CONTENT AND DIRECTORATE

NON-EXECUTIVE CHAIRPERSON

Mr P Ranchod*

NON-EXECUTIVE DIRECTORS

Mr TJ Fearnhead*

Mr RA Shough°*

Mr W Krüger*

Mr G Bizos (SC)*

Mr A Lizos+

Mr G Grigoropoulos+

EXECUTIVE DIRECTORS

Mr S Georgopoulos (Chief Executive Officer)

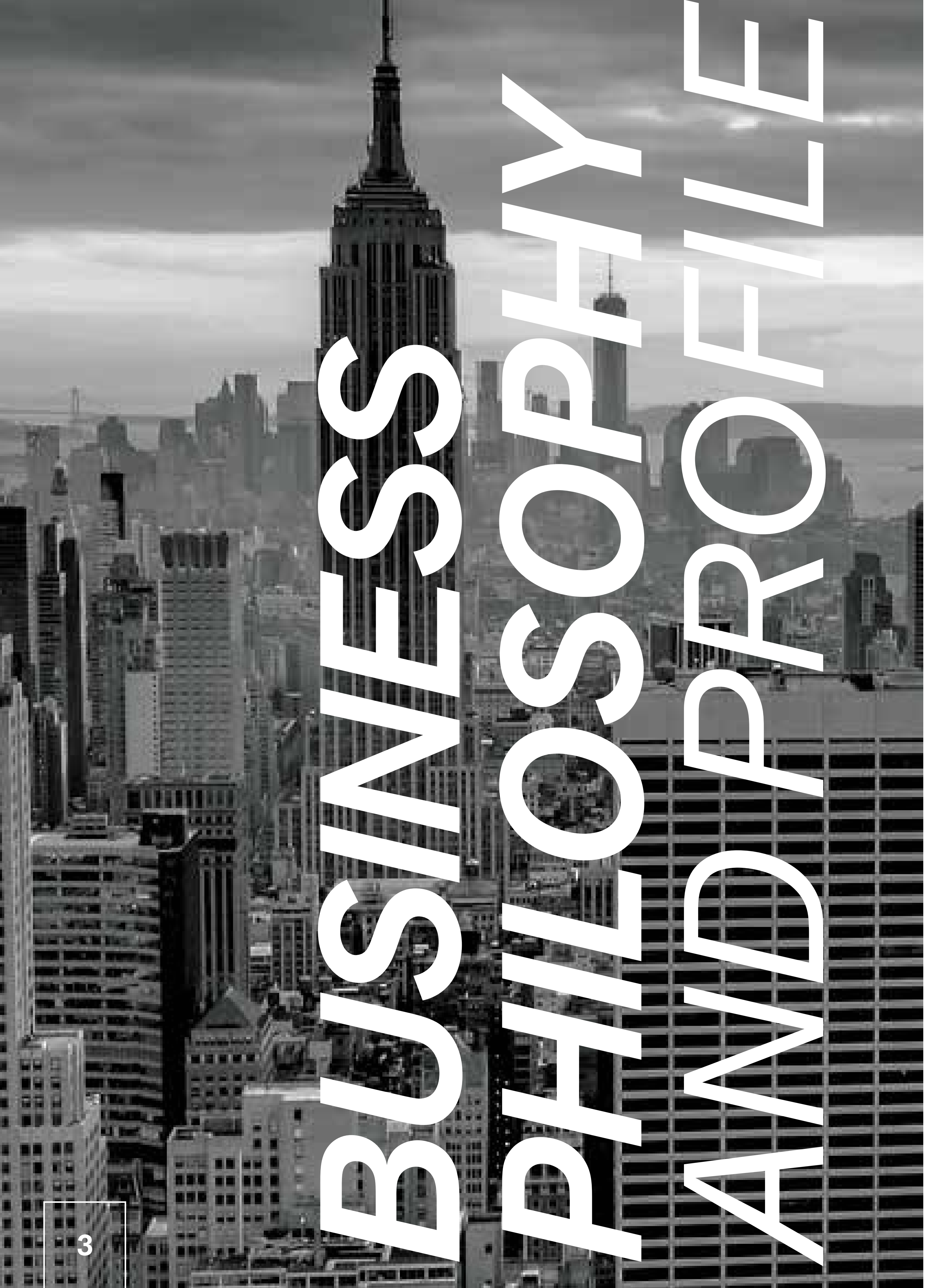
Mr DJ Adriaanzen

Mrs C Michaelides

Mr D Haarhoff (Alternate to Mr DJ Adriaanzen)

°British +Greek *Independent

BUSINESS PHILOSOPHY AND PROFILE



The South African Bank of Athens Limited is focused on delivering world class banking services to the medium-sized business market in South Africa. A truly South African bank, it was established and has been operating in this country since 1947.

The bank's focus is twofold and focuses on both the delivery of a comprehensive business banking offering to its customers, as well as the provision of alliance banking services.

The business banking offering is focused on the cornerstones of business banking – lending, transactional banking, treasury and foreign exchange. These business banking solutions are delivered through a dedicated team of highly experienced Relationship Managers that support a culture of service excellence and professionalism.

The alliance banking service focuses on the creation of commercial partnerships to enable the provision of a variety of banking services, depending on the needs of the partner's market segment. These banking products range from full function branded bank account offerings through to payments and prepaid card solutions. These solutions are uniquely branded and include hosting the personal market offerings of MoovaMoney (in partnership with EDCON), Olympus Mobile and Amber.

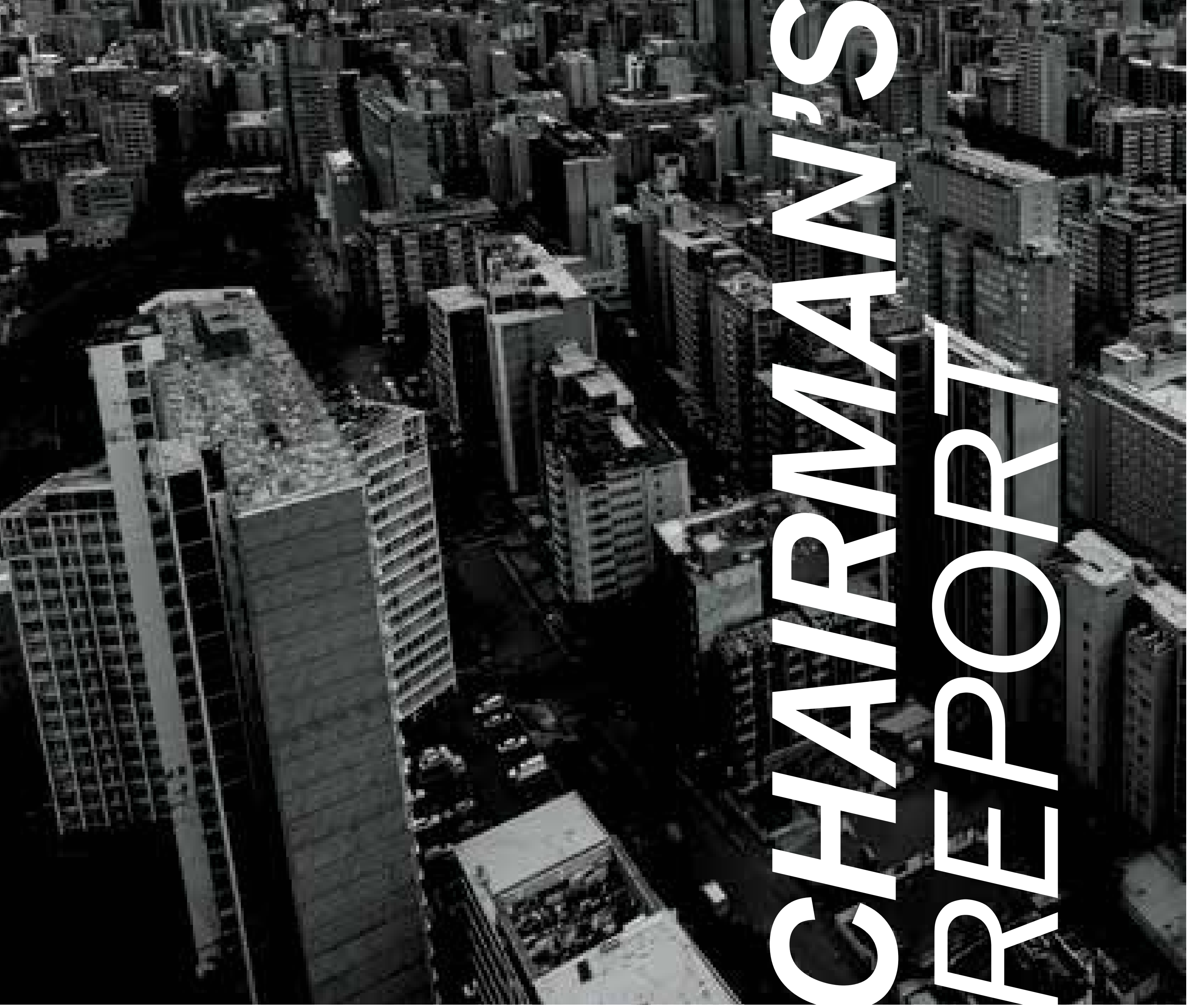
The Bank possesses principal clearing bank status, and is a fully authorised dealer in foreign exchange. It fully subscribes to and supports the Code of Banking Practice and the Financial Sector Charter.

The Bank is an Authorised Financial Services Provider.

FINANCIAL HIGHLIGHTS

STATEMENT OF FINANCIAL POSITION	2017 R'000	2016 R'000	2015 R'000	2014 R'000	2013 R'000
Capital and reserves	**276 436**	**267 193**	**257 080**	**286 268**	**263 153**
Secondary capital	**50 000**	**50 000**	**50 000**	**-**	**40 000**
Total assets	**2 354 763**	**2 265 461**	**2 509 951**	**2 283 832**	**2 214 668**

STATEMENT OF COMPREHENSIVE INCOME	2017 R'000	2016 R'000	2015 R'000	2014 R'000	2013 R'000
Total income before charge for bad and doubtful advances	**149 454**	**139 811**	**143 707**	**141 357**	**133 142**
Net operating loss before operational loss and taxation	**(24 820)**	**(29 356)**	**(26 569)**	**(44 025)**	**(2 753)**
Net operating loss before taxation	**(25 720)**	**(29 356)**	**(26 569)**	**(58 190)**	**(9 953)**
Attributable loss to ordinary shareholders	**(25 720)**	**(29 356)**	**(26 569)**	**(58 190)**	**(9 953)**



CHAIRMAN'S REPORT

2017 was a year which started with a great deal of promise and excitement for The South African Bank of Athens (SABA). We contemplated the positive impacts of the proposed sale transaction undertaken by our majority shareholder, and faced the happy prospect of a return to growth and a revitalisation of the business.

In reality, while this positivity remained, the transitionary process that was experienced in 2017 while awaiting the necessary regulatory approvals for the transaction, proved to be difficult for the Bank. This impact was exacerbated by a tumultuous year in the South African economy which clearly impacted the SABA customers and, consequently, the SABA performance. In addition to these economic challenges, the banking industry itself is faced with the important challenge of adapting to a constantly changing regulatory environment.

Operationally, the local economic conditions placed real pressure on some critical business lines in the Bank (most notably the Treasury / GTS line). When coupled with the constraint of limited growth through limited capital, the opportunity to perform a significant turnaround on the 2017 set of results became remote.

The Board has taken note of the effect of these challenges, as well as the efforts of the management team to minimise these impacts as far as possible. We have also closely monitored the work undertaken to support the application processes of the potential new shareholder and are excited at the outcomes demonstrated when the abilities and structures of the Bank are unlocked through positive support.

From a governance perspective, 2017 saw the introduction of a new Board Committee to oversee the technology aspects of the Bank. The Information Technology Governance Committee (ITGC) is certainly now an important component of the Bank's oversight.

As we look ahead to 2018, it is clear that this is not only likely to be a positive year for the Bank but ultimately a transformative one as well. The benefits brought to the business by a new majority shareholder are now understood in more detail, and realising these opportunities will be critical. It is exciting to anticipate that the potential in this business will indeed be unlocked and we look forward to that translating into the financial performance of the business in the years ahead. The transition process itself has been closely monitored by the Board during 2018 and I would like to assure our stakeholders that the Board of Directors itself has monitored the processes and work related to the transition closely and has engaged actively with management on this. In addition, the formation of the Independent Board of Directors, as required by the Takeover Regulation Panel processes, has also been undertaken to assist in this task. This Independent Board operates outside of the control of the Board of Directors and is chaired by Mr Willem Krüger, with Messer's Fearnhead, Shough and myself as members. This Independent Board has actively monitored the transition process and is ultimately responsible for ensuring a fair and reasonable valuation of the minority shareholdings in the Bank. The outcome of this work will be circulated to all shareholders within the prescribed period after closing of the main sale transaction.

In closing and on behalf of our Board of Directors, I would like to express again the positive sentiment that is held regarding the prospects of the Bank, driven by the return to growth envisaged post-closing of the sale transaction. We remain confident that SABA is poised for growth and, with the correct level of shareholder support, will deliver positive results and become a meaningful contributor to the industry in the years ahead.

I would like to thank my fellow Board and Committee members for their contributions during 2017. The transition period was indeed a challenging one, and their active leadership and support not only for the management team but for the business as a whole has been invaluable. I record my unqualified appreciation for their guidance, input and commitment to unwavering corporate governance.

I offer my sincere thanks to the CEO, his executive management team and the staff of the Bank. The Board is well aware of the difficult conditions experienced during 2017 and I convey our deep appreciation for their tireless efforts to manage the Bank during this process. The Board has the utmost confidence in their ability and we look forward to a set of conditions which will allow their work to bear the necessary fruit in the year ahead.

As always, our most sincere thanks to our customers and business partners. Your support for our business and the shared excitement you have shown for this new chapter in the life of the Bank has been humbling.

P. Ranchod
Chairman
Johannesburg
30 April 2018

CHIEF EXECUTIVE OFFICER'S REPORT

2017 proved to be a challenging year for the Bank, one in which difficult economic conditions were exacerbated by internal challenges. It was also effectively a year in transition, with a significant amount of effort dedicated to ensuring the successful completion of the sale of shares transaction.

From a business perspective, SABA showed a performance below budgeted levels for the 2017 year. This underperformance was driven by several factors, not least of which was the economic slowdown experienced in the country in 2017. The political uncertainty combined with a very weak economy and credit agency downgrades to create real negative trends in GDP and other economic indicators. This in turn translated to a clear slowdown in some of SABA's core business lines, with customers increasingly debt shy, not only towards new debt but also towards existing debt resulting in increased loan paybacks and consequently higher than expected book reduction. We also saw significant reduction in customer forex trading volumes due to similar economic issues.

In addition to economic pressures, there was pressure on both the cost and revenue lines, driven largely by an inefficiently structured Balance Sheet during the transitionary year in question. In particular the high cost of funding (which escalated to above 9% in 2018) and the very high cost of capital combined to place real pressure on the revenue line.

These difficult conditions were minimised as far as possible, with consistent efforts to reduce costs and grow non-capital related revenues. As a result, SABA was able to return a result marginally improved on 2016 despite the increased challenges experienced.

BUSINESS PERFORMANCE

From a business perspective, each of the core business units were impacted by the aforementioned economic slowdown as well as unit specific factors. The Business Banking unit performed well given the tough conditions described and managed a creditable performance, on most key line items for the year. In addition, the tight management of the credit book within the value chain resulted in a marked improvement in the non-performing book, as well as good recoveries against bad debts.

The Treasury business unit had what can only be described as a sub-optimal year and, for the first time, showed negative revenue growth year-on-year. Economic factors account for some of this poor performance, however the loss of the business unit head in tragic circumstances certainly added to the results. The Alliance Banking unit was primarily impacted by the closure of the MTN product earlier than expected in the budget. The pipeline and growth in the business unit however remains strong and bodes well for the future performance.

SYSTEMS AND OPERATIONS

2017 was also a year characterised by significant systems and operational changes at both an industry level and within the Bank itself. The completion of core and internet banking transition in February 2017 was the culmination of a four year modernisation journey, while the implementation of key regulatory work including IFRS9 and AML improvements were all completed successfully.

SHAREHOLDER TRANSITION

While the sale of shares and the transition to a new shareholder has been drawn out and challenging, SABA has had some very positive engagements with the proposed new shareholder and these bode well for the future of the Bank.

During 2017, SABA was required to support many of the regulatory submissions and processes that the proposed new shareholder was subjected to. In doing so, the development of a joint 5 year forecast that demonstrated the business potential that the new partnership would bring has shown real promise. This process clearly demonstrates that a good turnaround can potentially be achieved in a 12 – 18 month period, with real growth resulting in a healthy upward trend and strong profitability in the medium term.

LOOKING AHEAD

The year ahead is likely to prove to be challenging in many respects. The first of these challenges will undoubtedly be the management of the business under increasingly difficult conditions until closing of the sale.

Once the sale transaction has closed, new challenges emerge – albeit far more positive ones. The need to accelerate plans to activate revenue streams and restructure the balance sheet will be critical in turning the business around as far as possible. SABA has forecasted that the first full year under the new shareholder will indeed demonstrate a turnaround in the loss-making state of the business. However every month of delay in the transition reduces the likelihood that this turnaround will complete in the 2018 calendar year.

Post-closing challenges are then driven by positive business issues including managing capacity vs. growth, aligning the Bank's strategy with the opportunities coming out of the new shareholding structure, implementing the myriad business opportunities already identified and ensuring the smooth integration of the Bank into the new shareholding group.

This transition is undoubtedly the top deliverable for the business in 2018, however as we look ahead it is clear that there are other key deliverables which will remain central to the Bank's performance. Ultimately, the management team sees 2018 as a seminal year for the Bank. Completion of the transaction will allow the business to embark on a new path of growth and revitalisation – something that has been worked towards for many years.

THANKS

2017 was a challenging year and would not have been possible without the excellent team of people at the Bank. I would like to offer sincere thanks to our staff whose commitment and sustained effort in very difficult conditions made all the difference. I would also like to thank our many loyal customers for remaining with us on this journey towards a new Bank that can provide even better answers to their banking needs.

Lastly, the immensely valuable advice, support and guidance from the Chairman and members of the Board of Directors has been a true foundation for the business in this difficult year.

We look forward to embarking on a long-awaited journey to growth and development with each of you in 2018.

