CONTENT

03 DIRECTORATE
04 BUSINESS PHILOSOPHY AND PROFILE
06 FINANCIAL HIGHLIGHTS
08 CHAIRMAN AND CEO'S REPORT
10 RISK AND CAPITAL MANAGEMENT REVIEW
16 CORPORATE GOVERNANCE
22 SOCIAL AND ETHICS APPROACH
24 PRODUCT PORTFOLIO AND MANAGEMENT
26 INDEX TO ANNUAL FINANCIAL STATEMENTS
74 REPORT FROM THE CHAIRMAN OF THE AUDIT & COMPLIANCE COMMITTEE
76 CAPITAL ADEQUACY STATEMENT
77 NOTICE OF ANNUAL GENERAL MEETING
79 FORM OF PROXY

DIRECTORATE

NON-EXECUTIVE CHAIRPERSON

Mr A Leopoulos⁺

NON-EXECUTIVE DIRECTORS

Adv G Bizos*
Mr TJ Fearnhead*
Mr A Lizos⁺
Mr M Oratis⁺
Mr P Ranchod*
Mr A Thomopoulos⁺

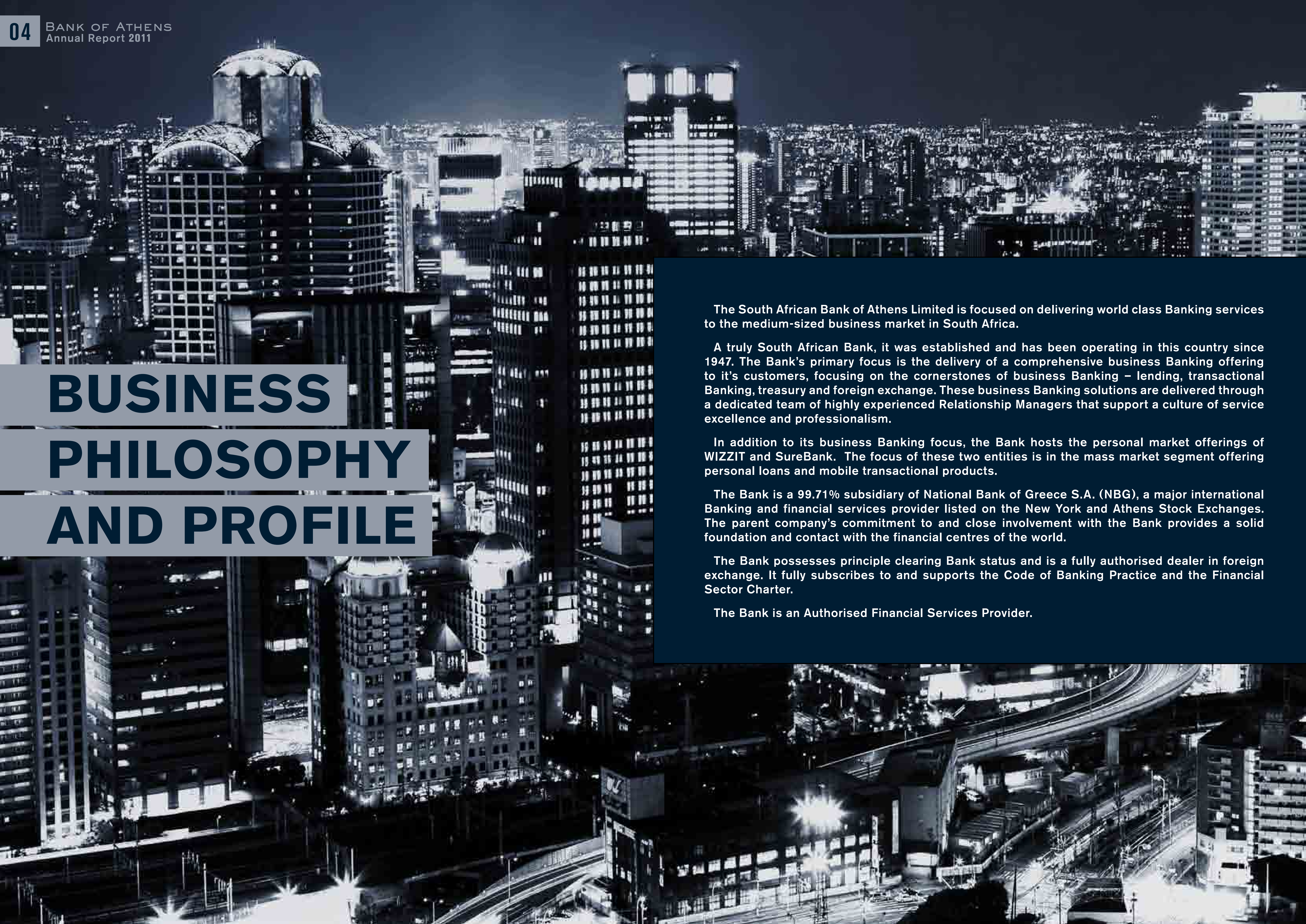
EXECUTIVE DIRECTORS

Mr S Georgopoulos (Chief Executive Officer)

⁺ Greek * Independent

THE SOUTH AFRICAN BANK OF ATHENS LIMITED
("BANK OF ATHENS") (Registered Bank)

Registration number 1947/025414/06
Registered Credit Provider (NCRCP 6)
Authorised Financial Services Provider (FSB5865)



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 primary focus is the delivery of a comprehensive business Banking offering to it's customers, focusing 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.

In addition to its business Banking focus, the Bank hosts the personal market offerings of WIZZIT and SureBank. The focus of these two entities is in the mass market segment offering personal loans and mobile transactional products.

The Bank is a 99.71% subsidiary of National Bank of Greece S.A. (NBG), a major international Banking and financial services provider listed on the New York and Athens Stock Exchanges. The parent company's commitment to and close involvement with the Bank provides a solid foundation and contact with the financial centres of the world.

