



2025

INTERIM
FINANCIAL
STATEMENTS

Building on
Strength,
**Expanding
Impact**



DEVELOPMENT BANK OF SOUTHERN AFRICA

The reports and statements set out below comprise the Reviewed Condensed Interim Financial Statements.

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**CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER RESPONSIBILITY STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2025**

The executive directors, whose names are stated below, hereby confirm that:

- (a) The Condensed Interim Financial Statements set out on pages 5 to 62, fairly present in all material respects the financial position, financial performance and cash flows of the Bank in terms of IFRS;
- (b) No facts have been omitted or untrue statements furnished that would make the Condensed Interim Financial Statements false or misleading;
- (c) Internal financial controls have been put in place to ensure that material information relating to the Bank has been provided to effectively prepare the Condensed Interim Financial Statements; and the internal financial controls are adequate and effective and can be relied upon in compiling the Condensed Interim Financial Statements.


Eontumelo Mosako
Chief Executive Officer


Ntombizodwa Mbete
Chief Financial Officer



DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING FOR THE PERIOD ENDED 30 SEPTEMBER 2025

The directors are responsible for the preparation, integrity and objectivity of the Condensed Interim Financial Statements that fairly present the state of affairs of the Bank.

In preparing the Condensed Interim Financial Statements, the following has been adhered to:

- » The Development Bank of Southern Africa Act, No. 13 of 1997 (Amended Act No. 41 of 2014) (DBSA Act);
- » International Financial Reporting Standards (IFRS) and the presentation requirements of IAS 34: Interim Financial Reporting;
- » Sections 27 to 31 of the Companies Act of South Africa;
- » The Public Finance Management Act, No. 1 of 1999 (PFMA); and
- » JSE Debt and Specialist Securities Listings Requirements.

To enable the directors to meet their financial reporting responsibilities:

- » Management designed and implemented standards and systems of internal control to provide reasonable assurance as to the integrity and reliability of the Condensed Interim Financial Statements and to safeguard, verify and maintain the accountability of the Bank's assets;
- » Appropriate accounting policies, supported by reasonable and prudent judgements and estimates, are applied on a consistent and going-concern basis;
- » The Audit and Risk Committee reviews the financial and internal control systems, accounting policies and disclosures; and
- » Internal Audit reviews the financial and internal controls during the period.

Based on the information received from management and internal and external auditors, nothing has come to the attention of the directors to indicate a material breakdown in the systems of internal control during the period under review.

The directors have a reasonable expectation that the Bank has adequate resources to operate in the foreseeable future and have adopted the going-concern basis in preparing the Condensed Interim Financial Statements.

The Condensed Interim Financial Statements that appear on pages 5 to 62 were approved by the Board of Directors on 27 November 2025 and are signed on its behalf by:

David Makhura
Chairman of the Board

Edith Moseko
Chief Executive Officer

Signed by:

Bongani Makhabela
Chairman of the Audit and Risk Committee

DEVELOPMENT BANK OF SOUTHERN AFRICA
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2025



in thousands of rands	Notes	30 September 2025 Reviewed	31 March 2025 Audited
Assets			
Cash and cash equivalents at amortised cost		11 278 311	15 017 755
Trade receivables and other assets		319 356	320 172
Investment securities		2 423 750	608 667
Derivative assets held for risk management purposes	5	744 176	223 981
Other financial asset		43 070	38 534
Development loans held at fair value through profit or loss	6	2 336	12 877
Equity investments held at fair value through profit or loss	7	5 027 316	4 581 600
Development bonds at amortised cost	9	1 503 850	1 542 364
Development loans at amortised cost	10	100 364 778	98 142 797
Property, equipment and right of use of assets		444 115	450 485
Intangible assets		51 441	52 794
Total assets		122 202 499	120 992 026
Equity and liabilities			
Liabilities			
Trade, other payables and accrued interest on debt funding	11	1 224 027	1 280 726
Derivative liabilities held for risk management purposes	5	25 968	94 578
Liability for funeral and post-employment medical benefits		47 184	47 184
Debt funding held at amortised cost	13	57 524 036	60 769 422
Provisions and lease liabilities	12	139 123	154 175
Deferred income	14	775 280	702 447
Total liabilities		59 735 618	63 048 532
Equity			
Share capital		200 000	200 000
Retained income		47 581 837	43 489 498
Permanent government funding		11 692 344	11 692 344
Other reserves		559 992	182 392
Reserve for general loan risk		2 432 708	2 379 260
Total equity		62 466 881	57 943 494
Total equity and liabilities		122 202 499	120 992 026

DEVELOPMENT BANK OF SOUTHERN AFRICA
CONDENSED STATEMENT OF COMPREHENSIVE INCOME



FOR THE PERIOD ENDED 30 SEPTEMBER 2025

in thousands of rands	Notes	30 September 2025 6 Months Reviewed	30 September 2024 6 Months Reviewed
Interest income			
Interest income calculated using the effective interest rate	15	6 514 978	6 524 999
Other interest income	15	191 942	110 346
Interest expense			
Interest expense calculated using the effective interest rate	16	(2 310 490)	(2 612 371)
Interest expense on lease liability	16	(438)	(529)
Net interest income	16	4 395 992	4 022 445
Net fee income	17	180 850	149 825
Net foreign exchange gain/ (loss)		51 812	(217 084)
Net gain/(loss) from financial assets and financial liabilities	20	901 407	(396 838)
Investment and other income		38 330	14 001
Net operating gain/(loss)		1 172 399	(450 096)
Operating income		5 568 391	3 572 349
Project preparation expenditure		(8 948)	(7 243)
Development expenditure		(81 214)	(113 742)
Impairment losses	18	(497 135)	(502 348)
Personnel expenses		(536 250)	(525 247)
Other operating expenses		(262 528)	(218 092)
Depreciation and amortisation		(19 725)	(19 508)
Profit from operations		4 162 591	2 186 169
Grants paid		(16 804)	(18 189)
Profit for the period		4 145 787	2 167 980

DEVELOPMENT BANK OF SOUTHERN AFRICA
CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2025



	30 September 2025 6 Months Reviewed	30 September 2024 6 Months Reviewed
in thousands of rands		
Profit for the period	4 145 787	2 167 980
Items that will not be reclassified to profit or loss		
Total Items that will not be reclassified to profit and loss	-	-
Items that may be reclassified subsequently to profit or loss		
Unrealised gain on cash flow hedges	211 915	1 275 309
Loss on cash flow hedges reclassified to profit or loss	165 685	43 211
Total items that may be reclassified subsequently to profit or loss	377 600	1 318 520
Other comprehensive gain	377 600	1 318 520
Total comprehensive income for the period	4 523 387	3 486 500

DEVELOPMENT BANK OF SOUTHERN AFRICA
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2025



in thousands of rands	Share capital	Permanent government funding	Reserve for general loan risk	Other reserves*			Total of other reserves	Retained income	Total equity
				Revaluation reserve on land and buildings	Cash flow hedge reserve				
Balance as at 1 April 2024 (audited)	200 000	11 692 344	2 731 790	138 500	(587 489)		(448 989)	37 865 501	52 040 646
Net profit for the period	-	-	-	-	-		-	2 167 980	2 167 980
Other comprehensive income									
Unrealised gain on cash flow hedges	-	-	-	-	1 275 309		1 275 309	-	1 275 309
Loss on cash flow hedges reclassified to profit or loss	-	-	-	-	43 211		43 211	-	43 211
Transfer from general loan risk reserve	-	-	(317 947)	-	-		-	317 947	-
Total comprehensive income	-	-	(317 947)	-	1 318 520		1 318 520	2 485 927	3 486 500
Balance as at 30 September 2024 - reviewed	200 000	11 692 344	2 413 843	138 500	731 031		869 531	40 351 428	55 527 146
Net profit for the period	-	-	-	-	-		-	3 150 937	3 150 937
Other comprehensive income									
Gain on revaluation of land and buildings	-	-	-	82	-		82	-	82
Remeasurement of funeral and post employment benefit liabilities	-	-	-	-	-		-	845	845
Unrealised loss on cash flow hedges	-	-	-	-	(1 035 504)		(1 035 504)	-	(1 035 504)
Loss on cash flow hedges reclassified to profit or loss	-	-	-	-	348 283		348 283	-	348 283
Transfer from general loan risk reserve	-	-	(34 583)	-	-		-	34 583	-
Total comprehensive income	-	-	(34 583)	82	(687 221)		(687 139)	3 186 365	2 464 643
Transactions with shareholders									
Dividends paid	-	-	-	-	-		-	(48 295)	(48 295)
Balance as at 31 March 2025 (audited)	200,000	11,692,344	2 379 260	138,582	43 810		182 392	43 489 498	57 943 494
Net profit for the period	-	-	-	-	-		-	4 145 787	4 145 787
Other comprehensive income									
Unrealised gain on cash flow hedges	-	-	-	-	211 915		211 915	-	211 915
Loss on cash flow hedges reclassified to profit or loss	-	-	-	-	165 685		165 685	-	165 685
Transfer to general loan risk reserve	-	-	53 448	-	-		-	(53 448)	-
Total comprehensive income	-	-	53 448	-	377 600		377 600	4 092 339	4 523 387
Transactions with shareholders									
Dividends paid	-	-	-	-	-		-	-	-
Balance as at 30 September 2025 reviewed	200 000	11 692 344	2 432 708	138 582	421 410		559 992	47 581 837	62 466 881

* Total of other reserves comprises revaluation reserve on land and buildings and cash flow hedge reserve

**DEVELOPMENT BANK OF SOUTHERN AFRICA
CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2025**



in thousands of rands	Note	30 September 2025 6 Months Reviewed	30 September 2024 6 Months Reviewed
Cash flows from operating activities			
Net profit adjusted for non-cash items and items separately disclosed	19	(745 912)	(647 574)
Interest received		5 978 519	6 007 094
Interest paid		(1 922 661)	(2 197 997)
Dividends received		26 494	10 219
Net cash generated from operating activities		3 336 439	3 171 742
Cash flows from development activities			
Development loan disbursements		(10 958 520)	(7 140 599)
Development loan principal repayments		7 856 833	6 941 170
Equity investments disbursements		(139 501)	(2 381)
Equity investments repayments		54 570	40 281
Development bonds repayments		41 667	543 667
Grants, development and project preparation expenditure paid		(106 966)	(139 174)
Increase in deferred income		80 562	108 940
Decrease/(increase) in advances to National Mandates		6 054	(54 928)
Net cash (utilised by)/generated from development activities		(3 165 301)	296 976
Net cash generated from operating and development activities		171 138	3 468 718
Cash flows from investing activities			
Purchase of property and equipment		(1 069)	(5 696)
Purchase of intangible assets		(10 905)	(11 877)
(Acquisition)/disposal of financial market instruments		(1 629 905)	174 786
Net cash (utilised by) / generated from investing activities		(1 641 879)	157 213
Cash flows from financing activities			
Gross financial market liabilities repaid		(6 995 227)	(5 465 835)
Gross financial market liabilities raised		4 994 620	3 328 725
Net cash utilised by financing activities		(2 000 607)	(2 137 110)
Net (decrease)/increase in cash and cash equivalents		(3 471 348)	1 488 821
Effect of exchange rate movements on cash balances		(268 096)	(148 269)
Movement in cash and cash equivalents		(3 739 444)	1 340 552
Cash and cash equivalents at the beginning of the year		15 017 755	10 803 772
Cash and cash equivalents at the end of the period		11 278 311	12 144 324

**DEVELOPMENT BANK OF SOUTHERN AFRICA
MATERIAL ACCOUNTING POLICIES
FOR THE PERIOD ENDED 30 SEPTEMBER 2025**



1. STATEMENT OF COMPLIANCE

The reviewed Condensed Interim Financial Statements for the period have been prepared in compliance with IFRS Accounting Standards and the presentation requirements of IAS 34: Interim Financial Reporting; sections 27 to 31 of the Companies Act of South Africa. The reviewed Condensed Interim Financial Statements do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2025 annual financial statements. The first half year results for 2025/26 financial period have not been audited, but have been independently reviewed by the Bank's external auditors.

1.1 Basis of preparation

1.1.1 Basis of measurement

The Condensed Interim Financial Statements are separate financial statements prepared on the historical cost basis, except for the following items which were measured at fair value:

- » Financial instruments held at fair value through profit or loss;
- » Financial instruments designated at fair value through profit or loss;
- » Derivative financial instruments;
- » Equity investments; and
- » Land and buildings.

Accounting policies adopted and methods of computation are consistent with those applied to the annual financial statements at 31 March 2025. The preparation of the Condensed Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

1.1.2 Significant accounting judgements, estimates and assumptions

The preparation of the Condensed Interim Financial Statements in accordance with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. The notes to the Condensed Interim Financial Statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Bank. These policies have been consistently applied to all the years presented, unless otherwise stated.

The application of the Bank's accounting policies requires the use of judgements, estimates and assumptions. If different assumptions or estimates were applied, the resulting values would change, impacting the net assets and income of the Bank.

Assumptions made at each reporting date are based on best estimates at that date. Although the Bank has internal control systems in place to ensure that estimates are reliably measured, actual amounts may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The accounting policies which are most sensitive to the use of judgement, estimates and assumptions are specified in (a) judgements and (b) assumptions and estimates below:

(a) Judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognised in the Condensed Interim Financial Statements:

(i) Business model assessment

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Bank monitors financial assets measured at amortised cost or fair value through profit or loss that are derecognised prior to their maturity to understand the history for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate. If the business model for the remaining assets is not appropriate or if there is a change in business model, a prospective change to the classification of those assets will take place.

(ii) Models and assumptions used

The Bank uses various models and assumptions in measuring fair value of assets as well as in estimating expected credit losses. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. Refer to note 8 for more details on fair value measurement.

**DEVELOPMENT BANK OF SOUTHERN AFRICA
MATERIAL ACCOUNTING POLICIES
FOR THE PERIOD ENDED 30 SEPTEMBER 2025**



(iii) Identification of substantial modifications

When financial instruments measured at amortised cost are restructured, reorganised or otherwise altered in a manner consistent with the definition of a modification, each such modification is evaluated to determine whether or not it results in a substantial modification.

In deciding whether or not a modification is substantial, on occasion the application of judgement may be required in those instances where it may not be patently obvious that the restructured loan is substantially different to the original loan. In such cases judgement is applied in evaluating the impact, both quantitative and qualitative, of changes to the instrument, taken both separately and in aggregate. Judgement is applied in the evaluation of the nature and extent of changes between the initial and modified instruments as well as the impact of such changes, in order to determine whether such changes indicate a fundamental alteration of either the DBSA or borrower's legal rights and/or obligations.

(b) Assumptions and estimation

Information about assumptions and estimation applied that have significant risks of resulting in a material adjustment is detailed below:

(i) Going concern

The Bank's management has made an assessment of its ability to continue as a going concern based on forecast information and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

The Condensed Interim Financial Statements have been prepared using appropriate accounting policies, supported by reasonable judgments and estimates. The Bank has reasonable belief that there are adequate resources to continue as a going concern for the foreseeable future, based on forecasts and available cash resources. The Bank has assessed the impact of macro-economic shock events on the Bank's ability to continue as a going concern. The Bank has concluded that there are no material uncertainties that could cast significant doubt over its ability to continue as a going concern.

The Bank continues to monitor the macro-economic shock events impact on impairments, pricing and profitability to ensure that the Bank remains financially and operationally sustainable. The Bank has continued to be successful in raising funding from international development finance institutions as well as international and local commercial banks and asset managers. Refer to note 21 for further disclosures on macro-economic shock events.

(ii) Measurement of expected credit losses (ECL)

Key assumptions in determining the impairment of financial assets:

- » Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECLs.
- » Forward-looking economic expectations are included in the ECL where adjustments are made based on the Bank's macroeconomic outlook such as specific event risk, have been taken into account in ECL estimates.
- » Establishing relative weightings of forward-looking information (best, base and adverse) for inclusion in the ECL calculation.

(iii) Valuation of equity investments

Fair value measurement

The objective of fair value measurement is to estimate the price at which asset can be sold or a liability transferred in an orderly transaction between market participants at the measurement date, considering current market conditions. Fair value measurements considers the following among other factors:

- » The particular asset that is being measured (considered as the appropriate unit of account).
- » The most advantageous market for the asset.
- » The most appropriate valuation technique for measurement, considering the availability of market-observable inputs and assumptions.

Significant management judgement is applied in the determination of the selection of the appropriate valuation technique, fair value and fair value hierarchy assessments. Such management judgement is applied taking into account the following context:

- » whether the necessary criteria for identification of a 'market' have been met;
- » whether the market identified is active or inactive, in terms of volume and frequency of activity;
- » identification of the principal market (being that market with the highest greatest volume and level of activity for the relevant instrument);
- » considering whether the principal market is in fact the appropriate and most advantageous market to be utilised;
- » in the absence of an active market, selection of the appropriate valuation technique(s) to be applied to each investment to determine a fair value estimate;
- » where valuation techniques are used, evaluating the observability of each valuation input, in the context of the public availability of such information, considering relevant jurisdictional considerations and the assessment of the relative weight that market participants would use when pricing the instrument; and
- » where valuation techniques are used, assessing the (relative) significance of each particular valuation input to the entire measurement, considering factors specific to the instrument being valued.

Fair value measurements of individual instruments are categorised within Level 1, 2 or 3 of the fair value hierarchy based on the assessed observability of the lowest level input that is significant to the entire measurement. In making the determination as to the relative significance of inputs to the entire measurement of any particular asset, the DBSA considers the (relative) impact of each valuation input and the sensitivity of the fair value measurement to changes in such valuation inputs.

**DEVELOPMENT BANK OF SOUTHERN AFRICA
MATERIAL ACCOUNTING POLICIES
FOR THE PERIOD ENDED 30 SEPTEMBER 2025**



Inputs and valuation techniques – Listed equities

Where equity investments comprise holdings in publicly listed entities, fair value is determined using unadjusted prices quoted (from an exchange, broker, or pricing service, as applicable) in active markets for identical assets or liabilities, where this is readily available, and the price represents actual and regularly occurring market transactions. If such information is not available, fair value is measured using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

Inputs and valuation techniques – Unlisted equities

Where equity investments comprise holdings in unlisted entities (i.e. private-equity investments), fair value is determined using appropriate valuation methodologies. The selection of the appropriate methodology is based on management judgement taken in the context of the nature and structure of the investment and may include an analysis of the investee entity's financial performance and/or position, risk profile and prospects, asset/enterprise value analysis, recent transactions for identical/similar instruments.

The fair value of unlisted direct investments is determined using appropriate valuation techniques that may include, but are not limited to, discounted-cash flow analysis, net-asset-value calculations, and directors' valuations. In some cases, the underlying investments of the unlisted funds included listed investments on regulated markets. Investments in private equity funds are valued by fund managers periodically in accordance with international private equity and venture capital valuation guidelines. These guidelines take into consideration the prescripts of IFRS and set out recommendations that represent current best practice on the valuation of a private equity and venture capital investments. The guidelines set out the valuation methodologies that may be considered for use in estimating the fair value of underlying businesses and unquoted instruments in a private equity fund, namely prices of recent investment, earnings multiples, discounted cash flows or earnings (of underlying businesses), discounted cash flows (from the investment) and industry valuation benchmarks.

Valuation adjustments

In determining the fair value estimate and the appropriate fair value hierarchy of each instrument, management applies judgement in considering the necessity and impact of any adjustments to fair value estimates derived using valuation techniques. The impact of such valuation adjustments is intended to be representative of the premia or discounts which market participants would reasonably be expected to apply in determining a fair market price. Such valuation adjustments may be applied for several reasons including but not limited to:

- » Liquidity risk adjustment;
- » Control premium or discount;
- » Prudence valuation adjustment;
- » Generic risk adjustment; and
- » Specific risk premium or discount.

Where such valuation adjustments are required, management applies judgement when determining the relative significance of the valuation adjustment to the entire fair value measurement and not only the magnitude of the discount (in percentage terms) when assessing whether the adjustment impacts the fair value hierarchy, in accordance with internal policy. However, in those instances where the valuation discount is the most significant input to the entire measurement the DBSA applies the following policy guidelines for fair value hierarchy determination:

Approved policy range regarding percentage adjustments to fair value	Fair value hierarchy level
0% to 10%	Level 1
10% to 20%	Level 2
Greater than 20%	Level 3

The DBSA's policy provides for discounts ranging from 0% to 30% with no discounts applied to listed instruments. This policy is supported by the periodic sensitivity analysis conducted on the relevant portfolio.

(iv) Debt securities

Debt securities held at amortised cost consists of bonds, floating notes, commercial paper and bridging bonds.. At initial recognition of the debt securities, the fair value is estimated to be the purchase price less transaction costs.

(v) Investment securities

Fair value of investment securities is estimated using market observable prices from the JSE. For segregated funds the fair value is determined based on the asset manager's valuation. Inputs include the quoted market prices.

(vi) Derivative and hedge accounting

In measuring the fair value of the derivatives the Bank takes into account credit value adjustments (CVA) and debit value adjustments (DVA). CVA and DVA adjustments include adjustments for the credit risk of the derivative counterparty (CVA) as well as the Bank's own credit risk (DVA). The CVA/DVA model methodology captures the exposure at default and capital charges using Monte Carlo Hull White Valuation Approach for counterparty credit risk model and capital charge is used as a proxy for CVA/DVA adjustments. When faced with significant uncertainty in making a forecast or estimate, some methods replace the uncertain variable with a single average number. The Monte Carlo simulation uses multiple values and then averages the results.

The Bank enhanced the enhanced the CVA/DVA valuation methodology from Basel regulatory valuation approach to Monte Carlo approach which simulated a spectrum of probable outcomes for an uncertain scenario utilizing multiple variables resulting in multiple results and then takes the average of these results to arrive at an estimate.

**DEVELOPMENT BANK OF SOUTHERN AFRICA
MATERIAL ACCOUNTING POLICIES (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2025**



(vii) Loan commitments

To the extent that the combined expected credit losses exceeds the gross carrying amount of the financial asset, the expected credit losses should be recognised as a provision.

Provision is made for undrawn loan commitments to be provided at below-market interest rates and for similar facilities if it is probable that the facilities will be drawn and results in recognition of an asset at an amount less than the amount advanced.