S. Georgopoulos
Chief Executive Officer
Sandton
30 April 2018

RISK AND CAPITAL *MANAGEMENT REVIEW*

The Board of Directors is ultimately responsible for establishing, maintaining and monitoring the effectiveness of the Bank's process of risk management and system of internal control.

The Bank has adopted an Enterprise Risk and Capital Management approach to address as wide a spectrum of risks as possible. SABA recognises that effective risk management is core to generating sustainable shareholder value and enhancing stakeholder interests.

The Bank's Risk Management business unit operates independently from other business units and monitors and reports on risks to ensure adherence to the stated risk appetite as set by the Board of Directors. Business units as the first level of defense, are ultimately responsible for managing risks that arise.

The Enterprise Risk and Capital Management Committee's objectives are:

- To be the custodian of the Bank's risk management culture
- To ensure the Bank operates within the risk appetite as set by the Board of Directors
- To set, approve and monitor adherence to risk thresholds and limits
- To monitor the Bank's exposure across the agreed risk profile
- To co-ordinate risk management activities across the Bank
- To give the SABA Board of Directors reasonable assurance that risks are identified and, to the best extent possible, managed and controlled

ENTERPRISE-WIDE RISK MANAGEMENT (ERM)

The Bank's objective in pursuing an enterprise-wide risk management strategy is to formalise and communicate the Bank's approach to ERM which includes the identification, assessment, management, monitoring and reporting of all risks.

An ERM Framework has been developed that highlights the Bank's focus on its philosophy of ensuring that risk management is central to its decision making process.

The framework has been established to ensure the efficient management of all risks as identified in the Bank's risk profile.

These objectives can be summarised by the following key principles:

- Risk-taking is central to the Bank's activity and risk management is therefore a required competency
- Focus on risk versus return
- An enterprise-wide view of risk
- Align risks with the Bank's strategic and business objectives
- Create a culture of risk awareness
- Set clear risk thresholds and loss tolerance levels for the Bank
- Effective risk monitoring provided by the Enterprise Risk Management Committe

A number of internal committees are in place to discuss, manage and determine courses of action to be taken to manage, monitor and report on risks as efficiently as possible.

RISK DURING THE YEAR UNDER REVIEW

A strong risk and capital management culture is embedded in the Bank's daily activities. It is our intention to seek an appropriate balance between risk and reward in our business activities.

The Bank has developed a risk appetite policy and follows a conservative philosophy to ensure financial strength and integrity.

Our risk management philosophies, practices and frameworks have remained unchanged during the year under review as they were found to be robust enough to handle the stresses placed on the Bank.

RISK MANAGEMENT PROCESS

All of SABA's policies and procedure manuals are subject to annual review and are approved by the Enterprise Risk and Capital Management Committee prior to final approval by the Board of Directors. These standards form an integral part of the Bank's governance infrastructure and risk management profile.

The process and methodologies used to manage the Bank's risks are:

Risk identification and comprehension

Risk identification focuses on recognising and understanding all risks that may arise from operational requirements or from business activities. Action plans to mitigate any risks that are perceived to have a potentially significant impact on the Bank are implemented.

Risk management

Risk Management focuses on those risks that can inhibit the Bank from achieving its strategic objectives.

A complete risk assessment is carried out at least annually and presented to the members of the Enterprise Risk and Capital Management Committee.

A number of Board appointed committees and management committees are in place to monitor risk.
They are:

Board committees

- Audit and Compliance Committee
- Enterprise Risk and Capital Management Committee
- Senior Credit Committee
- Social, Ethics and Transformation Committe
- Information Technology Governance Committee

Management committees

- Assets, Liabilities and Capital Committee
- Executive Committee
- Local Credit Committee
- Management Committee
- Risk Committee
- Procurement Committee
- People and Talent Committee
- Alliance Banking Management Committee
- Projects Committee

RISK MEASUREMENT AND EVALUATION

Once risks have been identified, the potential risk is measured either quantitatively or qualitatively. Quantitative risks are more easily measured than qualitative risks, but it is necessary to ascertain the magnitude of each risk. The Bank has set risk tolerance levels that are monitored.

RISK MONITORING

The monitoring of risks is undertaken by the Risk department, the Compliance and Legal department as well as the Internal Audit department. Risks are reported to the Enterprise Risk and Capital Management Committee, the Audit and Compliance Committee and the IT Governance Committee, where they are debated and addressed.

BASEL III

Basel III is intended to strengthen the global capital and liquidity rules with the goal of promoting a more resilient banking sector. The revised rules seek to improve the banking sectors' ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from the financial sector to the real economy.

The additional capital requirements, Liquidity Coverage Ratio, Net Stable Funding Ratio and Leverage Ratio come into effect between 2014 and 2019 and are currently in a monitoring phase under the auspices of the South African Reserve Bank (SARB). The 3 Pillars of Basel II are still utilised as part of the Basel III framework. These 3 pillars are:

- Pillar I: describes the regulatory capital calculation related to credit, counterparty market and operational risks, aligning minimum capital requirements more closely to a bank's risk of loss.
- Pillar II: provides for supervisory review of an institution's risk profile and activities to determine its capital adequacy and internal assessment processes, and to increase regulatory capital and institute remedial action if weaknesses are found.
- Pillar III: addresses improved market discipline and increased transparency.

To ensure the acceptable level of capital available to the Bank, an internal capital adequacy assessment process was implemented in 2016 and further enhancements have been undertaken in the latter part of 2017. An Internal ICAAP model has been developed to calculate the internal capital requirements for the Bank and this model mainly covers portfolio risk, credit risk and market risk. Scenarios have been developed as part of the model, which include internal and external factors, to review the Bank's capital adequacy levels in circumstances where stress factors could or are having a potential impact on the Bank.

THE FOLLOWING ARE RISKS THE BANK FACES

CREDIT RISK

Credit risk is defined as the possibility that customers may default on their future cash flow obligations to the Bank. In lending transactions, credit risk arises from the non-payment of approved of loans and advances, and from off-balance sheet exposures such as commitments and guarantees.

The Bank actively manages its credit risk at the individual transaction, counterparty and portfolio level using a variety of qualitative and quantitative measures. Customers' credit worthiness is thoroughly assessed before any credit facility is recommended to or granted by the various credit committees. The credit granting philosophy is a conservative one. The Board of Directors ratifies all exposures in excess of 10% of the Bank's qualifying capital. The Bank has implemented a risk rating model which calculates the probability of default of customers.

.

LIQUIDITY RISK

Liquidity risk is defined as the risk of not being able to generate sufficient cash to meet the Bank's commitment to lenders, depositors and other creditors at any point in time.

The management of liquidity is primarily designed to ensure that depositors' funding requirements can be met and that the bank has sufficient funding in place to ensure payment of daily transactions.

INTEREST RATE RISK

Interest rate risk is defined as the impact that the repricing of the Bank's assets and liabilities may have on future cash flows and earnings. Interest rates have been stable for some time in South Africa and as such the risk of interest rate movement has been low. SABA has lending and investment rates that are linked to the prime lending rate.

Liquidity and interest rate risk management form an integral part of proactive asset and liability management, which is managed by the Bank's Assets, Liabilities and Capital Committee (ALCCO).

MARKET RISK

SABA does not have a trading desk in its Treasury and as such does not have any significant exposure to market risk.

OPERATIONAL RISK

Operational risk is defined as the risk of loss or earnings volatility arising from inadequate or failed internal processes, people and systems, or from external events.

SABA recognises that operational risk is a significant risk category and therefore strives to manage this within set tolerance levels through the implementation of appropriate and relevant operational risk management practices.

In managing this risk, the following has been implemented and is reviewed on an annual basis:

- Clearly defined policies and methodologies
- An effective system of internal controls
- Well documented procedures that are communicated across the bank
- Properly functioning and effective Internal Audit department
- Properly functioning and effective Compliance department
- Adequate professional indemnity insurance cover
- Adequate disaster recovery plans and processes

COMPLIANCE RISK

Compliance Risk is defined as the risk of the current and prospective risk of damage to the organisation's business model or objectives, reputation and financial soundness arising from the non-adherence to regulatory requirements and expectations of key stakeholders such as customers, employees and society as a whole.

In managing compliance risk, the Bank has a fully independent compliance function that identifies, assesses, advises, monitors and reports on the regulatory compliance risk within the organisation. The NBG Group Compliance division provides oversight of the Bank's compliance function and the Bank adheres to the NBG Group Compliance policy and culture.

FOREIGN EXCHANGE RISK

Foreign exchange risk is defined as the risk of loss that the Bank is exposed to as a result of holding unhedged positions in foreign currency assets or liabilities.

In order to eliminate the foreign currency risk, it is the Bank's policy to hedge significant foreign currency commitments.

COUNTRY RISK

Country Risk has been split into two separate assessments i.e. country risk for South Africa and country risk for Greece. As the Bank's main shareholder is situated in Greece, the Bank has experienced some challenges as a result of this association during the financial disruptions in that market over the past.

CONCENTRATION RISK

SABA has concentration risk in the deposit book and in the instalment credit book. Concentration risk for customers with large exposures has reduced to acceptable levels in SABA's the Bank intentionally reduced its large exposures.

TRANSFORMATION RISK

Transformation of the Bank to be representative of South African demographics is an essential component of the Bank's strategy.

Despite limited opportunities available in a small operation, SABA has made significant progress in the hiring of high potential previously disadvantaged into both clerical and managerial roles

STRATEGIC RISK

The Bank's strategic direction has been clearly communicated and is well embedded in the Bank. Adherence to the strategic direction is actively monitored and managed at committee levels and all decisions are taken within the strategic framework that has been established.

The proposed sale of SABA will influence the Bank's strategic direction and growth outlook in a positive way.

HUMAN CAPITAL RISK

The management and development of people within SABA has always had a high priority. As a small organisation, the risk associated with a dependence on key individuals is always a factor and is actively monitored and managed. Staff turnover remains at low levels and the on-going effort to improve and enhance the Bank's reward, remuneration and retention policies is aimed at ensuring that key staff members are retained and recognised for their contribution towards the Bank's success.

The training of staff is a continuous focus; with much of the training spend for 2017 allocated to previously disadvantaged individuals.

INFORMATION TECHNOLOGY RISK

IT risk has always been seen as a significant contributor to the Banks success, as technology is core to the Bank's ability to effectively service its customer base.

Information Technology risk is being addressed and reduced via the establishment of various improvement projects and the appointment of additional permanent and contracted capacity.

A prioritisation plan has been developed and is reviewed by the Project committee on a regular basis. Controls over systems, licences and upgrades are well controlled and planned for.

CAPITAL MANAGEMENT

The Bank is subject to minimum capital requirements as defined in the Banks Act, 1990 (Act No.94 of 1990) and Regulations. The management of the Bank's capital takes place under the auspices of the Enterprise Risk and Capital Management Committee.

The objective of the Bank's capital management approach is to ensure the maintenance of sound capital ratios, whilst producing appropriate returns to shareholders.

The Bank's objectives when managing capital are:

- To comply with the capital requirements set by the regulators of the banking industry in which the Bank operates
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders
- To maintain a strong capital base to support the development of its business

Capital adequacy and the use of regulatory capital are monitored daily by the Bank, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the South African Reserve Bank (SARB), for supervisory purposes.

The required information is filed with the SARB on a monthly basis.

Regulatory capital requirements are strictly adhered to.
The Bank's regulatory capital comprises two tiers:

- Tier 1 capital:

  Share capital, general bank reserve, statutory reserve, retained earnings, (accumulated loss). The book value of goodwill is deducted in arriving at Tier 1 capital.

- Tier 2 capital:

  Qualifying subordinated loan capital and collective impairment allowances.

The risk-weighted assets are measured using the 'standardised approach' (SA) for credit risk. Risk weights are assigned to assets and off-balance sheet items according to their asset class and credit assessment. Any eligible collateral and netting agreements are taken into account for calculating risk-weighted assets.

CORPORATE GOVERNANCE

ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

The Bank is committed to the principles of fairness, accountability, responsibility and transparency as advocated by the King Report and Code on Corporate Governance for South Africa (2016) (King IV). The overall responsibility for compliance with regulations and codes rests with the Board of Directors. In terms of the provisions of the memorandum of incorporation, a number of Board committees have been established to assist the Board of Directors in discharging its responsibilities. Specific responsibilities have been delegated to these committees, which operate according to charters approved by the Board and which are subject to review on an annual basis.

INTERNAL CONTROL

Risks and controls are reviewed and monitored regularly for relevance and effectiveness. Sound risk management practices are promoted by the risk management function which is independent of operational management. The Board of Directors recognises its responsibility for the overall risk and control framework and for reviewing its effectiveness. An independent Internal Audit department reports any control recommendations to senior management, risk management and the Audit and Compliance Committee. Appropriate processes ensure that timely corrective action is taken on matters raised by Internal Audit. Material incidents, losses and significant breaches of systems and controls are reported to the Board, Enterprise Risk and Capital Management Committee and to the Audit and Compliance Committee.

INTERNAL FINANCIAL CONTROLS

Internal financial controls are based on established policies and procedures. Management is responsible for implementing internal financial controls, ensuring that appropriate segregation exists between duties and that there is suitable independent review. These areas are monitored by the Board through the Audit and Compliance Committee and are independently assessed by the Internal Audit department. Processes are in place to monitor internal control effectiveness, identify and report material breakdowns, and ensure that timely and appropriate corrective action is taken.

KING IV

During the course of 2017, SABA has been reviewing and assessing the impact of the King IV recommendations, as well as its own readiness for these. Based on the outcomes of this assessment, SABA applies all 16 relevant principles of King IV in all spheres of the organisation. The assessment has also highlighted some enhancement that needs to take place in selected principles, and the Bank will continue to develop these during 2018. Specifically the principles relating to stakeholder engagement, remuneration and CSI expenditure show the need for some enhancement from King III to King IV and this will be undertaken in the year ahead.

The Board of Directors has been, and remains, actively involved in the implementation of the King IV principles and ongoing training and review at a Board level will continue during 2018 to ensure that the Board completes its journey to full implementation of King IV.

BOARD OF DIRECTORS AND NON-EXECUTIVE DIRECTORS

Role and function of the Board

The role of the Board of Directors is regulated in a formal Board Charter and a formal delegation of authority is in place which defines the powers and authority of management. The Board of Directors is responsible for ensuring that an adequate and effective process of corporate governance exists and is maintained. This is adhered to by reviewing the nature, complexity and risks inherent in the Bank's activities.

The roles of the Board Chairperson and the Chief Executive Officer are separate with a clear division of responsibilities at Board level. This ensures a balance of power and authority and prevents any single individual from holding unfettered powers of decision-making.

The Board of Directors approves the overall strategy for the Bank on an annual basis. In addition it approves all management policies and frameworks.

The Board of Directors met four times during the year under review in order to evaluate the Bank's performance, assess risk and review the strategic direction of the Bank against its overall strategy and long term goals. All Directors have access to the advice and services of the Company Secretary and are entitled to obtain independent professional advice, should they deem it necessary.

Composition of the Board of Directors

The Board is headed by an independent Chairperson (Mr P Ranchod) and has a strong representation of independent Non-Executive Directors, as this provides the necessary objectivity that is required to ensure its effective functioning. During the year 2017, five of the seven Non-Executive Directors were classified as independent. Declarations of interests are submitted by all Directors on an annual basis to determine any conflicts of interests and any potential conflict is disclosed immediately.

Director's Attendance at Board and Board Committee Meetings 2017

Board Meeting	22-Feb	20-Apr	27-Jul	8-Nov
P Ranchod*	√	√	A	√
S Georgopoulos#	√	√	√	√
TJ Fearnhead*	√	√	√	√
RA Shough*	√	√	√	√
W J Krüger*	√	√	√	√
G Bizos (SC)*	√	√	A	√
A Lizos°	√	√	√	√
G Grigoropouloso	√	√	√	√
D Adriaanzen#	√	√	√	√
C Michaelides#	√	√	√	√
D Haarhoff (Alternate)#	√	√	√	√

*Independant Non-executive
oNon-executive
#Executive

Enterprise Risk and Capital Management Committee

Members: Mr TJ Fearnhead (Chairperson), Mr RA Shough, Mr WJ Krüger and Mr S Georgopoulos.

	21-Feb	19-Apr	26-Jul	7-Nov
P Ranchod	√	√	√	√
S Georgopoulos	√	A	√	√
T J Fearnhead	√	√	√	√
R A Shough	√	√	√	√
W J Krüger	√	√	√	√

Remuneration Committee

Members: Mr TJ Fearnhead (Chairperson), Mr RA Shough, Mr P Ranchod, Mr A Lizos.

	29-Mar	2-Nov
P Ranchod	√	√
T J Fearnhead	√	√
R A Shough	√	A
A Lizos	A	A

Audit and Compliance Committee

Members: Mr RA Shough (Chairperson), Mr TJ Fearnhead and Mr WJ Krüger.

	21-Feb	19-Apr	26-Jul	7-Nov
T J Fearnhead	√	√	√	√
R A Shough	√	√	√	√
W J Krüger	√	√	√	√

Directors' Affairs Committee

Members: Mr P Ranchod (Chairperson), Mr TJ Fearnhead, Mr RA Shough, Mr WJ Krüger, Adv G Bizos, Mr A Lizos and Mr G Grigoropoulos.

	18-May	2-Nov
P Ranchod	√	√
T J Fearnhead	√	√
R A Shough	√	A
W J Krüger	√	√
G Bizos (SC)	√	√
A Lizos	A	A
G Grigoropoulos	√	√

Social, Ethics and Transformation Committee

Members: Mr P Ranchod (Chairperson), Mr TJ Fearnhead, Adv G Bizos, Mr S Georgopoulos and Mr DJ Adriaanzen.

	29-Mar	2-Nov
P Ranchod	√	√
S Georgopoulos	√	√
T J Fearnhead	√	√
G Bizos (SC)	A	√
D Adriaanzen	√	√

Information, Communications and Technology Governance Committee

Members: Mr RA Shough (Chairperson), Mr TJ Fearnhead, Mr DJ Adriaanzen and Mr P Oeschger.

	21-Feb	19-Apr	29-Jun	1-Nov
T J Fearnhead	√	√	√	√
R A Shough	√	√	√	A
D Adriaanzen	√	√	√	√
P Oeschger	√	√	√	√

Performance assessment

The Board of Directors evaluate their own performance by way of a self-assessment questionnaire. The outcome of the assessment is constructively used to improve the functioning and effectiveness of the Board.