The Bank possesses principle 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

BALANCE SHEET	6 Months* as at 30 Jun 11 R'000	Year ended as at 31 Dec 11 R'000	2010 R'000	2009 R'000	2008 R'000	2007 R'000	2006 R'000
Capital and reserves	185 598	194 370	199 210	180 278	184 998	85 722	65 283
Secondary capital	40 000	40 000	40 000	4 200	8 400	12 600	21 000
Total assets	1 391 042	1 653 293	1 245 139	1 258 435	1 356 118	1 140 276	825 966

INCOME STATEMENT	6 Months* ending 30 Jun 11 R'000	6 Months* ending 31 Dec 11 R'000	Year ended Dec 11 R'000	2010 R'000	2009 R'000	2008 R'000	2007 R'000	2006 R'000
Total income before charge for bad and doubtful advances	41 640	54 678	96 318	82 194	80 548	97 604	80 440	70 195
Net operating profit / (loss) before taxation	-9 936	7 027	-2 909	-15 516	-4 609	24 179	16 767	7 855
Attributable profit / (loss) to ordinary shareholders	-9 936	7 027	-2 909	-15 516	-4 609	24 179	16 767	7 855

* not audited

CHAIRMAN AND CEO'S REPORT

2011 saw The South African Bank of Athens (SABA) make positive strides towards a return to sustained profitability after a challenging 2009 and 2010. This improvement in performance was brought about largely through a refocusing of the organisation from its traditional role as a marginal retail banking competitor to a new role as an innovative player in the medium business banking market.

The Bank now defines itself as primarily a business and commercial bank, concentrating on the R10 million to R600 million turnover range of businesses. With this clear customer segment definition in place, the Bank was able to improve its competitive position in the market, deliver much improved levels of customer service and ultimately show a strong performance, particularly in the second half of 2011.

As a consequence of this change in strategy, SABA was able to reverse the 2010 loss of R15.5 million to a break-even position (annual loss of R2.9 million) in 2011. This amount included R4.5 million extraordinary costs associated with the restructure exercise in the first 6 months of the year. Particularly pleasing was the delivery of a R7 million profit for the second half of the year, driven by an overall growth in the business banking lending book of 34%, improvement in fee income of 30% and growth in Treasury fee income of 107%. In addition to strong growth on the lending side, SABA managed to show 4% growth on deposits despite enormous pressure from the Eurozone crisis.

A YEAR OF TWO HALVES

During the first half of 2011, implementation of the business banking strategy required a restructure to align costs and infrastructure to the selected market segment. This restructure included the reduction of SABA's traditional retail banking branch footprint (3 retail banking branches were closed) and the opening of business banking offices to service our selected market. SABA also increased its number of Relationship Managers to further support service levels in the business banking market. Despite the fact that this restructure added an extraordinary cost burden in the first half of 2011, it was a critical step in creating the ability to provide improved levels of service to the Bank's chosen market segment at lower cost.

With the completion of the restructure and the bedding down of a new business banking structure, the second half of 2011 allowed the Bank to focus on the implementation of the new business strategy. A strong focus on customer service and improved pricing levels were coupled with a robust sales drive. This effort resulted in the second half of 2011 showing a healthy operating profit as well as growth in all of the key indicators, affirming the Bank's choice of strategy and customer segment.

FOCUS AREAS FOR 2011

During the course of 2011, the key focus areas for the Bank included:

- A reinvigorated sales effort based around highly experienced and competent business banking relationship managers.
- A return to high-touch, traditional relationship business-banking.
- A consistent focus on reducing overheads and the cost base, especially where related to retail rather than business banking.
- Creating a market presence driven by customer referral and word of mouth.

Each of these focus areas enhanced the Bank's overall return to operating profitability in the second half of 2011 and created a strong launching platform for 2012.

FOCUS AREAS FOR 2012

The primary focus in 2012 will be to continue delivering against the business banking strategy. The focus on superior customer service driven by traditional relationship banking will be enhanced and supported through the following key focus areas:

- An improved range of business banking products and services.
- Replacing and enhancing the Bank's core banking, treasury and internet banking systems to better support our chosen customer base.
- A continued programme of sensible cost control.
- Completion of the change in distribution strategy from retail banking branches to professional business banking suites.
- A cautious approach to risk and risk management.

With these key focus areas in place, it is pleasing to note that 2012 has started off on a positive note, with the Bank experiencing a continuation of the positive trend shown in the second half of 2011. Despite the expected tough conditions for business in general (and banking in particular), SABA fully expects the trend to continue and believes that there is room for cautious optimism for the year ahead.

OUTLOOK FOR THE YEAR AHEAD

SABA expects a continued trend of improved performance during the course of 2012 and this view is supported by the already robust performance in the first quarter of the year.

A critical component of the year ahead will be the Bank's move towards a cashless branch (or business banking suite) environment. To support the removal of cash operations from our outlets, SABA has introduced a range of new cash management services for our customers, including:

- An improved cash-in-transit (CIT) offering.
- Automated banking machines at customer's premises to accept deposits.
- Debit card withdrawals at selected retail stores at lower cost than ATM withdrawals.
- Withdrawals of notes and coin at any ABSA branch around the country.

Our partnership agreement with ABSA allows the Bank to also offer a substantially improved footprint to our business banking customers – there are some 700 ABSA branches and 20 cash centres around South Africa that are now open to SABA customers.

We are confident that our improved cash handling services will offer a significantly improved range of choice in both risk and pricing options for our customers. In addition, the development of professional and secure business banking suites will provide an environment for continued excellent customer service and traditional relationship banking. During the course of 2012, we will be opening new business banking suites in Umhlanga and Cape Town whilst converting all of our remaining branches into business banking suites.

SABA is confident that 2012 will be a year characterised by a return to sustained profitability.

