

GROWING A FOCUSED, SUSTAINABLE AND DEVELOPMENTAL DBSA



RESOURCE MOBILISATION 04 December 2014



AGENDA

1. Funding
2. Post Funding
3. Cost of Debt
4. Liquidity
5. Resources
6. DBSA Funding Experience

Funding



- Access to:
 - Competitively priced African currency
 - Local and International Capital Markets
 - Local and International Lines of Credit from Commercial Banks
 - Lines of credit from DFI's
 - Trade facilities for risk management purposes
- Maturity of Capital Markets
 - Issuer Rating instead of instrument rating
 - Domestic Medium Term Note (DMTN)
 - Regular Roadshows with Investors and Funders
 - Be on the forefront of local and offshore markets to spot funding opportunities
- Matching profiles of liabilities with assets and cash flows

Post Funding



- Monitor conditions and covenants
- Reporting Requirements
- Use of Derivatives for Risk Management purposes
 - Foreign exchange
 - Interest Rates
 - Cross Currency Swaps
- Address asset and liability profile on a portfolio basis

Cost of Debt



- Focus on minimising cost of debt through:
 - Diversification of funding sources
 - Minimising negative carry
 - Profiling of Borrower to enhance Investor appetite
- Understand:
 - Exchange control regulations
 - Taxation implications
 - All cost including:
 - Prepayment penalties
 - Cancellation fees
 - Pricing ratchets
 - Onerous conditions from Funders
 - Rating of Borrower by the World Bank
 - Rating of Borrower by the rating agencies

Liquidity



- Timing of cash inflows to meet disbursements and expenses
- Investment of surplus funds
- Balance Yield enhancement of Investments with:
 - Availability of cash, and
 - Risk profile of counterparties
- Liquidity buffer to:
 - Fund unexpected disbursements
 - Unavailability of funding
 - Delays of inflows and outflows

Resources



- Skilled treasury personnel
- Reliable payment and treasury systems
- IT infrastructure
- Investment in tools for evaluating
 - Pricing
 - Credit risk
- Investment in monitoring systems for:
 - Forecasting and scenario analysis
 - Reporting

DBSA's Experience



Capital Markets

- **Local Capital Markets**
 - Money Market
 - Commercial Paper
- **International Capital Markets**
 - Eurobond
 - Eurobond Zero coupon

Trade Facilities

- Forward exchange contracts
- Cross Currency Swaps
- Interest rate derivatives

Commercial Banks

- Lines of credit with International and Local Commercial Banks
- Currency – ZAR/USD

DFI's

- Lines of credit from Foreign DFI's
- Currency – USD/EUR



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