COMPANY SECRETARY

All Directors have access to a suitability qualified and experienced Company Secretary. The Company Secretary provides guidance to the Board as a whole and to individual Directors with regards to the discharge of their responsibilities in the best interests of the Bank.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

The Bank's social and ethics approach is guided by its principles and values, as well as a desire to actively participate in the continued growth of our country. This critical component of the organisation is guided by the Social, Ethics and Transformation Committee (SET Committee) which holds responsibility for the Bank's transformation strategy and actions. This committee, chaired by independent non-executive director Pankaj Ranchod, provides guidance not only to the Bank's principles and values but also to the specific programmes on transformation and corporate social responsibility.

TRANSFORMATION

Transformation and the creation of sustainable broad-based black empowerment is an essential component of SABA's strategy. This is founded in the principle that transformation is not only a moral and ethical imperative but is in fact a practical business imperative and one that makes sense for the wellbeing of the business as a whole.

The SET Committee identifies those key areas of the Bank where transformation should be effected, monitors the transformation strategies and measures their impact on the business. The Bank's aim is to deliver against the principles established in the Financial Sector Charter. In meeting these objectives, the Bank has not only developed a strategy for the critical element of employment equity but has also investigated and implemented innovative approaches to financial inclusion and access to finance.

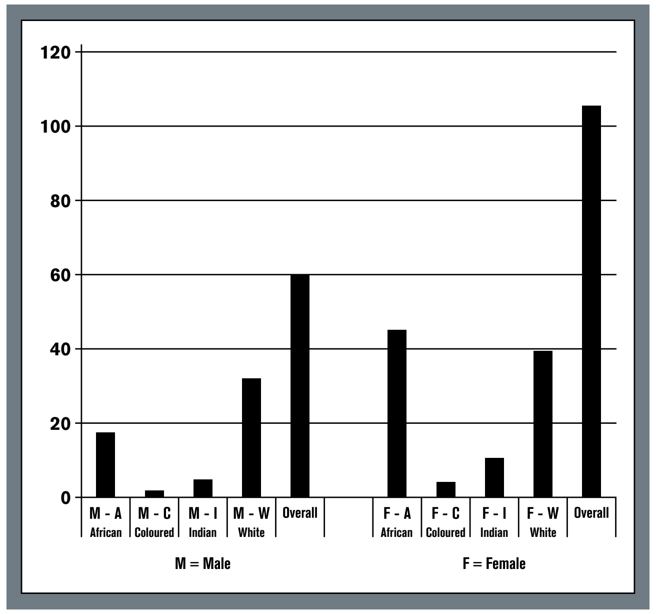
EMPLOYMENT EQUITY AND HUMAN RESOURCE DEVELOPMENT

The Bank is committed to continuously striving towards a workforce that is representative of the demographics of the markets and customers we serve and of the country as a whole. This objective is not only seen as critical, but also one which we acknowledge needs to be accelerated as the small, stable nature of the workforce may require additional impetus to be inserted.

In support of this commitment, an employment equity committee has been established, operating under the auspices of the SET Committee. This committee, made up of 7 employees elected by their peers (and 2 company representatives) is responsible for providing employee input into the development of the Bank's employment equity and transformation policies.

SABA focuses on attracting, motivating and retaining the best people for our organisation. That focus is further structured to ensure that the employment equity imperative remains a central focus and priority for the organisation.

The current composition of the organisation (as at December 2017) is as follows:



		Total
African:	63	
Coloured:	10	94 (57%)
Indian:	21	
White		71 (43%)
Total:		165

Recruitment of a diverse range of talented individuals is not enough to ensure employment equity. The Bank also continually focuses on the development of people and the transfer of skills to ensure sustainability.

During 2017, training interventions for 166 members of staff were undertaken including training on financial skills, legislation changes and compliance, information technology including training on new core banking system management, leadership skills and induction training.

The tertiary studies undertaken by members of staff were also supported, with 19 individuals receiving study bursaries during the year. 68% of these study bursaries were granted to previously disadvantaged individuals. SABA also hosted 2 Bankseta learners on a learnership programme in 2017 (1 African male and 1 African female) and 5 Bankseta learners on an internship of which all 5 learners have since been offered a contract position for +- 1 year working as testers on our Loans Project (1 African male and 4 African females).

CODE OF ETHICS AND CONDUCT

SABA encourages a culture of high performance, integrity and responsibility. Members of staff are expected to conduct their business with professionalism, diligence and the utmost honesty at all times and a clear code of ethics and set of values reflect this culture. The board monitors the culture and adherence to the code of conduct and ensures that the set of values are reflected at all levels of the organisation.

New members of staff are inducted into the organisation and are required to read, acknowledge and agree to the code of ethics and values as a part of this process. code of ethics and values as a part of this process.

The Bank's values are:

- Accountability - requiring each person to be prepared to make commitments and be judged against their commitments, to deliver on those commitments and to be responsible for their actions.
- Integrity - requiring each person to be honest, trustworthy, truthful and consistent in their conduct and decisions.
- Pushing beyond boundaries - requiring each person to recognise their obligation to the entire organisation to push beyond the limits and strive to break new ground, fuelled by passion and commitment.
- Respect - requiring each person to recognise the inherent worth of every human being and to treat all people accordingly.
- People-centred - We invest in our people and create empowering environments through development, support, mentoring, coaching, and valuing diversity, recognition, and reward.

CORPORATE SOCIAL INVESTMENT

SABA recognises its responsibility to be an active corporate citizen towards its stakeholders and in the communities within which it operates. Accordingly, the Bank is committed to playing a role in the development of these communities in a way that is characterised by sustainable development.

CSI is a major cornerstone for good corporate citizenship, and forms an integral part of the Bank's transformation, corporate accountability and governance programme.

The key principles for SABA's CSI policy are:

- To focus the majority of the Bank's CSI funding on and involvement in those communities within which it operates.
- To manage the impact of the Bank's relations with the community and environment according to ethical principles.
- To be committed to measure the effectiveness and sustainability of the CSI projects and partnerships against the Bank's goals and objectives.
- To approach all CSI projects in a consultative manner and where possible to facilitate sustainable wealth creation and self-sufficiency in the communities within which we operate.
- To become involved in CSI in a responsible, principled and innovative way that benefits both beneficiary and donor.

With these principles in mind, the Bank focuses its CSI efforts on two key areas namely education as the primary focus, and community development / support as an additional focus area.

Education and training includes secondary and tertiary education that will ultimately benefit the financial services sector (e.g. maths, science and commercial studies) as well as school building and equipping, outreach programmes and Adult Basic Education and Training (ABET). This may include contributions to communities that endeavour to build schools and classrooms in rural areas as well as outreach and special programmes in suburban and township schools. Support may also be provided to Skills Development Programmes that are aimed at improving skills levels in communities that will ultimately provide the ability to earn a living and become self-sustainable.

Community development and support includes health and social welfare, medical primary healthcare and welfare projects (e.g. food schemes) within the communities in which the Bank operates. These contributions may also be non-monetary, such as organisational, administrative support and time spent by staff to help to organise an event or project for a beneficiary. Contributions can also be made to community Aids awareness programmes aligned to government programmes and support for security and public safety programmes.

PRODUCT PORTFOLIO AND MANAGEMENT

PRODUCTS

Financing

- Overdraft facilities
- Asset Finance
- Property loans
- Commercial loans
- Home loans
- Leasing
- Letters of guarantee

Deposit and Investing

- Current accounts
- Savings accounts
- Call deposit accounts
- Notice deposit accounts
- Fixed deposit accounts

Foreign Exchange

- Documentary letters of credit
- Foreign bills for collection
- Overseas remittance
- Customer foreign currency accounts
- Foreign currency accounts
- Bills / cheques negotiated

Other Services

- Cash handling solutions
- Electronic banking solutions
- ATM / Debit cards
- Cheque book facilities
- Bulk Payment Services

Alliance Banking Services

- White-labelled and co-branded banking products, including account hosting
- Pre-paid card issuing
- Payments and collections aggregation
- Value-added services

ADMINISTRATION

The South African
Bank of Athens Limited
Registration number
1947/025414/06

REGISTERED OFFICE

Building 3, Inanda Green
Business Park
54 Wierda Road West
Wierda Valley
Sandton, 2196
P.O. Box 784921
Sandton, 2146.
South Africa

CONTACT DETAILS

Tel: (+27 11) 634-4300
Fax (+27 11) 838-1001
SWIFT Address BATHZAJJ
Telex 4 86976 SA
Website www.bankofathens.co.za
Customer Care Centre:
0861 102 205
info@bankofathens.co.za

COMPANY SECRETARY

Vacant

CHIEF EXECUTIVE OFFICER

Spiro Georgopoulos

CHIEF FINANCIAL OFFICER

Chrisanthi Michaelides

CHIEF RISK OFFICER

David Haarhoff

CHIEF OPERATING OFFICER

Darryl Adriaanzen

HEAD: BUSINESS AND COMMERCIAL BANKING

Paul de Bruyn

HEAD: CREDIT

Roy Scott

HEAD: OPERATIONS

Michael Schwark

HEAD: COMPLIANCE AND LEGAL

Hermann Krull

HEAD: INTERNAL AUDIT

Karin Klein

HEAD: HUMAN RESOURCES

Cessy Frazao

HEAD: ALLIANCE BANKING

Helder Marques

HEAD: INFORMATION TECHNOLOGY

Peter Oeschger

HEAD: BUSINESS INTELLIGENCE

Brendan van Zyl

BUSINESS AND COMMERCIAL BANKING

The Business Banking offering is focused on the cornerstones of business banking: transactional banking, lending and deposit taking and is aimed at the small and medium sized business customer.

The range of products and solutions on offer ensures that the Bank is able to serve and grow with its customers in this target market. A full integration with the treasury and global transactional service business unit also allows SABA to handle all of our customers' international business transactions.

The Athens wealth partnership delivers risk and investment solutions provided by leading providers in the industry. This partnership provides solutions to short and long term insurance needs, as well as investment management to build and preserve the business and personal wealth of the Bank's customers.

All of the Business and Commercial Banking solutions are delivered through 7 business suites situated in the key business nodes around the country. Each business customer is allocated to an experienced and skilled relationship manager with a highly dedicated support team in the business suite. The relationship manager is the single point of entry for their customers and SABA's commitment to maintaining portfolio sizes at well below the industry average means a far more dedicated and personalised service to customers.

The personalised high-touch service environment delivered by the Relationship Managers is further backed up by an internet banking platform that has been specifically designed for the needs of the SME business market.

TREASURY AND GLOBAL TRANSACTION SERVICES (GTS)

Treasury and GTS focuses on providing professional and personalised Foreign Exchange services to the small business banking market both directly and through our intermediary partners.

The Bank's range of products includes Spot trades; Forward Contracts (FEC); CFC & FCA accounts; letters of credit; foreign bills for collection; cross border payments (SWIFT) and Exchange Control Applications. The Bank also facilitates foreign investments and travel allowances. These products are delivered in all major currencies by a dedicated and experienced team of professionals.

SABA's highly skilled team of Treasury dealers provide our customers with competitive pricing for both Foreign Exchange and investment rates. These dealers also provide relevant market news and advice to customers, whilst the GTS team will ensures that Foreign Currency payments are executed timeously, accurately and in terms of Exchange Control Regulations.

The above products and services are not only available through our Sandton Head office but are facilitated through 7 business suites located in the key business nodes around the country. Each business customer is not only allocated an experienced and skilled relationship manager but also a Foreign Exchange Professional within the GTS team.

ALLIANCE BANKING

The Alliance Banking business model has matured over the last few years, with SABA developing a leading set of capabilities as preferred supplier of sponsored banking services across a number of sectors including Retail, Insurance, Financial and Technology.

The Bank has carefully selected and developed relationships with a number of Fintech companies, Banks and Retailers through an interoperable solution that is able to provide highly customisable banking solutions. This capability supports the customer value proposition of non-financial services companies by enabling them with payment solutions across traditional payment types, non-traditional payments and a range of valued-added services.

The Bank has built an environment that is able to facilitate the sponsorship of ideas, payment streams, new technologies and interconnected products where SABA's agility and open eco-systems rapidly enables an alliance partner's financial services business strategy.

Solutions are developed in partnership where SABA manages the interoperable banking back office focused on complex regulatory compliance, settlement and banking standards whilst the alliance partner maintains and grows its relationship with customers, creating a business that is fit for purpose, seeing the alliance partner through the evolution of financial services.

INDEX TO ANNUAL FINANCIAL STATEMENTS

DIRECTORS RESPONSIBILITY AND APPROVAL FOR THE ANNUAL FINANCIAL STATEMENTS

The Directors are responsible for the preparation and integrity of the Annual Financial Statements and related information included in this report. In order for the Board to discharge its responsibilities, management has developed and continues to maintain systems of internal control. The Board has ultimate responsibility for the systems of internal control and reviews their effectiveness, primarily through the Audit and Compliance Committee. As part of the systems of internal controls, the Bank's Internal Audit department conducts operational, financial and specific audits, and reports directly to the Audit Committee. The external auditors are responsible for reporting on the Annual Financial Statements.

At the time of preparing this report, the holding company was National Bank of Greece (NBG), which is incorporated in Greece, with its head office in Athens. There is, as was reported at the previous Annual General Meeting, a transaction underway in which NBG will dispose of its full shareholding to GroCapital Holdings, a South African company. At the time of preparing this report, that transaction remained incomplete pending the approval of the Minister of Finance.

The Directors have no reason to believe that the Bank will not be a going concern in the year ahead and have continued to adopt the going concern basis in preparing the financial statements.

The Annual Financial Statements have been prepared in accordance with the provisions of the Companies Act and comply with International Financial Reporting Standards. The Annual Financial Statements are based on appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Annual Financial Statements for the year ended 31 December 2017 were approved by the Board of Directors on the 20th of April 2018 and are signed on its behalf by:

P. Ranchod
Chairman
Johannesburg
30 April 2018

S. Georgopoulos
Chief Executive Officer
Johannesburg
30 April 2018

COMPANY SECRETARY'S CERTIFICATE

In terms of section 88(2)(e) of the Companies Act, as amended, I certify that The South African Bank of Athens Limited has lodged with the Commissioner all returns as required by a public company, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Wilma Botha
Acting Company Secretary
30 April 2018

INDEPENDANT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THE SOUTH AFRICAN BANK OF ATHENS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The South African Bank of Athens Limited (the Company) as at 31 December 2017, and its financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

The South African Bank of Athens Limited's financial statements set out on pages 33 to 68 comprise:

- the statements of financial position as at 31 December 2017;
- the statements of comprehensive income for the year then ended;
- the statements of changes in equity for the year then ended;
- the statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

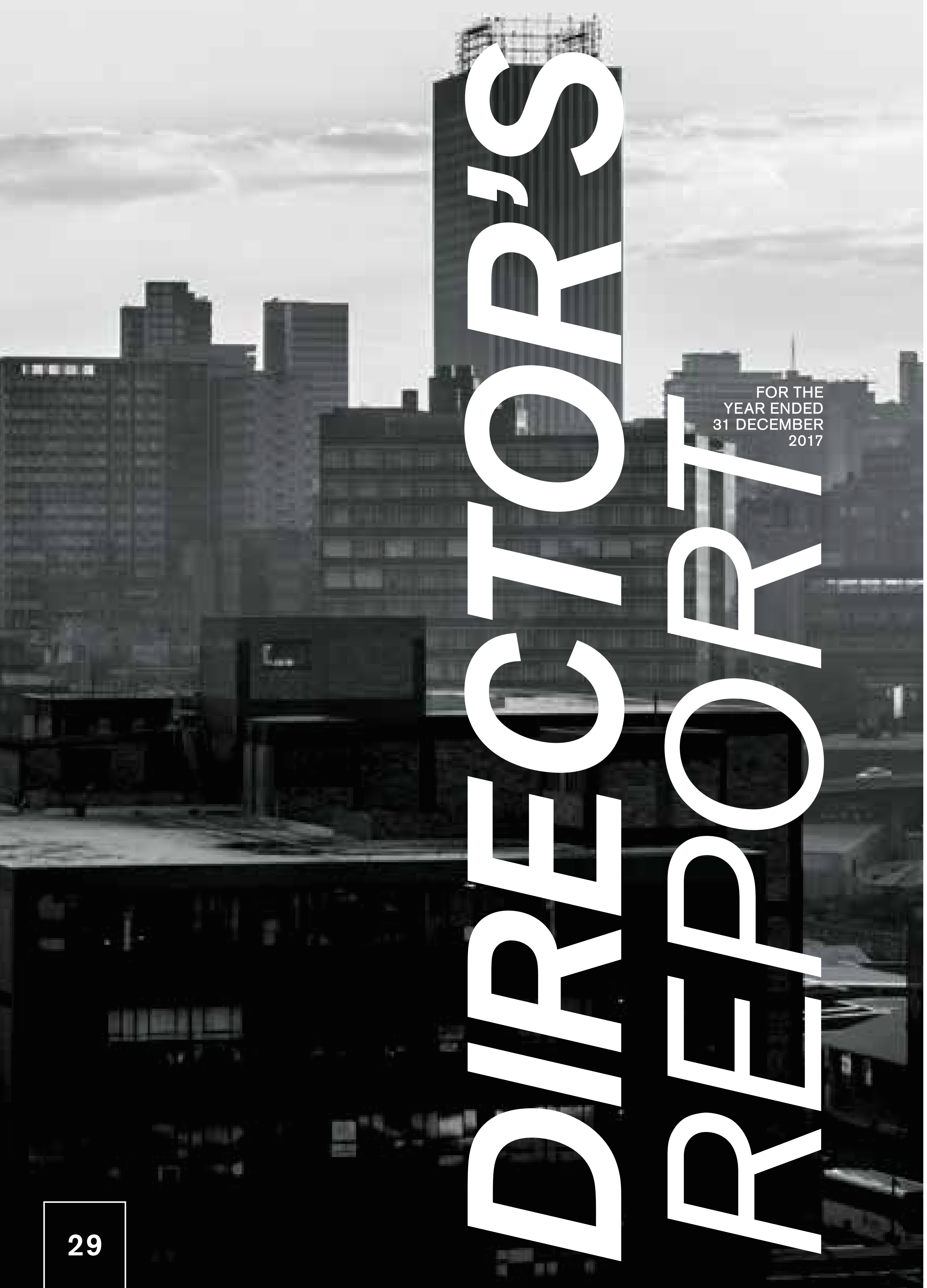
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of The South African Bank of Athens Limited for 1 year.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Vincent Tshikhovhokhovho
Registered Auditor
Johannesburg
30 April 2018



DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors have pleasure in submitting their report on the activities of the Bank for the financial year ended 31 December 2017.