THANKS

Sincere thanks must go to our shareholders who have continued to provide strong support for SABA throughout 2011. We would also like to thank the SABA team for their dedication and loyalty – it is through their efforts that a strong improvement has been shown in 2011. Lastly, thanks to our customers who have supported the Bank through all of the changes. It is our sincere hope that we will continue to reward that loyalty with exceptional service and a quality banking experience.

We are confident that 2012 will continue the positive trend set in the second half of 2011 and will be a year of much improved performance.

A. Leopoulos
Chairman
25 April 2012

S. Georgopoulos
Chief Executive Officer
25 April 2012

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.

Risk management is a core competency that is required within the Bank. The Bank has adopted an Enterprise Risk and Capital Management approach to address as wide a spectrum of risks as possible. The Bank 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, manages and reports on the Bank's risks to ensure adherence to the stated appetite as set by the Board of Directors. Business units are ultimately responsible for managing risks that arise.

The Enterprise Risk and Capital Management Unit'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
- To set, approve and monitor adherence to risk thresholds and limits
- Monitor the Bank's exposure across the agreed risk profile
- Co-ordinate risk management activities across the Bank
- To give the SABA Board 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 a central to the Bank's activity and risk management is therefore a required competency
- Focuses on risk versus return
- An enterprise-wide view of risk
- Allocate business management accountability
- 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 ERM

Risk management involves all areas of the Bank and all business units are involved in risk management. A number of committees are in place to discuss, manage and decide on 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 and to ensure that these are aligned to National Bank of Greece (NBG) requirements.

The Bank has developed a policy on its risk appetite for the risks identified in the list below. In all cases a conservative philosophy is followed to ensure financial strength and integrity.

Our overall risk management philosophies, practices and frameworks have remained unchanged during the economic crisis which resulted in increased risk levels as they were found to be robust enough to handle the stresses placed on the Bank.

The Board's Enterprise Risk and Capital Management Committee monitor various aspects of the different identified risks, which are:

- Credit Risk
- Interest Rate Risk
- Liquidity Risk
- Capital Risk
- Operational Risk
- Reputation Risk
- Compliance Risk
- IT Risk
- Human Capital Risk
- Social Risk
- Environmental Risk
- Going Concern Risk
- Transformation Risk
- Strategic Risk
- Market Risk
- Concentration Risk
- Country Risk
- Foreign Exchange Risk

Within each of these high-level categories, the Bank has identified by way of established risk methodologies, the top risks which are then monitored and reported on.

RISK MANAGEMENT PROCESS

All of the Bank's policy and procedure manuals are subject to annual review and are signed off by the Enterprise Risk and Capital Management Committee prior to the Board of Directors approving them. 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 existing risks or noting risks that may arise from operational requirements or from business activities. Committees such as MANCO, EXCO and ALCO are used to identify and discuss risks that are seen as having a potential high impact on the Bank. The risk profile is reviewed regularly at EXCO.

Risk management

Risk management focuses on the management of the Bank's assets and liabilities and the risks that can inhibit the Bank from achieving its strategic objectives.

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

- Board committees
  - Audit and Compliance Committee
  - Directors' Affairs Committee
  - Remuneration and Transformation Committee
  - Enterprise Risk and Capital Management Committee
  - Senior Credit Committee

- Management committees
  - Assets and Liabilities Committee
  - Executive Committee
  - Local Credit Committee
  - Management Committee
  - Business Forum

Risk measurement and evaluation

Once risks have been identified, they need to be measured either quantitatively or qualitatively. Quantitative risks are normally more easily measured than qualitative risks, but it is necessary to ascertain the magnitude of each risk. The Bank has established a risk appetite policy which also details the Bank's risk tolerance levels.

Risk monitoring

The monitoring of risks is undertaken by Risk department, Compliance and Legal departments as well as Internal Audit department. Risks are reported to the Enterprise Risk and Capital Management Committee and Audit and Compliance Committee where they are discussed. A risk register, which is maintained of all identified risks, is updated as further risks are raised or mitigated. At the same time a key issues control log is kept for the Enterprise Risk and Capital Management Committee wherein key risks are tracked and reported on every quarter. Key risk indicators have been established and are also used to track trends.

MANAGEMENT OF RISK

Principal risk categories have been identified, defined and categorised. This set of risk definitions forms the basis of management and control relative to each department within the Bank and also forms a consistent common language.

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

BASEL II

Basel II is built around three pillars. Pillar I describes the regulatory capital calculation related to credit, market and operational risks, aligning minimum capital requirements more closely to an institution'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. The Bank evaluated the various options available and decided that the most appropriate approaches to follow for the calculation of the minimum capital requirements in terms of the Banks Act would be the Standardised Approach for Credit, Operational and Market Risk.

The Bank recognises the significance of Basel II in aligning regulatory capital to risk and further entrenching risk reward principles and practices in Bank management and decision making. To ensure the acceptable level of capital available to the Bank, an internal capital adequacy assessment process has been implemented. Scenarios have been developed, that include internal and external factors, to review the Bank's capital adequacy levels in circumstances where stress factors are having a potential impact on the Bank.

BASEL III – INFLUENCING RISK MANAGEMENT DEVELOPMENTS AT THE BANK

In today's complex environment, combining effective bank management with regulatory supervision attains a higher level of systemic safety and soundness. Building on these principles, the implementation of Basel III is expected to have far reaching implications for the Bank in terms of capital standards and liquidity requirements.

In addition to this it is anticipated that enhancements in supervision, risk management and governance requirements will need to be developed. The Bank will ensure that it is well positioned to meet the added requirements of Basel III as required by SARB.

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 approval 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 credit facility is recommended to or granted by the Credit Committees. The credit granting philosophy is a conservative one, where the ability and willingness of the borrower to repay a loan is analysed and not based on the collateral offered. Lending is governed by a credit policy which has been approved by the Board of Directors.

The credit policy establishes various levels of authority for Local Credit Risk Management approval. Facilities exceeding these levels are recommended to the Senior Credit Committee for consideration. 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 clients. All SME clients are reviewed using this model.

