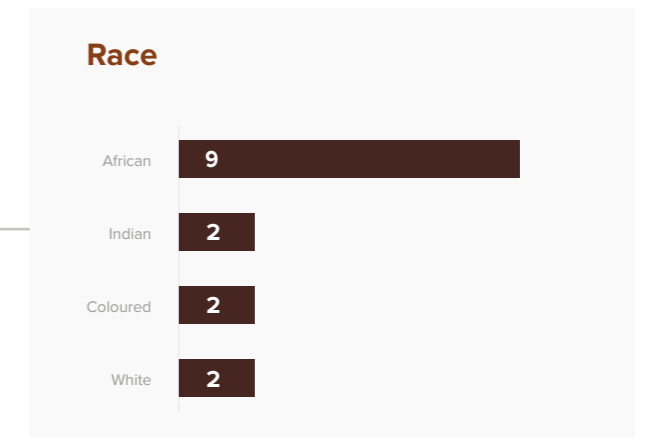
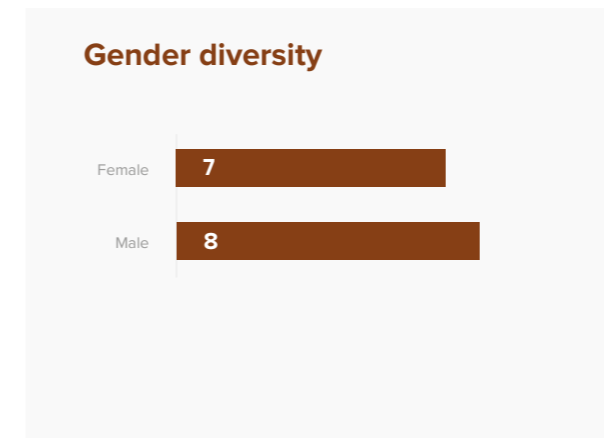
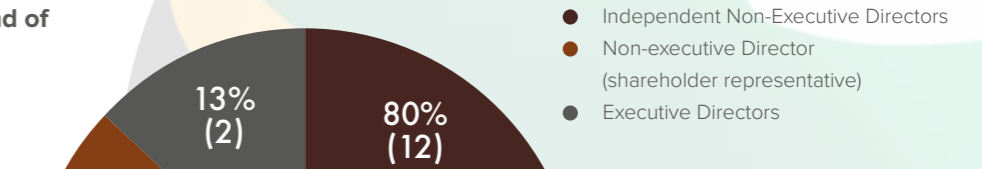
Our institutional strength is underpinned by:

- A robust governance framework, effective leadership, a commitment to ethical practices and a culture of accountability.
- Stability in leadership at Executive and Board levels.
- Strong balance sheet and a solid financial position, with appropriate financial management systems in place, sustainable revenue streams and prudent risk management practices to ensure long-term financial viability.
- Well positioned in countercyclical market, meeting economic, social and environmental development challenges and enhancing structural transformation.
- Sound value proposition that delivers a customer-centric integrated, responsive and adaptable service offering enables us to deliver our mandate within our focus areas and activities.
- Continuous focus on improving operational efficiency: We continually assess and improve our operational practices to achieve desired outcomes.
- Human capital: People are the core of what we do, of carrying out our mandate and upholding the highest levels of governance.
- Risk management: Our robust risk management practices ensure effective risk identification, assessment and mitigation strategies to proactively manage and monitor risks to anticipate and prevent potential threats and ensure continuity of operations.
- Stakeholder relationships: We have strong, collaborative, positive relationships with our stakeholders, including clients, partners and the community. We engage in open and transparent communication, maintain confidentiality, listen to feedback and incorporate stakeholder perspectives into our decision-making processes.
- Compliance and legal framework: We have strong compliance frameworks, internal controls and risk mitigation processes to ensure legal and regulatory compliance.
- Partnership and our position in the global DFI universe: Partnerships – both locally and internationally – with the private and public sectors are critical to the mobilisation of funds for infrastructure development.

OUR LEADERSHIP

Our Board at a glance

15 Board members at the end of the year under review



Board of Directors

Chairman



Mr Ebrahim Rasool

Born: 1962
 Chairman: DBSA Board and NC
 Independent Non-executive Director effective: 30 November 2022

Expertise:
 Socio-Economic Development (Social) and Strategic Leadership

- Academic qualifications:**
- Doctor of Public Service Honoris Causa from Catham University in Pittsburgh PA.
 - Honorary Doctorate of Humane Letters, Honoris Causa, Roosevelt University in Chicago, USA.
 - Bachelor of Arts and Higher Diploma in Education, University of Cape Town

Committees:



Deputy Chairman



Ms Martie Janse van Rensburg

Born: 1957
 Deputy Chairman: Board and Chairman: BCIC
 Independent Non-executive Director effective: 1 January 2016

Expertise:
 Infrastructure Development, Funding, Project Finance, Financial Management/Audit, Corporate Governance and Risk Management

- Academic qualifications:**
- Executive Programme in Strategy and Organisation, Stanford University Business
 - Chartered Accountant (SA)
 - BCompt Hons, University of South Africa
 - BCom, University of Free State

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

Committees:



Shareholder representative



Mr Kenneth Brown

Born: 1962
 Chairman: SEC
 Non-executive Director effective: 30 November 2022

Expertise:
 Investment Banking 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

Committees:



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

Committees:



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

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



Mr Petrus Matji

Born: 1966

Chairman: IDKC

Independent Non-executive Director effective: 2 October 2020

Expertise:

Project Management and Finance, Infrastructure Development and Management.

Academic qualifications:

- 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

Committees:

- I B



Ms Ntombizodwa Mbele

Born: 1971

Chief Financial Officer

DBSA Staff member as from 10 October 2016, Group Executive as from 1 October 2017 and 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, University of South Africa
- Baccalaureus Paedagogics, University of Zululand

Committees:

- B



Ms Disebo Moephuli

Born: 1964

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

Committees:

- A B



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.

Committees:

- H S



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

Committees:

- A B S



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)

Committees:

- I S

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



Ms Patience Nosipho Nqeto

Born: 1957

Chairman: HRC

Independent Non-executive Director effective: 1 August 2017

Expertise:

Business Administration (Strategic Management and Human Capital)

Academic qualifications:

- MBA, University of Charles Sturt, Australia
- Honours (Economics), University of South Africa
- BCom, University of Transkei

Committees:

H I N



Mr Bongani Nqwababa

Born: 1966

Chairman: 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

Committees:

A B H



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 and Political Science
- MA: Politics of Alternative Development Strategies, Institute of Social Studies, The Hague
- BA: Social Science, University of the Western Cape

Committees:

I

B Board Credit and Investment Committee

H Human Resources and Remuneration Committee

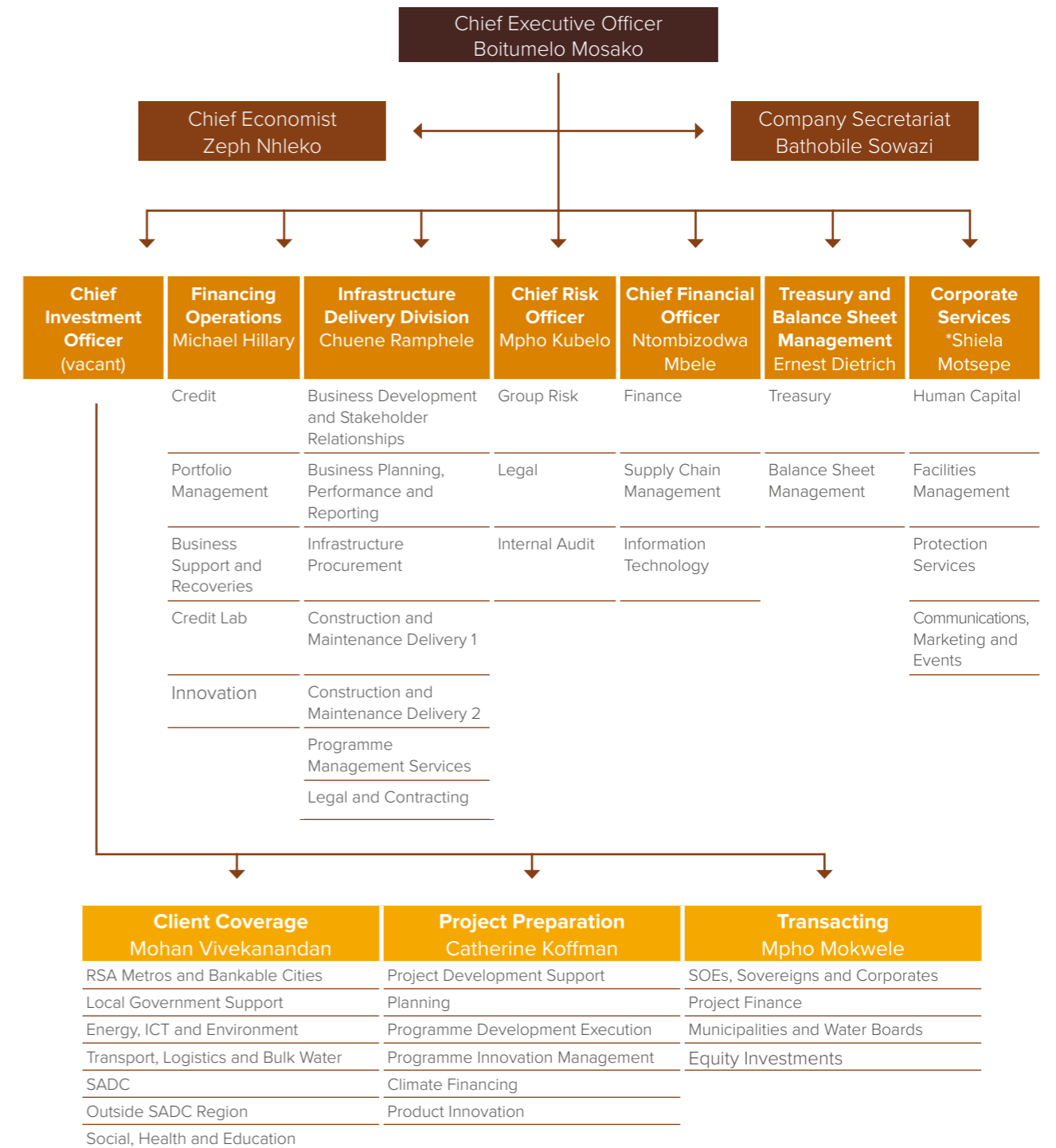
I Infrastructure Delivery and Knowledge Management Committee

N Nominations Committee

S Social and Ethics Committee

A Audit and Risk Committee

Management overview



Note:

* Shiela Motsepe has been appointed as Group Executive: Human Capital and not for the full Corporate Services Division.

* Bathobile Sowazi, the Company Secretary is currently caretaking the Facilities, Protection Services and Communications, Marketing and Events Units

In addition to the two executive directors, the DBSA executive management team is comprised of the following members:

Executive Committee



Mr Ernest Dietrich

Born: 1963

Group Executive: Treasury

DBSA staff member as from 2 January 2001

Group Executive as from 1 January 2016

Academic qualifications:

- CFA
- MBA, University of Cape Town
- MSc (Mathematics), University of Western Cape
- HDE, University of Western Cape



Mr Michael Hillary

Born: 1970

Group Executive: Financing Operations

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 Catherine Koffman

Born: 1971

Group Executive: Project Preparation

DBSA staff member and Group Executive as from 1 February 2021

Academic qualifications:

- Advanced Management Programme, Harvard Business School
- Master of Business Administration: London School of Economics; New York Business School Stern; HEC Paris
- Admitted Attorney
- Master of Laws, University of the Witwatersrand
- Bachelor of Laws, University of the Witwatersrand
- Bachelor of Arts (Law), University of the Witwatersrand



Mr Mpho Kubelo

Born: 1977

Group Chief Risk Officer

DBSA Staff member as from 1 November 2007

Group Executive as from 6 October 2017

Academic qualifications:

- MS Risk Management, Stern Business School (New York University)
- Executive Development Programme, GIBS
- MBA, University of Witwatersrand: Business School
- CFA Charter
- Post Graduate Diploma in Business Administration, University of KwaZulu Natal
- BSC Electrical Engineering, University of Witwatersrand



Mr Mpho Mokwele

Born 1979

Group Executive: Transacting

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


Mr Mohan Vivekanandan

Born: 1973

Group Executive: Coverage

DBSA Staff member and Group Executive as from 24 March 2014

Academic qualifications:

- Master of Science in Global Finance (MSGF), HKUST-NYU Stern
- MBA, Kellogg School of Management, USA
- Project and Infrastructure Finance Programme, London Business School
- Bachelor of Arts (Honours) in Economics and Mathematical Methods in the Social Sciences (MMSS), North-Western University, USA

Company Secretary

Ms Bathobile Sowazi

Born: 1972

Company Secretary:

DBSA Company Secretary as from 1 May 2010

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



02
DRIVING
PROGRESS
ACROSS
AFRICA

WHO WE ARE

We are a purpose-driven organisation. As a DFI, we bridge the infrastructure gap by mobilising financial and other resources from diverse public and private sources, both domestic and international. These resources are channelled towards sustainable development projects and programmes that address critical infrastructure and capacity development challenges across South Africa, SADC and the wider African continent.



To bend the arc of history towards shared prosperity

The DBSA contributes to a Just Transition toward 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 our continued multifaceted investments in sustainable infrastructure and human capacity development.

Our Development Position articulates our ambition to "bend the arc of history" by investing in sustainable development. This has been the guiding mission that has shifted the DBSA into a developmental role, including a higher risk appetite, moderate returns on investment, leveraging co-funding, grant funding of developmental hubs (our DLABS programme), more support for black- and woman-owned businesses, and direct project management of grassroots implementation projects. Globally, the DBSA leads in many of these innovations.

OUR VISION

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

OUR 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 to:

- improve the quality of life through the development of social infrastructure
- support economic growth through investment in economic infrastructure
- support regional integration
- promote sustainable use of scarce resources

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

OUR VALUES

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 behaviour that demonstrates mutual respect and care for all our stakeholders (employees, clients, shareholder and communities).

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.

OUR MANDATE

The Bank's mandate is outlined in the DBSA Act and Shareholders Compact and requires that we:

- promote economic development and growth, human resource development and institutional capacity building.
- enhance and protect the financial sustainability of the Bank.
- embed and monitor a robust governance framework and systems of control.
- mobilise financial and other private and public sector resources for sustainable development projects and programmes.
- appraise, plan and monitor the implementation of development projects and programmes.

- provide technical assistance in the identification, preparation, evaluation, financing, implementation and management of development projects and programmes.
- mobilise funding for initiatives that minimise or mitigate the environmental impact of development projects or programmes.
- encourage regional integration and achieve an integrated developmental financing system.
- address the developmental requirements of the SADC region and the Rest of Africa (RoA).
- promote regional integration to support South Africa's commitments to trade agreements with countries across the continent.

OUR APPROACH TO VALUE CREATION

Guided by our purpose of “bending the arc of history toward shared prosperity”, we are on a trajectory of accelerated and enhanced development impact, enabled a sound financial sustainability, strong governance and a team of passionate development practitioners.

OUR STRATEGY

Our strategy to grow the DBSA in order to maximise development impact is underpinned by our purpose: ‘To build Africa’s prosperity’, which integrates ESG aspects within the business.

Strategic pillars

During the year under review, we continued with the implementation of the current strategy, guided by the following key pillars, which are informed by the DBSA mandate as outlined in the DBSA Act, our Mandate Statement and the Shareholder’s Compact:

01 Inclusive economic recovery in South Africa	Focusing on meaningful growth, prioritising strategic projects and diversifying clients while adapting to changing market conditions.
02 Strategic Africa lens	Strengthening the DBSA’s position across Africa, forging partnerships and targeting key sectors while ensuring development impact and financial sustainability.
03 Doing things differently	Focusing on building a future-fit for purpose DBSA through digitalisation, efficient processes and strong governance to maximise development impact.

Strategic goals

We have identified four overarching strategic goals that support the achievement of the broader pillars and are the basis of the framework for measuring our achievements over the next 10 years.

01 Financial sustainability	<ul style="list-style-type: none"> Income growth Balance sheet growth Cost optimisation Loan portfolio growth Asset base keeping pace with operating costs Loan portfolio directly influences development outcomes
02 Accelerating development impact	<ul style="list-style-type: none"> Balancing financial and developmental goals Reducing unemployment, poverty, and inequality Prioritising high-impact transactions Adopting a programmatic approach to stimulating infrastructure development Maximising Impact Creating an integrated development environment responsive to change
03 Future-fit-DBSA	<ul style="list-style-type: none"> Tailoring products, services, and capabilities to better meet client needs Enhancing collaboration Driving digital transformation for enhanced efficiency and agility Cultivating a growth-oriented and innovation-driven culture
04 Smart partnerships	<ul style="list-style-type: none"> Fostering purpose-driven collaborations Enhancing private sector involvement in inclusive infrastructure projects Overcoming obstacles hindering infrastructure development. Pursuing strategic partnerships

EXECUTING OUR STRATEGY

We shape the infrastructure investment landscape by leveraging our expertise and dynamic capabilities, forging strategic partnerships to drive economic change and inclusive transformation.

Strategic Intent

The strategic intent of the organisation is designed to shape the infrastructure investment market through leveraging its dynamic capabilities in conceptualising, catalysing, and implementing sustainable infrastructure projects; capitalising on its position and expertise; as well as engaging in and cementing smart partnerships.

01 Conceptualiser	We identify technical, financial and delivery solutions for development programmes which direct the concerted action by a diverse range of actors, to foster an enabling environment, as well as to craft and coordinate interventions that solve socio-economic challenge.
02 Catalyser	We play a role in raising investment levels through innovative catalytic mechanisms which allows us to play a much larger role in stimulating the economy and having a material impact on GDP growth.
03 Implementer	We support our clients to implement priority social projects to deliver tangible solutions that build Africa’s prosperity.
04 Response to dynamic environment	Our strategy addresses key factors in the macro and micro environments, while capitalising on the successes and strengths of the Bank. Our aim is to build the resilience and relevance of the Bank for the future.

Creating an enabling culture

The DBSA fosters a strong organisational culture that serves as a cornerstone for achieving our strategic goals. Led by an ethical and responsible Board, the culture prioritises people and their skills as key enablers for success. Collaboration, professionalism and a strong customer focus are core values guiding employee behaviour. The Bank emphasises high moral standards, accountability and responsiveness, while actively embracing change and innovation. This winning culture, measured through regular assessments, ensures that employees embody the values and behaviours necessary to deliver innovative solutions and maximise value for all stakeholders.

OUR GUIDING PRINCIPLES FOR EFFECTIVE VALUE CREATION AND PRESERVATION

Our guiding principles solidify the DBSA’s dedication to a multi-faceted approach: fostering sustainable development, economic growth, and social equity, while prioritising internal efficiency and alignment with key stakeholders. They serve as a roadmap for the DBSA’s future actions and priorities.

- Drive economic expansion and development as well as being a catalyst for transformative change
- Emphasising social equity and just transition in every development initiative by addressing inequalities and creating opportunities for marginalised communities
- Prioritising green growth as a key economic opportunity as well as ensuring a greener and more sustainable future for all
- Maximising development impact without compromising financial sustainability
- Championing a comprehensive and integrated approach to development that extends beyond municipal projects and covers all spheres of influence
- Building capable public institutions extends to a dedication to enhance project management capacity and assist in improving the financial health of municipalities and public institutions. This commitment signifies the DBSA’s vital role as an enabler of frontline service delivery and social infrastructure
- Rigorous project preparation and quality assurance:
- Strategic partnering and holistic stakeholder
- Digital transformation and organisational
- Skills enhancement and employee empowerment

Key strategic initiatives for the year under review

During the period under review, the DBSA executed its strategy through five strategic initiatives. These key accelerators required short-term prioritisation in order to achieve long-term success. The key initiatives to support the strategy were:

- Achievement of a just transition
- Elevating development impact
- Integrated Municipal Approach
- Fit-for-purpose DBSA
- Shareholder alignment and policy/regulatory matters

Looking ahead

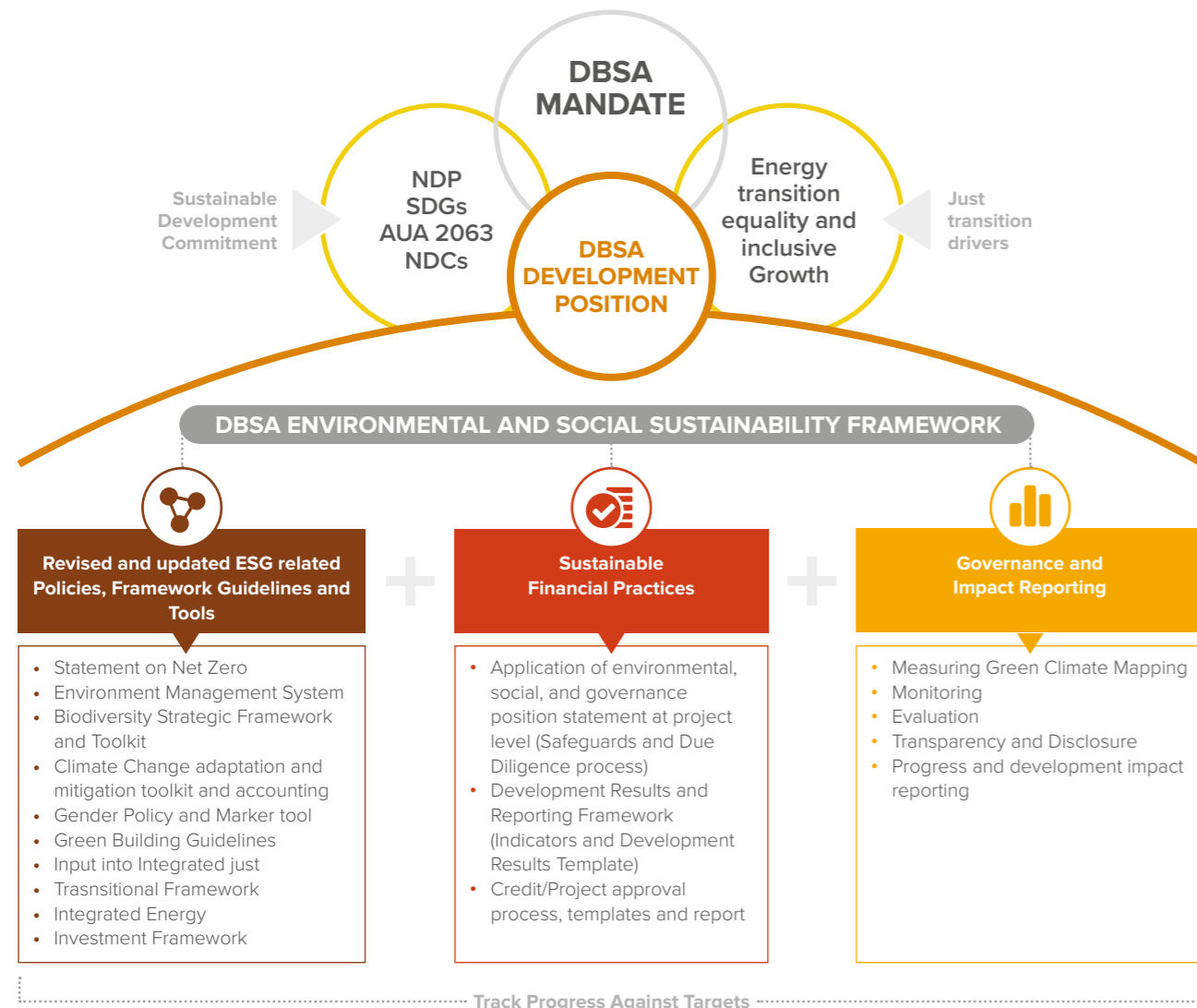
In the medium term (2024/25 – 2026/27), the Bank will focus on the implementation of six strategy initiatives to achieve its strategic goals, as shown below:

	Strategy initiatives
Value creation	<ul style="list-style-type: none"> • Integrated Municipal Approach • Just Transition • Regional Integration
Communicating value	<ul style="list-style-type: none"> • Shareholder alignment • Elevating Development Impact
Sustaining value	<ul style="list-style-type: none"> • Fit For Purpose DBSA

EMBEDDING ESG AT THE DBSA

The DBSA's sustainability framework, endorsed by the Board, demonstrates a dedication to integrating and advocating for environmental and social factors in the Bank's activities. Informed by the DBSA's development definition and position, which outline the Bank's role in fostering "a just transition towards a renewed and inclusive economy and society that embodies resilience, regeneration, and surpasses current trends," the framework underscores the importance of sustainability, equitable well-being, and resource efficiency in the Bank's strategy and operations.

Over the past year, we have strengthened our ESG focus, engaging with internal and external stakeholders and developing an ESG Road Map to operationalisation. The road map sets out plans to embed ESG in the business. We have appointed an ESG specialist to the Board, strengthened our governance structures and bolstered risk management to enhance ESG oversight.



For further details see pages 34 to 43 of our Sustainability Review.

OUR INTEGRATED DEVELOPMENT OFFERING

The DBSA has a long history of adapting its strategy to the changing environment. Over the past 40 years, the Bank has consistently scanned the business landscape and assessed how best to implement the development mandate within broader national priorities. This continuous review process has ensured the DBSA's strategy remains relevant and impactful. As a result, the Bank has grown significantly, with investments exceeding R100 billion across various sectors in South Africa and other African countries.

In 2014, the DBSA expanded its mandate to include infrastructure development and financing across the continent. Our extensive infrastructure solutions encompass every stage of the delivery value chain. Clients may interact with various DBSA teams throughout their project journey, and their needs differ significantly based on their project's specific stage. Recognising the inherent complexities of the infrastructure landscape, we prioritise proactive, solution-oriented and efficient service across the entire infrastructure development value chain.

	Plan	Prepare	Financing	Build	Maintain
Activities	<ul style="list-style-type: none"> Infrastructure needs assessment Bulk infrastructure plans Infrastructure planning advice 	<ul style="list-style-type: none"> Project identification Feasibility assessment Technical assistance Programme design and development Project preparation functions 	<ul style="list-style-type: none"> Long-term senior and subordinated debt Corporate and project finance Mezzanine finance Structured finance solutions Equity support for B-BBEE entities 	<ul style="list-style-type: none"> Manage design and construction of projects in social and economic sectors Project management support 	<ul style="list-style-type: none"> Supporting the maintenance/improvement of social and economic infrastructure projects
Strategic value	<ul style="list-style-type: none"> Build a project pipeline, strengthening the sustainability of the Bank De-risk projects and catalyse investment positions to crowd-in third party capital Increase available bankable projects Provide infrastructure planning to municipalities to attract private and public sector funding Address a lack of capacity, capability in capital projects planning Attract private capital flow into infrastructure investments in the region Provide viable infrastructure plans that enable municipalities to unlock budget allocation from the fiscus Assist Infrastructure Fund with project development to an advanced stage 	<ul style="list-style-type: none"> Generate revenue streams from the net interest margin Build a quality loan book Protect credit quality of our assets and offsets non-performing loans Contribute to the achievement of the SDGs and the goals of the NDP through projects financed Finance projects for municipalities in South Africa, the private sector, state-owned companies, sovereigns, and public-private partnerships (PPP) across the continent 	<ul style="list-style-type: none"> Assist government with the procurement, construction, and maintenance of infrastructure Enhance service delivery and improve the quality of life of the people in South Africa Accelerate planned infrastructure development, supporting job creation, advancing the green economy, and ensuring the delivery of value-for-money infrastructure 		

Special mandates

Infrastructure Fund

The Infrastructure Fund 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 socio-economic 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. By providing long-term financing and technical expertise, the Infrastructure Fund enables the implementation of sustainable infrastructure projects that drive economic growth, promote social development and enhance regional integration.

The DBSA established the fund as a ringfenced unit and manages it on behalf of the National Treasury, in partnership with the Department of Public Works and Infrastructure South Africa. The DBSA and National Treasury each finance 50% of the operational costs of the fund.

Independent Power Producers (IPP) Office

South Africa's NDP emphasises the importance of robust economic infrastructure, with energy infrastructure as a key component. The IPP Office plays a crucial role in sourcing electricity from renewable and non-renewable sources. The IPP Office focuses on achieving national renewable energy capacity goals, securing electricity capacity from IPPs and providing advisory services for programme and project planning.

The DBSA continues to support the IPP Office, ensuring the procurement of renewable energy providers through the Independent Power Producers Procurement Programme.

Water Partnership Office

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 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.

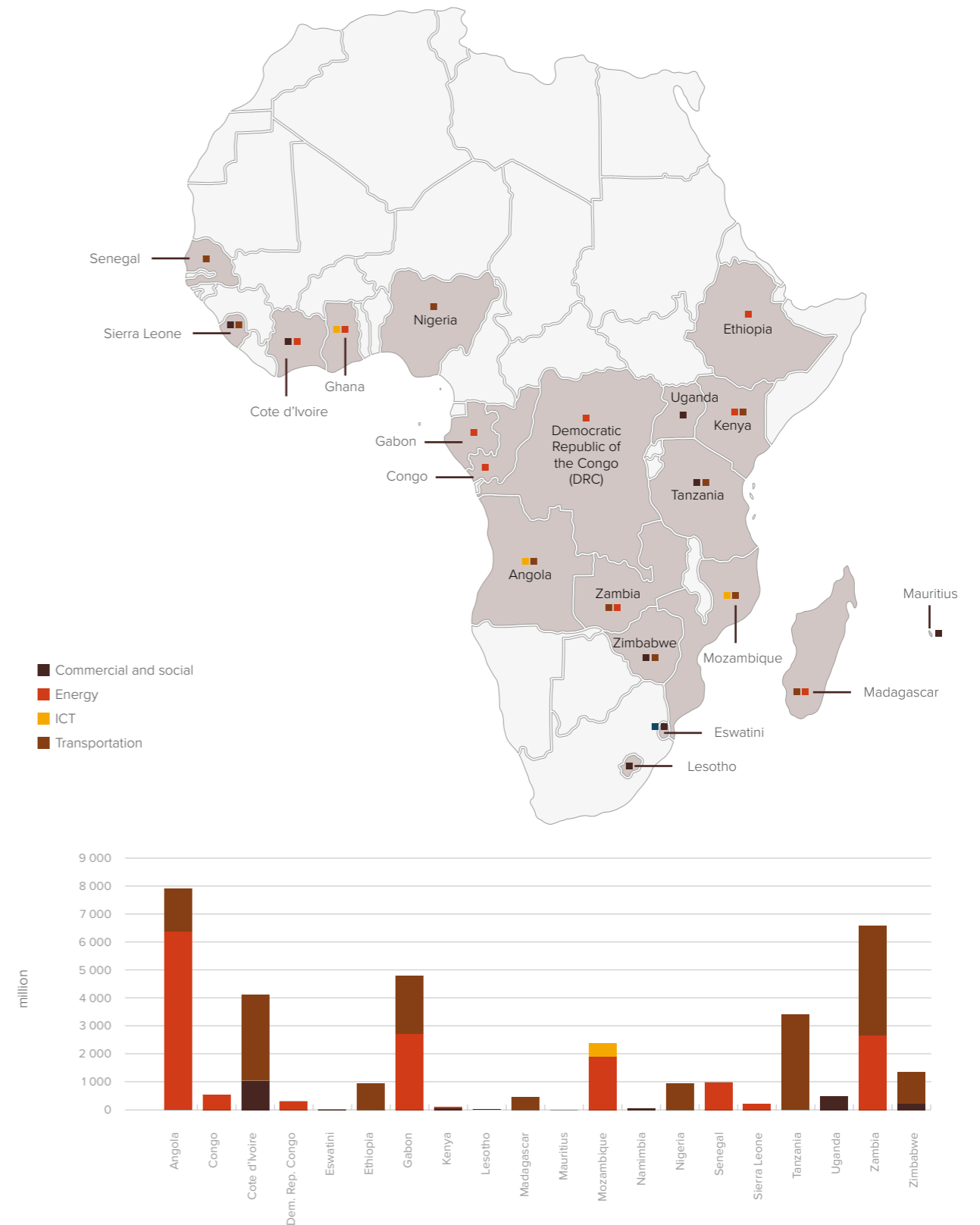
Regional mandate

The majority of the DBSA's balance sheet is focused on South Africa at approximately 71%, while the remaining assets are directed towards funding our Rest of Africa clients. These investments are predominantly aimed at the SADC region and include countries outside of SADC in the regional economic communities of the Common Market for Eastern and Southern Africa, and the UN Economic Commission for Africa as well as the development corridor.

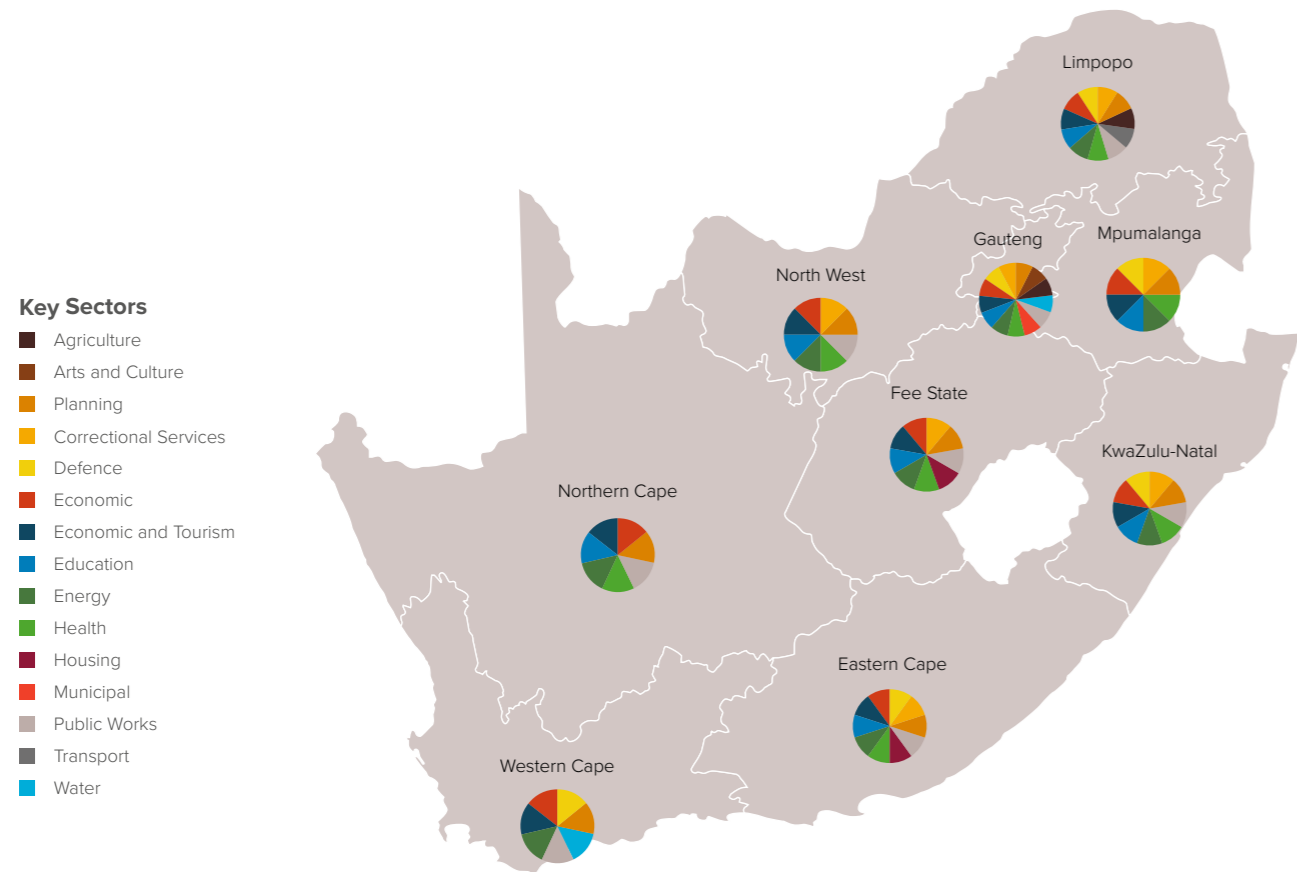
The DBSA's regional investments contribute to the socio-economic development and integration in Southern Africa. We strategically allocate resources to finance key infrastructure projects across the region, including energy, transport, water, telecommunication and social infrastructure. By investing in regional initiatives, we aim to enhance connectivity, stimulate economic growth and promote sustainable development. These investments support the creation of employment opportunities, improve access to essential services, and strengthen regional cooperation.

DBSA's exposure and footprint

Loans and equities sector exposure excluding South Africa by 31 March 2024



DBSA has served as an implementing agent in South Africa



OUR VALUE CREATION MODEL

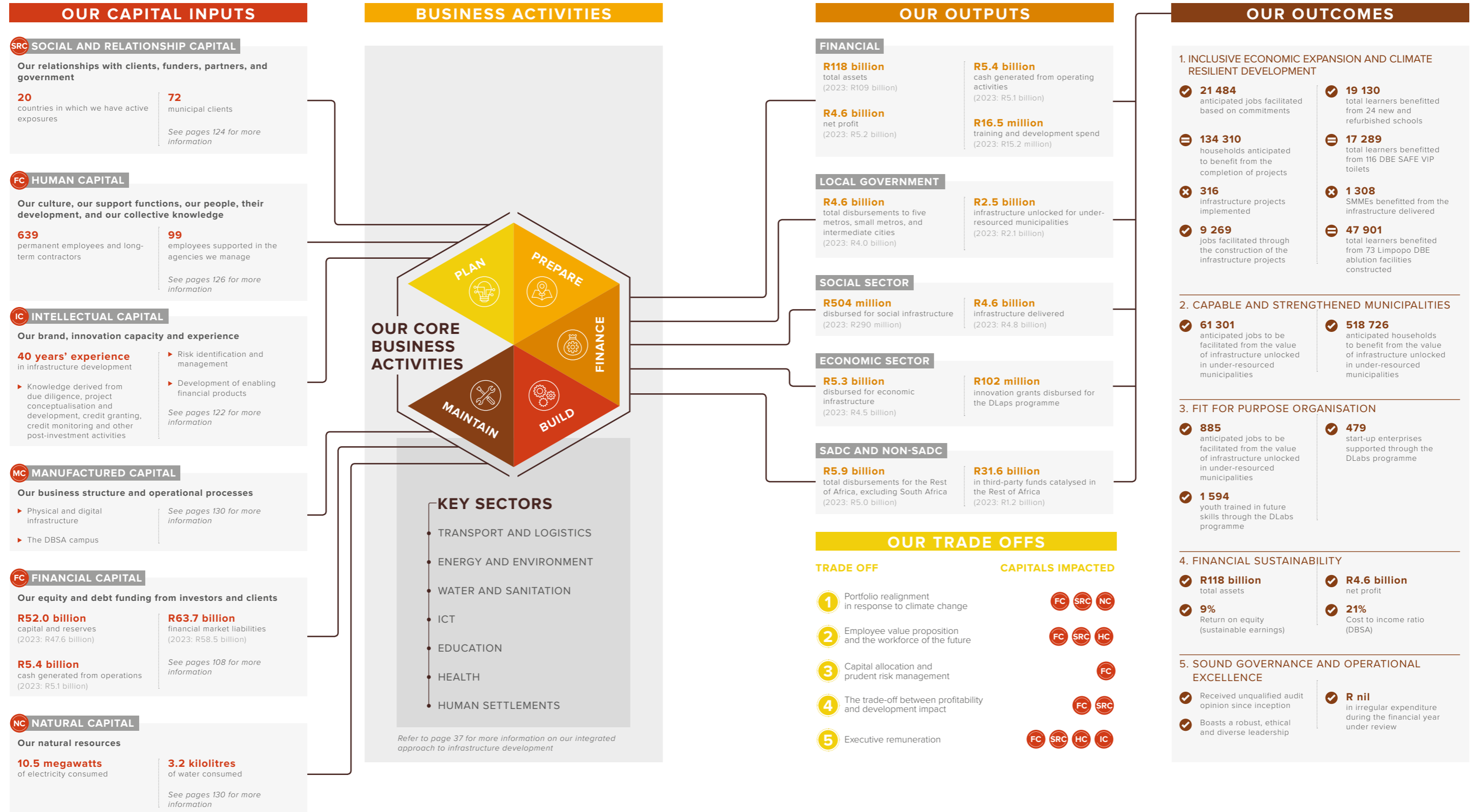
OUR VISION, PURPOSE, MISSION, VALUES, MANDATE AND DEVELOPMENT POSITION

See page 33 for more information

Business activities

Capital allocation within the DBSA plays a critical role in achieving our strategic objectives while ensuring long-term financial sustainability. Our value creation model outlines how the Bank transforms resources to create value for our stakeholders and society as a whole.

Our product solutions span all phases of the infrastructure development value chain from infrastructure planning and project preparation, across a range of investment financing and non-financing investments to infrastructure implementation and delivery.