NATURE OF THE BUSINESS

The Bank continued to service its customer base as a long standing commercial and clearing bank through its head office and seven business suites spread throughout the country. Its focus during the year under review remained on medium-sized entrepreneurial businesses and small corporates as well as the related personal banking requirements of these businesses.

Additional focus was placed on enhancing the Bank's alliance banking offering (previously referred to as sponsored banking).

CAPITAL STRUCTURE

There has been no change in the structure of authorised share capital for the year under review. The unissued shares are under the control of the Directors subject to the notification to and specific approval by the National Bank of Greece S.A. (NBG), until the next Annual General Meeting.

During the year two capital raising exercise were undertaken. During January 2017 R 19, 999,991 share capital was raised by issuing 2 072 538 ordinary shares at a premium of R8.65 per share and during December 2017 R14 999 989 share capital was raised by issuing 1 689 188 ordinary shares a premium of R7.88 per share. (See notes 10 and 11).

The results of the Bank are set out in the financial statements and supporting notes.

DIVIDENDS

No dividends have been proposed or declared for the year under review (2016: Nil).

HOLDING COMPANY

The holding company is National Bank of Greece S.A. (NBG) which is incorporated in Greece, with its head office in Athens. The holding company is in the process of disposing of its shareholding in the Bank to GroCapital Holdings. This transaction remains in progress pending final regulatory approval. During this transition, the holding company has continued to support the Bank and the Directors have no reason to believe that this support will not continue.

GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The bank has made a loss of R25.7million and R29.4million in the current (2017) and prior (2016) financial period respectively, however the bank is still solvent and has a net asset value as at 31 December 2017 of R276million (2016:R267million).

After making due enquiries, having regard to the proposed share sale transaction and having carefully considered the factors impacting the Bank's going concern, including the Bank's capital adequacy and liquidity for the next 12 months, the commitment by the current shareholder (NBG) and the agreed business plans with and the commitments made by the proposed new majority shareholder, the Directors consider that the Bank has adequate resources to continue operating for the foreseeable future and enabling it to pay its debts as and when they fall due. The financial statements have therefore been prepared on the going concern basis.

POST BALANCE SHEET EVENTS

On 7 March 2017, the National Bank of Greece S.A. announced that it had entered into a definitive agreement to sell its entire stake (99.81%) in SABA to GroCapital Holdings (Pty) Ltd.

The transaction remains subject to Board approval and all regulatory approvals and is expected to close in the middle of 2018.

DIRECTORATE AND SECRETARY

Details of the Directors and the company secretary of the Bank are provided on the inside cover and page 15 respectively.

The Directors of the Bank as at 19 April 2018 are:

Non-executive:
G. Grigoropoulos
A. Lizos

Independent, Non-executive:
P. Ranchod
G. Bizos
T.J. Fearnhead
R. Shough
W. Krüger

Executive:
S. Georgopoulos (Chief Executive Officer)
D.J. Adriaanzen
C. Michaelides
D. Haarhoff

Registered address:
Block 3, Inanda Greens Business Park
54 Wierda Road West
Wierda Valley
Sandton

REPORT FROM THE CHAIRMAN OF THE *AUDIT AND COMPLIANCE COMMITTEE*

AS AT 31 DECEMBER 2017

The report provides an overview of the SABA Audit and Compliance Committee (ACC) and its activities and how it has discharged its responsibilities for the financial year ended 31 December 2017.

The ACC is an independent statutory committee appointed by the shareholders. Further duties are delegated to the ACC by the board of directors of the Bank. This report includes both these sets of duties and responsibilities.

1. AUDIT AND COMPLIANCE COMMITTEE TERMS OF REFERENCE

The ACC has adopted a formal terms of reference that has been approved by the Board of Directors.

The Committee has conducted its affairs in compliance with its terms of reference and has discharged its responsibilities contained therein. The terms of reference are available on request from the Company Secretary.

2. AUDIT COMMITTEE MEMBERS, MEETING ATTENDANCE AND ASSESSMENT

The ACC is independent and consists of independent, non-executive directors. During the year under review the ACC comprised three members, Mr RA Shough (Chairman), Mr TJ Fearnhead and Mr W Krüger, and four meetings were held with all members attending. The Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Risk Officer, Head of Internal Audit, Head of Compliance and Legal Services, External Auditor and other risk and related assurance providers attend meetings by invitation only.

The Chairman of the Board attends ACC meetings at his discretion. The effectiveness of the ACC and its individual members is assessed on an annual basis.

3. ROLE AND RESPONSIBILITIES

Statutory duties

The ACC's role and responsibilities include statutory duties per the Companies Act, 2008, and further responsibilities assigned to it by the board. The ACC executed its duties in terms of the requirements of King IV.

External auditor appointment and independence

The appointment of the Bank's external auditors is determined by the NBG Group Audit Committee. In accordance with section 94(8) of the Companies Act, 2008, which includes consideration of previous appointments of the auditor, the extent of other work undertaken by the auditor for the Bank and compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors, the ACC has satisfied itself that the auditors are independent of the Bank and are thereby able to conduct their audit functions without any influence from the Bank.

Requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence. The committee agreed to the engagement terms, audit plan and budgeted audit fees, in consultation with executive management, for the 2017 year.

There is a procedure that governs the process whereby the auditor is considered for non-audit services. During 2017, the previous auditor (Deloitte) provided project assurance services in relation to the implementation project for the Bank's new core banking system.

Financial statements and accounting practices

The ACC has reviewed the accounting policies and the financial statements of the Bank and is satisfied that they are appropriate and comply with International Financial Reporting Standards. There were no matters of concern or complaint as envisaged by section 94(7) (g) of the Companies Act, 2008, received from within or outside the company which came to the attention of the ACC in the past financial year.

Internal financial controls

The Bank's Internal Audit unit performed an assessment of the effectiveness of the Bank's system of internal control and risk management, including internal financial controls. This assessment by the Internal Audit department as well as other sources of assurance formed the basis for the ACC's recommendation in this regard to the Board, in order for the board to report thereon. The ACC has assessed the internal financial controls as satisfactory.

Internal audit

The ACC is responsible for ensuring that the Bank's Internal Audit function is independent and has the necessary resources, standing and authority within the Bank to enable it to discharge its duties. Furthermore, the committee oversees cooperation between the internal and external auditors, and serves as a link between the Board of Directors and these functions.
The ACC considered and recommended the internal audit charter for approval by the Board. The Internal Audit function's annual audit plan was approved by the ACC.

The Internal Audit function has responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all of the Bank's operations. The Head of Internal Audit is responsible for reporting the findings of the internal audit work against the agreed internal audit plan to the ACC and the NBG Chief Audit Executive on a regular basis.

The Head of Internal Audit reports directly to the ACC, primarily through its chairman. During the year, the committee met with the external auditors and with the Head of Internal Audit without management being present.

Compliance

The Bank's compliance plan for the year is reviewed and approved by the ACC to ensure adequate coverage of all the key areas. Findings are reported regularly to the ACC to ensure that the compliance function effectively discharges its responsibility.

The Head of Compliance and Legal Services reports directly to the ACC, primarily through its chairman. During the year, the committee met with the Head of Compliance without management being present.

Governance of risk

The Board has assigned oversight of the Bank's risk management function to the Enterprise Risk and Capital Management Committee (ERCM). The chairman of the ACC is a member of the ERCM committee, and conversely the chairman of the ERCM committee is a member of the ACC, ensuring that information relevant to these committees is transferred regularly.

The ACC fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as it relates to financial reporting.

Evaluation of the expertise and experience of financial director and finance function

The ACC has considered, and has satisfied itself, of the appropriateness of the expertise and the adequacy of the resources of the finance function. It has also considered and satisfied itself of the expertise and experience of the Chief Financial Officer and senior members of management responsible for the finance function.

The ACC is satisfied that it has fulfilled its legal, regulatory and other responsibilities.

RA Shough
30 April 2018
Chairman: Audit and Compliance Committee

STATEMENT OF *FINANCIAL POSITION*

AS AT 31 DECEMBER 2017

	Notes	2017 R'000	2016 R'000
ASSETS			
Cash and cash equivalent	1	**300 691**	**256 561**
Derivative financial instruments	2	**22 380**	**4 245**
Short-term negotiable securities	3	**135 788**	**153 026**
Other investments	4	**15**	**15**
Accounts receivable	5	**13 339**	**14 967**
Loans and Advances	6, 7	**1 772 553**	**1 734 771**
Investment Property	8	**9 500**	**10 400**
Property and equipment	9	**16 767**	**15 541**
Intangible assets	10	**83 730**	**75 935**
TOTAL ASSETS		**2 354 763**	**2 265 461**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	**31 781**	**28 019**
Share premium	12	**406 404**	**375 166**
Revaluation reserves	13	**4 597**	**4 635**
Accumulated loss		**(166 347)**	**(140 627)**
TOTAL EQUITY		**276 435**	**267 193**
Derivative financial instruments	2	**20 400**	**15 190**
Deposits and current accounts	15	**1 941 563**	**1 893 567**
Accounts payable	16	**66 365**	**39 511**
Long term debt instruments	14	**50 000**	**50 000**
TOTAL LIABILITIES		**2 078 328**	**1 998 268**
TOTAL EQUITY AND LIABILITIES		**2 354 763**	**2 265 461**

STATEMENT OF *COMPREHENSIVE INCOME*

AS AT 31 DECEMBER 2017

	Notes	2017 R'000	2016 R'000
Interest income	18,1	215 882	212 827
Interest expense	18,2	(127 284)	(126 405)
Net interest income		**88 598**	**86 422**
Net charge for bad and doubtful advances	7	(11 181)	(18 325)
Non-interest income	18,3	60 856	53 389
Operating income		**138 273**	**121 486**
Staff cost	18,4	(75 745)	(65 245)
Depreciation and amortisation	18,4	(12 578)	(7 776)
Operating lease expenses	18,4	(10 690)	(10 815)
Other operating expenses	18,4	(64 080)	(67 006)
Loss before taxation		**(24 820)**	**(29 356)**
Loss on revaluation of Investment property		**(900)**	
Income tax expense	18	-	-
Loss for the year		**(25 720)**	**(29 356)**
OTHER COMPREHENSIVE LOSS, NET OF TAXATION			
Net (loss) profit on available for sale financial assets	3	(38)	269
Revaluation of land and buildings		-	(800)
Total comprehensive loss for the year		**(25 758)**	**(29 887)**
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Holding company		(25 675)	(29 300)
Minority shareholders		(45)	(56)
		(25 720)	(29 356)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Holding company		(25 713)	(29 830)
Minority shareholders		(45)	(57)
		(25 758)	(29 887)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

AS AT 31 DECEMBER 2017

	Share capital R'000	Share premium R'000	Available for sale financial asset R'000	Properties revaluation reserve R'000	Accumulated loss R'000	Total R'000
Balance at 1 January 2016	**24 158**	**339 027**	**(368)**	**5 534**	**(111 271)**	**257 080**
Issue of ordinary shares	3 861	36 139	-	-	-	40 000
Loss for the year	-	-	-	-	(29 356)	(29 356)
Other comprehensive loss for the year	-	-	269	(800)	-	(531)
Balance at 31 December 2016	**28 019**	**375 166**	**(99)**	**4 734**	**(140 627)**	**267 193**
Issue of ordinary shares	3 762	31 238	-	-	-	35 000
Loss for the year	-	-	-	-	(25 720)	(25 720)
Other comprehensive loss for the year	-	-	(38)	-	-	(38)
Balance at 31 December 2017	**31 781**	**406 404**	**(137)**	**4 734**	**(166 347)**	**276 435**

STATEMENT OF CASH FLOW

AS AT 31 DECEMBER 2017

	Note	2017 R'000	2016 R'000
Cash flows from operating activities			
Cash receipts from customers	24,1	277 416	266 443
Cash paid to customers, suppliers and employees	24,2	(277 799)	(269 471)
Cash generated from operations	**24,5**	**(383)**	**(3 028)**
Net decrease (increase) in income earning assets	24,3	(43 993)	98 475
Net increase (decrease) in deposits and other accounts	24,4	74 849	(263 144)
Net cash inflow / (outflow) from operating activities		**30 473**	**(167 697)**
Cash flows from investing activities			
Purchase of intangible assets		(16 393)	(23 805)
Purchase of property and equipment		(6 842)	(2 988)
Proceeds on sale of property and equipment		1 892	41
Net cash outflow from investing activities		**(21 343)**	**(26 752)**
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Bank		35 000	40 000
Net cash inflow / (outflow) from financing activities		**35 000**	**40 000**
Net cash inflow / (outflow) for the year		**44 130**	**(154 449)**
Cash and cash equivalents at the beginning of the year		256 561	411 010
Cash and cash equivalents at the end of the year		**300 691**	**256 561**

SUMMARY OF SIGNIFICANT *ACCOUNTING POLICIES*

1. STATEMENT OF COMPLIANCE

The Financial Statements of the Bank have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are stated in South African Rands, rounded to the nearest thousand (unless otherwise stated).

2. BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis, except for the property measured at the revalued amount and financial instruments classified as available-for-sale financial assets, financial assets and financial liabilities held at fair value through profit or loss and derivative contracts, which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

3.1. New standards, amendments and interpretations to existing standards effective after 2017.

- **IFRS 7: Financial Instruments: Disclosures**
  Defferral of mandatory effective date of IFRS 9 and amendments to transitions disclosures. Effective date annual periods beginning on or after 1 January 2018.

- **IFRS 9: Financial Instruments**
  Reissue of a complete standard with all the chapters incorporated. Effective date annual periods beginning on or after 1 January 2018. Refer to note 7 on the expected impact of IFRS 9.

- **IFRS 13: Fair Value Measurement**
  Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52). Effective date annual periods beginning on or after 1 July 2018.

- **IFRS 15: Revenue from contracts with customers**
  The principles that an entity shall apply to report useful information to users about the nature, amount, timing and uncertainty of revenue and cashflows arising from a contract with a customer. Amendments to defer the effective date to 1 January 2018. The Bank has considered the impact of IRFS 15 and there will be no material impact.

- **IFRS 16: Leases**
  Standard issue in January 2016. Effective date annual periods beginning on or after 1 January 2019.

- **IAS 40: Investment Property**
  Amendments clarifying the requirements regarding transfers to, or from, investment property. Effective date annual periods beginning on or after 1 January 2018.

4. FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of the Bank are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity ("the functional currency"). The financial statements of the Bank are presented in thousands of South African Rands (ZAR), which is the functional currency of the Bank. Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. Translation differences on debt securities and other monetary financial assets re-measured at fair value are included in foreign exchange gains and losses.

Translation differences on non-monetary financial assets are a component of the change in their fair value and are recognised in profit and loss for equity securities held for trading, or in other comprehensive income for equity securities classified as available for sale investment securities. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction.

Depending on the classification of a non-monetary financial asset, translation differences are either recognised in the Statement of Comprehensive Income (applicable for example for equity securities held for trading), or within shareholders' equity, if non-monetary financial assets are classified as available for sale investment securities.

5. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Bank becomes a party to the contractual provisions of the instrument.

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 fair value through profit or loss) 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 fair value through profit or loss are recognised immediately in profit or loss.

5.1. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

The Bank designates at initial recognition certain financial assets or liabilities as at fair value through profit or loss when:

- Doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as "an accounting mismatch") that would otherwise arise if the related derivatives were treated as held for trading and the underlying financial instruments were carried at amortised cost such as loans and advances to customers or banks and debt securities in issue;

- A book of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Bank is provided internally on that basis to key management personnel, for example the Board of Directors and the Chief Executive Officer;

- The financial instruments contain one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments and would have to be separated if not in this category.

The fair value designation, once made, is irrevocable.

5.2. MEASUREMENT

Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value and subsequently measured at fair value. Gains and losses on disposal or redemption and unrealised gains and losses from changes in the fair value are included in fair value gains and losses.

Dividend income is recognised in the income statement when the right to receive payment is established. This is the ex-dividend for equity securities and is separately reported and included in "Net other income / (expense)".

The amount of change during the period, and cumulatively, in the fair values of designated financial liabilities and loans and advances to customers that is attributable to changes in their credit risk is determined as the amount of change in the fair value that is not attributable to changes in market conditions that give rise to market risk.

6. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments including foreign exchange contracts, forward rate agreements, currency and interest rate swaps, interest rate futures, currency and interest rate options (both written and purchased) and other derivative financial instruments are initially recognised in the Statement of Financial position at fair value and subsequently remeasured at their fair value.

Derivatives are presented in assets when favourable to the Bank and in liabilities when unfavourable to the Bank. Fair values are obtained from quoted market prices, dealer price quotations, or discounted cash flow models, as appropriate. Derivatives are not entered into for trading nor speculative purposes. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income.

A derivative may be embedded in another financial instrument, known as "host contract". In such cases, the derivative instrument is separated from the host contract and treated as a separate derivative, provided that its risks and economic characteristics are not closely related to those of the host contract, the embedded derivative actually meets the definition of a derivative and the host contract is not carried at fair value with unrealised gains and losses reported in the Statement of Comprehensive Income.

Certain derivative instruments transacted as effective economic hedges under the Bank's risk management positions, do not qualify for hedge accounting under the specific rules of IAS 39 and are therefore treated in the same way as derivative instruments held for trading purposes, i.e. fair value gains and losses are recognised in the Statement of Comprehensive Income.

7. INVESTMENT SECURITIES

Investment securities are initially recognised at fair value (including transaction costs) and classified as available for sale. Investment securities are recognised on the trade date, which is the date that the Bank commits to purchase or sell the asset. Investments, where it is impracticable to determine fair value, are carried at cost.

Available for sale investment securities are measured subsequent to initial recognition at fair value based on quoted bid prices in active markets, dealer price quotations or discounted expected cash flows. Fair values for unquoted equity investments are determined by applying recognised valuation techniques such as price/earnings or price/cash flow ratios, refined to reflect the specific circumstances of the issuer. Unquoted equity instruments whose fair value cannot be reliably estimated are carried at cost. Unrealised gains and losses arising from changes in the fair value of available for sale investment securities are reported in shareholders' equity, net of taxes (where applicable), until such investment is sold, collected or otherwise disposed of, or until such investment is determined to be impaired.

Available for sale investment securities may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates or equity prices. When an available for sale investment security is disposed of or impaired, the accumulated unrealised gain or loss included in shareholders' equity is transferred to the income statement for the period and reported as gains/losses from investment securities. Gains and losses on disposal are determined using the moving average cost method.