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 moves has been low. SABA has lending and investment rates that are linked to the prime lending rate so rates change as the prime lending rate changes.

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). Liquidity is managed on a cash flow approach. 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 has ensured that the Bank is well prepared to manage any liquidity or interest rate risks that may occur.

MARKET RISK

SABA does not have a trading desk in 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.

Operational risk includes, but is not limited to, the following:

- Theft and fraud
- Improper capturing of transactions
- Statutory and legislative compliance
- Money laundering
- System malfunction, interruption or non-availability
- Legal challenges
- Loss of key personnel without adequate succession planning
- Business continuity

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
- Ensuring that awareness is created on all aspects of risk via workshops or via electronic communications
- Properly functioning and effective Internal Audit department
- Properly functioning and effective compliance business unit that works closely with the Bank's risk department
- Adequate professional indemnity insurance cover
- Adequate business risk management and disaster recovery plans and processes

COMPLIANCE RISK

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

Compliance risk therefore not only exposes the organisation to fines, civil claims, loss of authorisation to operate and an inability to enforce contracts, but also to reputational damage.

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 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. The Bank mainly deals in UK Pounds, US Dollars, Euro and Japanese Yen and uses financial instruments, mainly in the form of forward exchange contracts, to economically hedge against the risk inherent in these types of transactions.

COUNTRY RISK

SABA due to its link with the National Bank of Greece has had to endure some questions on the viability of its business. This has mainly been from other financial institutions and from the Greek community. The Bank has been able to demonstrate that it has a good future ahead and that it is a going concern.

SABA manages this risk through proactive customer contact and management.

CONCENTRATION RISK

The Bank has in previous years had significant concentration risk, as a large proportion of the facilities granted was held by a few customers. This figure has reduced dramatically with the focus and actions taken by the Credit Risk Management department of the Bank. SABA has experienced concentration risk in the deposit book, the instalment credit book and in concentration of customers with large exposures. These exposures were a result of limited growth in the book but, with the strategic focus that the Bank has implemented on deposits and asset growth, these risks have reduced from previous levels.

TRANSFORMATION RISK

Transformation of the Bank to be representative of the South African scenario is key to its strategy. The Bank has been very limited in progressing black staff as no program was in place to identify high potential individuals. Although the Bank has attempted to employ people of colour in senior positions, it has the challenge of being a small bank with limited career growth opportunity.

SABA has undergone a restructure exercise and the intention is that during 2012 a mentorship program will be instituted to assist identified previously disadvantaged members of staff to progress to higher levels in the Bank.

STRATEGIC RISK

The Bank has experienced strategic risk in that no documented strategy was available. The Bank's direction and focus was not also communicated within the organisation.

This has been addressed by strategic sessions held where the strategy has been clarified and defined. The implementation of the strategy is monitored by EXCO on a weekly and monthly basis.

REPUTATIONAL RISK

As an authorised financial services provider, the Bank's business is fundamentally built on trust and close relationships with its clients and therefore the reputation of the Bank is of utmost importance.

SABA's reputation is built by conducting its business on ethical standards and it protects its reputation by managing and controlling this risk across the Bank.

HUMAN CAPITAL RISK

SABA undertook a restructure of positions during 2011 resulting in retrenchments due to certain positions not being required due to the refocus of the Bank into a business bank. This restructure has had an effect on the morale of staff but at the same time it has focussed everybody on the requirements to make the Bank profitable.

The management and development of people within SABA has always had a high priority with much of the training spend for 2011 being on previously disadvantaged personnel. The turnover of staff has been low during 2011. For the first time, small incentives have been paid to employees that have achieved at a high level.

INFORMATION TECHNOLOGY RISK

The main risk that SABA has been addressing over the last year is the stability of systems, ensuring that any downtime is reduced to when upgrades and changes are made to hardware or programs. Information technology risk has always been seen as significant to the Bank as it is core to the Banks' ability to meet the requirements of its customers. This also includes the banking internet system being available and able to deliver to client's needs.

Information technology risk is being addressed via the establishment of various projects and the appointment of consultants to run the development and rectification of any system issues. A prioritisation plan has been developed and is reviewed by the Management Committee on a regular basis. Controls over systems, licenses and upgrades are well controlled and planned for.

GOING CONCERN RISK

SABA has had to endure times when the viability of the organisation was in question. The Bank has over a number of years not produced sustainable profits and has on many occasions required assistance from NBG.

The Bank has redressed the strategy going forward and this has already started showing results with the last six months of 2011 reflecting profits and reducing the loss that was recorded for the first six months. These profits are envisaged to continue into 2012. The Bank's return to profitability bodes well for the future and SABA has plans in place to develop these profits further.

CAPITAL MANAGEMENT

The Bank is subject to minimum capital requirements as defined in the Banks Act and Regulations. The management of the Bank's capital takes place under the auspices of the Enterprise Risk and Capital Management Committee, through the ALCO. The members of the Enterprise Risk and Capital Management Committee consider the various risks faced by the Bank and analyse the need to hold capital against these risks, whilst taking account of the regulatory requirements. In addition, the level of capital required to support the Bank's targeted business growth is taken into consideration.

The objective of the Bank's capital management approach is to ensure the maintenance of sound capital ratios, taking all the above requirements into account, 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

In terms of regulation, the Bank is able to consider different tiers of capital. The capital of the Bank consists almost entirely of tier 1 capital. Following the recapitalisation of the Bank in 2011, it has remained capitalised well beyond regulatory and internal requirements.

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.

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

- Tier 1 capital: share capital (net of any book values of the treasury shares), general bank reserve statutory reserve, non-controlling interests arising on consolidation from interests in permanent shareholders' equity, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital

- Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and unrealised gains arising on the fair valuation of equity instruments held as available-for-sale.

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. 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 (2009) (King III).