SUPPORTED BY A CORE OF STRONG GOVERNANCE, ETHICS AND INTEGRITY

DEVELOPMENT IMPACT



Then DBSA is aligned with global, continental and national initiatives aimed at driving sustainable development. The initiatives – including the SDGs, Agenda 2063 and the NDP – are broadly united in their focus on people, prosperity, planet, peace and partnerships.

The DBSA contributes to eight of the 17 SDGs and NDP priorities and consequently, the South African Government's efforts towards our Nationally Determined Contributions in terms of the Paris Agreement. The Paris Agreement calls on countries to reduce their carbon emissions incrementally to collectively meet the global target of limiting the increase in the global average temperature to below 1.5%. The DBSA's overall contribution to these initiatives shows our commitment to sustainable development at a global and national level.

NDP Outcomes	The DBSA's contribution
SDG 1: No Poverty	
<ul style="list-style-type: none"> Economy and Employment Inclusive rural economy Social protection 	<ul style="list-style-type: none"> Contribution to poverty reduction through creation of 9 269 employment opportunities in construction projects.
SDG 2: Zero Hunger	
<ul style="list-style-type: none"> Economy and Employment Inclusive rural economy Social protection 	<ul style="list-style-type: none"> 15 Infrastructure projects implemented in the agriculture sector in 2 provinces
SDG 3: Good Health and Well-being	
<ul style="list-style-type: none"> Health care for all 	<ul style="list-style-type: none"> 10 Health infrastructure projects completed
SDG 4: Quality Education	
<ul style="list-style-type: none"> Improving education, training and innovation 	<ul style="list-style-type: none"> 6 New schools constructed, and 18 schools refurbished benefiting 19 130 learners Construction of safe schools sanitation facilities in 116 schools, benefiting 17 289 learners Construction of 73 ablution facilities to replace unsafe sanitation facilities in Limpopo schools, benefiting 47 901 learners
SDG 5: Gender Equality	
<ul style="list-style-type: none"> Nation building and social cohesion 	<ul style="list-style-type: none"> During the year under review 49% of work offered to B-BBEE companies with ≥ 30% Black women ownership

NDP Outcomes	The DBSA's contribution
SDG 6: Clean Water and Sanitation	
<ul style="list-style-type: none"> Transforming Human Settlements 	<ul style="list-style-type: none"> Funding of bulk water, reticulation, and sanitation infrastructure Post-implementation reviews Serving as programme management agent for 9 trans-frontier water and sanitation projects in the SADC Region Provision of programme management support in the implementation of 3 DWS water and sanitation projects
SDG 7: Affordable and Clean Energy	
<ul style="list-style-type: none"> Economic Infrastructure 	<ul style="list-style-type: none"> Preparation and funding of Independent Power Producers (IPP) Preparation and funding of renewable energy programmes Providing planning and implementation support to under-resourced municipalities
SDG 8: Decent Work and Economic Growth	
<ul style="list-style-type: none"> Economy and Employment 	<ul style="list-style-type: none"> Creation of 9 269 employment opportunities during project implementation Contribution to entrepreneurial development by appointing 1 308 SMMEs and local subcontractors to implement various work packages in construction projects Value of work offered to SMMEs and local contractors amounting to R615 million 31 Tourism infrastructure refurbished for promotion of tourism and job creation
SDG 9: Industry, Innovation and Infrastructure	
<ul style="list-style-type: none"> Economic Infrastructure 	<ul style="list-style-type: none"> Funding of various water, sanitation, renewable energy, mass transit and ICT projects Supporting government with the rehabilitation of industrial parks 4 Industrial parks were refurbished 1 Jewellery manufacturing precinct upgraded through construction of 9 new buildings
SDG 10: Reduced Inequalities	
<ul style="list-style-type: none"> Economy and Employment 	<ul style="list-style-type: none"> 88% procurement spend in construction projects was to BBBEE companies from a targeted 75% 49% of work awarded to BBBEE companies was granted to companies with ≥ 30% Black women ownership
SDG 11: Sustainable Cities and Communities	
<ul style="list-style-type: none"> Environmental sustainability and resilience Transforming Human Settlements 	<ul style="list-style-type: none"> Housing Impact Fund Support to urban development programmes Financing of municipal infrastructure Implementing agent for Ekurhuleni Infrastructure Programme 202 Houses refurbished in Free State
SDG 13: Climate Action	
<ul style="list-style-type: none"> Environmental sustainability and resilience 	<ul style="list-style-type: none"> Funding of IPPs Regional hydroelectric projects
SDG 17: Partnerships for the Goals	
<ul style="list-style-type: none"> South Africa in the region and the world 	<ul style="list-style-type: none"> Partnerships with global and regional DFIs Association for African Development Finance Institutions Member of International Development Finance Club

03
NAVIGATING
OUR
OPERATING
ENVIRONMENT

OUR EXTERNAL ENVIRONMENT

Balancing the counter-cyclical nature and developmental mandate of the DBSA is crucial. As a DFI, we aim to stimulate economic growth during downturns while ensuring that our investments align with long-term developmental goals. This involves prioritising projects that have lasting impacts on communities, promoting sustainable development practices, and maintaining financial stability to support initiatives over the long term. Assessing risks associated with counter-cyclical interventions is also essential to safeguard our developmental mandate and financial sustainability for the future.

<p>An uncertain global macroeconomic backdrop</p> <ul style="list-style-type: none"> Increased and escalating geopolitical tensions Russia-Ukraine conflict continued to suppress the global economic recovery Conflict in Gaza and Israel intensify with the humanitarian situation worsening Geopolitical conflict in the Red Sea and Black Sea as well as the worst drought in Panama in 70 years, disrupted major shipping routes, impacting global supply chains and increasing shipping costs China's property market remains under pressure Global commodity prices contracted in almost all commodity categories Inflation continues to moderate at a gradual pace, while monetary policy remains restrictive Sub-Saharan Africa's sovereign debt ratios and inflation remain a concern due to exchange rate depreciations. Monetary policy tightened further African nations vulnerable to global developments, geopolitical instability, high poverty rates, adverse weather events, lack of adequate infrastructure such as energy and transport logistics, higher input costs and other unique challenges facing the continent 	<p>Outlook</p> <ul style="list-style-type: none"> The International Monetary Fund forecasts growth to accelerate at the same pace as in 2023 at 3.2% in 2024, followed by a moderate increase in pace in 2025 Global growth forecasts for 2024-2025 are below the 2000-2019 historic average of 3.8% mainly due to tighter monetary policy, withdrawal of fiscal support as well as low productivity growth Growth in China is expected to moderate in 2024, with downside risk still emanating from the property sector, despite increased fiscal support Increased risk of renewed supply chain pressures Global inflation remains above the inflation targets of most central banks, which will likely see central banks assessing the inflation situation more carefully before considering rate cuts Sub-Saharan Africa's growth rate downwardly revised from 4.0% to 3.8% for 2024, before accelerating to 4.1% in 2025 <p>How this impacts us</p> <ul style="list-style-type: none"> Moderating global energy and food prices to support lower global inflation, while inflation pressures in South Africa remain high Elevated global inflation, lower disposable household income, weaker household finances and increased cost of doing business The combination of responding to COVID-19, higher interest rates and tight financial conditions left many clients heavily indebted Increased geopolitical instability impacting input and logistics costs, raising debt levels for governments on the continent
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<p>A troubled domestic landscape</p> <ul style="list-style-type: none"> GDP growth expected to remain muted due to ongoing energy and logistical constraints exerting strain on the economy Business and consumer confidence continue to deteriorate Logistical infrastructure challenges hindering trade and pushing up input costs South African Reserve Bank's kept interest rates unchanged at 8.25% since May 2023 Despite a moderation in food price inflation, risks to the outlook are to the upside Unemployment remains exceptionally high Challenges in the construction sector 	<p>Outlook</p> <ul style="list-style-type: none"> 2024 general election first to likely emerge with a coalition government Infrastructure delivery becoming a more crucial component of South African economic recovery Municipal market is shrinking owing to inherent weaknesses National Treasury to establish a centre of excellence by bringing together the PPP unit in the Government Technical Advisory Centre and the Infrastructure Fund <p>How this impacts us</p> <ul style="list-style-type: none"> Load shedding, elevated food prices and rising cost of input prices have increased cost of operations Pace of upgrading and rolling out of new infrastructure not sufficient to support sustainable economic growth Structural constraints continue to pose a risk to the economic recovery Sluggish domestic and regional macroeconomic growth impacting the project pipeline
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<p>The infrastructure development imperative</p> <ul style="list-style-type: none"> Investment in infrastructure development is crucial for Africa's economic growth and development, attracting foreign direct investment, supporting domestic industries and enhancing productivity, job creation and improved living standards Infrastructure development, especially in transport and logistics, plays an important role in promoting regional integration within Africa Investment in infrastructure ensures that marginalised and rural communities have access to basic infrastructure services, such as clean water, sanitation, healthcare and education Improved infrastructure enables access to productive markets, job opportunities and social amenities, empowering individuals, and communities to break the poverty cycle and achieve socio-economic progress Many African economies rely heavily on the agricultural sector, and investment in infrastructure directly supports its growth and productivity Investment in infrastructure development is crucial to support the pace of urbanisation in a sustainable manner 	<p>Outlook</p> <ul style="list-style-type: none"> Initiatives like the African Continental Free Trade Area aim to create a single market for goods and services, facilitating the movement of people and promoting trade within the continent Increased regional integration among African economies will reduce transportation costs, establish connections between landlocked nations and enhance regional trade and competitiveness Africa's infrastructure deficit is an opportunity to implement new, more efficient technologies Over the past decade, weak growth, deteriorating business confidence and household balance sheets, higher inflation, inefficient delivery and the financial support provided to state-owned companies have constrained government's ability to upgrade current infrastructure and invest in new infrastructure Total capital investment has gained momentum, largely supported by increased GFCF in the government and private sectors The minimum required investment needed to bridge the infrastructure gap to meet the SDGs in South Africa is partly estimated at R4.9 trillion. This includes, R1.0 trillion for transport, R1.1 trillion for water and sanitation, R2.5 trillion for basic education and R203 billion for TVET The National Development Plan has a 30% investment-to-GDP ratio target by 2030. To reach this target, public-sector investment in infrastructure would need to grow from 4.2% of GDP in 2023 to 10% of GDP by 2030. Private-sector investment would need to grow from 10.9% of GDP in 2023 to 20% in 2030 <p>How this impacts us</p> <ul style="list-style-type: none"> Infrastructure development gap in the African continent across all the DBSA sectors DBSA is well positioned to play a role in resolving the infrastructure gap Increasing emphasis on involving the private sector in infrastructure development in Africa
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<p>Addressing climate change</p> <ul style="list-style-type: none"> Globally, 2023 was the warmest year on record South African Government has signed up to the Paris Agreement Global consensus towards the achievement of net-zero targets by 2050 Global policy and trade harmonisation towards clear decarbonisation targets South Africa's Climate Change Bill approved Government released the Integrated Resource Plan (2023) for public comment Government approved the Just Energy Transition Implementation Plan Risk of trade exclusion and carbon taxes creating additional barriers to economic growth Funders are increasingly demanding decisiveness around climate-related policies and positions Increase in the impact of severe weather events 	<p>Outlook</p> <ul style="list-style-type: none"> Increased risk of a strong El Niño Risk of trade exclusion and carbon taxes creating additional barriers to economic growth National Treasury developed a Green Finance Taxonomy that will support the process of transitioning the DBSA's portfolio Increasing instances of wildfires, flooding, droughts, heatwaves, and tropical storms <p>How this impacts us</p> <ul style="list-style-type: none"> A strong El Niño will impact widespread crop failures and put additional pressure on food price inflation and the agricultural sector DBSA is well positioned to play a role in supporting the development and implementation of the climate change agenda across our focus areas The DBSA is positioned to support the continent with the climate change agenda Offering climate and environmental finance facilities and additionality Impacts funding and investment decisions of projects DBSA focuses on achieving the "Just" of the Just Transition DBSA mobilised to provide humanitarian support to devastated communities
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OUR CONTEXT IN GLOBAL, REGIONAL AND NATIONAL DEVELOPMENT LANDSCAPE



UN's SDGs

The United Nations developed 17 SDGs to support its 2030 Agenda, aiming to end poverty and inequality, protect the planet, and ensure peace and prosperity. As a DFI with a domestic and continental footprint, SDGs 6, 7, 9, 11, 13 and 17 are our main priorities, while SDGs 1, 3, 4 and 5 are indirectly supported by our core activities.

Refer to pages 44 and 45 for details on how we support the SDGs.



AU's Agenda 2063

Agenda 2063 is the AU's master plan to transform Africa into the global powerhouse of the future. Signed in 2015 by various African heads of state, Agenda 2063 is a strategic framework to realise the socio-economic transformation of the African continent over the next five decades. While Agenda 2063 focuses on Africa's aspirations for the future, it also identifies critical flagship programmes to boost Africa's economic growth and development, ultimately leading to the rapid transformation of the continent. The DBSA supports the Africa Continental Free Trade Agreement and the North-South Corridor, among others.



SADC's Vision 2027

Regionally, SADC's Infrastructure Vision 2027 establishes a strategic framework to guide the development of a seamless, cost-effective and transboundary infrastructure within Southern Africa. This vision is anchored on six pillars: energy, transport, information and communication technologies, meteorology, transboundary water resources and tourism. The vision is brought to action by the SADC Regional Infrastructure Development Master Plan. The objectives of both AU's Agenda 2063 and Vision 2027 inform the Bank's investment decisions.



South Africa's NDP 2030

The South African NDP Vision 2030 sets out an integrated strategy for accelerating economic growth, eliminating poverty and reducing inequality in South Africa. Accelerated economic growth, a key objective of the NDP, will enable the country's social and economic transformation. The DBSA contributes to the NDP through large-scale infrastructure projects in the energy, transport, water and ICT sectors, as well as by resolving social infrastructure bottlenecks and expanding regional integration.

Refer to pages 44 and 45 for details on how we support the NDP.

OUR STAKEHOLDERS

Our stakeholder universe

As a state-owned company and DFI, we navigate a multifaceted stakeholder landscape. We serve a broad range of stakeholders, offering extensive services, and engaging in diverse partnerships, while maintaining accountability. Strong stakeholder relationships are central to our success in the prevailing complexities in our operating environment. We actively address our stakeholder needs and interests to strengthen our relationships, which in turn, enables strategic outcomes and enhances performance.

The DBSA actively engages stakeholders to address key issues, support strategic goals, manage risks, and enhance our operating environment. We tailor content and engagement methods to achieve desired outcomes and deliver a sustainable value proposition.

Leveraging best practices, we create informative content (newsletters, thought leadership pieces) and use balanced scorecards to align stakeholder interests with ours. This collaborative approach fosters risk mitigation, advances good financial governance, and integrates social and environmental considerations into our strategy. By incorporating stakeholder perspectives, we ensure our content addresses sustainable development effectively.

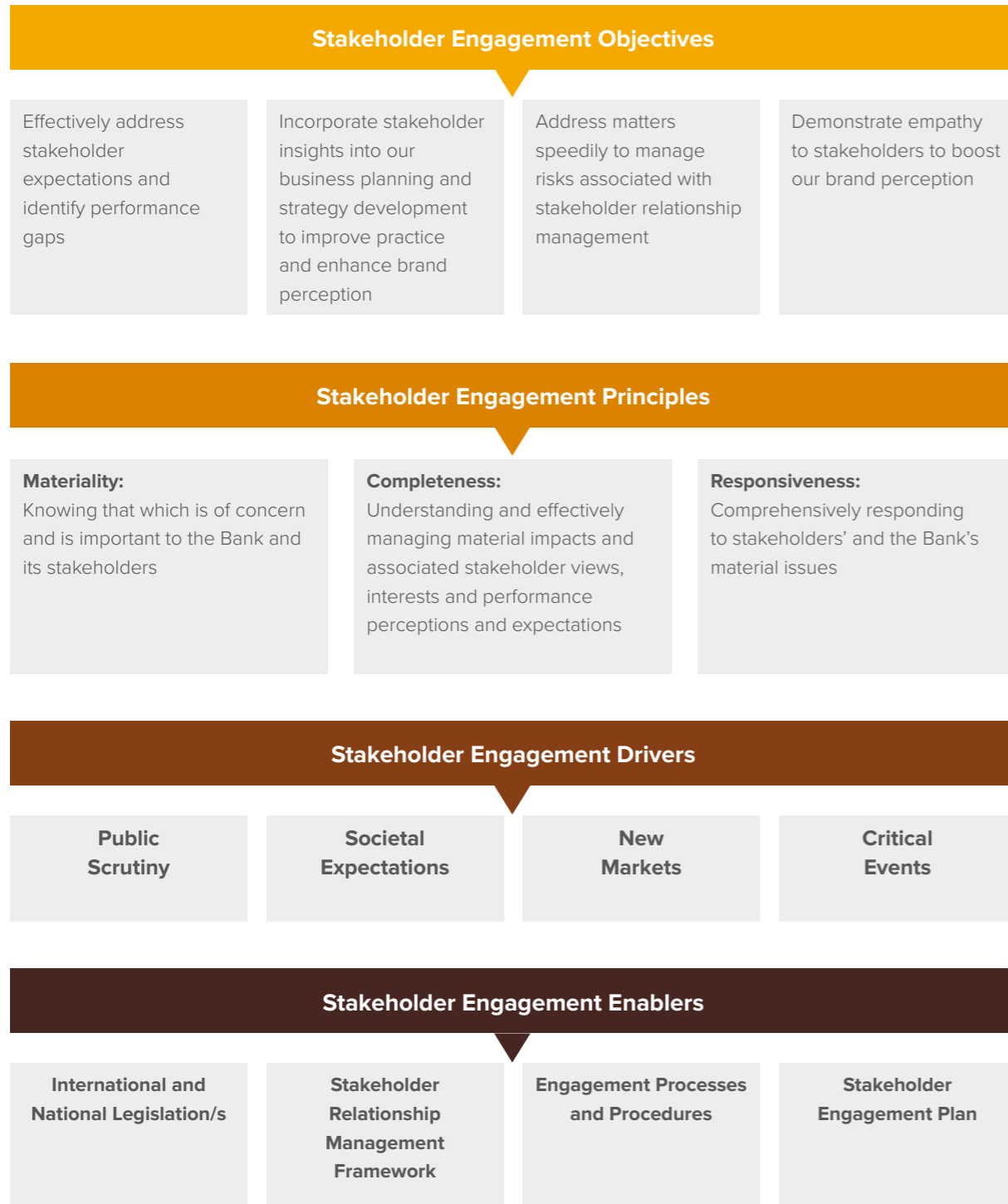
Our stakeholder universe comprises of 18 stakeholder categories that impact our business directly or indirectly, as follows:

Our stakeholder universe



Our stakeholder engagement operational framework and principles

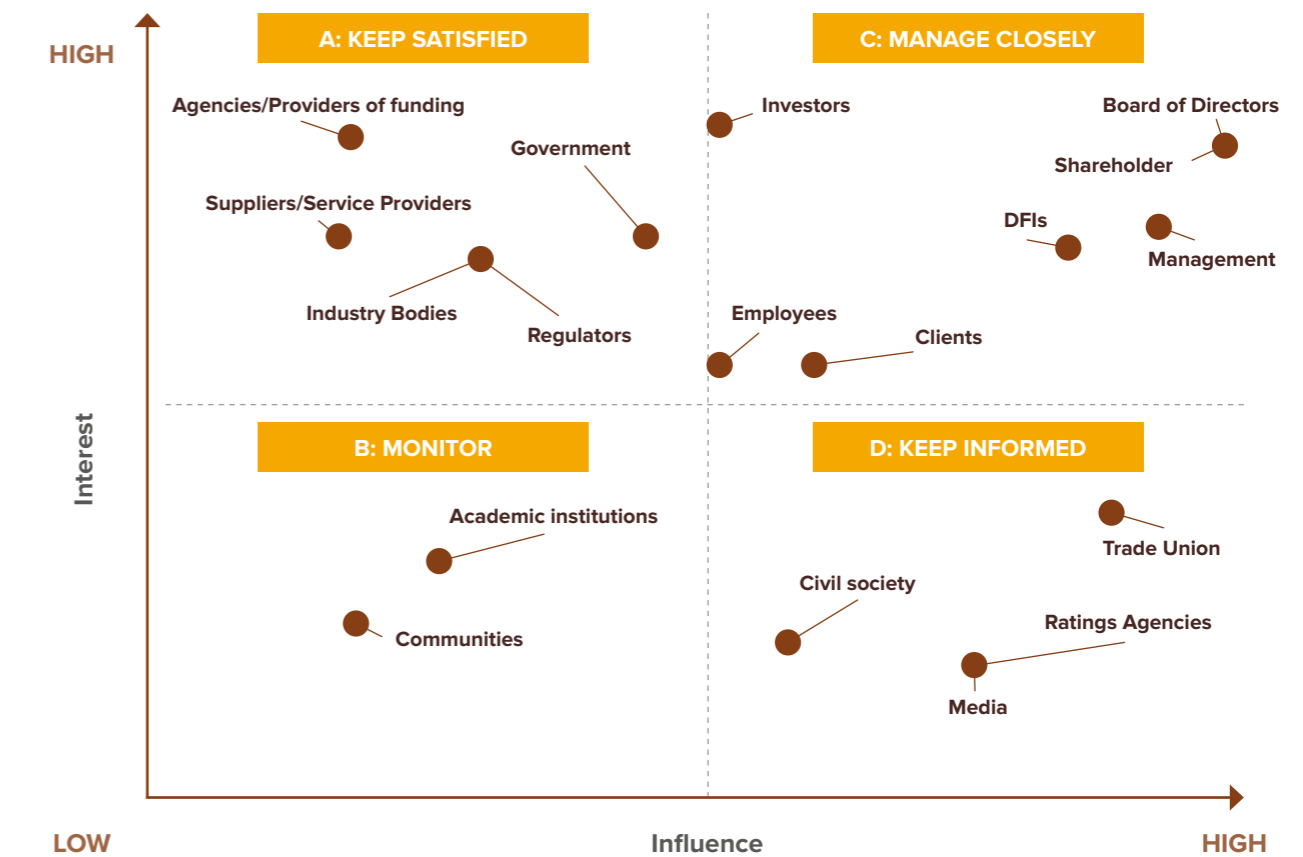
Our stakeholder relationships are managed according to the operational framework outlined below:



How we identify and analyse our stakeholders

We operate our business in wide-ranging contexts in which stakeholders have varied interests and levels of influence. We identify and rank our stakeholders according to our strategic intent, prevailing risk factors and the current business environment. Identifying who our stakeholders are, undertaking in-depth analysis, and mapping their influences and interests is pivotal to our stakeholder relationship management framework. We are mindful that stakeholders may not have uniform concerns, opinions, and priorities, despite being in the same stakeholder group.

The interests and influence of our stakeholders are dynamic and require continuous monitoring in line with our stakeholder matrix illustrated below.



A: KEEP SATISFIED (MODERATE PRIORITY)

Since these stakeholders have low-to-moderate influence as well as moderate-to-high interest, their **satisfaction levels should be high.**

B: MONITOR (LOW PRIORITY)

This stakeholder group has low-to-moderate influence. As a result, they should be **monitored** rather than have extensive resources dedicated to them.

C: MANAGE CLOSELY (HIGH PRIORITY)


As this stakeholder group has **the highest influence**, they should be managed closely. That is, their needs must be addressed, they must be kept informed, and their feedback must be incorporated as far as possible.

In particular **communication must be kept at high levels** at all times

How we engage

Stakeholders	How we engage	Action Taken	Capitals impacted
Shareholder  	<ul style="list-style-type: none"> Regular and proactive engagement with the Minister of Finance and National Treasury Quarterly meetings and presentations Quarterly reports in compliance with the PFMA Informative sessions on strategy progress update IAR presentation 	<ul style="list-style-type: none"> Regular meetings held with the Minister Quarterly corporate governance reports shared with National Treasury 	
			
Government 	<ul style="list-style-type: none"> Regular one-on-one meetings 	<ul style="list-style-type: none"> Regular one-on-one meetings held to engage on priority sectors and issues of national importance 	
			
			
Clients and Partners 	<ul style="list-style-type: none"> Quarterly engagement sessions and interaction, including regular meetings scheduled according to our individual programme/project governance agreement with clients Client and partner surveys 	<ul style="list-style-type: none"> Client satisfaction survey recommendations implemented (see client satisfaction score on page 61) 	
			
			
Investors  	<ul style="list-style-type: none"> Quarterly feedback sessions One-on-one interaction with the DBSA Treasury Division on regular basis 	<ul style="list-style-type: none"> Annual investor roadshows held 	

Stakeholders	How we engage	Action Taken	Capitals impacted
Providers of funding  	<ul style="list-style-type: none"> Meetings with analysts and rating agencies Investor roadshows Announcement of results DBSA Website 	<ul style="list-style-type: none"> Meetings held with rating agencies IAR issued 	
			
International partners  	<ul style="list-style-type: none"> Engagement through one-on-one meetings Annual partnership workshops Bilateral meetings at relevant conferences and symposia DBSA newsletter/ website 	<ul style="list-style-type: none"> Engagements and bilateral meetings as scheduled 	
			
			
African partners  	<ul style="list-style-type: none"> Engagement through one-on-one meetings Periodic partnership workshops Bilateral meetings at relevant conferences and symposia DBSA newsletter/website 	<ul style="list-style-type: none"> Hosted African Association of Development Finance Institutions Study tours organised with regional development partners 	
			
Community 	<ul style="list-style-type: none"> Engagement through community projects and forums Social facilitation and steering committees Project implementation Community surveys Marketing campaigns Website 	<ul style="list-style-type: none"> Participate in various communities of practice, both nationally and internationally Facilitation of stakeholder engagements at project community level 	
			
Regulators  	<ul style="list-style-type: none"> Regular communication and report-back meetings with: Standing Committee on Finance Select Committee on Finance National Treasury Financial Intelligence Centre Department of Labour Johannesburg Stock Exchange 	<ul style="list-style-type: none"> Compliance with relevant regulatory frameworks and reporting requirements 	
			

Stakeholders	How we engage	Action Taken	Capitals impacted
Media 	<ul style="list-style-type: none"> Media briefings and interviews Press conferences, releases DBSA website and social media platforms 	<ul style="list-style-type: none"> Responsive to media enquiries Issuance of media statements on key strategic initiative 	SRC
Employees 	<ul style="list-style-type: none"> Staff engagements at numerous levels Training and development needs analysis Results presentations Performance reviews Internal newsletter and emails Whistle blower's hotline Staff surveys 	<ul style="list-style-type: none"> Employment Equity plans adhered to 	SRC HC NC
Suppliers / Service Providers 	<ul style="list-style-type: none"> One-on-one meetings and presentations 	<ul style="list-style-type: none"> Contract and service agreements in place with clear terms of engagement 	SRC







Our key stakeholder needs and expectations






As a DFI we promote economic growth, service delivery, human resources development and institutional capacity in South Africa, SADC region and Sub-Sahara Africa. By assuming these roles, we become a catalyst for addressing market failures. We are deeply entrenched in the markets we operate in and the societies we serve by responding to our stakeholder needs and expectations, which creates mutual value.

To ensure strategic alignment and congruence to our vision, the DBSA engages with parties that have vested interest in the organisation's planning and deliberations to foster involvement, understanding, internalisation, a common mission, strategic goals and business continuation in our programmes, deals and business practices. Our relationship with stakeholders has evolved from traditional interactions with employees, clients/customers, investors and regulators to broad engagements with communities, civil society organisations and various interest groups. We engage stakeholders on issues that include corruption, socio-economic impacts, environmental impacts, health risks, human rights and supply chain conditions.

Actively engaging with stakeholders informs our decision making and improves the Bank's performance. The DBSA uses various engagement platforms to get perspectives, opinions, insights and ideas from parties that have a vested interest in the success of the organisation. Our strategic stakeholders include employees, clients/customers, shareholder, government/s, media, civil society organisations, industry bodies and rating agencies.

Navigation icons


 FC FINANCIAL CAPITAL	 IC INTELLECTUAL CAPITAL
 SRC SOCIAL AND RELATIONSHIP CAPITAL	 HC HUMAN CAPITAL
 NC NATURAL CAPITAL	 MC MANUFACTURED CAPITAL

 INTERNAL STAKEHOLDERS the Shareholder, Employees, the Board of Directors, and Management	 FINANCIAL SECTOR JSE, ratings agencies, commercial banks and other DFIs	 INVESTORS as well as partners and other providers of funding
 GOVERNMENT Regulators and other organs of state	 CLIENTS Both in South Africa and across the continent	 COMMUNITIES civil society, ratings agencies, the media and academic institutions

EMPLOYEES

Females: 339
Males: 300

Employees: 639



OUR EMPLOYEES

Black: 86%
White: 14%

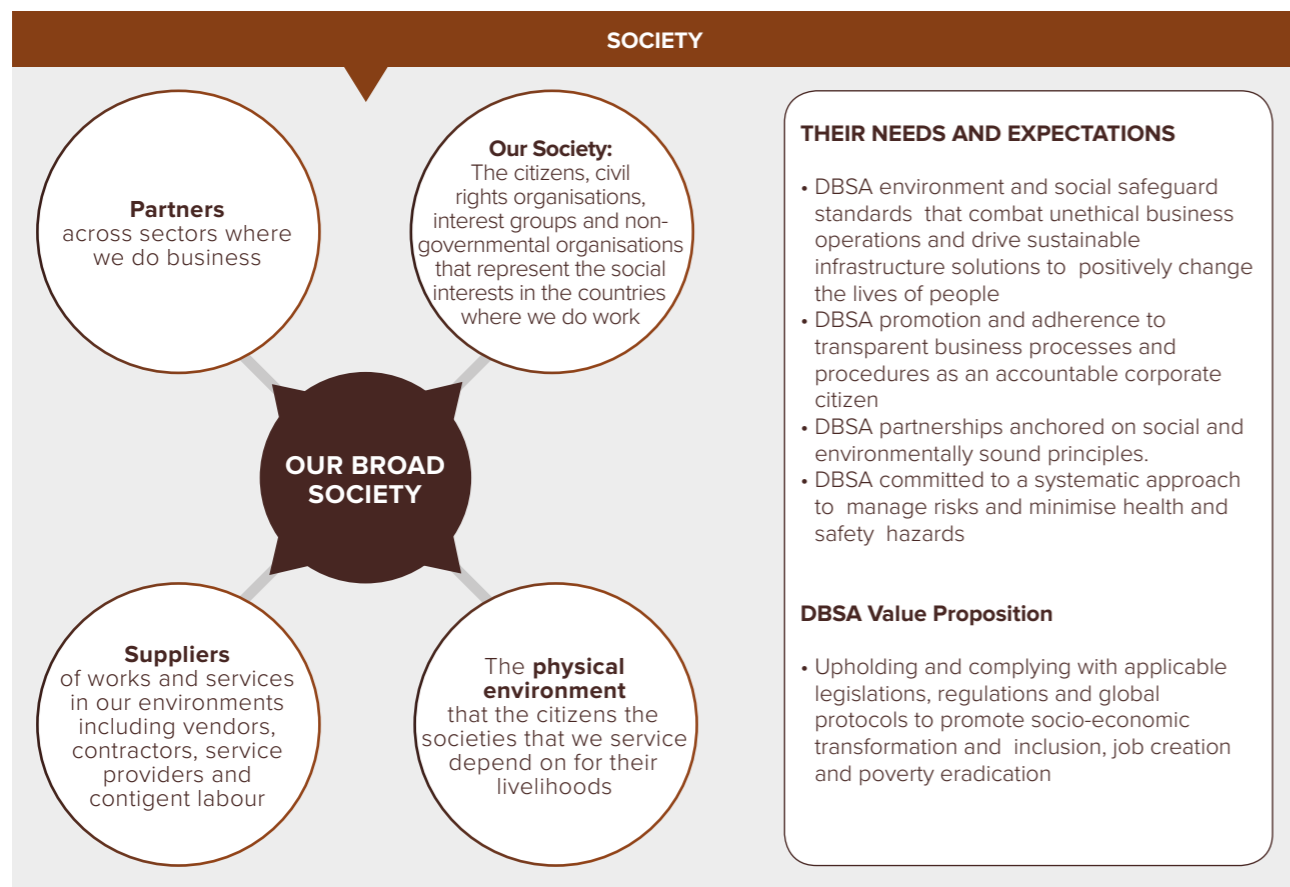
Under age of 30: 30%

THEIR NEEDS AND EXPECTATIONS

- Healthy and safe work conditions and environment
- An inclusive work environment that embraces diversity and promotes belonging
- Opportunity to make a difference
- Challenging work assignments and supportive environment
- Career advancement and growth opportunities
- Effective performance management
- Fair remuneration and promotion opportunities
- Sound brand health

DBSA Value Proposition

- Client-centric culture anchored on smart partnerships
- Diverse employee scorecard



How we create value for our stakeholder

The interests and influence of our stakeholders are dynamic and require continuous monitoring in line with our stakeholder matrix illustrated below. We determine value for our stakeholders and ourselves and address stakeholder relationship risks through our integrated business engagement processes and procedures.

	Employees and Service Providers	Shareholder and Government	Investors and Funders	Clients	Community and Civil Society
Value for the DBSA	We endeavour to ensure that employees feel valued by keeping them informed about our strategic outlook: <ul style="list-style-type: none"> • To enhance employees' engagement and commitment as their efforts contribute to our success • Our objectives can only be achieved if we enjoy the loyal support of our suppliers • Suppliers provide the valued expertise, products and services required to maintain our business and facilitate growth 	We endeavour to demonstrate the success of the organisation in its efforts: <ul style="list-style-type: none"> • To guarantee brand advocacy and project buy-in. 	We endeavour to foster mutually beneficial relationships: <ul style="list-style-type: none"> • Clear, honest and compete information about products, services and impacts • Accessible and effective customer complaint mechanism • Improving existing relationships based on client experience and overall satisfaction 	We endeavour to foster trust by demonstrating transparency and credibility by showcasing the Bank's efforts and informing them of the strategic drive and financial sustainability and governance: <ul style="list-style-type: none"> • Provide concessional and grant capital • Provide investment opportunities 	We endeavour to make community aware of the role of the DBSA as well as its understanding of socio-economic and environmental issues: <ul style="list-style-type: none"> • Providing fair chances for local suppliers and SMEs • Review of supporting SDGs or local development goals • Assist in maximising development impact • Social facilitation of community participation in infrastructure delivery
Value for Stakeholders	<ul style="list-style-type: none"> • Clear and fair employee and workers' contracts • Fair and equal chances for all employees and workers • Clear and fair contracts with contractors, sub-contractors, suppliers and partners 	<ul style="list-style-type: none"> • Strategic alignment and development impact • Client conversion and brand awareness • Developmentally sound and clear communications 	<ul style="list-style-type: none"> • Product development, price negotiation, service requirements and updates • Infrastructure development programmes • Development support and quality service delivery 	<ul style="list-style-type: none"> • Strategic alignment and development impact • Return on investment 	<ul style="list-style-type: none"> • Contribution to economic, social and cultural development • Identify, prevent and address actual or potential human rights impacts in the value chain • Collaboration with universities or institutions in stimulating and providing technology at local affordable conditions

	Employees and Service Providers	Shareholder and Government	Investors and Funders	Clients	Community and Civil Society
Issues and Risks	<ul style="list-style-type: none"> Strategy Financial performance People development and training Transformation and employment equity Code of conduct Contract and service agreements and performance 	<ul style="list-style-type: none"> Lack of consensus on development intent and agenda 	<ul style="list-style-type: none"> Lack of comprehensive business/strategic plans Rising sovereign debt levels 	<ul style="list-style-type: none"> Significant changes, particularly those with financial impact. Financial performance Market trends and issues Prospects and organisational sustainability 	<ul style="list-style-type: none"> Investment in socio-economic development Access to basic services Local labour opportunities Strengthened cooperation with civil society to enhance the Bank's work and achieve greater impact
Opportunities	<ul style="list-style-type: none"> Collaboration and dialogue with independent parties representing employee/worker interests Provide support to SMEs where possible Implemented occupational health and safety systems Fair policy for payment to suppliers 	<ul style="list-style-type: none"> Showcasing its successes as well as how it effectively deals with challenges Communicating achievements related to the DBSA's mandate, strategies, as well as governance 	<ul style="list-style-type: none"> Continuous client satisfaction improvement through feeding survey results into future stakeholder relations, marketing and communication initiatives Use survey feedback and recommendations as measures to improve products and services in order to fulfil and exceed expectations Heightened client-centricity, enhanced client experience, becoming a trusted advisor, increased digitisation and automation and increased digital presence 	<ul style="list-style-type: none"> Activities for stimulating improvement of infrastructure for transport, water, electricity, communication, etc. 	<ul style="list-style-type: none"> Programme for supporting communities with essential health care services, access to clean water, good sanitation Dialogue with local communities and other local stakeholders Establishment of transparent and effective grievance and remedy mechanisms

Stakeholder relationship quality

To guide our interactions with key stakeholders, we assess the quality of our relationship bi-annually to identify areas of concern and respond with corrective action. This is done as part of our Brand Health Survey, which will be undertaken again in the 2024/25 financial year.

Advocacy

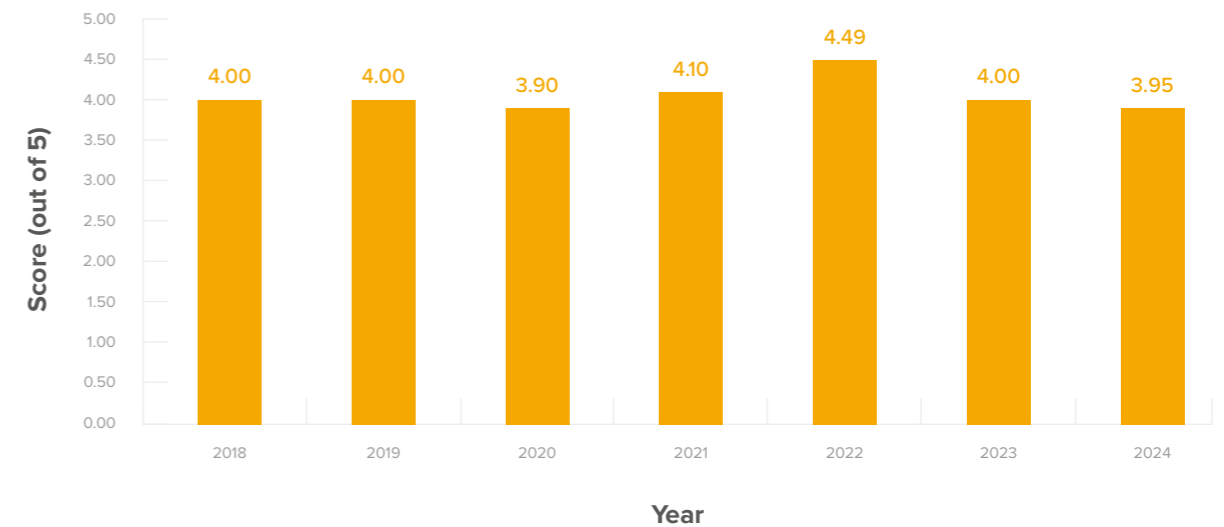
The advocacy component of our bi-annual survey, computed by using the net promoter score methodology, indicated that the majority of respondents are advocates of the brand. This survey was conducted in FY2022/23.



Client satisfaction

To measure and monitor how well the Bank is fulfilling the needs and expectations of our clients, and inform remedial steps to address potential gaps, the DBSA conducts an annual client satisfaction survey.

Client satisfaction score



The DBSA has demonstrated healthy client satisfaction results, with an overall score of 3.95 out of 5, a 0.05% decline from the previous year. The score is in line with the average over seven years (~4.05) corresponding to an average CSAT of 78.7%, which is ideal for organisations. Across all measures of satisfaction, the DBSA is rated well (74% to 86%). Client satisfaction is a critical success indicator for organisations. Through accessing regular feedback from clients, the DBSA can improve services, increase loyalty, and stand out from competitors.

Key focus area for the 2024/25 financial year

- Developing of a comprehensive stakeholder strategy to support the Bank's strategic objectives while aligning to the needs, concerns and interest of our stakeholders.

MANAGING OUR RISKS AND OPPORTUNITIES

Risk Management

Effective risk management is crucial to safeguarding the DBSA's financial stability, reputation, and our ability to fulfil our developmental mandate. It serves as a fundamental pillar for ensuring resilience, sustainability, and responsible growth in fulfilling our mission of driving development impact across diverse markets and regions.

Despite facing several challenges, 2023/24 financial year also presented clear opportunities that we actively pursued. The most critical of these challenges being the incident of the May 2023 cyber breach. Our IT and cyber teams, coupled with efficient detective controls, swiftly mitigated the impact, minimising the potential breach of personal information and associated Protection of Personal Information Act regulatory penalties. However, the potential reputational damage necessitated vigilant monitoring and mitigation strategies.