Held-to-maturity investment securities consist of non-derivative, securities that are quoted in an active market, with fixed or determinable payments and fixed maturities, which the management has the positive intent and ability to hold to maturity. Loan and receivable investment securities consist of non-derivative investment securities with fixed or determinable payments that are not quoted in an active market.

Held-to-maturity and loan and receivable investment securities are carried at amortised cost using the effective interest rate method, less any provision for impairment. Amortised cost is calculated by taking into account any fees, points paid or received, transaction costs and any discount or premium on acquisition.

Impairment: The Bank assesses at each reporting date whether there is objective evidence that an investment security or a Bank is impaired of such securities. Particularly for equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered, among other factors, in determining whether the assets are impaired.

If any objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in the Statement of Comprehensive Income. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the Statement of Comprehensive Income.The amount of the impairment loss for held to maturity and loans and receivable investment securities, which are carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate.

Interest earned while holding investment securities is reported as interest income. Dividend income is recognised when the right to receive payment is established (Declaration date) for equity securities and is separately reported and included in Net other income.

8. RECLASSIFICATION OF FINANCIAL INSTRUMENTS

The Bank reclassifies non-derivative debt instruments out of the trading and available-for-sale categories and into the loans and receivables category if the instruments meet the definition of this category at the date of reclassification and the Bank has the intention and ability to hold the instruments for the foreseeable future or until maturity.

When rare circumstances cause significant deterioration in the trading activity or substantially affect the observable prices of non-derivative financial assets classified in the trading category, the Bank reclassifies such financial assets out of the trading category and into the held-to-maturity or available-for-sale categories, provided the assets meet definition of the respective category at the date of reclassification and the Bank does not have the intention to sell them in the near term.

If there is a change in intention or ability to hold a debt financial instrument to maturity, the Bank reclassifies such instruments out of the available-for-sale category and into the held-to-maturity category, provided the instruments meet the definition of the latter at the date of reclassification.

For financial assets reclassified as described above, the fair value at the date of reclassification becomes the new amortised cost at that date.

When the instruments reclassified out of the trading category include embedded derivatives, the Bank reassesses at the reclassification date whether the embedded derivatives need to be separated from the host contract, on the basis of the circumstances that existed when the Bank became a party to the contract.

The Bank transfers debt instruments that have been reclassified as loans and receivables from the trading or available-for-sale categories, into the available-for-sale category if the instruments subsequently become quoted in an active market and the Bank does not intend to hold them for the foreseeable future or until maturity. The fair value of the instruments at the date of reclassification becomes the new amortised cost at that date. The difference between the amortised cost immediately prior to reclassification and the fair value at the date of reclassification is recognised in the available-for-sale securities reserve through other comprehensive income and is amortised in the Statement of Comprehensive Income.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Bank measures the fair value of its financial instruments based on a framework for measuring fair value that categorises financial instruments based on a three-level hierarchy of the inputs to the valuation technique, as discussed below.

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market.

Level 2: Observable inputs other than Level 1 quoted prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data (for example derived from prices) for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments, as well as debt securities without quoted prices and certain derivative contracts whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes government and corporate debt securities with prices in markets that are not active and certain over-the-counter (OTC) derivative contracts.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety, is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

10. RECOGNITION OF DEFERRED DAY 1 PROFIT OR LOSS

When the fair value is determined using valuation models for which not all inputs are market observable prices or rates, the Bank initially recognises a financial instrument at the transaction price, which is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. Such a difference between the transaction price and the model value is commonly referred to as "Day 1 profit or loss". The Bank does not recognise that initial difference, immediately in profit or loss.

Deferred Day 1 profit or loss is amortised over the life of the instrument, deferred until fair value can be determined using market observable inputs, or realised through settlement. In all instances any unrecognised Day 1 profit or loss is immediately released to income if fair value of the financial instrument in question can be determined either by using market observable model inputs or by reference to a quoted price for the same product in an active market or upon settlement.

After entering into a transaction, the Bank measures the financial instrument at fair value, adjusted for the deferred Day 1 profit or loss. Subsequent changes in fair value are recognised immediately in the income without reversal of deferred Day 1 profits and losses.

11. LOANS AND ADVANCES

Loans and advances originated by the Bank, where money is provided directly to the borrower, other than those that are originated with the intent to be sold (if any), in which case they are recorded as available for sale investments securities.

Loans originated by the Bank are recognised when cash is advanced to borrowers. Loans and advances to customers are initially recorded at fair value including any transaction costs, and are subsequently valued at amortised cost using the effective interest rate method.

Interest on loans and advances is included in interest income and is recognised on an effective interest rate method. Fees and direct costs relating to a loan origination, financing or restructuring and to loan commitments are treated as part of the cost of the transaction and are deferred and amortised to interest income over the life of the loan using the effective interest rate method, unless they are designated as at "fair value through profit or loss".

11.1. IMPAIRMENT LOSSES ON LOANS AND ADVANCES

The Bank assesses at each reporting date whether there is objective evidence that a loan (or bank of loans) is impaired. The Bank assesses whether objective evidence of impairment exists for loans that are considered individually significant (Specific Provision) and collectively for loans that are not considered individually significant (General Provision).

A loan (or bank of loans) is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan ("loss event") and that loss event (or events) has an impact on the estimated future cash flows of the loan (or bank of loans) that can be reliably estimated.

A credit risk provision for loan impairment is established if there is objective evidence that the Bank will be unable to collect all amounts due on a claim according to the original contractual terms. Objective evidence that a claim is impaired includes observable data that comes to the Bank's attention about the following loss events, but not restricted to:

a. significant financial difficulty of the issuer or obligor;

b. a breach of contract, such as a default or delinquency in interest or principal payments (in arrears for a period over 90 days);

c. the Bank, for economic or legal reasons relating to the borrower's financial difficulty;

d. it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

e. the disappearance of an active market for that financial asset because of financial difficulties; or

f. observable data indicating that there is a measurable decrease in the estimated future cash flows from a bank of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Bank, including:

f.1. adverse changes in the payment status of borrowers in the Bank (e.g. an increased number of delayed payments); or

f.2. national or local economic conditions that correlate with defaults on the assets in the Bank.

A provision for loan impairment is reported as a reduction of the carrying amount of a claim on the Statement of Financial Position. Any identified impairment losses are recognised in the Statement of Comprehensive Income. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has ocurred, the amount of the loss is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at a) the loan's original effective interest rate, if the loan bears a fixed interest rate, or b) current effective interest rate, if the loan bears a variable interest rate. Interest in Abeyance is interest earned on non-performing loans and is not recognised as part of profit and loss.

In determining impairment losses the bank applies judgement whether there is any information indicating that there may be a measurable decrease in the expected cash flow from a certain portfolio of loans, prior to the identification of a possible single impaired loan contained in a specific portfolio. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects and conditions in the historical period that do not currently exist.

Management utilises estimates based on historical loss experience for assets with similar credit attributes and any other evidence collected during normal course of business in the calculation of the different credit portfolios expected future cash flows. Management regularly reviews the methodologies and assumptions applied in the calculation of the estimated future cash flows, the timing thereof and the amount. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income as part of impairment losses on loans and advances to customers.

12. RENEGOTIATED LOANS

Once the terms of a loan have been renegotiated, and the minimum number of payments have been paid and all other conditions required under the new arrangement have been fulfilled, the loan is no longer considered past due. The Bank continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to individual or collective impairment assessment, calculated using the loan's original effective interest rate.

13. DERECOGNITION

13.1. FINANCIAL ASSETS

A financial asset (or, where applicable a part of a financial asset or part of a bank of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Bank retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Bank has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

As part of its activities, the Bank securitises certain financial assets, generally through the sale of these assets to special purposes entities, which issue securities collateralised with these assets.

To the extent that the Bank sells these securities to third party investors, the transferred assets may qualify for derecognition in full or in part. Gains or losses on securitisations are based on the carrying amount of the financial assets derecognised and the retained interest, based on their relative fair values at the date of the transfer.

13.2. FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

14. REGULAR WAY PURCHASES AND SALES

"Regular way" purchases and sales of financial assets and liabilities (that is, those that require delivery within the time frame established by regulation or market convention) are recognised on the settlement date apart from trading and investment securities and derivative financial instruments, which are recognised on the trade date, which is the date that the Bank commits to purchase or sell the asset. Other purchases and sales of trading securities are treated as derivatives until settlement occurs.

15. INTEREST INCOME AND EXPENSE

Interest income and expense are recognised in the Statement of Comprehensive Income for all interest bearing financial instruments using the effective interest rate method. Interest income includes interest on loans and advances to customers, coupons earned on fixed income investment and trading securities and accrued discount and premium on treasury bills and other instruments. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows, considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Fees and direct costs relating to a loan origination or acquiring a security, financing or restructuring loan commitments are deferred and amortised over the life of the instrument using the effective interest rate method. Once a financial asset or a Bank of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Included in interest expense is foreign funding costs of converting foreign funds received into local currency.

16. FEE AND COMMISSION INCOME

Fees and commissions are generally recognised on an accrual basis over the period the service is provided. Commissions and fees arising from negotiating – or participating in the negotiation of a transaction for a third party, such as acquisition of loans, equity shares or other securities or the purchase or sale of businesses – are recognised upon completion of the underlying transaction.

17. PROPERTY AND EQUIPMENT

Property and equipment include land and buildings, leasehold improvements and transportation and other equipment, held by the Bank for use in the supply of services or for administrative purposes. Property and equipment are initially recorded at cost, which includes all costs that are required to bring an asset into operating condition.

Subsequent to initial recognition, property and equipment excluding Land are measured at cost less accumulated depreciation and accumulated impairment losses. Costs incurred subsequent to the acquisition of an asset, which is classified as property and equipment are capitalised, only when it is probable that they will result in future economic benefits to the Bank beyond those originally anticipated for the asset, otherwise they are expensed as incurred. Land and Buildings are subsequently measured, using the revaluation model, at its fair value less accumulated depreciation and impairment losses. Land and Buildings are revalued annually by an independent valuator using market observable data and sufficiently recent similar market transactions.

Depreciation of an item of property and equipment begins when it is available for use and ceases only when the asset is derecognised. Therefore, the depreciation of an item of property and equipment that is retired from active use does not cease unless it is fully depreciated, but its useful life is reassessed. Property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Land	No depreciation
Buildings used in operation	not exceeding 20 years
Leasehold improvements	Residual lease term, not exceeding 10 years
Furniture and related equipment	not exceeding 10 years
Motor vehicles	not exceeding 5 years
Hardware and other equipment	not exceeding 5 years

At each reporting date the Bank assesses whether there is any indication that an item of property and equipment may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the asset. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Where property is revalued, the write down is first applied to the revaluation reserve to the extent that the reserve relates to the asset being written down. Foreclosed assets, which consist of properties acquired through foreclosure in full or partial satisfaction of a related loan, are initially measured at cost, which includes transaction costs, and reported under other assets.

After initial recognition, foreclosed assets are remeasured at the lower of their carrying amount and fair value less estimated costs to sell. Any gains or losses on liquidation of foreclosed assets are included in other operating income.

18. INTANGIBLE ASSETS

Intangible assets include computer software and other intangible assets that are separately identifiable.

Computer software and implementation costs include costs that are directly associated with identifiable and unique software products controlled by the Bank that are anticipated to generate future economic benefits exceeding costs beyond one year. Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software.

Computer software development costs recognised as assets, are amortised using the straight-line method over their useful lives, not exceeding a period of 20 years rolling, based on annual management assessment. Expenditure on starting up an operation or branch, training personnel, advertising and promotion and relocating or reorganising part or the entire Bank is recognised as an expense when it is incurred.

At each Statement of Financial Position date, management reviews intangible assets and assesses whether there is any indication of impairment. If such indications exist an analysis is performed to assess whether the carrying amount of intangible assets is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised as a profit or loss when the asset is derecognised.

18.1. IMPAIRMENT OF INTANGIBLE ASSETS

At the end of each reporting period, the Bank reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

19. INVESTMENT PROPERTY

Property is initially recognised at cost and subsequently measured using the fair value model. The investment is held by the Bank for investment appreciation purposes. A valuation is performed annually by an independent valuer. The fair value gains or loses are accounted through profit and loss.

20. LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

20.1. THE BANK IS THE LESSEE

20.1.1. FINANCE LEASE:

Leases where the Bank has substantially all the risks and rewards of ownership of the asset are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

The outstanding rental obligations, net of finance charges, are included in other liabilities. The interest element of the finance cost is charged to the Statement of Comprehensive Income over the lease period. All assets acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

20.1.2. OPERATING LEASE:

Leases where a significant portion of the risks and rewards of ownership of the asset are retained by the lessor are classified as operating leases. The total payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

20.2. THE BANK IS THE LESSOR

20.2.1. FINANCE LEASE:

When assets are leased out under a finance lease, the present value of the minimum lease payments is recognised as a receivable. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

Finance lease receivables are included in loans and advances to customers.

20.2.2. OPERATING LEASE:

Fixed assets leased out under operating leases are included in the statement of financial position based on the nature of the asset. They are depreciated over their useful lives on a basis consistent with similar owned property. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

21. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents include: cash on hand, unrestricted balances held with central banks, amounts due from other banks, and highly liquid financial assets with original maturities of less than three months from the date of acquisition such as treasury bills and other eligible bills, investment and trading securities which are subject to insignificant risk of changes to fair value and are used by the Bank in the management of its short-term commitments.

22. PROVISIONS

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

23. EMPLOYEE BENEFITS

The Bank has a defined contribution retirement benefit plan in accordance with Section 12(4) of the Pension Funds second Amendment Act No. 39 of 2001. Such plans are classified as pension plans or other post-retirement benefit plans. Company contributions to the retirement fund are based on a percentage of employees' remuneration.

The minimum percentage contribution is recommended by the independent actuaries. Retirement benefits are provided for all permanent staff.

23.1. DEFINED CONTRIBUTION PLANS

A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and prior periods.

The Bank's contributions to defined contribution plans are charged to the Statement of Comprehensive Income in the year to which they relate and are included in staff costs.

23.2. OTHER POST-RETIREMENT BENEFIT PLANS

The Bank's employees participate in plans, which provide for various health benefits including post-retirement healthcare benefits. Such plans are all defined contribution and the Bank's contributions are charged to the Statement of Comprehensive Income in the year to which they relate and are included in staff costs.

24. INCOME TAXES

Income tax payable on profits, based on the applicable tax laws in each jurisdiction, is recognised as an expense in the period in which profits arise.

Deferred income tax is fully provided, using the liability method, on all temporary differences arising between the carrying amounts of assets and liabilities in the Statement of Financial Position and their amounts as measured for tax purposes.

25. BORROWINGS

Borrowings are initially recognised at fair value net of transaction costs incurred.

Subsequent measurement is at amortised cost and any difference between net proceeds. The redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest rate method.

26. SHARE CAPITAL

26.1. SHARE ISSUE COSTS:

Incremental external costs directly attributable to the issue of shares and other equity items, other than on a business combination, are shown in equity as a deduction, net of tax, from the proceeds.

27. RELATED PARTY TRANSACTIONS

Related parties include entities, which the Bank has the ability to exercise significant influence in making financial and operating decisions.

Related parties include, directors, their close relatives, companies owned or controlled by them and companies over which they can influence the financial and operating policies.

All banking transactions entered into with related parties are made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with unrelated parties and do not involve more than a normal amount of risk.

28. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Introduction

In preparing the annual financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgements are continually evaluated and are based on historical experience, use of independent experts and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Unless stated otherwise the judgements applied by management in applying the accounting policies are consistent with the prior year. Included below are all the critical accounting estimates, assumptions and judgements made by the Bank. The assumptions and estimates applied for fair value measurement is included in note 21.

Estimated useful lives

The useful life of each asset is assessed individually. The benchmarks used when assessing the useful life of the individual assets are set out in accounting policy note 18 and 19.

Impairment of loans and advances

The Bank continuously assesses its credit portfolios for impairment. Significant advances are monitored by the credit committee and impaired according to the Bank's impairment policy when an indication of impairment is observed.

The objective of the measurement of an impairment loss is to produce a quantitative measure of the Bank's credit risk exposure. As referred to in accounting policy note 11.1, the Bank assesses objective evidence to determine whether the loan needs to be individually impaired. Expert valuations are used in assessing the collateral values applied in the credit impairment calculation and future cash flows.

Investment property

Fair values are determined using an independent expert valuator.

1. Cash and Cash Equivalents

	2017 R'000	2016 R'000
Coin and bank notes	**33**	**6**
Deposits with other banks	**57 017**	**38 573**
Foreign currency balances	**100 373**	**152 737**
Balances with the Central Bank	**143 268**	**65 245**
	300 691	**256 561**
The mandatory South African Reserve Bank reserve requirement is included in the above figures.	**48 861**	**43 420**

Banks are required to keep a mandatory average balance with the Central Bank. According to the Bank Act, 2.5% of the Bank's liabilities as adjusted should be maintained, therefore no withdrawal below the agreed level should be allowed to this account. The balance earns interest at 0%.

		2017 R'000	2016 R'000
FOREIGN CURRENCY BALANCES		100 373	152 737
Wespac Bank Corp, Sydney	AUD	140	248
Deutsche Bank, Frankfurt	CAD	669	474
Standard Chartered Bank Botswana, Botswana	BWP	13	14
Inteso Saint Paolo (previously Banca Commerciale Italiana), Milano	EUR	2 521	2 612
Deutsche Bank, Frankfurt	EUR	25 211	23 771
National Bank of Greece, Athens	EUR	1 034	403
National Bank of Greece, London	GBP	888	1 513
National Westminster Bank Limited, London	GBP	-	2 872
Deutsche Bank, London	GBP	6 449	-
Bank of Tokyo, Tokyo	JPY	12 675	105
Sumitomo Bank Limited, Tokyo	JPY	-	-
Barclays Bank, New York (Collateral)	USD	-	16 663
Deutsche Bankers Trust, New York	USD	25 754	62 506
United Overseas Bank, (Collateral)	USD	15 137	-
Standard Bank of South Africa, Johannesburg (Collateral)	USD	9 882	41 556

The balances on the Nostro and Collateral accounts are managed on a daily basis and kept to a minimum, hence these balances are not hedged. The conversion rates used are as per note 26.