The Bank strives to ensure that the highest levels of business ethics and organisational integrity are embedded in the manner in which it conducts its business and in its dealings with customers and stakeholders. Each and every employee of the Bank is responsible for ensuring that they act in accordance with the corporate governance practices and principles as set out by the Bank.

The overall responsibility for compliance with regulations and codes rests with the Board of Directors. In terms of the provisions of the articles of association, a number of Board committees have been established to assist the Board 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 recognises its responsibility for the overall risk and control framework and for reviewing its effectiveness.

Internal control is designed to mitigate, not eliminate, significant risks faced. It is recognised that such a system provides reasonable, but not absolute, assurance against material error, omission, misstatement or loss. This is achieved through a combination of risk identification, evaluation and monitoring processes, appropriate decision and oversight forums, and assurance and control functions such as risk management, Internal Audit and compliance.

Internal Audit 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 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 Internal Audit.

Processes are in place to monitor internal financial control effectiveness, identify and report material breakdowns, and ensure that timely and appropriate corrective action is taken.

KING III

King III distinguishes between statutory provisions, voluntary principles and recommended practices. The King III Report provides best practice recommendations, whereas the King III Code provides the principles that all entities should apply.

The majority of the principles of King III are being applied and this is evidenced in the various sections of this report. Prior to the December 2011 year-end the Bank undertook a detailed exercise to benchmark SABA's practices against the principles required under King III.

The following principles of King III are currently not being applied by SABA:

- The Board should elect a Chairman of the Board who is an independent non-executive director
  - The Chairperson, Mr Leopolous, is non-executive, but not independent. The Board members believe that it is appropriate for Mr Leopolous to chair the Bank's Board, notwithstanding the fact that he does not fulfill the strict criteria of "independence" as set out in the Bank's Act and King III. It is also the view of the directors that a strong independent element of non-executive directors exists on the Board and that this provides the necessary objectivity essential for its effective functioning. The roles of Chairman and Chief Executive Officer are separate with segregated duties.
- Companies should disclose the remuneration of certain senior executives
  - We do disclose the remuneration of the executive directors. We have not applied the recommended practice to disclose the salaries of the three most highly paid employees who are not directors.
- Sustainability reporting and disclosure should be independently assured
  - We do not believe that this is necessary given the nature of our business and level of sustainability reporting required.

BOARD OF DIRECTORS AND NON-EXECUTIVE DIRECTORS

Role and function of the Board

The role and responsibilities of the Board of Directors are contained in the Board's Charter. 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 on and off-balance sheet activities and to ensure that the Bank responds to changes in its operating environment and conditions.

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

Membership and Attendance

	07 Apr	21 Jun	03 Nov	01 Dec
A Leopoulos [2] - Chairman	√	√	√	√
G Bizos [3]	√	√	√	√
TJ Fearnhead [3]	√	√	√	√
S Georgopoulos [1]	√	√	√	√
DN Koutakis [+] [1]	¬-	-	-	-
G Lanaras* [2]	√	X	-	-
A Lizos [2]	√	√	√	√
M Oratis [2]	√	√	√	√
P Ranchod [3]	√	√	√	√
A Thomopoulos [2]	X	X	X	X

Notes

[1] *Executive Director*
[2] *Non-Executive Director*
[3] *Independent Non-Executive Director*
[+] *Retired 31 January 2011*
* *Deceased 12 October 2011*

The Board has a strong representation of non-executive directors. It is also the view of the directors that a strong independent element of non-executive directors exists on the Board and that this provides the necessary objectivity that is required to ensure its effective functioning.

The Board of Directors consists of seven non-executive directors, including four representatives from NBG, and one executive director, following the resignation of Mr DN Koutakis on 31 January 2011. Three of the seven non-executives directors are classified as independent.

Declarations of interests are submitted by all directors prior to every Board meeting to determine any conflicts of interests. Any potential conflict is disclosed immediately. Where necessary and appropriate, the directors will recuse themselves from discussions at Board or Board Committee meetings when matters where conflicts could occur are tabled.

Performance assessment

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

Executive directors and executive Committee

Two executive directors served on the Board of Directors (DN Koutakis retired 31 January 2011). There are no long term service contracts relating to the position of any executive director.

The Board appoints executive management, taking into account the recommendations of the Chief Executive Officer and the Remuneration and Transformation Committee. The remuneration and benefits of executive directors are determined by the aforementioned committee which consists of independent non-executive directors.

The Executive Committee meets on a monthly basis. The function of this committee is to develop the Bank's strategy, business plan, policies and procedures for presentation to the Board for approval. The responsibilities of the Bank's Executive Committee include the following:

- Implementation of strategies and policies of the Bank
- Managing the business and affairs of the Bank
- Prioritising the allocation of capital, technical and human resources of the Bank
- Monitoring the performance of the different divisions and departments within the Bank.

BOARD COMMITTEES

Enterprise Risk and Capital Management Committee

Membership and Attendance

	07 Apr	14 Jun	29 Sep	01 Dec
P Ranchod - Chairman	√	√	√	√
TJ Fearnhead	√	√	√	√
S Georgopoulos	√	√	√	√
M Oratis	√	X	X	√

The Head of Governance, Risk and Compliance; Head, of Compliance and Legal and Head of Internal Audit attend all meetings in the capacity of permanent invitees. The committee met four times during the year under review.

An Enterprise-wide Risk Management Framework has been adopted to ensure appropriate and focused management of all risks. Assessment of risks is an on-going process which is reviewed regularly. The overall objective of Enterprise-wide Risk Management is to ensure an integrated and effective risk management framework, where all risks are identified, quantified and managed in order to achieve an optimal risk reward profile. The Enterprise Risk and Capital Management Committee operates within the directives of the risk management framework which is approved by the Board.

Risk management is performed by the Board and is also seen as the responsibility of every employee of the Bank. Independent support is given by Internal Audit and Compliance departments.