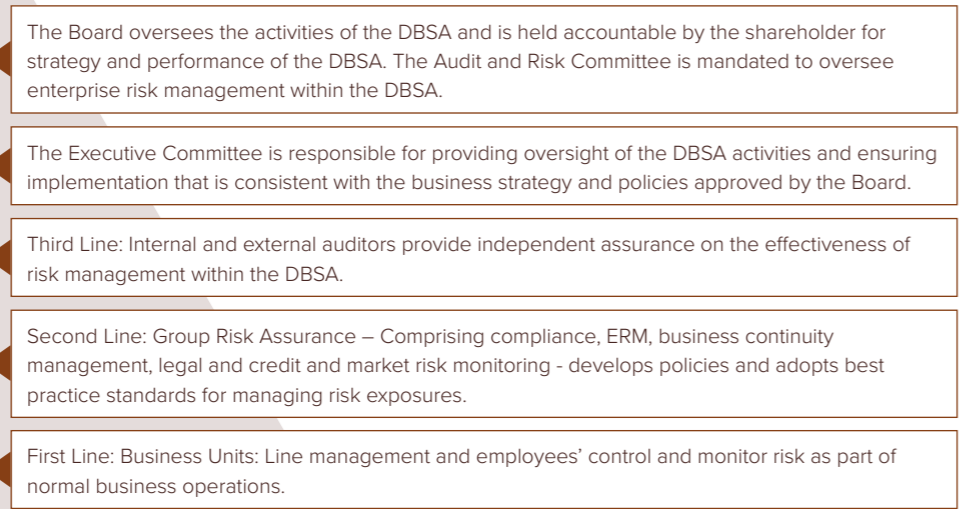
People and culture emerged as a key risk area, with both organisational culture and talent retention requiring focused attention. Operating in a niche and competitive market, we prioritised retaining talent to

ensure seamless continuity and preserve institutional knowledge. Simultaneously, we actively sought fresh talent with innovative perspectives to strengthen our team and contribute to shaping a brighter future for Africa

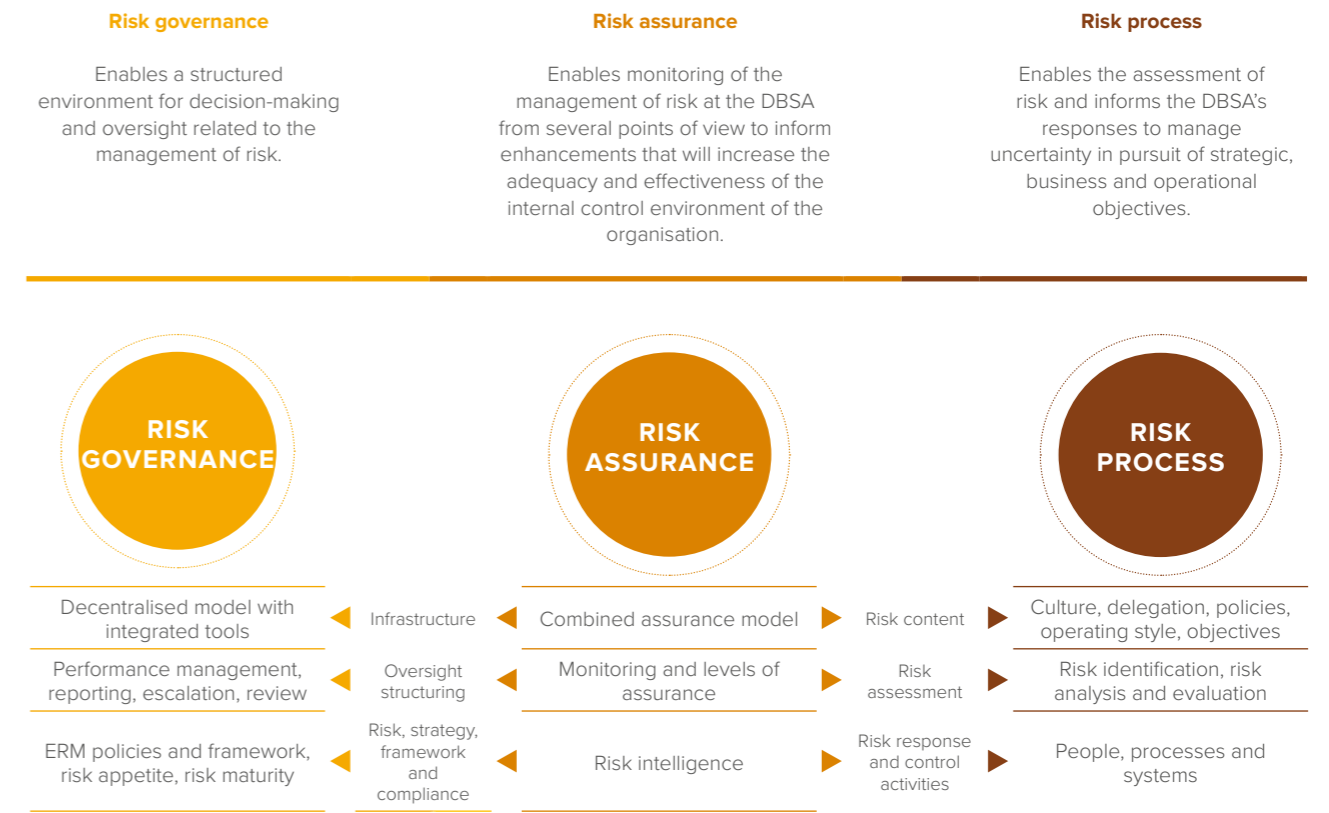
Our internal control mechanisms and governance protocols have consistently demonstrated resilience, ensuring that our primary risk factors are proactively managed and upheld within acceptable risk tolerance thresholds.

Externally, climate change and geopolitical risks were focal points of discussion among our Board and Executive teams, and we implemented necessary measures to address them effectively.

Central to our risk management strategy is the integration of risk management across all organisational levels. We achieve this through the five lines of defence model and a collaborative assurance approach, as illustrated by the DBSA's combined assurance model. The DBSA's combined assurance model delineates the roles and responsibilities for risk management within the Bank, emphasising every employee's collective responsibility for monitoring and mitigating risk.



Our Enterprise Risk Management Framework ensures that risk and opportunity management is entrenched throughout the organisation and decisions are taken and implemented at the right levels to optimise our risk profile by striking a balance between risk taking and risk avoidance to enable us to effectively navigate uncertainties and achieve our objectives in a sustainable and responsible manner.



We actively ensure that decisions align with the Bank's risk appetite after identifying opportunities and risks. Our risk appetite metrics are designed to actively balance risk management with opportunity pursuit, optimising outcomes for both shareholders and stakeholders. This risk appetite statement is structured across four key risk categories and various specific risk types, as detailed below:

Strategic risk: Risk arising from unforeseen changes in the business environment that could invalidate fundamental assumptions underlying the Bank's corporate strategy, as well as unexpected events in the development finance market that could render the Bank's operating model uncompetitive

Stakeholder risk: The Executive Committee is responsible for providing oversight of the DBSA activities and ensuring implementation consistent with the business strategy and policies approved by the Board.

Business and operating model risk: Unexpected events in the development finance market that could render the Bank's operating model uncompetitive and create or result in an inability to effectively create customer value

Reputation risk: Risk arising from internal and external events which could have a permanent adverse impact on the stakeholder perceptions and public image of the DBSA

Sustainability (ESG) risk:
 - Environment,
 - Social,
 - Governance and Ethics

Capital adequacy risk: inability to retain adequate capital to absorb unexpected losses

Risk arising from events that impact the Bank's ability to be a responsible social citizen, preserve and maintain long-term social and environmental balance in fulfilling its mandate and operations

Business risk: Business decisions made in the extension of credit, infrastructure implementation and other service with the potential to lower profit or lead to failure

Credit Default risk: Arising from the potential failure of an obligor to perform fully on its obligations in accordance with the terms and conditions for the extension of credit facilities

Credit Concentration risk: Arising from the possible non-performance of a single large credit exposure or multiple exposures that are closely correlated

Country Concentration risk: Arising from the possibility that changes in economic concentration, sovereign debt sustainability, currency exchange and convertibility, and political stability may impact adversely on the quality of assets or ability to continue with Bank operations in a country.

Financial risk:
 Possibility of financial loss from decisions taken

Financial Sustainability: Inability to maintain a resilient balance sheet and earn revenue or get a return on an investment that covers all expenses and makes a profit.

Treasury counterparty risk: Arising from the potential failure of a counterparty in meeting its obligations and/or the chance that the credit rating of a counterparty can deteriorate and impact negatively on the value of the asset

Liquidity and Market risk: Arising from the chance that the DBSA will be unable to meet its obligations as they become due and the volatility of interest and currency risk

Operation risk: Risks arising from people, processor system failures, including legal and compliance risks, as well as from external events

Cyber Security risk: Arises from inconsistent implementation of the records and information management programme elements

Occupational health and safety risk: Arising from the events in the workplace leading to illnesses, accidents, injuries, fatalities and impacting the health and well-being of people

Supply Management risk: Arising from incorrect or improper selection and management of suppliers, service providers, or third-parties

Legal risk: Risk of loss (financial and reputational) to the DBSA due to improper/poor application of legal/regulatory requirements

Process risk: Arising from events due to inadequate process or control or absence of control or disruptions to the Banks operations or internal control failure

IT risk: Disruptions in business caused by system failures and stoppages, incompleteness and inaccuracy of data and breaches of information security

Compliance risk: Arising from non-compliance with regulation or legislation

Information and records management risk: Arises from inconsistent implementation of the records and information management programme elements and controlling data quality

Business Continuity risk: Arising from events causing disruptions in the ability of the Bank to operate effectively

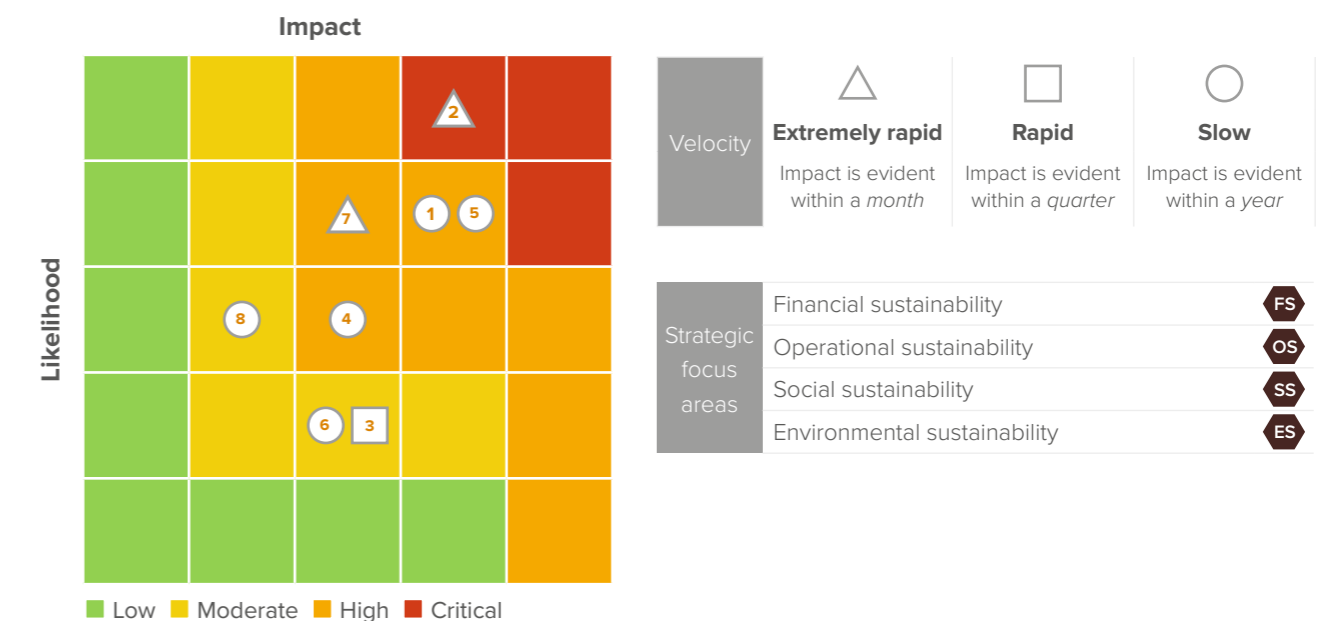
Human Capital risk: Arising from events impacting on the ability to attract and retain appropriate skills and expertise


Overview of our principal risks


Principal risks are the most significant risks in the Bank and are derived through synthesis of top-down Board and the Executive Committee's discussions and bottom-up risk assessments from the divisions. The principal risks reflect a prioritisation of risk rather than an exhaustive list. The DBSA's principal risks are monitored throughout the year – the various risk teams adjust our approach as issues emerge. The DBSA Board and management team continuously review the principal risks to ensure an appropriate response. Two new risks were added during the year under review, relating to Climate risk and ESG.



Principal Risk Summary


#	Principal risk	Velocity	Strategic focus area
1	Credit risk An increase in the ability of clients to honour debt obligations	○	FS
2	Cyber risk Unauthorised or erroneous use of ICT systems, data and/or infrastructure leading to breaches of data and information security	△	FS OS
3	Liquidity risk Inability of the Bank to have sufficient funds to meet its maturing obligations and disbursement commitments	□	FS OS
4	Reputation risk Arising from any fact of the Bank's actual or perceived conduct and performance	○	FS OS SS ES
5	Business environment and operations Failure to maintain adequate responsiveness and agility to respond to the changing environment, leading to underperformance	○	FS OS ES
6	People and culture risk Potential decrease in staff morale, adverse impact on work productivity, employee development and wellness	○	OS
7	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.	△	ES
8	ESG monitoring and action Failure to measure and monitor DBSA's impact on the environment and society in line with stakeholder expectations	○	SS ES







Principal risk description	Strategic Pillars	Risk response	Tactical opportunities	Residual risk rating		
				2022	2023	2024
<p>1. Credit risk</p> <p>The inability of clients to honour debt obligations.</p> <p>Key impacts Increasing ratio of non-performing loans Increase in impairments leading to a negative impact on sustainable profit</p> <p>External drivers</p> <ul style="list-style-type: none"> Possible material loss arising from the possible non-performance of a single large credit exposure or multiple exposures that are closely correlated There is a trend of prepayments by clients which lessens this risk but may present a financial sustainability issue in future International Portfolio with an aggregate High-risk rating Increasing political uncertainty in exposure countries due to national elections taking place in 2024 in several countries <p>Outlook Global economic conditions are set to remain steady in 2024 with growth projected in 2025. The likelihood of credit risks affecting the business is expected to remain unchanged or marginally increased due to the ability to “work out” non-performing loans through restructures and other arrangements with our clients</p>		<p>We</p> <ul style="list-style-type: none"> conducted proactive due diligence assessments to incorporate the analyses of economic and global market conditions conducted routine monitoring of loans to ensure that the Bank remains within the risk appetite actively managed portfolios and conducted risk tilting diversified clients and products and pursued off-balance sheet structures ensured that all disbursement requests are accompanied by high-level credit confirmation of no material change to the credit profile of the client ensured that all financing documents that are still being negotiated include appropriate clauses for market disruption and economic failure, including repricing routinely monitored loans through day-to-day monitoring and annual credit reviews, conducted rapid risk reviews when indicators showed rapid deterioration of loans or when material adverse changes are experienced or foreseen placed Stage 1 loans showing early signs of distress on our operational watch list through the Watch List Committee, which feeds into IC and BCIC, to assess the risk of default. We took relevant actions to cure the loans at all three stages. Where required DBSA executives engaged with their counterparts placed loans showing a Significant Increase in Credit Risk (SICR - Stage 2) on the SICR watch list. Depending on their risk of default, some may be handed over to the Business Support and Recovery Unit at Stage 2 handed over non-performing loans (Stage 3) to Business Support and Recovery Unit 	<ul style="list-style-type: none"> Optimise capital by allocating capital in line with our new Capital Management Framework Integrate our approach to growth, liquidity, solvency management and value creation through developing a clearly defined growth model Explore organic or acquisitive growth opportunities in the trade finance area 	High	High	High

Principal risk description	Strategic Pillars	Risk response	Tactical opportunities	Residual risk rating		
				2022	2023	2024
<p>2. Cyber risk</p> <p>Unauthorised or erroneous use of ICT systems, data and/or infrastructure leading to breaches of data and information security.</p> <p>Key impacts</p> <ul style="list-style-type: none"> • Non-compliance to POPIA if data security is breached and personal information is compromised • Business disruption • Adverse impact on reputation • Increased costs to insure against cyber incidents <p>External drivers</p> <ul style="list-style-type: none"> • High levels of phishing attacks, malicious spam and ransomware attacks occurring globally <p>Outlook:</p> <p>The risk is expected to remain high for the foreseeable future due to the ever-increasing sophistication of technology and attack modes</p>		<p>We foster a culture of cyber resilience through:</p> <ul style="list-style-type: none"> • ongoing training and awareness using the DBSA brief and virtual training <p>We focus on protecting critical capabilities and services by:</p> <ul style="list-style-type: none"> • Completion of all audit actions on an accelerated timeframe • Implement Information Security Management System and Cyber Security Strategy-Cyber security risk simulation • A third-party service provider conducts on-going threat monitoring • Ongoing implementation of Managed Portfolio Process (Business case evaluation and project prioritisation) • Implementation of ICT Governance Framework (On-going) • Virtual CISO in place <p>We balanced risk-informed decisions during the crisis and beyond by:</p> <ul style="list-style-type: none"> • Providing virtual ICT assistance to staff • Promptly allowing access to DBSA systems and tools to all staff via the VPN and 3G facilities <p>We updated and implemented business continuity plans by:</p> <ul style="list-style-type: none"> • Continually revising resilience planning processes and testing them and equipping crisis management teams with skill sets and experience to manage under intense pressure • Ongoing implementation of ICT Plan (Backup and Restore Testing) 	<ul style="list-style-type: none"> • Protect the integrity of stakeholder data including client and employee data by implementing appropriate measures and processes, including building robust cyber-defence capabilities • Invest extensively towards improving and enhancing our business continuity and systems performance to minimise downtime • Safeguard the data we collect in line with our fiduciary duty and comply with relevant data protection and privacy legislation • Maintain the stability of our systems to secure the trust of our clients and broader stakeholder groups • Protect the personal information of stakeholders by adhering to all legislative prescripts • Perform regular penetration testing in controlled environments to identify potential vulnerabilities • Host regular, mandatory employee awareness and training programmes • Implement appropriate levels of cyber insurance cover 	High	High	High

Principal risk description	Strategic Pillars	Risk response	Tactical opportunities	Residual risk rating		
				2022	2023	2024
<p>3. Liquidity risk</p> <p>Inability of the Bank to have sufficient funds to meet its maturing obligations and disbursement target.</p> <p>Key impacts</p> <ul style="list-style-type: none"> • A temporary downward cycle in core lending performance • Adverse impact on financial sustainability • Reduced ability to raise affordable funding • Being unable to achieve our mandate and development impact targets <p>External drivers</p> <ul style="list-style-type: none"> • Currency volatility • Increase in the cost of funding • Contagion impact of other SOEs • Currency volatility • Increase in the cost of funding • A reduction in funding options due to ESG performance or considerations • Growing investor and lender concerns around the risk emanating from the Bank’s exposure to the municipal and SOE sectors 		<p>We:</p> <ul style="list-style-type: none"> • engaged with key investors for them to understand our funding requirements and funding strategy • regularly monitored prudential limits to ensure they remain within the risk appetite • pursued additional facilities with other lenders, e.g., DFIs/multilaterals for access to green finance pools • scheduled quarterly meetings with internal clients to understand their disbursement needs or requirements. We developed a full year schedule of disbursements by currency, split into committed versus uncommitted transactions • rolled over maturing liabilities although terms, e.g., amounts and pricing, may change as a result of market conditions • used existing operational hedging instruments against interest rate and currency risk swaps • raised long-term funding through bond issuances and long-term bilateral loans • secured an increase in the foreign currency borrowing limit for 2023 and 2024 • regularly forecast cash flow and keep unused facilities in place • maintained access to the repo market 	<ul style="list-style-type: none"> • Diversify our funding sources with a key focus on green funding to reduce our overall weighted cost of capital 	Moderate	Moderate	Moderate
<p>4. Reputation risk</p> <p>Arising from any facet of the Bank’s actual or perceived conduct and performance</p> <p>Key impacts</p> <ul style="list-style-type: none"> • Loss of stakeholder goodwill • Increasing oversight by the shareholder • Ongoing negative mainstream and social media coverage • Municipalities may change or delay their plans on infrastructure spending • Uptake of green economy projects may be deprioritised in the market <p>External drivers</p> <ul style="list-style-type: none"> • Perception that DBSA focuses more on profitability and is less intentional about demonstrating development impact • DBSA’s involvement with key programmes such as the Infrastructure Fund increase reputational risk exposure if they are perceived to be failing or not governed well • Allegations of inappropriate governance in the media • Any perception of greenwashing or inadequate progress regarding Environmental and Social Governance objectives • Perceived misalignment to the global standards and sustainable development goals • 2024 Election season <p>Internal drivers</p> <ul style="list-style-type: none"> • Any significant delays or disruptions in the implementation of the Partner a District Programme and/or the Infrastructure Fund • Inability of the DBSA to honour all disbursements <p>Outlook</p> <p>This is risk is expected to remain unchanged considering strong corporate governance</p>		<p>We:</p> <ul style="list-style-type: none"> • managed public relations and stakeholders to communicate our mandate and performance outcomes • used the Development Position and related Development Index to align stakeholder expectations regarding the DBSA’s contribution and performance • drove the climate change initiative through an Exco Steerco • outlined transition periods for gas and oil • developed business cases for new growth opportunities from green hydrogen, biodiversity assets and carbon markets • pursued PFMA exemption using the DBSA as an implementing agent • used the development subsidy to enable IDD to unlock municipal projects • Undertook a 10-year review of benefits unlocked from the DBSA’s support to municipalities (lending and non-lending) • used of the High Impact Investment Fund, the Infrastructure Fund, the Partner a District Programme and non-financial means to support under-resourced municipalities • adopted a climate-aligned integrated energy investment framework that will enable the Bank to support the Just Transition • adopting recommendations from the taskforce on climate-related financial disclosures • developed a net zero emissions strategy 	<ul style="list-style-type: none"> • Opportunity to highlight the work of the organisation and market the organisation through mainstream media and social media campaigns • Opportunity to partner with reputable organisations on infrastructure projects and/or public relations initiatives 	Moderate	Moderate	Moderate

Principal risk description	Strategic Pillars	Risk response	Tactical opportunities	Residual risk rating		
				2022	2023	2024
<p>5. Business environment and operations</p> <p>Failure to maintain adequate responsiveness and agility to respond to the changing environment.</p> <p>Key impacts</p> <ul style="list-style-type: none"> Adverse impact on support functions as they have not yet increased to match increasing demand from frontline divisions Adverse impact on financial performance of the Bank Inability to achieve social-economic growth goals <p>External drivers</p> <ul style="list-style-type: none"> High debt-to-GDP ratios in key markets Increasing inflation and increasing interest rates globally Potential shifts in priorities of governments in the region Depressed deal pipelines in South Africa and the region (changes in governmental budgeting) Ability to attract, train and retain strategic job groups may be hampered in the current environment War between Russia and Ukraine poses significant risk to growth and inflation globally Insurers are increasingly concerned with the ESG performance of their clients with a likely impact on insurance premiums or extent of cover Global and domestic inflation continues to accelerate above target levels, exacerbated by rising energy and food prices <p>Internal drivers</p> <ul style="list-style-type: none"> Increasing need for digitalisation Optimisation of resources The business is growing rapidly in the frontline divisions in order to implement the DBSA's strategic initiatives such as the Infrastructure Fund and Partner a District Programme without similar growth in the middle- and back-office functions Increasing pressure on the workforce in a volatile "new normal" where work and personal life are integrated <p>Outlook</p> <p>This risk is expected to remain unchanged or deteriorate depending on the global economic prospects</p>		<p>We:</p> <ul style="list-style-type: none"> will investigate a business case to develop advisory capabilities for the Bank will investigate a business case for trade finance will scale up new products e.g., High Impact Investment Portfolio increased focus on the non-core lending aspects of the business such as breakthrough agenda initiatives, Infrastructure Delivery Division and Partner a District Programme investigated options to reshape the loan book from fewer larger deals to increased volumes of smaller deals strengthened partnerships and increase collaboration with other DFIs increased digitalisation in operations improved the effectiveness of learning and development initiatives to build adequate skills improved strategy alignment and execution through an enhanced Balanced Scorecard process 	<ul style="list-style-type: none"> Pursue sector and geographic diversification of our local and Africa businesses to reduce concentration risk Focus on innovation and improving our products, pricing and services to attract and retain clients in low-growth environments Identify and pursue further growth opportunities, particularly those emanating from the just transition – carbon markets and green hydrogen Gender mainstreaming, looking at transforming the infrastructure sector through the support of women-owned businesses Contractors working capital financial instruments Scaling up digitisation as means to harness changing economic environment 	High	High	High

Principal risk description	Strategic Pillars	Risk response	Tactical opportunities	Residual risk rating		
				2022	2023	2024
<p>6. People and culture risk</p> <p>Potential decrease in staff morale, adverse impact on work productivity, employee development and wellness</p> <p>Key impacts</p> <ul style="list-style-type: none"> Adverse impact on the organisation's performance operationally and financially <p>External drivers</p> <ul style="list-style-type: none"> Dynamic competition in labour market Increasing trend of global recruitment for remote working <p>Internal drivers</p> <ul style="list-style-type: none"> Increasing pressure on the workforce in maintaining the "new normal" where work and personal life are integrated Ability to attract, train and retain strategic job groups Improving the effectiveness of learning and development initiatives to build adequate skills Employee burnout Risks around "keyperson" dependencies and unclear succession planning <p>Outlook</p> <p>This risk is expected to remain unchanged</p>		<p>We:</p> <ul style="list-style-type: none"> activated the business resumption plan strategy to activate our work from home policy made the Employee Wellness Programme available to employees for any type of support and counselling adopted a flexible hybrid working model (time-based/purpose-based) are conducting an organisational review. assess capability across all units and the feasibility of moving staff assess our corporate culture are developing succession plans for leadership and critical skills disseminated the CEO's periodic communications through DBSA Briefs 	<ul style="list-style-type: none"> Attract and retain the best available person in every role and drive recruitment initiatives that attract and retain the best talent in critical segments Unleash the best in our people through challenging work, digital enablement, transparent performance management systems and learning experiences Build highly motivated teams that embody the DBSA culture. Create a work experience that positions the DBSA as an employer of choice Prioritise the absorption of our graduate employees, and employment of people living with disabilities Offer competitive total rewards Monitor the wellbeing of our employees through dedicated programmes such as ICAS and regularly have check-in engagement sessions. These should be complemented by annual employee engagement surveys 	Moderate	Moderate	Moderate
<p>7. Extreme weather and physical climate risk:</p> <p>An increase in the number and severity of extreme weather events in Africa e.g., floods, heatwaves and wildfires etc.</p> <p>Key Impacts</p> <ul style="list-style-type: none"> Downside impact – Loss of key infrastructure in DBSA key markets reversing development gains that have been made in the past Downside impact - Adverse social impacts e.g., forced migration, increasing inequality and reduction of economic opportunity Upside impact – Increase in demand for in e.g., structure development financing <p>Key Drivers</p> <ul style="list-style-type: none"> According to Greenpeace, African weather is driven by: <ul style="list-style-type: none"> El Niño–Southern Oscillation, which influences extreme weather events globally, causing floods in some regions and droughts in others Indian Ocean Dipole an irregularly alternating sea-surface temperature difference in the waters of the west and east Indian Ocean leading to heavy rainfall in East Africa Inter-Tropical Convergence Zone which is a band of clouds that forms across the tropics leading to heavy rainfall 	 	<ul style="list-style-type: none"> Determine the number of DBSA interests in areas vulnerable to extreme weather (as per ESG Plan) Develop scenarios covering various levels of damage to infrastructure and the resultant costs to mitigate and restore (as per ESG Plan) 		N/A	N/A	High

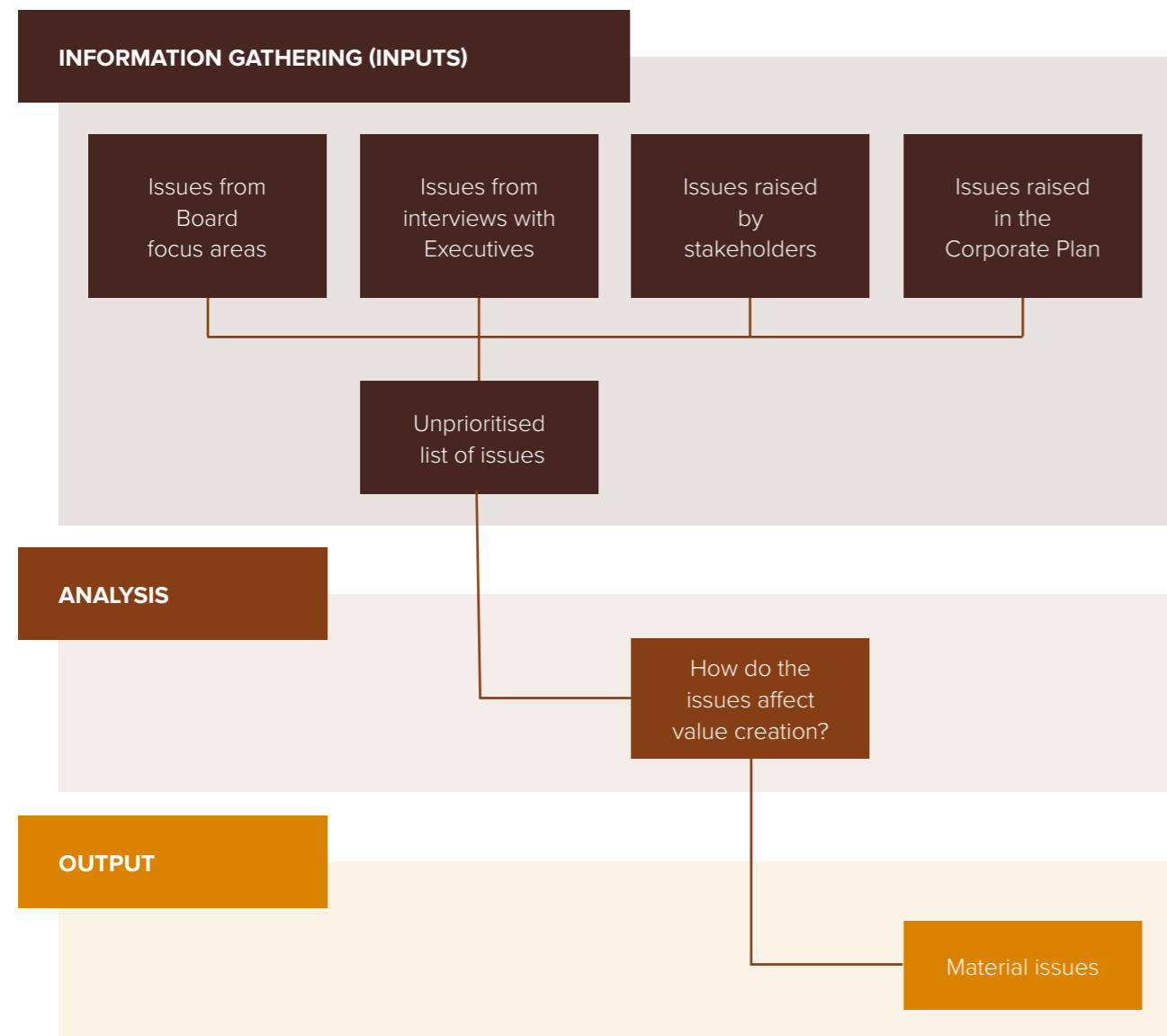
Principal risk description	Strategic Pillars	Risk response	Tactical opportunities	Residual risk rating		
				2022	2023	2024
<p>8. ESG monitoring and action:</p> <p>Failure to measure, monitor and act on DBSA's impact on ESG in line with stakeholder expectations</p> <p>Key Impacts</p> <ul style="list-style-type: none"> Downside impact – Inappropriately controlled adverse impacts on the environment and society Downside impact – Reduction in the ability to source funding from capital markets as ESG requirements become increasingly common-place and stringent Downside impact – Adverse impact on DBSA's reputation Downside impact – Non-compliance to regulations leading to fines and disruption <p>External drivers:</p> <ul style="list-style-type: none"> Multiple complex frameworks for structuring, measuring and monitoring impact on ESG Inadequate credible data sources <p>Internal Drivers</p> <ul style="list-style-type: none"> Inadequate resources e.g., financial resources, number of people and relevant skillset internally to carry out the work required 		<ul style="list-style-type: none"> DBSA ESG Policies, systems and guidelines (On-going) Environmental and Social Safeguard Standards (based on IFC Performance Standards) and Social and Institutional Guidelines Integrated Environmental and Social Sustainability Approach Green Finance Taxonomy Environmental Management System Environmental Appraisal Framework Climate Change Policy Framework ESG reporting (On-going) Development Results Reporting Framework Impact reporting covering: <ul style="list-style-type: none"> Energy efficiency Renewable energy Non-energy GHG emission reduction Climate change contribution and adaptation Green buildings Clean transportation Pollution prevention and control Sustainable management of natural resources including water Access to essential services Socio-economic advancement and empowerment waste 				<p>N/A</p> <p>N/A</p> <p>Moderate</p>

MATERIAL MATTERS IMPACTING VALUE CREATION

The DBSA's resilience is paramount, given our counter-cyclical approach. This ensures the Bank can navigate economic fluctuations, adapt to changing conditions, and remain financially stable to support development initiatives over the long term. Such resilience is vital for maintaining stakeholder trust, attracting investment and achieving sustainable impact in the communities it serves.

How we determine materiality

Our material issues highlight matters that have a significant impact on our value creation model in the short, medium and long term. These matters are determined through a review of the Board's focus areas during the year, interviews with our Executives, feedback from our stakeholders and matters raised in the process of developing our annual Corporate Plan; a three-year operating and financial plan that state-owned companies are required to submit to National Treasury on an annual basis.



Following this materiality determination process, we identified 11 material matters critical to the sustainability of our business, society and the environment we operate in. These matters, address the concerns and legitimate needs of our stakeholders while supporting the delivery of our core purpose of making people healthier and enhancing and protecting their lives.

Issue	Relevance	Associated risks	Associated opportunity						
Governance	Good governance enables the DBSA to perform well in challenging circumstances and thereby safeguarding the value creation model of the organisation	<ul style="list-style-type: none"> Reputation risk Business environment and operations People and culture risk 	-						
<table border="0" style="width:100%; text-align:center;"> <tr> <td style="width:33%;">Stakeholder impact</td> <td style="width:33%;">Strategic pillars</td> <td style="width:33%;">Capital impact</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </table>				Stakeholder impact	Strategic pillars	Capital impact			
Stakeholder impact	Strategic pillars	Capital impact							
Strong balance sheet	Enables DBSA to make countercyclical investments as the global economic outlook worsens	<ul style="list-style-type: none"> Credit risk Cyber risk Liquidity risk Business environment and operations 	<ul style="list-style-type: none"> Finance projects and initiatives that close the infrastructure gap across the continent Leverage availability of climate finance Support a Just Transition 						
<table border="0" style="width:100%; text-align:center;"> <tr> <td style="width:33%;">Stakeholder impact</td> <td style="width:33%;">Strategic pillars</td> <td style="width:33%;">Capital impact</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </table>				Stakeholder impact	Strategic pillars	Capital impact			
Stakeholder impact	Strategic pillars	Capital impact							
People and culture	Enable the DBSA to respond adaptively to changing conditions and continue to improve the value creation model	<ul style="list-style-type: none"> Reputation risk Business environment and operations People and culture risk 	-						
<table border="0" style="width:100%; text-align:center;"> <tr> <td style="width:33%;">Stakeholder impact</td> <td style="width:33%;">Strategic pillars</td> <td style="width:33%;">Capital impact</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </table>				Stakeholder impact	Strategic pillars	Capital impact			
Stakeholder impact	Strategic pillars	Capital impact							
Institutional knowledge	Enables the DBSA to design programmes that suit the market and enhance value creation	<ul style="list-style-type: none"> Business environment and operations People and culture risk 	<ul style="list-style-type: none"> Developing partnering solutions in the municipal space 						
<table border="0" style="width:100%; text-align:center;"> <tr> <td style="width:33%;">Stakeholder impact</td> <td style="width:33%;">Strategic pillars</td> <td style="width:33%;">Capital impact</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </table>				Stakeholder impact	Strategic pillars	Capital impact			
Stakeholder impact	Strategic pillars	Capital impact							

Issue	Relevance	Associated risks	Associated opportunity
Navigating the Just Transition	Increasing need to move away from fossil fuel-based energy intensive activities and investments from key stakeholders. This may improve our access to capital markets.	<ul style="list-style-type: none"> Reputation risk Business environment and operations 	<ul style="list-style-type: none"> Identify and pursue further growth opportunities, particularly those emanating from the Just Transition – carbon markets and green hydrogen
Stakeholder impact	Strategic pillars	Capital impact	
Liquidity and capital management	Optimising our liquidity allows us to continue providing solutions to our clients to enable infrastructure development.	<ul style="list-style-type: none"> Liquidity risk Business environment and operations 	<ul style="list-style-type: none"> Diversify our funding sources with a key focus on green pools of capital to reduce our overall weighted cost of capital
Stakeholder impact	Strategic pillars	Capital impact	
Scaling-up and fast-tracking infrastructure development	Allows us to continue to achieve our mandate and aids economic and social development in our active markets	<ul style="list-style-type: none"> Liquidity risk Business environment and operations Reputational Risk 	<ul style="list-style-type: none"> Focus on innovation and improving our products, pricing and services to attract and retain clients in low growth environments
Stakeholder impact	Strategic pillars	Capital impact	
Equity funding for transformation and economic access	Increasing our development impact	<ul style="list-style-type: none"> Business environment and operations Credit Risk Liquidity Risk (short term) 	-
Stakeholder impact	Strategic pillars	Capital impact	

Issue	Relevance	Associated risks	Associated opportunity
High cost of funding	This reduces our competitiveness in the market by pricing us out of deals	<ul style="list-style-type: none"> Business environment and operations 	<ul style="list-style-type: none"> Diversify our funding sources with a key focus on green pools of capital to reduce our overall weighted cost of capital
Stakeholder impact	Strategic pillars	Capital impact	
Long-term business cycle	This may reduce the number of opportunities in the market or slow the growth and performance of our loan book in the short to medium term but increase it in the long term.	<ul style="list-style-type: none"> Credit risk Business environment and operations 	<ul style="list-style-type: none"> Integrate our approach to growth, liquidity, solvency management and value creation through a clearly defined growth model Explore organic or acquisitive growth opportunities in the trade finance area
Stakeholder impact	Strategic pillars	Capital impact	

Navigation icons

Inclusive economic recovery in South Africa	Strategic Rest of Africa lens	
Doing things differently		
FINANCIAL CAPITAL	INTELLECTUAL CAPITAL	
SOCIAL AND RELATIONSHIP CAPITAL	HUMAN CAPITAL	
NATURAL CAPITAL	MANUFACTURED CAPITAL	
INTERNAL STAKEHOLDERS the Shareholder, Employees, the Board of Directors, and Management	FINANCIAL SECTOR JSE, ratings agencies, commercial banks and other DFIs	INVESTORS as well as partners and other providers of funding
GOVERNMENT Regulators and other organs of state	CLIENTS Both in South Africa and across the continent	COMMUNITIES civil society, ratings agencies, the media and academic institutions



04
OUR
PERFORMANCE
REVIEW

Boitumelo Mosako
Chief Executive Officer

CEO REVIEW

This past year has been a remarkable journey of growth, both personally and for DBSA. Stepping into the CEO role from CFO has been a transformative experience, expanding my perspective and stakeholder universe exponentially. Throughout this transition, the unwavering support of our Board, the dedicated Executive Management team, and the incredible spirit of Team DBSA have been the wind beneath my wings. Together, we have achieved remarkable milestones – with disbursements reaching an all-time high - and have made significant strides as an organisation, despite the challenging operating environment. Our success is a testament to the cohesive and committed team we have cultivated; I am immensely proud of what we have accomplished together.

Fortunately, I was part of the team that created our strong 10-year strategy. This provides us with a clear vision for our future and desired outcomes. However, to truly unlock its potential, we now need to refine it further. Making critical choices now is paramount, not just for immediate project development but for building a robust pipeline of future programmes.

We need to initiate projects with long-term impacts, extending beyond my tenure and even the 10-year strategy horizon. This is crucial, especially considering the vast development gap on our continent. As a DFI, staying relevant and growing in this space requires a delicate balance.

The DBSA's 40-year journey has been a remarkable story of transformation, as the development reach, geographical footprint and financial sustainability have evolved. The responsibility to continue this journey from strength to strength is now on our hands. Our guiding light is the question: how is what we are doing building Africa's prosperity?

Our people are the bedrock of the DBSA

In my first year as CEO, I have prioritised leadership, culture, and development impact at DBSA, recognising that our success hinges on our people rather than just technology or processes. Understanding that our team is our greatest

investment, I have placed particular emphasis on fostering a culture of leadership and continuous improvement. We initiated a comprehensive culture survey and integrated leadership development into our management meetings from the outset. This investment in leadership development is crucial as we navigate our future goals. It's not just about being in charge; it's about leading effectively at all levels, whether as a specialist, clerk, or associate. Our commitment to learning and development ensures that our leadership is well-equipped to guide us through the challenges and opportunities ahead.

Investing in people yields returns that extend far beyond the Bank itself. By providing our people with valuable skills and knowledge, the DBSA becomes a training ground for exceptional development practitioners who can excel anywhere in the world. This investment not only benefits the organisation, but also contributes to the growth and success of individuals in their careers, making it a mutually beneficial endeavour.

Strategic review

Our 10-year strategy prioritises key areas such as cities, the Just Transition and regional integration, and ensuring we remain fit-for-purpose. These elements work together to propel us forward strategically. We operate within a dynamic environment characterised by rapid change, where transitions are occurring at global, regional, national, and institutional levels. To thrive in this environment, we need to continuously assess our strategy to ensure the DBSA remains relevant and effective in fulfilling its mandate. Our annual strategic review process highlighted a combination of external and internal drivers that may impact on our ability to deliver on our developmental mandate.

Drivers in our operating environment

The global economy faces a challenging landscape of high inflation, rising interest rates, and sluggish growth. Escalating geopolitical tension, including the Russia-Ukraine conflict and crises in West Africa, Gaza and Israel, are contributing to increased global polarisation. These tensions have ripple effects on various regions, including South Africa, impacting productivity, trade, and socio-economic factors. South Africa faces

specific challenges such as energy shortages and logistics, crime, which directly affect the nation's cost of living, unemployment rates and poverty levels. Driving economic development is going to be key in terms of addressing our economic woes.

Globally, financial markets are experiencing high interest rates, resulting in elevated costs of funding for businesses and individuals. Access to lines of credit and concessional financing becomes crucial for mitigating the impact of high interest rates on economic activities and investment. The global trend towards greening the earth is gaining momentum, necessitating a shift towards sustainable practices and green initiatives.

Climate-related challenges pose both risks and opportunities for businesses and economies, requiring proactive measures to address environmental concerns and capitalise on emerging green markets. The aftermath of the COVID-19 pandemic has reshaped the way we work, with significant implications for businesses and industries. Remote work, digital transformation, and hybrid work models are becoming more prevalent.

Our response

During the year under review, we focused on five strategic initiatives emanating from the strategic review and leadership sessions.

Integrated municipal approach

This year marks a significant milestone for us as we have shifted from a fragmented, needs-based approach to municipalities to a more cohesive strategy. Over the past four decades, we have provided support to metros and municipalities through various lending and non-lending activities. Despite the challenges faced by municipalities today, our commitment to supporting them remains unwavering and countercyclical. Our support is not sporadic; it is rooted in our dedication to finding the most effective ways to assist municipalities. We have offered lending, non-lending support, planning assistance, project preparation, infrastructure development, implementation, and maintenance across the infrastructure value chain. Now, our focus lies on developing financing structures and providing non-lending support at the city level, particularly in secondary cities and under-resourced areas. By

strengthening municipal institutions and governance processes, we aim to foster economic growth and activity in these regions. Collaboration with partners, including the private sector, is integral to our approach, as we work together to create economic zones and opportunities for communities, regardless of their location. This integrated municipal approach, guided by our philosophy of partnering with the district, allows us to leverage various components for greater impact and sustainable development.

Achievement of a just transition

Our current loan book reflects South Africa's energy sector, which is carbon intensive. Roughly 80% of the DBSA's loan book is in municipal finance and energy.

Regional Integration

Accelerating infrastructure development is critical to achieve Africa's development objectives. The African continent holds enormous potential, with a rapidly growing middle class that consumes and needs infrastructure. The African Continental Free Trade Agreement, signed by 54 out of 55 African Union member states, aims to boost Africa's trade by eliminating internal regulations and creating a single market for goods and services. Infrastructure development is integral to the successful implementation of the African Continental Free Trade Agreement, as it underpins economic growth, trade facilitation, industrialisation and regional integration across the continent.

Unimpeded trade across Africa hinges on modernised border infrastructure and streamlined procedures for handling goods and services. To address this, South Africa's Department of Home Affairs launched the six inland ports of entry projects, as Public-Private Partnerships. The initiative spans the redevelopment of the six busiest ports of entry, which border Zimbabwe, Botswana, Lesotho, Mozambique and eSwatini. The DBSA provided a USD1 million grant through SADC's Project Preparation and Development Facility to support the feasibility study and procurement phase, including specialist studies in traffic forecasting, cost-benefit analysis, and land and bulk infrastructure assessment.

One of the continent's main challenges to developing infrastructure investments is increasing sovereign indebtedness limiting sovereign spending on

infrastructure. Local banks and financial institutions are not able to fund these projects fully, creating the need to diversify sources of funding and boosting public-private partnerships. As a leading African DFI we have a role to play in building coherent partnerships among African DFIs. Closing the infrastructure development gap in South Africa, and across the continent, will require a focus on capital formation and leveraging public and private resources. In the latter part of the year, we embarked on roadshows across Africa to meet other African DFIs and stakeholders.

Shareholder alignment

Given the continued growth and development challenges, the DBSA should play an increased role to influence economic development policy through actions (especially capital formation and capacity development) and contributions to policymaking. It is for this and the obvious investor confidence boosting reason that would indirectly lower our cost of funding that the DBSA embarked on a process to explore the concept of SARB regulation. To fulfil our strategic goal of expanding developmental activities, we focus on ramping up our balance sheet. To address this, we are investigating means of lowering the cost of funding through exploration of diversified funding options, increasing partnerships with other DFIs and accessing concessional funding which will grow the balance sheet.

Elevating Development Impact

We leverage our strong financial base and reputation to drive development, transformation, and sustainability. While financially sound, we acknowledge the need to further amplify our developmental impact. As a DFI, achieving sustainable growth requires striking a critical balance between addressing short-term needs and investing in long-term impact, even if the latter's outcomes take time to materialise.

Executing our strategy

Our strategy review identified opportunities to enhance operational efficiencies to boost strategic and operational effectiveness. We continue to develop a high-performance and accountability culture.

Fostering strategic partnerships

We recognise that nurturing strategic partnerships that are mutually beneficial in achieving the mandate is a strategic imperative. These strategic partnerships include building relationships with other DFIs, state-owned entities, and the public and private sector. Strong relationships with strategic investment partners nationally, regionally, and internationally enhance the development and growth of the Bank's infrastructure pipeline. Synergies created through these partnerships also have the benefit of enhancing the DBSA's reputation as one of the leading African DFIs.

Our programmatic approach

The Bank adopts a programmatic approach to infrastructure development and delivery, where sector projects are standardised and executed efficiently both technically and financially. This approach enables the rollout of infrastructure at scale and speed, as demonstrated in programmes such as renewable energy, student accommodation, and national water initiatives. The success of the renewable energy programme, in particular, has been acknowledged internationally under programmes like Scaling Solar. This achievement highlights the DBSA's ability to develop effective procurement models with broad applicability across the continent. Notably, the Bank is recognised as a pioneer programmatic

approach and invited to participate in the Paris Climate Finance Summit. At the summit, the focus was on unlocking infrastructure development across Africa in collaboration with DFIs and multilateral development banks to address the continent's infrastructure backlog.

Appreciation

I am deeply grateful for the legacy inherited from past leaders and the unwavering support of National Treasury. As we celebrate 40 years of DBSA's journey, it is the remarkable transformation alongside South Africa's democratic transition that deserves recognition. Our focus on driving inclusive economic development through infrastructure projects remains steadfast. Looking ahead, we are committed to further strengthening our impact through strategic investments in people, fostering a culture of innovation, and ensuring equitable access to infrastructure across the nation. Together, we will propel DBSA towards an even brighter future, one that empowers African potential and contributes meaningfully to a more sustainable and prosperous continent.



Ms Boitumelo Mosako
Chief Executive Officer

OUR PERFORMANCE

Objective	Key performance indicator	2024 Actual	2024 Target	2023 Actual
Financial Sustainability	ROE (calculated on sustainable earnings)	9.0%	6%	9.3%
	Cost to income ratio - financing business	18.2%	30%	23.5%
Sustainable Growth	Total Disbursements	R17 billion	R14 billion	R13.7 billion
Unemployment reduction	Number of jobs facilitated	31 638	22 000	20 067
Increase SA fixed capital formation	Value of infrastructure delivered	R4.6 billion	R4.9 billion	R4.8 billion
Increased sustainable developmental outcomes in SA Districts	Number of programmes approved for implementation in district spaces / Value of infrastructure unlocked in district municipal spaces adopted for programmatic approach	5 programmes	5 programmes	7 District Municipalities adopted for programmatic approach
Increased sustainable developmental outcomes in under-resourced municipalities	Value of infrastructure unlocked in under-resourced municipalities (excluding the partnered municipal spaces)	R2.5 billion	R1.5 billion	R2.1 billion
Just Transition	Value of projects approved for funding by DBSA's existing Climate and Environmental Facilities (e.g., Climate Finance Facility, Embedded Generation Investment Programme etc.)	R4.6 billion	R500 million	R756 million
Empowerment Support	Number of transactions that are committed for DBSA funding to black-owned entities	13	6	7
Gender mainstreaming	Percentage of procurement spend on black woman owned suppliers for IDD third party fund (30% and above shareholding)	49% of total procurement spend from B-BBEE suppliers	35% of total procurement spend from B-BBEE suppliers	36% of total procurement spend from B-BBEE suppliers
Increase DBSA efficiency and effectiveness	Digital DBSA (digitalisation, automation, and process re-engineer)	4 business processes automated for our core business	3 business processes automated for our core business.	3 business processes automated for our core business

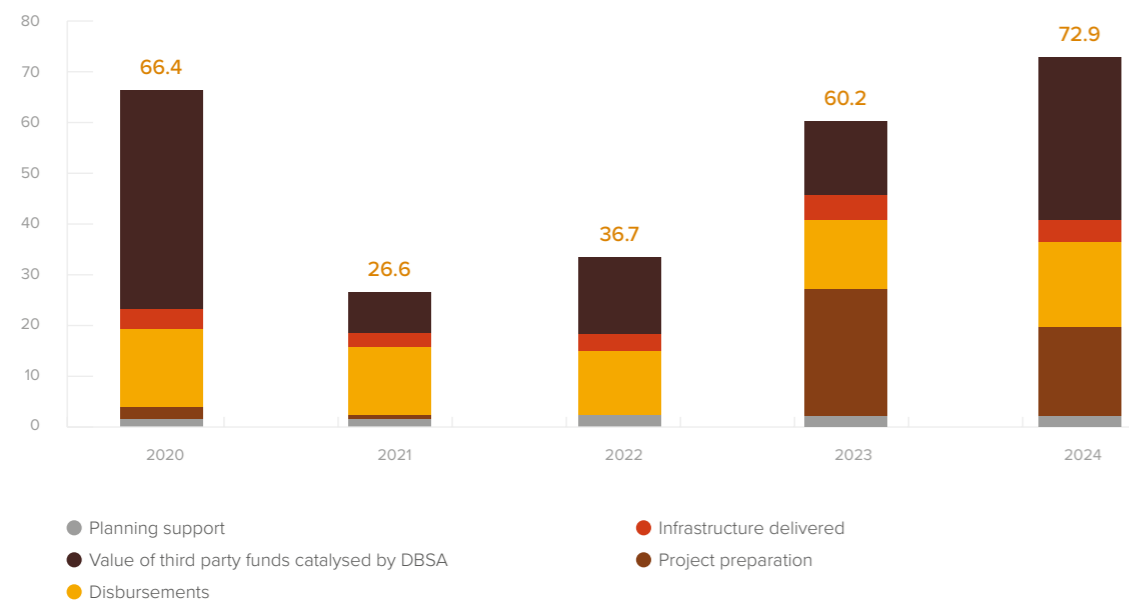
Objective	Key performance indicator	2024 Actual	2024 Target	2023 Actual
Develop a high performance and accountability and suitable organisational culture	Align DBSA architecture/design and people process to the growth strategy of the organisation.	2 People Processes aligned as per core business requirements	2 People Processes aligned as per core business requirements	2 People Processes aligned as per core business requirements
	Implementation of culture change initiative	Draft culture strategy developed for Board approval	Develop a Board espoused culture strategy for the DBSA	Not applicable
Smart Partnerships	Client + Stakeholder satisfaction survey	2	4	3.9
Improve DBSA governance and risk management	Irregular, unauthorised and fruitless and wasteful expenditure	0.0% (Rnil) of expenses as irregular, unauthorised, fruitless and wasteful expenditure	Classify 0.0% (R value) of expenses as irregular, unauthorised and fruitless and wasteful expenditure	0.0% (R111 000) of expenses as irregular, unauthorised, fruitless and wasteful expenditure
	Ethical behaviour	No findings on unethical behaviour by any staff member during the year	Decisive consequence management for unethical behaviour	No findings on unethical behaviour by any staff member during the year
	Compliance with the PFMA	All PFMA submissions were submitted within the stipulated timelines	Process all PFMA submissions within the stipulated deadline	All PFMA submissions were submitted within the stipulated timelines
	Unqualified Audit opinion	Clean audit opinion	Achieve unqualified audit opinion without matter of emphasis	Clean audit opinion

OUR DEVELOPMENT OUTPUTS – THE VALUE WE CREATED

Our development impact

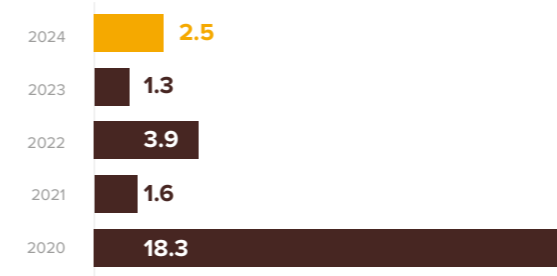
Total infrastructure support

For the year ended 31 March 2024, the DBSA delivered total infrastructure support to the value of R72.9 billion across the entire infrastructure value chain, as shown in the following graph.

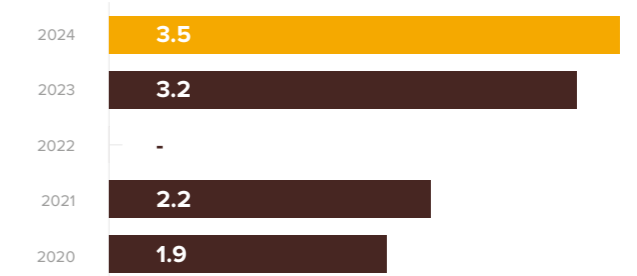


PROJECT PREPARATION

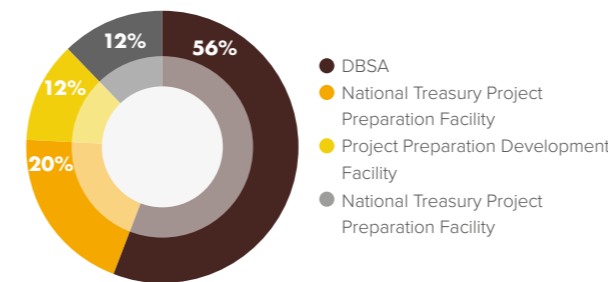
Value of funds catalysed for infrastructure delivery (R billion)



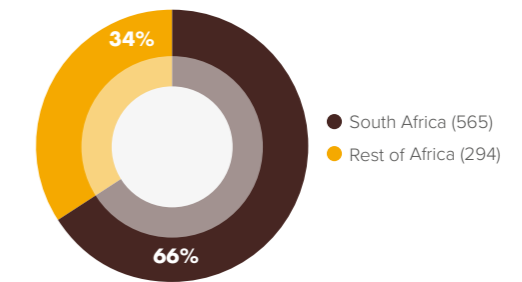
Value of projects for black-owned entities approved for project preparation funding (R billion)



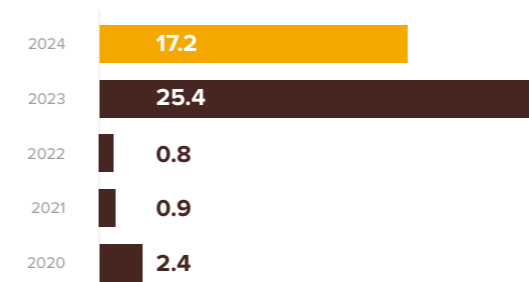
Project preparation pipeline: Commitments – by funder (%)



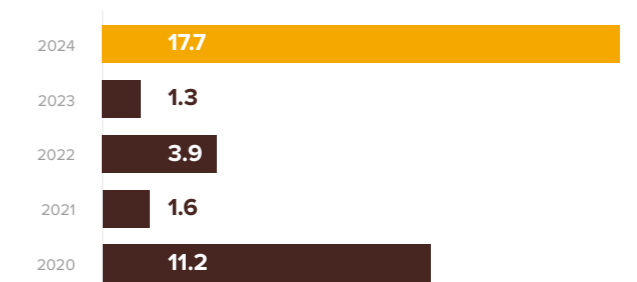
Project preparation pipeline – by geography (%)



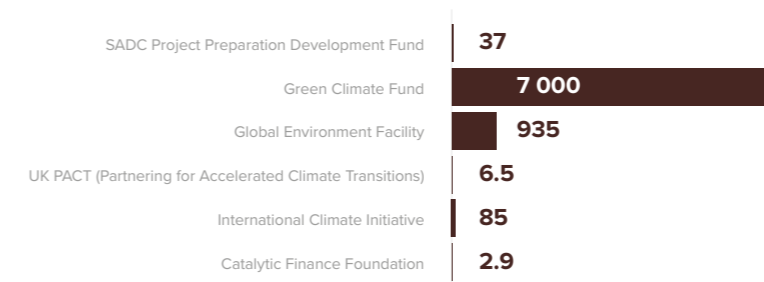
Value of projects approved and committed for funding by the DBSA (R billion)



Value of projects prepared but funded by third parties (R billion)

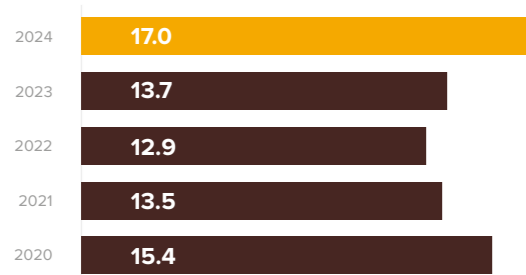


Third-party funds committed to deliver the DBSA's development mandate (R million)



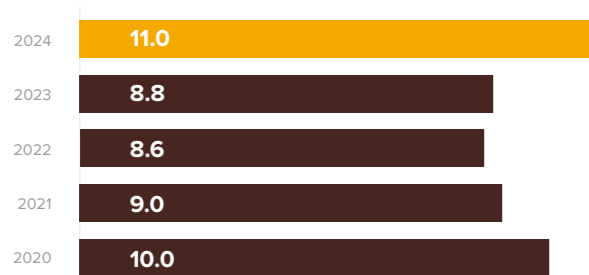
FINANCING

Total disbursements (R billion)

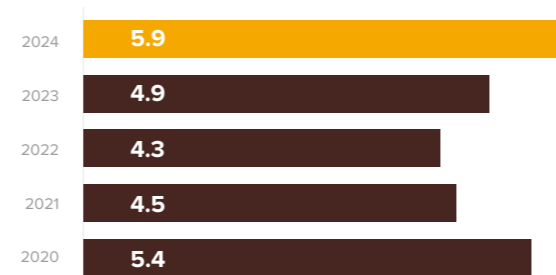


Total disbursement sector split between South Africa and Rest of Africa on the graphs below

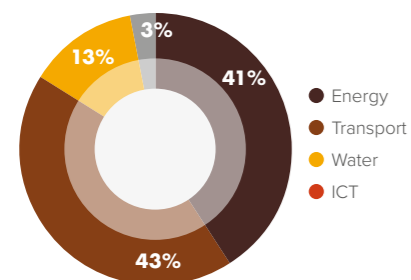
Total South Africa disbursements (R billion)



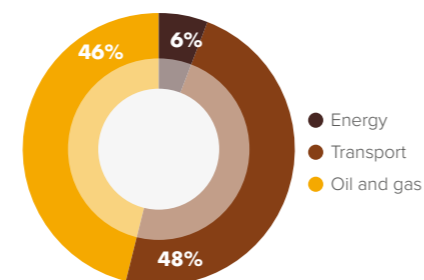
Total disbursements for the Rest of Africa, excluding South Africa (R billion)



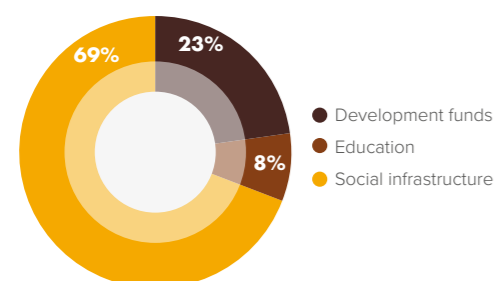
South Africa disbursements: Primary sectors (R9.8 billion) – (%)



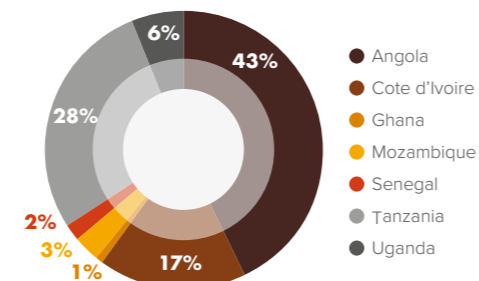
Rest of Africa disbursements: Primary sectors (R5.4 billion) – (%)



South Africa disbursements: Secondary sectors (R891 million) – (%)

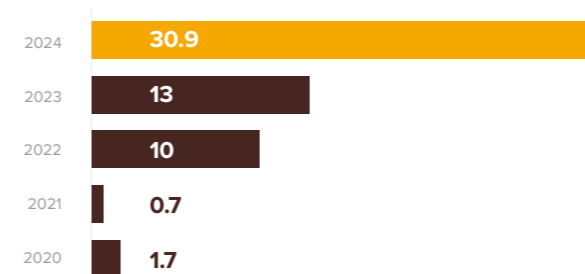


Rest of Africa disbursements per country – (%)

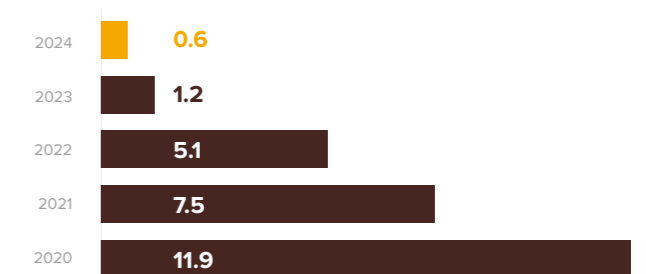


Third-party funding

Value of third-party funds catalysed in South Africa (R billion)



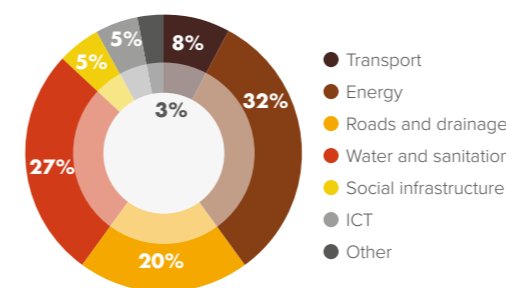
Value of third-party funds catalysed in the Rest of Africa (R billion)



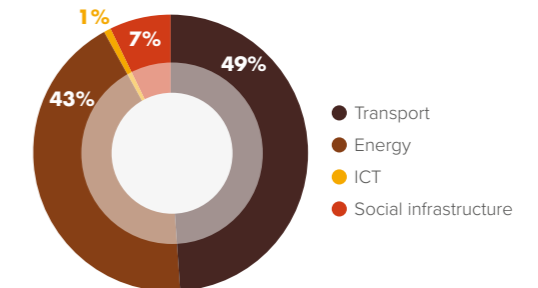
Overview of sectors supported

The DBSA collaborates with national, provincial, and local governments and state-owned companies in South Africa to deliver against government priorities across sectors.

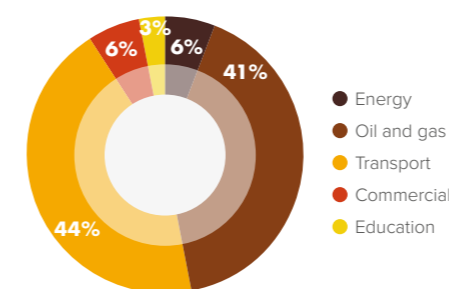
South Africa municipal disbursements per sector (%)



South Africa non-municipal disbursements per sector (%)



Rest of Africa disbursements – (%)



Local government sector

The DBSA leverages its expertise to finance essential infrastructure projects for municipalities and local governments. This focus area includes water, sanitation, electricity, and human settlements – the backbone of functional communities.

Beyond these core needs, the DBSA expands its support to community services and infrastructure that drives economic growth and sustainability. The Bank offers a comprehensive suite of financial and non-financial products specifically designed to empower municipalities, recognising their vital role in regional economies. By providing these resources, the DBSA strengthens the foundation for long-term success in these communities.

Disbursements were driven mainly by the municipal clients, renewable energy projects and projects from SADC and Non-SADC countries.

R billion	2024	
	Actual	Target
Top five metros	R4.6	R2.6
Small metros and intermediate cities	R0.6	R0.5
Total	R5.2	R3.1
Planning support to secondary and under-resourced municipalities: infrastructure unlocked to secondary and under-resourced municipalities through planning support	R2.5	R1.5

Project Highlight: Overstrand Municipality

The Overstrand Municipality was grappling with several challenges related to electricity. Aging overhead power lines resulted in unreliable supply, infrequent maintenance meant constant issues, and illegal connections plagued the system. To address these problems, a project was initiated to upgrade the electricity grid.

The DBSA provided R29 million in funding to tackle these issues. The project replaced overhead lines with underground cables, improved the overall network with new substations and technology, and implemented energy-efficient LED lights. This project benefitted nearly 30 000 households by strengthening the grid, reducing maintenance needs, and improving overall access and standard of living. Additionally, 112 temporary jobs were created during the project's implementation.

Supporting under-resourced municipalities with infrastructure plans

Through its Planning Unit, the DBSA provides under-resourced municipalities and other qualifying clients with infrastructure planning support. Such infrastructure planning support includes, but is not limited to, the development of infrastructure master plans, sector plans, management plans for the reduction of non-revenue water and electricity, and other asset management plans (e.g., operations and maintenance plans). The support service draws on the annual Non-lending Development Subsidy budget, a capacity building and support grant. The value of infrastructure unlocked during the 2023/24 financial year is R2.5 billion compared to an annual target: of R1.5 billion.

During the period under review, the DBSA's total development expenditure on capacity building support grants amounted to R75 million. Below is a table that depicts both the beneficiaries and quantum of grants and planning interventions undertaken on behalf of or for the benefit of under-resourced municipalities and other clients.

A key aspect of our strategy has been the utilisation of non-recoverable lending, known as development subsidy, aimed at supporting M2 and M3 municipalities and local government entities. This support is directed towards infrastructure planning and project implementation in municipalities with limited technical and financial capacity. Our approach evolved over time, with strategic refinements in 2016 and the development of the Integrated Municipal Approach initiative in 2023, aligning with the popular district approach. The establishment of the PPD Division in 2017 further supported the Bank in accessing development finance from various international institutions and donors, particularly in addressing climate change impacts through climate finance initiatives. This ongoing journey underscores our commitment to advancing economic development, fostering growth, and nurturing human capital skills.

During the period under review, the DBSA's total development expenditure on capacity building and support grants amounted to R75 million.

Outcomes

Implementation support to municipalities (non-lending)

	2024	2023
Number of households that received access to new and improved services in water, sanitation and electricity	50 000	93 428
Temporary jobs created	0	375
Number of infrastructure projects completed	0	9

Education

The DBSA's assistance to the education sector enhances educational infrastructure, elevates the quality of education, and facilitates capacity building. This, in turn, catalyses social and economic development throughout the Southern African region.

	2024	2023	2022	2021	2020
New schools built	6	2	1	11	4
Schools refurbished	18	117	104	51	110
New ventilated improved pit (VIP) latrines at schools	189	177	237	68	-
Water, sanitation, fencing and modular structure at schools	-	38	6	-	-

Outcomes

	2024	2023
Learners benefiting from refurbished schools	14 755	29 555
Learners benefiting from newly built schools	4 375	2 208
Learners benefiting from new ventilated pit latrines	65 190	68 687
Learners benefiting from water, sanitation, fencing and modular structure at schools	0	6 497

Project Highlight: Ngxaza Primary School

The DBSA has been one of the Implementing Agents for the Accelerated Schools Infrastructure Delivery Initiative since 2011. The Ngxaza Primary School in Elundini Local Municipality, Eastern Cape is a new, consolidated mega school built to replace and improve upon neighbouring schools. Construction involved both demolition and refurbishment of existing buildings, along with entirely new structures. The completed school has 15 classrooms and can accommodate over 600 learners. The project created jobs for over 500 people, including young people and women, and provided skills training for 85 local residents in construction trades.



Social

We assist the South African Government in funding and expediting the execution of infrastructure initiatives in vital social sectors such as education, health, and human settlements, along with various municipal infrastructure endeavours. This involves aiding the government in renovating and enhancing critical infrastructure and state buildings, encompassing safety and security, sports, arts and culture, and military operations. The DBSA collaborates with national, provincial, and local authorities to fulfil priorities within these sectors. Government funds have been reallocated to hasten the delivery of social services, strengthen public health initiatives, and alleviate the escalating expenses of higher education for students from low- and middle-income backgrounds. We lend support to key national initiatives, including the Accelerated Schools Infrastructure Delivery Initiative targeting the elimination of inadequate school structures, the National Health Insurance and Ideal Clinic Programme, and the National Human Settlements programmes.

Mandate programmes	Actual	Target
Infrastructure delivered	R4.6 billion	R4.9 billion

Sphere of government	Sector	Number
National and provincial	Education	New = 9
		Refurbishment = 15
		School sanitation = 223
	Tourism	Refurbishment = 31
	Public works facilities	Refurbishment = 4
	Agriculture	Refurbishment = 15
	Health	Refurbishment = 10
	Economic infrastructure	Refurbishment = 6
Energy	New = 2	

	2024	2023	2022	2021	2020
Houses completed/refurbished	202	-	-	-	200
Health facilities	10	2	-	6	2
DBE COVID-19 mobile toilets in Eastern Cape and KwaZulu-Natal	-	-	237	55	-
Water, sanitation, fencing and modular structure at schools	1	40	6	-	-

Project Highlight: Balfour Community Health Centre

The R373 million Balfour Community Health Centre in Mpumalanga is a new facility designed to improve healthcare access for the Balfour community and surrounding areas. The investment represents a commitment to enhancing healthcare accessibility while driving sustainable development and prosperity in the Balfour community. This modern facility offers a wide range of healthcare services, including primary care, maternal and child health services, chronic disease management support, and community health education. The centre is also equipped to handle emergencies and strives to promote preventative measures to improve overall community health outcomes. Construction began in November 2019 and was completed in August 2023. The project provided job opportunities for local residents, with over 580 jobs created and training provided to 90 participants.



Outcomes

Total households impacted

	2024	2023
Water (includes reticulation and provision of water)	77 809	36 631
Sanitation (includes reticulation and upgrading)	89 790	48 307
Energy (includes upgrading of substations and electrification of households)	10 471	945
Roads and drainage	70 988	514 235

Energy

We adopt a comprehensive strategy to ensure enduring energy stability, spanning South Africa and the wider African continent. This involves offering support for transitions and financing green projects throughout the region.

Project Highlight: Umoyilanga Hybrid Project

The Umoyilanga Hybrid Project will provide 75 MW of net dispatchable capacity generated at two locations that are 900 km apart. The project will operate as a virtual power plant by integrating wind, solar PV and battery energy storage system generation from the two locations. Having reached financial close on 28 November 2023, operations are set to begin commercially in March 2025. The DBSA joins Nedbank and Rand Merchant Bank in funding the project, providing senior debt and BEE financing. The Umoyilanga Hybrid Project was selected, in conjunction with other hybrid proposals, as a preferred bidder during the Risk Mitigation Independent Power Producer Procurement Programme (RMIPPPP) in March 2021. The Department of Mineral Resources and Energy designed the RMIPPPP to procure 2000 MW of new generation capacity from a range of energy source technologies.

The project will provide approximately 890 job opportunities during construction (measured in job years) and more than 40% of the capital expenditure will be used to procure local goods and services. Over the 20-year operational period, 1% of revenue will be dedicated to local communities through socio-economic initiatives. The commitments align with the DBSA's drive to make a positive impact on the lives of people in Southern Africa by enabling infrastructure investment as a lever to stimulate economic growth and social development.



Transport

The transport sector is a crucial driver for economic growth and social development, as well as a fundamental component of the continent's competitiveness in global markets.

Project Highlight: The ATNS Infrastructure Programme

Air Traffic and Navigation Services (ATNS), a South African government-owned company, oversees air traffic control in approximately 6% of the world's airspace, connecting more than 33 states in Africa and the Middle East. To ensure continued safe and efficient air navigation services, ATNS is undertaking a critical infrastructure upgrade programme. The DBSA is proposing a R500 million investment to finance these capital expenditures. This funding will enable ATNS to upgrade and refurbish aging infrastructure, a vital step in fulfilling its mandated air traffic management responsibilities.



ICT

Investing in ICT, including broadband infrastructure, is crucial for fostering economic growth, enhancing competitiveness, generating employment opportunities, and promoting nation-building and social cohesion at the local, national, and regional levels. Over the past decade, connectivity infrastructure has significantly expanded across the SADC region, largely due to the installation of undersea cables linking Africa with the rest of the world. These cables cover four key connectivity corridors: Africa-Europe, Africa-Latin America-US, Africa-Asia, and intra-African connections. Despite this progress, there remain gaps in access, particularly in rural and densely populated areas. The DBSA is actively addressing these challenges through initiatives such as the Internet 4All Programme in Africa, SA Connect, and municipal connections, which aim to extend connectivity to underserved areas. By investing in ICT infrastructure, the DBSA is narrowing the digital divide in Africa, creating employment opportunities, stimulating economic growth, and enhancing the overall quality of life for millions of people across the continent.

	2024 actual	2024 target
Disbursements support activities		
Economic infrastructure	R5.3 billion	R5.2 billion

Projects in the Rest of Africa

Project Highlight: TransNamib Railways in Namibia (Transport)

The DBSA will invest R2.2 billion for the implementation of TransNamib’s Integrated Strategic Business Plan, which is aligned with the goals of the Africa Free Continental Trade Agreement. The renewal of Namibia’s railway and logistics sector will boost regional intra-African trade and integrate the 55 African Union member states. TransNamib will acquire and refurbish approximately 33 locomotives and 1 000 wagons to enhance Namibia’s capacity to transport freight and cargo within the country and facilitate imports and exports throughout the region. This investment will bolster the development of integrated and interconnected ports, railways and corridor-driven logistics networks in SADC.

Project Highlight: Tanzania Standard Gauge Rail

Tanzania is embarking on a major initiative to upgrade its rail network and infrastructure. The project will connect landlocked countries such as Burundi, Rwanda, Uganda, and the Democratic Republic of Congo to global markets through the port city of Dar Es Salaam. The entire route that stretches approximately 1950 kms, is being built in seven phases with an estimated cost of USD 7-8 billion.

The Project is an integral part of the Central Corridor which integrates rail, road and ports infrastructure in the landlocked countries of Burundi, Rwanda, Uganda to the port of Dar Es Salaam. DBSA was requested to participate in lots 3 and 4 (Makutupora – Isaka) for an amount of USD100 million. This project expands upon the existing standard gauge railway by adding 427 km to the first phase.

Project Highlight: Bridging the education gap in Senegal with technology

The lack of suitable and responsive educational infrastructure in many African countries has a significant impact on the quality of education and the lives of the people. This infrastructure gap infringes on the right to education. The DBSA is changing lives through participating in education infrastructure programmes. These programmes include building and refurbishing schools, expanding student housing and bringing educational facilities closer to underserved communities.

In Senegal, the Ministry of Higher Education, Research, and Innovation is addressing the surging student population by implementing a large-scale programme introducing Open Digital Spaces, which use a hybrid teaching model combining in-person and remote learning. To support this initiative, the DBSA was invited to contribute funding for the construction of 45 of these spaces. The initiative addresses the critical mismatch between existing university capacity and Senegal’s rapidly growing student population. The number of students surged from 93 866 in 2012 to 190 145 in 2018, an increase of 49.36%. This project aligns perfectly with DBSA’s mandate of promoting successful applications of ICT to advance education and serves as a replicable model for other African countries facing similar challenges.

Project Highlight: Southern African Post Office Association Initiative

The SADC team has collaborated with the Southern Africa Postal Operators Association to identify three sub-initiatives that will revive the transport, logistics and IT infrastructure of postal operators in the region. This will include the preparation and financing of the following projects:

- Financial inclusion – national transaction and switch infrastructure for the SADC Region Postal Services
- E-commerce – digital track-and-trace system for the region’s mail services
- Logistics – revitalisation and rehabilitation of the post bus services

Project Highlight: Port Management Association of Eastern and Southern Africa (PMAESA): Lake Tanganyika Initiative

The SADC coverage team is developing a programme jointly with PMAESA that will unlock passenger and freight transportation port projects around Lake Tanganyika. The target countries include Zambia (Port Mpulungu), Tanzania (Port Kigoma), the DRC (Port Kalemie) and Burundi.

Project Highlight: Namibia PPP Project Preparation Fund

The Development Bank of Namibia (DBN) approached the DBSA seeking assistance in supporting the government of Namibia PPP Unit to establish a PPP Project Preparation Fund that will mobilise project preparation funding for projects in Namibia. The Project Preparation Fund will need an estimated capital amounting of USD100 million spread over a period of three years to support activities for at least 10 projects. This will cement the DBSA’s long-standing strategic partnership with DBN.

Project Highlight: Namibia PPP Hospital Projects

The Ministry of Health and Social Services in Namibia requested technical support from the DBSA and the DBN to assist with assessing prioritised general hospitals in Namibia. These hospitals are at various stages of development and once project PPPs are approved, will enter a potential pipeline for the DBSA and DBN to consider for project preparation funding or investment. The DBN team is working closely with the DBSA on this process.

Project Highlight: The SADC Water Fund

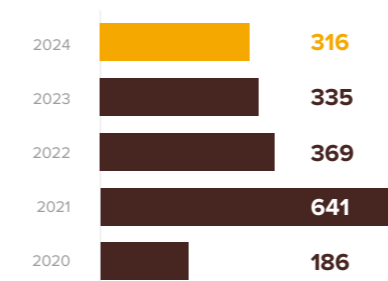
The SADC member states mandated its Secretariat to establish a Water Fund to enable channelling of the International Cooperating Partner support to the SADC water sector. This decision led to SADC, KfW Development Bank and DBSA entering into a Financing and Project Agreement on 18 December 2012. The agreement mandated DBSA to serve as the Project Executing Agency responsible for managing the Fund.

SADC and DBSA further entered into an Agency Agreement on 5 May 2014 which mandates DBSA to manage and implement the start-up phase of the Regional Fund for Water Infrastructure and Basic Sanitation. As the Project Executing Agency, DBSA is responsible for the following:

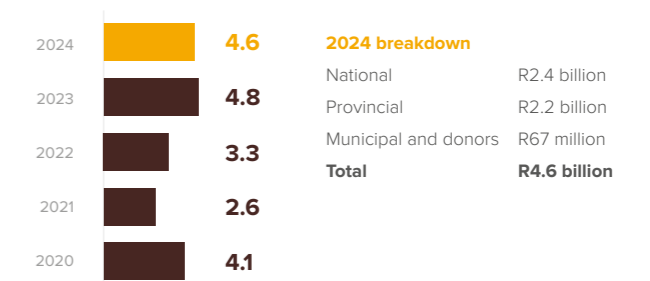
- To review regional investment project proposals.
- To conclude a financing agreement with the government of the proposing country and the project sponsor.
- To manage project implementation including financial management, quality assurance and reporting.