2. Derivative Financial Instruments

The notional amount of the derivative instruments do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments. The notional amounts of these instruments indicate the nominal value of transactions outstanding at the statement of financial position date. Derivative instruments become favourable (assets) or unfavourable (liabilities) based on changes in the market. The derivative instruments are carried at fair value with movements going through the Statement of Comprehensive Income. The valuation method used to get the fair value, is market observable inputs as obtained from Reuters as defined in IFRS 13 fair value measurement, these fall within level 2 classification.

	2017 R'000	2016 R'000
ASSETS		
FOREIGN EXCHANGE CONTRACTS		
Notional	273 810	112 365
Fair value	**22 380**	4 245
LIABILITIES		
FOREIGN EXCHANGE CONTRACTS		
Notional	277 249	414 021
Fair value	**20 400**	15 190

3. Short-Term Negotiable Securities

The Short-Term Negotiable Securities consist of Treasury Bills with interest rates ranging from 6.9390% to 7.7713% and maturing during the period 3 January 2018 to 20 June 2018. These financial investments are classified as available for sale. They are carried at fair value and all the gains and losses for these financial instruments are recognised in equity, as defined in IFRS 13 fair value measurement, these fall within level 1 classification.

	2017 R'000	2016 R'000
AVAILABLE-FOR-SALE INVESTMENTS CARRIED AT FAIR VALUE		
At 1 January	**153 026**	**139 602**
Purchased Treasury Bills	404 435	365 633
Proceeds from sale of Treasury Bills	(431 090)	(361 950)
Interest earned	9 455	9 472
Revaluation reserve	(38)	269
At 31 December	**135 788**	**153 026**

4. Other Investments

Other Investments relate to an investment acquired 15 years ago in an unlisted company, called Dandyshelf 3 (Pty)Ltd. The investment acquired consists of 100 shares in the Dandyshelf 3 (Pty) Ltd. No dividend was received during 2017 or 2016. The shares are unlisted, and the Directors' valuation of the unlisted investment equates to the fair value which approximates cost as defined in IFRS 13 fair value measurement, these fall within level 3 classification.

4. Other Investments Continued

	2017 R'000	2016 R'000
FINANCIAL ASSET CARRIED AT FAIR VALUE		
Unlisted - Dandyshelf 3 (Pty) Ltd		
Fair value	**15**	**15**

5. Accounts Receivable

	2017 R'000	2016 R'000
Other accounts receivable and prepaid expenses	**13 339**	**14 967**

6. Loans and Advances

All the advances are at variable interest rates. The fair value loans and advances balances are carried at amortised cost and approximate.

	2017 R'000	2016 R'000
CATEGORY ANALYSIS		
Overdrafts	133 099	167 052
Property, commercial and other loans	644 621	668 005
Home loans	710 741	608 435
Instalment credit and lease agreements	211 558	232 737
Non-Performing Loans	123 694	189 437
	1 823 713	1 865 666

Included in Non Performing loans is suspended interest amounting to R12 751 474 (2016: R 17,490,244)

	2017	2016
Less: Credit impairment - Refer Note 7	(51 160)	(130 895)
Overdrafts	(7 229)	(27 222)
Property, commercial and other loans	(14 227)	(14 099)
Home loans	(13 930)	(10 148)
Instalment credit and lease agreements	(15 774)	(79 426)
Net Loans and Advances	**1 772 553**	**1 734 771**

	2017	2016
SECTORIAL ANALYSIS		
Agriculture	77	197
Financial, Building and property development	802 919	755 461
Individuals	542 114	519 688
Manufacturing and commerce	128 708	111 890
Transport and communication	80 823	110 628
Electricity and Water	2 369	6 827
Mining	-	2 510
Other services	266 703	358 465
	1 823 713	**1 865 666**

	2017	2016
MATURITY ANALYSIS		
Maturing within one year	381 329	405 142
Maturing after one year but within five years	700 396	755 157
Maturing after five years	741 988	705 367
	1 823 713	**1 865 666**

All loans and advances are granted within the Republic of South Africa and can be denominated in different currencies.

6. Loans and Advances Continued

NON-PERFORMING LOANS AND ADVANCES BY CATEGORY 2017	As a % of Advances	Credit Risk R'000	Securities and Other Expected Recoveries R'000	Specific Provision R'000
Overdraft	0,39%	7 137	2 471	4 666
Commercial and property loans	3,02%	55 073	45 178	9 895
Instalment sale	0,54%	9 910	4 500	5 410
Home loans	2,83%	51 574	41 381	10 193
TOTAL 2017	**6,78%**	**123 694**	**93 530**	**30 164**
NON PERFORMING LOANS AND ADVANCES BY SECTOR				
Individuals	1,81%	33 071	24 495	8 576
Manufacturing	2,52%	45 911	36 915	8 996
Transport	0,02%	454	-	454
Financial and Real Estate	1,81%	32 937	26 822	6 115
Other services	0,62%	11 321	5 298	6 023
TOTAL 2017	**6,78%**	**123 694**	**93 530**	**30 164**

NON PERFORMING LOANS AND ADVANCES BY CATEGORY 2016	As a % of Advances	Credit Risk	Securities and Other Expected Recoveries R'000	Specific Provision R'000
Overdraft	1,52%	28 405	3 928	24 477
Commercial and property loans	2,37%	44 138	35 759	8 379
Instalment sale	4,11%	76 640	8 446	68 194
Home loans	2,16%	40 253	31 403	8 851
TOTAL 2016	**10,16%**	**189 437**	**79 536**	**109 901**
NON PERFORMING LOANS AND ADVANCES BY SECTOR				
Individuals	2,48%	46 142	19 373	26 769
Manufacturing	1,29%	24 117	10 126	13 991
Transport	0,14%	2 558	1 074	1 484
Financial and Real Estate	1,95%	36 406	15 285	21 121
Other services	4,30%	80 214	33 678	46 536
TOTAL 2016	**10,16%**	**189 437**	**79 536**	**109 901**

6. Loans and Advances Continued

2017 LOANS AND ADVANCES CREDIT ANALYSIS	Consumer R'000	Mortgage R'000	Small Business Loans R'000	Corporate Loans R'000	Total Loan R'000
Neither past due nor impaired	57 645	458 620	811 179	293 739	1 621 183
Past due but not impaired	2 400	15 314	61 122	0	78 836
Individually impaired	5 388	27 683	75 064	15 559	123 694
GROSS LOANS AND ADVANCES	**65 433**	**501 617**	**947 365**	**309 298**	**1 823 713**
Total Credit Impairment	(2 513)	(6 324)	(34 115)	(8 208)	(51 160)
Less: Specific Impairment	(2 442)	(6 134)	(17 653)	(3 938)	(30 167)
Less: Portfolio Impairment	(71)	(190)	(16 462)	(4 270)	(20 993)
TOTAL NET LOANS AND ADVANCES	**62 920**	**495 293**	**913 250**	**301 090**	**1 772 553**

LOANS AND ADVANCES NEITHER PAST DUE NOR INDIVIDUALLY IMPAIRED CREDIT ANALYSIS	Consumer	Mortgage	Small Business Loans	Corporate Loans and SME loans	Total Loan
Satisfactory risk	55 721	440 806	811 179	266 436	1 574 142
Watch list	1 924	12 969	-	20 343	35 236
Substandard list	-	4 845	-	6 960	11 805
TOTAL 2017	**57 645**	**458 620**	**811 179**	**293 739**	**1 621 183**

AGEING ANALYSIS OF LOANS AND ADVANCES PAST DUE BUT NOT INDIVIDUALLY IMPAIRED					
Past due up to 30 days	1 254	12 093	49 592	-	62 939
Past due 31 - 60 days	-	3 221	4 326	-	7 547
Past due 61 - 90 days	1 146	-	7 204	-	8 350
Past due 91 - 180 days	-	-	-	-	-
Past due 181 - 365 days	-	-	-	-	-
Past due 1 - 2 years	-	-	-	-	-
Past due over 2 years	-	-	-	-	-
TOTAL 2017	**2 400**	**15 314**	**61 122**	**-**	**78 836**

AGEING ANALYSIS OF LOANS AND ADVANCES PAST DUE INDIVIDUALLY IMPAIRED					
Past due up to 30 days	-	-	-	-	-
Past due 31 - 60 days	-	-	-	-	-
Past due 61 - 90 days	-	-	-	-	-
Past due 91 - 180 days	316	8 429	6 909	-	15 654
Past due 181 - 365 days	-	2 985	38 195	-	41 180
Past due 1 - 2 years	3 110	7 723	10 577	-	21 410
Past due over 2 years	1 962	8 546	19 383	15 559	45 450
TOTAL 2017	**5 388**	**27 683**	**75 064**	**15 559**	**123 694**

2016 LOANS AND ADVANCES CREDIT ANALYSIS	Consumer R'000	Mortgage R'000	Small Business Loans R'000	Corporate Loans and SME loans R'000	Total Loan R'000
Neither past due nor impaired	57 692	402 084	920 876	244 256	1 624 908
Past due but not impaired	3 056	10 714	34 034	3 517	51 321
Individually impaired	23 022	23 120	57 257	86 038	189 437
GROSS LOANS AND ADVANCES	**83 770**	**435 918**	**1 012 167**	**333 811**	**1 865 666**
Total Credit Impairment	(22 751)	(4 109)	(32 311)	(71 724)	(130 895)
Less: Specific Impairment	(22 680)	(3 919)	(15 849)	(67 453)	(109 901)
Less: Portfolio Impairment	(71)	(190)	(16 462)	(4 271)	(20 994)
TOTAL NET LOANS AND ADVANCES	**61 019**	**431 809**	**979 856**	**262 087**	**1 734 771**

6. Loans and Advances Continued

LOANS AND ADVANCES NEITHER PAST DUE NOR INDIVIDUALLY IMPAIRED CREDIT ANALYSIS	Consumer	Mortgage	Small Business Loans	Corporate Loans and SME loans	Total Loan
Satisfactory risk	55 750	387 660	890 102	244 256	1 577 768
Watch list	1 942	12 048	30 378	-	44 368
Substandard list	-	2 376	396	-	2 772
TOTAL 2016	**57 692**	**402 084**	**920 876**	**244 256**	**1 624 908**

AGEING ANALYSIS OF LOANS AND ADVANCES PAST DUE BUT NOT INDIVIDUALLY IMPAIRED					
Past due up to 30 days	2 793	9 022	22 425	1 548	35 788
Past due 31 - 60 days	-	1 692	8 704	1 470	11 866
Past due 61 - 90 days	263	-	2 905	499	3 667
Past due 91 - 180 days	-	-	-	-	-
Past due 181 - 365 days	-	-	-	-	-
Past due 1 - 2 years	-	-	-	-	-
Past due over 2 years	-	-	-	-	-
TOTAL 2016	**3 056**	**10 714**	**34 034**	**3 517**	**51 321**

AGEING ANALYSIS OF LOANS AND ADVANCES INDIVIDUALLY IMPAIRED					
Past due up to 30 days	-	-	-	-	-
Past due 31 - 60 days	-	-	-	-	-
Past due 61 - 90 days	-	705	-	-	705
Past due 91 - 180 days	-	3 475	14 449	-	17 924
Past due 181 - 365 days	-	8 281	6 975	3 412	18 668
Past due 1 - 2 years	36	10 612	23 841	9 340	43 829
Past due over 2 years	22 986	47	11 992	73 286	108 311
TOTAL 2016	**23 022**	**23 120**	**57 257**	**86 038**	**189 437**

SECURITIES IN RESPECT OF LOANS AND ADVANCES	2017 R'000	2016 R'000
Overdrafts, property and commercial loans		
- Cash Investments	19 085	25 866
- Guarantees	-	7 846
- Mortgage Bonds	707 216	765 960
- Ceded Insurance Policies	130	7 256
- Other Securities	412	70
- Secondary Security	17 250	15 274
	744 093	**822 272**
Home Loans		
- Mortgage Bonds (Residential)	**710 617**	**604 969**
Instalment credit and lease agreements	**211 558**	**232 737**

6. Loans and Advances Continued

	2017 R'000	2016 R'000
Non-performing loans		
- Mortgage Bonds (residential and commercial)	89 053	71 090
- Assets Financed in respect of Instalment Credit Agreement	4 499	8 446
	93 552	**79 536**
Total secured loans and advances	1 759 820	1 739 514
Total unsecured loans and advances	63 893	126 152
TOTAL LOANS AND ADVANCES	**1 823 713**	**1 865 666**

7. Credit Impairment for Loans and Advances

	2017 R'000	2016 R'000
Balance at 1 January	**130 895**	**136 652**
Amounts written off against provisions	**(91 849)**	**(24 155)**
	39 046	**112 497**
Charge to the Statement of Comprehensive Income	**11 181**	**18 325**
Specific impairment	**20 115**	**24 400**
Portfolio impairment	**-**	**5 477**
Recoveries of Balances raised in current year	**(8 001)**	**(11 479)**
Recoveries of Balance previously written off	**(933)**	**(73)**
Recoveries of Balance previously written off	**933**	**73**
BALANCE AT 31 DECEMBER	**51 160**	**130 895**

ANALYSIS		
Specific impairment*	**30 166**	**109 901**
Portfolio impairment	**20 994**	**20 994**
	51 160	**130 895**

SECTORIAL ANALYSIS		
Individuals	14 862	31 882
Manufacturing	9 998	16 664
Transport and communication	1 447	1 767
Financial and real estate	15 525	25 156
Mining	-	-
Electricity and water	29	-
Other Services	9 299	55 426
*Refer to Note 6	**51 160**	**130 895**

IFRS 9 'Financial Instruments'

In July 2014, the IASB issued IFRS 9 'Financial Instruments', which is the comprehensive standard to replace IAS 39 'Financial Instruments: Recognition and Measurement', and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting Impairment.

The impairment requirements apply to financial assets measured at amortised cost and FVOCI, lease receivables and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment so are considered to be in default or otherwise credit impaired are in 'stage 3'.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money. As a result, the recognition and measurement of impairment is intended to be more forward-looking than under IAS 39 and the resulting impairment charge will tend to be more volatile. It will also tend to result in an increase in the total level of impairment allowances, since all financial assets will be assessed for at least 12-month ECL and the population of financial assets to which lifetime ECL applies is likely to be larger than the population for which there is objective evidence of impairment in accordance with IAS 39.

Transition

The requirements of IFRS 9 'Financial Instruments' will be adopted from 1 January 2018. The classification and measurement and impairment requirements are applied retrospectively by adjusting the opening balance sheet at the date of initial application, with no requirement to restate comparative periods. The Bank does not intend to restate comparatives. For the financial statements of the Bank, adoption is expected to increase net assets at 1 January 2018 by approximately R3 million due to impairment being reduced by R3 million.

8. Investment Property

	2017 R'000	2016 R'000
Opening Balance	**10 400**	
Revaluation	(900)	-
Transfer from Property and equipment (note 9)	-	10 400
CARRYING AMOUNT	**9 500**	**10 400**

Investment Properties, comprising of erf 1139, Marshalltown, Johannesburg were revalued at 30 November 2017 by CG Frazer and Associates, independent valuators, by reference to market data of recent transactions for similar properties. The valuation conforms to International Valuation Standards. The revalued amount is R9,5 million at 31 December 2017 (December 2016:R10,4m).

9. Property and Equipment

COST OR VALUATION	Land and Buildings (R'000)	Motor Vehicles (R'000)	Properties Brought in (R'000)	Furniture and Fittings (R'000)	Office Equipment (R'000)	Computer Equipment (R'000)	Total (R'000)
Balance as at 1 January 2016	11 200	1 307	79	27 766	5 055	11 872	57 279
Additions	-	-	-	2 030	141	817	2 988
Disposals	-	-	-	(2 725)	(55)	(184)	(2 964)
Revaluation	(800)	-	-	-	-	-	(800)
Transfer to Investment Property	(10 400)	-	-	-	-	-	(10 400)
Balance as at 1 January 2017	-	1 307	79	27 071	5 141	12 505	46 103
Additions	-	323	-	4 945	734	840	6 842
Disposals	-	(245)	-	(7 561)	(490)	(2 507)	(10 803)
Revaluation	-	-	-	-	-	-	-
Transfer to Investment Property	-	-	-	-	-	-	-
At 31 December 2017	**-**	**1 385**	**79**	**24 455**	**5 385**	**10 838**	**42 142**
ACCUMULATED DEPRECIATION							
Balance as at 1 January 2016	-	(1 286)	(79)	(13 619)	(4 003)	(9 933)	(28 920)
Depreciation charge for the year	-	(21)	-	(3 104)	(401)	(960)	(4 486)
Eliminated on disposal	-	-	-	2 622	55	167	2 844
Balance as at 1 January 2017	-	(1 307)	(79)	(14 101)	(4 349)	(10 726)	(30 562)
Depreciation charge for the year	-	(48)	-	(2 823)	(397)	(1 010)	(4 278)
Eliminated on disposal	-	245	-	6 236	484	2 500	9 465
At 31 December 2017	**-**	**(1 110)**	**(79)**	**(10 688)**	**(4 262)**	**(9 236)**	**(25 375)**
CARRYING AMOUNT							
At 31 December 2016	**-**	**-**	**-**	**12 970**	**792**	**1 779**	**15 541**
At 31 December 2017	**-**	**275**	**-**	**13 767**	**1 123**	**1 602**	**16 767**

10. Intangible Assets

	Cost R'000	Amortisation R'000	Carrying Amount R'000
At 31 December 2015	**92 184**	**(36 691)**	**55 493**
Additions	23 805	-	23 805
Disposals	(80)	7	(73)
Amortisation for the year	-	(3 290)	(3 290)
At 31 December 2016	**115 909**	**(39 974)**	**75 935**
Additions	16 393	-	16 393
Disposals	(9 376)	9 078	(298)
Amortisation for the year		(8 300)	(8 300)
At 31 December 2017	**122 926**	**(39 196)**	**83 730**

Intangible assets consist of computer software, licences and internal and external software development and implementation costs.

11. Share Capital

	2017 R'000	2016 R'000
AUTHORISED		
100 000 000 ordinary shares of R1 each (par value)	100 000	100 000
ISSUED AND FULLY PAID		
At the beginning of the year 28 019 000 shares of R1 each	28 019	24 158
Shares issued at R1 each during the year	3 762	3 861
At the end of the year 31 781 000 (2016: 28 019 000) shares of R1 each	**31 781**	**28 019**

The Bank has one class of ordinary shares which carry no right to fixed income. The unissued shares are under the control of the Directors subject to the notification to and specific approval by the National Bank of Greece S.A., until the next AGM.