Remuneration and Transformation Committee

Membership and Attendance

	30 Mar	03 Nov
A Leopoulos - Chairman	√	X
TJ Fearnhead	√	√
P Ranchod	√	√
M Oratis	√	√

The Chief Executive Officer attends as an invitee. The committee met twice during the year under review. Its mandate includes direct authority for, or consideration and recommendation to the Board on matters such as staff policy, remuneration and benefits, profit bonuses, executive remuneration, directors' remuneration and fees, service contracts, retirement funding and succession planning.

Audit and Compliance Committee (ACC)

Membership and Attendance

	07 Apr	14 Jun	29 Sep	01 Dec
T Fearnhead - Chairman	√	√	√	√
G Bizos	√	X	√	√
P Ranchod	√	√	√	√

The ACC comprising three non-executive directors is required to meet predetermined skills, competency and experience requirements. We believe the ACC has the necessary expertise to discharge their responsibilities effectively.

The ACC met four times during the year under review. The internal and external auditors and members of the Bank's executive management from compliance and finance attend all meetings in order to review accounting, auditing, financial reporting and compliance functions and to consider the nature and scope of the audit reviews and the effectiveness of the Bank's risk and control systems. This committee operates under a Board approved charter.

The ACC complies with all legal and regulatory requirements, as required under South Africa legislation and applies the corporate governance principles for audit committees as required by King III.

Role and responsibilities

The responsibilities of the ACC include:

- Reviewing and making recommendations for the Board's approval of the Bank's Financial Statements
- Reviewing the appropriateness of the accounting policies and their application
- Overseeing the external audit process in the review of reports and accounts
- Considering the external audit scope; both attest and non-attest fees; and audit findings
- Reviewing Internal Audit plans, reports, capacity and capability, and the reliance by the external auditors on the work and findings of Internal Audit
- Focusing on the Bank compliance with legal requirements, accounting standards and the relevant listing requirements
- Overseeing integrated reporting
- Ensuring that the finance function is adequately skilled, resourced and experienced as well as ensuring that the finance director has appropriate expertise and experience
- Ensuring the effectiveness of the internal financial controls and that no material weaknesses in financial control have been identified
- Ensuring that the external auditor is independent.

Directors' Affairs Committee

Membership and Attendance

	30 Mar	21 Jun	11 Mar
A Leopoulos - Chairman	√	√	√
T Fearnhead	√	√	X
G Bizos	√	√	√
P Ranchod	√	√	√

This committee met three times during the year under review. The committee assists the Board in its determination and evaluation of the adequacy, efficiency and appropriateness of the corporate governance structure and practices of the Bank. It also strives to establish a Board directorship continuity programme. This committee operates under a Board approved charter.

Social and Ethics Committee

Membership and Attendance

	29 Nov
G Bizos - Chairman	√
T Fearnhead	√
S Georgopoulos	√
P Ranchod	√

A Social and Ethics Committee has been established late in 2011 and has held one meeting. Permanent invitees include:

- Head: Governance Risk and Compliance
- Head: Customer Strategy
- Head: Internal Audit
- Head: Human Resources

Guided by its principles and ethics, the Bank subscribes to the South African Financial Sector Charter. The support of education is undoubtedly an area which merits investment and the Bank has focused on this worthy cause. Furthermore, the Bank's Corporate Social Investment spend is aligned with the core business objectives in the form of sponsorships and/or donations to community initiatives identified by the Bank.

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.

The Company Secretary assists the Chairperson to determine the annual Board meeting plan and agendas as well as to formulate governance and Board related issues.

LOANS TO STAFF

Employees are granted loans at the official interest rate and adherence to the NCA regulations are maintained.

COMPLIANCE FUNCTION

In accordance with the provisions of Regulation 49 of the Banks Act, 1991, the Bank has an independent compliance function as part of its risk management framework, so as to ensure that its regulatory and supervisory risks are managed on a continuous basis. The compliance function is responsible for establishing a regulatory universe, risk management plans, policies and training, in order for the Bank and its staff to comply with all applicable laws, regulations or supervisory requirements. In addition, it has the responsibility to monitor continuous compliance with laws and regulations or supervisory requirements by the Bank and its staff. The final leg of its responsibilities is a reporting obligation – either in terms of the applicable legislation or in accordance with the requirements of Board or Bank processes and controls.

The Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) function of the Bank is a subdivision of the Compliance Department. It is staffed by dedicated resources as required in terms of the Financial Intelligence Centre Act, 2001('FICA'). The function is equipped with an automated detection and reporting system (the 'ERASE' –AML system) to assist in its identification and reporting obligation of suspicious transactions under FICA.

The compliance function maintains a close working relationship with the Group Compliance function of NBG, in order to ensure that the Bank's policies and directives in the compliance domain are aligned to those of NBG and other Banking entities within the Group. To this end, the Bank's annual compliance plan benefits from input and guidance from NBG Group Compliance. In the AML and CFT arena, specifically, the co-operation between the respective compliance functions within the NBG Group is of paramount importance, given the global threat posed by money laundering syndicates and other criminal elements in abusing the international financial system.

EMPLOYMENT EQUITY

The Bank adopts the following principles regarding employment equity:

- All employees should be given the opportunity and exposure to grow and to influence their destinies
- The Bank recognises that special efforts are required to assist in the development of employees who, through lack of past opportunity, do not possess the necessary skills.

CODE OF CONDUCT

The Bank has developed a code of conduct which commits the Bank to high standards of integrity, behaviour and ethics in dealing with all its stakeholders and the Bank requires all employees to conduct themselves with respect, honesty and integrity in their business and personal dealings with customers and fellow employees

OCCUPATIONAL HEALTH AND SAFETY

The health and safety of employees, customers and other stakeholders is a priority of the Bank and it aims to identify and reduce the potential for accidents or injuries in all its operations. Training of staff on health and safety awareness is an on-going endeavour. High levels of occupational health and safety across all of our operations are being developed.