INFRASTRUCTURE DELIVERY

Number of projects completed



Value of infrastructure delivered (R billion)



OTHER OUTCOMES

Transformation indicators

88%	49%	R4.1 billion
Procurement spend on black-owned suppliers for IDD third-party fund	Procurement spend on black women-owned suppliers for IDD third-party fund	Infrastructure projects delivered by B-BBEE entities

		2024	2023	2022	2021	2020
Job opportunities created	Number	9 269	9 951	9 230	8 190	9 758
SMMEs benefitted	Number	1 308	1 524	1 543	1 031	1 219
Value of spend allocated to SMMEs and subcontractors	R million	615	785	914	611	948

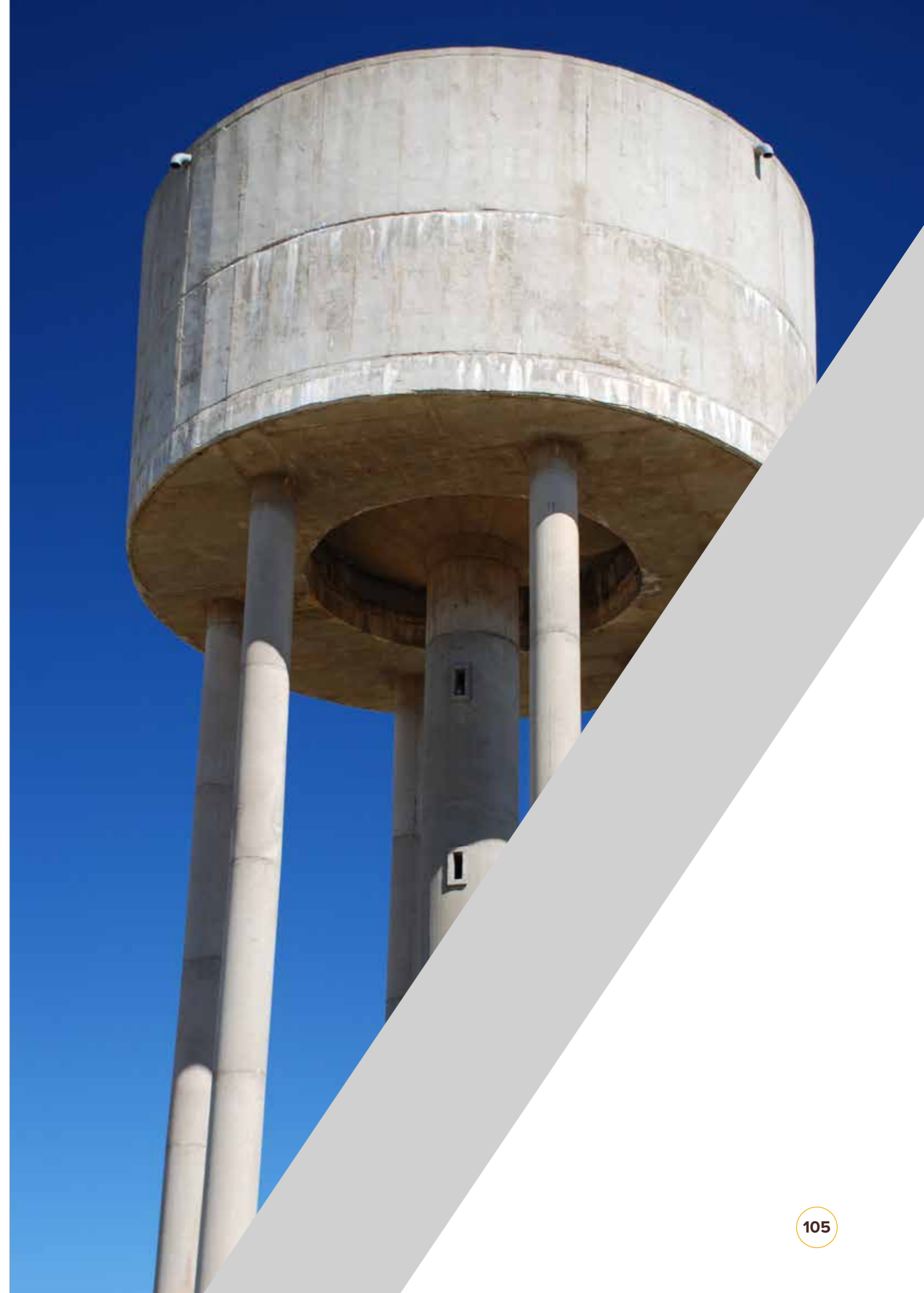
	2024	2023
Number of local SMMEs and subcontractors that benefitted	1 308	1 524
Anticipated direct and indirect construction jobs	17 578	10 080
Anticipated direct and indirect operational jobs	3 906	1 970

INFRASTRUCTURE FUND

The core focus of the Infrastructure Fund (IF) has been to create a credible pipeline of blended finance programmes and pipeline (in priority sectors) and transitioning this pipeline to financial close. To this date, the IF has been mandated by project sponsors to assist with packaging and financing 13 blended finance projects/programmes, with a capital value of R57.8 billion. This amount excludes R9.1 billion for the Ports of Entry Project, a PPP project. In aggregate, 14 advanced projects have a capital cost of R66.9 billion. With the latest round of National Treasury Budget Facility for Infrastructure approvals (February 2024), in total, the BFI has approved R25.7 billion out of the R100 billion provisionally allocated to the IF over a 10-year period.

The Infrastructure Fund is currently working with the project sponsors to blend the government contribution with financing from the private sector including DFIs, commercial banks, institutional investors, and Multilateral Development Banks. The fund is working on achieving financial close for projects worth about R66.9 billion.

Overall, the Infrastructure Fund pipeline that is being prepared for submission to future Budget Facility for Infrastructure windows is comprised of projects/ programmes from various sectors.



05
DELIVERING
AND
PRESERVING
VALUE



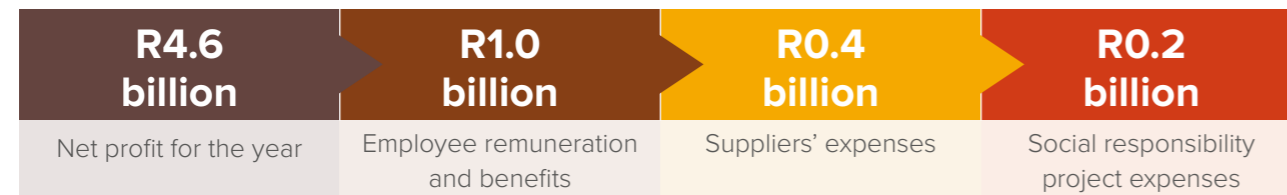
MANAGING OUR FINANCIAL CAPITAL

Our financial capital includes our equity, debt and funding from investors and clients. While our main source of revenue takes the form of profit from operations, we also derive funding from local and international financial markets.








Financial capital inputs



Value created for stakeholders



Key factors impacting the Bank's financial capital

Associated key risks	Strategic pillars	Material Issues	Stakeholders
<ul style="list-style-type: none"> Credit risk Cyber risk Liquidity risk Reputation risk Business environment and operations People and culture risk 	  	<ul style="list-style-type: none"> Governance Strong balance sheet Liquidity and capital management Equity funding for transformation and economic access High cost of funding Long-term business cycle 	   

Governance oversight

Oversight of financial capital management is delegated to the Audit and Risk Committee and the Board Credit and Investment Committee.

Board level oversight	
Audit and Risk Committee	Board Credit and Investment Committee
The Audit and Risk Committee oversees and advises the Board on the following matters: <ul style="list-style-type: none"> Income, expenditure, and capital budget requirements Treasury arrangements and fund mobilisation strategies Transfer pricing policies Development loan impairments Management of assets and liabilities The DBSA's overall financial health and sustainability Internal control framework, and reviews and evaluates the integrity of financial reporting, risk management processes, compliance with legal and regulatory requirements and the internal and external audit functions. ICT governance framework of the Bank 	The Board Credit and Investment Committee is responsible for approving all transactions that would result in the DBSA's aggregate exposure being above the approval limits of the Investment Committee.

Executive management oversight	
Investment Committee	Asset and Liability Management Committee
The Investment Committee (at Executive management level) is responsible for approving transactions within the limits placed by the Board Credit and Investment Committee. Portfolio risks are monitored through the Investment Committee. Based on loans and equities portfolio reports received from management, the monitoring of the loan and equities portfolio is considered adequate.	The Asset and Liability Management Committee assists the CEO in the prudent and effective management of the Bank's treasury, balance sheet activities and other associated activities. The Bank's treasury and balance sheet activities include funding, liquidity management, settlements, interest rate risk management, foreign currency risk management, funds transfer pricing and capital management.

FIVE-YEAR KEY FINANCIAL INDICATORS

	2024	2023	2022	2021	2020	
Financial position (R million)						
Cash and cash equivalents	10 804	6 166	7 990	8 979	3 459	
Financial market assets ¹	503	424	903	1 206	2 599	
Investment in development activities ²	106 225	101 031	90 305	89 037	93 545	
Other assets	783	943	811	826	862	
Total assets	118 315	108 565	100 028	100 048	100 465	
Financial market liabilities ³	64 171	59 082	55 570	59 492	61 918	
Other liabilities	2 103	1 850	1 547	1 405	969	
Total liabilities	66 274	60 932	57 117	60 897	62 887	
Total equity	52 041	47 633	42 911	39 150	37 578	
Financial performance (R million)						
Interest on development loans	11 763	9 614	8 414	7 806	7 628	
Interest on investments	1 190	1 066	564	535	658	
Total interest received	12 953	10 680	8 978	8 341	8 286	
Interest expense	5 240	4 162	3 186	3 449	3 863	
Net interest income	7 712	6 518	5 792	4 891	4 423	
Operating income ⁴	8 175	6 951	6 069	5 137	4 882	
Operating expense ⁵	1 489	1 312	1 307	1 154	1 270	
Sustainable earnings/(loss)⁶	4 509	4 215	3 610	2 316	(587)	
Profit for the year	4 649	5 210	3 825	1 423	504	
Financial ratios						
Total capital and reserves to development loans	%	52.4	50.8	51.0	47.3	43.6
Long-term debt/equity (excluding callable capital)	%	123.4	124.1	129.6	152.1	164.9
Debt/equity (including callable capital) ⁷	%	89.1	87.4	88.4	100.7	107.6
Cash and cash equivalents to total assets	%	9.1	5.7	8.0	9.0	3.4
Total capital and reserves to assets	%	44.0	43.9	42.9	39.1	37.4
Financial market liabilities to investment in development activities	%	60.4	58.5	61.5	66.8	66.2
Non-performing book debt as a % of gross book debt	%	4.5	3.8	4.7	7.7	7.2
Return on average total equity	%	9.3	11.5	9.3	3.7	1.3
Return on average total assets	%	4.1	5.0	3.8	1.4	0.5
ROE based on sustainable earnings	%	9.0	9.3	8.8	6.0	(1.6)
Interest cover	Times	2.5	2.6	2.8	2.4	2.1
Net interest income margin ⁸	%	7.2	6.6	6.2	5.3	5.1
Cost-to-income ratio	%	21.0	23.5	23.7	25.4	28.4

Key:

1. Financial market assets include investment securities and derivative assets held for risk management purposes.
2. Development activities include development loans, development bonds and equity investments.
3. Financial market liabilities comprise medium- to long-term funding debt securities, medium- to long-term funding lines of credit, funding under repurchase agreements and derivative liabilities held for risk management.
4. Operating income excludes net foreign exchange gain/(loss), net gain/(loss) from financial assets and liabilities and impairments.
5. Operating expense comprises personnel expenses, general and administration expenses and depreciation.
6. Sustainable earnings/(loss): net profit/(loss) before adjustments to foreign exchange movements and revaluations of financial assets and liabilities but includes revaluations on equity investments.
7. Measure includes R20 billion callable capital.
8. This ratio is calculated as net interest income (interest income less interest expense) as a percentage of average interest-bearing assets.



Ntombizodwa Mbele
Chief Financial Officer

CFO'S REPORT

It is noteworthy that throughout the 40-year history of the DBSA, its mandate has remained unchanged despite facing various challenges and periods of stability and success. The Bank's enduring relevance is attributed to its broad scope, allowing for adaptation to contemporary circumstances. What shifts over time is the approach taken to fulfil this mandate, reflecting evolving strategies and priorities.

In the late 1980s, the focus was on infrastructure development in the TBVC states, which transitioned in a new era of democracy to the Bank playing a pivotal role in supporting empowerment initiatives, particularly in Black Economic Empowerment. With the advent of democracy came a new focus on municipalities, as the country adopted a multi-layered governmental structure. The Bank adjusted

its broad mandate to address the needs and demands of this evolving landscape, with particular attention given to the third layer of government, local municipalities. This adaptability underscores the Bank's commitment to meeting the changing requirements of the times.

South Africa is not alone in facing challenges in its economic environment. Zambia, Ethiopia, and Ghana are grappling with debt sustainability issues. Political unrest, such as coups in West African nations, and election processes, like those in Senegal, further impact economic stability. In countries such as Cote d'Ivoire, where opportunities abound, whilst competition is fierce. To streamline operations, we are focusing our efforts on select countries.

In the current environment of muted economic growth, the DBSA remained resilient, reflecting our strong foundation of financial stability, excellent governance and values-led leadership. Despite a difficult environment, the DBSA's 2024 financial year featured a record financial performance. Sustainable earnings of R4.5 billion significantly exceeded expectations, buoyed by a strong net interest income of R7.7 billion as a result of high interest rates and higher than anticipated loan disbursements for the year. Net profit further benefitted from the net foreign exchange gains owing to the depreciation of the Rand against major foreign currencies. In addition, operating expenses of R1.5 billion were lower than expected.

Despite the challenging environment, we have successfully raised capital and attracted new investors to our portfolio. Notably, a syndicate of banks from the

Middle Eastern region has invested USD255 million in our operations. More details are found in the Treasury and Balance Sheet Review section of this report. Our equity has shown steady growth, increasing from R48 billion to R52 billion, providing a robust shock absorber against market adverse conditions. While we have benefitted from a high-interest environment, which has positively impacted our income statement, it also has a knock on effect of the borrowing costs.

The strength of the balance sheet is a precursor to growth. Our focus is growth not only in financial performance but also in developmental impact. There are a multitude of societal inequalities and areas of economic weakness that need to be addressed. We find ourselves in a favourable position to effect meaningful change and make a significant contribution to society.

Building capacity and effectiveness through strong financial performance

Statement of financial performance for the year ended 31 March 2024

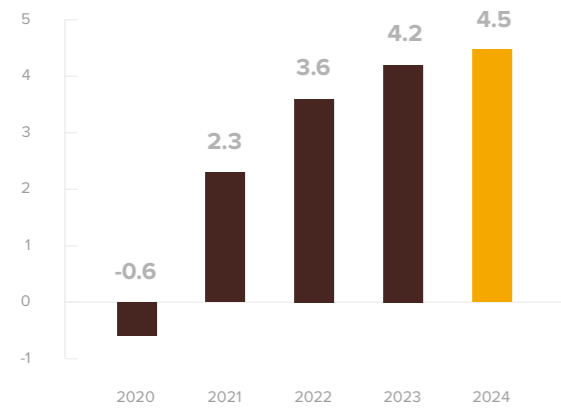
in thousands of rands	2024	% change	2023
Interest income calculated using the effective interest rate	12 773 775		10 422 335
Other interest income	178 874		258 112
Total interest income	12 952 649	21%	10 680 447
Interest expense calculated using the effective interest rate	(5 239 703)		(4 159 075)
Other interest expense	-		(3 195)
Total interest expense	(5 239 703)	26%	(4 162 270)
Net interest income	7 712 946	18%	6 518 177
Net fee income	376 019	12%	334 691
Other operating income	86 138	-12%	97 864
Non-interest revenue	462 157	7%	432 555
Operating income	8 175 103	18%	6 950 732
Depreciation and amortisation	(42 571)	35%	(31 557)
Development expenditure	(193 656)	-29%	(274 324)
Grants	(25 628)	-22%	(32 720)
Impairment losses	(1 428 311)	36%	(1 054 078)
Personnel expenses	(996 677)	9%	(914 408)
Project preparation expenditure	(8 922)	-38%	(14 306)
Revaluation of development loans – unrealised	(55 984)	245%	(16 219)
Revaluation of equity investments – unrealised	(464 346)	1356%	(31 887)
Other expenses	(449 851)	23%	(366 299)
Sustainable profit	4 509 157	7%	4 214 934
Net foreign exchange gains	128 498	-85%	860 205
Net revaluation of financial instruments	11 144	-92%	134 852
Profit from operations	4 648 799	-11%	5 209 991

Profitability

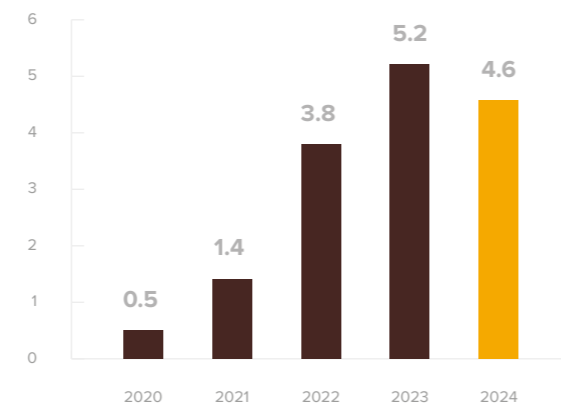
The Bank's net profit decreased by 11% year-on-year, from R5.2 billion in 2023 to R4.6 billion in the year under review, mainly due to lower foreign exchange gains compared to the prior year. However, sustainable earnings rose by 7% to R4.5 billion (2023: R4.2 billion).



Sustainable earnings (R billion)



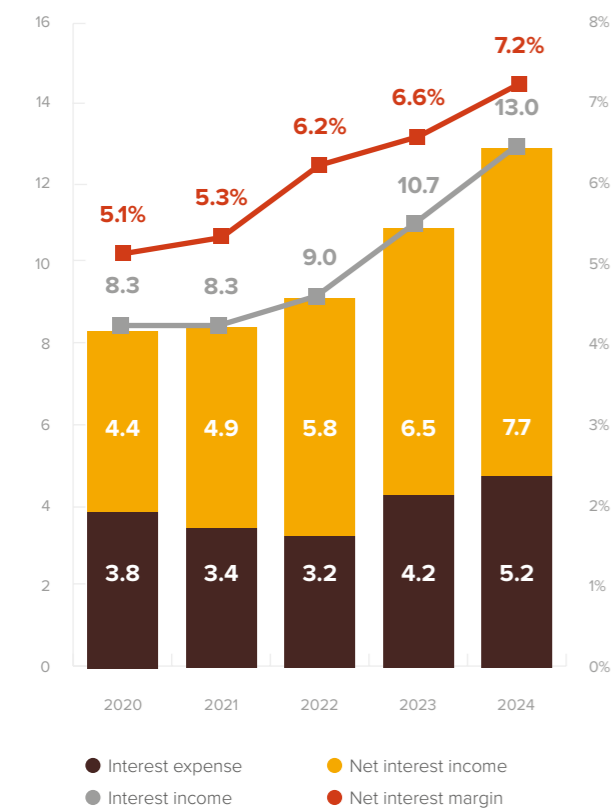
Net profit (R billion)



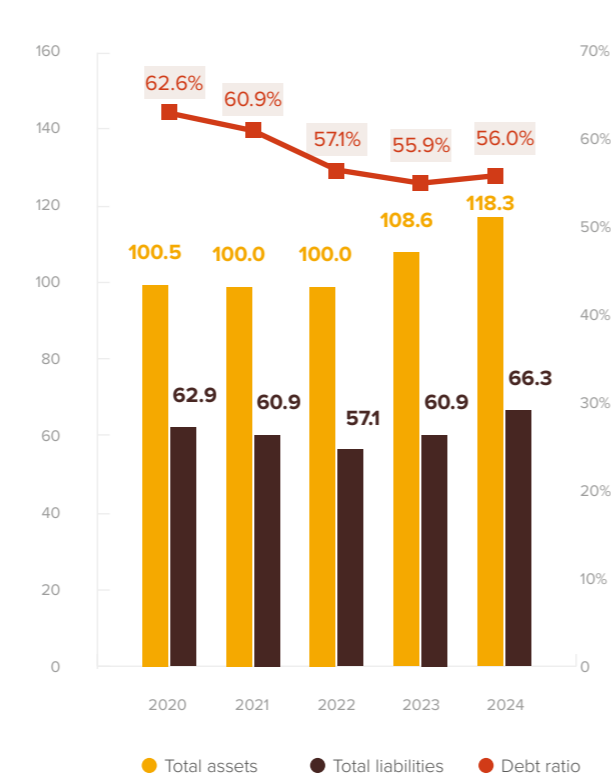
Net interest income management

Net interest income, which is essential to the Bank’s sustainability and efficacy, rose by 18% year-on-year ending the 2024 financial year at R7.7 billion, up R1.2 billion compared to 2023. While much of this net interest revenue growth resulted from an increase in the asset book as well as increasing interest rates, this positive result enables the Bank to enhance its impact. The improved net interest income kept the DBSA’s net interest margin on a clear upward trajectory, rising to 7.2% at the end of the 2024 financial year (2023: 6.6%).

Net interest margin on interest-bearing assets (R billion/%)



Debt ratio (R billion/%)



Cost optimisation and efficiency

In addition to achieving strong revenue growth during the year under review, the Bank effectively managed operating costs within the intended levels, resulting in an improved cost-to-income ratio of 21% (compared to 24% in 2023). Despite the increased operational activity, the Bank was able to maintain stable growth in overall operating costs to R1.5 billion (2023: R1.3 billion).

Balance sheet strengthening

Statement of financial position as at 31 March 2024

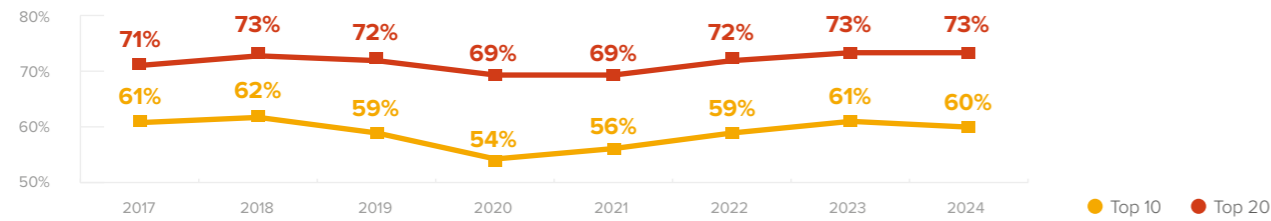
in thousands of rands	2024	% change	2023
Assets			
Cash and cash equivalents at amortised cost	10 803 772	75%	6 166 069
Trade receivables and other assets	238 723	-41%	402 066
Investment securities	493 175	37%	359 881
Derivative assets held for risk management purposes	9 545	-85%	64 543
Other financial assets	37 534	-7%	40 452
Development loans held at FVTPL	20 784	-57%	48 309
Equity investments held at FVTPL	4 808 783	-7%	5 149 050
Development bonds at amortised cost	2 065 754	-4%	2 154 345
Development loans at amortised cost	99 329 694	6%	93 679 089
Property, equipment and right of use of assets	456 060	3%	441 149
Intangible assets	51 051	-14%	59 626
Total assets	118 314 875	9%	108 564 579
Equity and liabilities			
Liabilities			
Trade, other payables and accrued interest on debt funding	1 309 114	20%	1 088 791
Repurchase agreements at amortised cost	1 194 651	100%	-
Derivative liabilities held for risk management purposes	476 741	-22%	612 920
Liability for funeral and post-retirement medical benefits	47 984	7%	44 767
Debt funding held at amortised cost	62 499 696	7%	58 469 380
Provisions and lease liabilities	167 548	-4%	173 858
Deferred income	578 495	7%	542 819
Total liabilities	66 274 229	9%	60 932 535
Equity			
Share capital	200 000	0%	200 000
Retained earnings	37 865 501	14%	33 158 903
Permanent government funding	11 692 344	0%	11 692 344
Reserve for general loan risk	2 731 790	-2%	2 792 384
Other reserves	(448 989)	112%	(211 586)
Total equity	52 040 646	9%	47 632 044
Total liabilities and equity	118 314 875	9%	108 564 579

Development loans

Delivering on disbursement targets

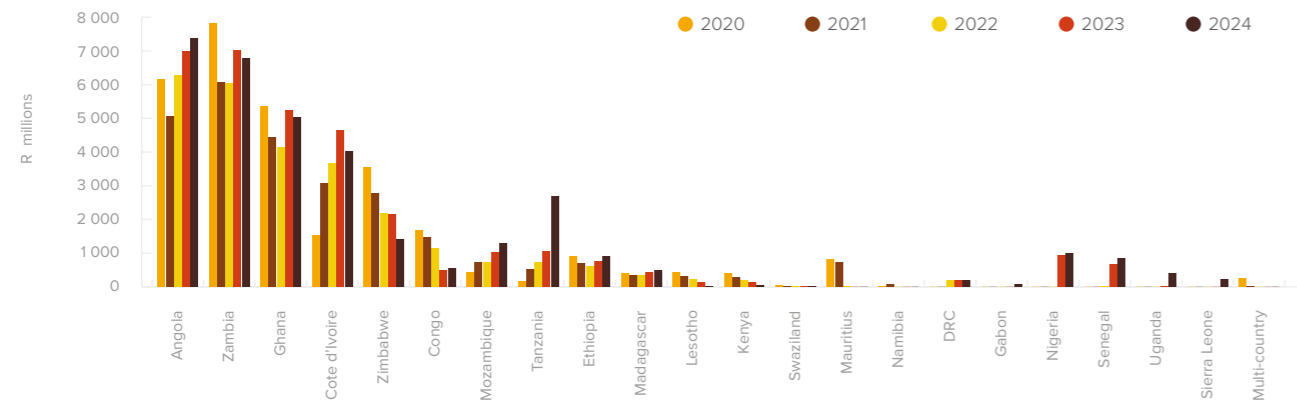
The Bank achieved development loans growth of R5.7 billion, mainly driven by disbursements of R17 billion, foreign exchange translation gains of R1.7 billion on foreign currency-denominated loans and partly offset by capital repayments of R12.8 billion. The DBSA exceeded its disbursement target by R3 billion.

Top 10 and top 20 clients as a percentage of total book



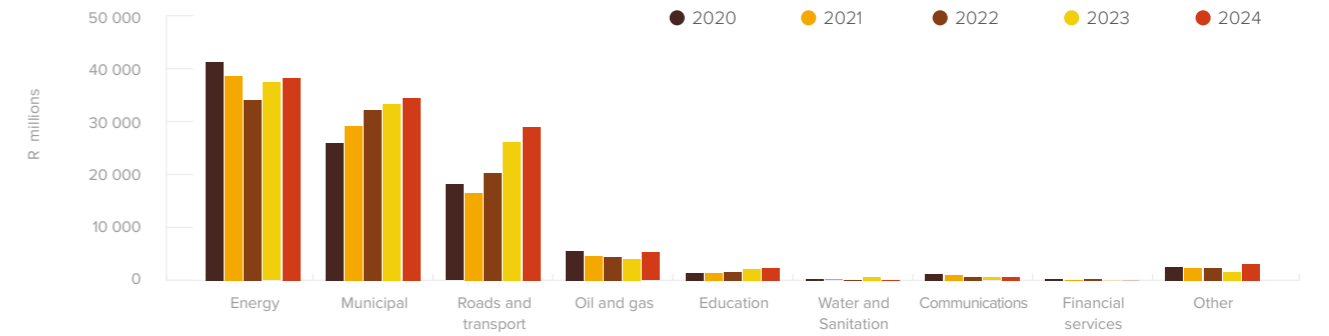
The top 10 and top 20 exposures comprised 60% (2023: 61%) and 73% (2023: 73%) of the total loan book respectively, in the year under review.

Country exposures (excluding South Africa)



The Bank's total exposure outside South Africa increased to R32.5 billion (2023: R30.6 billion). Zambia, Ghana and Angola constituted 59% (2023: 60%) of the Rest of Africa exposure, while the other country exposures remained fairly constant over the year.

Exposure by sector



The Bank's exposure to the energy sector (excluding municipalities) increased to R38 billion (2023: R37 billion), representing 34% (2023: 35%) of the total portfolio. In the year under review, the direct loan exposure to municipalities (excluding bonds) increased to R34 billion (2023: R33 billion). Exposure to the roads and transport sector increased to R29 billion (2023: R26 billion).

Mitigating the risk of non-repayments and quality of the loan book

Loan repayments are a critical component of the DBSA's financial and operational sustainability. The development loan book continued to show its strength and quality, with 49.3% (2023: 53.3%) of the book in stage 1 and 46.1% (2023: 42.9%) in stage 2. The development loans in stage 3 makes up 4.6% (2023: 3.3%) of the gross development loan book which amounts to R4.5 billion (2023: R3.5 billion). The total balance sheet provision for expected credit losses slightly increased to R13.7 billion (2023: R12.2 billion). Provisions against stage 3 loans increased to R3.0 billion (2023: R2.4 billion) and the stage 3 coverage ratio decreased to 66.2% (2023: 69.3%). Provisions against stages 1 and 2 increased to R10.4 billion (9.6% of the stage 1 and 2 book), compared to R9.3 billion (9.2% of the stage 1 and 2 book) in 2023.

The Bank generated net fee income of R376 million, reflecting a 12% year-on-year increase from R335 million, which is largely attributable to the R48 million increase in Lending Business fees. The increase in lending business fees is attributable to increase in underwriting fees, breakage, and appraisal fees.

Liability management and liquidity enhancement

The Bank's funding liabilities increased by 8.6% to R64.2 billion (2023: R59.1 billion). Debt-to-equity ratio (including callable capital) increased to 89.1% (2023: 87.4%), mainly attributable to the growth in funding liabilities. The debt-to-equity ratio is well below the 250% as prescribed by the DBSA Act.

Cash management

Statement of cash flows for the year ended 31 March 2024

in thousands of rands	2024	% change	2023
Net loss adjusted for non-cash items and items separately disclosed	(1 609 683)		(905 410)
Interest received	11 493 312		9 493 770
Interest paid	(4 511 413)		(3 501 903)
Dividends received	54 138		24 756
Net cash generated from operating activities	5 426 354	6%	5 111 213
Development loan disbursements	(16 929 896)		(12 687 028)
Development loan principal repayments	13 016 359		8 530 596
Equity investments disbursements	(24 165)		(47 910)
Equity investments repayments	97 465		459 383
Development bonds disbursed	-		(1 000 000)
Development bonds repayments	83 333		41 667
Grants, development and project preparation expenditure paid	(210 886)		(158 369)
Increase in deferred income	43 097		28 161
Decrease/(increase) in advances to National Mandates	108 188		(156 116)
Net cash used in development activities	(3 816 505)	-24%	(4 989 616)
Net cash generated from operating and development activities	1 609 849	1224%	121 597
Purchase of property and equipment	(37 722)		(49 002)
Proceeds from disposal of property and equipment	453		-
Purchase of intangible assets	(5 447)		(10 100)
(Acquisition)/disposal of financial market instruments	(158 405)		89 790
Net cash generated from/(utilised) by investing activities	(201 121)	-755%	30 688
Gross financial market liabilities repaid	(10 364 080)		(13 174 688)
Gross financial market liabilities raised	13 380 273		10 898 223
Net cash generated from/(utilised) by financing activities	3 016 193	-232%	(2 276 415)
Net increase/(decrease) in cash and cash equivalents	4 424 921	-308%	(2 124 130)
Effect of exchange rate movement on cash balances	212 782		300 091
Movement in cash and cash equivalents	4 637 703		(1 824 039)
Cash and cash equivalents at the beginning of the year	6 166 069		7 990 108
Cash and cash equivalents at the end of the year	10 803 772	75%	6 166 069

Cash generated by operating activities (R million)



Cybersecurity breach

Cyberattacks posed constant and escalating threat, and in May 2023, our systems were compromised. Following our discovery of the Incident, we took swift action by appointing a forensic investigator to delve into its full extent. We maintain a daily vigilance, scouring the Dark Web to monitor any potential publication of Personal Information. Legal advisors were engaged to ensure compliance with all legal obligations, including those under POPIA. Collaborating with law enforcement agencies and regulators, such as the Information Regulator (South Africa), was imperative. Our information systems environment was promptly restored as per our disaster recovery procedures, and all third-party access was revoked to prevent further breaches. At the DBSA, the responsible use of personal information is paramount, and we regret the occurrence of this Incident. We have implemented technical and organisational controls to mitigate future risks. The Information Regulator has subsequently conducted an assessment. We eagerly anticipate their report as it will provide insights for further enhancements in compliance with information regulation requirements. We are committed to adhering to industry best practices to prevent similar incidents from recurring.

Regulatory change

The Bank has continued the process of updating its regulatory regime for increased effectiveness. Given the ongoing challenges in growth and development, it is imperative for the DBSA to expand its role in influencing economic development policy, particularly through actions such as capital formation and capacity development, as well as contributions to policymaking. As a leveraged financial institution, the credit quality of the DBSA's debt instruments is primarily measured by the level of the Bank's shareholder capital relative to its total risk-weighted assets. While the DBSA's capital adequacy is currently regulated through a simple leverage ratio, limiting the Bank's gearing to a

maximum of 2.5 times equity, this measure, although conservative, fails to account for the varying levels of risk inherent in the Bank's operations over time.

The Bank is also exploring an initiative to be regulated by the SARB. More details are found in the Treasury and Balance Sheet Management section.

The Bank has been grappling with changes in Public Procurement Regulation 2022, which came into effect during the year under review. The Bank is working on a long-term solution for defining specific goals applicable to the Bank in consultation with the relevant stakeholders. The interpretation challenges of the specific goals adopted in the latest regulations is an industry-wide phenomenon and does not only affect the Bank.

Gratitude

We extend our heartfelt gratitude to all our stakeholders for their invaluable partnership throughout the past fiscal year. A special thank you goes to the National Treasury for their continued guidance through sound governance frameworks. We are also immensely grateful to our Board, investor community, strategic partners, clients, and colleagues. Your unwavering dedication and collaboration are instrumental in DBSA's mission to foster Africa's growth and development, a mission we deeply cherish. Your commitment is the driving force behind our continuous evolution and the ongoing improvement of DBSA's work.

Ms Ntombizodwa Mbele

Chief Financial Officer

TREASURY AND BALANCE SHEET MANAGEMENT REVIEW

Funding

During the financial year under review the Bank maintained its robust funding strategy, studiously balancing the imperative of optimising funding costs while mitigating refinancing and reinvestment risks within prudent limits. Despite persistent market volatility and occasional uncertainty arising from weak economic growth and heightened sovereign risk due to potential credit rating downgrades, the Bank adeptly navigated the challenging market conditions, securing the debt funding required at progressively favourable spreads.

The Treasury's proactive approach to market engagement yielded positive outcomes, with efforts focused on expanding the investor and lender base in alignment with the Bank's overarching diversification strategy. This approach successfully unlocked new funding opportunities, strengthening the Bank's liquidity position.

Leveraging the Bank's robust balance sheet, sustained profitability, and focused development agenda, we attracted substantial bilateral funding from a variety of international DFIs and commercial banks, totalling R4.2 billion and R7 billion equivalent, respectively. Notably, our inaugural Middle Eastern syndicated loan was a resounding success, yielding USD 255 million in new funding and attracting eight new lenders. This blend of DFI and commercial banks funding compensated for the decrease in local market funding under the Domestic Medium Term Note Programme and resulted in net new borrowings for the year totalling R3 billion.

Despite significantly lower bond issuance over the last few years the DBSA nevertheless recognises the pivotal role of domestic market funding in fulfilling its developmental mandate within South Africa. In pursuit of optimising its funding mix, the Treasury proactively engaged with local bond investors during the course of the financial year, resulting in the issuance of R713

million in new bonds, all priced within guidance. Additionally, a listed private placement of R1 billion was issued at prevailing market pricing. JSE-listed bonds amounting to R4.4 billion were redeemed during the period under review. Consequently, as of financial year-end 2023 the outstanding amount under the Bank's Domestic Medium Term Note Programme stood at R14.6 billion.

The success of DBSA's funding initiatives underscores the Bank's resilience, balance sheet strength, and the strategies deployed in navigating complex market dynamics. These endeavours position the Bank favourably for continued growth and accelerated impact in fulfilling its developmental mandate.

Asset and liability management

Market risk management in the Bank is centralised in the Treasury and Balance Sheet Management Division. Market risk is governed by the interest rate-, currency-, and liquidity risk policies.

Interest rate risk

The Bank's primary interest rate risk management objective is to protect its net interest income (NII) from adverse impact due to fluctuations in interest rates. Limits are set with respect to NII sensitivity using the 12-month cumulative re-pricing gap. As of 31 March 2024, the Bank had a positive 12-month cumulative re-pricing gap (i.e., asset sensitive), with an immediate 100 basis points upward (or downward) shift in short term rates expected to result in an increase (decrease) in net interest income over the projected 12-month period of R118 million. The Bank achieves its desired interest rate profile through the use of interest rate swaps. As of 31 March 2024, the interest rate swap portfolio stood at a total notional amount of R21.4 billion.

Currency risk management

The Bank's primary currency risk management objective is to protect the balance sheet against the impact of adverse exchange rate movements. Hedging of currency exposures is achieved either naturally through offsetting assets and liabilities in the respective currencies of operation, or through using

currency derivatives. During the financial year under review, the Bank raised funding in USD and EUR to close out undesired currency exposures. As a result, as of 31 March 2024, there were no open currency derivative transactions, with the currency risk largely offset through natural matching of assets and liabilities across the various currencies.

Liquidity risk management

The Bank's liquidity risk management policy requires the maintenance of prudential liquidity levels higher than or equal to 10% of the Bank's outstanding debt. In addition, the Bank has adopted the Basel recommended liquidity risk metrics - the Liquidity Coverage Ratio and the Net Stable Funding Ratio - as part of its liquidity risk management. Total liquidity as of 31 March 2024 was R11.29 billion, which included cash of R10.8 billion, investments in segregated money market funds of R305 million and municipal bonds amounting to R181 million. The Bank uses cash flow forecasts and cumulative maturity gap analysis to assess and monitor its liquidity requirements and risk levels over the medium and long term.

Capital management

The Bank's capital adequacy is regulated by the DBSA Act, according to which the debt-to-equity ratio may not exceed 250%. Given that this simple leverage ratio does not take into account the risks on the balance sheet, as an enhancement to its capital management, the Bank voluntarily adopted the Basel-based capital framework. The Bank's capital management policy therefore requires the quantification of risk weighted assets for Pillar 1 risks: credit risk, equity investment risk, market risk, and operational risk. The Bank has

acquired and implemented the necessary systems that enable it to quantify the risk weighted assets and the required capital according to Basel minimum capital requirements. This initiative is still under development with the Bank having started to use this framework across various internal processes such as the risk limit framework, capital adequacy assurance, and capital forecasting.

Since this is at this stage an internal measure and not yet under external audit or the oversight of the properly authorised regulator, the Bank is not yet able to disclose its capital management report. During the 2023 financial year, the Bank undertook a comprehensive analysis of its gaps to full banking regulatory compliance, using the services of an external firm. This analysis assessed the Bank's corporate governance, data and systems, risk management as well as capital and liquidity adequacy, compared to South African banking regulations and the Basel framework. This gap analysis has provided the Bank the necessary road map to required improvements and to further align the Bank with the Basel framework. In order to lend credibility to the best practice risk based capital management approach adopted by the DBSA, the Bank through engagements with the SARB Prudential Authority (PA) and the National Treasury is pursuing SARB PA oversight under an appropriate Basel based regulatory framework. This is an on-going project and is an initiative being undertaken to ensure the Bank's long-term sustainability, to enhance and maintain sound corporate governance and risk management practices, and to maintain adequate capital and liquidity commensurate with the risks in the balance sheet and its operations.

Credit ratings

The Bank's credit ratings remained unchanged during the year, in tandem with those of the sovereign. The Banks' credit ratings as at financial year end are summarised in the table below.

Agency	Issuer rating type	Short term	Long term	Outlook
Moody's	Global Issuer	NP	Ba3	Stable
	National Scale	P-1.za	Aa3.za	N/A ¹
Standard & Poor's	Foreign Currency Global	B	BB-	Stable
	Local Currency Global	B	BB	Stable

¹ Moody's national scale ratings do not carry outlooks.

MANAGING OUR INTELLECTUAL CAPITAL

Our intellectual capital is our brand, innovation capacity and industry-specific expertise and experience in infrastructure. It is derived from our institutional knowledge, reputation, and relationships with global DFIs built over decades and based on extensive experience in infrastructure financing in Africa.

Intellectual capital inputs

- A leading African DFI
- Over 40 years' experience in infrastructure development
- Strategic partnerships nationally, regionally, and globally
- Knowledge derived from due diligence, project development, credit granting and post-investment processes
- Developing enabling financial products

Value created for stakeholders

- DLABs
- High-impact investment portfolio
- Angel investment for the previously disadvantaged
- New product development
- Investment in 4IR technology and alternative infrastructure
- Post-DLABs financial and non-financial support interventions

Key factors impacting the Bank's intellectual capital

Associated key risks	Strategic pillars	Material Issues	Stakeholders
<ul style="list-style-type: none"> • Reputation risk • Business environment and operations • People and culture risk 		<ul style="list-style-type: none"> • People and culture • Institutional knowledge • Navigating the Just Transition • Scaling-up and fast-tracking infrastructure development 	

Governance oversight

The Board's oversight of the management of our intellectual capital is delegated to the Infrastructure Delivery and Knowledge Management Committee.

Board level oversight
<p>Infrastructure Delivery and Knowledge Management Committee</p> <p>This committee oversees strategic mandate programmes that will help with infrastructure delivery and programme implementation support in South Africa and the region, including through knowledge and research programmes that establish the Bank as a centre of excellence in infrastructure development.</p>

Innovation

Innovation is integral to the DBSA's core values, with a primary focus on ensuring that the Bank not only fulfils its development mandate but also reshapes the historical trajectory of South Africa and the Southern African region. The Bank's Innovation Programme, known as Moonshots, seeks to instigate disruptive changes for enhanced development impact and social outcomes. The Innovation Hub, DLAB Precincts, and High Impact Investment Portfolio are all Moonshots engineered to address prevailing challenges through innovative approaches that leverage the Bank's expertise and efforts across the infrastructure development value chain.

Digital innovation

Digital innovation is key to the Bank's drive to be future-fit. The Bank has embarked on the journey to promote the importance of embracing digital transformation to drive efficiency, effectiveness, and impactful change within the DBSA. Through the launch of the digital transformation programme, the DBSA aims to adapt to the rapidly evolving digital landscape; not only staying competitive in the market, but also future proofing its operations. It is a strategic effort to embrace digital technologies, drive innovation and pave the way for sustainable growth and success in a digital age.

Cybersecurity

On Sunday 21 May 2023, the DBSA detected abnormal behaviour during a routine check of its information system. Further inquiry confirmed a breach of the Bank's information system, and that immediately prompted the institution's disaster recovery protocol. The affected systems were swiftly isolated and suspended to prevent any further compromise. Relevant authorities and stakeholders were immediately notified, and the Bank's Business Continuity Management process was invoked to ensure uninterrupted operations across critical divisions. The Bank's essential services were brought up and running within a day of commencement of the recovery. The Bank took precautionary measures to thoroughly investigate this matter in partnership with information security partners and forensic investigators, to determine the origin and extent of the breach. The findings of the investigation informed the

Bank's further action commensurate with regulatory requirements, and all relevant stakeholders were contacted.

Innovation Unit

DLABS

The DLAB Programme, initiated to provide youth with access to opportunities and drive inclusive economic development, has made significant strides since its inception. With a focus on empowering communities and fostering sustainability, the Programme has created a network of key stakeholder partnerships spanning civil society, business, government, and other like-minded groups. Over four years, it has established thriving ecosystems in five operational sites, delivering life-changing results through education, health, recreation, employability, and entrepreneurship initiatives. In its fourth year, the Programme successfully achieved its targets, with over 22 million participants registering for various programmes, including the popular SCALP programme. Community outreach efforts have been instrumental, with health and ZLTO programmes reaching thousands of community members. The Youth Cafe has facilitated job placements for hundreds of youths. The Programme's impact is audited internally and externally, with numerous qualitative improvements observed in participants' overall well-being. Financial sustainability has been a key focus, with successful projects like the Jabulani Business Process Outsourcing initiative paving the way for economic transformation. Expansion plans, including a new contact centre servicing international client, demonstrate the Programme's commitment to inclusive local economic development and its potential to transform township-based economies throughout South Africa. These achievements underscore the power of partnership and the Programme's transformative vision for economic growth and social progress.

MANAGING OUR SOCIAL AND RELATIONSHIP CAPITAL

Social and relationship capital is our relationships with key stakeholders, including the partnerships between private and public sectors that enable greater infrastructure development and impact.

Social and relationship capital inputs

- 20 countries in which we have active exposure
- 72 municipal clients
- Relationships with government, DFIs, private financiers providing inputs to policy formulation

Value created for stakeholders

- Access to appropriately structured and affordable finance
- Technical skills and knowledge exchange
- Project management and execution
- Partnership opportunities
- Deal flow
- Market opportunities

Key factors impacting the Bank’s social and relationship capital

Associated key risks	Strategic pillars	Material Issues	Stakeholders
<ul style="list-style-type: none"> • Reputation risk • Business environment and operations • People and culture risk 		<ul style="list-style-type: none"> • Governance • People and culture • Institutional knowledge • Navigating the Just Transition • Scaling-up and fast-tracking infrastructure development • Equity funding for transformation and economic access • Long-term business cycle 	

Governance oversight

The Board’s oversight of the management of our social and relationship capital is delegated as follows.

Board-level oversight
<p>Social and Ethics Committee</p> <p>The committee is responsible for ensuring management cultivates a culture of ethical conduct and monitors adherence to the ethics-related policies such as the Code of Ethics, Conflict of Interest Policy, Gift, Entertainment and Hospitality Policy and Whistle-blowing Policy. Additionally, it monitors stakeholder relations, ESG and CSI.</p>
<p>Social and Ethics Committee, Human Resources and Remuneration Committee and Nominations Committee</p> <p>The Board of Directors established the Social and Ethics Committee (SEC), Human Resources and Remuneration Committee (HRC) and Nominations Committee to support it in the execution of its duties regarding implementation of social, governance and culture management, the human capital strategy and people management.</p>

Strategic partnerships

The DBSA leverages its strong network of government partners to deliver social and economic infrastructure projects. Our Coverage Division fosters these long-standing relationships, ensuring smooth collaboration. Furthermore, by building partnerships with investors and funders, the Coverage Division allows the DBSA to offer innovative blended financing solutions for infrastructure needs.

Recognising the vulnerability of many African economies to external shocks, the DBSA seeks to become a leading force in mitigating these risks and promoting economic growth. By playing a key role as a regional integrator for infrastructure project financing, the Coverage Division positions the DBSA to offer impactful solutions across Africa. Through this approach, the DBSA establishes itself as a thought leader in infrastructure development, fostering collaboration and innovative partnerships.

DBSA Joins D20-LTIC, Boosting African Infrastructure Investment

In December 2023 the DBSA became the first African DFI to join the prestigious D20 Long-Term Investors Club (D20-LTIC). This alliance brings together major financial institutions and investors from G20 countries, fostering collaboration and promoting long-term investments that drive sustainable economic growth.

This membership strengthens the DBSA’s ability to fulfil its mandate of promoting economic development and regional integration across Africa. The Bank leverages its position within the D20-LTIC to access a network of global institutions, unlocking new avenues for financing infrastructure projects. This collaboration will not only benefit South Africa, but also contribute to the development of the entire Sub-Saharan region. The DBSA, through its custodianship of the Infrastructure Fund, plays a central role in attracting investments and fostering public-private partnerships crucial for Africa’s economic future.

MANAGING OUR HUMAN CAPITAL

Our human capital includes our people, their development, and the culture we foster. Our employees drive the overall performance and sustainability of our business.

Human capital inputs

- A total of 639 permanent and long-term contract employees
- R26.1 million spent on tertiary education for employees and their children, as well as development

Value created for stakeholders

- Job creation
- Training and development
- Knowledge exchange

Key factors impacting the bank’s human capital

Associated key risks	Strategic pillars	Material Issues	Stakeholders
<ul style="list-style-type: none"> • Reputation risk • Business environment and operations • People and culture risk 		<ul style="list-style-type: none"> • Governance • People and culture • Institutional knowledge • Navigating the Just Transition 	

Governance oversight

The Board’s oversight of the management of our human capital is delegated to the Human Resources and Remuneration Committee, Nominations Committee, and the Social and Ethics Committee.

Board level oversight

Human Resources and Remuneration Committee, Nominations Committee and Social Ethics Committee

The Board of Directors established the Human Resources and Remuneration Committee (HRC), Nominations Committee (NOMCO) and Social and Ethics Committee (SEC) to support it in the execution of its duties regarding implementation of the human capital strategy, people management, social, governance and culture management. The HRC provides the necessary oversight in respect of the Bank’s performance and employee remuneration.

Our People vision aims to establish DBSA as a preferred employer, attracting, retaining and developing employees possessing the necessary skills and talent to drive and deliver on our strategic objectives.

Our organisational culture prioritises purpose and people, and our human capital management strategy is rooted in our mission and core values. We make substantial investments in employee learning and development, provide market-competitive remuneration and benefits, and actively promote diversity, equity, and inclusion.

Employee engagement

The DBSA actively promotes employee engagement and evaluates it through engagement surveys. In 2023, the DBSA conducted a comprehensive survey focusing on four critical drivers of employee engagement:

1. **Leadership:** Effective leadership significantly contributes to engagement. When leaders communicate clearly, provide support, and demonstrate commitment to employee well-being, it positively impacts engagement.
2. **Human Experience:** This encompasses various aspects of an employee’s experience, including work-life balance, job satisfaction, and overall well-being. Organisations that prioritise employee well-being and create a positive work environment tend to have more engaged employees.
3. **Culture:** A strong organisational culture plays a vital role in engagement. When employees feel a sense of belonging, alignment with company values, and opportunities for growth, they are more likely to be engaged.
4. **Talent:** Investing in employee development, training, and career advancement is crucial for engagement. Employees who perceive opportunities for growth and skill development are motivated to stay engaged.

Following the engagement survey, the organisation received the survey results and communicated them to all employees. Subsequently, specific solutions and interventions have been devised to enhance employee engagement at the DBSA.

Learning and development

The DBSA is dedicated to targeted investments in learning and development for its employees, with a specific focus on nurturing young talent. Our two-year graduate training programme, designed to offer new graduates valuable work experience, concluded in 2023. The Human Capital Team facilitated the transition of these graduates into full-time employment at the DBSA, 50% on permanent contracts and 50% on two-year contracts. This initiative aims to help these graduates secure jobs in the labour market. In March 2024, a fresh cohort of graduates joined the DBSA for a 24-month period. Furthermore, the DBSA has also engaged learners to complete their qualifications, enabling them to operate as water specialists.

Within our learning and development management system, skills development plays a crucial role. In addition to various training provided, we provide a diverse range of internal professional and leadership development programmes for our employees. These programmes empower our employees to enhance their abilities and acquire the skills necessary to achieve the DBSA’s strategic goals and advance their careers. For example, employees have the opportunity to access continuing education courses covering a wide range of subjects through our comprehensive training and development platform, both locally and internationally. Furthermore, we actively support our employees’ educational aspirations by providing programmes that fully cover tuition costs at various tertiary institutions. Additionally, the DBSA extends financial assistance to employees’ children pursuing tertiary qualifications.

Succession management

During the year under review, one of the primary areas of focus was identifying the internal succession management pipeline. Several assessments were carried out to pinpoint suitable successors for leadership positions. Rigorous sessions were held at the Executive Committee (Exco) and Board levels to validate this pipeline. The goal was to ensure that the DBSA possesses the necessary leadership capacity to achieve its strategic objectives across short-, medium- and long-term horizons.

Employee wellness: nurturing holistic health

Diverse life factors often lead to various stressors, impacting individuals at different stages of life. To address this, our Employee Wellbeing Programme is bolstered by positive collaborations with internal and external wellbeing service partners. These partnerships grant employees, and their immediate families access to free counselling services through our independent provider, ICAS. The programme is designed to offer comprehensive support, focusing on mental health, financial wellness, and healthy lifestyle management for our staff. The DBSA also maintains an on-site clinic that provides essential primary health care services to employees.

Human Capital launched a comprehensive mental health educational series spanning 30 days. The societal stigma surrounding mental health was directly addressed through this campaign. These efforts

underscore the DBSA's commitment to fostering a mentally healthy workplace and providing valuable resources for its employees.

During year under review, there was a concerted effort to motivate staff members to undergo preventative health risk screenings and assessments. As a result, there was a notable increase in participation compared to the previous year. The underlying premise was that the adverse effects of chronic conditions can be mitigated through healthy lifestyle choices and early detection. Additionally, specific wellness days were designated for employees to concentrate on targeted preventative health risk management.

Employment equity demographics

During year under review, we made significant strides toward transformation. The following tables provide an overview of our workforce demographics.

Employment Equity Demographics: Black Representation for the year

Category	African	Coloured	Indian	White	Foreign National	Total black Representation
Top Management	70%	10%	0%	10%	10%	80%
Senior Management	65%	5%	5%	10%	15%	75%
Professional Qualified	68%	3%	9%	12%	8%	80%
Skilled Technical	84%	4%	3%	7%	2%	91%
Semi-Skilled	100%	0%	0%	0%	0%	100%
Unskilled and defined decision making	100%	0%	0%	0%	0%	100%

Employment Equity Demographics: Gender Representation for the year

Category	Top Management	Senior Management	Mid Management/ Professionals	Skilled Technical	Semi-Skilled	Unskilled and defined decision making	Total
Female	40%	45%	46%	68%	37%	81%	53%
Male	60%	55%	54%	32%	63%	19%	47%

Employment Equity Demographics: Female Representation for the year

Category	Top Management	Senior Management	Mid Management/ Professionals	Skilled Technical	Semi-Skilled	Unskilled and defined decision making	Total
African	57%	54%	48%	65%	37%	81%	54%
Coloured	0%	100%	70%	89%	0%	0%	76%
Indian	0%	0%	47%	83%	0%	0%	51%
White	0%	0%	44%	87%	0%	0%	53%
Foreign National	0%	33%	22%	75%	0%	0%	29%

Employment Equity Demographics: Male Representation for the year

Category	Top Management	Senior Management	Mid Management/ Professionals	Skilled Technical	Semi-Skilled	Unskilled and defined decision making	Total
African	43%	46%	52%	35%	63%	19%	46%
Coloured	100%	0%	30%	11%	0%	0%	24%
Indian	0%	100%	53%	17%	0%	0%	49%
White	100%	100%	56%	13%	0%	0%	47%
Foreign National	100%	67%	78%	25%	0%	0%	71%

MANAGING OUR MANUFACTURED AND NATURAL CAPITAL

Our manufactured capital represents our business structure and operational processes, including our physical and digital infrastructure, while our natural capital represents the natural resources we use in our operations and business activities.

Manufactured capital inputs

- The DBSA campus
- ICT infrastructure

Natural capital inputs

- 10.5 megawatts of electricity consumed
- 3.2 kilolitres of water consumed
- Climate financing

Value created for stakeholders

- Access to climate financing
- Awareness of the need for a Just Transition

Key factors impacting the Bank’s manufactured and natural capital

Associated key risks	Strategic pillars	Material Issues	Stakeholders
<ul style="list-style-type: none"> • Cyber risk • Reputation risk • Business environment and operations • People and culture risk 		<ul style="list-style-type: none"> • Governance • People and culture • Institutional knowledge • Navigating the Just Transition • Scaling-up and fast-tracking infrastructure development 	

Governance oversight

Board level oversight
<p>Social and Ethics Committee</p> <p>The Board’s oversight of the management of our social and relationship capital is delegated to the Social and Ethics Committee. This committee monitors the DBSA’s environmental impacts.</p>

Climate financing

A shift is underscored by our commitment to climate finance as a vehicle for development, particularly through the PPD. Our accreditation as agencies further strengthened our capacity to undertake project preparation activities, aligning with our expanded regional development mandate.

The DBSA, through its partnership and accreditation with the United Nations Framework Convention on Climate Change finance mechanisms such as the Global Environment Facility and the Green Climate Fund, is playing a pivotal role in advancing global climate and environmental goals. The partnership focuses on initiatives designed to bolster climate action and confront biodiversity loss in alignment with the objectives outlined in the SDGs, international biodiversity/environmental agreements and Paris agreement targets including the Nationally Determined Contributions of countries.

The Global Environmental Facility (GEF)

The DBSA-GEF partnership is anchored on recognising the vital links between the environment and sustainable development. GEF funding provides substantial opportunities for DBSA to enhance local and regional environmental benefits in infrastructure projects through testing innovations, scaling up investments, mainstreaming environmentally sustainable approaches, policy reforms and embedding Nature Based Solutions into infrastructure. GEF funds have been pivotal in supporting various environmental and climate-oriented projects. In addition to grants, the GEF extends “non-grant instruments” as part of its offerings. These financial mechanisms include concessional financial instruments such as loans with low-interest rates, guarantees, and equity participation.

GEF Project Examples:

Unlocking Biodiversity benefits through development finance in critical catchments

The GEF is supporting a project in South Africa called the Ecological Infrastructure for Water Security (EI4WS). This initiative is being implemented by the DBSA and executed by the South African National Biodiversity Institute, working in collaboration with the Department of Forestry, Fisheries and the Environment as the GEF national focal point in South Africa. While the EI4WS project targets specific catchments, it offers a solution with far-reaching benefits for South Africa’s water security. EI4WS promotes a groundbreaking approach. It integrates the value of healthy ecosystems into water planning and financing. This ensures future investments by the DBSA and others, considering nature’s long-term role in securing clean water. The project will demonstrate successful water resource management through pilot projects. These examples can be replicated throughout South Africa, creating a national model for sustainable water management. Currently, water infrastructure costs often neglect the importance of ecological restoration in vital catchments. This short-sighted approach leads to higher long-term costs for maintaining water security. EI4WS addresses this gap by conducting a comprehensive economic analysis of water systems. This analysis considers trade-offs between resource uses and the benefits of healthy ecosystems.

Building a resilient and resource-efficient Johannesburg: Increased access to urban services and improved quality of life

The project, initiated under the GEF-6 Integrated Sustainable Cities Programme by the GEF, aims to enhance resilience, efficiency, and sustainability in Johannesburg, South Africa. It was launched in 2017 with the DBSA and the United Nations Environment Programme as implementing agencies and the City of Johannesburg as the executing agency. The project focuses on achieving significant environmental and social improvements. Key goals include developing eco-districts, promoting sustainable social housing, increasing food resilience, implementing an integrated waste management strategy, and enhancing evidence-based planning. These efforts are designed to improve urban services and the overall quality of life in Johannesburg, marking a critical phase of evaluation and advancement towards sustainability and resilience.

Accelerating the shift towards electric mobility in South Africa

The DBSA's involvement with the GEF-funded project "Accelerating the shift towards electric mobility in South Africa" has made it a key partner in the New Energy Vehicle (NEV) chapter of the government's Just Energy Transition Implementation Plan. This plan, approved by the South African Cabinet, aims for a smooth shift to clean energy. The GEF-funded e-mobility project entails the demonstration of electric buses used for public transport in South African cities and the associated charging infrastructure. The introduction of e-mobility holds significant promise for South Africa. Existing regulations requiring at least 80% local content in bus bodies position the bus industry to become a substantial player in EV manufacturing. The national government is also working on fiscal incentives for e-bus deployment in cities, further supporting this initiative. This project aligns perfectly with South Africa's national climate change and e-mobility priorities, as outlined in the National Development Plan 2030, Nationally Determined Contributions, Clean Air Cities Declaration, Sustainable Development Goals, and Smart Cities Framework.

Green Climate Fund (GCF)

The partnership with the GCF is guided by a focus on a programmatic approach where we envisage designing and implementing large multi-country programmes or regional climate finance facilities in support of country National Determined Contributions and National Adaptation Plans, as demonstrated in the examples below. The DBSA continuously designs new climate-focused programmes across various sectors to address market gaps with support from GCF's Project Preparation Facility. We also endeavour to assist in building the capacities of DFIs in the region in terms of their journey to accreditation. GCF funds, which include grants and concessional loans, are typically blended with other sources of funding and used to de-risk climate projects, thereby crowding in private sector investment and ultimately benefiting the project beneficiaries.

GCF funded Programme/ Project Examples:

The Climate Finance Facility

The CFF is a lending facility that aims to address market constraints, play a catalytic role with a blended finance approach, to catalyse private sector investment in low carbon and climate resilient infrastructure in South Africa, Eswatini, Lesotho and Namibia through credit enhancement. It will de-risk and increase the bankability of climate projects in order to crowd in private sector investment. Its successful implementation will prove that similar financial models can be replicated in other developing countries to help achieve their Nationally Determined Contributions.

Embedded Generation Investment Programme (EGIP)

The overall objective of the EGIP is to support the development and upscaling of solar photovoltaic and wind renewable energy embedded generation projects, developed by IPPs operating in South Africa. This initiative will prioritise infrastructure development through a just transition lens to fulfil DBSA's commitment to empowering local communities. The EGIP pipeline exemplifies this approach. The current pipeline includes solar PV projects, each with a 100

MW capacity, located in Lichtenburg, North-West province.

Water Reuse Programme

As the world's largest climate fund dedicated to supporting adaptation and mitigation projects in developing countries, the GCF approved USD235 million in funding to DBSA for a Water Reuse Programme, the largest investment in an adaptation project by the GCF at the time. The Water Reuse Programme is a sector-first alternative funding approach that seeks to enable the scale-up of water reuse projects that will improve water security and climate resilience at local and provincial levels in South Africa. A critical focus point for this intervention will be at the municipal level, where climate-induced water insecurity has a debilitating effect on the lives of citizens. The programme expects to increase the resilience to climate change of 3 424 737 beneficiaries directly.

Climate Resilient Systems for SADC Water Sector: SADC Hydrological Cycle Observation System (SADC-HYCOS IV Project)

The GCF also approved grant support to DBSA to prepare a regional climate-resilient water investment programme in the SADC. Funding from the GCF Project Preparation Facility will support the development of an investment programme that aims to leverage at least USD 117 million, which is expected to benefit 140 million people in the SADC region. The programme is under the Continental Africa Water Investment Programme, which was adopted by the African Union Heads of States Summit in February 2021. It aims to mobilise USD 30 billion annually by 2030 in order to close the water investment gap in Africa. It is supported by the International High-Level Panel on Water Investments for Africa.



06

**GOVERNANCE
FOR IMPACT:
BUILDING TRUST
AND UNLOCKING
VALUE**

OUR GOVERNANCE FRAMEWORK

Our governance philosophy

The DBSA operates within a robust governance framework and is committed to upholding good governance practices throughout the Bank, including principles embodied in applicable international corporate governance codes and the King IV.

We firmly believe that sound corporate governance is fundamental to unlocking shareholder value, bolstering investor confidence and maximising development impact. Robust governance practices throughout our organisation are imperative for accessing capital and securing funds for our operations and initiatives.

At the heart of our approach lies the conviction that good governance, characterised by accountability, transparency, adherence to the rule of law, and inclusive participation, is essential for fostering an environment conducive to development. The DBSA plays a pivotal role in nurturing an atmosphere that drives economic growth and facilitates transformation.

Our unwavering commitment to ethical excellence and transparent governance differentiates us from other institutions and serves as the foundation upon which we fulfil our mandate. By adhering to these principles, we create sustainable value for our stakeholders. We are resolute in our determination

to continuously enhance and strengthen our governance framework, ensuring we consistently meet and exceed established standards.

This steadfast commitment is realised through a robust governance framework, complemented by an effective and efficient operational structure. We take immense pride in our meticulously developed and rigorously applied corporate governance policies. These comprehensive policies ensure that every decision made by the DBSA adheres to the most stringent ethical and legal standards. These governance practices and processes demonstrably add value by guaranteeing the sound and ethical management of the DBSA. This encompasses but is not limited to, the establishment of a strong and qualified Board of Directors, the appointment of a competent and experienced Executive leadership team, the development of a clear strategy aligned with our core values, and unwavering compliance with all applicable laws and regulations.

Our governance practices and processes are the cornerstone of safeguarding the DBSA's reputation and ensuring consistent responsiveness to the needs of our stakeholders.

Our governance ecosystem

Informed by the Mandate Statement, the Minister of Finance as an Executive Authority, signs a Shareholder Compact with the DBSA Board, which confirms the mandate and strategic priorities of the DBSA.

Shareholder value and ensure DBSA's long-term sustainable development and growth. In fulfilling its responsibilities, the Board is supported by the CEO and the Executive Team in implementing the approved corporate strategies, corporate plans, and policies.

The Board is the Accounting Authority in terms of the PFMA and the Companies Act and it provides strategic direction and leadership to enhance



Governance structures



The DBSA operates within a robust governance framework, overseen by an Independent Board of Directors appointed by the Minister. The institution 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 plays a pivotal role in ensuring compliance with international corporate governance codes. 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, Social 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 CEO, in exercising her delegation from the Board, established management subcommittees, including the Asset and Liability Committee, Investment Committee, Supply Chain Management Committee, and Infrastructure Delivery and Knowledge Management

The Corporate Secretariat Unit, directed by the Bank’s Company Secretary, serves as a critical linkage between the DBSA and the Shareholder facilitating the annual Board Programme.

Our Board

At the heart of our governance framework is the Board, which serves as the custodian of corporate governance. Our Board, the majority of whom are Independent Non-executive Directors, upholds the highest possible corporate governance standards by ensuring the tone is set at the top. In this regard, the DBSA Board works proactively with the executive management team to foster a corporate culture of effective governance across the Bank. The enforcement of good corporate governance principles extends to cover the relationship the DBSA has with its clients. This is further enhanced through engagement with regulators and industry bodies and seeking regular feedback from other stakeholders.

The Board oversees the sustainability of the DBSA, setting strategic direction, approving strategies, and monitoring Bank performance. Risks, opportunities, performance, operating models, and sustainability matters are evaluated in alignment with the DBSA’s vision, development position, and values, with final approval from the Board. Key performance measures and targets for short-, medium- and long-term strategic objectives are also endorsed and monitored by the Board, ensuring strategies account for risks and the impact of the Bank’s activities on the economy, society, and the natural environment. Our commitment to good corporate governance extends to our client relationships, bolstered by engagement with regulators, industry bodies, and regular stakeholder feedback.

Key performance measures and targets for strategic objectives across short, medium, and long terms are endorsed and monitored by the Board. Strategies account for risks and the impact of the Bank’s activities on the economy, society, and the natural environment.

Board composition

The DBSA Board reports to the Minister of Finance, who is the shareholder representative on behalf of the South African government. In terms of Section 7 of the DBSA Act, the Minister, in consultation with cabinet, appoints the Board members of the DBSA. Directors shall be appointed on the grounds of their ability and experience in relation to socio-economic development, development finance, business, finance, banking and administration. The CEO, any

executive manager or a member of the staff of the Bank may be appointed as a director. Directors shall hold office for a period of three years but shall be eligible for reappointment.

The DBSA’s Board comprises a suitable balance of knowledge, skills, experience, diversity and independence to carry out its governance role and responsibilities objectively and effectively.

Board expertise is categorised in terms of clause 7(3) of the Act, which stipulates that members of the Board of Directors shall be appointed on the grounds of their ability and experience in relation to socio-economic development, development finance, business, finance, banking and administration.

The Board’s gender representation is balanced, with 15 members: seven females and eight males. Given the DBSA Board’s odd maximum capacity, balanced representation will always be seven to eight.

In line with the DBSA Act and recommendations by King IV, the DBSA does not have any members serving for longer than nine years. To ensure continuity, the Board has been implementing a succession strategy that focuses on structuring the Board appointments, so members fall into different terms. The Board effort is starting to yield some results. Our Board members fall into three different terms. The Board succession plan also addresses continuity at the Board Committee level, identifying potential successors for each committee to ensure continuity.

Changes to governance structures and board membership

Expiration of office term

The following Directors’ terms of office ended during the year under review:

- Prof Mark Swilling, Chairman of the Board, member of BCIC, HRC, IDKC, NOMCO and SEC (Chair)
- Ms Anuradha Sing, BCIC (Chair), member of ARC and HRC
- Dr Gaby Magomola, Deputy Chairman, member of BCIC, IDKC and NOMCO
- Dr Blessing Mudavanhu, member of ARC and BCIC

Board leadership

Mr. Ebrahim Rasool was appointed Board Chairperson, succeeding the retiring Prof Mark Swilling, and Ms Martie Janse van Rensburg was appointed Deputy Chairperson, succeeding Dr Gaby Magomola.

Board appointments

To invigorate the capabilities of the Board, six new Independent Non-executive Directors have been appointed for a term of three years effective from 02 October 2023. To strengthen the Board diversity across different sectors, in filling the existing vacancies, the Board appointed directors with expertise in ICT, human capital and deep experience in implementing ESG. The new directors bring with them the essential expertise and a wealth of experience in the fields of leadership, human resources, environmental, social and governance, banking, change management, information and communication technologies and socio-economic development. These skills are essential for advancing the Bank's strategy.

Mr Jonathan Muthige has substantial experience in business administration (strategist and human capital).

Ms Chantal Naidoo has vast experience in investment and corporate banking, ESG investments, and global climate change.

Ms Disebo Moephuli has vast experience in banking, risk, treasury, and financial markets.

Mr Barry Hore has vast experience in ICT (process engineering, ICT infrastructure knowledge, cyber security), strategic operations, change management, and banking.

Professor Edgar Pieterse is an academic with vast experience in development studies, policy development and leadership.

Mr Joel Netshitenzhe has vast experience in economics, strategic leadership, writer, research and policy development.

Ms Ntombizodwa Mbele was appointed CFO and Executive director of the Board. She has expertise in financial management, infrastructure financing and treasury management

Board committees' changes

To invigorate the capabilities of the Board Committees, the Board decides to review its Board Committees after the appointment of the six new Independent Non-executive Directors. As a result the following changes were made to the Board Committees in the year under review:

ARC

Mr Bongani Nqwababa was appointed as a Chairperson of the ARC, succeeding Ms Martie Janse van Rensburg, who remains a member of the ARC. Dr Chantal Naidoo, Ms Disebo Moephuli, and Mr Barry Hore were appointed as new members of the ARC.

BCIC

Ms Martie Janse van Rensburg was appointed as a Chairperson of the BCIC succeeding Ms Anuradha Sing. Ms Disebo Moephuli, Dr Chantal Naidoo, and Ms Ntombizodwa Mbele were appointed as new members of the BCIC.

HRC

Mr Ebrahim Rasool, Mr Jonathan Muthige, and Mr Barry Hore were appointed as new HRC members. Mr Petrus Matji is no longer a member of the HRC.

IDKC

Mr Joel Netshitenzhe, and Prof. Edgar Pieterse were appointed as new members of the IDKC.

NOMCO

Mr Ebrahim Rasool was appointed the chairperson of NOMCO, succeeding Prof Mark Swilling, and Ms Martie Janse van Rensburg was appointed member of the NOMCO.

SEC

Mr Kenneth Brown was appointed as Chairperson of the SEC succeeding Prof. Mark Swilling. Mr Jonathan Muthige, Mr Joel Netshitenzhe, Dr Chantal Naidoo, and Ms Boitumelo Mosako were appointed as new members of the SEC.

Board attendance for the year under review

	Number of meetings						
	Board and committee record of attendance						
	Board	ARC	BCIC	HRC	IDKC	NOMCO	SEC
Scheduled	4	4	11	4	4	4	4
AGM	1	-	-	-	-	-	-
Strategy	1	-	-	-	-	-	-
Risk focused	-	2	-	-	-	-	-
Investment valuations ^{1,2}	-	2	-	-	-	-	-
Other/special	1	-	-	-	-	1	-
Total	7	8	11	4	4	5	4
Independent Non-executive Directors							
Ebrahim Rasool (Chairperson) ³	6	1/1	8	2/2	4	2/2	2/2
Martie. J. van Rensburg (Deputy Chairperson) ⁴	7	8	11 (Chair)	-	4	2/2	-
Bongani Nqwababa ⁵	6	6	11	4	-	-	-
Pinkie Nqeto	7	-	-	4 (Chair)	4	5	2/2
Petrus Matji ¹	7	2/2	10	2	4 (Chair)	-	-
Dinao Lerutla	7	7	10	-	-	-	-
Barry Hore ⁶	3/4	3/4	-	1/1	-	-	-
Disebo Moephuli ⁶	3/4	4/4	5/5	-	-	-	-
Jonathan Muthige ⁶	1/4	-	-	2/2	-	-	2/2
Chantel Naidoo ⁶	3/4	4/4	3/5	-	-	-	2/2
Edgar Pieterse ⁶	2/4	-	--	-	2/2	-	-
Joel Netshitenzhe ⁶	3/4	-	-	-	2/2	-	2/2
Directors' Term ended during the year							
Mark Swilling ⁷	3/3	-	6/6	1/2	2/2	3/3	2/2
Blessing Mudavanhu ⁷	2/3	4/4	5/6	-	-	-	-
Anuradha Sing ⁷	3/3	4/4	6/6	2/2	-	-	-
Gaby Magomola ⁷	3/3	1/1	6/6	-	2/2	3/3	-
Executive Directors							
Ms Boitumelo Mosako (CEO)	7	8	10	-	-	-	4
Ntombizodwa Mbele (CFO) ⁸	4/4	4/4	4/4	-	-	-	-
Non-Executive Director							
Mr Kenneth Brown	7	-	-	3	4	-	4 (Chair)

Notes:

- ARC meets twice a year to consider new investment valuations
- BCIC members are invited to the ARC investment valuation meetings
- Appointed as the Chair Designate of the Board with effect from 02 October 2023 and confirmed as a Chair effective from 08 November 2023
- Appointed as the Deputy Chair of the Board with effect from 11 October 2023
- Bongani Nqwababa was appointed as the Chair of ARC with effect from 11 October 2023
- New Board members were appointed from 02 October 2023 to 30 September 2026
- Members term ended 01 October 2023
- Ntombizodwa Mbele was appointed as an executive director and member of BCIC effective from 02 October 2023

Board's key focus areas during the year under review

Board and Executive succession

The Board discussed the executive succession pipeline, such as Heads and Group Executives Succession Report and agreed to develop a clear and deliberate comprehensive action plan to address the report's findings. During the next three years, the Board will track the implementation of the action plan.

Former CEO Patrick Dlamini's tenure ended on 31 March 2023, and Ms Boitumelo Mosako took over as CEO on 01 April 2023, as indicated in the prior year's report. Ms Ntombizodwa Mbele, previously serving as Acting CFO since 01 April 2023, transitioned to the role of permanent CFO effective 01 July 2023. Prof Mark Swilling's term as Board Chairman concluded on 01 October 2023. The Board, led by Mr Ebrahim Rasool, and supported by Ms Bathobile Sowazi (Company Secretary), ensured the Bank's operations were not disrupted during the leadership transition. The Bank's strong governance and institutional strength enabled a smooth transition.

In terms of the Board and Board Committees, the Board's Nominations Committee considered the draft Board and Board Committees Succession Plan, which identified prospective successors for leadership roles on the Board and Board Committees to ensure continuity. The Board recommended the appointment of six new directors to meet identified skill gaps and address Board succession.

Following the appointment of the six new directors, the Board considered and approved a review of the Board Sub-committee composition, which considered continuity, succession, cross-membership, and maintaining an adequate combination of skills and experience when assigning the new directors to various Board Committees.

Board evaluation

During the year under review, the Board considered the outcome of the Board assessment conducted by BDO Advisory Services (Pty) Ltd. The assessment evaluated the Board as a whole, all Board Committees, and a peer review assessment. The assessment

concluded that the DBSA boasts a mature and robust Board, characterised by efficiency and extensive experience. Key areas identified for improvement in Board expertise include ICT, ESG, and banking. These skills gaps were filled with the recent appointment of the six directors. The implementation plan for additional matters relevant to the Board Committee's mandate and oversight is now underway.

Strategy and risk

Scenario Planning

The Board conducted a scenario planning workshop to assess future shaping factors, and their potential impact on the Bank's strategy. The workshop culminated into five scenarios, which were incorporated into the 10-year strategy of the Bank and the 2024/25 Corporate Plan.

Integrated Municipal Approach

The Board continued to explore ways to make municipalities more efficient and effective. In this context, the Board attended two workshops focused on the Integrated Municipal Approach, which included activities from M1, M2, and M3. The following topics were covered:

- Profiling municipalities and addressing bespoke requirements
- Consolidated the DBSA value offerings
- Diverse funding and support strategies
- Cultivating strategic partnerships with key stakeholders in the local government value chain such as MISA, National Treasury and the Private sector

Bolstering ESG oversight

The DBSA's Governance Framework is a comprehensive set of principles, rules, and practices designed to promote accountability, transparency, and sustainable growth. The dynamic approach to governance, risk management, and environmental and social sustainability demonstrates the Board's commitment to ongoing improvement. During the year, the Board attended ESG training on the theme "Shifting Landscapes and Responses," which addressed topics such as the shift in the global and national landscapes, underlying drivers, ESG issues,

moving beyond compliance into strategy, and ESG governance.

The Board reviewed and extended the mandate of the SEC to better address ESG oversight at the Bank. A new SEC mandate and name was approved, aimed at promoting effective ESG and sustainability oversight. The name of the Committee will be changed to the Social, Sustainability and Ethics Committee (SSEC) in the coming year to better represent its expanded responsibility. The extended mandate requires members of the Committee collectively to have sufficient qualifications and experience to fulfil their duties, including knowledge of the following areas:

- Environmental, Social and Governance
- Ethics
- Sustainable Development and Social Studies
- Transformation
- Stakeholder Management
- Labour and Employment Practices.

During the year, the SEC composition was refreshed to enhance diversity in terms of skills, capabilities, and backgrounds, and to incorporate directors with a strategic understanding of ESG issues. Independent Non-executive Director, Dr Chantal Naidoo, was appointed to the Board and joined the SEC Committee. She brings expertise in investment and corporate banking, ESG investments, and global climate change to the committee.

As the Bank strengthens its knowledge and expertise in ESG matters, the issue of overlap between the two Board Committees dealing with investment and sustainability matters, namely BCIC and SEC persists. Nevertheless, measures have been implemented to address this: There's now a cross-membership between SEC and BCIC. The Board's composition includes ESG expertise, with members serving on both BCIC and SEC to ensure thorough evaluation of ESG issues.

Revised SEC Committee Charter for ESG responsibilities

The Committee's mandate expands to include the following clause: "assist the Board in carrying out its oversight responsibility related to ESG matters, which are defined to include topics such as climate change impacts, energy and natural resource conservation, environmental sustainability, human rights, diversity

and inclusion, and other ESG issues that are relevant and material to the Bank."

The duties and responsibilities of the Committee include, among others: reviewing and discussing with management the Bank's ESG strategy, initiatives, and policies and monitoring the operational, regulatory, and reputational risks and impacts of ESG on the Bank and discussing management reports regarding the Bank's progress toward its key ESG objectives.

Bolstering EXCO's management of ESG

To further deepen oversight and management of ESG at the Bank, the Board requested the CEO to establish a new ESG committee at the EXCO level. The Social Environmental Ethics Climate Risk Management Committee (SEECR) was established as an Executive management committee tasked with supporting the CEO in executing the mandate of the SEC, particularly concerning ESG matters. This initiative aims to solidify DBSA's standing as a responsible corporate citizen.

Aligned with DBSA's commitment to achieving net zero emissions, the Bank has pledged to harmonise its strategies, policies, and mandates with the objectives outlined in the Paris Agreement and the recommendations of the Financial Stability Taskforce on Climate-related Financial Disclosure, in an equitable manner. Furthermore, DBSA has aligned itself with the national stance on nationally determined contributions.

The SEECR, acting under the CEO's delegation, is tasked with overseeing the following:

- Developing an environmental (including climate) and social strategy
- Implementing governance and risk management frameworks to uphold the strategy
- Adopting rigorous monitoring, reporting, and disclosure procedures in accordance with international standards
- Operationalising data management, including metrics, to monitor progress towards set targets

This Committee is committed to ensuring DBSA effectively responds to and manages evolving environmental, social, governance, and climate risks, while identifying opportunities aligned with the

organisation's long-term sustainability and resilience goals.

Board training and development

The incumbent directors participated in a tailored refresher programme, focusing on directorial conduct, roles, and responsibilities, emphasising ethical leadership expectations for the Board, including the implications for non-executive directors within the context of King IV and the 2008 Companies Act.

Key board discussions and matters approved during the year under review

- Approved the Shareholder's Compact and Corporate plan for 2024/25 -2026/27
- Approved the DBSA dividend policy
- Provided comments on modifying DBSA regulations, led by the shareholder department/ National Treasury
- Noted the ten-year corporate strategy (2024/25 - 2033/34)
- Noted the DBSA draft culture strategy
- Approved the DBSA's scenarios 2024 - 2035
- Discussed the proposed SOE Holding Company
- Approved Board Charter and Board Annual Agenda Plan

Board future focus

- Regional integration - The Board will encourage the Bank to strategically allocate resources for infrastructure initiatives, with a focus on increasing inter-regional trade
- Fit-for-purpose DBSA (digitalisation and organisational design review) - Future-fit DBSA requires a cultural reform and mindset shift towards growth and innovation. The process of reviewing how the Bank operates and is structured, as well as changing the perspectives of the employees, has already begun

- Review Nominations committee terms of reference to include targets for race and gender representation in Board membership
- Strengthen the Board and Committee succession plan. The Board through its Nominations Committee shall identify successors for leadership roles, including Board and Committee Chairpersons
- Approve the ten-year corporate strategy (2024/25- 2033/34)

Board committees

To bolster effective corporate governance, the Board has established six committees to assist in fulfilling its oversight obligations. These committees play a vital role in enhancing governance standards and efficiency across the group. Each committee operates in accordance with its terms of reference, all of which underwent review in the past year. Regular updates on committee activities are presented to the Board during meetings. The delegation of the Board's responsibilities to committees is not by itself abdication of the Board's fiduciary duties.

For details regarding the composition, responsibilities, meeting attendance, and reports of the Board committees, including the Audit and Risk Committee, Board Credit and Investment Committee, Human Resources and Remuneration Committee, Nominations Committee, Infrastructure Delivery and Knowledge Management Committee, and Social and Ethics Committee, refer to pages 139 to 145.

To refresh the expertise of the Board committees and to accommodate the newly appointed directors, the Board committees underwent changes in accordance with the changes made to the Board of Directors during the year under review. These are set out under Board and executive succession on page 140.

IRREGULAR EXPENDITURE DISCLOSURE

In terms of Chapter 9 of the new PFMA Compliance and Reporting Framework issued in December 2022, there is now a requirement for disclosure of irregular, wasteful and fruitless expenditure in our annual report, as detailed below:

1. Reconciliation of irregular expenditure

in thousands of rands	2024	2023
Balance at the beginning of the year	-	-
Add: Irregular expenditure confirmed	-	111
Less: Irregular expenditure condoned	-	(111)
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	-	-

2. Reconciling notes to the financial statement disclosure

Irregular expenditure that was under assessment in 2022/23	-	-
Irregular expenditure that relates to 2022/23 and identified in 2023/24	-	-
Irregular expenditure for the current year	-	111
Total	-	111

3. Reconciling notes to the financial statement disclosure

Irregular expenditure that was under assessment in 2022/23	-	-
Irregular expenditure that relates to 2022/23 and identified in 2023/24	-	-
Irregular expenditure for the current year	-	111

4. Details of current and previous year irregular expenditure condoned

Irregular expenditure condoned	-	-
Total	-	-

5. Details of current and previous year irregular expenditure removed (not condoned)

Irregular expenditure condoned	-	-
Total	-	-

6. Details of current and previous year irregular expenditure recovered

in thousands of rands	2024	2023
Irregular expenditure condoned	-	-
Total	-	-

7. Details of current and previous year irregular expenditure written off (irrecoverable)

Irregular expenditure condoned	-	-
Total	-	-

8. Details of non-compliance where DBSA is involved in an inter-institutional arrangement and is not responsible for non-compliance

Description		
None		

9. Details of non-compliance where DBSA is involved in an inter-institutional arrangement and is responsible for non-compliance

Summary of incidences	2024	2023
Service providers were engaged to offer services before variation order was approved	-	-
Variation order exceeded the internally approved threshold, but within limit approved by principal department	-	-
Contractor executed additional work without DBSA's approval	-	-
Service provider with a non-compliant tax status was engaged	-	-
Total	-	-

10. Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

None		
Total	-	-

UPHOLDING AN ETHICAL CULTURE

The Board, guided by a comprehensive code of ethics, monitors the Bank's social responsibilities and ensures policies consistent with its legitimate interests and good business practices. The Bank's culture, anchored in collaboration, professionalism, and customer orientation, is demonstrated through employee behaviour marked by high moral conviction, accountability, responsiveness, proactivity, adaptability to change, and innovation. The Board sets the ethical tone and oversees strategic objectives, governance, and corporate culture.

Governing and managing ethics

To uphold the highest ethical standards, we have ensured that the DBSA Code of Ethics is fully integrated throughout our organisation, fostering an ethical culture evident in our robust internal control systems, proactive analytics, and firm stance against governance breaches.

The Board, through the Social and Ethics Committee, is in charge of overseeing ethical performance. The SEC is in charge of both oversight and reporting to stakeholders. The executive management ensures that there are structures and individuals dedicated to managing the organisation's ethics. The Ethics Office is in charge of safeguarding the Code of Ethics and related policies. As custodians, the Ethics office is responsible for promoting and enforcing ethical standards throughout the organisation. This is accomplished through rigorous policy monitoring, extensive training and awareness efforts, and proactive risk management for ethics-related risks.

During the review year, the Social and Ethics Committee approved the leadership pledge. With a change in leadership, the Bank recognised the importance of keeping a consistent message of ethical principles and values, which have been a major pillar of its strength. The approved leadership pledge read as follows:

"I recognise that as a leader of the DBSA, colleagues, stakeholders, clients, suppliers, beneficiaries of DBSA projects and all other third parties look to me for direction, not only in terms of business, but also my behaviour, ethics, and standards. I pledge that I will conduct myself in line with the DBSA values and ethical principles to ensure that all parties, internal and external are fairly treated with integrity and respect. I am accountable to internal and external stakeholders, and they will be accountable to me for living by this oath."

With growing awareness of the Bank's Employee Conflict of Interest Policy, there has been an increase in individual and business transaction advisory service requests for interest disclosures. At the business transaction level, it has become evident that additional work and awareness are required. The Ethics Office, in collaboration with the Compliance Team, will conduct a benchmarking exercise on commercial banks' Control Rooms to determine the relevant transaction conflict of interest standards to embed in the Bank's operations.

The Ethics Office increased awareness of International Anti-Corruption Day and the necessity of combating corruption. The primary message to staff was that DBSA has zero tolerance for corruption.

Work on determining the bank's risk appetite level for dealing with human rights issues on transactions/projects was still in progress at the end of the year.

By the end of the fiscal year, work had commenced to prepare for the next Ethics Risk Assessment. During the year under review, the Board approved the (i) Employees Conflict of Interest Policy, with an emphasis on addressing the issues of employees' directorships and remunerated work and (ii) Whistleblowing Policy focus on tightening management mechanism to be implemented to counter malicious reporting of unsubstantiated complaints. The following policies remain at the core of the Bank's ethics and cultural force:

- Board of Directors Conflict of Interest Policy
- Code of Ethics
- Employee's Conflict of interest Policy
- Gift, Entertainment and Hospitality Policy
- Anti-Bribery and Corruption Policy
- Whistleblowing Policy

In the coming financial year, the Ethics office plans to finalise work under way on (i) determining the Bank's risk appetite for dealing with human rights matters (ii) conduct an Ethics Risk Assessment and (iii) improve the monitoring conflict of interests.

Managing risks of politically exposed persons

The definitions of Politically Exposed Persons (PEPs) are wide ranging. According to the Financial Intelligence Centre (FIC), a PEP is an individual who is or has in the past, been entrusted with a prominent public or private sector position. The FIC Amendment Act read together with the General Laws Amendment Act 22 of 2022, sets out three categories of PEPs, that are:

- foreign politically exposed person
- domestic politically exposed person
- prominent influential person

PEPs are considered to be high risk as they hold positions of power and influence that may be abused for private gain or to benefit family members or close associates. Due to these risks, it is imperative that the DBSA takes steps to identify whether a client or prospective client is a PEP and ensures that the necessary Enhanced Due Diligence (EDD) and enhanced monitoring processes are applied.

By setting up these processes, the DBSA will ensure that it is able to appropriately manage any legal and reputational risks that emerge from entering into business relationships with PEPs. It will also ensure compliance with various guidelines and directives issued by the FIC which are aimed at combating money laundering and preventing and detecting fraud and other corrupt practices including terrorist financing and proliferation financing.

The DBSA is not precluded from doing business with a PEP therefore the identification of a PEP does not on its own create an automatic reason to decline or reject an application for funding. However, when a

PEP is identified, an EDD should be conducted prior to a decision on whether to establish a business relationship or not.

The DBSA has adopted a PEP Policy to facilitate the mitigation of reputational, operational and legal risks. The policy is based on internationally accepted best practice, standards and guidelines on the management of PEPs, while simultaneously meeting regulatory compliance standards imposed by the FIC Act. This policy applies to all PEPs who may have an interest in obtaining any form of financing from the DBSA. The policy also applies to any employees of the DBSA that are PEPs as well as prospective service providers.

JSE Debt Listings Requirements (DLR)

It is the function of the JSE under the Financial Markets Act to provide for the listing, trading, clearing and settlement of debt securities in a transparent, efficient and orderly marketplace. The DLR reflect, *inter alia*, the rules and procedures governing new applications and the ongoing obligations of applicant issuers and are aimed at providing investor confidence via an orderly, secure, efficient and transparent financial market. The DLR provide for the minimum disclosure which investors and their professional advisers would reasonably require for the purpose of making an informed assessment of the nature and state of an applicant issuer's business, and terms of the debt securities. The relevant DLR sections are as follows:

Domestic Prominent Influential Persons

Section 7.9 – “If the applicant issuer is a state-owned entity or municipality, the applicant issuer must have a current policy dealing with the disclosure and treatment of domestic prominent influential persons (i) at board level and (ii) for prescribed officers of the applicant issuer in respect of any transactions/dealings by the applicant issuer with domestic prominent influential persons. The policy must be available on the website of the applicant issuer.”

The DBSA's PEP Policy, which is published on the DBSA's website (<https://www.dbsa.org/about-us/governance>) deals with the disclosure and treatment of domestic prominent influential persons.

Section 7.10 – “A current register of such domestic prominent influential persons and the relationship with the applicant issuer must be maintained by the applicant issuer and must be made available on the website of the applicant issuer when the applicant issuer publishes its Annual Financial Statements. A negative statement must be made if there are no domestic prominent influential persons.”

The DBSA confirms that it had no transactions/dealings with such domestic prominent influential persons during the 2023-2024 financial year.

Procurement

Section 7.12 – “If the applicant issuer is a state-owned entity or municipality and has a policy dealing with procurement of services and/or products, this policy must be current and published on the issuer's website.”

The DBSA's Supply Chain Management Policy is published on the DBSA's website (<https://www.dbsa.org/about-us/governance>).

Section 7.13 – “A current register of procurement of services and/or products representing 10% or more of the annual procurement spend of the applicant issuer must be maintained by the applicant issuer and must be made available on the website of the applicant issuer when the applicant issuer publishes its annual financial statements. The register must disclose at least the following:

- Parties to the agreement;
- Brief description as to the nature of the agreement;
- Date of the agreement and duration; and
- Total value of the agreement for the duration period.

A negative statement must be made if there are no such procurement partners at that level.”

The DBSA confirms that it had no such procurement partners at that level during the 2023/24 financial year.

General: loans and procurement

Section 7.15 – “If the applicant issuer is a state-owned entity or municipality, the applicant issuer must have a current policy dealing with the disclosure and treatment of loans and procurement, as a minimum, with –

- any related party;
- domestic prominent influential persons; and
- prescribed officers.

The policy must be available on the website of the applicant issuer.”

Both the DBSA's PEP Policy and the DBSA's Supply Chain Management Policy are published on the DBSA's website (<https://www.dbsa.org/about-us/governance>) and deals with the disclosure and treatment of loans and procurement with the above-mentioned parties, respectively.

Section 7.16 – “A current register of such loans and procurement with the applicant issuer must be maintained by the applicant issuer and must be made available on the website of the applicant issuer when the applicant issuer publishes its annual financial statements. The register must disclose at least the following:

- Parties to the agreement;
- Brief description as to the nature of the agreement;
- Date of the agreement and duration; and
- Total value of the agreement for the duration period.

A negative statement must be made if there are no loans or procurement with such parties.”

In accordance with the DBSA's PEP Policy, the DBSA maintains an internal current register of such loans and procurement.

BOARD COMMITTEE REPORTS

Audit and Risk Committee for the year ended 31 March 2024

ARC adopted an appropriate formal term of reference as its ARC Charter, regulated its affairs in compliance with this charter, and discharged its responsibilities as contained therein.

Impact of King IV

- King IV recommends that the governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.
- ARC actively exercises oversight over the DBSA's risks and opportunities, compliance, strategy, Corporate Plan, performance, and sustainability.

Responsibility

- 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.
- ARC remains focused on the DBSA's organisational resilience in an ever-expanding risk universe where traditional risks such as credit, market, operational, capital and liquidity risks are impacted by externally driven trends. These trends include adverse geo-political and macroeconomic risks, as well as major new non-financial risks such as cyber, conduct, crime/corruption, climate change and COVID-19 risks.

Committee activities during the year under review

- Approved the ARC Annual Agenda Plan for the 2023/24 financial year
- Recommended the ARC Terms of Reference for approval by the Board

- Considered and recommended to the Shareholder the appointment of the Auditor-General as external auditors for the 2023/24 financial year at the annual general meeting
- Monitored the effectiveness of the external auditors in terms of their audit quality, expertise, and independence
- Approved the external auditors' 2023/24 financial year audit plan and related scope of work, confirming suitable reliance on Internal Audit and the appropriateness of key audit risks identified
- Recommended to Board the approval of the DBSA Dividend Policy
- Recommended to the Board the approval of the 2024/25 Corporate Plan, Balanced Scorecard and Shareholder's Compact
- Recommended to the Board the 3-Year Financial Plan and Borrowing Plan for 2024 – 2027
- Recommended to the Board, approval of the DBSA's 10-year Scenarios
- Recommended to the Board approval of the 10-Year Strategy
- Recommended to Board the approval of the IAR 2023 and Sustainability Review 2023
- Approved the Internal Audit Charter 2023
- Approved the Internal Audit Plan for the 2023/24 financial year
- Reviewed the findings and recommendations of the external auditors and confirmed that there were no material unresolved matters
- Reviewed the 2023 audited Annual Financial Statements and related disclosures and recommended them to the Board for approval
- Reviewed the 2023/24 audited Interim Financial Statements and related disclosures and recommended them to the Board for approval
- Reviewed reports from Management, the Chief Internal Auditor and the external auditors and considered the effectiveness of the internal financial controls
- Monitored the effectiveness of the Internal Audit function in terms of its scope, execution of its plan, coverage, independence, skills, staffing, overall performance and position within the organisation

In terms of organisational resilience for the 2023/24 financial year, ARC:

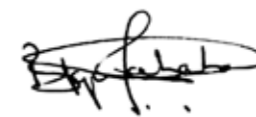
- Monitored the DBSA's risk universe heatmap and risk trends, as well as the top 10 principal risks
- Reviewed reporting thereon across all three lines of defence in the DBSA's risk governance structure:
 - Line 1: Business
 - Line 2: Independent Group Risk
 - Line 3: Independent Assurance from Internal and External Audit
- Ensured the DBSA's Enterprise Risk Management Framework remained 'fit for purpose', including monitoring the evolution/maturity of the newer major non-financial risks and other emerging risks
- Monitored that the Board-approved the 2023/24 financial year Risk Strategy and Risk Appetite (per the 2023/24 Group Business Plan), and top 10 risks (for 2023/24) were successfully managed in all material respects
- Encouraged management's evolution of combined assurance
- Reviewed the DBSA's Balance Sheet Management risks and, in particular, oversight of outcomes across Capital Management, Liquidity and Funding, and Interest Rate Risk in the Banking Book
- Reviewed and recommended the Capital Adequacy and Allocations to the Board for approval
- Considered the Capital Management Programme
- Approved the Domestic Medium-Term Note Programme
- Approved the ERM Strategy and Annual Plan for the 2023/24 financial year
- Approved the Compliance Annual Plan for the 2023/24 financial year
- Recommended to the Board the approval of the Compliance Charter 2023
- Strategised on the Prudential and Country Limits and DBSA's role, capital base and risk appetite
- Recommended the single obligor, country and prudential limits for the 2023/24 financial year to Board for approval
- Discussed the Bank's Cost of Funding at a strategic level
- Discussed the Financial Action Taskforce (FATF) (Grey listing) and DBSA's role in South Africa as a whole as well as the FATF (Grey listing) Compliance initiatives.
- Assessed the DBSA's Stage 3 Assets portfolio and the Expected Credit Loss Impairments
- Assessed the valuations of the DBSA's Credit and Equities Portfolios
- Preferential Procurement Policy - Interim Implementation
- Considered the ICT and SCM Resourcing Strategy and Plan

- Monitored and challenged, where appropriate, actions taken by management regarding adverse internal audit findings
- Monitored that the Bank maintained information technology system functional availability and system stability (uptime) to ensure sound cybersecurity. The Bank reported a cyber breach incident during 2023. The ARC played an oversight role in the forensic investigation and implementation of the recommended actions thereof.
- Assessed compliance with all statutory requirements in terms of the Companies Act of 2008, King IV, JSE Debt Listings Requirements and any other applicable regulatory requirements and confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act, 26 of 2005
- Considered and was satisfied with the appropriateness of the expertise and experience of the Chief Financial Officer
- Continued the oversight and monitoring of the status of the DBSA's Road Map to Regulatory Oversight

Key focus areas for the 2024/25 financial year and beyond

The Committee will assess the DBSA's activities in the following areas:

- Digital transformation and organisational effectiveness - The DBSA will be making extensive investments in technology to bolster its capabilities and effectiveness.
- Cybersecurity defences - The Committee will continue to monitor that cyber threats are prioritised as part of its risk management process.
- In response to the recommendations arising from the Board Evaluation conducted, ARC will acquire independent assurance to ensure that ESG disclosures are credible and do not contradict with financial information.
- Put a greater focus on the Bank's credit portfolio optimisation strategy and policies considering IFRS9 requirements.
- Continue to ensure that the DBSA's financial systems, processes and internal financial controls are operating effectively.



Bongani Nqwababa
Chairman of the Audit and Risk Committee

Board Credit and Investment Committee for the year ended 31 March 2024

The BCIC adopted appropriate, formal terms of reference as its Board Credit and Investment Committee Charter, regulated its affairs in compliance with this charter, and discharged its responsibilities as contained therein. The Chairman may propose that any decision within its mandate be escalated to the full Board for approval.

Impact of King IV

In terms of King IV's 'risk and opportunity governance', integrated thinking helps the Board to avoid taking excessive risks that may lead to organisational failure. Risk and opportunity governance set the tone for organisations to realise that risk management should cover both the negative and positive potential governance outcomes. The Board is responsible for setting the risk tolerance levels relevant to the organisational strategy and objectives.

Responsibility

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.

Committee activities during the year under review

- Received updates on the cost of debt management strategy
- Adopt trade finance as a new product offering
- Recommended the BCIC Terms of Reference for approval by the Board
- Approved DBSA equity investment strategy
- Received updates on portfolio growth and diversification strategy
- Received updates on liquidity holdings and cost of liquidity paper
- Implemented the BCIC-specific Board Evaluation Action Plan
- Received updates on the DBSA funding and liquidity levels and forecasts
- Received the DBSA project pipeline monthly reports
- Received updates on watch-listed borrowers
- Received an update on DBSA capital management roadmap to regulatory oversight
- Received the 2024 Country Risk Outlook report
- Received portfolio management updates outlining processes and policies applicable to credit and portfolio management
- Approved credit and investment proposals

Summary of new loans approved

The total value of new loans approved during the year is detailed in the following table. It reflects the value of loans and bonds approved by the executive Investment Committee (IC) and by the BCIC in terms of their respective authority limits, together with the percentage thereof approved at BCIC:

R million	Approved by IC	Approved by BCIC	Total	BCIC approval %
South Africa				
Municipal clients	2 244	12 850	15 094	85%
Non-municipal clients	85	20 832	20 917	99.6%
SADC	-	5 439	5 439	100%
Rest of Africa	-	4 310	4 310	100%
TOTAL	2 329	43 431	45 760	95%

Note: These loans are new loans only and do not include any restructuring of existing loans.

Key focus areas for the 2024/25 financial year and beyond

- Ensure adequate correlation and co-operation with the other committees of the Board and ensure that any overlaps in functions are identified and managed.
- Ensure accurate information is provided to the Committee on all risks affecting the Bank's reputation, including potential Anti-Money Laundering risks or other significant findings for approval, regardless of the size of the exposure.
- Continue to monitor and ensure that the DBSA objective to achieve financial sustainability through income growth, balance sheet growth, and cost optimisation is achieved.



Martie Janse van Rensburg

Chairman of the Board Credit and Investment Committee

Human Resources and Remuneration Committee for the year ended 31 March 2024

The Human Resources and Remuneration Committee (HRC) adopted an appropriate formal terms of reference as its HRC Charter, regulated its affairs in compliance with this charter, and discharged its responsibilities as contained therein.

Impact of King IV

King IV recommended that the accounting authority should ensure that the organisation remunerates fairly, responsibly, and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term. The HRC, among others, is responsible for reviewing and monitoring the implementation of the organisation's human capital strategy and plan. The DBSA has a remuneration policy and reward framework in place focused on attraction, retention and rewarding strong performance and ensuring that employees are appropriately remunerated.

Responsibility

The HRC supports the Board in the execution of its duties with respect to the implementation of the human capital strategy and related matters, executive remuneration for the DBSA, and governance issues and/or additional governance requirements outside the mandate of the Nominations Committee.

Committee activities during the year under review

Governance

- Reviewed the HRC terms of reference and approved the HRC annual agenda
- Reviewed performance against agreed strategic objectives, as set out in the Corporate Plan, and Balanced Scorecard, to facilitate effective performance monitoring, evaluation and corrective action
- Reviewed the 2024/25 Shareholder Compact and its alignment with good governance practices
- Reviewed DBSA Draft 10-Year Corporate Strategy (2024-2034)

- Reviewed Corporate Strategy Map for the 2024/25 financial year
- Reviewed the DBSA executive succession pipeline
- Implemented the HRC-specific Board Evaluation Action Plan

Remuneration

- Reviewed the DBSA practices in respect of remuneration governance in accordance with best practice including King IV, i.e. the market-related remuneration review report from the 21st Century for executive positions within the DBSA
- Recommended for approval by the Board 2022/23 quantum of incentive pool for executives and staff of the DBSA
- Recommend to Board for approval allocation of STI for the CEO and executives
- Recommended for approval by the Board 2024/25 headcount and remuneration budget
- Recommended for approval by the Board 2024/25 annual increase envelope for employees
- Deliberated Remuneration Policy update.
- Received an update on government reforms regarding state-owned enterprises' compensation.

Human Resources

- Recommended Graduates' Short-term contract proposal to the Board for approval
- Recommended the Employees' Solar Panel proposal to the Board for approval
- Recommended Additional/New Headcount request to the Board for approval. An increase of 26 headcounts were recommended effectively increasing the current DBSA Banking headcount from 561 to 590
- Reviewed the enterprise risk management report concerning key human capital risk
- Reviewed the Units Heads and Group Executives succession Planning Report
- Reviewed the Corporate culture survey results and provided input to the Culture Strategy
- Reviewed the human capital, headcount and remuneration report
- Reviewed the Employee/Industrial Relations Report

Key focus areas for the 2024/25 financial year and beyond

- Continue to monitor the Future Fit DBSA process which is under way. The ongoing Fit for Purpose DBSA process necessitates cultural reform and a shift in thinking towards growth and innovation. This necessitates not only evaluating how the Bank operates and is structured, but also changing the mindsets of those who work for it
- Ensure that skills enhancement and employee empowerment programmes are effectively implemented, including skills retention, career development, nurturing a supportive work environment, and the consistent recognition and incentivisation of employees' dedication and exceptional efforts.
- Continue to monitor transition processes for

senior management, as well as oversight and evaluation of the Bank's succession plan.

- Continuous engagements with the shareholder on the remuneration policy and its governance to ensure that the remuneration policy is fit for purpose
- Monitor the implementation of the Project Preparation Division Turnaround Strategy
- Monitor developments with regard to changes in the Companies Act, and its implications to the DBSA's Human Capital



Patience Nosipho Nqeto

Chairman of the Human Resources and Remuneration Committee



Nominations Committee Report for the year ended 31 March 2024

The Nominations Committee (NOMCO) adopted an appropriate formal terms of reference as its NOMCO Charter, regulated its affairs in compliance with this charter, and discharged its responsibilities as contained therein.

Impact of King IV

King IV recommended that the process for nomination and election and, ultimately, the appointment of the members to the Board, should be formal and transparent. The NOMCO oversees the process for the appointment of directors, which includes identification of suitable members of the Board as well as performance of reference and background checks of candidates prior to nomination, including fit and proper assessment and conflicts of interest.

Responsibility

The NOMCO supports the Board in the execution of its duties with respect to the nomination of directors for the DBSA's Board, directors' affairs, and governance-related matters.

Committee activities during the year under review

- Reviewed the NOMCO terms of reference and approved the NOMCO annual agenda
- Approved the search strategy for filling existing Board vacancies.
- Oversaw recruitment, including the onboarding process of the six appointed non-executive directors
- Discussed the directors' vetting outcomes.
- Reviewed and recommended Board Committees renewal for approval.
- Oversaw the appointment of the Chief Financial Officer
- Oversaw the onboarding of the newly appointed directors
- Oversaw the implementation of the 2023/24 Board enrichment plan and considered the 2024/25-2026/27 enrichment plan

- Considered the results of the Board Evaluation report and the action plan.
- Considered progress report on the implementation of the Board evaluation action plan
- Considered the Chief Executive Officer and Executive Directors' performance and salary review
- Gave inputs on shareholder-led amendments to DBSA regulations.
- Discussed Board and Committee Succession Plan.

Key focus areas for the 2024/25 financial year and beyond

- Finalisation of the Board and Committee Succession Plan
- Commence director's recruitment process for the March 2025 vacancy



Ebrahim Rasool
Chairperson of the Nominations Committee

Infrastructure Development and Knowledge Management Committee Report for the year ended 31 March 2024

The Infrastructure Delivery and Knowledge Management Committee (IDKC) adopted appropriate, formal terms of reference as its Infrastructure Delivery and Knowledge Management Committee Charter. The committee regulated its affairs in compliance with this charter and discharged its responsibilities as contained therein.

Impact of King IV

King IV recommends that organisations proactively engage with regulators, legislators and industry associations. The committee monitors the implementation and impact of the DBSA's Development Position and related strategies to make recommendations on how best to remove any obstacles to implementation. In doing so, the committee must understand the compliance and regulatory universe of the DBSA to fulfil this King IV recommendation. The committee does not envisage any insurmountable obstacles in this quest.

Responsibility

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.

Committee activities during the year under review

- The Committee recommended to the Board the approval of the IDKC terms of reference and approved the IDKC annual agenda.
- As a DFI focusing on investments in infrastructures that have a sustainable development impact, the IDKC is required to monitor developments in infrastructure planning and implementation, as well as the enabling environment that impacts the delivery of infrastructure and how it is financed.
- Approved the IDD Annual Performance Report 2024

- Recommended to the Board the approval of the IDD Strategy and Operational Plan 2024 – 2026
- Recommended to Board, the approval of the Infrastructure Delivery Mandate Assessment Framework

Knowledge management

The DBSA is committed to facilitating processes of internal and external knowledge development and sharing. This facilitates appropriate learning, enhancing its status as an infrastructure DFI and supports the implementation of the DBSA's Development Position. In this regard the Committee:

- Approved the research schedule and conversations for the 2023/24 financial year
- Facilitated thought leadership engagements that provoked thought, dialogue and strategising on issues relevant to the strategy of the Bank and industry at large. The topics covered were as follows:
 - DLAB Programme – Independent Strategic Review Presentation
 - Social Return on Investment Index for the DLABS
 - Economic Transformation in South Africa
 - Digitalisation and Innovation
 - Sub-Saharan African Scenarios
 - South Africa's Water-Energy-Food Nexus in the context of Climate Change
- Approved the KMR Impact Assessment Report for the 2022/23 financial year
- Received and deliberated on economic update reports on the latest economic developments
- Approved the following final research outputs:
 - Beyond the Gap in South Africa
 - DBSA/World Bank Urban Transport: Final Report on Regulatory and Data Systems
 - The DBSA/World Bank RAS Agreement Progress Report
 - The role of DFIs in Fragile States Research Paper
- DBSA-SATIED-NPC-PCC Partnership: Final Water Paper on SA's Water Sector Investment Requirements to 2050 (subcontractors to PDG)

- DBSA-SA TIED-NPC-PCC Partnership: SA's Water, Energy, and ICT Investment Requirements to 2050
- The Effectiveness of Infrastructure Public-Private Partnerships Research Paper
- Improving Infrastructure Delivery Models Research Paper
- Social Economic Investment Support and Programme Implementation (strategic mandates)

The DBSA is committed to supporting the government in accelerating the implementation of agreed infrastructure and implementation programmes on a fully funded and/or cost-recovery basis. These strategic mandates include the provision of project management and other support in key priority sectors critical to the achievement of national objectives of economic growth, job creation, infrastructure delivery and governance, poverty eradication, environmental sustainability and wellbeing.

The committee:

- Approved the Eskom Mini-grids Programme
- Approved the DHET Framework Agreement
- Noted the annual feedback from the Independent Power Producers' Office (IPPO)
- Approved the business case: A Case for Scaling the DLAB Programme
- Noted the external review of the DLAB Programme
- Noted the Infrastructure Fund Business Plan
- Approved SAPS Infrastructure Programme

Key focus areas the 2024/25 financial year and beyond

- Continue to facilitate thought leadership engagements that provoke thought, dialogue and strategising on issues relevant to the strategy of the Bank and industry at large
- Continue to monitor the Bank's activities aimed at sustainable development, green finance and the Just Transition
- Continue to monitor the implementation of the research agenda, and the research outputs
- Monitoring expansion of DLABS in terms of number across the country
- Monitoring implementation of the Integrated Municipal Approach
- Monitor quarterly programme reporting across sectors to highlight progress and difficulties.



Petrus Matji
Chairman of the Infrastructure Delivery and Knowledge Management Committee

Social and Ethics Committee Report for the year ended 31 March 2024

The Social and Ethics Committee (SEC) adopted an appropriate formal term of reference as its SEC charter, regulated its affairs in compliance with this charter and discharged its responsibilities as contained therein.

Impact of King IV

King IV recommends that the governing body should lead ethically and effectively and should govern the ethics of the organisation in a way that supports the establishment of an ethical culture. SEC actively exercises oversight over the ethics management of the Bank.

Responsibility

The Committee ensures that management cultivates a culture of ethical conduct and sets the values to which the DBSA adheres.

Committee activities during the year under review

- Continued to oversee the delivery on the Bank's purpose by referencing the SDGs as measures of such delivery
- Continued to oversee the Bank's response to climate change from an operational perspective through the watch list of environmentally unfriendly transactions and transactions that might not meet their covenants
- Monitored the Bank's media and corporate social investment activities
- Continued to oversee the Bank's establishment of gender mainstreaming within the organisation
- Monitored the B-BBEE transformation in the DBSA's procurement policies and appointment of service providers and contractors
- Considered the quarterly Ethics Reports, and Stakeholder Relations Reports
- Held in-committee meetings during which reports on forensic investigations and legal cases involving the DBSA were discussed

- Recommended the Whistle Blowing Policy for approval by the Board
- Recommended to the Board, approval of the Building a Green Framework and the development of an Implementation Framework
- Approved that the Strategic Stakeholder and Partnerships Unit collaborate with Corporate Strategy to develop a more comprehensive stakeholder experience strategy
- Recommended to the Board, the approval of the Gender Mainstreaming Policy and Implementation Framework
- Considered the Leadership Ethics Pledge
- Recommended to the Board, the approval of the DBSA Employees' Conflict of Interest Policy
- Considered the DBSA Human Rights Principles Statement

Key focus areas for the 2024/25 financial year and beyond

- The Committee will continue to focus on the shift of its oversight on Environmental, ESG issues and their impact on the DBSA to ensure the organisation's sustainability
- During the year under review, the Board approved the extended mandate of the SEC to address the ESG principles. It was agreed that the SEC mandate and name be evolved to promote effective ESG and sustainability oversight. The Committee will be called the Social, Environmental and Ethics Committee (SEEC) to better reflect its broader mandate
- The SEC composition was refreshed to make the composition more diverse in terms of skills, capabilities, and backgrounds, and to bring in directors who have a strategic knowledge of ESG issues. A member with Investment and Corporate Banking, ESG investments and Global Climate Change expertise was appointed to the Board into the SEC Committee
- While the Bank continues to increase its knowledge and expertise in ESG, the challenge of overlap between the BCIC and SEC still exists. However, regarding cross-membership between


REMUNERATION REPORT

SEC and BCIC, the composition of the Board includes expertise in ESG, and the member serves on both BCIC and SEC to ensure proper assessment of the ESG matters.

- The Board further approved that the Committee's mandate should be expanded to include the following clause: "assist the Board in carrying out its oversight responsibility related to ESG matters, which are defined to include topics such as climate change impacts, energy and natural resource conservation, environmental sustainability, human rights, diversity and inclusion, and other ESG issues that are relevant and material to the Bank."
- The duties and responsibilities of the Committee will include, among others: reviewing and discussing with management the Bank's ESG strategy, initiatives, and policies reviewing and monitoring the operational, regulatory, and reputational risks and impacts of ESG on the Bank as well as reviewing and discussing management reports regarding the Bank's progress toward its key ESG objectives.

The Committee will continue:

- Its oversight and guidance to enhance the culture of ethics and ethical leadership at the DBSA, working with key stakeholders and industry bodies to deliver better outcomes for society and inform the industry view on transformation
- To monitor B-BBEE transformation in the Bank across all pillars of the BEE scorecard
- Overseeing the Bank's approach to the measurement, assessment and disclosure of its financial exposure to climate-related risks, ensuring its corporate governance mechanisms align the DBSA's goals with those of its broad base of stakeholders in fulfilling its purpose of putting its financial expertise to do good while supporting stakeholder capitalism
- Overseeing the implementation of gender mainstreaming within the Bank



Kenneth Brown
Chairman of the Social and Ethics Committee



The DBSA's remuneration framework is shaped by our commitment to shared value, our historical performances, the remuneration choices that have been made in previous years and market best practice. The decisions of our HRC align with our shared-value philosophy, and we base our remuneration decisions on our core purpose and values. HRC diligently balances the often-competing needs of various stakeholder groups during its deliberations and decision-making processes.

Remuneration governance

Our commitment to sound remuneration practices extends across various operating jurisdictions. The Bank meets the requirements outlined in King IV, the Companies Act and the PFMA. Mandated by the Board, HRC oversees all aspects of remuneration. Operating under an approved term of reference, HRC ensures transparency and accountability. Outcomes from HRC meetings are regularly reported to the Board. HRC conducts periodic effectiveness evaluations. Independent advisors provide strategic input and advice based on best practices and benchmarking.

The CEO is primarily accountable for implementing HRC's decisions and agreements. The Group Executive: Human Capital supports the CEO and HRC by recommending changes to policies and practices for the day-to-day application of the Remuneration Policy.

Together, we uphold responsible remuneration practices and contribute to the stability and success of our organisation.

Our commitment to fair and responsible remuneration

The Bank is committed to fair and responsible remuneration. Exco and HRC oversees relevant management processes to ensure that the Bank's remuneration practices are externally competitive and internally unbiased. These processes include annual salary benchmarking, and analysis of income differentials (with consideration for gender disparities),

all aimed at maintaining market-related and equitable remuneration.

To ascertain competitive remuneration for our employees, we utilise independent salary surveys and benchmarking companies and advisers. Salary benchmarking ensures that we stay informed about market changes. Various factors such as company size, revenue, profit, employee count, and skills availability are taken into consideration when determining appropriate remuneration pay practices for the Bank.

Remuneration Principles

The key principles of the Bank's Remuneration Policy include the following:

- Driving a high-performance culture: The Remuneration Policy and guidelines must be able to inspire and inculcate a culture of high performance, effectively supporting the delivery of Bank's short- and long-term strategic goals through its robust performance management systems.
- Provide market related remuneration: The Bank shall benchmark its remuneration through salary surveys in the financial services sector (inclusive of investments), DFIs sector, construction sector and national market.
- Promote internal parity: The Bank will support the principle of fair and equitable remuneration, equal pay for work of equal value as per the Employment Equity Act. Employees will be remunerated in relation to the outcome of an accredited job evaluation process determining the relative value of the job. The job evaluation result (job grade) will be compared internally and externally. Remuneration differences that may exist due to Bank operating model reviews and/or restructuring exercises, functional and/or market value, as well as individual-related differences, will be made visible and shared with the respective approval structures.
- Ensure transparency: The Bank must ensure that it remunerates in a transparent manner to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

Remuneration components

Each component of the Remuneration Policy is developed with a specific intent and purpose:

Remuneration Component	Rationale
Guaranteed Pay (GP) and Benefits	<ul style="list-style-type: none"> Remuneration for job specific outputs and requirements Attraction and retention of high performing individuals
Variable Remuneration	
The Bank shall make provision for incentives for its employees when the corporate achieves its performance targets. These include:	
Short-term Incentives (STIs)	<ul style="list-style-type: none"> STI refers to performance-based bonuses that are dependent on organisation, divisional and individual performance during a particular financial year. Create a culture of high/superior performance Enhance team performance
Other Variable Pay, inclusive of Buyouts, Ad hoc and Retention Incentive (Award and Agreement)	<ul style="list-style-type: none"> Buy-out refers to an incentive award for the attraction of a potential key candidate to the Bank at recruitment stage. Retention Incentive (Award/Agreement) refers to an incentive award for the purposes of retaining key employees of the Bank based on continued demonstrated skills, capability, and performance. Attraction and retention key skills in organisation. Ad hoc payments, amongst others, any form of payment or other benefit made to or otherwise conferred to an employee/s for the benefit of the organisation
Financial and Non-Financial /Recognition and Awards Benefits	<ul style="list-style-type: none"> Support and reinforce a culture of performance, embed the right behaviours and values

Benefits

The Bank provides a plethora of leave benefits, among others, annual leave, sick leave, paid maternity, paid parental leave, long service leave, study leave, shut down December/January leave (not taken from the annual leave quota). Most of the leave provided are more than what is prescribed in the Basic Conditions of Employment Act.

Other benefits include Provident Fund, Insured Benefits, Medical Aid, cell phone allowances, Primary Health Care (on-site clinic), Employee Wellness (wellness days).

Additional once-off solar benefit for staff

South Africa grapples with persistent power shortages, leading to frequent load shedding and outages that have significantly affected the economy, businesses,

and households. In response, the Bank introduced the Solar Energy Subsidy for Employees initiative. The Bank is championing this initiative to encourage, incentivise, and assist employees to go green and collectively contribute to mitigating the impact of the ongoing energy crisis. The Bank has made available a subsidy of R65 000 per employee.

Human Resources and Remuneration Committee

The HRC is delegated by the Board to ensure that the organisation remunerates fairly and responsibly to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The HRC's role, among others, are as follows:

- Consider for approval by the Board, the Remuneration Policy and the Bank's employment practices in addition to any other strategic remuneration issues referred to by Management

and the Board of Directors in line with market trends and prevailing legislation.

- Oversee the setting and administering of remuneration at all levels, the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual and team performances.
- Review performance against agreed strategic objectives as set out in the Corporate Plan and Balanced Scorecard to facilitate effective performance monitoring, evaluation and corrective action.
- Recommend to Board for approval any changes to the agreed key performance indicators and ensure that the Shareholders Compact is duly amended and submitted to the Minister of Finance.
- Review and recommend performance incentive policies applicable to Executive Directors and Executive Management to the Board of Directors to ensure that they are fairly rewarded for their individual and collective contribution to the Bank's performance.
- Make recommendations to the Board for approval of the annual remuneration budget for the Bank.
- Make recommendations to the Board for approval of the annual employee salary increase.
- Determine remuneration, retention incentives and termination policies and procedures for executives and staff of the Bank.
- Consider and recommend to Board for approval

the quantum of incentive pool for executives and staff of the Bank.

- Ensure that all benefits including retirement benefits and other financial arrangements are justified and correctly valued.

The HRC Chairperson provides feedback to the Board post each HRC meeting for discussion and / or to seek approval where required. The HRC Chairperson also represents the Board at the Annual General Meeting on remuneration matters.

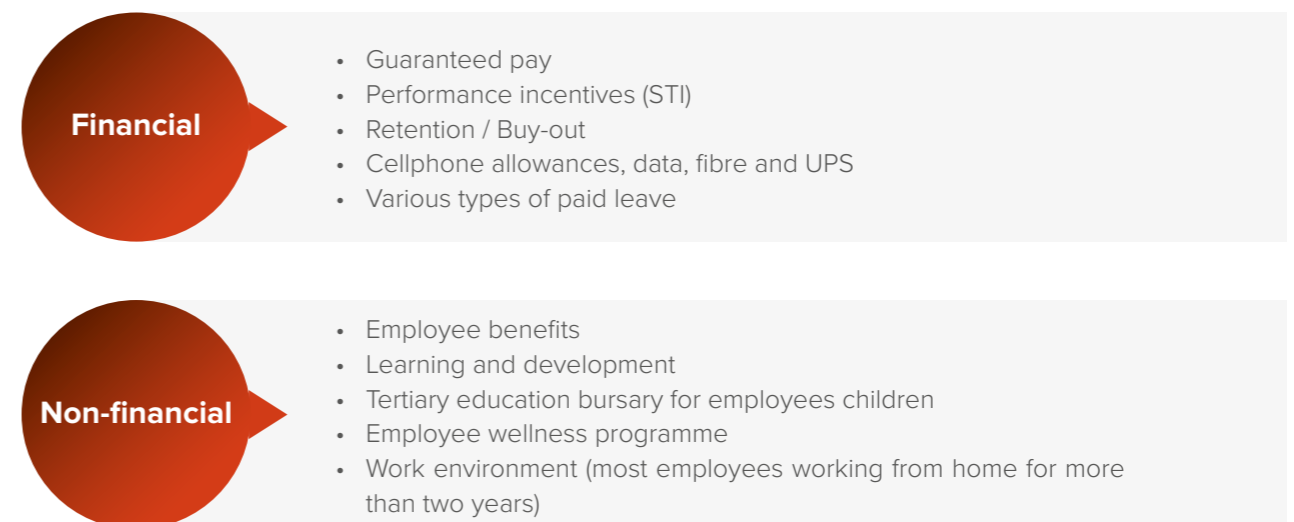
HRC considerations and decisions

The DBSA set out challenging targets to achieve despite the impact of the COVID-19 pandemic, tough economic and political environment in the continent. Despite these conditions, the Bank achieved good performance results from a financial sustainability and development perspective. This achievement could only be achieved because of the hard and consistent work of our management and employees. The performance of the Bank is further detailed in this annual report.

For the key decisions taken by HRC and ratified by Board for the 2023/24 financial year, refer to the HRC report on pages 154 and 155.

DBSA's reward framework

The Bank's reward framework consists of financial and non-financial components



Benchmarking

To ensure market competitiveness for the attraction and retention of key talent, the Bank benchmarked its pay mix with the financial services sector (inclusive of investments), DFIs sector, construction sector and national market (inclusive of state-owned enterprises). The Bank utilises remuneration surveys, as a basis for determining the benchmarked pay ranges per grade. The pay ranges are for all job categories inclusive of the CEO and Group Executives. Benchmarked pay ranges are reviewed on an annual basis to ensure market competitiveness and adjusted for market movements. Multiple service providers, dependent on suitability to the sector, are employed to determine the market relatedness of the remuneration structure. Benchmarking for Executives is done for all components of remuneration, i.e., guaranteed pay, on-target earnings, STI and LTI. The Bank pays employees from the first quartile (25%) to the upper quartile (75%) of the grade pay range. Where the Executive Directors (CEO and Chief Financial Officer) and Prescribed Officers (Group Executives) exceed the market median, the requisite motivation and rationale are tendered for consideration and approval as per the State-Owned Enterprises Remuneration Guidelines (SOERG). Overall appropriate benchmarking assists the DBSA to align its remuneration with best practice and deliver fair and responsible remuneration. The DBSA total reward approach consist of guaranteed and variable pay:

- **Guaranteed Pay (GP):** A fixed income/salary an employee receives for the role they perform. The GP includes contributions to medical aid, the provident fund and insured benefits.
- **Short-term Incentives (STI):** An annual performance incentive subject to the organisation and individuals achieving agreed key performance targets for the financial year.
- **Retention/Buy-out Incentives:** An incentive award for the purposes of hiring key talent and/or retaining key employees of the Bank based on continued demonstrated skills, capability and performance.

Remuneration in a broader context

Guaranteed Pay: This is pay for the job role, skills and experience requirements. This level of pay includes cash component and includes mandatory benefits for permanent and long-term contract employees. The mandatory benefits are detailed below:

Retirement Benefit: The Bank has a defined contribution provident fund. Employees have the option to use their level contribution to the provident fund, starting from 6% up to a maximum of 25% of GP. The normal retirement age for employees is at 60 years unless otherwise specified in the Bank’s retirement policy.

Insured Benefit: The Bank provides compulsory risk benefits such as group life insurance, spouses cover, funeral benefit, critical illness and disability benefit. The cost of these benefits is funded from the employees GP.

Disability Benefit: Employees that are medically boarded through a process of medical evaluation and approval by the Insurer, will receive a monthly income of 75% of their GP. The disability premiums are included in the insured benefit cost. This benefit, if permanent, is payable to retirement age or in case of temporary disability until the employee sufficiently recovers. During the period of disability, in addition to the disability payment, the Insurer will continue to contribute to the employee’s retirement fund and insured benefits.

Medical Aid: It is compulsory for all employees to join any of the Bank’s Medical Aid Scheme Provider/s unless the employee is on his/her spouse’s medical aid. The Bank reviews the medical aid schemes on an annual basis to assess their appropriateness for our employees. As part of the medical aid benefit offering, we have Medical Aid Consultants (currently ASI) available to assist employees with any medical aid related queries.

Short-term Incentive: Eligibility to participate in the Short-term Incentive (STI) is at the absolute discretion of HRC. Eligibility is restricted to full-time, permanent and long-term contract employees of the Bank. Although staff are eligible to participate in the STI scheme, actual participation will depend upon the Bank achieving its annual performance targets as set out in the rules of the STI scheme, as well as the individual achieving at least the minimum performance standard requirements in their personal performance appraisal for the year.

The Bank’s STI bonus pool is determined by the performance measures as agreed for the financial year under review. In order to qualify for an STI bonus pool, the organisation must achieve the minimum

performance rating of three or greater in the annual Balanced Scorecard performance assessment. The STI hurdles to measure and determine the size of the pool are as follows:

STI Scorecard		
Measure	Strategy	Weighting
Sustainable earnings*	Sustainable profitability	40%
Operating cash flow generated	Profitability converted to cash	30%
Value of infrastructure unlocked	Developmental mandate	30%

*Sustainable Earnings = Net Profit, adjusted for non-recurring items, foreign exchange gains/losses and revaluation adjustments on treasury instruments

Payments are made once an unqualified audit has been attained, the Bank has achieved the financial, development and other strategic targets as well as a bonus pool being approved by HRC and Board. For the 2023/24 financial year, the total STI payment was capped at 20% of total actual personnel costs.

Committee is responsible for the determination of a retention incentive for the CEO. A precondition of the retention incentives is that, if the recipient of the incentive leaves the employ of the Bank within 12 - 36 months (period determined according to value and criticality of skill), the recipient will be required to pay the pro-rated incentive back to the Bank.

Retention Incentives: The Bank may award retention incentives for the purposes of retaining key employees. The retention incentives (awards/agreements) will be determined by the relevant Group Executive in consultation with the Group Executive: Human Capital and approved by the CEO. The allocation of retention incentives (awards/agreements) for Group Executives is determined by the CEO and approved by the HRC. The Nominations

Agencies mandate specific and cost recovery programme: individuals appointed on cost recovery programmes or mandates will apply the Bank’s remuneration guidelines. These guidelines as directed by the relevant principals of the programme are subject to availability of funds in their respective programmes.

Reporting of procurement by other means

No	Project Description	Name of Supplier	Reason for the procurement by other means	Value of contract	Award Date	Contract start date	Contract expiry
1	Emergency Procurement : In response to DBSA Cyber - Attack.	Linklaters Attorneys, USA	Contain and mitigate the risk arising from a cyber-attack on DBSA systems.	US\$ 400,000	7-Jun-23	7-Jun-23	
2	Emergency Procurement : In response to DBSA Cyber - Attack.	Webber Wentzel Attorneys	Contain and mitigate the risk arising from a cyber-attack on DBSA systems.	R3 million	7-Jun-23	7-Jun-23	

No	Project Description	Name of Supplier	Reason for the procurement by other means	Value of contract	Award Date	Contract start date	Contract expiry
3	Emergency Procurement : In response to DBSA Cyber - Attack.	Cyanre (Pty) Ltd	Contain and mitigate the risk arising from a cyber-attack on DBSA systems.	R3 million	7-Jun-23	7-Jun-23	
4	Emergency Procurement : In response to DBSA Cyber - Attack.	Performanta South Africa (Pty) Ltd	Contain and mitigate the risk arising from a cyber-attack on DBSA systems.	R4,328,695.70	7-Jun-23	1-Mar-20	30-Jun-23
5	Emergency Procurement : In response to DBSA Cyber - Attack.	Global Continuity South Africa (Pty) Ltd	Contain and mitigate the risk arising from a cyber-attack on DBSA systems.	R300,000	7-Jun-23	1-Mar-22	28-Feb-25
6	Emergency Procurement : In response to DBSA Cyber - Attack.	Storage Technology Services Pty Ltd (T/A) Nexio	Contain and mitigate the risk arising from a cyber-attack on DBSA systems.	R700,000	7-Jun-23	1-Jan-21	30-Dec-23
7	Single Source: Procurement of legal advisors to assist the IPP Office with the close out of the Risk Mitigation IPPPP (RMIPPPP) and Renewable Energy IPPPP Bid Window 5 (REIPPP BW5)	Ledwaba Mazwa	Legal advisors to assist the IPP Office with the close out of the Risk Mitigation IPPPP (RMIPPPP) and Renewable Energy IPPPP Bid Window 5 (REIPPP BW5).	As per rates supplied	18-Jul-23	1-Aug-23	31-Jul-24
8	Single Source: Procurement of legal advisors to assist the IPP Office with the close out of the Risk Mitigation IPPPP (RMIPPPP) and Renewable Energy IPPPP Bid Window 5 (REIPPP BW5)	Webber Wentzel	Legal advisors to assist the IPP Office with the close out of the Risk Mitigation IPPPP (RMIPPPP) and Renewable Energy IPPPP Bid Window 5 (REIPPP BW5).	As per rates supplied.	18-Jul-23	1-Aug-23	7/31/202
9	Single Source: iPads and peripherals for the IPP Office EXCO team	iStore	iPads for members of EXCO	R209 376.00	18-Jul-23	25-Jul-23	Upon delivery: 04 August 2023

No	Project Description	Name of Supplier	Reason for the procurement by other means	Value of contract	Award Date	Contract start date	Contract expiry
10	Emergency: Critical Supply and Delivery for an Emergency VRF HVAC PC boards and regassing of the system Installation and Commissioning by Prexoz Engineering	Prexoz Engineering		R 624 427	30-Nov-23	13-Oct-23	13-Oct-23
11	Emergency: Critical Supply and Delivery for an Emergency 1000A generator change over panel circuit breaker, Installation and Commissioning	QOS Consulting CC	Supply and Delivery for an Emergency 1000A generator	R 343 160,00	24-Jul-23	24-Jul-23	N/A
12	Emergency: Critical Supply and Delivery for an Emergency 630A DC circuit breaker for the 300 KVA UPS Installation and Commissioning	Moshidi Group	Supply and Delivery for an Emergency 630A DC circuit breaker	R 126 000.00	26-Jul-23	26-Jul-23	N/A
13	Emergency: Repairs of Leaking Main Water Supply Pipe	Mahlomuza (Pty) Ltd	Repair of water supply pipe	R65 412.17	2-Jul-23	2-Jul-23	N/A
14	Single Source: Climate screening and detailed municipal climate risk and vulnerability assessments for the water reuse programme	CSIR	Climate screening and detailed municipal climate risk and vulnerability assessments	R2 547 250.00	15-Oct-23	15-Oct-23	15-Mar-23
15	Sole source: Request to procure additional service credits for Arcgis online from ESRI	ArcGIS Online	Additional service credits for ArcGIS	R77,238.22	3-Oct-23	3-Oct-23	N/A
16	Sole Source: Request for Approval for Procure Check Renewal	Lexis Procure Check	Subscription renewal	R 206 831.69	12-Oct-23	12-Oct-23	11-Oct-24
17	Sole Source: PitchBook subscription request	PitchBook		R 27 000	4-Dec-23	4-Dec-23	3-Dec-24

No	Project Description	Name of Supplier	Reason for the procurement by other means	Value of contract	Award Date	Contract start date	Contract expiry
18	Emergency: Critical Supply and Delivery for an Emergency for repairs for the canteen chiller and freezers, repairs of crack units, repairs for the VA main chiller circuit, water treatment installations and treatments, repairs of the gym chiller, water circuit installation and treatment at and regassing of the system Installation and Commissioning by Pobe Construction and Projects	Pobe Construction and Projects		R 961 075.48	30-Nov-23	14-Dec-23	14-Dec-23
19	Sole Source: Appoint external counsel in relation to the labor transition documentation	Clifford Chance Europe LLP (CC) (who will in turn appoint Ghanian qualified legal advisors Senet Corporate Solicitors (Senet))		EUR 34 500 \$4 500 R782 257.80 (conversion estimate)	13-Dec-23	13-Dec-23	31-Mar-24
20	Single Source: SAP as OEM to assist the DBSA with the implementation of the SAP Success Factors solution for HCM	SAP		30362365,55	1-Nov-23	1-Nov-23	TBC
21	Single Source: Appointment of CSIR for the upgrading of the order magnitude cost optimisation tool	CSIR		R 3 691 500	22-Nov-23	TBC	TBC
22	Single Source: University of Johannesburg (UJ) to assist the DBSA with the editing, review, compilation, and publication of the DBSA annual infrastructure development research colloquium journal	University of Johannesburg	Edit, review, compilation, and publication of the DBSA annual infrastructure development research colloquium journal	R1.6 million (VAT inclusive) over the combined 2024/25 and 2025/26 Fys	11-Dec-23	1-Jan-24	31-Dec-25
23	Single Source: Completion e-Procurement solution and support	SupplyFlow Pty Ltd	DBSA eProcurement Solution and Support	R4,528,121.00 (Incl. of VAT)	19-Dec-23	1-Mar-24	28-Feb-27

No	Project Description	Name of Supplier	Reason for the procurement by other means	Value of contract	Award Date	Contract start date	Contract expiry
24	Single Source: The detailed planning to Implementation readiness and construction management oversight of rural community water schemes in five priority villages in Vhembe District Municipality	CSIR	Implementation readiness and construction management oversight of rural community water schemes	R15 Million	10-Jul-23	1-Aug-23	31-Jul-25
25	Single Source: Sourcing the services of a facilitator for the Municipal Integrated Approach Session as per the DBSA Board Strategy	Mr Andrew Boraine	Continuity to the Board conversation and alignment of the solutions to the adopted DBSA strategy	R 200 000.00	27-Jun-23	28-Jun-23	31-Aug-23
26	Single Source: Emergency for the urgent and unforeseen Expenditure (Procurement of Economic Services) for DBSA Board Strategy Session	Mr Andrew Boraine	Facilitator in the DBSA Board's strategy session	R 200 000.00	17-Nov-22	17-Nov-22	9-May-23
27	Emergency: Critical Supply and Delivery for an Emergency to Replace of Main Generator Synchronising Controller, Replace Electronic Computer Control Module CPU Volvo	QOS CONSULTING CC	Replacement of Main Generator Synchronising Controller, Replacement Electronic Computer Control Module CPU Volvo	R380,075.00	29-Feb-24	29-Feb-24	29-Feb-24
28	Emergency: Critical Supply and Delivery for an Emergency Fire Control Panel Modules and the repeater panel struck by the lightning Installation and Commissioning by Innovation Fire and Sec Technologies PTY Ltd	Innovation Fire and Security Technologies (Pty) Ltd	Replacement of the Fire Control Panel Modules and the repeater panel	R220,348.85	29-Feb-24	29-Feb-24	29-Feb-24
29	Sole Source: Provision of additional resources in Azure to cater for new requirements	Microsoft Azure	Provisioning of additional resources in Azure to cater for the Security Operational Centre (SOC) requirements and Online Pricing Tool project environment requirements	USD11 981,09 (ex. VAT) Converted: R223 736,51 (ex. VAT)	27-Mar-24	1-Apr-24	30-Jun-25

07
REFERENCE
INFORMATION



APPLICATION OF KING IV PRINCIPLES

King IV Principle	Application
<p>Principle 1: The governing body should lead ethically and effectively.</p>	<p>The DBSA's Board is responsible for providing leadership and strategic oversight to the Bank to ensure that the Shareholder's value creation is achieved. The Board has delegated to its statutory committee the Social and Ethics Committee (SEC) the responsibility to monitor the company's activities, from an ethical perspective, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice. The Board members are accountable both as individuals and as a collective to provide sound judgment and ethical leadership through the ethical principles enacted in King IV and their fiduciary responsibilities as contained in the Companies Act of 2008. These principles and responsibilities are embedded in the Board Charter, the DBSA's Code of Ethics and the Code of Conduct. Our ethics policies include the Directors' Conflict of Interest Policy, the Politically Exposed Persons Policy, and the Anti-Bribery and Corruption Policy which ensures that the Board upholds ethical standards and leads ethically. The Board confirms that it has executed the evaluation responsibilities stipulated in NOMCO's terms of reference. Furthermore, the Board ensures that the shared organisational values are enshrined in all the policies and operations of the Bank.</p> <p>During the year under review, with the change in leadership in the Bank, it was considered necessary to ensure that there is a continued message of upholding and maintaining ethical principles and values. A leadership pledge was presented to the SEC Committee for approval.</p> <p>To raise Board awareness, the Board received ethics peer-to-peer training during the year, which covered ethical and effective leadership by the governing body, ethics concepts, organisational ethics, ethics culture, and case studies that demonstrated ethical principles.</p> <p>The DBSA is implementing recommendations from the 2022/23 financial year Board evaluation to align its social and ethical agenda with the Bank's sustainability. The SEC's mandate has been expanded to include greater sustainability issues.</p> <p>Furthermore, during the period under review, the Board approved two updated ethics-related policies: the Employees Conflict of Interest and Outside Involvement Policy and the Whistleblowing Policy.</p>

King IV Principle	Application
<p>Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</p>	<p>The Board has approved shared values namely integrity, high performance, service orientation, customer and innovation. The Board has delegated its ethics oversight role to the SEC. The Ethics Office under the guidance of the Company Secretary develops an Ethics Management Strategy and reports to the SEC quarterly about the ethical performance of the Bank.</p> <p>During the review year, the focus was on increasing awareness of the revised Employees Conflict of Interest and Outside Involvement Policy, particularly with reference to outside interests, as well as the new automated online declaration system for bank directors and employees.</p> <p>The implementation of the amended policy highlighted the necessity for a procedure manual to guide bank employees and leadership in self-evaluation of the outside interests and risks to the organisation.</p> <p>As part of the ongoing effort to create an ethical culture, the future focus will be on developing and improving the procedure manual for dealing with outside interests. In addition, the Bank will conduct its risk assessment.</p>
<p>Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.</p>	<p>The DBSA deliberately incorporates responsible corporate citizenship into its business practices. The Board has given the Social and Ethics Committee and the Board Credit and Investment Committee authority to oversee the DBSA's performance in terms of integrated responsible corporate citizenship.</p> <p>As part of the reform reported on in the previous year, the Board in support of its oversight role has requested management to establish a Social Environmental Ethics Climate Risk Management Committee to ensure that the DBSA responds effectively to and manages evolving environmental, social, governance, and climate risks and identified opportunities in line with the organisations' longer-term sustainability/resilience objectives. The Committee will be functional in the coming financial year.</p> <p>The Social and Ethics Committee will enhance its oversight role by continuing deliberating on the report outlining the DBSA's social and environmental issues deliberated by the newly established sustainability committee.</p>

King IV Principle	Application
<p>Principle 4: The governing body should appreciate that the organisation’s core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.</p>	<p>The DBSA’s Board sets out the strategic direction of the Bank annually, which informs the Corporate Plan development. The strategy of the DBSA is implemented through four strategic objectives and considers risks and opportunities as well as stakeholder concerns. The four strategic objectives namely; (1) financial sustainability, (2) accelerating development impact, (3) Future-fit DBSA and (4) smart partnerships encapsulate the strategic intent of the Bank and focus on creating value throughout the infrastructure development value chain. This is done by leveraging the dynamic capabilities of the Bank in conceptualising, catalysing, and implementing sustainable infrastructure projects, as well as engaging in and cementing smart partnerships.</p> <p>In so doing, the DBSA plays a key role in the planning, preparation, funding, building, and maintenance of the infrastructure development value chain, focused on both economic and social infrastructure.</p> <p>The Strategy of the DBSA is centred around sustainable development, and this is clearly articulated in the IAR and Sustainability Review report. By reviewing and assessing transactions, designing tailored financing solutions and enhancing partnerships among stakeholders, the DBSA is helping to mobilise capital in support of sustainable development.</p> <p>The Board is accountable for the strategic direction and provides strategic direction by proposing, discussing and approving plans and strategies based on the values and objectives of the Bank, taking into consideration stakeholder interests and expectations. The Bank ensures a continuous risk identification and assessment process in order to remain ahead of emerging risks. Prior to approving the Corporate Plan of the Bank, the Board satisfies itself that key performance, opportunities and risk areas have been identified and that response actions have been put in place. The IAR provides an assessment of performance against the strategy and plans.</p>
<p>Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation’s performance, and its short-, medium- and long-term prospects.</p>	<p>The BDSA Board oversees organisational performance reporting, taking into account among others the applicable legislation, JSE Listings Requirements, Integrated Reporting Framework, GRI, IFRS and King IV. The DBSA IAR complies with the Public Finance Management Act of 1999 and JSE reporting requirements.</p> <p>The Integrated Annual Report presents material information in an integrated manner and provides users with a holistic, clear, concise and understandable presentation of the DBSA’s performance in terms of sustainable value creation in the economic, social and environmental context within which it operates. Our reporting is also geared towards reporting on development impact in order to demonstrate the economic and social impact of our programmes, identify development-focused transactions and crowd in third-party capital providers. The DBSA solicits input from key users of our reports and communicates with our stakeholders among others, through our reports, website and Stock Exchange News Service (SENS) of the JSE.</p> <p>The IAR also provides illustrative examples of transactions in the sustainability report and outlines our strategic priorities. The Board continually assesses the positive and negative outcomes resulting from its business model and responds to it as highlighted in the Integrated Annual Report. The DBSA’s Integrated Annual Report, Annual Financial Statements, Sustainability Review and Corporate governance disclosures can be downloaded from our website, www.dbsa.org</p>

King IV Principle	Application
<p>Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.</p>	<p>The DBSA Board serves as the focal point and custodian of corporate governance in the organisation by ensuring that at all levels, the DBSA subscribes to the highest standards of corporate governance, integrity and ethics. The directors of the DBSA are committed to full compliance with the principles embodied in appropriate domestic and international corporate governance codes and strive to align the Bank’s corporate governance with national and international best practices.</p> <p>In carrying out its oversight responsibility which amongst other include accountability for the strategic direction and performance of the DBSA, the Board is satisfied that it has fulfilled its responsibilities in accordance with the King IV principles of good governance, Board and Board Committee Charters which were reviewed during the year under review to ensure alignment with best practices. The Board met 5 (five) times and attendance was satisfactory and the Board agenda was informed by the approved Board Annual Agenda Plan.</p> <p>The Board Charter is available on our website, www.dbsa.org.</p>
<p>Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.</p>	<p>The Board is satisfied with the current composition and believes that it reflects the appropriate mix of knowledge, skills, experience, diversity and independence.</p> <p>To invigorate the capabilities of the Board, six new Independent Non-executive Directors were appointed for a term of three years effective from 02 October 2023. To strengthen the Board diversity across different sectors, in filling the existing vacancies, the Board appointed directors with expertise in ICT, human capital and deep experience in implementing ESG. The new directors bring with them the essential expertise and a wealth of experience in the fields of leadership, human resources, environmental, social and governance, banking, information and communication technologies and socio-economic development. These skills are essential for advancing the Bank’s strategy.</p> <p>The majority of the members are independent directors (the Chairman of the Board is an independent director) and the Board has diverse skills in terms of qualifications, experience and overall strong value add. In addition, the Board has satisfactory diversity in terms of skill set, race, age and gender.</p> <p>In advancing its diversity in Board leadership the Board has appointed Ms Martie Janse van Rensburg as the deputy chairperson and lead independent director splitting the gender representation equally between male and female. Mr Ebrahim Rasool is the current Board Chairperson.</p> <p>With regard to overall target setting, during the year under review the Board approved that, DBSA Board representation should be at least 75% black and 50% female. The DBSA does not have any members that are serving for more than 9 years. In accordance with the Board Charter, any term beyond nine years (three three-year terms) for an independent non-executive director should be subject to a particularly rigorous review by the Board, of not only the performance of the Director but also the factors that may impair his independence.</p> <p>For more detail on the composition of the Board of Directors, refer to pages 20 to 24.</p>

King IV Principle	Application
<p>Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.</p>	<p>To enable the Bank to optimally balance the needs for timely, effective and quality decisions and appropriate control, assurance, and oversight and confirmation of the location of authority and decision rights within the Bank, there is a clear delegation of authority from the Board to its Committees and subsequently to the Chief Executive Officer articulated by the Committee charters and the DBSA Delegation of Authority matrix. The Committee charters and Delegation of Authority matrix were reviewed during the year.</p> <p>In support of an effective corporate governance environment, the Board has established six committees to assist the Board in the execution of its oversight mandate. The committees established by the Board play an important role in enhancing standards of governance and effectiveness within the Group. Each committee acts in line with its terms of reference, all of which were reviewed during the year. The Board committees report back on their activities to the Board at all meetings. The delegation of the Board’s responsibilities to committees is not by itself an abdication of the Board’s fiduciary duties.</p> <p>For information on Board Committees, i.e., responsibilities, functions, composition, etc. refer to pages 139 to 145.</p>
<p>Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.</p>	<p>During the year under review, the Board considered the outcome of the Board evaluation assessment and started with the implementation thereof of the recommendations.</p> <p>Among others, the skills gaps identified within the Board were addressed during the appointments which were done during the year and the Board approves the target setting for diversity within the Board and demonstrate it by appointing Ms Martie Janse van Rensburg as the deputy chairperson and lead independent director splitting the gender representation equally between male and female.</p> <p>With the onboarding of the six new Board members the Board will go through its NOMCO and continue to closely monitor its effectiveness and make recommendation where necessary.</p>
<p>Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities</p>	<p>The Board considers Delegation of authority an essential principle of confirming the location of authority and decision rights within the Bank. The Board is satisfied that its delegation to management enables the Bank to optimally balance the needs for timely, effective and quality decisions and appropriate control and assurance.</p> <p>Directors receive regular briefings on changes in risks, laws and the environment in which the Company operates. The Nominations Committee oversees the development and implementation of continuing development programmes for directors in relation to the requirements of the Bank.</p> <p>The Board is satisfied with the current arrangements in place for accessing professional corporate governance services and there is an ongoing discussion to enhance the arrangements.</p> <p>The CEO of the bank is appointed for a five-year tenure. During the year, the Board approved the Bank’s succession strategy, which included CEO succession.</p>

King IV Principle	Application																											
<p>Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.</p>	<p>The management of risk and opportunity is a fundamental part of delivering on our mandate ensuring that the Bank achieves its objectives on a sustainable basis. The DBSA’s risk management function adheres to the principles of KING IV to oversee the Bank’s internal control framework and the implementation of risk management processes across the Banks value chain.</p> <p>The Bank has adopted a combined assurance model that comprises five lines of defence and clearly defines the roles and responsibilities for the management of risk within the Bank. It emphasises that the ownership and management of risk is everyone’s responsibility within the Bank from the Board to line management and employees. As per DBSA’s governance framework, the DBSA Board has appointed the ARC, a Board subcommittee, to be ultimately accountable for the effective management of risk and opportunity. All other Board subcommittees provide oversight for key risks that are relevant for their Terms of Reference.</p> <p>In pursuit of the Bank’s strategic objectives which are: deepening financial sustainability, accelerating development impact, building future-fit DBSA and smart partnerships. The Bank identifies the effects of uncertainty on these objectives, this is done on an annual basis and published as the principal risks. The Board has approved a risk appetite statement with specific metrics to track and monitor key risks that have been approved by the Board. The risk appetite statement defines the types and amount of risk that the DBSA can take in pursuit of its objectives. As of 31 March 2024, the following were the principal risks of the DBSA:</p>																											
	<table border="1"> <thead> <tr> <th>Rank</th> <th>Principal risk</th> <th>Residual Risk Rating (2024)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Credit risk</td> <td>High</td> </tr> <tr> <td>2</td> <td>Cyber security risk</td> <td>High</td> </tr> <tr> <td>3</td> <td>Liquidity risk</td> <td>Moderate</td> </tr> <tr> <td>4</td> <td>Reputation risk</td> <td>Moderate</td> </tr> <tr> <td>5</td> <td>Business environment and operations</td> <td>High</td> </tr> <tr> <td>6</td> <td>People and culture risk</td> <td>Moderate</td> </tr> <tr> <td>7</td> <td>Extreme weather and physical climate risk</td> <td>High</td> </tr> <tr> <td>8</td> <td>ESG monitoring and action</td> <td>Moderate</td> </tr> </tbody> </table>	Rank	Principal risk	Residual Risk Rating (2024)	1	Credit risk	High	2	Cyber security risk	High	3	Liquidity risk	Moderate	4	Reputation risk	Moderate	5	Business environment and operations	High	6	People and culture risk	Moderate	7	Extreme weather and physical climate risk	High	8	ESG monitoring and action	Moderate
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	<p>A review of the Enterprise Risk Management (ERM) function across the Bank, is done on a regular basis by external auditors. The outcome showed that the control environment for the ERM process is considered to be “Good” in providing reasonable assurance that the inherent risks are appropriately managed and that the business objectives will be attained. Actions emanating from any findings are addressed where applicable. The ERM unit sets out its objectives in the annual Enterprise Risk Management plan which is approved by the Audit and Risk Committee.</p>																											

King IV Principle	Application
<p>Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.</p>	<p>The Board places the importance of technology and information as it is interrelated with the strategy, performance and sustainability of the DBSA.</p> <p>The Audit and Risk Committee exercises oversight over the governance of the Information, Communication and Technology function of the Bank. The operationalisation of ICT governance and compliance has been delegated to management. Management monitors the implementation and compliance of ICT Governance, ICT Risk Management (aligned to the Bank's ERM framework), IT infrastructure and Architecture and implementation of Business and Information Technology projects aligned to the Bank's priorities through the ICT Steering Committee. Priorities are the enterprise data and analytics platform, ongoing Cybersecurity capabilities, cloud migration and optimisation of existing ICT infrastructure.</p> <p>Initiatives to continuously automate business processes are progressing well for the reporting period. Heightened cybersecurity awareness and hardening of the ICT infrastructure is ongoing, simulation tests conducted periodically, and gaps identified addressed through ICT operational and monitoring processes in place.</p> <p>The Internal Audit function and Auditor-General South Africa (AGSA) annually issue written assessments to the ARC, providing assurance on the overall control environment, taking into account the governance of information technology. The assurance provided is informed by the outcome of the audits/ reviews conducted based on an approved risk-based audit plan.</p> <p>The Bank commenced with the acceleration of the digital bank capabilities and initiatives for both internal and external stakeholders, through the establishment of a digital centre of excellence, that will optimise the Banks approach towards achieving digital transformation and driving execution.</p> <p>The Bank was a victim of the cyber-attack detected on the 21 May 2023 during routine checks. This resulted in the activation of the Cyber Response and Business Continuity process. Business critical systems were recovered within one (1) day and business operations continued as normal as of 23 May 2023. Please refer to the full statement on the DBSA website, https://www.dbsa.org/press-releases/possible-compromise-dbsa-information-systems.</p>

King IV Principle	Application
<p>Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.</p>	<p>Regulatory and best practice requirements, as well as ongoing changes to the regulatory environment within which the DBSA operates, require an increased focus on compliance. This includes the need to ensure compliance with not only the applicable legislation but also supervisory requirements and industry guidelines.</p> <p>The DBSA's compliance risk management programme is aligned to King IV's principle 13, as well as the Generally Accepted Compliance Practice Framework of the Compliance Institute Southern Africa. A compliance framework has been implemented to ensure effective compliance management. The compliance framework supports the active management of compliance risk, which entails a four-phase cyclical approach to identify, assess, manage, and monitor compliance risk. Furthermore, this framework sets out arrangements for governing and managing compliance, evident in the DBSA's respective compliance policies.</p> <p>The Compliance Unit has adopted a risk-based approach to the compliance management process within the DBSA. This pragmatic approach recognises that there is a need to prioritise regulatory requirements based on their relative risks and implications.</p> <p>During the year under review, as a result of South Africa being grey listed by the Financial Action Task Force, the Compliance Unit focused on ensuring familiarity with, and stringent adherence to, all enhanced legislative aspects pertaining to KYC, ultimate beneficial owner and due diligence requirements.</p> <p><u>Planned areas of focus:</u></p> <p>Key compliance focus areas are approved by the DBSA's ARC on an annual basis. Key focus areas include, inter alia:</p> <ul style="list-style-type: none"> • Anti-Money Laundering Legislative Framework, (Financial Intelligence Centre Act Amendment Act, No 2 of 2017, and the General Laws (AML and CTF) Amendment Act No.22 of 2022). • Public Finance Management Act, No 1 of 1999, (National Treasury Regulations). • Supply Chain Management (Preferential Procurement Policy Framework Act, No 5 of 2000 and the PPPFA Regulations). • Data Privacy (Protection of Personal Information Act No 4. of 2013 and the Cyber Crimes Act 19 of 2020). • ESG (National Environmental Management Act, No 107 of 1998 (and all applicable, supporting national environmental legislation), United Nations Global Compact and King IV Principles). <p>The status of DBSA's compliance is still within our risk appetite, relationships are being well managed with our respective regulators and no fines and/or penalties have been incurred in the financial year.</p> <p>The DBSA Board and executive management formally endorse the establishment of the compliance function and are committed to ensuring that business within the DBSA is run with integrity, complies with all regulatory and best practice requirements, and is conducted in accordance with the highest ethical standards.</p>

King IV Principle	Application
<p>Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</p>	<p>The Bank is committed to sound remuneration practices that extends across various operating jurisdictions. The Bank complies with the requirements outlined in King IV, the Companies Act, and the PFMA. The HRC, mandated by the Board, oversees all aspects of remuneration. Operating under approved terms of reference, the HRC ensures transparency and accountability. Outcomes from HRC meetings are regularly reported to the Board, and the committee conducts periodic effectiveness evaluations. Independent advisors provide strategic input and advice based on best practices and benchmarking.</p> <p>The CEO is primarily accountable for implementing HRC’s decisions and agreements. The Group Executive: Human Capital supports the CEO and HRC by recommending changes to policies and practices for the day-to-day application of the Remuneration Policy.</p> <p>Together, we uphold responsible remuneration practices and contribute to the stability and success of our organisation.</p> <p>Our commitment to fair and responsible remuneration: The Bank ensures that its remuneration practices are externally competitive and internally unbiased. We conduct annual salary benchmarking and analyse income differentials, considering gender disparities, to maintain market-related and equitable remuneration. Independent salary surveys and benchmarking companies inform our competitive remuneration for employees. Factors such as company size, revenue, profit, employee count, and skills availability guide our remuneration pay practices.</p>
<p>Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation’s external reports.</p>	<p>The DBSA has established an effective Internal Audit Unit that reports functionally to the Board ARC. It provides independent assurance on key and high-risk areas, amongst others to senior management and the ARC quarterly in line with an approved audit plan. In addition, the DBSA has implemented a combined assurance which the Internal Audit function facilitates and coordinates, ensuring that the assurance of all assurance providers are consolidated and presented to the ARC.</p> <p>A combined assurance policy has been developed, which includes the formation of a formal Combined Assurance Working Committee comprising representatives from business, risk management, compliance, business continuity, credit and market risk, IT, as well as internal and external audit. This ensures that all levels of assurance can be provided by the various assurance providers, supporting the independent assurance provided by both internal and external audits. Quarterly assurance reporting is done by the Combined Assurance Working Committee to the Audit and Risk Committee. In line with Combined Assurance, Internal Audit also provides to the Auditor General their approved audit plan and working papers with the view to place reliance on their work and reduce duplication.</p> <p>The Board is satisfied that assurance provided results in an adequate and effective control environment and integrity of reports for better decision-making.</p>

King IV Principle	Application
<p>Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.</p>	<p>The DBSA is committed to a stakeholder-inclusive and customer-centric approach to business and has embedded engagement with stakeholders into its value creation process. The DBSA regards stakeholder relationships as very critical to gaining an authentic social licence to operate in the various markets we operate in. The DBSA has a Stakeholder Relationship Management Policy Framework approved by Board. To operationalise the Framework, an annual Stakeholder Engagement Plan that outlines Board, Executive and Employees’ responsibilities and deliverables is developed.</p> <p>Stakeholder identification and prioritisation is fundamental to the DBSA Stakeholder Management Framework given that the organisation’s business is operated in diverse contexts where stakeholders have varied interests and levels of influence. Each stakeholder is identified and ranked in accordance with the DBSA strategic intent, prevailing risk factors and the prevailing business environment. The interests and influence of stakeholders are dynamic and require continuous monitoring. Such monitoring is conducted in line with the Bank’s stakeholder matrix. The focus is on key stakeholders including, employees, clients, suppliers, shareholder, service providers and providers of finance. The DBSA also has a grievance matrix in place which allows stakeholders to raise any issues that they may have.</p> <p>The focus of the Board in the period under review was to measure the perceptions and expectations of clients through the client satisfaction survey. The survey focused on pricing, service and support, innovation, turnaround times and communication with the Bank achieving a score of 4 out of five. In an effort to address concerns emanating from the 2022/23 client satisfaction survey results, a Bank-wide client engagement strategy was developed in 2023/24 to close the client satisfaction gaps identified and improve the client experience. The approach entailed a six-phase process outlining key activities and key deliverables. The Bank also held a Civil Society Workshop which aims to be an engagement platform with CSOs. The focus in 2024/25 will be on developing a measurable stakeholder engagement plan aligned to the survey recommendations to drive desired outcomes at corporate level. The Bank is also looking at having focus groups instead of a questionnaire for the client satisfaction survey to ensure continuous improvement for responding to clients’ preferences and pain points and will also undertake a brand health survey for the 2024/25 financial year.</p>

ACRONYMS AND ABBREVIATIONS

AGSA	Auditor-General South Africa
ARC	Audit and Risk Committee
ATNS	Air Traffic and Navigation Services
AU	African Union
B-BBEE	Broad-based Black Economic Empowerment
BCEA	Basic Conditions of Employment Act
BCIC	Board Credit and Investment Committee
CEO	Chief Executive Officer
CFF	Climate Finance Facility
COVID-19	Coronavirus Disease 2019
DBN	Development Bank of Namibia
DBSA	Development Bank of Southern Africa
DFI	Development Finance Institution
DLR	Debt Listings Requirements
EDD	Enhanced Due Diligence
ERM	Enterprise Risk Management
FATA	Financial Action Taskforce
FIC	Financial Intelligence Centre
GCF	Green Climate Fund
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
GP	Guaranteed Pay
HRC	Human Resources and Remuneration Committee
IAR	Integrated Annual Report

ICT	Information and Communications Technology
IDD	Infrastructure Delivery Division
IDKC	Infrastructure Delivery and Knowledge Management Committee
IFRS	International Financial Reporting Standards
IPP	Independent Power Producers
IPPO	Independent Power Producers Office
JSE	Johannesburg Stock Exchange
King IV	King IV™ Report on Corporate Governance for South
NDP	National Development Plan
NEPAD	New Partnership for Africa's Development
PEP	Politically Exposed Person
PFMA	Public Finance Management Act, No 1 of 1999 SADC
PPF	Project Preparation Facility
PPP	Public-Private Partnerships
RoA	Rest of Africa
SADC	Southern African Development Community
SARB	South African Reserve Bank
SDG	Sustainable Development Goal
SOE	State-Owned Entity
SMME	Small, Medium and Micro Enterprises
STIs	Short-term Incentives
TBVC States	Transkei, Bophuthatswana, Venda and Ciskei
UN	United Nations

FINANCIAL DEFINITIONS

Callable capital	The authorised but unissued share capital of the DBSA
Cost-to-income ratio	Operating expenses, (including personnel, general and administration, depreciation and amortisation expenses), project preparation and development expenditure as a percentage of income from operations
Income from operations	Net interest income, net fee income and other operating income
Interest cover	Interest income divided by interest expense
Long-term debt-to-equity ratio	Total liabilities, excluding other payables, provisions and liabilities for funeral benefits, as percentage of total equity
Long-term debt-to-equity ratio (including callable capital)	Total liabilities, excluding other payables, provisions and liabilities for funeral benefits as a percentage of total equity and callable capital
Net interest margin	Net interest income (interest income less interest expense) as a percentage of interest bearing assets
Return on average assets	Net profit or loss for the year expressed as a percentage of average total assets
Return on average equity	Net profit or loss for the year expressed as a percentage of average total equity
Sustainable earnings	Profit or loss from operations before net foreign exchange gain/(loss) and net gain/(loss) from financial assets and financial liabilities, but including revaluation on equity investments

GENERAL INFORMATION

Registered office	Headway Hill 1258 Lever Road Midrand Johannesburg South Africa
Business address	Headway Hill 1258 Lever Road Midrand South Africa
Postal address	PO Box 1234 Halfway House 1685 South Africa
Banker	Standard Bank of South Africa
Registered auditor	Auditor-General of South Africa
Company registration number	1600157FN
JSE debt sponsor	Rand Merchant Bank (a division of FirstRand Bank Limited)
Primary Debt Listings	JSE Limited
Telephone	+27 11 313 3911
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DBSA
DEVELOPMENT BANK OF SOUTHERN AFRICA
Building Africa's Prosperity