12. Share Premium

	2017 R'000	2016 R'000
Balance at beginning and end of the year	375 166	339 027
Shares issued during the year	31 238	36 139
Balance at end of the year	**406 404**	**375 166**

13. Revaluation Reserves

	Available for Sale Reserve (R'000)	Property Revaluation Reserve (R'000)	Total (R'000)
Balance at 1 January 2016	**(368)**	**5 534**	**5 166**
Decrease in fair value of fixed property	-	(800)	(800)
Decrease in fair value of available for sale investment	269	-	269
	(99)	**4 734**	**4 635**
Balance at 1 January 2017			
Decrease in fair value of available for sale investment	(38)	-	(38)
Balance as at 31 December 2017	**(137)**	**4 734**	**4 597**

The available-for-sale reserve comprises market to market valuation of available for sale investments.
The revaluation reserves are not available for distribution to the Bank's shareholders.

14. Long Term Debt Instruments

	2017	2016
7 year Debentures - Issued 30 November 2015	20 000	20 000
7 year Debentures - Issued 30 December 2015	30 000	30 000
	50 000	**50 000**

Comprises of 2 unsecured debentures issued in 2015 in favour of NBG. The debentures issued on 30 November 2015 bear interest at the aggregate of the applicable 6 month JIBAR plus a margin of 10.39 percent per annum with a maturity of 7 years. The debentures issued on 31 December 2015 bear interest at the aggregate of the applicable 6 month JIBAR plus a margin of 10.87 percent per annum with a maturity of 7 years. The capital amount is repayable on maturity. The debentures at the sole discretion of the Reserve Bank can be converted into ordinary shares on the occurrence of an event. The debentures qualified as Tier 2 capital in terms of the Bank Regulations. The future discounted cashflows are disclosed in note 20.

15. Deposits and Current Accounts

	2017 R'000	2016 R'000
Demand deposits	699 218	696 333
Customer foreign currency deposits (demand deposits)	112 888	138 155
Term deposits	412 831	605 724
	1 224 937	1 440 212
Deposits from banks	716 626	453 355
	1 941 563	**1 893 567**
INCLUDED IN DEPOSITS FROM BANKS ARE:		
Amounts due to holding company	715 727	383 900
Amounts due to fellow subsidiaries	899	69 455
Amounts due to other banks	-	-
	716 626	**453 355**
MATURITY ANALYSIS		
On demand	827 763	843 369
Maturing within one month	13 393	283 853
Maturing after one but within six months	367 040	740 632
Maturing after six months but within twelve months	733 367	25 713
	1 941 563	**1 893 567**

16. Accounts Payable

	2017 R'000	2016 R'000
Accruals	22 176	16 474
Sundry creditors	44 189	23 037
	66 365	**39 511**

17. Contingencies and Commitments

	2017 R'000	2016 R'000
17.1. CONTINGENCIES		
Letters of credit	2 026	2 727
Liabilities under guarantees	80 717	151 620
Revocable unutilised facilities	109 891	101 237
Irrevocable unutilised facilities	87 648	71 987
EFT Debit services	1 000	1 000
Legal claim instituted by borrowers	47 500	2 500
Committed capital expenditure	9 408	613
	338 190	**331 684**

17. Contingencies and Commitments Continued

	2017 R'000	2016 R'000
17.2. COMMITMENTS UNDER OPERATING LEASES		
Within 1 year	11 218	9 174
2 to 5 years	29 818	25 025
After 5 years	-	-
	41 036	**34 199**

Commitments under operating leases relate to the leasing of the various business suites and the head office.

18. Profit / (Loss) from Operations

	2017 R'000	2016 R'000
18.1. INTEREST INCOME		
Balances with banks and short-term funds	8 337	8 716
Short-term negotiable securities	9 455	9 472
Loans and advances - performing	189 601	184 588
Loans and advances - Interest in Abeyance	8 425	10 051
Other interest earned	64	-
	215 882	**212 827**
18.2. INTEREST EXPENSE		
Deposits from banks	53 012	51 074
Current and call deposit accounts	21 397	22 804
Savings accounts	9 290	10 482
Other term deposits	34 286	32 855
Interest bearing long-term debt	9 299	9 190
	127 284	**126 405**
18.3. NON-INTEREST INCOME		
Fee Income	44 139	37 364
Foreign exchange profit	12 789	11 511
Profit (Loss) on sale of equipment	255	(155)
Other income	3 673	4 669
	60 856	**53 389**

	2017 R'000	2016 R'000
18.4. OPERATING EXPENSES		
Staff costs	75 745	65 245
Salaries, wages and allowances	48 441	40 189
Contributions to provident fund and other staff funds	11 164	10 613
Directors' emoluments	12 161	11 124
Other	3 979	3 319
Depreciation and amortisation	12 578	7 776
Motor vehicles	48	21
Furniture and fittings	2 823	3 104
Office equipment	397	401
Computer equipment	1 010	960
Depreciation properties brought in	-	-
Computer software	8 300	3 290
Operating lease charges		
Premises	10 690	10 815
Other operating expenses	64 080	67 006
	163 093	**150 842**

19. Taxation

The Bank is in a tax assessed loss position of R216 867 888 as at 31 December 2017. A deferred tax asset has not been recognised. The raising of a deferred tax asset will be considered based on future profitability.

	2017 %	2016 %
Standard rate of income tax	28.00	28.00
Disallowed expenditure	10.76	8.87
Unused portion of assessed tax losses not recognised	(38.76)	(36.70)
Effective tax rate	0%	0%

20. Undiscounted Cash Flows of Financial Liabilities

The following tables detail the Bank's remaining contractual maturity for its liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of liabilities based on the earliest date on which the Bank can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Bank may be required to pay.

	Carrying Amount R'000	Subject to notice	Up to 1 month R'000	1 - 3 months R'000	3 - 12 months R'000	1 - 2 years R'000	2 - 5 years R'000	5+ years R'000
2017								
Derivative financial instrument	20 400	-	3 936	13 392	3 072	-	-	-
Due to customers	1 225 836	282 269	825 520	57 456	69 051	-	-	-
Due to banks	756 704	-	14 805	-	741 899	-	-	-
Long term debt instrument	95 576	-	-	-	9 172	9 172	77 232	-
Accounts payable	59 049	-	29 385	953	11 671	1 724	709	14 607
	2 157 565	**282 269**	**873 646**	**71 801**	**834 865**	**10 896**	**77 941**	**14 607**
2016	R'000		R'000	R'000	R'000	R'000	R'000	R'000
Derivative financial instrument	15 190	-	10 398	3 854	938	-	-	-
Due to customers	1 455 661	374 056	860 269	53 345	167 991	-	-	-
Due to banks	473 993	-	81 531	101 766	290 696	-	-	-
Long term debt instrument	106 005	-	-	-	9 676	9 323	27 995	59 011
Accounts payable	35 080	-	17 419	1 379	5 275	2 114	4 278	4 615
	2 085 929	**374 056**	**969 617**	**160 344**	**474 576**	**11 437**	**32 273**	**63 626**

21. Categories and Fair Values of Financial Instruments

	2017 R'000	2016 R'000
Assets	**Carrying Value**	**Carrying Value**
Available for sale	**135 788**	**153 026**
Short term negotiable securities	135 788	153 026
Loans and receivables	**2 086 583**	**2 006 299**
Cash and cash equivalents	300 691	256 561
Loans and advances	1 772 553	1 734 771
Other accounts receivables	13 339	14 967
Held for trading	**22 380**	**4 245**
Derivative financial instrument	22 380	4 245
Held at fair value	**15**	**15**
Other investments	15	15

21. Categories and Fair Values of Financial Instruments Continued

Items not mentioned below, their fair value approximates their carrying value.

Liabilities		
Held for trading	**20 400**	**15 190**
Derivative financial instruments	20 400	15 190
Other financial liabilities	**2 057 928**	**1 983 078**
Deposits	1 941 563	1 893 567
Long term debt instruments	50 000	50 000
Accounts payable and provisions	66 365	39 511

	2017			2016		
Fair Value Levels	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Short term negotiable securities		135 788			153 026	
Derivative financial instrument		22 380			4 245	
Other investments			15			15
Liabilities						
Derivative financial instrument		20 400			15 190	

21.1. Fair Value Measurements

This note provides information about how the Bank determines fair value of various financial assets and financial liabilities. The fair values are measured on a recurring basis.

The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Financial assets / financial assets	Fair value hierarchy	Valuation techniques and key inputs
1. Foreign currency forward contracts (note 2)	Level 2	Discounted cash flow. Future cash are determined based on the forward exchange rates from observable forward exchange rate at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of the various counterparties.
2. Other investments (note 4)	Level 3	Other Investments relate to an investment acquired 15 years ago in an unlisted company, called Dandyshelf 3 (Pty)Ltd. No dividend was received during 2017 or 2016. The shares are unlisted, and the Directors' valuation of the unlisted investment equates to the fair value which approximates cost as defined in IFRS 13 fair value measurement, these fall within level 3 classification. If one had to participate in Dandyshelf as a new shareholder, a similar amount would be paid for said participation.

22. Financial Risk Management

The Bank's Treasury function provides services to the business, and co-ordinates access to domestic and international financial markets and manages the various financial risks. The Risk department of the Bank monitors the financial risks relating to the operations of the Bank through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

22.1. Market Risk

The Bank seeks to minimise market risk by using derivatives to economically hedge market risk - currency risk.

The use of financial derivatives is governed by the Bank's policy approved by the Board of Directors, which provides written principles on foreign exchange risk, interest rate and credit risk.

The Bank does not enter into or trade finanical instruments, including derivative instruments for speculative risk purposes.

The Bank's activities expose it primarily to the financial risks of change in foreign currency exchange rate (see note 22.6) and interest rate risk (note 22.4). The Bank manages it foreign exchange risk by entering into forward exchange contracts. This exchange rate risk arises from the intragroup loans which are denominated in foreign currency.

22.2. Capital Management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the Statement of Financial Position, are:

- To comply with the capital requirements set by the regulators of the banking industry in which the Bank operates
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the South African Reserve Bank, for supervisory purposes.

The required information is filed with the South African Reserve Bank on a monthly basis.

The Bank maintains a ratio of total regulatory capital to its risk-weighted assets above a minimum level agreed with the South African Reserve Bank which takes into account the risk profile of the Bank.

The regulatory capital requirements are strictly observed when managing capital. The Bank's regulatory capital comprises two tiers:

- Tier 1 capital: share capital, share premium, general bank reserve retained income (accumulated losses) and statutory reserves. The book value of intangibles are deducted in arriving at Tier 1 capital; and
- Tier 2 capital: 7 year debentures and collective impairment allowances.

Shortfalls of value adjustments and provisions as compared to expected losses are deducted from Tier 1 and Tier 2 capital to calculate regulatory capital.

The risk-weighted assets are measured using the 'standardised approach' (SA) for credit risk. Risk weights are assigned to assets and off balance sheet items according to their asset class and credit assessment. For the determination of credit assessments the Fitch rating agency is nominated. Any eligible collateral and netting agreements are taken into account for calculating risk-weighted assets.

The table below summarises the composition of regulatory capital and the ratios of the Bank for the years ended 31 December.

22.2. Capital Management Continued

The table below summarises the composition of regulatory capital and the ratios of the Bank for the years ended 31 December.

	2017 R'000	2016 R'000
TIER 1 CAPITAL		
Share capital	31 781	28 019
Share premium	406 404	375 166
Revaluation reserves	4 596	4 635
Deductions against capital and reserve funds	(166 344)	(140 627)
Less: intangible assets	(83 731)	(75 935)
TOTAL QUALIFYING TIER 1 CAPITAL	**192 706**	**191 258**
TIER 2 CAPITAL		
Term debt instruments	40 000	50 000
Collective impairment allowance	18 768	20 993
TOTAL QUALIFYING TIER 2 CAPITAL	**58 768**	**70 993**
TOTAL REGULATORY CAPITAL	**251 474**	**262 251**
RISK-WEIGHTED ASSETS:		
Credit risk	1 475 433	1 654 213
Counter party risk	31 660	8 078
Market risk	2 007	4 063
Equity risk	15	15
Operational risk	215 497	208 558
Other risk	39 341	39 692
TOTAL RISK-WEIGHTED ASSETS	**1 763 953**	**1 914 619**
CAPITAL ADEQUACY RATIO	**14,26%**	**13,70%**

22.3. Liquidity Risk

Liquidity risk is defined as the risk of not being able to generate sufficient cash to meet the Bank's commitment to lenders, depositors and other creditors at any point in time. The management of liquidity is primarily designed to ensure that depositors' funding requirements can be met and that the bank has sufficient funding in place to ensure payment of daily transactions.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Bank's short-, medium- and long-term funding and liquidity management requirements. The Bank manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Liquidity and interest rate risk management are essentially inseparable from the core banking activities of advances growth and profitability management. Liquidity and interest rate risk management form an integral part of proactive asset and liability management, which is managed by the Bank's Asset and Liability Committee (ALCCO). Liquidity is ensured through optimal funding strategies taking into account various interest rate scenarios, as well as taking cognisance of available inter-bank lines of credit and the substantial committed lines of credit from the Bank's majority shareholder to cater for unforeseen circumstances.

Stress scenarios and testing have been undertaken thereby allowing the bank to identify and be prepared for such eventualities. These scenarios have ensured that the Bank is well prepared to manage any liquidity or interest rate risks that may occur. Stress scenarios and testing have been undertaken thereby allowing the Bank to identify and be prepared for such eventualities. These scenarios have ensured that the Bank is well prepared to manage any liquidity or interest rate risks that may occur.

22.3. Liquidity Risk Continued

	CURRENT				NON-CURRENT		
2017	Up to 1 month R'000	1 - 2 months R'000	3 - 6 months R'000	7 - 12 months R'000	1- 5 years R'000	Over 5 years R'000	Total R'000
ASSETS							
Cash and cash equivalents	300 691	-	-	-	-	-	300 691
Derivative financial assets	5 726	13 471	2 980	203	-	-	22 380
Short-term negotiable securities	4 995	87 361	43 432	-	-	-	135 788
Other investments	15	-	-	-	-	-	15
Advances*	190 438	47 031	53 561	99 717	632 087	800 879	1 823 713
Other accounts receivable	11 015	755	179	316	1 075	-	13 340
Property and equipment	-	-	-	-	-	16 767	16 767
Investment property	-	-	-	-	9 500	-	9 500
Intangible assets	-	-	-	-	-	83 730	83 730
	512 880	**148 618**	**100 152**	**100 236**	**642 662**	**901 376**	**2 405 924**
LIABILITIES							
Long term debt instruments					50 000	-	50 000
Deposits, current and other accounts	841 158	333 925	33 114	733 366	-	-	1 941 563
Derivative financial liabilities	3 936	13 392	2 870	202	-	-	20 400
Other liabilities	29 385	953	2 670	9 001	2 433	21 923	66 365
	874 479	**348 270**	**38 654**	**742 569**	**52 433**	**21 923**	**2 078 328**

2016	Up to 1 month R'000	1 - 2 months R'000	3 - 6 months R'000	7 - 12 months R'000	1- 5 years R'000	Over 5 years R'000	Total R'000
ASSETS							
Cash and cash equivalents	256 561	-	-	-	-	-	256 561
Derivative financial assets	1 443	1 768	1 034	-	-	-	4 245
Short-term negotiable securities	14 984	138 042	-	-	-	-	153 026
Other investments	15	-	-	-			15
Advances*	214 286	18 622	70 761	101 473	755 157	705 367	1 865 666
Other accounts receivable	12 641	192	268	475	1 183	208	14 967
Property and equipment	-	-	-	-	-	15 541	15 541
Investment property					10 400		10 400
Intangible assets	-	-	-	-	-	75 935	75 935
	499 930	**158 624**	**72 063**	**101 948**	**766 740**	**797 051**	**2 396 356**
LIABILITIES							
Long term debt instruments	-	-	-	-	-	50 000	50 000
Deposits, current and other accounts	1 127 222	427 389	313 243	25 713	-	-	1 893 567
Derivative financial liabilities	10 398	3 854	938		-	-	15 190
Other liabilities	21 850	1 378	3 517	1 758	6 392	4 616	39 511
	1 159 470	**432 621**	**317 698**	**27 471**	**6 392**	**54 616**	**1 998 268**

*The advances are reflected as gross values.

22.4. Interest Rate Risk

Interest rate risk is defined as the impact that the repricing of the Bank's assets and liabilities may have on the future cash flows and earnings.

The risk is managed by the Bank by maintaining an appropriate mix between fixed and floating rate borrowings. Liquidity and interest rate risk management are essentially inseparable from the core banking activities of advances growth and profitability management. Liquidity and interest rate risk management form an integral part of proactive asset and liability management, which is managed by the Bank's Asset and Liability Committee (ALCO).

Stress scenarios and testing have been undertaken thereby allowing the Bank to identify and be prepared for such eventualities. These scenarios have ensured that the Bank is well prepared to manage any liquidity or interest rate risks that may occur.

The Bank's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

2017	Fixed R'000	Floating R'000	Non-Interest sensitive R'000	Total R'000
ASSETS				
Cash and cash equivalents	-	66 898	233 793	300 691
Derivative financial assets	-	-	22 380	22 380
Short-term negotiable assets	135 788	-	-	135 788
Other investments	-	-	15	15
Advances	-	1 772 553	-	1 772 553
Other accounts receivable	-	-	13 339	13 339
Investment property			9 500	9 500
Property and equipment	-	-	16 767	16 767
Intangible assets	-	-	83 730	83 730
	135 788	**1 839 451**	**379 524**	**2 354 763**
LIABILITIES				
Long term debt instruments		50 000	-	50 000
Deposits, current and other accounts	231 668	1 709 895	-	1 941 563
Derivative financial liabilities	-	-	20 400	20 400
Other liabilities	-	-	66 365	66 365
	231 668	**1 759 895**	**86 765**	**2 078 328**

2016	Fixed R'000	Floating R'000	Non-interest Sensitive R'000	Total R'000
ASSETS				
Cash and cash equivalents	-	80 129	176 432	256 561
Derivative financial assets	-	-	4 245	4 245
Short-term negotiable assets	153 026	-	-	153 026
Other investments	-	-	15	15
Advances	-	1 734 771	-	1 734 771
Other accounts receivable	-	-	14 967	14 967
Investment property			10 400	10 400
Property and equipment	-	-	15 541	15 541
Intangible assets	-	-	75 935	75 935
	153 026	**1 814 900**	**297 535**	**2 265 461**
LIABILITIES				
Long term debt instruments		50 000	-	50 000
Deposits, current and other accounts	231 667	1 661 900	-	1 893 567
Derivative financial liabilities	-	-	**15 190**	**15 190**
Other liabilities	-	-	**39 511**	**39 511**
	231 667	**1 711 900**	**54 701**	**1 998 268**

22.5. Interest Rate Sensitivity Analysis

The tables below summarise the Bank's exposure to interest rate risk. Assets and liabilities are included at the carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

At the reporting date, a 200 basis point change in prevailing interest rates was applied as a sensitivity analysis to determine the impact on earnings as a result of a change in the interest rates.

If interest rates increased/decreased by 200 basis points and all other variables remained constant, the Bank's net profit and equity at year-end would increase by R1,7 million and decrease by R8,8 million (2016: increase/decrease by R6.3 million).

2017	Up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5+ years	Non-Interest Bearing	Total
ASSETS							
Cash and cash equivalents	66 898	-	-	-	-	233 793	300 691
Derivative financial assets	-	-	-	-	-	22 380	22 380
Short-term negotiable assets	4 995	87 361	43 432	-	-	-	135 788
Other investments	-	-	-	-	-	15	15
Advances	1 772 553	-	-	-	-	-	1 772 553
Other accounts receivable	-	-	-	-	-	13 339	13 339
Investment property	-	-	-	-	-	9 500	9 500
Property and equipment	-	-	-	-	-	16 767	16 767
Intangible assets	-	-	-	-	-	83 730	83 730
	1 844 446	**87 361**	**43 432**	**-**	**-**	**379 524**	**2 354 763**
LIABILITIES							
Due to other Banks	14 727		701 000	-	-	-	715 727
Due to customers	1 103 254	57 102	65 480	-	-	-	1 225 836
Long term debt instruments	-	-	50 000	-	-	-	50 000
Derivative financial liabilities	-	-	-	-	-	20 400	20 400
Other liabilities	-	-	-	-	-	66 365	66 365
	1 117 981	**57 102**	**816 480**	**-**	**-**	**86 765**	**2 078 833**

22.5. Interest Rate Sensitivity Analysis Continued

2016	Up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5+ years	Non-Interest Bearing	Total
ASSETS							
Cash and cash equivalents	80 129	-	-	-	-	176 432	256 561
Derivative financial assets	-	-	-	-	-	4 245	4 245
Short-term negotiable assets	14 984	138 042	-	-	-	-	153 026
Other investments	-	-	-	-	-	15	15
Advances	1 734 771	-	-	-	-	-	1 734 771
Other accounts receivable	-	-	-	-	-	14 967	14 967
Investment property	-	-	-	-	-	10 400	10 400
Property and equipment	-	-	-	-	-	15 541	15 541
Intangible assets	-	-	-	-	-	75 935	75 935
	1 829 884	**138 042**	**-**	**-**	**-**	**297 535**	**2 265 461**
LIABILITIES							
Due to other Banks	77 457	98 748	277 150	-	-	-	453 355
Due to customers	901 868	374 282	164 062	-	-	-	1 440 212
Long term debt instruments	-	-	50 000	-	-	-	50 000
Derivative financial liabilities	-	-	-	-	-	15 190	15 190
Other liabilities	-	-	-	-	-	39 511	39 511
	979 325	**473 030**	**491 212**	**-**	**-**	**54 701**	**1 998 268**

22.6. Foreign Currency Risk Management

The Bank undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Bank's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Foreign Currency exposure	ZAR R'000	USD R'000	EURO R'000	Other R'000	Total R'000
2017 ASSETS					
Cash and cash equivalents	200 318	50 770	28 767	20 836	300 691
Derivative financial assets	-	16 840	3 633	1 907	22 380
Short-term negotiable assets	135 788	-	-	-	135 788
Other investments	15	-	-	-	15
Loans and advances	1 772 553	-	-	-	1 772 553
Other accounts receivable	13 339	-	-	-	13 339
Investment Property	9 500	-	-	-	9 500
Property and equipment	16 767	-	-	-	16 767
Intangible assets	83 730	-	-	-	83 730
	2 232 010	**67 610**	**32 400**	**22 743**	**2 354 763**

22.6. Foreign Currency Risk Management Continued

	ZAR R'000	USD R'000	EURO R'000	Other R'000	Total R'000
2017 LIABILITIES					
Deposits, current and other accounts	1 828 676	77 901	27 389	7 597	1 941 563
Long term debt instruments	50 000	-	-	-	50 000
Derivative financial liabilities	-	16 822	3 482	96	20 400
Other liabilities	66 364	-	-	-	66 364
	1 945 040	**94 723**	**30 871**	**7 693**	**2 078 327**
2016 ASSETS					
Cash and cash equivalents	103 824	120 725	26 786	5 226	256 561
Derivative financial assets	-	1 954	2 284	7	4 245
Short-term negotiable assets	153 026	-	-	-	153 026
Other investments	15	-	-	-	15
Loans and advances	1 733 529	1 242	-	-	1 734 771
Other accounts receivable	14 967	-	-	-	14 967
Investment Property	10 400	-	-	-	10 400
Property and equipment	15 541	-	-	-	15 541
Intangible assets	75 935	-	-	-	75 935
	2 107 237	**123 921**	**29 070**	**5 233**	**2 265 461**
2016 LIABILITIES					
Deposits, current and other accounts	1 452 462	410 198	25 896	5 011	1 893 567
Long term debt instruments	50 000				50 000
Derivative financial liabilities	-	13 123	2 061	6	15 190
Other liabilities	39 511	-	-	-	39 511
	1 541 973	**423 321**	**27 957**	**5 017**	**1 998 268**

23. Retirement Fund

All permanent employees of the Bank are members of The South African Bank of Athens Provident Fund, a defined contributed fund administered by 10X Investments.

24. Cash Flow from Operating Activities

	2017 R'000	2016 R'000
24.1. CASH RECEIVED FROM CUSTOMERS		
Interest income	215 882	212 827
Non-interest income	61 789	53 461
	277 671	**266 288**
(Profit) Loss on sale of assets	(255)	155
	277 416	**266 443**
24.2. CASH PAID TO CUSTOMERS AND EMPLOYEES		
Interest expenditure	(127 284)	(126 405)
Operating expenditure	(163 093)	(150 842)
	(290 377)	**(277 247)**
Adjusted for:		
Depreciation	4 278	4 486
Amortisation	8 300	3 290
	(277 799)	**(269 471)**

24. Cash Flow from Operating Activities Continued

	2017 R'000	2016 R'000
24.3. (INCREASE) DECREASE IN INCOME-EARNING ASSETS		
Negotiable securities and other assets	17 200	(13 155)
Loans and advances	(49 896)	38 564
Net derivative instruments	(12 925)	76 094
Other accounts receiveable	1 628	(3 028)
	(43 993)	**98 475**

	2017 R'000	2016 R'000
24.4. (DECREASE) INCREASE IN DEPOSITS AND OTHER LIABILITIES		
Deposits and current accounts	47 996	(273 402)
Other accounts payable and provisions	26 853	10 258
	74 849	**(263 144)**

	2017 R'000	2016 R'000
24.5 RECONCILIATION OF LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Loss from operations	(24 820)	(29 356)
Adjusted for non cash items:		
- Depreciation	4 278	4 486
- Amortisation of intangible assets	8 300	3 290
- Impairment charges	11 181	18 325
- Bad debts recovered previously written off	933	72
- (Profit) / loss on sale of asset	(255)	155
CASH GENERATED FROM OPERATIONS	**(383)**	**(3 028)**

25. Related-Party Transactions

25.1. Identification of Related Parties

The holding company is National Bank of Greece S.A. (incorporated in Greece), ('NBG'). During the year the Bank, in the ordinary course of business, entered into various transactions with NBG, its associated companies and Directors of the Bank. These transactions occurred under terms that were no more or less favourable than those arranged with third parties. All of these entities listed below and the Directors have been classified as related parties. The recent change in government in Greece and their subsequent interactions with the European Central Bank has created fiscal and economic uncertainty in Greece. This uncertainty has the potential to impact NBG and the Bank. At the date of signing of these financial statement, the Bank's facility of EUR 75m, which is irrecoverable, has been extended until 30 April 2019.

25.2. Related-Party Transactions with Holding Company and its Associated Companies

BALANCES WITH RELATED PARTIES	Amounts owed by related parties at 31 December 2017 R'000	Amounts owed to related parties at 31 December 2017 R'000
HOLDING COMPANY		
NBG Athens	1034	765 727
SUBSIDIARIES OF NBG		
NBG London	888	-
NBG Malta	-	-
NBG Cairo	-	899

	Amounts owed by related parties at 31 December 2016	Amounts owed to related parties at 31 December 2016
HOLDING COMPANY		
NBG Athens	403	433 900
SUBSIDIARIES OF NBG		
NBG London	1 513	-
NBG Malta	-	880
NBG Cairo	-	68 575

	2017 R'000	2016 R'000
Interest Paid		
NBG Athens	57 840	25 414
NBG Cairo	527	963
NBG Malta	-	-
	58 367	**26 377**

25.3. Compensation of Key Management

The remuneration of Directors during the year was as follows:

	2017 R'000	2016 R'000
DIRECTORS' EMOLUMENTS	12 161	11 124
Independent Non-executives	1 861	1 480
G Bizos	103	108
TJ Fearnhead	470	362
P Ranchod	591	521
R Shough	421	279
W Kruger	276	210
Executive Directors	10 300	9 644
S Georgopoulos	5 194	5 130
DJ Adriaanzen	1 949	1 640
C Michaelides	1 850	1 650
D Haarhoff	1 307	1 224

The remuneration of directors is determined by the Remuneration Committee having regard to the performance of individuals and market trends. NBG appointed non-executive directors are not remunerated for services rendered to the Bank.

25.3. Compensation of Key Management Continued

	Cash Salary	Travel allowance and use of company vehicle	Cellphone and data allowances	Medical aid contributions	Provident fund contributions	Total
2017 EXECUTIVE DIRECTORS SALARY COMPOSITION						
	8 667	**352**	**71**	**313**	**897**	**10 300**
S Georgopoulos	4 376	304	20	122	372	5 194
DJ Adriaanzen	1 621	48	17	82	181	1 949
C Michaelides	1 610	-	17	-	222	1 849
D Haarhoff	1 060	-	17	109	122	1 308

	Cash Salary	Travel allowance and use of company vehicle	Cellphone and data allowances	Medical aid contributions	Provident fund contributions	Total
2016 EXECUTIVE DIRECTORS SALARY COMPOSITION						
	8 119	**352**	**53**	**289**	**831**	**9 644**
S Georgopoulos	4 322	304	20	112	372	5 130
DJ Adriaanzen	1 354	48	13	76	149	1 640
C Michaelides	1 443	-	10	-	197	1 650
D Haarhoff	1 000	-	10	101	113	1 224

25.4. Transactions with Directors and their associated companies are at arm's length

Amounts owed by/to related parties as at December 2017

There were no amounts owed by/to the independent non-executive Directors and their associated companies for the year ending 31 December 2017.

	Amounts owed by related parties at 31 December 2017	Amounts owed to related parties at 31 December 2017
S Georgopoulos	11 734	-
D Haarhoff	2 035	-
C Michaelides	-	782
D Adriaanzen	-	1

25.4. Transactions with Directors and their associated companies are at arm's length Continued

	Amounts owed by related parties at 31 December 2016	Amounts owed to related parties at 31 December 2016
S Georgopoulos	4 948	1
D Haarhoff	2 026	-
C Michaelides	-	645

26. Principal Foreign Currency Conversion Rates

	2017 R	2016 R
Pound Sterling	16,694	16,9020
United States of America	12,351	13,7150
Euro	14,815	14,4540
Australian Dollar	9,652	9,911
Botswana Pula	1,255	1,284
Japanese Yen	0,110	0,1171

27. Going Concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

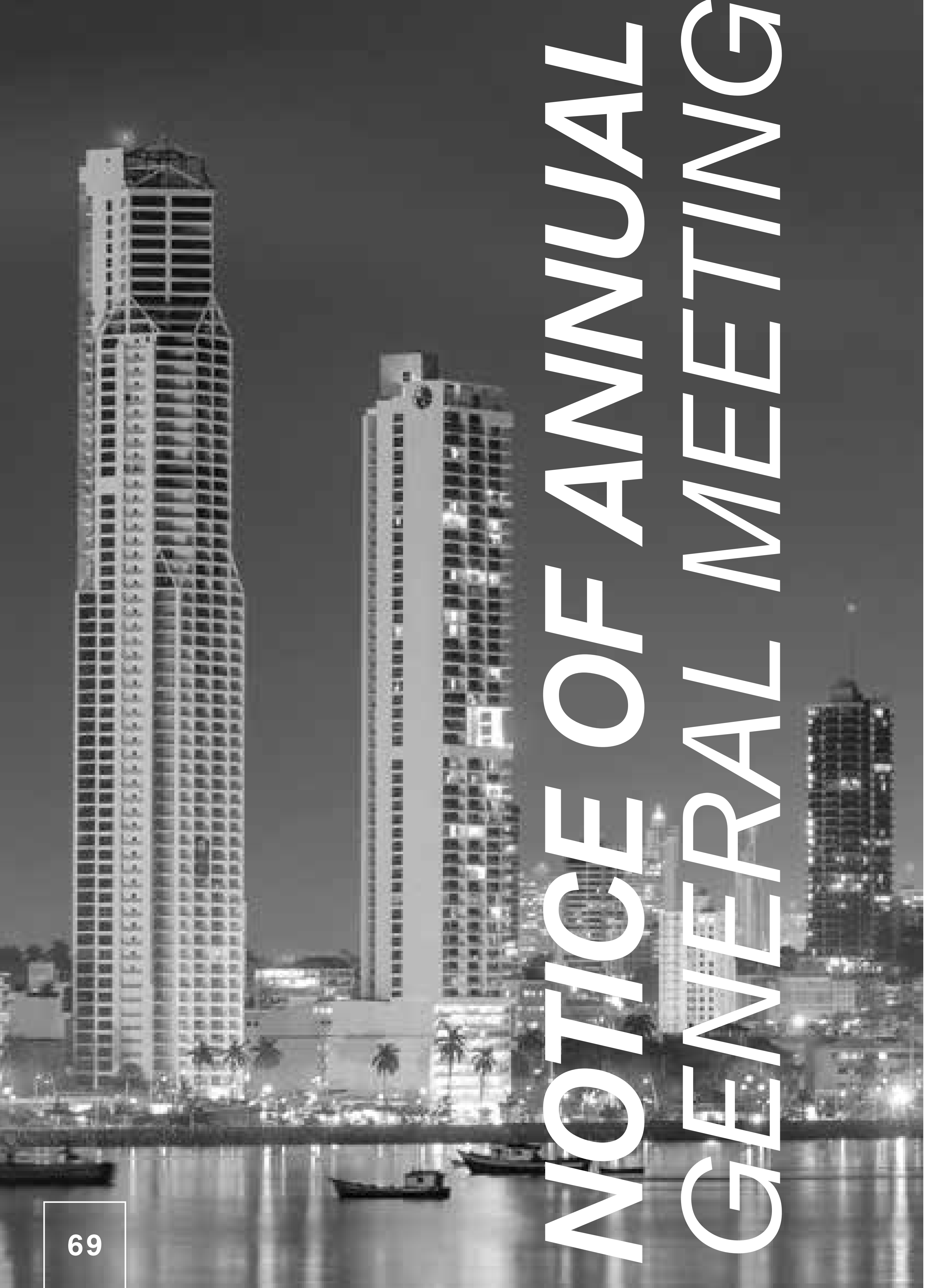
The bank has made a loss of R25.7million and R29.4million in the current (2017) and prior (2016) financial period respectively, however the bank is still solvent and has a net asset value as at 31 December 2017 of R276million (2016:R267million)

After making due enquiries, having regard to note 28 below and having carefully considered the factors impacting the Bank's going concern, including the Bank's capital adequacy and liquidity for the next 12 months, the commitment by the current shareholder (NBG, as per note 25.1) and the agreed business plans with and the commitments made by the new majority shareholder, management consider that the Bank has adequate resources to continue operating for the foreseeable future and enabling it to pay its debts as and when they fall due.

28. Subsequent Events

On 7 March 2017, the National Bank of Greece S.A. announced that it had entered into a definitive agreement to sell its entire stake (99.81%) in SABA to GroCapital Holdings (Pty) Ltd.

The transaction remains subject to Board approval and all regulatory approvals and is expected to close in the middle of 2018.



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the sixty-ninth Annual General Meeting of the South African Bank of Athens Limited ("SABA") will be held in the Boardroom of The South African Bank of Athens Limited, Block 3 Inanda Greens Business Park, 54 Wierda Road West, Wierda Valley, Sandton, on Monday, 25th June 2018, at 10h00 (South African Time) to transact the following business including and, if deemed fit, the passing of the following resolutions with or without modification. The record date in terms of Section 59 of the Companies Act 71 of 2008, for purposes of determining which shareholders of the company are entitled to receive notice and to vote at the meeting, is 08th June 2018.

ORDINARY RESOLUTIONS

1. Ordinary resolution number 1:
To receive and adopt the annual financial statements of the company for the year ended 31st December 2017, including the Directors' report, the report of the Auditors and the report of the Audit and Compliance Committee.

2. Ordinary resolution number 2:
Appointment of an Audit and Compliance Committee in terms of the Banks Act, Section 94 of the Companies Act 71 of 2008 (as amended) and the King III Report on corporate governance.

Ordinary resolution number 2.1:
To elect the following suitably qualified and experienced Independent Non-Executive Directors as members of the Audit and Compliance Committee until the conclusion of the next Annual General Meeting:

- RA Shough as Chairman
- TJ Fearnhead
- WJ Krüger

3. Ordinary resolution number 3:
Upon recommendation of the current Audit and Compliance Committee, to appoint PwC as the Independent Auditor of the Company for the ensuing year.

SPECIAL RESOLUTIONS

1. Special resolution number 1:
Approval of the disposal of SABA shares held by NBG Greece and Malta to Gro-Capital (Pty) Ltd.

2. Special resolution number 2:
Approval of a 5% increase in remuneration payable to independent non-executive directors from 30 June 2018 until the next AGM as set out in the table.

3. Special resolution number 3:
Authority for directors to allot and issue the unissued shares of the company on such terms and conditions as they deem fit until the end of the next Annual General Meeting, but subject to the prior notification to and specific approval by the National Bank of Greece S.A.