CODE OF BANKING PRACTICE

The Bank subscribes to the Code of Good Banking Practice as established by the Banking Association. The Bank conducts its business with uncompromising integrity in order to promote complete trust and confidence.

The Bank's relations with the regulatory authorities, clients, employees and shareholders are of the highest order and are maintained in accordance with the Code.

REGULATORY AND SUPERVISORY AUTHORITIES

The South African Reserve Bank, Financial Services Board, National Credit Regulator, Financial Intelligence Centre, National Consumer Commission and Companies and Intellectual Property Commission regulate various activities of the Bank. The Bank maintains an active and transparent relationship with all regulatory and supervisory authorities. Processes are in place to respond proactively to any issues arising, and the Bank regularly interacts with, and reports to, these authorities.

PROCUREMENT

A targeted procurement strategy to enhance Broad Based Black Economic Empowerment ("BBBEE") has been adopted. The principles are detailed in the Bank's Procurement Policy and the Bank's objective is to actively promote the effective support of suppliers and contractors from historically disadvantaged South African enterprises.

INTERNAL AUDIT

The Internal Audit activity is an independent unit that provides guidance and advice. The work of Internal Audit adds value to the Bank by

- contributing to the on-going and systematic evaluation of risk management, internal controls and governance processes and systems
- formulating measures to enhance their performance and effectiveness
- monitoring the implementation of any corrective actions that may be needed.

The Internal Audit activity is governed by an Internal Audit charter, approved by the Audit and Compliance Committee and reviewed annually. The Charter defines the purpose, authority and responsibilities of the Internal Audit function.

As an Internal Control Unit of the NBG Group Internal Audit Division the function uses a group risk-based methodology and co-operates technically and operationally. The adopted functions comply with the international standards for the professional practice of Internal Auditing.

The Head of Internal Audit reports at each Audit and Compliance Committee meeting, has a direct reporting line to the Chairman of the Audit and Compliance Committee, operates independently and has access to the Chief Executive Officer. For administrative purposes the head of Internal Audit also reports to the head of SABA's Governance, Risk and Compliance Cluster.

Annually, Internal Audit conducts a formal risk assessment of the entire business from which a comprehensive risk-based audit plan is derived. The annual audit plan is approved by the Audit and Compliance Committee. High risk processes are audited annually, with other areas covered at regular intervals based on their risk profile. The annual plan is reviewed regularly to ensure it remains relevant and responsive, given changes in the operating environment. The Audit and Compliance Committee approves any changes to the plan.

Significant control weaknesses are reported, in terms of an escalation protocol, where remediation procedures and progress are considered and monitored in detail by management. The Audit and Compliance Committee receives a report on significant issues and actions taken by management to enhance related controls.

Internal Audit proactively reviews its practices and resources for adequacy and appropriateness to meet our increasingly demanding corporate governance and regulatory environment including the requirements of King III in South Africa. The audit team comprises of qualified and experienced staff to ensure that the function has the competence to match requirements. Where specific specialist skills or additional resources are required, these are obtained from NBG Group Internal Audit Division or other third parties. Internal Audit resources are subject to review by the Audit and Compliance Committee.

SOCIAL AND ETHICS APPROACH

"People are definitely a company's greatest asset. It doesn't make any difference whether the product is cars or cosmetics. A company is only as good as the people it keeps"

Mary Kay Ash

SOCIAL AND ETHICS APPROACH AND CORPORATE SOCIAL RESPONSIBILITY

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. The establishment of a Social and Ethics Board Committee during the course of 2011 provides guidance not only to the Bank's principles and values but also to the specific programs on transformation and corporate social responsibility.

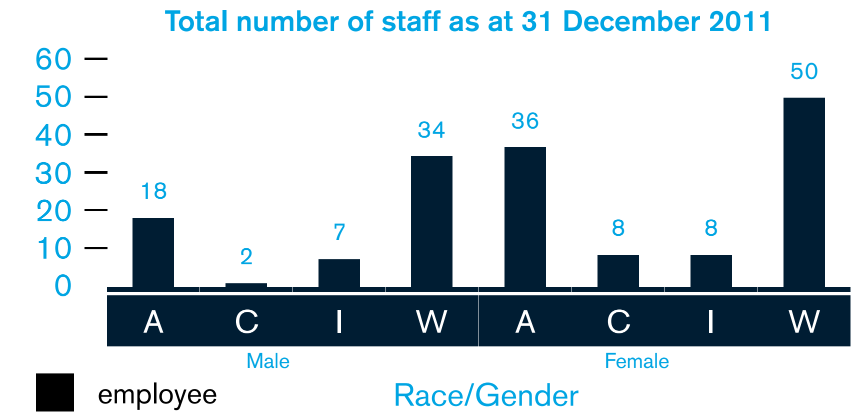
CORPORATE SOCIAL RESPONSIBILITY

The primary focus of the Bank's corporate social investment efforts is in support of education while additional spend is made in the form of sponsorships and/or donations to community initiatives.

During the course of 2011, the Bank continued its support of education through the issuing of bursaries for learners from previously disadvantaged communities. In addition, the Bank also made donations to charities that specifically support the education of underprivileged

TRANSFORMATION

The Bank is committed to continuously strive towards a workforce that is representative of the demographics of the markets and customers we serve and of the country as a whole. The current ethnic composition of the organisation (as at December 2011) is as follows:



African:	54
Coloured:	10
Indian:	15
Sub Total:	79
White	84
Total:	163

In addition to commitments within its own workforce, the Bank is committed to supporting the transformation objectives of the country by providing access to financial services to previously disadvantaged individuals and communities. As a business Bank focusing on the medium business market, the Bank provides a substantial amount in lending facilities to black owned and operated businesses around the country. The Bank also provides financial services to the low income earner bracket through WIZZIT (transactional Banking) and SureBank (transactional Banking and microfinance).

EMPLOYEE RELATIONS

As a company built around customer service, the Bank views its staff as its most critical asset. A team of experienced, energised and motivated people is a crucial component in the delivery of the Bank's customer value proposition.

2011 was however a challenging year from an employee relations perspective as the Bank decided to undertake a restructuring exercise to improve its ability to service customers in a cost effective manner. This exercise resulted in the retrenchment of 36 staff and was completed in the first half of 2011. In addition to the restructure exercise, another key development during 2011 was the updating of the Bank's performance appraisal system to ensure a more equitable approach.

As part of its commitment to staff development, the Bank provides financial support for staff who wish to engage in further studies, as well as providing its own training program for staff. During the course of 2011, 8 members of staff received study loans and 155 members of staff were trained. 88% of study loans were granted to previously disadvantaged individuals.

The Bank continues to enjoy a healthy working relationship with the main organised labour body in the financial services industry (SASBO).

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
- Foreign Bank Notes
- Foreign Bank Drafts
- Travellers Cheques
- Cash Passport Cards

OTHER SERVICES

- Cash Handling Solutions
- Electronic Banking Solutions
- ATM / Debit Cards
- Cheque Book Facilities

ADMINISTRATION

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

Registered Office
Bank of Athens Building
116 Marshall Street, Johannesburg, 2001
PO Box 7781, Johannesburg, 2000
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

CHIEF EXECUTIVE OFFICER
Spiro Georgopoulos

CHIEF FINANCIAL OFFICER
Chrisanthi Michaelides (Appointed 1 March 2012)

HEAD OF CUSTOMER STRATEGY
Darryl Adriaanzen

HEAD OF BANKING CHANNELS
Paul de Bruyn

HEAD OF RISK
David Haarhoff

HEAD OF CREDIT
Roy Scott

HEAD OF INFORMATION SYSTEMS
Nico Vlok

HEAD OF OPERATIONS
Sanjay Persad

HEAD OF COMPLIANCE AND LEGAL
Hermann Krull

HEAD OF INTERNAL AUDIT
Andre de Lange

HEAD OF HUMAN RESOURCES
Cessy Frazao

HEAD OF TREASURY
Enzo Pietropaolo

COMPANY SECRETARY
Nomakhosi Mukanya

DISTRIBUTION CHANNELS

The Bank focuses on relationship Banking as a core competitive advantage and consequently the delivery of financial services to customers is centred around experienced Relationship Managers supported by a mix of physical and electronic delivery channels.

The physical delivery channel consists of a network of business Banking suites in Gauteng, Western Cape, Eastern Cape and KwaZulu-Natal. These business Banking suites are supported by traditional teller services at over 700 outlets nationally through our alliance agreement with ABSA Bank. Electronic Banking is provided through our internet Banking offering and other electronic products, including the Athena Payments System (APS) for bulk payments.

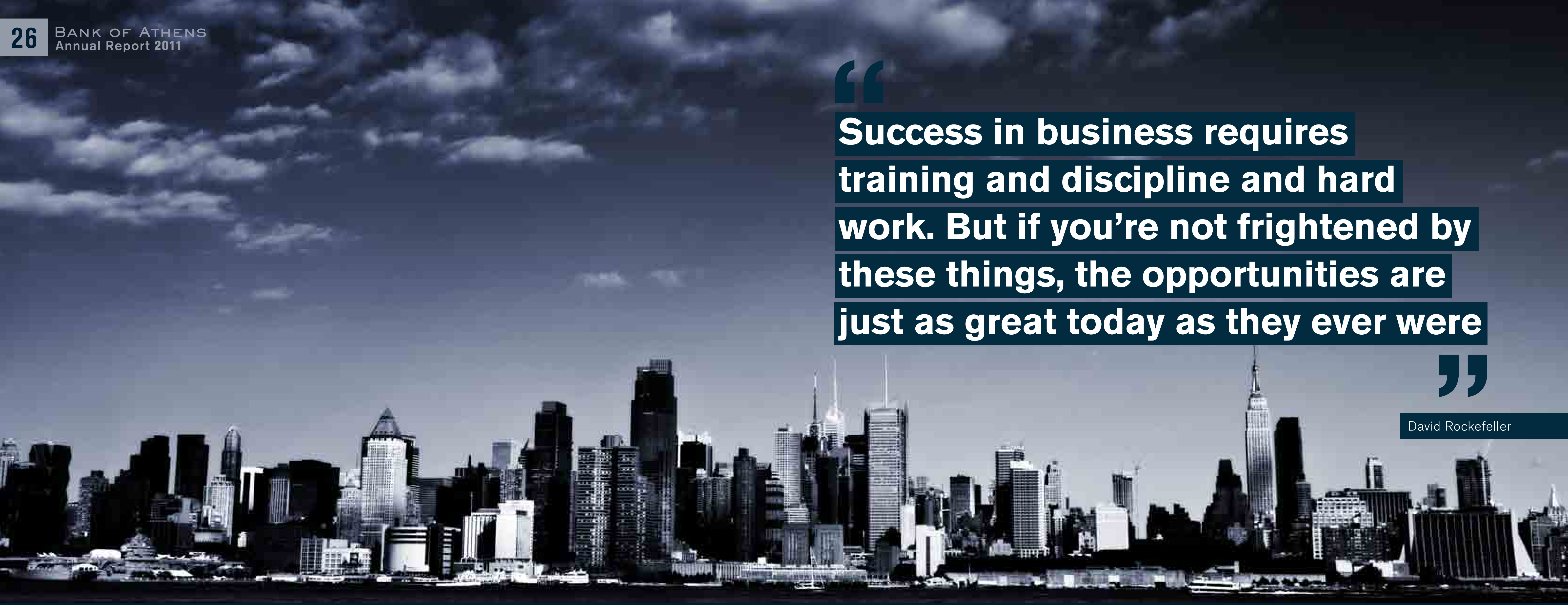
New customer acquisition is driven by a team of Business Development Managers based in each of the major geographical areas (Johannesburg, Pretoria, