



MINISTRY: FINANCE
REPUBLIC OF SOUTH AFRICA

Private Bag X115, Pretoria, 0001 Tel: +27 12 323 8911 Fax: +27 12 323 3262
P O Box 29, Cape Town 8000 Tel +27 21 401 3700
Website : www.treasury.gov.za , email : minreg@treasury.gov.za

Ref: M3/4/2/2(996/2020)

Ms Bulelwa Ndamase
Development Bank of Southern Africa (DBSA)
PO Box 1234
Halfway House
MIDRAND
1685

Dear Ms Ndamase

COMPLAINTS REGARDING THREE TRANSACTIONS BETWEEN THE DBSA AND CRANBROOK AND ITS SUBSIDIARIES

Your report dated 23 August 2020, regarding three transactions between the DBSA, Cranbrook and its subsidiaries as well as other matters, has a reference.

After careful consideration of your report as well as related information from you and the DBSA, I have noted the following:

- I. A request for a forensic investigation on the lending process and other processes followed by the DBSA on the three transactions between the DBSA, Cranbrook and its subsidiaries to determine any breach of DBSA processes and possible acts of financial misconduct;
- II. Allegations of DBSA not honouring the invoices you have submitted for the legal opinion you have provided on the three transactions (between the DBSA, Cranbrook and subsidiaries) written off;
- III. Allegations of DBSA not paying your director's remuneration due to your refusal to hand back the DBSA-issues iPad for the purposes of investigation on leaked information and installation of new software for sharing Board of Directors' (BoD) documents;
- IV. Your requests that I consider referring the three transactions between the DBSA, Cranbrook and subsidiaries matter to the Public Protector and or any law enforcement agency as well as ensuring that you are protected accordingly as a whistle-blower.

Based on the confidence I have in you and the DBSA BoD, I believe that the complaints you have raised could be resolved between yourself and the DBSA BoD with limited shareholder's intervention, . This is due to the fact that an institution of DBSA's stature is expected to have

internal policies (e.g. policies for management of conflict of interest, procurement, risk management and fraud prevention); processes; and procedures for addressing matters relating to those you have raised.

Therefore, I hereby advise you and the DBSA to consider the following as the possible way forward to resolving this matter:

- I. ENS advised that the DBSA must institute an independent forensic investigation on the three transactions regarding Cranbrook and its subsidiaries and this may assist in determining (1) any possible breach of DBSA's policies, processes and applicable laws by any BoD/Committee member and/or DBSA staff member in lending to Cranbrook and its subsidiaries and putting in place the related agreements and sureties (2) whether debt collection processes were adequately followed e.g. whether the DBSA constantly sent letters of demand as expected, to Cranbrook and its subsidiaries to recover the monies. This may address the issue of alleged financial misconduct that you are raising.
- II. On the payment for invoices you have submitted to the DBSA, the DBSA ascertained from the opinion by Adv Gauntlett SC QC that your sourcing of the legal advice/opinion was not in compliance with the Bank's protocol and/or policy for sourcing of external independent advice, thus, there should be no case.
- III. Adv Gauntlett SC QC advised that the DBSA should not withhold your remuneration unless it can be proven that your refusal to hand over the iPad impeded the investigation on leaked information and the software migration underway and is in breach of your fiduciary duties as a director.
- IV. In terms of referring the Cranbrook and its subsidiaries matter to the Public Protector or law enforcement agency, the DBSA should decide to do so based on the outcome of the preliminary investigations conducted stemming from the anonymous tip-off made. However, you have the right to refer the matter to any law enforcement agency in case you have lost confidence in the DBSA's internal processes to resolve the matter. Furthermore, the DBSA must comply with the Protected Disclosure Act, 2000 as far as protection of whistle blowers is concerned.

I hope you will find the above to be in order.

Please accept the assurance of my highest consideration and best wishes.

I remain,

Yours sincerely



TT MBOWENI, MP
MINISTER OF FINANCE

Date: 10/11/2020