(viii) Loan restructures

The Bank may modify/restructure the terms of loans as a result of commercial renegotiations or distressed loans. Restructuring policies and practices are based on indicators or criteria, which in the judgement of management, indicate that payment will most likely continue. These policies are reviewed continuously.

(ix) Fair value

When measuring fair value, the Bank uses the assumptions that market participants would use when pricing the asset or the liability under current market conditions, including assumptions about risk. The Bank uses a fair value hierarchy that categorises assets and liabilities into three levels. The different levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. Where relevant inputs are not observable, inputs are developed to reflect the assumptions that market participants would use when determining an appropriate price for the asset or liability.

(x) Write-offs

The Bank applies significant judgements for write-offs. In the ordinary course of lending business, loans can be distressed and Stage 3 loans/NPL loans are managed by the BSRU. The recovery process for the Bank as a DFI can be long and varies depending on each loan circumstances and in all cases the DBSA seeks to maximise recovery of loan. The long process coupled with a higher default interest that is associated with NPLs results in some loans' contractual carrying amounts increasing substantially and some loans reaching in duplum. There are cases where the recovery process reaches a point where costs of recovery process exceeds benefit with no reasonable prospect of further recoveries; and at that point, the Bank write-off loans. The approvals for write-offs is a strict Bank governance process and write-offs are approved by Investment Committee, Audit and Risk Committee and Board.

(c) Macro-economic shock events

Under the new US Administration, businesses are facing increased risk and uncertainty and complexity in global trade dynamics.

Accounting for the following items within the statements of financial position and comprehensive income has been significantly impacted by the complexity and uncertainty resulting from the fallout from recent macro-economic shock events:

- » Development loans held at FVTPL (note 6).
- » Equity investments held at FVTPL (note 7).
- » Development bonds at amortised cost (note 9).
- » Development loans at amortised cost (note 10).
- » ECLs on financial assets held at amortised cost (note 18).

Significant judgements and estimates impacted by macro-economic shock events

(i) Impairment of financial instruments

Incorporating forward-looking information

Forward-looking information, including a detailed explanation of the scenarios and related probabilities considered in deriving the Bank's forward-looking assumptions for the purposes of its expected credit loss (ECL) determination, is provided in note 20. Taking into consideration the wide range of possible scenarios and macroeconomic outcomes, and the relative uncertainty of the social and economic consequences of macro-economic shock events, these scenarios represent reasonable and supportable forward-looking views as at the reporting date.

Significant increase in credit risk

The Bank has not applied an overall blanket approach to the ECL impact of elevated uncertainty driven by macro-economic shock events (which assumes that such events represent a significant increase in credit risk (SICR) trigger that will result in the entire portfolio of loans moving into their next respective staging bucket). The Bank has continued to apply a customer and facility-based risk assessment approach which is in aligned to the existing credit risk management policy.

(ii) Global sovereign debt relief initiatives

Due to macro-economic shock events and their combined impact on the world economy, several the Bank's customers have and continued to experience liquidity concerns. The Bank continues to apply its established policy of providing relief only upon formal request from affected borrower and following application of the necessary due diligence and approval by the appropriate governance framework. To assist customers, the Bank has considered individual debt relief applications received as follows:

- » Applications received under the international multilateral relief programmes (such as the G20 Debt Service Suspension Initiative or 'DSSI', precursor to the G20 Common Framework for Debt Treatment beyond the DSSI) where the restructure of existing exposures have not altered the present value of estimated future cash flows.
- » Bilateral debt relief applications where bespoke debt relief measures were provided on a client-by-client basis.

In order to determine the appropriate accounting treatment of the restructure of existing facilities and related additional disclosures required, the principles set out in accounting policy note 1.2.1.2 dealing with modifications of financial instruments were applied.

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(iii) Fair value measurement

The valuation techniques for fair value measurement of financial instruments have been assessed by the appropriate committees to determine and analyse the impact that the market volatility introduced by macro-economic shock events has had on the fair value measurements of these instruments.

When assessing the fair value measurement of financial instruments for the interim period, the valuations take into consideration inputs that are reflective of benchmarked market participant input as opposed to Bank-specific inputs. The appropriateness of the inputs to valuations, which include the use of correlations, price volatilities, funding costs and bid-offer spreads, price earnings multiples, counterparty and own credit spreads, was also considered. Changes in valuation inputs have also been considered in terms of the impact they have on the classification of exposures in the fair value hierarchy, transfers within the fair value hierarchy and the level 3 sensitivity analysis that may be required if applicable.

(iv) Post-model adjustments

As noted above, macro-economic shock events continue to have a significant impact on global economic activity and output and with all current indicators pointing towards an interim period of elevated uncertainty while the conflict in eastern Europe continues. As mentioned in the sections above, in determination of the forward-looking impact, from an IFRS 9 perspective, the Bank defined 3 three possible future macroeconomic scenarios in defining its forecasts, being the Base, Best and Adverse case scenarios and attributed weightings to these three scenarios.

The final outcome of the noted shock events and the correlation of their combined impact to the Bank's defined scenarios is unpredictable which makes determining these scenarios and the assumptions underlying them complex and subjective. This uncertainty has had a significant impact on the output derived from the Bank's financial models, in particular those used to determine credit risk exposures.

The Bank's internal credit models have not been re-calibrated to consider the effect of the shock events. Given the fact that outcome of these shocks and their correlation to the Bank's defined scenarios remains unpredictable together with the fact that any determination of potential outcomes remains complex and subjective, the Bank has opted to retain the application of post-model adjustments where appropriate. Post-model adjustments continue to be subject to the appropriate governance process.

The conflicts in the Russia-Ukraine and the Middle East continue to have an impact at a global level and this remains difficult to predict the full extent of either a likely outcome or the probable impact of the resolution of those conflicts. The heightened uncertainty and volatility continue to impact borrowers across all geographies, sectors, and client segments. In order to manage and mitigate the potential for risk elements not captured by quantitative models, management adjustments continue to be retained and applied, in addition to ECL model outputs, to provide a more appropriate assessment of the Bank's risk profile.

The nature of the DBSA's lending activities exposes the organisation to significant concentration risk within often interrelated sectors and client segments. While the lending portfolio is managed based on a measure of diversification the common thread underpinning the majority of the entity's credit risk portfolio is its exposure to public sector entities.

Accordingly the post-model adjustments applied give due consideration to factors, including, but not limited to:

- » geographical or regional risk concentrations;
- » large exposure or single name risk concentrations;
- » industry and/or sector risk factors; and
- » the potential interrelationships between categories of clients.

1.2 Financial Instruments

Financial assets and financial liabilities are recognised in the Bank's statement of financial position when the Bank becomes a party to the contractual provisions of the instrument. Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Bank will account for such difference as follows:

- » If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss); and
- » In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Financial instruments consist of cash and cash equivalents, investment securities, derivatives assets and liabilities, equity investments, development loans and bonds, trade and other receivables, trade and other payables, debt securities, funding lines of credit and repurchase agreements.

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1.2.1 Financial assets
Initial recognition

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

1.2.1.1 Classification and subsequent measurement

On initial recognition, the Bank classifies its financial assets into one of the following measurement categories at:

- » Amortised cost; and
- » Fair value through profit or loss (FVTPL).

The classification depends on the Bank's business model for managing financial assets and the characteristics of contractual cash flows of the financial assets.

Portfolio – Group of assets	Business model	Classification and measurement	Characteristics of cashflows
Cash and cash equivalents at amortised cost	To hold to collect contractual cash flows	Amortised cost	Cashflows that are solely principal and interest.
Investment securities – listed bonds	Held primarily for sale to manage liquidity needs	Fair value through profit or loss	Cashflows that are not solely payment of principal and interest on the principal amounts outstanding.
Investment securities – segregated funds	Held primarily for sale to manage liquidity needs	Fair value through profit or loss	Cashflows that are not solely payment of principal and interest on the principal amounts outstanding.
Development bonds at amortised cost	To collect contractual cash flows	Amortised cost	Cashflows that are solely principal and interest.
Development loans at amortised cost	To collect contractual cash flows	Amortised cost	Cashflows that are solely principal and interest.
Development loans at fair value through profit or loss	To collect contractual cash flows	Fair value through profit or loss	Cashflows that are not solely payment of principal and interest on the principal amounts outstanding.
Trade receivables and other assets	To collect contractual cash flows	Amortised cost	Cashflows that are solely principal and interest.
Other financial assets	To collect contractual cash flows	Fair value through profit or loss	Cashflows that are not solely payment of principal and interest on the principal amounts outstanding.
Derivative assets held for risk management purposes	Derivative asset held for risk management purposes	Fair value through profit or loss	Cashflows that are not solely payment of principal and interest on the principal amounts outstanding.

(i) Financial assets held at amortised cost

A debt instrument that meets both of the following conditions (other than those designated at FVTPL):

- » Held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and
- » The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are subsequently measured at amortised cost using the effective interest rate method. The financial assets at amortised cost include the following:

- » Development loans;
- » Development bonds;
- » Cash and cash equivalents; and
- » Trade receivables and other assets.

(ii) Financial assets held at fair value through profit or loss

The classification of financial instruments at initial recognition depends on the characteristics of contractual cash flows and the business model for managing the instrument.

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(a) Financial assets at FVTPL are:

- » Assets with contractual cash flows that are not SPPI; or/and
- » Assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell.

The Bank may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss. Fair value is determined in the manner described in note 8. These assets consist of development loans, other financial assets, equity investments, investment securities and derivatives.

(b) Investment in equity instruments

The Bank does not hold equity investments for trading and did not elect to designate the equity investments at fair value through other comprehensive income. The equity investments are held at FVTPL.

Financial assets held at fair value through profit or loss are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss. Fair value is determined in the manner described in note 8.

1.2.1.2 Modification of financial assets

The DBSA as a development finance institution, considers unique facts and circumstances applicable for each borrower in assessing the terms and conditions of restructures that result in loan modifications. The Bank's primary objective in restructures is to ensure outstanding debt is recovered and therefore considers entity-specific qualitative and quantitative factors. The negotiation of the terms and conditions of loan restructures is aimed at ensuring that the outstanding debt is recovered in a manner optimal for both borrower and lender, and in some cases these may result in modifications which are net present value neutral. For financial assets measured at amortised cost, whether newly originated or resulting from substantial modifications, fair value at initial recognition is equal to the principal debt amount (proxy to fair value) which is the fair representation of transaction price, plus or minus any applicable transaction costs.

When either the contractual terms or cash flows of a financial asset are altered, the Bank considers whether a modification has occurred. In accordance with the Bank's policy, a modification is defined as:

- » any observable change(s) to the salient features of the agreement between the Bank and its counterparty;
- » where such change(s) alter the value or timing of the contractual cash flows;
- » where such change(s) alter the nature of the all or part of the whole agreement;
- » where such changes do not result from the existing contractual terms, i.e. any explicit changes or alterations made by the contracting parties; and
- » such changes arise after the fact, i.e. which were not contemplated or anticipated in the original agreement.

In accordance with the Bank's policy, a modification results in derecognition when the modified financial asset is substantially different to the existing financial asset. To determine if the modified terms are substantially different from the original contractual terms, the Bank considers the following:

» **Quantitative assessment:** The net present value of the modified cash flows under the new terms, discounted at the original effective interest rate is at least 10% different from the carrying amount of the existing financial asset.

» **Qualitative assessment:** A significant change in the terms and conditions that is so fundamental that immediate derecognition is required with no additional quantitative analysis (e.g. new debt having a different currency to the old debt, equity instrument embedded in the new debt, etc.) which per IFRS 9 is applicable to financial assets.

As part of the above assessments the Bank also considers the following factors:

- » Change in counterparty;
- » Change in security provisions;
- » Changes to source of funds or credit base;
- » Debt consolidation;
- » Changes to financial and/or non-financial covenants;
- » Changes in jurisdiction of governing law;
- » Introduction of significant new terms, e.g. the addition of a profit share/equity-based returns;
- » Change in obligor or legal counterparty;
- » Change in collateral or guarantees;
- » Change in facility currency;
- » Change in product type, i.e. term loan to revolving facility;
- » Changes resulting in financial instrument reclassification;
- » Changes in representations required to be made by the borrower;
- » Change in credit rating of facility;
- » Previous restructures on the facility in question;
- » Concentration risk; and
- » Indicators of actual or potential financial distress of borrower.

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Where interim debt relief is granted to borrowers (either as part of national or international debt relief initiatives or on a bilateral basis), the Bank also considers the effect and intent of such relief in making an assessment as to whether a substantial modification has occurred. In addition to the factors noted above, the Bank considers whether the relief granted is an interim measure aimed at alleviating short term liquidity pressure(s) on its counterparties as part of the overall extended formal restructuring negotiations. This is the case in 'stepped' or 'phased' restructuring exercises, which may be achieved in more than one distinct phases over an extended period of time.

As such, the Bank considers whether the modification of cash flows merely represents an attempt to recover the original outstanding debt in the most optimal manner for both lender and borrower, or whether there is an indication that the restructured debt distinctly differs from the original loan in that a fundamental alteration of the Bank's risks and rewards have occurred. In evaluating the modified cash flows against the aforementioned criteria, the Bank considers the following:

- » Whether the modification involves a holistic re-evaluation of the credit risk and credit worthiness of the borrower; and/or
- » Whether the modification requires that the facility is repriced to current market levels to reflect the lending risk associated.

The judgement(s) applied are client specific and will vary from client to client with certain factors holding a higher priority than others depending on various elements. As such, in the case of a judgemental overlay, no two evaluations are expected to be identical.

In the case where the financial asset is derecognised, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The Bank derecognises a financial asset, such as development loans, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The Bank treats the date of the modification as the date of initial recognition of the new financial asset when applying the ECL requirements to the new financial asset. Accordingly, the Bank classifies the new financial asset as stage 1 and measures the ECL allowance at an amount equal to 12-month ECL until such time as a trigger event necessitates a SICR assessment. If the replacement financial asset has been recognised as originated-credit impaired, the Bank recognises an ECL allowance equal to lifetime ECL from the date of initial recognition.

If the modification does not result in terms that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original effective interest rate (EIR), the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

1.2.2 Financial liabilities

Debt that is issued is classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Bank or a contract that will or may be settled in the Bank's own equity instruments and is a non-derivative contract for which the Bank is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Bank's own equity instruments.

(a) Classification and measurement

The Bank accounts for its financial liabilities either as:

- » held at fair value through profit or loss; or
- » held at amortised cost.

The Bank initially recognises financial liabilities on the date at which they are originated (interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes). The origination date for regular way purchases are recognised on the trade date at which the Bank commits to the purchase. All other financial liabilities (including liabilities designated at FVTPL) are initially recognised on the trade date on which the Bank becomes a party to the contractual provisions of the instrument. A financial liability is measured initially at fair value less transaction costs that are directly attributable to its issue.

Management determines the classification of the financial liabilities on initial recognition and re-evaluates this classification at the reporting date. The basis for designation is discussed under each category in the table below.

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The classification of financial liabilities is detailed below:

Portfolio – Group of liabilities	Objective of portfolio	Classification and measurement
Debt funding designated at fair value through profit or loss	Forms part of the asset- liability management purpose	Fair value through profit or loss
Debt funding held at amortised cost	Forms part of the asset- liability management purpose	Held at amortised cost
Trade, other payables and accrued interest on debt funding	Sundry creditors- Normal accruals for day to day operational expenses, accrued interest raised on financial market liabilities and amounts due to third party managed funds	Held at amortised cost
Derivative liabilities held for risk management	Derivative liabilities held for risk management	Fair value through profit or loss
Repurchased agreements at amortised cost	Forms part of the asset- liability management purpose	Held at amortised cost

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include derivatives held for risk management. The Bank has designated financial liabilities at FVTPL in the following circumstances:

- » The liabilities are managed, evaluated and reported internally on a fair value basis; and
- » The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.

Subsequent to initial recognition the financial liability held at FVTPL is measured at fair value, with the changes in fair value recognised in profit or loss. Changes in fair value of the derivatives used to hedge the interest rate risk are reported in net interest income in the statement of comprehensive income.

(ii) Financial liabilities held at amortised cost

Financial liabilities at amortised cost includes loans and borrowings, trade and other payables. All other financial liabilities not held at FVTPL are classified as financial liabilities held at amortised cost. These financial liabilities are initially recognised at fair value and subsequently at amortised cost.

The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation, using the effective interest method, of any difference between the initial amount recognised and the maturity amount.

(b) Changes in fair value of liabilities due to changes in the Bank's own credit risk

Changes in fair value of liabilities due to changes in the Bank's own credit risk is recognised in OCI.

However, for non-derivative financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss.

Changes in fair value attributable to a financial liability's credit risk that are recognised in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

In making the determination of whether recognising changes in the liability's credit risk in OCI will create or enlarge an accounting mismatch in profit or loss, the Bank assesses whether it expects that the effects of changes in the liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at FVTPL. This determination is made at initial recognition.

(c) Derivative financial instruments

The Bank enters into a variety of derivative financial instruments which are held to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps, cross currency swaps, currency options, options and forward rate agreements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in profit or loss immediately unless the derivative is designated effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

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A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

In measuring the fair value of the derivatives, the Bank takes into account credit-value adjustment (CVA) and debit-value adjustment (DVA). CVA and DVA includes adjustment for the credit risk of the derivative counterparty (CVA) as well as the Bank's own credit risk (DVA). Collateral is taken into account in calculating the CVA/DVA, if any.

1.2.3 Impairment of financial instruments

The Bank recognises ECL on the following instruments:

- » Financial assets held at amortised costs;
- » Financial guarantees issued; and
- » Fixed loan commitments issued.

(i) Expected credit losses

For the measurement of ECL, the Bank applies a three-stage approach to measuring ECL on debt instruments accounted for at amortised cost, financial guarantees and loan commitments.

(a) Three stages

Assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the ECL associate for these financial assets is based on a 12-month ECL.

Stage 2: Lifetime ECL - not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

Stage 3: Lifetime ECL - credit impaired

At each reporting date, the Bank assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. By definition a financial asset is classified as a stage 3 when the counterparty has defaulted. Financial assets that are more than 90 (ninety) days in arrears are classified as non-performing thus credit impaired. Further, the Bank uses stringent measures on loans with monthly repayments. When two consecutive payments have been missed or exposure in arrears equals to two monthly repayments, the exposure is transferred to stage 3.

A financial asset that is credit impaired that has been renegotiated due to a deterioration in the borrower's condition, and results in the derecognition of the financial asset and recognition of a new financial asset is usually considered to be credit impaired at origination unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Evidence that a financial asset is credit impaired includes observable data about the following events:

- » Significant financial difficulty of the issuer or the borrower;
- » A breach of contract, such as a default or past due event after considering the Bank exception rules;
- » The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- » It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- » The disappearance of an active market for that financial asset because of financial difficulties; and
- » The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Purchased or originated credit impaired loan (POCI) – Lifetime ECL – Credit impaired

For financial assets that are considered credit impaired on purchase or on origination, a lifetime ECL is recognised.

For purchased or originated credit impaired financial assets, the Bank calculates credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset or its gross carrying amount and incorporates the impact of ECLs in the estimated future cash flows.

(ii) Determining the staging for expected credit losses (ECL)

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk of the financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Bank uses its internal credit risk grading system, external risk ratings and forecast information to assess deterioration in the credit quality of a financial asset.

The Bank also considers reasonable and supportable information that is relevant and available without undue cost or effort for this

This includes quantitative and qualitative information and also forward-looking analysis.

The Bank assesses whether the credit risk on a financial asset has increased significantly on an individual loan level basis.

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The Bank does not rely solely on past due information when determining whether credit risk has increased significantly since initial recognition. However, when information that is more forward-looking than past due status (either on an individual or a collective basis) is not available without undue cost or effort, the Bank uses past due information to determine whether there have been significant increases in credit risk since initial recognition.

(iii) Measurement of ECLs

ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- » **Financial assets that are not credit impaired at the reporting date:** As the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive;
- » **Financial assets that are credit impaired at the reporting date:** As the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate;
- » **Undrawn loan commitments:** As the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- » **Financial guarantee contracts:** As the expected payments to reimburse the holder less any amounts that the Bank expects to

The Bank calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- » **PD:** The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- » **EAD:** The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- » **LGD:** The Loss Given Default is an estimate of the loss arising in the case where default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

ECLs are recognised using a provision for impairment loss account in profit or loss. In case of financial guarantees, the measurement of ECLs is based on the three-stage approach as applied to financial assets at amortised cost. The Bank recognises the provision for impairment loss charge in profit or loss. The corresponding amount is recognised in the statement of financial position, with no reduction in the carrying amount of the asset in the balance sheet.

When estimating the ECLs, the Bank considers three scenarios (base case, best case and adverse case). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

In its ECL models, the Bank relies on a broad range of forward-looking information as economic inputs relevant to Bank's loan book, such as:

- » CPI;
- » GDP;
- » Central Bank base rates (JIBAR, repo, prime);
- » Crude oil; and
- » Exchange rates (ZAR/USD).

For further details on how the Bank calculates ECLs, including the use of forward-looking information, refer to note 21.4 and note 21.5.

When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the income statement.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the Condensed Interim Financial Statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. However, overlays are reversed or unwind on the back of repayments received and significant improvements in the credit risk or rating of the financial instruments. Management continues to monitor their judgements on these in order to ensure that the financial instruments are adequately provided.

1.3 Hedge accounting

The Bank designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges or cash flow hedges. The Bank applies fair value hedge accounting of portfolio hedges of interest rate risk by using the exemption to continue with IAS 39 hedge accounting rules for these portfolios hedges.

At the inception of the hedge relationship, the Bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Bank assesses whether the following effectiveness requirements are met:

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- » There is an economic relationship between the hedged item and the hedging instrument. Therefore, there must be an expectation that the value of the hedging instrument and the value of the hedged item would move in the opposite direction because of the common underlying or hedged risk. The Bank enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item;
- » The effect of credit risk does not dominate the value changes that result from that economic relationship;
- » The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Bank actually hedges and the quantity of the hedging instrument that the Bank actually uses to hedge that quantity of hedged item. The Bank determines the hedge ratio by comparing the notional of the derivative with the principal of the debt issued or the loan granted. If the loan granted has an amortising principal the Bank enters into interest rate swaps with an equivalent amortising notional amounts; and
- » The main sources of hedge ineffectiveness in these hedging relationships are changes in terms of the hedged item, changes in terms of the hedging instrument, changes in counterparty's credit risk, changes in the Bank's credit risk.

The Bank rebalances a hedging relationship in order to comply with the hedge ratio requirements when necessary. In such cases, discontinuation may apply to only part of the hedging relationship.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Bank adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

In some hedge relationships, the Bank designates only the intrinsic value of options. In this case the change in fair value attributable to the time value of money component of the option contract is deferred to the statement of other comprehensive income. Over the term of the hedge if the hedged item is time related, the amount of the original time value of the option that relates to the hedged item is amortised from equity to profit or loss on a rational basis (e.g. straight line) over the term of the hedging relationship. The change in fair value attributable to the time value of money component of the option contract is capitalised to the carrying amount of the hedge if the hedged item is not recognised on time accrual basis (transaction related) and reclassified back to the profit or loss when option matures or is exercised.

1.4 Debt funding

Debt securities issued and lines of credit are the Bank's sources of debt funding.

Debt securities and lines of credit issued are initially measured at fair value less incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Bank designates liabilities at FVTPL in which case it is measured at fair value with changes in FVTPL. For the determination of the fair value, refer to note 8.

1.5 Loan commitments

Loan commitments are recognised at the date that the Bank becomes a party to the irrevocable commitment (fixed commitment); that the date when all the conditions precedent (CPs) are met and the loan is on the implementation stage. We also assume this to be the date of origination of the loan.

The Bank enters into commitments to lend to its customers subject to certain conditions. Such loan commitments are made either for a fixed period, or are cancellable by the Bank subject to notice conditions.

Provision is made for undrawn loan commitments to be provided at below-market interest rates and for similar facilities if it is probable that the facilities will be drawn and results in recognition of an asset at an amount less than the amount advanced.

The Bank will recognise ECL on loan commitments. Refer to note 24 and accounting policy 1.2.3 for the policy disclosure. ECLs arising from loan commitments are included within provisions (refer to note 12).

Subsequently, they are measured at the higher of this amortised amount less the amount of ECL allowance.

The financial asset would be assessed for impairment annually based on the total value of the facility that has been made available to the debtor.

Where there has been a significant increase in the credit risk of that specified debtor the loss allowance calculation would be based on the expected lifetime credit losses.

1.6 Revenue recognition

(i) Net Interest income

Interest income and expense for all financial instruments except for those measured or designated as at FVTPL are recognised in the profit or loss account using the effective interest rate method. Interest on financial instruments measured as at FVTPL is recognised in 'other Interest income' and 'other interest expense'.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument. In circumstances where the future cashflows cannot be estimated reliably, the effective interest rate is estimated using total contractual cashflows.

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MATERIAL ACCOUNTING POLICIES (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2025**



The calculation of the EIR includes all the fees that are considered to be an integral part of the lending arrangement, transaction cost and all other premiums or discounts. For financial assets at FVTPL, transaction costs are recognised in profit or loss at initial recognition.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired (stage 1 and stage 2) financial assets (i.e. at the amortised cost of the financial asset before adjusting for any ECL allowance), or to the amortised cost of financial liabilities. For credit impaired (stage 3) financial assets, the interest income is calculated by applying the EIR to the amortised cost of the credit impaired financial assets (i.e. the gross carrying amount less the allowance for ECLs. For financial assets purchased or originated credit impaired (POCI), the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Interest income and expense in the Bank's statement of profit or loss also include the effective portion of fair value changes of derivatives designated as hedging instruments in cash flow hedges of interest rate risk. For fair value hedges of interest rate risk interest, the effective portion of fair value changes of the designated derivatives as well as the fair value changes of the designated risk of the hedged item are also included in interest income and expense.

(ii) Fee income and expense

Fee income and expense include fees other than those that are an integral part of EIR (see above). The fees include, among other things fees charged for servicing a loan, non-utilisation fees relating to loan commitments when it is unlikely that these will result in a specific lending arrangement and loan syndication fees. Fee income and expenses with regard to services are accounted for as the services are received according to the five-step model. The five-step model includes:

- » identifying the contract with the customer;
- » identifying each of the performance obligations included in the contract;
- » determining the amount of consideration in the contract;
- » allocating the consideration to each of the identified performance obligations; and
- » recognising revenue as each performance obligation is satisfied.

1.7 Contingent liabilities and commitments

Transactions are classified as contingencies when the Bank's obligations depend on uncertain future events not within the Bank's

Items are classified as commitments when the Bank commits itself to future transactions with external parties.

1.8 Events after the reporting date

An event, which could be favourable or unfavourable, that occurs between the end of the reporting period and the date that the Annual Financial Statements are authorised for issue.

Adjusting event: An event after the reporting period that provides further evidence of conditions that existed at the end of the reporting period, including an event that indicates that the going concern assumption in relation to the whole or part of the enterprise is not appropriate.

Non-adjusting event: An event after the reporting period that is indicative of a condition that arose after the end of the reporting period.

1.9 Related parties

The Bank operates in an economic environment currently dominated by entities directly or indirectly owned by the South African Government. As a result of the constitutional independence of all three spheres of government (national, provincial and local) in South Africa, only parties within the national sphere of government will be considered to be related parties.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling activities of the Bank. All individuals from Executive Management up to the Board of Directors are key management individuals in their dealings with the Bank.

Close family members of key management personnel are considered to be those family members who may be expected to influence or be influenced by key management individuals in their dealings with the Bank.

Other related party transactions are also disclosed in terms of the requirements of IAS 24. The objective of the standard and the Condensed Interim Financial Statements is to provide relevant and reliable information and therefore materiality is considered in the disclosure of these transactions.

1.10 Government grants

A government grant is recognised when there is reasonable assurance that the Bank will comply with the conditions attaching to it, and that the grant will be received. Government grants received are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate.

1.11 Segment information

An operating segment is a distinguishable component of the Bank that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Bank's other components, whose operating results are reviewed regularly by the Bank's Executive Committee (being the chief operating decision-maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. The Bank's operating segments and the compliance of the Bank's segment report to the reporting standards (IFRS) is reviewed yearly for any changes that might warrant updating the Bank's reportable segments.

**DEVELOPMENT BANK OF SOUTHERN AFRICA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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1. NEW STANDARDS AND INTERPRETATIONS

1.1. Standards and interpretations issued but not yet effective

The following standards were also issued and have been assessed by the Bank. The standards have minimal impact on the Bank's financial statements:

1.1.1.

» IFRS 18 Presentation and disclosure in financial statements - Replaces IAS 1 (Effective for annual periods beginning on or after 1 January 2027)

IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of the five categories: operating activities, investing activities, financing activities, income taxes and discontinued operations. The first three categories are new. These categories are complemented by the requirement to present sub totals and totals for operating profit or loss before financing and income taxes and profit or loss.

» IFRS 7 Financial Instrument disclosures – Amendments to the Classification and Measurement of Financial Instruments (Effective for annual periods beginning on or after 1 January 2026)

The amendment to IFRS 7 introduces additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example features tied to ESG-lined targets.

» IFRS 7 Financial Instrument disclosures – Annual improvements to IFRS Accounting standards volume 11 (Effective for annual periods beginning on or after 1 January 2026)

Narrow scope amendment to delete an obsolete reference that remained in IFRS 7 following the publication of IFRS 13 Fair Value Measurement and to make the wording of the requirements of IFRS 7 relating to disclosure of a gain or loss on derecognition consistent with the wording and concepts in IFRS 13.

» IFRS 9 Financial Instruments – Amendments to the Classification and Measurement of Financial Instruments (Effective for annual periods beginning on or after 1 January 2026)

Narrow scope amendment to address diversity in accounting practice by making the classification and measurement requirements of IFRS 9 more understandable and consistent by:

- Clarifying the classification of financial assets with environmental, social and corporate governance (ESG) and similar features; and
- Clarifying the date on which a financial asset or financial liability is derecognised when a liability is settled through electronic payment systems. These amendments also introduce an accounting policy option to allow a company to derecognise a financial liability before it delivers cash on the settlement date if the specified criteria are met.

» IFRS 9 Financial Instrument – Annual improvements to IFRS Accounting standards volume 11 (Effective for annual periods beginning on or after 1 January 2026)

The amendments clarifies that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognise any resulting gain or loss arising from the difference between the carrying amount of the lease liability extinguished or transferred and any consideration paid in profit and loss.

The second amendment removes the inconsistency between the requirements of IFRS 9 and the requirements in IFRS 15 Revenue from contracts with customers in relation to the initial measurement of trade receivables at their transaction price. The amendment clarifies that trade receivables must be measured at the amount determined by applying IFRS 15.

» IAS 7 Statement of Cash Flows – Annual Improvements to IFRS Accounting Standards Volume 11 (Effective for annual periods beginning on or after 1 January 2026)

Narrow scope amendment to replace the term "cost method" with "at cost" following the earlier removal of the definition of "cost method" from IFRS Accounting Standards.

» IFRS 9 Financial Instruments and IFRS 7 Financial Instruments Disclosures - Contracts Referencing Nature-dependent Electricity (Effective for annual periods beginning on or after 1 January 2026)

Contracts Referencing Nature-dependent Electricity Contracts Referencing Nature-dependent Electricity amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to more faithfully reflect the effects of contracts referencing nature-dependent electricity on an entity's financial statements.

1.2. Amended standards effective for the current financial year

» IAS 21 The effects of changes in foreign exchange rates – Lack of exchangeability (Effective for annual periods beginning on or after 1 January 2025)

The amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The Amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.

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FOR THE PERIOD ENDED 30 SEPTEMBER 2025



	30 September 2025 Reviewed	30 September 2024 Reviewed
in thousands of rands		
2. CONDENSED SEGMENT INFORMATION		
Total interest income		
RSA Municipalities	1,828,513	1,946,475
RSA Economic and Social	2,563,783	2,594,987
Rest of Africa	1,671,152	1,614,968
Treasury and Balance Sheet Management	643,472	478,915
Total DBSA	6 706 920	6 635 345
Profit for the period		
RSA Municipalities	361,446	585 702
RSA Economic and Social	2,225,486	1 075 165
Rest of Africa	713,030	805 462
Infrastructure Delivery	(34,523)	(21,722)
Treasury and Balance Sheet Management	963,375	(126 494)
All other *	(83,028)	(150,133)
Total DBSA	4 145 786	2 167 980

	30 September 2025 Reviewed	31 March 2025 Audited
in thousands of rands		
Total assets		
RSA Municipalities	31,092,990	34 597 020
RSA Economic and Social	46,359,292	42 961 422
Rest of Africa	30,071,141	27 321 895
Infrastructure Delivery	307,375	295 709
Treasury and Balance Sheet Management	13,794,258	15 225 242
All other *	577,443	590 738
Total DBSA	122 202 499	120 992 026
Total liabilities		
RSA Municipalities	9,909,609	13 775 085
RSA Economic and Social	21,974,612	20 488 722
Rest of Africa	17,074,628	15 017 133
Infrastructure Delivery	422,694	379 052
Treasury and Balance Sheet Management	5,055,064	7 827 024
All other *	5,299,013	5 561 516
Total DBSA	59 735 620	63 048 532

All revenue was derived from external customers and there are no inter-segmental revenues.

*The All other segment includes Project Preparation and Corporate Assets.

3. FINANCIAL ASSETS BY CATEGORY

The tables below sets out the Bank's classification of financial assets and their fair values.

in thousands of rands	At amortised cost	FVTPL	Total carrying amount	Fair value
30 September 2025				
Cash and cash equivalents at amortised cost	11 278 311	-	11 278 311	11 278 311
Trade receivables and other assets	274,339	-	274 339	274 339
Investment securities*	-	2 423 750	2 423 750	2 423 750
Derivative assets held for risk management purposes*	-	744 176	744 176	744 176
Other financial asset	-	43 070	43 070	43 070
Development loans at FVTPL*	-	2 336	2 336	2 336
Equity investments held at FVTPL*	-	5 027 316	5 027 316	5 027 316
Development bonds at amortised cost	1 503 850	-	1 503 850	1 550 811
Development loans at amortised cost	100 364 778	-	100 364 778	125 272 076
Total	113 421 278	8 240 648	121 661 926	146 616 185

*Development loans, equity instrument, derivative assets held for risk management and investment securities are mandatorily held at fair value through profit or loss.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2025



in thousands of rands	Level 1 category	Level 2 category	Level 3 category	Total
Financial assets held at fair value				
Investment securities*	1,944,795	478,955	-	2 423 750
Derivative assets held for risk management purposes*	-	744 176	-	744 176
Other financial asset	-	43 070	-	43 070
Development loans at FVTPL*	-	-	2 336	2 336
Equity investments held at FVTPL*	-	1 338 681	3 688 635	5 027 316
Total	1,944,795	2 604 882	3 690 971	8 240 648
Financial assets held at amortised cost for which fair values are disclosed				
Cash and cash equivalents at amortised cost	-	11 278 311	-	11 278 311
Trade receivables and other assets	-	-	274 339	274 339
Development bonds at amortised cost	-	1 550 811	-	1 550 811
Development loans at amortised cost	-	-	125 272 076	125 272 076
Total	-	12 829 122	125 546 415	138 375 537
Total fair value of financial assets	-	15 434 004	129 237 385	146 616 184

*Development loans, equity instrument, derivative assets held for risk management and investment securities are mandatorily held at fair value through profit or loss.

in thousands of rands	At amortised cost	FVTPL	Total carrying amount	Fair value
31 March 2025				
Cash and cash equivalents at amortised cost	15 017 755	-	15 017 755	15 017 755
Trade receivables and other assets	279 903	-	279 903	279 903
Investment securities*	-	608 667	608 667	608 667
Derivative assets held for risk management purposes*	-	223 981	223 981	223 981
Other financial asset	-	38 534	38 534	38 534
Development loans at FVTPL*	-	12 877	12 877	12 877
Equity investments held at FVTPL*	-	4 581 600	4 581 600	4 581 600
Development bonds at amortised cost	1 542 364	-	1 542 364	1 542 006
Development loans at amortised cost	98 142 797	-	98 142 797	122 718 768
Total	114 982 819	5 465 659	120 448 478	145 024 091

in thousands of rands	Level 1 category	Level 2 category	Level 3 category	Total
Financial assets held at fair value				
Investment securities*	276,789	331 878	-	608 667
Derivative assets held for risk management purposes*	-	223 981	-	223 981
Other financial asset	-	38 534	-	38 534
Development loans at FVTPL**	-	-	12 877	12 877
Equity investments held at FVTPL**	-	1 247 462	3 334 138	4 581 600
Total financial assets held at FVTPL	276,789	1 841 855	3 347 015	5 465 659
Financial assets held at amortised cost for which fair values are disclosed				
Cash and cash equivalents at amortised cost	-	15 017 755	-	15 017 755
Trade receivables and other assets	-	-	279 903	279 903
Development bonds at amortised cost	-	1 542 006	-	1 542 006
Development loans at amortised cost	-	-	122 718 768	122 718 768
Total fair value of financial assets	-	16 559 761	122 998 671	139 558 432
Total fair value of financial assets	276,789	18 401 616	126 345 686	145 024 091

*Derivative assets held for risk management purposes and Investment securities are mandatorily held at fair value through profit or loss.

** Development loans and Equity investments are mandatorily held at fair value through profit and loss.

4. FINANCIAL LIABILITIES BY CATEGORY

The tables below sets out the Bank's classification of financial liabilities and their fair values.

in thousands of rands	At amortised cost	FVTPL	Total carrying amount	Fair value
30 September 2025				
Derivative liabilities held for risk management purposes*	-	25 968	25 968	25 968
Trade, other payables and accrued interest on debt funding	1 090 593	-	1 090 593	1 090 593
Debt funding held at amortised cost**	57 524 036	-	57 524 036	60 686 662
Total	58 614 629	25 968	58 640 598	61 803 224

*Derivative liabilities held for risk management are mandatorily held at fair value through profit or loss.

**The accrued interest portion of R895 million on debt funding held at amortised cost is presented under trade, other payables and accrued interest line. Total debt funding at amortised cost inclusive of accrued interest of R58.42 billion is made up of accrued interest R895 million plus principal of R57.52 billion.

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in thousands of rands	Level 1 category	Level 2 category	Level 3 category	Total
Financial liabilities held at FVTPL				
Derivative liabilities held for risk management purposes*	-	25 968	-	25 968
Total financial liabilities held at FVTPL	-	25 968	-	25 968
Financial liabilities held at amortised cost for which fair values are disclosed				
Trade, other payables and accrued interest on debt funding	-	895 170	195 423	1 090 593
Debt funding held at amortised cost	-	60 686 662	-	60 686 662
Total financial liabilities held at amortised cost for which fair values are disclosed	-	61 581 832	195 423	61 777 255
Total financial liabilities	-	61 607 800	195 423	61 803 224

*Derivative liabilities held for risk management are mandatorily held at fair value through profit or loss.

in thousands of rands	At amortised cost	FVTPL	Total carrying amount	Fair value
31 March 2025				
Derivative liabilities held for risk management purposes*	-	94 578	94 578	94 578
Trade, other payables and accrued interest on debt funding	1 046 286	-	1 046 286	1 046 286
Debt funding held at amortised cost**	60 769 422	-	60 769 422	63 522 269
Total	61 815 708	94 578	61 910 286	64 663 133

*Derivative liabilities held for risk management are mandatorily held at fair value through profit or loss.

**The accrued interest portion of R851 million on funding debt funding held at amortised cost is presented under trade, other payables and accrued interest line. Total debt funding at amortised cost inclusive of accrued interest of R61.62 billion is made up of accrued interest of R851 million plus principal of R60.77 billion.

in thousands of rands	Level 1 category	Level 2 category	Level 3 category	Total
Financial liabilities held at FVTPL				
Derivative liabilities held for risk management purposes*	-	94 578	-	94 578
Total financial liabilities held at FVTPL	-	94 578	-	94 578
Financial liabilities held at amortised cost for which fair values are disclosed				
Trade, other payables and accrued interest on debt funding	-	850 737	195 549	1 046 286
Repurchase agreements at amortised cost	-	-	-	0
Debt funding held at amortised cost	-	63 522 269	-	63 522 269
Total financial liabilities held at amortised cost for which fair values are disclosed	-	64 373 006	195 549	64 568 555
Total fair value of financial liabilities	-	64 467 584	195 549	64 663 133

*Derivative liabilities held for risk management are mandatorily held at fair value through profit or loss.

5. DERIVATIVE ASSETS AND LIABILITIES HELD FOR RISK MANAGEMENT PURPOSES

	30 September 2025 Reviewed	31 March 2025 Audited
in thousands of rands		
5.1. Derivative assets held for risk management purposes		
Interest rate derivatives	672 359	223 981
Foreign exchange derivatives	71 817	-
Balance at end of the period	744,176	223 981

Included in derivative assets is a credit valuation adjustment (CVA) of R12 million (31 March 2025: R39 million).

5.2. Derivative liabilities held for risk management purposes		
Interest rate derivatives	-	(61 255)
Foreign exchange derivatives	(25 968)	(33 323)
Balance at end of the period	(25,968)	(94 578)

Included in derivative liabilities is a debit valuation adjustment (DVA) of Rnil (31 March 2025: RNil).

5.3. Net derivatives held for risk management		
Derivatives designated as cash flow hedges	652 444	162,726
Derivatives held for risk management not designated hedges - econor	65 764	(33,323)
Net derivatives at end of the period	718,208	129 403

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
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		30 September 2025 Reviewed	31 March 2025 Audited
	in thousands of rands		
6.	DEVELOPMENT LOANS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS		
6.1	Analysis of development loans at FVTPL		
	Balance at beginning of the year	183 032	189,214
	Movements for the period	(10 541)	(6,182)
	Gross development loans at FVTPL	172,491	183,032
	Fair value movements	(170,155)	(170,155)
	Balance at end of the period	2,336	12,877
6.1.1	Movements during the period		
	Interest accrued	3,905	344
	Foreign exchange adjustments	(14,446)	(6,526)
	Movements for the period	(10,541)	(6,182)
6.1.2	Fair value adjustment		
	Balance at the beginning of the year	(170,155)	(168,429)
	Current period fair value adjustment	-	(1,726)
	Balance at end of the period	(170,155)	(170,155)
6.2	Maturity analysis of development loans at FVTPL		
	Due after 3 (three) months but within (12) months	172,491	183,032
6.3	Sectoral analysis of development loans at FVTPL		
	Energy – electricity	172,491	183,032
6.4	Geographical analysis of development loans at FVTPL		
	Sierra Leone	172,491	183,032
	US dollar amounts included in development loans at FVTPL	10,000	10,000
6.5	Client classification of development loans at FVTPL		
	Private sector intermediaries	172,491	183,032
6.6	Fixed interest rate loans of development loans at FVTPL		
	Fixed	172,491	183,032
6.7	Analysis of current and non-current portion of development loans held at FVTPL		
	Current portion	172,491	183,032
7.	EQUITY INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS		
	Equity investments held at FVTPL	5,027,316	4,581,600
7.1	Analysis of equity investments held at FVTPL		
	Cost		
	Balance at beginning of the year	3,151,666	3,029,434
	Acquisitions	139,501	166,324
	Non cash acquisitions	-	960,317
	Non cash disposals	-	(960,317)
	Capital return	(54,570)	(44,092)
	Balance at end of the period	3,236,597	3,151,666
	Fair value adjustment		
	Balance at beginning of the year	(616,718)	(401,268)
	Current period fair value adjustments	424,491	(215,450)
	Balance at end of the period	(192,227)	(616,718)
	Foreign exchange adjustments		
	Balance at beginning of the year	2,046,652	2,180,617
	Realised gain	8,407	575,052
	Unrealised loss	(72,113)	(709,017)
	Balance at end of the period	1,982,946	2,046,652

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2025



	30 September 2025 Reviewed	31 March 2025 Audited
in thousands of rands		
Fair value at the end of the period	5,027,316	4,581,600
Equity investments held at fair value through profit or loss consist of direct equity in ordinary shares and third party managed private equity funds.		
The DBSA equity investment portfolio comprises 'Fund of Fund' investments and direct equity investments. At the reporting date the portfolio is denominated in both foreign currency (EUR and USD) and ZAR. The non-ZAR portfolio is invested in commercial infrastructure projects, such as energy, roads, and logistics sectors with the balance invested in the financial sector. The ZAR portfolio is invested in affordable housing projects, commercial infrastructure and the information technology sector. A significant portion of the funds are approaching maturity and the Bank is exiting each underlying investment on an investment-by-investment basis (refer note 7.2).		
7.2 Period since initial investment		
Less than 1 (one) year	1,119,204	949,670
1 (one) year but within 4 (four) years	179,105	10,962
4 (four) years but within 9 (nine) years	104,755	85,370
10 (ten) years and older	3,624,251	3,535,598
Balance at end of the period	5,027,316	4,581,600
7.3 Sectoral analysis of equity investments held at FVTPL		
Commercial – construction	66,043	62,022
Commercial – fund	2,002,474	1,708,730
Commercial – communications	129,614	145,349
Institutional infrastructure	1,482,452	1,390,621
Residential facilities	1,295,545	1,274,878
Transportation	51,187	-
Balance at end of the period	5,027,316	4,581,600
7.4 Geographical analysis of equity investments held at FVTPL		
South Africa	2,625,188	2,359,034
International (the rest of the Africa excluding South Africa)	2,402,127	2,222,566
Balance at end of the period	5,027,316	4,581,600
7.5 US dollar and Euro amounts included in the above Africa and International equity investments		
US Dollar amount included	77,609	68,155
Euro amount included	37,897	35,928
7.6 Equity investments comprises of:		
Direct (In house managed funds)	2,667,178	2,293,736
Indirect funds (Third party managed funds)	2,360,138	2,287,864
Balance at end of the period	5,027,316	4,581,600
7.7 Analysis of current and non-current portion of equity investments		
Current	280,526	299,470
Non-current portion	4,746,789	4,282,130
Balance at end of the period	5,027,316	4,581,600

8. FAIR VALUE OF ASSETS AND LIABILITIES

8.1. Fair value levels

The Bank measures fair values in accordance with IFRS 13, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Bank also uses a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value, which gives highest priority to quoted prices.

Level 1

Assets and liabilities valued with reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. This category includes capital market assets, listed equity investments and debt securities.

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Level 2

Assets and liabilities valued using inputs other than quoted prices as described above for level 1 but that are observable for the asset or liability, either directly or indirectly, such as:

- » Quoted price for similar assets or liabilities in inactive markets;
- » Quoted price for identical or similar assets or liabilities in inactive markets;
- » Valuation model using observable inputs; and
- » Valuation model using inputs derived from or corroborated by observable market data.

This category includes deposits, derivatives, unlisted equity investments and debt securities.

Level 3

Valuations are based on unobservable inputs. Assets and liabilities valued using discounted cash flow analysis. This category includes unlisted equity investments and development loans (both measured at fair value and at amortised cost). No significant interrelationships between unobservable inputs used in the valuation of its level 3 equity investments have been identified.

8.2. Fair value hierarchy

The table below shows the fair value hierarchy of the Bank's assets and liabilities.

in thousands of rands	Notes	Level 1	Level 2	Level 3	Total
30 September 2025					
Fair value disclosures					
Assets held at FVTPL					
Investment securities	3	1,944,795	478,955	-	2,423,750
Derivative assets held for risk management purposes	3	-	744,176	-	744,176
Development loans at FVTPL	3	-	-	2,336	2,336
Other financial asset	3	-	43,070	-	43,070
Equity investments held at FVTPL*	3	-	1,338,681	3,688,635	5,027,316
Land and buildings	-	-	-	382,342	382,342
Financial assets held at amortised cost for which fair values are disclosed					
Cash and cash equivalents	3	-	11,278,311	-	11,278,311
Trade receivables and other assets	3	-	-	274,339	274,339
Development bonds	3	-	1,550,811	-	1,550,811
Development loans	3	-	-	125,272,076	125,272,076
Total assets		1,944,795	15,434,004	129,619,727	146,998,526

*Exchange rate movements are a material driver of the fair value of equity instruments categorised as level 2. The fair value of R1.3 billion (31 March 2025: R1.2 billion) includes foreign currency translation impact of R134 million (31 March 2025: R315 million) which is driven by observable currency exchange rates.

Financial liabilities held at FVTPL

Derivative liabilities held for risk management purposes	4	-	25,968	-	25,968
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Financial liabilities held at amortised cost for which fair values are disclosed

Trade, other payables and accrued interest on debt funding	4	-	895,170	195,423	1,090,593
Debt funding held at amortised cost	4	-	60,686,662	-	60,686,662
Total financial liabilities		-	61,607,800	195,423	61,803,224

31 March 2025

Fair value disclosures

Assets held at FVTPL

Investment securities	3	276,789	331,878	-	608,667
Derivative assets held for risk management purposes	3	-	223,981	-	223,981
Development loans at FVTPL	3	-	-	12,877	12,877
Other financial asset	3	-	38,534	-	38,534
Equity investments held at FVTPL*	3	-	1,247,462	3,334,138	4,581,600
Land and buildings	-	-	-	376,000	376,000

Financial assets held at amortised cost for which fair values are disclosed

Cash and cash equivalents	3	-	15,017,755	-	15,017,755
Trade receivables and other assets	3	-	-	279,903	279,903
Development bonds	3	-	1,542,006	-	1,542,006
Development loans	3	-	-	122,718,768	122,718,768
Total assets		276,789	18,401,616	126,721,686	145,400,091

*Exchange rate movements are a material driver of the fair value of equity instruments categorised as level 2. The fair value of R1.2 billion (31 March 2024: R2.4 billion) includes foreign currency translation impact of R315 million (31 March 2024: R2.2 billion) which is driven by observable currency exchange rates.

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in thousands of rands	Notes	Level 1	Level 2	Level 3	Total
Financial liabilities held at FVTPL					
Derivative liabilities held for risk management purposes	4	-	94,578	-	94,578
Financial liabilities held at amortised cost for which fair values are disclosed					
Trade, other payables and accrued interest on debt funding	4	-	850,737	195,549	1,046,286
Debt funding held at amortised cost	4	-	63,522,269	-	63,522,269
Total financial liabilities		-	64,467,584	195,549	64,663,133

8.3. Reconciliation of Level 3 financial assets held at FVTPL

8.3.1 Equity investments held at FVTPL

in thousands of rands	30 September 2025 Reviewed	31 March 2025 Audited
Balance at the beginning of the year	3,334,138	2,415,445
Acquisitions (cash and non cash)		1,093,849
Increase/(decrease) in fair value of equity investments - unrealised*	354,496	(175,156)
Balance at the end of the period	3,688,635	3,334,138

*The total unrealised loss of R354 million (31 March 2025: R175 million) was included in the net loss from financial assets and financial liabilities in the statement of comprehensive income.

The Bank recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfers have occurred.

The Bank's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- » Changes in market and trading activity (e.g. significant increases/decreases in trading activity); and
- » Changes in inputs used in valuation techniques (e.g. inputs becoming / ceasing to be observable in the market or significant adjustments required due to material risk events, applicable as from the period under review).

8.3.2 Development loans at FVTPL

Balance at the beginning of the year	12,876	20,784
Other movements (note 6.1.1)**	(10,541)	(6,182)
Decrease in fair value of development loans at FVTPL (note 6.1)**	-	(1,726)
Balance at the end of the period	2,335	12,876

** The total unrealised loss of RNil million (31 March 2025: R2 million) was included in the net loss from financial assets and financial liabilities in the statement of comprehensive income.

8.4. Valuation techniques used to determine fair value

The table below shows the fair value hierarchy and valuation techniques used to determine their fair values:

in thousands of rands	30 September 2025 Fair value	Fair value hierarchy	31 March 2025 Fair value	Fair value hierarchy
Financial instruments				
Derivative assets held for risk management purposes (a)	744,176	2	223,981	2
Investment securities (b)	2,423,750	1 and 2	608,667	1 and 2
Development loans at FVTPL (e)	2,336	3	12,877	3
Equity investments (c)	5,027,316	2 and 3	4,581,600	2 and 3
Other financial asset (d)	43,070	2	38,534	2
Financial assets	8,240,648		5,465,659	
Derivative liabilities held for risk management purposes (a)	25,968	2	94,578	2
Financial liabilities	25,968		94,578	

(a) Derivatives held for risk management purposes

The valuation methods include discounted cash flow models, comparison with similar instruments for which observable market prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Input includes independently sourced market parameters (interest rate yield curves, equities and commodities prices, option volatilities and currency rates).

(b) Investment securities

The valuation methods include market observable bond prices from the Johannesburg Stock Exchange interest rate market. For segregated funds, the fair value is determined based on the asset manager's valuation. Inputs include the quoted market prices.

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(c) Equity investments

(i) Valuation techniques for direct equity in ordinary shares

If the market for a financial instrument is not quoted, the Bank uses a valuation technique to establish what the transaction price would be in an arm's length exchange motivated by normal business considerations. The Bank uses valuation techniques that include price of recent investments, if available, discounted cash flow analysis based on free cash flows, earnings or dividends using a market-related adjusted discount rate, long term valuation (rule of thumb price earnings growth (PEG)), and option pricing models. The Bank ensures that these valuation techniques optimise the use of market inputs and rely as little as possible on entity-specific inputs, incorporate all factors that market participants would consider in setting a price, and are consistent with accepted economic methodologies for pricing financial instruments. In accordance with the best investment and valuation practice, a marketability and other discount is applied to direct equity investments. The guidelines provide that marketability and other discount in the range 10% to 30% should be factored into the valuation. Different factors are considered in setting the marketability and other discount and it is possible for the marketability and other discount for a particular instrument to be outside the guideline range.

(ii) Valuation techniques for third party managed private equity and management judgment regarding fair value hierarchy

Private equity funds are valued by fund managers periodically in accordance with international private equity and venture capital valuation guidelines. These guidelines have taken consideration of IFRS and set out recommendations that represent current best practice on the valuation of a private equity and venture capital investments. The guidelines also set out the valuation methodologies that may be considered for use in estimating the fair value of underlying businesses and unquoted instruments in a private equity fund, namely price of recent investment, earnings multiple, discounted cash flows or earnings (of underlying businesses), discounted cash flows (from the investment) and industry valuation benchmarks.

The above guidelines are applied by the Bank's fund managers who provide a calculated fair value estimates as inputs to the Bank's assessment. The Bank thereafter applies these guidelines which provide that in the case of unquoted equity investments, marketability and other discounts in the range 10% to 30% should be factored into the valuation. Different factors are considered in setting the marketability discounts and it is possible for the marketability discount for a particular instrument to be outside the guideline range.

Given the illiquidity concerns of some of the closed ended funds, the Bank considers marketability and liquidity discounts in valuing DBSA's unit of account in the fund. DBSA equity exposures are in different jurisdiction in Africa. The investments go through an investment phase, growth phase and exit phase. A significant portion of the investments are in the exit phase and in this phase there is active secondary market for the underlying investment that are being exited. Adjustments to NAV (for assets within the exit phases) greater than 20% are considered significant to enable a level 3 input classification even if there is some evidence of exits in the underlying investments within the secondary markets. Adjustments to Net Asset Value (NAV) (for assets within the investment phase) greater than 10% are considered significant to enable a level 3 input classification even if there is some evidence of infrastructure secondary market activity. The determination of 10% and 20% thresholds are a significant management judgement. The differentiation between the investment phase and exit phase is appropriate given the nature of infrastructure cycle and infrastructure primary and secondary market activities across the African continent. There are, however, no bright lines for determining significance of an input to the fair value measurement in its entirety management has consistently applied the evaluation criteria for the significance of inputs. In assessing the significance of unobservable inputs to an asset fair value, DBSA management (a) considers sensitivity of the asset overall value to changes in the data and (b) reassesses the likelihood of variability in the data over the life of the asset.

(iii) Valuation techniques – Unlisted equities

If the market for a financial instrument is not active, the Bank determines fair value by using various valuation techniques. These techniques include i) using recent arm's length market transactions between knowledgeable, willing parties; ii) reference to the current fair value of another instrument that is substantially the same in nature; iii) reference to the value of the net assets of the underlying business; iv) earnings multiples; and v) discounted-cashflow analysis.

To estimate a reliable fair value, where appropriate, the Bank applies certain valuation adjustments to the information derived from the above sources. In making appropriate adjustments, the Bank considers certain adjustments to the modelled price that market participants would make when pricing that instrument. The Bank also reviews its portfolio to identify any correlation between key valuation inputs which may serve as proxy inputs. Where reliable information relating to a correlated input is not readily available the Bank may reference its proxy in determining an appropriate fair value.

Fair value measurements are categorised into level 2 or 3 within the fair value hierarchy based on the significance of observable inputs versus unobservable inputs in relation to the fair value of the instrument.

The Bank's policy is to apply a range between 10%-30%. However, the actual discount rate applied for levels 2 and 3 equity investment remained unchanged and ranged between 12%-15% in 2026 and in the 2024/5 financial year it was 12%–15%.

For both equity investments in third party managed funds and unlisted equities, price quotes may be a level 2 or level 3 input or may not represent fair value and therefore the Bank considers the following factors in making a determination: volume of recent transactions for the instrument, price quotations that are not developed using current information, price quotations that vary substantially either over time or among market makers, indices that were previously highly correlated with the fair value of the asset or liability are demonstrably uncorrelated with recent indications of fair value, whether there is significant increases in implied liquidity premiums, yields or performance indicators for observed transactions or quoted prices when compared with the entity's estimate of expected future cash flows, taking into account all available market data about credit and other non-performance risk for the asset or liability, wide bid-ask spread or a significant increase in the bid-ask spread, significant decline in the activity of, or there is an absence of a market for new issues for the asset or liability or similar assets or liabilities and there is little information publicly available.

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Level 1 inputs	Level 2 inputs	Level 3 inputs
Quoted prices in active markets	Quoted prices for similar assets or liabilities in active markets	Marketability discounts not corroborated by observable market information
Unadjusted prices	Quoted prices for identical or similar assets or liabilities in markets that are not active	Liquidity discounts
Accessible prices at measurement date	Inputs other than quoted prices that are observable for the assets or liability, for example: » Interest rates; » Yield curves; and » Credit spreads and implied volatility.	Earnings multiples
	Quotes corroborated with observable market information	Unlisted equity investments
	Exchange rate movements with direct correlation to fair value	Valuations based on significant proprietary information
	Development loans	Where there is a significant increase in bid/ask spread
	Where there is increase in bid/ask spread	

(d) Other financial asset

The fair value of other financial asset is based on the valuation performed by the fund managers.

(e) Development loans at fair value through profit or loss

The Bank uses present value technique, which is an application of the income approach to calculate the fair value of the development loans. Valuations under the income approach, such as present value techniques converts expected future amounts to a single present value amount. The Bank uses discount rate adjustment present value technique, which attempts to capture all the risk associated with the item being measured in the discount rate and is most commonly used to value assets and liabilities with contractual payments such as debt instruments. The discount rate is used to calculate the present value of cash flows. The valuation excludes non-performing loans due to cash flow being uncertain.

(f) Development loans, development bonds, debt funding and repurchase agreements at amortised cost

The financial instruments valued using discounted cash flow analysis. The inputs include published reference interest rates.

(g) Land and buildings

The fair value of land and buildings is calculated using the capitalised net rental approach. This involves estimating the net market monthly rental income that the property would command if the property is rented at valuation date in the open market. The inputs include the capitalisation rate.

	30 September 2025 Reviewed	31 March 2025 Audited
in thousands of rands		
9. DEVELOPMENT BONDS AT AMORTISED COST		
Municipal bonds	1,503,850	1,542,364
9.1 Analysis of development bonds		
Balance at the beginning of the year	1,594,348	2,198,900
Movement during the period	(42,788)	(604,552)
Gross development bonds	1,551,560	1,594,348
Provision for ECL on development bonds	(47,710)	(51,984)
Balance at the end of the period	1,503,850	1,542,364
9.2 Movements during the period		
Repayments	(41,667)	(585,334)
Interest accrued	80,046	176,447
Gross interest repayments	(81,167)	(195,665)
Net movements for the period	(42,788)	(604,552)
9.3 Reconciliation of provision for ECL on development bonds		
Balance at the beginning of the year	51,984	133,146
Decrease in provision for ECL on development bonds	(4,274)	(81,162)
Balance at the end of the period	47,710	51,984

Development bonds are bullet as well as amortising bonds with fixed interest rates and are held at amortised cost using the effective interest rate method. The contractual rate is equal to the effective interest rate.

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	30 September 2025 Reviewed	31 March 2025 Audited
in thousands of rands		
9.4 Analysis of gross development bonds		
Client classification		
Local government	1,551,560	1,594,348
Regional		
South Africa	1,551,560	1,594,348
Geography		
KwaZulu Natal	778,624	821,605
Gauteng	772,936	772,743
Total	1,551,560	1,594,348
Sector		
Energy	772,936	772,743
Social infrastructure	778,624	821,605
Total	1,551,560	1,594,348

9.5 Reconciliation of development bonds

The table below shows the reconciliation of the opening balance to the closing balance of development bonds gross carrying amount and the provision for ECLs:

in thousands of rands	Stage 1	Stage 2	Stage 3	Total
30 September 2025				
Reconciliation of gross carrying amount				
Balance at the beginning of the year	821,605	772,743	-	1,594,348
Changes in interest accrual		80,046	-	80,046
Transfer from Stage 1 to Stage 2	(821,605)	821,605	-	-
Repayments		(122,834)	-	(122,834)
Balance at the end of the period	-	1,551,560	-	1,551,560
Reconciliation of provision for ECL				
Balance at the beginning of the year	807	51,177	-	51,984
Transfer from Stage 1 to Stage 2	(807)	807	-	-
Subsequent change in ECL due to changes in risk parameters (PD's, LGDs and EADs)		(4,274)	-	(4,274)
Balance at the end of the period	-	47,710	-	47,710

The marginal decrease in ECL was mainly due to the changes in macro economic variables. The existing ECL allowances remain adequate to cover for the bond exposures carried forward from prior periods.

The table below shows the reconciliation of the opening balance to the closing balance of development bonds gross carrying amount and the provision for expected credit losses.

in thousands of rands	Stage 1	Stage 2	Stage 3	Total
31 March 2025				
Reconciliation of gross carrying amount				
Balance at the beginning of the year	908,045	1,290,855	-	2,198,900
Changes in interest accrual	95,863	80,584	-	176,447
Repayments	(182,303)	(598,696)	-	(780,999)
Balance at the end of the year	821,605	772,743	-	1,594,348
Reconciliation of provision for ECL				
Balance at the beginning of the year	789	132,357	-	133,146
Subsequent change in ECL due to changes in risk parameters (PDs, LGDs and EADs)	18	(81,180)	-	(81,162)
Balance at the end of the year	807	51,177	-	51,984

The decrease in ECL for the year was due to redemptions and changes in the PDs, EADs and LGDs arising from the use of new macro-economic data.

	30 September 2025 Reviewed	30 September 2024 Reviewed
in thousands of rands		
9.6 Expected credit losses		
ECL recognised in the statement of comprehensive income	(4,274)	(441)

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in thousands of rands		
9.7 Analysis of current and non-current portion of development bonds		
Current portion	134,895	136,015
Non-current portion	1,416,665	1,458,333
Gross development bonds	1,551,560	1,594,348
Provision for ECL on development bonds	(47,710)	(51,984)
Balance at the end of the period	1,503,850	1,542,364
10. DEVELOPMENT LOANS AT AMORTISED COST		
10.1. Analysis of development loans		
Balance at the beginning of the year	113,050,602	113,030,083
Movements during the period	2,711,346	20,519
Gross development loans	115,761,948	113,050,602
Provision for ECLs on development loans	(15,397,170)	(14,907,805)
Net development loans at the end of the period	100,364,778	98,142,797
10.1.1. Movements during the period		
Loans disbursed – current year	10,958,520	16,335,489
Effective interest income on development loans (refer to note 15)	5,956,797	12,155,967
Movement in deferred fee	11,575	(18,685)
Proceeds from sale of financial assets	-	(2,087,646)
Contractual interest on stage 3	(63,805)	202,439
Development loans written off (refer to note 10.9)	3,241	(525,963)
Foreign exchange adjustment	(1,192,333)	(859,596)
Gross loan repayments	(13,101,485)	(25,250,731)
Fees raised	137,045	184,376
Loss on derecognition	-	(26,104)
Modification gain	19,460	1,686
Other administrative adjustments	(3,903)	(3,902)
Amortisation of below market interest rate loans	4,480	7,710
Loans de-recognised due to substantial modification	(1,531,922)	(470,300)
New loans recognised after substantial modification	1,531,922	470,300
Net movement in financial asset sold to sub participants	(18,246)	(76,747)
Unrealised day 1 gains/losses on below market rate loans	-	(17,774)
Movements for the period	2,711,346	20,519
10.2 Maturity analysis of gross development loans		
Long term development loans		
Due within 1 (one) year	13,445,525	22,289,259
Due after 1 (one) year but within 2 (two) years	15,958,423	14,651,793
Due after 2 (two) years but within 3 (three) years	18,423,500	16,871,174
Due after 3 (three) years but within 4 (four) years	14,997,783	13,413,455
Due after 4 (four) years but within 5 (five) years	11,142,256	9,630,105
Due after 5 (five) years but within 9 (nine) years	30,408,741	26,550,730
Due after 9 (nine) years but within 14 (fourteen) years	9,661,413	8,307,434
Due after 14 (fourteen) years	1,652,196	1,262,465
Total long term development loans	115,689,837	112,976,415
Bridging finance development loans		
Due within 1 (one) year	72,111	74,187
Total bridging finance development loans	72,111	74,187
Total development loans	115,761,948	113,050,602

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in thousands of rands		
10.3 Sectoral analysis of gross development loans		
Long term development loans		
Commercial – fund and financial services	619,982	669,166
Commercial – manufacturing	69,285	69,285
Commercial – other	154,688	199,790
Communication and transport infrastructure	22,588,338	21,783,375
Energy – electricity	55,123,362	51,348,236
Energy – non-grid standalone	34,323	1,317,771
Human resources development	4,551,680	4,495,295
Oil and gas	5,594,828	4,368,215
Residential facilities	1,732,651	1,797,897
Roads and drainage	13,096,621	16,786,875
Sanitation	2,490,347	2,565,868
Social infrastructure	5,360,575	5,445,631
Water	4,273,157	2,129,011
Total long term development loans	115,689,837	112,976,415
Bridging finance development loans		
Human resources development	61,665	64,384
Social infrastructure	10,446	9,803
Short-term bridging finance development loans	72,111	74,187
Total development loans	115,761,948	113,050,602
10.4 Geographical analysis of gross development loans		
Long term development loans		
Eastern Cape	658,434	699,191
Free State	2,290,410	1,144,264
Gauteng	48,528,903	51,704,956
KwaZulu-Natal	7,010,960	6,310,818
Limpopo	418,408	441,658
Mpumalanga	285,117	314,904
North West	628,374	647,312
Northern Cape	8,951,344	8,976,321
Western Cape	9,550,569	8,378,940
Rest of Africa	37,367,318	34,358,051
Total long term development loans	115,689,837	112,976,415
Bridging finance development loans		
KwaZulu-Natal	36,661	39,254
North West	16,078	16,681
Free State	8,339	7,826
Eastern Cape	587	623
Limpopo	-	-
Gauteng	10,446	9,803
Total bridging finance development loans	72,111	74,187
Total development loans	115,761,948	113,050,602
Rest of Africa		
Angola	8,195,559	6,732,472
Congo	340,344	457,485
Côte d'Ivoire	5,489,253	5,007,707
Democratic Republic of Congo	187,494	219,782
Eswatini	8,929	13,173
Ethiopia	883,451	917,874
Gabon	198,496	139,691
Ghana	3,865,231	3,568,129
Kenya	1,098,493	1,190,635
Madagascar	480,545	472,300
Mauritius	-	(70)
Mozambique	1,378,022	1,397,695
Multi country	619,982	288,758
Namibia	48,131	51,214
Nigeria	2,095,768	564,988
Senegal	2,228,272	2,220,201
Tanzania	2,731,940	2,905,875
Uganda	165,667	380,408
Zambia	6,848,327	7,045,628
Zimbabwe	503,414	784,106
Total	37,367,318	34,358,051

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in thousands of rands		
Euro amount included in the Rest of Africa loans	579,345	503,391
US dollar amounts included in the above Rest of Africa loans	1,482,981	1,329,125
10.5 Client classification of gross development loans		
Long term development loans		
Educational institutions	1,483,297	1,549,007
Local government	30,831,313	33,728,743
National and provincial government	13,706,510	12,461,588
Private sector intermediaries	38,252,848	34,346,321
Public utilities	31,415,868	30,890,756
Total long term development loans	115,689,837	112,976,415
Bridging finance development loans		
Private sector intermediaries	72,111	74,187
Total bridging finance development loans	72,111	74,187
Total development loans	115,761,948	113,050,602
10.6 Fixed and variable interest rate gross development loans		
Long term development loans		
Fixed interest rate loans	39,445,106	39,191,126
Variable interest rate loans	76,244,731	73,785,289
Total long term development loans	115,689,837	112,976,415
Bridging finance development loans		
Variable	72,111	74,187
Total bridging finance development loans	72,111	74,187
Total development loans	115,761,948	113,050,602
10.7 Credit impaired loans (included in total development loans)		
10.7.1 Sectoral analysis of gross credit impaired loans		
Non-performing loans (stage 3)		
Commercial – manufacturing	69,285	69,285
Commercial - Fund and financial services	276,687	288,758
Commercial – other	97,984	136,093
Communication and transport infrastructure	2,336,555	2,321,042
Energy	544,353	655,995
Human resources development	50,267	52,136
Residential facilities	-	-
Roads and drainage	19,500	21,872
Sanitation	26,467	25,492
Social infrastructure	99,280	99,090
Water	125	234
Total non-performing loans	3,520,503	3,669,997
Purchased or originated credit-impaired loans		
Oil and gas	340,344	457,485
Social infrastructure	40,562	42,357
Water	63,392	61,609
Transportation	480,545	472,300
Total purchased or originated credit-impaired loans	924,844	1,033,751
Total credit-impaired loans	4,445,347	4,703,748
10.7.2 Geographical analysis of gross credit-impaired loans		
Non-performing loans (stage 3)		
Eastern Cape	588	623
Free State	38,159	39,396
Gauteng	318,290	303,855
KwaZulu-Natal	36,661	39,254
Limpopo	20,363	20,363
North West	74,864	74,827
Northern Cape	52,990	50,577
Rest of Africa	2,978,588	3,141,102
Total non-performing loans	3,520,503	3,669,997
Purchased or originated credit-impaired loans		
North West	63,392	61,609
Northern Cape	40,562	42,357
Rest of Africa	820,889	929,785
Total purchased or originated credit-impaired loans	924,844	1,033,751
Total credit-impaired loans	4,445,347	4,703,748

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	30 September 2025 Reviewed	31 March 2025 Audited
in thousands of rands		
Rest of Africa		
Non-performing loans (stage 3)		
Ethiopia	883,451	917,874
Ghana	1,282,585	1,344,521
Mauritius	-	(70)
Mozambique	458,244	474,290
Multi country	276,687	288,758
Zambia	-	-
Zimbabwe	77,621	115,729
Total non-performing loans (stage 3)	2,978,588	3,141,102
Purchased or originated credit-impaired loans		
Madagascar	480,545	472,300
Congo	340,344	457,485
Total	3,799,477	4,070,887
 10.7.3 Client classification on gross credit-impaired loans		
Non-performing loans (stage 3)		
Local government	45,240	47,091
National government	780,220	728,099
Private sector intermediaries	2,167,514	2,351,231
Public utilities	527,529	543,576
Total non-performing loans	3,520,503	3,669,997
Purchased or originated credit-impaired loans		
Local government	103,955	103,966
Private sector intermediaries	820,889	929,785
Total purchased or originated credit-impaired loans	924,844	1,033,751
Total credit-impaired loans	4,445,347	4,703,748
 10.8 Client concentration of gross development loans		
One client as percentage of total loan portfolio (%)	10.50	12.5
Top Seven clients as percentage of total loan portfolio (%)	44.10	47.2
Top Ten clients as percentage of total loan portfolio (%)	53.60	56.3
 10.9 Provision for ECLs on development loans reconciliation		
Balance at the beginning of the year	14,907,805	13,700,389
Impairment of current period interest	(63,805)	202,439
Loans written off during the period	3,241	(525,963)
Administrative corrections	760	(829)
Sale of financial assets	-	(16,492)
ECLs recognised in the statement of comprehensive income (note 18)	549,169	1,548,261
Credit-impaired (stage 3 and POCl)	(69,401)	77,093
Stage 1 and 2	618,570	1,471,168
Balance at the end of period	15,397,170	14,907,805
 10.10 Analysis of ECL recognised in the statement of comprehensive income		
Credit Impaired loans		
POCl	(70,231)	285,466
Stage 3	830	(297,327)
Stage 1 and 2 loans		
Stage 1 ECLs	63,620	(12,493)
Stage 2 ECLs	554,950	502,602
Balance at the end of period	549,169	478,248

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10.11 Reconciliation of net carrying amount development loans

The table below shows the reconciliation of the opening balance to the closing balance of the net carrying amount of development loans:

in thousands of rands	Stage 1	Stage 2	Stage 3	POCI	Total
30 September 2025					
Long term development loans					
Balance at the beginning of the year	54,431,419	53,894,509	3,609,163	1,033,751	112,968,842
Transfer from Stage 1 to Stage 2	(7,166,474)	7,166,474	-	-	-
Disbursements	10,807,405	151,115	-	-	10,958,520
Repayments	(6,179,098)	(6,637,121)	(139,456)	(140,551)	(13,096,226)
Proceeds from sale of assets	-	-	-	-	-
Effective interest on development loans	2,533,353	3,210,969	184,868	-	5,929,190
Movement in deferred fee	5,146	5,625	70	734	11,575
Foreign exchange movements	(699,928)	(369,956)	(126,606)	4,159	(1,192,331)
Other movements- Fees raised	122,761	14,147	261	(125)	137,044
Amortisation of below market interest rate loans	3,794	686	-	-	4,480
Interest at credit-adjusted effective interest rate	-	-	-	27,611	27,611
Other administrative adjustments	38,904	(30,311)	(4,248)	(734)	3,611
Contractual interest on stage 3	-	-	(66,934)	-	(66,934)
Write-offs	-	-	3,241	-	3,241
Net movement in financial asset sold to sub-participants*	(18,246)	-	-	-	(18,246)
Loans de-recognised due to substantial modification	(1,531,922)	-	-	-	(1,531,922)
New loans recognised after substantial modification	1,531,922	-	-	-	1,531,922
Modification loss	7,456	12,574	(570)	-	19,460
Gross carrying amount of long term development loans	53,886,492	57,418,711	3,459,789	924,845	115,689,837
Bridging finance development loans					
Balance at the beginning of the year	38,988	(18,062)	60,834	-	81,760
Contractual interest on stage 3	-	-	3,128	-	3,128
Repayments	75	(615)	(4,720)	-	(5,260)
Interest on bridging finance development loans	(135)	(236)	367	-	(3)
Other administrative adjustments	(38,929)	30,310	1,105	-	(7,514)
Gross carrying amount of bridging finance development loans	-	11,398	60,713	-	72,111
Total gross carrying amount	53,886,493	57,430,109	3,520,502	924,845	115,761,948
Less provisions for ECL	(1,064,980)	(11,371,449)	(2,403,394)	(557,347)	(15,397,170)
Balance at the end of the period	52,821,513	46,058,659	1,117,108	367,499	100,364,778

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in thousands of rands	Stage 1	Stage 2	Stage 3	POCI	Total
31 March 2025					
Long term development loans					
Balance at the beginning of the year	55,672,456	52,149,700	4,474,185	647,300	112,943,641
Loss on derecognition of financial instrument	(26,104)	-	-	-	(26,104)
Transfer from stage 1 to stage 2	(4,883,387)	4,883,387	-	-	-
Transfer from stage 2 to stage 1	638,008	(638,008)	-	-	-
Transfer from other assets	-	-	-	-	-
Transfer from stage 3 to stage 2	-	255,951	(255,951)	-	-
Transfer from stage 2 to stage 3	-	(298,167)	298,167	-	-
Proceeds from sale of financial assets	(2,087,646)	-	-	-	(2,087,646)
Write-offs	-	-	(517,864)	-	(517,864)
Disbursements	16,322,774	-	-	-	16,322,774
Repayments	(16,260,759)	(8,724,012)	(108,656)	(137,919)	(25,231,346)
Transfer from provisions - development expenditure	-	-	-	-	-
New loans recognised after substantial modification	-	-	-	470,300	470,300
Loans derecognised due to substantial modification	-	-	(470,300)	-	(470,300)
Effective interest on development loans during the	5,422,072	6,527,452	83,672	-	12,033,196.00
Interest at credit-adjusted effective interest rate	-	-	-	94,678	94,678.00
Amortisation of below market interest rate loans	7,366	344	-	-	7,710.00
Contractual interest on stage 3	-	-	202,439	-	202,439.00
Other administrative adjustments	(3,902)	-	-	-	(3,902)
Foreign exchange movements	(408,753)	(300,191)	(110,044)	(40,608)	(859,596)
Unrealised day one gain/losses on below market rate loans	(17,774)	-	-	-	(17,774)
Net movement in financial asset sold to sub participants	(76,747)	-	-	-	(76,747)
Other movements – fees	125,099	54,281	4,317	-	183,697
Modification (loss)	8,716	(16,228)	9,198.00	-	1,686
Gross carrying amount of long term development loans	54,431,419	53,894,509	3,609,163	1,033,751	112,968,842
Bridging finance development loans					
Balance at the beginning of the year	57,590	7,576	21,276	-	86 442
Stage 1 to Stage 2	20,155	(20,155)	-	-	-
Transfer from stage 1 to stage 3	(31,500)	-	31,500	-	-
Transfer from stage 2 to stage 3	-	(7,575)	7,575	-	-
Disbursements	7 706	-	5,009	-	12 715
Interest	857	2,092	6,459	-	9,408.00
Repayments	(16 223)	-	(3,162)	-	(19 385)
Fees	403	-	276	-	679
Write offs	-	-	(8,099)	-	(8 099)
Gross carrying amount of bridging finance development loans	38 988	(18 062)	60 834	-	81 760
Total gross carrying amount	54,470,407	53,876,447	3,669,997	1,033,751	113,050,602
Less provisions for ECL	(1,001,405)	(10,816,427)	(2,466,370)	(623,603)	(14,907,805)
Balance at the end of the period	53,469,002	43,060,020	1,203,627	410,148	98,142,797

		30 September	31 March 2025
		2025	
		Reviewed	Audited
in thousands of rands			
10.12 Maximum exposure to loss			

The gross carrying amount of development loans receivables and thus the maximum exposure to loss is as follows:

Development loans receivable net of ECLs

Stage 1 loans	53 886 492	54 470 407
Stage 2 loans	57 430 109	53 876 447
Stage 3 loans	3 520 502	3 669 997
POCI	924 845	1 033 751
Loss allowance	(15 397 170)	(14 907 805)
Development loans receivable net of ECLs	100 364 778	98 142 797

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10.13 Reconciliation of ECLs of development loans

The table below shows the reconciliation of provision for ECLs of development loans:

in thousands of rands	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	POCI	Total
30 September 2025					
Balance at the beginning of the year	1,001,405	10,816,427	2,466,370	623,603	14,907,805
Transfer from Stage 1 to Stage 2	(14,483)	14,483		-	-
Disbursements	277,589	-	-		277,589
Sale of a financial asset					-
Suspended interest	-	-	(63,805)	-	(63,805)
Other administrative adjustments	44	(70)		(734)	(760)
Foreign exchange movements	(12,303)	(31,874)	(93,948)	(27,303)	(165,428)
Write off **	-	-		(3,241)	(3,241)
Subsequent changes in ECL due to changes in risk parameters (PDs, LGDs, EAD)*	(187,271)	572,481	94,778	(34,978)	445,010
Balance at end of the period	1,064,981	11,371,447	2,403,395	557,347	15,397,170
ECL allowance recognised to income statement	63,620	554,950	830	(70,231)	549,169

* The ECL on development loans has increased marginally year-on year mainly due to currency movements, loanbook growth, client repayments and marginal deterioration in the credit risk of the development loan portfolio. The slow economic growth rate in south Africa and the sovereign debt challenges in the rest of the continent and municipal risk performance are key contributors to both domestic and international credit risk elements. In addition, incidents of global conflict, though outside the organisation's mandated investment area, have an adverse impact on the DBSA's borrowers, as these result in disruptions in food supply chains together, upward volatility in key commodity prices, driving up borrowing costs (resulting in liquidity stress) and finally restricting access to capital markets for the DBSA's borrowers. Furthermore, there has been an increased risk in South Africa's municipal portfolio.

In response to credit risk factors identified at both the macro economic and client level, the Bank has deemed it appropriate to recognise an additional R5.7billion (31March2025:R3.6 billion) judgemental credit adjustment on the total development loan portfolio. The credit adjustment is based on management's best estimate relating to macro-economic variables at the reporting date. These additional management adjustments have been subjected to the appropriate governance framework.

Broadly these risk factors have had an adverse impact on some of the DBSA's borrowers. During the year, there has been an increased risk in South Africa's municipal portfolio where DBSA has significant exposures. In response to credit risk factors identified at both the macro-economic and client level, the Bank has deemed it appropriate to recognise an additional R5.7billion (31March2025:R3.6billion) judgemental credit adjustment on the total development loan portfolio. The increase in the overlay from prior year amounted to about R2.1million. The credit adjustment is based on management's best estimate relating to the anticipated trajectory of the economic recovery at the reporting date. These additional management adjustments have been subjected to the appropriate governance framework. Reversals of postmodel adjustments are based on demonstrable improvement in the credit risk supported by objective evidence.

** The net carrying amount of development loans written off is R3.2million (31March2025:R525million). The total contractual amount outstanding on development loans with write-offs during the period and are still subject to enforcement activity is Rnil (31March2025:R521million). The write-offs had no material impact on net profit for the Bank because these loans had been fully provided for in terms of ECL allowances. All amounts written off comprised Stage3 or non-performing development loans were subject to lifetime ECL allowances. The measurement of ECL and net amortised cost, the carrying amounts reflected management's best estimate of the present value of estimated future cashflows discounted by the effective interest rate. Accordingly, the carrying amounts of loans written off had been systematically reduced through the application of ECL impairments recorded in prior financial year ends. As such the write-off values recorded are limited to the residual carrying amount, not yet impaired, for accounts fully written off; and the difference between the recalculated present value of estimated (revised) future cashflows and the existing carrying amount. The total amount of undiscounted expected credit losses at initial recognition of purchased originated credit-impaired assets at original recognition was Rnil (31 March 2025: R470 million).

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in thousands of rands	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	POCI	Total
31 March 2025					
Balance at the beginning of the year	1,107,090	9,256,895	2,977,509	358,895	13,700,389
Transfer from Stage 1 to Stage 2	(759,093)	1,263,469	-	-	504,376
Transfer from Stage 2 to Stage 3	-	(252,582)	252,582	-	-
Transfer from Stage 2 to Stage 1	1,184	(5,146)	-	-	(3,962)
Transfer from stage 3 to stage 2	-	11,318	(11,318)	-	-
Transfer from stage 1 to stage 3	(707)	-	31,662	-	30,955
Transfer from stage 3 to POCI	-	-	(283,380)	283,380	-
Disbursements	701,856	-	4,714	-	706,570
Sale of financial assets	(16,492)	-	-	-	(16,492)
Other administrative adjustments	(829)	-	-	-	(829)
Suspended interest	-	-	202,439	-	202,439
New loans recognised after substantial modification	-	-	-	-	-
Substantial modification	-	-	-	-	-
Write-offs**	-	-	(525,963)	-	(525,963)
Foreign exchange movements	(12,340)	(163,910)	(65,551)	(9,856)	(251,657)
Subsequent changes in ECL due to changes in risk parameters (PDs, LGDs, EAD)*	(19,264)	706,383	(116,324)	(8,816)	561,979
Balance at end of the year	1,001,405	10,816,427	2,466,370	623,603	14,907,805
ECL allowance recognised to income statement	(88,364)	1,559,532	(187,615)	264,708	1,548,261

* The ECL on development loans has increased year-on-year mainly in response to a deterioration in the credit risk of the development loan portfolio. The global economic growth has remained fairly resilient and inflationary pressures have persisted for longer than expected with central banks keeping policy rates elevated. Although inflation is subsiding, various risks to the global outlook may slow the disinflationary process. Geopolitical tensions, including trade disputes and trade fragmentation, regional conflicts and geoeconomic fragmentation, continue to pose a risk to global economic stability and GDP.

Growth in Sub-Saharan Africa is expected to recover. However, sensitivity to changes in global economic conditions, extreme climate shocks, currency depreciation, high borrowing cost and subsequent high debt repayments increase the regions' economic vulnerability. Several African countries are facing sovereign debt distress with some already engaged with the IMF on debt restructure to make them fiscally viable. In South Africa, subdued economic growth is expected to persist given the energy security and reliability challenges, logistical constraints and inflation. The long standing slow implementation of structural reforms to respond to high unemployment, crime and inequality, power shortages, and logistical challenges that are creating productivity and trade bottlenecks remains a concern. The local government municipality sector challenges which include the pressure on revenue collections, financial management and governance challenges remain.

	30 September 2025	31 March 2025
in thousands of rands	Reviewed	Audited
10.14 Analysis of current and non-current portion of development loans		
Long term development loans		
Current portion	13,445,525	22,289,259
Non-current portion	102,244,312	90,687,156
Total long term development loans	115,689,837	112,976,415
Bridging finance development loans		
Current portion	72,111	74,187
Non-current portion	-	0
Total bridging finance development loans	72,111	74,187
Gross loan book	115,761,948	113,050,602
Provision for ECLs	(15,397,170)	(14,907,805)
Amortised cost	100,364,778	98,142,797

10.15	Modification of financial assets measured at amortised cost: Gross loan book							
		Stage 1		Stage 2		Stage 3		Total
		Amortised cost before modification	Net modification gain/(loss)	Amortised cost before modification	Net modification gain/(loss) recognised	Amortised cost before modification	Net modification gain/(loss)	Total net modification gain/(loss)
in thousands of rands								
30 September 2025								
Development loans		1,531,922	7,456	6,424,580	12,574	278,951	(570.00)	19,460
31 March 2025								
Development loans		392,653	8,716	5,665,413	(16,228)	607,223	9198	1,686

During the period under review the Bank provided relief in the form of payment holidays, payment reorganisations and loan restructures to specific clients, upon request. The above table provides information on loans which were modified while they had loss allowances measured at amounts equal to lifetime expected credit losses and the modification resulting in a modification gain or loss being recognised. Substantial modifications concluded during the period were concluded on a net present value neutral basis with no gains or losses noted.

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	30 September 2025	31 March 2025
	Reviewed	Audited
in thousands of rands		
11. TRADE, OTHER PAYABLES AND ACCRUED INTEREST ON DEBT FUNDING		
11.1. Analysis of trade, other payables and accrued interest on debt funding		
Financial liabilities at amortised cost		
Accrued interest (financial market liabilities – amortised cost)	895,170	850 737
Interest received in advance	828	828
Trade payables	192,814	191 343
Current portion of lease liabilities	1,781	3 378
Balance at the end of the period	1,090,593	1,046,286
Non-financial liabilities		
Bonus provision	126,526	222 900
PAYE, VAT and Compensation Commissioner	6,908	11 540
Balance at the end of the period	133,434	234,440
Trade, other payables and accrued interest on debt funding	1,224,027	1 280 726
11.2. Analysis of current and non-current portion of trade, other payables and accrued interest on debt funding		
Current portion	1,224,027	1,280,726

12. PROVISIONS AND LEASE LIABILITIES

12.1 Provisions

	Opening balance	Current period provision	Transferred/ reversed/ utilised during the period	Closing balance
in thousands of rands				
Reconciliation of provisions at 30 September 2025				
Provision for ECLs on loan commitments	61,083	-	(12,513)	48,570
Strategic initiatives – Flood Relief	89,959	-	(1,820)	88,139
Total	151,042	-	(14,333)	136,709
Reconciliation of provisions at 31 March 2025				
Provision for ECLs on loan commitments	36 086	-	24,997	61 083
Strategic initiatives - Flood Relief	125,335	-	(35,376)	89 959
Total	161 421	-	(10 379)	151 042

Provision for ECLs on loan commitments

The provision for development loans and commitments represents the expected credit losses on loan commitments. The expected credit loss is the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive. To the extent that the amount of the expected credit losses on loan commitment exceeds the gross carrying amount of the associated financial asset recognised in the statement of financial position, the amount of the credit losses is presented as a provision.

Flood relief provision

Following the floods in KwaZulu-Natal and Eastern Cape in April 2022, these areas were declared disaster areas by the South African Government. The flood relief provision is to be utilised for the extension of humanitarian / non-lending support towards municipalities in the Eastern Cape and KwaZulu-Natal areas.

12.2 Lease liabilities

Reconciliation of lease liabilities

	Opening balance	Addition	Interest accrued	Repayments	Current portion	Total
in thousands of rands						
30 September 2025						
Leases	6,511	-	342	(2,658)	(1,781)	2,414
31 March 2025						
Leases	11,834	-	829	(6,152)	(3,378)	3,133

There are no other potential future cash flows to which the Bank is exposed to other than those that are reflected in the lease liabilities

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	30 September 2025	31 March 2025
	Reviewed	Audited
in thousands of rands		
12.3 Total of provisions and lease liabilities		
Provisions	136,709	151,042
Lease liabilities	2,414	3,133
Total provisions and lease liabilities	139 123	154 175
13. DEBT FUNDING HELD AT AMORTISED COST		
13.1. Analysis of debt funding held at amortised cost		
Debt securities	21,025,309	22 661 643
Lines of credit	36,498,727	38 107 779
Balance per statement of financial position	57,524,036	60 769 422
Accrued interest (note 11)	895,170	850 737
Balance at end of the period including accrued interest	58,419,206	61 620 159
13.2. Reconciliation of debt funding held at amortised cost		
Balance at beginning of the year	60,769,422	62,499,696
Capital raised	4,994,620	10,755,652
Capital repaid	(6,995,227)	(12,013,943)
Amortisation of discounts, premiums and transaction costs	343,834	566,328
Foreign exchange adjustments on lines of credit	(1,588,613)	(1,038,311)
Accrued interest (note 11)	895,170	850,737
Balance at end of the period including accrued interest	58,419,206	61,620,159
Euro amount included in debt funding held at amortised cost	369,208	374,175
CNY amount included in debt funding held at amortised cost	2,050,000	-
US dollar amounts included in debt funding held at amortised cost	1,395,406	1,638,387
13.3. Analysis of current and non-current portion of debt funding held at amortised cost		
Current portion	7,271,223	11,125,084
Non-current portion	50,252,813	49,644,338
Balance at the end of the period	57,524,036	60,769,422
R80 billion Domestic Medium Term Note Programme is currently registered with the JSE Limited, and bonds in issue as at 30 September 2025 is R10.5 billion (31 March 2025 R12.4 billion).		
Debt securities carried at amortised cost consists of Eurorand bond issues, Money Market issuances, bridging bonds, medium and long term fixed rate and floating rate bonds.		
The Bank did not have any defaults of principal or interest or other breaches with respect to its debt securities during the periods ended 30 September 2025 and 31 March 2025.		
The total carrying amount of funding debt securities held at amortised cost inclusive of accrued interest amount of R272 million is R 21.30 billion.		
The total carrying amount of funding lines of credit held at amortised cost inclusive of accrued interest amount of R623 million is R37.12 billion.		
As at 30 September 2025 the total value of government guarantees was R6.9bn (31 March 2025 R6.6 billion) respectively. These are historic guarantees which relate to transactions entered into by the Bank when the initial loan agreements were signed. To date none of these guarantees have been called upon and no new government guarantees were received by the Bank in the current and prior financial years.		
14. DEFERRED INCOME		
Balance at the beginning of the year	702,447	578,495
Current movements	23,986	45,352
Interest income and recoveries on loans	-	1,014
Deferred income recognised during the period	(8,128)	(12,847)
Deferred income received during the year	62,532	97,801
Foreign exchange	(5,557)	(7,368)
Balance at the end of the period	775,280	702,447
15. INTEREST INCOME		
Interest income calculated using the effective interest rate		
Cash and cash equivalents	478 135	411,075
Development bonds	80 046	94,458
Effective interest income on development loans	5 956 797	6 019 466
Total interest income calculated using the effective interest rate	6 514 978	6,524,999

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	30 September 2025 Reviewed	30 September 2024 Reviewed
in thousands of rands		
Other interest income		
Interest received on financial assets held at fair value through profit and loss		
Derivative hedged assets	85,545	51,881
Development loans held at FVTPL	3,905	18,049
Equity investments – interest received from mezzanine instruments	22,699	24,457
Investment securities	79,793	15,959
Total other interest income	191,942	110,346
Total interest income	6,706,920	6,635,345
15.1 Interest income on development loans per staging		
Stage 1 loans	2,533,218	3,160,094
Stage 2 loans	3,210,733	2,822,079
Stage 3 loans	185,235	32,121
POCI	27,611	5,172
Total interest income on effective interest rate	5,956,797	6,019,466
15.2 Effective interest income on development loans per client classification		
Educational institutions	78,035	136,178
Local government	1,741,035	1,831,108
National and provincial government	599,293	726,446
Private sector intermediaries	1,796,227	1,497,058
Public utilities	1,742,207	1,828,676
Total interest income on effective interest rate	5,956,797	6,019,466
16. INTEREST EXPENSE		
Interest expense on financial liabilities calculated using the effective interest rate		
Bank and other payables	17,016	17,868
Debt funding held at amortised cost	2,293,474	2,594,503
Total interest expense on financial liabilities calculated using the effective interest rate	2,310,490	2,612,371
Other interest expense		
Interest expense on lease liabilities		
Lease liabilities	438	529
Total other interest expense	438	529
Total interest expense	2,310,928	2,612,900
Net interest income (Note 15 less Note16)	4,395,992	4,022,445
17. NET FEE INCOME		
17.1 Analysis of net fee income		
Gross fee income		
Lending fees	96,667	51,998
Management fees	110,611	120,053
Non-lending fees	-	-
Total fee income	207,278	172,052
Gross fee expense		
Fees on funding	19,820	12,912
Guarantee fees	6,248	8,985
Other fees	360	330
Total fee expense	26,428	22,227
Net fee income	180,850	149,825

Lending fees

Lending fees are fees that are earned in funding transactions which are not an integral part of the loan and therefore do not form part of the effective interest rate calculation of the loan. The fees are recognised when the service obligation is discharged.

Management fees

Management fees refers to fees earned by the Bank for acting as an implementing agent. The fees are earned for implementing the client's mandate as per the agreement between the Bank and the client. The fees are earned based on the stage of completion of the project.

Non-lending fees

The fees relate to non-lending services provided to customers and are recognised when the service obligation is completed.

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17.2 Fee receivables

As at 30 September 2025 the Bank had R110 million (31 March 2025: R114 million) in trade receivable assets relating to management fees and lending fees. As at 30 September 2025 the Bank had no trade payables as a result of contracts with customers.

in thousands of rands	30 September 2025 Reviewed	31 March 2025 Audited
Reconciliation of fee receivables		
Balance at the beginning of the year	114,361	80,776
Repayments during the period	(72,650)	(59,907)
Raised and not paid during the period	67,847	93,492
Balance at the end of the period	109,558	114,361

Impairment on fee receivables and contract assets

During period under review, there were no material impairments recognised in relation to fees receivable from management fees. Impairments relating to lending fees were recognised under development loans.

Remaining performance obligations

As at 30 September 2025, the Bank had no outstanding obligations emanating from contracts with customers for which trade payables have been recognised.

Costs incurred in obtaining or fulfilling a contract

The Bank's incremental costs of fulfilling and obtaining a contract were immaterial for the period under review.

18. **IMPAIRMENT LOSSES**

Trade receivables and other assets	(15 786)	3 014
Development loans (note 10.13)	549 169	478 248
Development bonds (note 9.3)	(4 274)	(441)
Loan commitments (note 24.1)	(12,513)	(2 078)
Modification loss on financial assets	(19,460)	23 605
Total	497 136	502 348

19. **NET PROFIT ADJUSTED FOR NON-CASH ITEMS AND ITEMS SEPARATELY DISCLOSED**

Net profit for the period	4,145,787	2,167,980
Dividends received	(26 494)	(10 219)
Management fees - segregated funds	360	330
Depreciation and amortisation	19 725	19 508
Gain on disposal of property and equipment	(48)	(103)
Grants, development expenditure and project preparation expenditure paid	106 966	139 174
Net movements from financial assets and liabilities	(952 866)	435 429
Realised loss on financial asset	-	5 110
Fees received	159 984	142 915
Fees accrued	(91 266)	(71 584)
Debt guarantee fee raised	5 553	8 330
Net foreign exchange (gain)/ loss	(51 812)	217 084
Impairment losses	497 135	502 348
Net interest income	(4,395,992)	(4,022,445)
Movements in provisions and lease liabilities	(4 373)	(34 415)
Increase in trade receivables and other assets	(10 841)	(37 746)
Decrease in trade, other payables and accrued interest on debt funding	(147 730)	(109 270)
Total	(745 912)	(647 574)

20. **NET LOSS FROM FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

Interest rate derivatives		
Realised	(297 457)	(1 033)
Unrealised	(26 575)	138 807
Net (gain)/loss from interest rate derivatives	(324 032)	137 774
Foreign exchange derivatives		
Unrealised	2 539	15 366
Net loss from foreign exchange derivatives	2 539	15 366
Investment securities at FVTPL – unrealised		
Investment in segregated funds	(700)	
Government Bonds	(150 187)	(105)
Net (gain)/loss from investment securities at FVPL - unrealised	(150 887)	(105)
Equity investments		
Held at FVTPL - unrealised	(424 491)	246 894
Net (gain)/loss from equity investments	(424 491)	246 894
Other financial asset		
Held at FVTPL – unrealised	(4 536)	(3 091)
Net (gain)/ loss from financial assets and liabilities	(901 407)	396 838

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21 RISK MANAGEMENT

21.1 Market risk

21.1.1 Overview

Market risk is the risk that the Bank's earnings and capital will be adversely affected by movements in the level or volatility of market rates or prices such as interest rates and foreign exchange rates. The overarching objective of market risk management in the Bank is to protect the Bank's net earnings against adverse market movements by containing the innate interest rate and foreign currency risks within acceptable parameters.

Market risk management in the Bank is centralised in the treasury unit and is governed by the interest rate, currency and liquidity risk management policies. As with all risk management policies of the Bank, these policies reside under the authority of the Board of Directors. Whilst the ultimate responsibility for prudent and effective asset-liability management rests with the Board, the authority for policy formulation, revision, strategic management and administration is assigned to the Asset and Liability Management Committee (ALCO). ALCO is responsible for assessing and monitoring the Bank's market risk exposures and is supported in these functions by the Group Risk Assurance (GRA) division.

21.1.2 Interest rate risk

Interest rate risk refers to the susceptibility of the Bank's financial position to adverse fluctuations in market interest rates. Variations in market interest rates impact on the cash flows and income stream of the Bank through their net effect on interest rate sensitive assets and liabilities. At the same time movements in interest rates impact on the Bank's capital through their net effect on the market value of assets and liabilities. Interest rate risk in the Bank arises naturally as a result of its funding and lending operations, and occurs primarily in the form of re-pricing risk caused by mismatches in the amount of assets and liabilities re-pricing at any one time, and to a lesser extent, basis risk, the risk of spread compression between assets and liabilities priced off different reference rates.

21.1.2.1 Management of interest rate risk

The Treasury unit, under oversight of the Assets and Liabilities Management Committee (ALCO), is charged with managing and containing the Bank's interest rate risk exposures within Board approved limits. To this end, the Bank makes use of derivative instruments to achieve its desired interest rate risk profile.

The Bank's primary interest rate risk management objective is to protect its net interest income (NII) from adverse fluctuations in market interest rates. To achieve this objective, it is the policy of the Bank to measure and manage its interest rate risk exposure both over the short and long term in order to protect the Bank's earnings stream and ensure its continued financial sustainability. Limits are set with respect to both short term NII sensitivity using the 12-month cumulative re-pricing gap to total earning assets ratio, and in the longer term, with respect to the portfolio value analysis.

The management of interest rate risk against these limits is supplemented by scenario analysis, which measures the sensitivity of the Bank's NIII and market value of equity to extreme interest rate movements. At a minimum, scenarios include hypothetical interest rate shocks, both up and down, of at least 100 basis points.

The re-pricing profile as at 30 September 2025 is encapsulated in the table on page 53. As reflected in the 12-month cumulative repricing gap, the Bank is 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 approximately R249.55 million (31 March 2025: R221.62 million)

21.1.2.2 Hedging interest rate risk

Desired changes to the Bank's interest rate risk profile are achieved through the use of derivative instruments, particularly interest rate swaps, in line with the Bank's hedging guidelines.

As of 30 September 2025, the Bank had an interest rate swaps portfolio with a total notional amount of R19.2bn (31 March 2025: R19.8bn). The interest rate swaps are classified as cashflow hedges (refer to note 5). The net fair value of these swaps as of 30 September 2025 was positive R672.4 m (31 March 2025: R162.7m), comprising assets of R672.4m (31 March 2025: R224m) and liabilities of Rnil (31 March 2025: R61.3m). The table below shows the contractual re-pricing gap for 30 September 2025:

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21.1.2.3 Contractual repricing gap

The table below shows the contractual repricing gap for 30 September 2025:

In millions of rands		< 1 m	1 - 3 m	3 - 12 m	1 - 2 y	2 - 3 y	3 - 4 y	4 - 5 y	> 5 y	Total
Cash & cash equivalents	ZAR	5,302								5,302
	USD	5,655								5,655
	EUR	320								320
	CNY	1								1
Investment securities	ZAR	479						75	1,925	2,479
Development bonds	ZAR		42	42	83	833	83	83	333	1,500
Development loans	ZAR	11,041	28,947	2,970	4,490	6,440	3,704	5,336	13,575	76,501
	USD	8,964	5,535	8,337	390	165	247	61	841	24,540
	EUR	1,177	3,107	6,661						10,945
Derivative held for risk management purposes - interest rate swaps	ZAR		367	719	1,158	1,230	3,760	1,270	10,739	19,243
Derivative held for risk management purposes - foreign exchange contracts	ZAR	6,897	624							7,520
	USD	1,613	508							2,122
Derivative held for risk management purposes - cross currency swaps	CNY					551	1,103	1,103	2,206	4,963
Total financial market assets		41,449	39,130	18,728	6,121	9,219	8,896	7,928	29,619	161,091
Debt funding at amortised cost - funding bonds	ZAR	(3,076)	(6,300)		(500)	(6,524)	(590)			(16,990)
	EUR					(4,049)				(4,049)
Debt funding at amortised funding lines of credit	ZAR	(2,907)	(1,257)							(4,163)
	USD	(6,123)	(5,638)	(12,128)	(47)	(54)	(59)			(24,069)
	EUR	(2,087)	(717)	(318)	(83)	(69)	(47)	(33)	(71)	(3,426)
	CNY					(551)	(1,103)	(1,103)	(2,206)	(4,963)
Derivative held for risk management purposes - interest rate swaps	ZAR		(19,243)							(19,243)
Derivative held for risk management purposes - foreign exchange contracts	USD	(4,312)	(604)							(4,916)
	EUR	(4,149)	(506)							(4,655)
Derivative held for risk management purposes - cross currency swaps	USD			(4,969)						(4,969)
Total financial market liabilities		(22,655)	(34,284)	(17,416)	(631)	(11,247)	(1,799)	(1,136)	(2,276)	(91,444)
repricing gap		18,794	4,846	1,312	5,491	(2,028)	7,098	6,791	27,343	69,647
Cumulative repricing gap		18,794	23,640	24,953	30,443	28,415	35,513	42,305	69,647	

The table below shows the contractual repricing gap for 31 March 2025:

In millions of rands		<1m	1-3m	3-12m	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	>5 Yrs	Total
Cash and cash equivalents	ZAR	11 258	-	-	-	-	-	-	-	11 258
	USD	3 472	-	-	-	-	-	-	-	3 472
	EUR	288	-	-	-	-	-	-	-	288
Investment securities	ZAR	332	-	-	-	-	-	75	225	632
Development bonds	ZAR	-	42	42	83	83	833	83	375	1 541
Development loans	ZAR	11 084	30 497	2 201	2 695	7 437	4 113	3 930	15 272	77 229
	EUR	-	2 638	6 634	-	-	-	-	-	9 272
	USD	6 938	4 152	10 415	485	344	234	179	764	23 511
Derivative held for risk management purposes - interest rate swaps	ZAR	-	346	713	1 124	1 194	3 762	1 241	11 370	19 750
Derivative held for risk management purposes - foreign exchange contracts	USD	-	1 258	-	-	-	-	-	-	1 258
Total financial market assets		33 372	38 933	20 005	4 387	9 058	8 942	5 508	28 006	148 211
Derivative held for risk management purposes - foreign exchange contracts	EUR	-	(1 287)	-	-	-	-	-	-	(1 287)
Debt funding at amortised cost - funding bonds	ZAR	(3 076)	(6 248)	-	(500)	(6 196)	(590)	-	-	(18 610)
	EUR	-	-	-	-	(3 960)	-	-	-	(3 960)
Debt funding at amortised funding lines of credit	EUR	(2 041)	(746)	(325)	(82)	(62)	(53)	(39)	(82)	(3 450)
	USD	(6 498)	(6 080)	(17 194)	(80)	(52)	(60)	(33)	-	(29 987)
	ZAR	(3 550)	(1 263)	-	-	-	-	-	-	(4 813)
Debt funding at amortised cost - money market debt	ZAR	-	(100)	-	-	-	-	-	-	(100)
Fund under Repurchase agreement	ZAR	-	-	-	-	-	-	-	-	-
Derivative held for risk management purposes - interest rate swaps	EUR	-	-	-	-	-	-	-	-	-
	ZAR	-	(19 750)	-	-	-	-	-	-	(19 750)
Total financial market liabilities		(15 165)	(37 474)	(17 509)	(662)	(10 290)	(703)	(72)	(82)	(81 957)
Repricing gap		18 207	1 459	2 496	3 725	(1 232)	8 239	5 436	27 924	66 254
Cumulative repricing gap		18 207	19 666	22 162	25 887	24 655	32 894	38 330	66 254	

The above analysis excludes non-performing assets. Variable interest rate instruments are included in the maturity bucket in which they re-price. Fixed rate instruments, although not subject to re-pricing risk, are included in the maturity bucket in which they mature, due to the assumption that it will be rolled at maturity or that it will convert to cash.

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21.1.3. Foreign exchange risk

Foreign exchange risk is the risk of financial loss resulting from adverse movements in foreign currency exchange rates.

21.1.3.1 Currency risk

Currency risk in the Bank arises primarily as a result of foreign currency denominated borrowings, foreign currency lending, equity investments, foreign currency net interest income, expenditure and dividends.

The Bank's primary currency risk management objective is to protect its net earnings against the impact of adverse exchange rate movements. Hedging of currency exposures is effected either naturally through offsetting assets and liabilities of substantially similar size, maturities, currency, and repricing bases; or in the absence thereof, through the use of approved derivative instruments transacted with approved financial institutions.

21.1.3.2 Hedging of foreign currency risk exposure

The Bank uses cross currency swaps, foreign exchange options and forward exchange contracts to hedge its foreign currency risk. As of 30 September 2025, the Bank had forward exchange contracts with nominal amount of R9.64billion (31 March 2025: R1.26billion), cross currency swaps with nominal amount of R4.96billion (31 March 2025: R0). The notional amounts indicate the volume of currency hedges outstanding at the balance sheet date and do not represent the amount at risk.

21.1.3.3 Foreign currency sensitivity analysis

Potential impact of rand volatility on profit/loss based on current net open position/currency exposure:

in thousands	CNY	30 September 2025 Reviewed EUR	USD	31 March 2025 Audited EUR	USD
Assets					
Cash and cash equivalents	464	15,820	327,862	14,550	189,679
Development loans *	-	579,345	1,492,981	503,391	1,339,125
Equity investments	-	37,897	77,609	35,928	68,155
Total assets	464	633,062	1,898,452	553,869	1,596,959
Liabilities					
Debt funding and lines of credit	(2,050,000)	(369,208)	(1,395,406)	(374,175)	(1,638,387)
Total liabilities	(2,050,000)	(369,208)	(1,395,406)	(374,175)	(1,638,387)
Net open position before hedging	(2,049,536)	263,854	503,046	179,694	(41,428)
Cross currency swaps	2,050,000	-	(288,083)	-	-
Foreign exchange contracts	-	(230,000)	(161,992)	(65,000)	68,705
Net open position after hedging	464	33,854	52,971	114,694	27,277

* Development loans USD balance includes development loans at amortised costs as well as development loan as at FVTPL.

The assumption used in the sensitivity analysis has changed to include non-performing loans and arrears given the fact there are collections on this portion of the development loan book. The change has no impact on assets or equity or liabilities or profit or loss.

Foreign currency exchange rate (FX) sensitivity analysis

Sensitivity %	CNY/ZAR	CNY potential impact	EUR/ZAR	EUR potential impact	USD/ZAR	USD potential impact	FX sensitivity combined
(15)	2.0578	(168)	17.2102	(102,818)	14.6617	(137,057)	(240,044)
(10)	2.1789	(112)	18.2226	(68,544)	15.5242	(91,370)	(160,026)
(5)	2.2999	(56)	19.2349	(34,274)	16.3866	(45,688)	(80,017)
-	2.42096	-	20.2473	-	17.2491	-	-
5	2.5420	56	21.2597	34,274	18.1116	45,688	80,017
10	2.6631	112	22.2720	68,544	18.9740	91,370	160,026
15	2.7841	168	23.2844	102,818	19.8365	137,057	240,044
Spot exchange rate used	2.42096		20.2473		17.2491		

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21.2 Liquidity risk

21.2.1 Definition of liquidity risk

Liquidity risk is defined as the risk of failure to meet all financial obligations on a timely basis and in the currency due without incurring above normal costs. In the case of the DBSA this risk specifically would arise from an inability to honour obligations with respect to commitments to borrowers, lenders and investors and operational expenditure.

21.2.2 Management of liquidity risk

In order to shield the Bank against the risk of liquidity shortfall, the Bank's liquidity risk management policy requires the maintenance of prudential liquidity levels higher than or equal to the highest average monthly disbursements based on the previous four quarters. In addition, in the interest of added prudence, the Bank has adopted the Basel III recommended liquidity risk metrics, the liquidity coverage ratio and the net stable funding ratio as part of its liquidity risk management policy.

Liquidity is held primarily in the form of money market instruments such as call deposits, treasury bills, negotiable certificates of deposit, promissory notes as well as liquid debt issues from government, municipalities and other approved issuers.

Total liquidity at 30 September 2025 was R13.8 billion (31 March 2025: R15.6 billion). This includes cash and cash equivalents of R11.3 billion (31 March 2025: R15 billion), segregated money market funds of R479 million (31 March 2025: R332 million) and government bonds of R2billion (31 March 2025: R300 million).

21.2.3 Available liquidity

	30 September 2025	31 March 2025
	Reviewed	Audited
in thousands of rands		
High quality liquid assets		
Cash and cash equivalents	11,278,311	15,017,755
Government bonds - nominal value	2,000,000	300,000
Other less liquid assets		
Investment in segregated funds	478,955	331,878
Total available liquidity	13,757,266	15,649,633

In addition to holding a minimum level of liquidity in the form of cash and near cash equivalents (tradable market securities) as described above, the Bank has at its disposal a variety of funding sources should the need arise. These include uncommitted credit lines with reputable financial institutions, committed loan facilities with multilateral, bilateral and other development finance institutions, money and capital securities issuance under the Bank's domestic medium-term programme and capital market repurchase transactions. Liquidity includes undrawn credit facilities for the period under review amounted to approximately R10.81billion (31 March 2025: R9.9 billion).

21.2.4 Contractual liquidity gap

The Bank uses cash flow forecasts and cumulative maturity gap analysis to assess and monitor its liquidity requirements and risk levels. A maturity gap profile report forms part of the asset and liability report which is reviewed and analysed by ALCO on a quarterly basis. The 12-month cumulative liquidity gap as at 30 September 2025 was R17.78 billion (31 March 2025: R18.76 billion).

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21.2.4 Contractual liquidity gap

The table below analyses the contractual liquidity gap for 30 September 2025:

In millions of rands		< 1m	1 - 3m	3 - 12m	1 - 2y	2 - 3y	3 - 4y	4 - 5y	> 5y	Total
Cash & cash equivalents	ZAR	5,302								5,302
	USD	5,655								5,655
	EUR	320								320
	CNY	1								1
Investment securities	ZAR	479						75	1,025	2,479
Development bonds	ZAR		42	42	83	833	83	83	333	1,500
Development loans	ZAR	65	1,638	3,474	7,232	9,152	8,967	8,233	37,721	76,501
	USD	325	2,940	3,195	3,975	3,823	2,888	1,887	5,507	24,540
	EUR		162	1,334	1,866	1,834	1,726	1,350	2,673	10,945
Derivative held for risk management purposes - Foreign exchange contracts	ZAR	6,897	624							7,520
	USD	1,613	508							2,122
Derivative held for risk management purposes - Cross currency swaps	CNY					551	1,103	1,103	2,206	4,963
Total financial market assets		20,657	5,914	8,045	13,156	16,194	14,767	12,751	50,365	141,849
Debt funding at amortised cost - funding bonds	ZAR			(1,739)	(1,350)	(6,908)	(4,128)		(2,865)	(16,990)
	EUR					(4,049)				(4,049)
Debt funding at amortised funding-lines of credit	ZAR	(322)	(7)	(965)	(1,287)	(333)	(1,250)			(4,163)
	USD		(2,228)	(1,684)	(8,717)	(1,939)	(3,670)	(1,500)	(4,332)	(24,069)
	EUR	(62)	(87)	(178)	(329)	(317)	(378)	(368)	(1,707)	(3,426)
	CNY					(551)	(1,103)	(1,103)	(2,206)	(4,963)
Derivative held for risk management purposes - Cross currency swaps	USD					(552)	(1,104)	(1,104)	(2,209)	(4,969)
Derivative held for risk management purposes - Foreign exchange contracts	USD	(4,312)	(604)							(4,916)
	EUR	(4,149)	(506)							(4,655)
Total financial market liabilities		(8,845)	(3,431)	(4,566)	(11,683)	(14,650)	(11,634)	(4,075)	(13,318)	(72,201)
Net liquidity gap		11,812	2,483	3,479	1,474	1,544	3,133	8,676	37,047	69,647
Cumulative liquidity gap		11,812	14,295	17,774	19,247	20,792	23,924	32,600	69,647	

The table below analyses the contractual liquidity gap for 31 March 2025:

In millions of rands		<1M	1-3M	3-12M	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	>5 Yrs	Total
Cash and cash equivalents	ZAR	11 258	-	-	-	-	-	-	-	11 258
	USD	3 472	-	-	-	-	-	-	-	3 472
	EUR	288	-	-	-	-	-	-	-	288
	CNY	332	-	-	-	-	-	75	225	632
Investment securities	ZAR	-	42	42	83	83	833	83	375	1 541
Development bonds	ZAR	-	157	1 190	1 582	1 592	1 423	1 027	2 361	9 272
	USD	281	2 276	3 529	3 760	3 875	2 388	2 199	5 203	23 511
	EUR	112	4 224	2 772	5 381	10 165	9 285	6 594	38 696	77 229
Derivative assets held for risk management purposes - forward exchange contracts	USD	-	1 758	-	-	-	-	-	-	1 758
Total financial market assets		15 743	7 957	7 473	10 806	15 715	13 929	9 978	46 860	128 461
Debt funding at amortised cost - funding bonds	ZAR	-	-	(1 948)	(3 089)	(6 580)	(2 132)	(1 996)	(2 865)	(18 610)
	EUR	-	-	-	-	(3 960)	-	-	-	(3 960)
Debt funding at amortised cost - lines of credit	ZAR	-	(85)	(173)	(321)	(323)	(336)	(364)	(1 846)	(3 448)
	USD	-	(76)	(7 443)	(7 014)	(4 340)	(4 073)	(1 648)	(5 392)	(29 986)
	EUR	(322)	(7)	(972)	(1 287)	(977)	(1 250)	-	-	(4 815)
Funding under repo	ZAR	-	-	-	-	-	-	-	-	-
Debt funding at amortised cost - money market debt	ZAR	-	(100)	-	-	-	-	-	-	(100)
Derivative liabilities held for risk management purposes - forward exchange contracts	EUR	-	(1 287)	-	-	-	-	-	-	(1 287)
Total financial market liabilities		(322)	(1 555)	(10 536)	(11 711)	(16 180)	(7 791)	(4 008)	(10 103)	(62 206)
Net liquidity gap		15 421	6 402	(3 063)	(905)	(465)	6 138	5 970	36 757	66 255
Cumulative liquidity gap		15 421	21 823	18 760	17 855	17 390	23 528	29 498	66 255	

Note that the contractual liquidity gap has been adjusted to include the Bank's 2027 zero coupon liability at current book value. This bond contractually matures in 2027 and accrues interest semi-annually toward a maturity value of R7.27 billion.

As per the table above the Bank has a positive cumulative liquidity gap where the contractual inflows exceed outflows across all time buckets. This profile is anticipated due to the nature of the business where the Bank has raised long dated stable funding and generated short term amortising assets.

There are no behavioural assumptions made on the liquidity gap and all assets and liabilities are disclosed with the underlying contractual maturity as determined by the cash flow profile for each record. This includes exposures subject to G20 Official Creditor Committee (OCC) negotiations which been disclosed based on contractual arrangements.

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21.3 Equity and development loans at FVTPL

21.3.1 Equity investments

(a) Definition of equity investment risk

Equity investment risk refers to the risk of changes in the value (both adverse and favourable) of either listed or unlisted equity investments. The key drivers to the equity risks are included under market risk and these include price risk, interest rate risk and currency risk. Equity investments are an alternative development funding mechanism in addition to the key funding product being development loans, and these may include direct investments in shares or investments in third party managed funds.

(b) Approach to management of equity investment risk

The DBSA's approach to the management of equity investment risk is managed in terms of the investment life cycle phase:

(i) Unlisted equity investments

Evaluation of potential investments: All proposed investments are subject to the same DBSA's formal credit and deal screening process and investment decisions are approved by the appropriate governance forum. The investment process follows exactly the same process as the loan process.

Investment holding phase: All investments are subject to performance management and monitoring, both in terms of quantitative and qualitative risk factors. The investment monitoring process followed is the same as the loan process monitoring. The DBSA continuously engages the management of investee entities through both formal and informal channels to keep abreast of material changes in business and operational risk factors and the impact of macro-economic change on operations and underlying investment valuations. The DBSA modus operandi is to negotiate the appointment of suitable qualified delegated staff members to serve as members of key governance forums of investee entities.

Investment valuation: The DBSA values each investment according to the most appropriate valuation methodology, aligned with industry best practice.

Harvest/exit phase: All proposed exits from existing investments are subject to appropriate approvals and evaluation of the actual return against suitable benchmarks.

(ii) Listed equity investments

Listed investment holdings commonly originate by way of capital distributions in the form of dividends in specie by unlisted investee entities. The DBSA monitors the market value of listed investments in order to ensure that market losses are minimised whilst concurrently seeking to identify appropriate exit prices, in the context of the current market trends, applicable minimum return rates and benchmarks.

(c) Portfolio level sensitivity analysis – Change in fair value due to general macro-economic stress

Sensitivity analyses were performed on the entire equity portfolio to determine the possible effect of changes in the entire fair value of the portfolio. In calculating the sensitivities for investments using a top-down approach, the entire fair value adjustment was stressed with a factor ranging from –10% to +10%. The range selected is derived from management's experience of variations in investment values over an extended time period.

The impact of the top-down approach that uses fair value adjustment is disclosed in the table below. From the table below a 10% increase on the fair value adjustment will have a R467 million increase in the equity values as at 30 September 2025 and a 10% decrease in fair value adjustment results in a R382 million decrease in the equity values as at 30 September 2025.

in thousands of rands	10% decrease in fair value	Fair value adjustments	10% increase in fair value
30 September 2025			
Equity instruments unlisted	382 042	424 491	466 940
31 March 2025			
Equity instruments unlisted	193 905	215 450	236 995

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(d) Sensitivity analysis of equity investments disclosed under level 3

The Bank performed a sensitivity analysis on each investment to determine the potential impact of macro economic shocks, using a bottom-up approach, with the total impact on the portfolio determined and noted in the table below. In the current period the analysis is performed using a top-down approach with the potential variances as disclosed below.

In thousands of rands	Fair value gain	Variance	Valuation	Variance%
30 September 2025				
Actual	331,251	-	3,688,635	-
Stressed – adverse case	33,125	(33,125)	3,655,509	(0.91)
Stressed – positive case	33,125	33,125	3,721,760	0.91
31 March 2025				
Actual	152,798	-	3,334,138	-
Stressed – adverse case	15,280	(15,280)	3,318,858	(0.46)
Stressed – positive case	15,280	15,280	3,349,418	0.46

(e) Sensitivity analysis – Marketability discounts

Sensitivity analyses are performed on the equity portfolio to determine the possible effect on the reported fair values should a range of input variables change, e.g. currency, liquidity, etc. These assumptions were built into the applicable valuation models. In calculating the sensitivities for investments, the key input variables were changed by a factor ranging from -15% to +15% (prior year: +/-15%). The effect of each change on the value of the investment was disclosed below:

in thousands of rands	Base value	15% increase in marketability discount	Fair value – actual	15% decrease in marketability discount
30 September 2025				
Unlisted				
Level 2	1,596,333	1,303,220	1,338,681	1,374,142
Level 3	4,238,035	3,593,060	3,688,635	3,784,209
Total	5,834,368	4,896,280	5,027,316	5,158,351
% change in fair value		(2.61)		2.61

For 15% movement in marketability discount rate the fair value change on the equity portfolio was +/-2.61%.

in thousands of rands	Base value	15% increase in marketability discount	Fair value – actual	15% decrease in marketability discount
31 March 2025				
Unlisted				
Level 2	1,456,133	1,214,043	1,247,462	1,280,880
Level 3	3,880,993	3,246,509	3,334,138	3,421,766
Total	5,337,126	4,460,552	4,581,600	4,702,646
% change in fair value		(2.64)		2.64

For 15% movement in marketability discount rate the fair value change on the equity portfolio was +/-2.64%.

(f) Sensitivity analysis – Currency exchange rates

The reported fair value of certain equity investments are highly sensitive to currency exchange rates, based on the nature and structure of the noted investments. In terms of the fair value hierarchy approach outlined in IFRS 13, the DBSA has determined currency exchange rate to be the single most significant lowest level input driving the fair values of the noted investments. Accordingly the DBSA calculates the sensitivity of the portfolio to changes in key exchange rates, in order to determine the impact of such changes on the fair value of the portfolio. For the current period the applied range is determined by calculating the difference between the year end exchange rate and the three average year-end exchange rate for the preceding three financial year ends. For 6% movement in foreign exchange rate the fair value change on the equity portfolio was +/- 2.65%. The exchange rates used at measurement date are USD/ZAR at R17.2491 and EUR/ZAR at R20.2473.

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in thousands of rands	6% decrease in exchange rate	Fair value - actual	6% increase in exchange rate
30 September 2025			
Unlisted			
Level 2			
USD	1,258,360	1,338,681	1,419,002
Level 3			
EUR	721,268	767,306	813,345
USD	111,275	118,377	125,480
ZAR	2,802,951	2,802,951	2,802,951
Total	4,893,854	5,027,316	5,160,777
% Change in fair value	-2.65%		2.65%

For a 3% movement in foreign exchange rate the fair value change on the equity portfolio was +2.74%. The exchange rates used at measurement date are USD/ZAR at R18.3032 and EUR/ZAR at R19.7986.

in thousands of rands	3% decrease in exchange rate	Fair value - actual	3% increase in exchange rate
31 March 2025			
Unlisted			
Level 2			
USD	1,172,614	1,247,462	1,322,310
Level 3			
EUR	668,642	711,321	754,000
USD	126,324	134,387	142,450
ZAR	2,488,430	2,488,430	2,488,430
Total	4,456,010	4,581,600	4,707,190
% Change in fair value	(2.74)		2.74

(g) **Marketability discount rates applied**

The Bank may apply a marketability discount to each investment with reference to factors, including but not limited to the following: the location of the investment operations, the passage of time between the Bank's reporting date and the date of the most recent asset or earning-based valuation, investment specific risk factors, general and sectoral economic conditions and their current and projected impact on the investment operations, the relative size of the Bank's proportionate interest, the relative age of the investment (i.e. the investment stage and time to maturity), and recent transactional information or lack thereof, i.e. anticipated ease of liquidation (relating to exits of similar investments). The unlisted equity portfolio is in a recovery mode post Covid-19, and the risks associated with the slow recovery have been factored into the valuation of the equity portfolio.

in thousands of rands	Level 1	Level 2	Level 3	Total
30 September 2025				
0% – 12.5%	-	51,187	11,237	62,424
12.5% – 15.0%	-	-	1,319,860	1,319,860
15.0% – 16.5%	-	1,287,494	2,357,538	3,645,032
16.5% – 22.5%	-	-	-	-
22.5% – 25%	-	-	-	-
Total	-	1,338,681	3,688,635	5,027,316
31 March 2025				
0% – 12.5%	-	-	10,962	10,962
12.5% – 15.0%	-	-	163,716	163,716
15.0% – 16.5%	-	1,247,462	3,159,460	4,406,922
16.5% – 22.5%	-	-	-	-
22.5% – 25.0%	-	-	-	-
Total	-	1,247,462	3,334,138	4,581,600

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21.3.2 Development loans held at fair value

The most significant inputs affecting the fair value of development loans are ZAR/USD swap rates, ZAR/USD exchange rate and the estimated risk discount factor applied to the value of cash flows due on contractual payment dates. The table below details the changes to the reported fair value which will result in changes to the risk discount factor applied.

in thousands of rands	Base value	10% Increase in risk discount factor	Fair value - Actual	10% Decrease in risk discount factor
30 September 2025				
Level 3	172,491	2,295	2,336	2,378
% Change		-1.75%		1.81%

A 10% increase in the risk discount factor results in a 1.75% decrease in the fair value change and a 10% decrease in the risk discount factor results in a 1.81% increase in fair value change.

31 March 2025				
Level 3	183,032	12,234	12,877	13,566
% Change		(4.99%)		5.35%

A 10% movement in the risk discount rate applied results in a fair value change of approximately +/-5%.

Sensitivity analysis - currency exchange rate

in thousands of rands	Base value	6% Increase in exchange rate	Fair value - Actual	6% Decrease in exchange rate
30 September 2025				
Level 3	172,491	2,202	2,336	2,471
% Change		-5.76%		5.76%

For 6% movement in foreign exchange rate the fair value change on the development loan portfolio was +/-5.76%. The exchange rates used at measurement date are USD/ZAR at R17.2491

in thousands of rands	Base value	3% Increase in risk discount factor	Fair value - Actual	3% Decrease in risk discount factor
31 March 2025				
Level 3	183,032	12,456	12,877	13,298
% Change		-3.27%		3.27%

For a 3% movement in foreign exchange rate in the fair value change on the development loan portfolio was +/-3.27%. The exchange rate used at measurement date are USD/ZAR at R18.3032

21.4 Credit risk

(a) Overview

Credit risk is the risk of economic loss should any of the Bank's clients or market counterparties fail to fulfil their contractual obligations and is mainly prevalent in the Bank's development financing and lending operations as a result of potential counterparty defaults on loan repayments. Credit risk may also arise in the equity investments of the Bank, where the downgrading of a client's rating causes the fair value of the investment in that entity to deteriorate. Country risk is taken into account when cross border loans are evaluated and form part of the credit risk rating of these loans. Any movement in the risk profile of a country in which an exposure or counterparty is domiciled, could therefore result in a changed credit rating and lead to in a change in the value of the affected assets.

(b) Management of credit risk

The Bank as a development finance institution, faces a unique challenge in maintaining a sustainable balance between maximising development returns and minimising financial loss in its lending and other investment operations. As a result, the performance of the Bank is to a large extent dependent on its ability to take credit risks responsibly in exchange for appropriate rewards and to manage the resultant exposure to credit risk effectively in the pursuance of its corporate objectives.

The Bank meets its credit risk management objectives through i) an enterprise-wide framework of credit risk oversight, governance and assurance, ii) an integrated system of internal credit risk ratings, pricing and mitigation guided by its risk appetite, and iii) a rigorous standard for the measurement, monitoring and control of credit risk exposures in the credit portfolios.

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(c) Sensitivity analysis

(i) Changes in ECL that will result from changes in the weightings applied due to changes in economic indicators

The most significant assumptions affecting ECL are GDP, crude oil prices, interest rate and ZAR/USD exchange rate. Detailed in the table below are changes to the ECL that will result from changes in the weightings applied due to changes in the economic indicators used in the Bank's economic variable assumption.

30 September 2025	Actual weight %	Adjusted weight %	% Change	Actual ECL (R'000)	Adjusted ECL (R'000)	% Change ECL
Adverse	35	45	10	2,863,327	3,681,418	29
Base case	60	50	(10)	9,329,562	8,730,835	(17)
Best case	5	5	-	243,540	243,539	-
Weighted ECL – Stages 1 and 2				12,436,429	12,655,792	2.0
Credit-impaired ECL				2,960,741	2,960,742	-
Total ECL				15,397,170	15,616,534	1.0

31 March 2025	Actual weight %	Adjusted weight %	% Change	Actual ECL (R'000)	Adjusted ECL (R'000)	% Change ECL
Adverse case	35	45	10	3,510,551	4,513,566	28.60
Base case	60	50	(10)	7,975,478	7,175,783	(10.00)
Best case	5	5	-	331,803	331,803	-
Weighted ECL – Stages 1 and 2				11,817,832	12,021,152	1.7
Credit-impaired ECL				3,089,973	3,089,973	-
Total ECL				14,907,805	15,111,125	1.4

(ii) Probability weightings of the above three scenarios

The following table shows a comparison of the forward-looking impact on the ECL provision based on the probability weightings of the above three scenarios resulting from recalculating each of the scenarios using a 100% rating of the above factors:

Scenarios

in thousands of rands	Weight %	Unweighted ECL (R'000)	Difference to weighted ECL (R'000)	% Difference to weighted ECL
30 September 2025				
Base case	100	14,685,213	(711,954)	(4.80)
Adverse case	100	16,878,868	1,481,700	8.80
Best case	100	13,568,719	(1,828,449)	(13.50)
31 March 2025				
Base case	100	14,259,063	(648,742)	(4.5)
Adverse case	100	16,292,265	1,384,460	8.5
Best case	100	13,001,495	(1,906,310)	(14.7)

(iii) Sensitivity analysis – single name impairments

In defining the recoverable amounts attributed to distressed/defaulted borrowers, management considers a range of factors attributable to the economy at large as well as the state of affairs of the borrower. Changes resulting from the elevated uncertainty due to extra ordinary circumstances as well as specific conditions applicable to each borrower may have a significant impact on the value of recoveries and estimation of recoverable amounts involves.

The following table shows a comparison of the impact on the aggregated total of single name ECL provision (stage 3 NPL and POCI) should the estimated recoverable amounts either increase or decrease by a factor of 10%.

in thousands of rands	10% Decrease in management value R'000	Actual R'000	10% Increase in management value R'000
30 September 2025			
Credit-impaired ECL (Stage 3 NPL & POCI)	3,016,075	2,960,741	2,905,407
% change	1.87%		-1.87%
31 March 2025			
Credit-impaired ECL (Stage 3 NPL & POCI)	3,147,386	3,089,973	3,032,557
% change	1.86		-1.86%

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21.5 Impact of macro-economic shock events

21.5.1 Assets Portfolio

21.5.1.1 Credit models

The base models applied in finalising ECLs for the current year remained consistent with the prior year. There were no other changes made to the base credit models during the year under review. However, the inputs into the ECL models were reviewed in response to the macro-economic shock events.

21.5.1.2 Forward-looking information models

IFRS 9 requires the assessment of credit risk to incorporate forward-looking information. In determining the ECL provisions, management has considered all reasonable and supportable information, including forward-looking information. The ECL model methodology was reassessed to determine applicability given current and evolving market conditions. During the initial advent of the pandemic in early 2020 in South Africa, the DBSA revised the Forward-Looking Model based on linear regression methodology because the linear regression model provided results that were less reliable by under and overestimating ECL at various time periods. The linear regression approach limitation was in only predicting linear relationships between dependent variables. Nonlinear methodologies were investigated, and non-parametric regression methods were approved for use as a good option given the shape of the development data.

The Generalised Additive Model (GAM), a form of non-parametric regression was consistently utilised to model the effects of macroeconomic factors on the DBSA PD's to appropriately determine ECL at year end. The full extent of factors such as tariffs issues, RSA- US relations, Russia-Ukraine conflict, African sovereign debt situation and impact on performance risk continue to remain unknown and evolving at year end. Management has, however, estimated impact of these shock events on forward-looking information (including modelling associated default rates) using multivariate regression approaches. The estimated impact has been factored into the first three years of the FLI forecasting casting window and there after assumption was made that the probability adjustment will revert to through the cycle (TTC) levels onwards. The GAM model has been consistently applied during the year under review.

21.5.1.3 Staging impact

The Bank did not offer blanket payment holidays in response to macro-economic shock events. Accordingly, there was no change in automatic IFRS 9 staging triggers.

21.5.1.4 Consideration of post balance sheet information

The Bank's standard practice is to use the latest forward-looking information available at the reporting date. Given the nature and extent of the shock events during the year, the Bank used forward looking information for 2026 half year reporting based on the latest available data as of 30 September 2025. Management continuously monitors the current and forecast effects of macro-economic shock events to determine whether these indicate evidence of the occurrence of adjusting post balance sheet events. Given the current and evolving macro-economic outlook, the impact of changes to forward-looking information was reviewed for September 2025 in a manner consistent with the prior year.

21.5.1.5 Changes in weighting in response to macro-economic shock

During the year, there was increased optimism regarding the GNU post the elections and interest rates and inflation reduced in the later part of the year. The GNU was widely received by the markets and this optimism was met with increased tensions in the USARSA relations and the tariffs on African exports around the financial year end. Further there were improvements in the high frequency indicators relating to currency movements and in particular ZAR-USD exchange rates. The overall outlook is therefore a mix between green shoots and emerging risks relating to geopolitics and tariffs. The ECL has been based on a point between the best case and adverse case. The weights applied in the ECL determination are as follows: Base 60%, Adverse case 35% and Best case of 5%. The Bank proactively continues to perform reviews of the economic outlooks, scenario analyses and stress testing of the ECL including evaluation of the impact of the loan structures subject to sovereign debt restructure. The results from the stress testing are shown below.

- Increase in Adverse case by 5% causes ECL to increase by approximately 0.7%
- Increase in Adverse case by 10% causes ECL to increase by approximately 1.5%
- Increase in Adverse case by 15% causes ECL to increase by approximately 2%.

In the prior year, the Bank considered the economic outlook and changed the weights by increasing the base case to 60% from 55% and reducing the adverse case from 40% to 35%.

During the period under review the Bank considered the economic outlook and the weights remained unchanged from year end.

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IFRS 9 and IFRS 13 continues improvement

As part of the bank's continuous improvement strategies, DBSA reviews the various IFRS 9 policies and procedures as part of the IFRS 9 Continuous Improvement Plan. The continuous review and benchmarking is a phased approach and some of the improvement processes were completed and others were underway at year end. The delineation of the project into corresponding workstreams has allowed specific focus on key areas within IFRS 9 and IFRS 13 implementation. As part of the review, the Bank seeks to continue compliance with best practice in a manner commensurate with its internal risk and governance approach. Any required changes or updates to internal policies and/or processes are subject to approval under the Bank's applicable governance framework. The two critical workstreams that were completed recently and are relevant to the results are:

(a) Review of Significant Increase in Credit Risk

The Bank engaged an independent audit firm to review the SICR and benchmark these to best practice. The results from the benchmarking indicated that the Bank's SICR rules are in compliance with IFRS 9 and in line with local, regional and international benchmarks.

(b) Review of discounts rates used in equities valuations

The Bank engaged an independent audit firm to review the SICR and benchmark these to best practice. The results from the benchmarking indicated that the Bank's SICR rules are in compliance with IFRS 9 and in line with local, regional and international benchmarks.

21.5.2 Liabilities Portfolio

21.5.2.1 Liquidity risk management

The Bank primarily sources funding from lines of credit, debt capital market and repurchase agreements. There has been no default or breaches relating to the borrowings recognised during and at interim reporting date. The Bank undertakes rigorous cashflow forecasting and liquidity management techniques. The Bank's foreign currency borrowing limit was approved and this enables the Bank, to also raise funding in the international markets.

21.5.2.2 Hedging accounting

The Bank continues to apply the provisions of IFRS 9 in the management of risks associated with hedging activities. In applying hedge accounting, the Bank has considered the appropriateness of cash flow hedges and related accounting principles and concluded that forecast transactions remain highly probable. The Bank's cash flow hedges comprise predominantly of interest rate swaps. These are highly probable transactions for which there is a minimal risk of uncertainty. Post the reporting date there has been no reclassification of irrecoverable losses from the cash flow hedge reserve to profit or loss.

In applying hedge accounting, the Bank has considered the appropriateness of the cash flow hedge accounting and concluded that forecast transactions remain highly probable. The Bank's cash flow hedges comprise predominantly of interest rate swaps and currency options. These are highly probable transactions for which there is a minimal risk of uncertainty.

Post interim reporting date there has been no reclassification of irrecoverable loss from the cash flow hedge reserve to profit or loss. The currency swaps are 100% effective and the time value of money component of currency options is recognised in cash flow reserve.

21.6 Risks and uncertainties associated with Ukraine-Russia War

The macro-economic conditions and ECL are correlated, and the DBSA asset portfolio continue to be resilient in the face of various dynamics at play. Geopolitics, global trade dynamics remains concerning and reciprocal tariffs between the US and China as well as other tariffs imposed by the US have completely overhauled, changed the global trade rules and caused a weak global growth outlook.

Tariffs can lead to higher prices, narrow profit margins and can cause sustained significant volatility in the FX markets which may exacerbate instability within financial markets and affect investment decisions. Sub-Saharan Africa's economic performance and outlook remains steady with energy and infrastructure investments driving growth. The US tariffs on African exports, declining official development assistance, trade wars and policy uncertainty increases the risk of funding shortfalls, unemployment and general increase costs of doing business. These tariffs have disrupted export competitiveness, particularly for infrastructure-related goods and raw materials, and are expected to dampen investment flows into developing regions over the medium term.

The pockets regional instability in Africa, increased risk of GenZ protests, climate shocks and currency volatility remain a concern. The debt vulnerabilities in some African countries remain elevated as more resources are channeled toward debt service rather than investment in social and human capital development. The sovereign debt reform pace has been slow, and the Bank is closely monitoring the significant exposure that is subject to G20 Common Framework debt relief treatment. DBSA has remained conservative in provisioning.

Given the Bank's diverse portfolio which includes both oil-exporting and oil-importing clients across Africa, these intertwined geopolitical and trade developments continue to pose downside risks to credit quality, exchange rate stability, and client performance across the continent. The municipal sector in South Africa remains in a precarious and financially distressed state exacerbated by low economic activity, governance challenges, financial challenges, infrastructure decay, water challenges and vandalism to infrastructure.

The Bank's portfolio includes both oil importers and oil exporters and with the full impact and anticipated duration of the war still in doubt, the economic uncertainty caused by the conflict will continue to affect the Bank's clients across the continent.

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21.7 Reference rate reform

21.7.1 General update on reference rate reform

As at 30 September 2025, the Bank is exposed to market risk associated with the JIBAR as an interest rate benchmark in its hedge accounting relationships and contractual agreements. The Bank's Reference Rate Reform Project comprised 2 main phases. Phase 1 focused on the reform of the LIBOR related exposures and this phase was completed in 2025. Phase 2 deals with JIBAR related exposures.

The Bank established various workstreams comprising of various skills sets and professionals drawn across the Bank to work on reference rate reform transition. In light of the amendments issued by the IASB to IAS39/IFRS 9 which provides relief to all hedging relationships that are directly affected by interest rate benchmark reform, the Bank continues to apply the Phase 1 amendments to IFRS9/IAS39 until the end of the uncertainty arising from the interest rate benchmark reform with respect to the timing and the amount of the underlying cashflows to which the Bank is exposed to.

Phase 2 of the Reform Project will continue to be guided by a dedicated project management team overseen by Bank's governance structure to ensure that all project deliverables are effectively and efficiently met. The reference rate project is overseen by the Reference Rate Reform Project Steering Committee (SteerCo) whose key function is to provide direction and approve key decisions and project metrics. The Reference Rate Reform SteerCo comprising of group executives is responsible for the transition and governance of the reference rate reform. In addition to the SteerCo, the project operations are managed by the reference rate reform Operations Committee (OpsCo) which comprises heads of business units across the Bank.

21.7.2 Phase 2 JIBAR Reform update

The South African Reserve Bank (SARB) is in a process of replacing JIBAR. Preliminary indications are that the cessation date for JIBAR is likely to be end of 2026. The Market Practitioners Group (MPG) designated the South African Overnight Index Average (ZARONIA) as the preferred successor rate which is expected to replace JIBAR. ZARONIA is currently being published and the observation period ended in November 2023.

The SARB indicated that market participants may use ZARONIA as a reference rate in financial contracts. The Bank continues to monitor local developments on the reform of JIBAR.

21.7.3 Phase 2 JIBAR Reform update

The updates on key developments on JIBAR reform is detailed below:

(a) Judgements and assumptions

No significant judgements and assumptions were made. Given the nature of the Bank's portfolio, each loan (both assets and liabilities) was individually assessed and negotiated with the relevant counterparty.

(b) Project Management

The Bank has established various workstreams that are cross functional and led by different heads to ensure effective risk management, ownership, accountability, and smooth transition to alternative reference rates.

(c) Contract reviews and amendments

A preliminary review of contracts potentially in scope for JIBAR reform has been conducted. The repapering of contracts will commence once the SARB has formally announced the cessation date of JIBAR. The JIBAR linked contracts in scope for the reform are shown on the Note 21.7.3.

(d) ICT systems and model

The Bank has conducted preliminary systems gap analysis to assess the impact of the JIBAR reform on the ICT systems and models.

21.7.2.3 Risk management

Effective risk management remains critical to the success of the project. The project is structured in a manner that allows effective risk management. Below is a summary of the key remaining risks (given the stage of Reference Rate Reform project) that the Bank is exposed to as a result of the JIBAR reform:

(a) Model risk

Risk of the credit and valuation models not being able to accommodate the new interest rates.

Risk Mitigation

The Bank's Investment Committee has approved a model risk governance framework and policy. The Bank has a project plan to ensure that all models and systems are updated to accommodate the new reference rates.

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(b) Legal risk

Risk of being non-compliant to the agreements previously agreed with clients.

Risk Mitigation

The Bank has a dedicated inhouse counsel that has access to external counsel to ensure that all the contracts have been repapered.

(c) Operational risk

The risk of DBSA systems not being able to incorporate the required interest rate changes as negotiated as per the existing and new contracts, risk of strategies, procedure manuals, processes and policies not being updated for the ARR's.

Risk Mitigation

All key systems will be upgraded for JIBAR reform and staff training is ongoing focus area.

(d) Compliance/regulatory risk

Risk that the bank is exposed to regulatory sanctions due to failing to meet the regulatory expectations in relation to the transition.

Risk Mitigation

The Bank has a stakeholder management strategy which includes proactive engagement with regulators. Further the Bank has a compliance universe as part of ensuring that regulatory requirements are assessed and complied with. The assessments are ongoing to ensure that any new developments are complied with.

(e) Reputational risk

The risk to the bank's reputation from failing to adequately prepare for the transition.

Risk Mitigation

The Bank has established various workstreams that are cross functional and led by different heads to ensure effective risk management, ownership, accountability, and smooth transition to ZARONIA.

(f) Conduct risk

Risk of client dissatisfaction with the new rates negotiated for the transition.

Risk Mitigation

The Bank does not advise clients on which rate to use however the Bank negotiates with clients. All club deals are coordinated by agent banks.

21.7.3 Exposures of significant IBORs subject to interest rate reform

The Bank predominately has ZAR, USD and EUR exposure to financial instruments and the table below shows the Bank's exposure at 30 September 2025 year end to JIBAR subject to reform that have yet to transition to ZARONIA as at the current year end. The non-derivative financial liabilities of R4.2 billion relates to only lines of credit subject to contract repapering. Impacted listed bonds amount to R6.9 billion.

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(a) IBOR exposure in ZAR currency amount

The table below shows the JIBAR in ZAR currency amount:

in thousands of rands	Non- derivative financial assets – carrying value	Non-derivative financial liabilities – carrying value	Derivatives nominal amount
JIBAR tenors			
30 September 2025			
JIBAR (1 month)	5,848,110	-	-
JIBAR (3 months)	28,505,164	4,156,667	19,242,721
JIBAR (6 months)	6,767,283	-	-
JIBAR (12 months)	93,205	-	-
Total	41,213,762	4,156,667	19,242,721
31 March 2025			
JIBAR (1 month)	5 414 864	-	-
JIBAR (3 months)	26 288 647	4,800,000	19,750,272
JIBAR (6 months)	6 896 748	-	-
JIBAR (12 months)	152 827	-	-
Total	38,753,086	4,800,000	19,750,272

22. RELATED PARTIES

22.1 Related party relationships

The Bank is a Schedule 2 public entity in terms of the PFMA and therefore falls within the national sphere of government. As a consequence, the Bank has a significant number of related parties that also fall within the national sphere of government.

In addition, the Bank has a related party relationship with the directors and executive management. Unless specifically disclosed otherwise, these transactions are concluded on an arm's length basis and the Bank is able to transact with any entity.

The South African government, through National Treasury (the shareholder), is the parent of the Bank and exercises ultimate control.

22.2 Transactions with related parties

The following is a summary of transactions with related parties during the year and balances due at end of year.

(a) National public entities

The total book debt of loans extended to national public entities amounts to R22.8 billion (31 March 2025: R22 billion). None of these loans are non-performing. Of the loan commitments disclosed R10.3 billion (31 March 2025: R9.7 billion) relates to national public entities.

(b) National mandates

The net amount(net receivable) outstanding at year end amounted to R300 million (31 March 2025: R306 million).

23. CONTINGENCIES

23.1 Contingent liabilities

The Bank operates in a legal and regulatory environment that exposes it to litigation risks. As a result, the Bank is involved in disputes and legal proceedings which arise in the ordinary course of business. The Bank does not expect the ultimate resolution of any of the proceedings to have a significant adverse effect on the financial position of the Bank. The Bank has assessed the contingent liabilities based on information at balance sheet date and has concluded that the possibility of an outflow of economic benefits is remote. Therefore, no contingent liabilities have been disclosed.

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24. COMMITMENTS

At the reporting date, the Bank had the following commitments:

	30 September 2025	31 March 2025
in thousands of rands	Reviewed	Audited
Capital commitments	93,026	105 000
Development expenditure	25,000	25 000
Development loan commitments	20,135,073	21 087 178
Equity investments commitments	655,373	453 630
Project preparation expenditure	507,519	517 889
Gross carrying amount	21 415 991	22 188 697
Provision for ECLs	(48,570)	(61,083)
Net commitments at end of the period	21 367 421	22 127 614

24.1 Reconciliation of development loan commitments gross carrying amount and provision for ECLs

The table below shows the reconciliation of the opening balance to the closing balance of development loan commitments gross carrying amount and provision for expected credit losses for 30 September 2025:

in thousands of rands	Stage 1	Stage 2	Stage 3	Fair value	Total
Reconciliation of carrying amount					
Balance at beginning of the year	20,438,557	648,449	-	172	21,087,178
New loan commitments issued	8,191,668	-	-	-	8,191,668
Disbursements	(10,807,821)	(151,115)	-	-	(10,958,936)
Withdrawals	1,926,341	(45,398)	-	-	1,880,943
Foreign exchange losses	(48,478)	(17,292)	-	(10)	(65,780)
Balance as at end of the period	19,700,267	434,644	-	162	20,135,073

in thousands of rands	Stage 1	Stage 2	Stage 3	Total
Reconciliation of provision for expected credit losses				
Balance at beginning of the year	2,047	59,036	-	61,083
New loan commitments issued	11,259	-	-	11,259
Subsequent changes in ECLs due to changes in risk parameters (PDs, LGDs, EAD)	(613)	(23,160)	-	(23,773)
Balance as at end of the period	12,694	35,876	-	48,570

Expected credit losses

ECLs recognised in the income statement excluding interest in suspense and write-off	10,647	(23,160)	-	(12,513)
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The table below shows the reconciliation of the opening balance to the closing balance of development loan commitments gross carrying amount and provision for expected credit losses for 31 March 2025:

in thousands of rands	Stage 1	Stage 2	Stage 3	Fair value	Total
Reconciliation of carrying amount					
Balance at beginning of the year	15,492,511	408,352	-	-	15,900,863
Transfer from stage 1 to stage 2	(1,776,670)	1,776,670	-	-	-
Transfer from stage 1 to stage 3	(13,388)	-	13,388	-	-
New loan commitments issued	18,123,938	-	-	-	18,123,938
Disbursements	(14,824,798)	(1,503,944)	(5,009)	-	(16,333,751)
Reinstated/Withdrawals	3,731,885	-	(8,379)	-	3,723,506
Foreign exchange gains	(294,921)	(32,629)	-	172	(327,378)
Balance as at end of the year	20,438,557	648,449	-	172	21,087,178

in thousands of rands	Stage 1	Stage 2	Stage 3	Total
Reconciliation of provision for expected credit losses				
Balance at beginning of the year	9,833	26,253	-	36,086
New loan commitments issued	322	-	-	322
Transfer from stage 1 to stage 2	(6,808)	21,638	-	14,830
Subsequent changes in ECLs due to changes in risk parameters (PDs, LGDs, EAD)	(1,300)	11,145	-	9,845
Balance as at end of the year	2,047	59,036	-	61,083

Expected credit losses

ECLs recognised in the income statement excluding interest in suspense and write-off	(7,786)	32,783	-	24,997
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DEVELOPMENT BANK OF SOUTHERN AFRICA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2025



		30 September 2025	31 March 2025
	in thousands of rands	Reviewed	Audited
25.	IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
25.1	Irregular expenditure		
	Fruitless and wasteful expenditure	-	-
	Irregular expenditure	-	-
	Total	-	-

No incidents of irregular expenditure occurred during the year.

26. EVENTS AFTER THE REPORTING PERIOD

26.1 Adjusting events

There were no material adjusting events after the reporting date other than those already addressed in the notes to the Condensed Interim Financial Statements.

26.2 Non-adjusting events

26.2.1 On 26 June 2025, the Board authorised an annual dividend of R160 million to be distributed to the shareholder (National Treasury). The dividends will be approved by the shareholder at the next AGM.

26.2.2 Ms. Janse van Rensburg's term concluded on 30 September 2025, marking the end of her tenure as Interim Chairperson and member of the Board. The Board has elected Mr. David Makhura as Chairperson, effective 1 October 2025. Additionally, Ms. Lynette Milne has been appointed as an Independent Non-Executive Director of the Board, with her term commencing on 1 October 2025 and ending on 13 May 2028.

27. INDEPENDENT REVIEW BY AUDITORS

These Condensed Interim Financial Statements have been reviewed by Auditor General of South Africa who expressed a conclusion on the Condensed Interim Financial Statements. A copy of the auditor's review conclusion is available for inspection through a secure electronic manner at the election of the person requesting election as well as on the Banks website on www.dbsa.org.



ABBREVIATIONS AND ACRONYMS

ALCO	Assets & Liability Management Committee
ARR	Alternative Reference Rates
BSRU	Business Support and Recovery Unit
CFO	Chief Financial Officer
COVID-19	Coronavirus disease 2019
CP	Conditions Precedent
CPI	Consumer Price Index
CVA	Credit value adjustment
DBSA	Development Bank of Southern Africa Limited
DFI	Development Finance Institution
DSSI	Debt Service Suspension Initiative
DVA	Debit value adjustment
EAD	Exposure at default
ECL	Expected credit loss
E.G.	For Example
EIR	Effective interest rate
ERR	Early risk review
Etc	Et cetera
EURO	Euro (currency)
FEC	Forward Exchange Contracts
FLI	Forward Looking Information
FVTPL	Fair value through profit or loss
FX	Foreign Currency Exchange Rate
G20	Group of Twenty (An intergovernmental forum of 19 countries and the European Union)
GAM	Generalised Additive Model
GDP	Gross domestic product
GRA	Group Risk Assurance
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBA	ICE Benchmark Administration
IBOR	Interbank Offered Rate
ICT	Information and communications technology



ABBREVIATIONS AND ACRONYMS (CONTINUED)

IDD	Infrastructure Delivery Division
IFRS	International Financial Reporting Standards
IRS	Interest Rate Swap
ISA	International Standards on Auditing
JIBAR	Johannesburg Interbank Average Rate
JSE	JSE Limited
LGD	Loss given default
LIBOR	London Interbank Offered Rate
NAV	Net asset value
NCD	Negotiable certificate of deposit
NII	Net interest income
NPL	Non-performing loans
OCI	Other comprehensive income
OpsCo	Operations Committee
PAYE	Pay As You Earn
PD	Probability of default
PEG	Price Earnings Growth
PFMA	Public Finance Management Act, No. 1 of 1999
POCI	Purchased or originated credit impaired
ROE	Return on equity
RSA	Republic of South Africa
SADC	Southern African Development Community
SARB	South African Reserve Bank
SICR	Significant increase in credit risk
SMME	Small, medium and micro enterprises
SOC	State-owned company
SPPI	Solely payments of principal and interest
SOE	State-Owned Entity
TTC	Through The Cycle
USD	United States Dollar (currency)
VAT	Value Added Taxation
ZAR	South African Rand (currency)

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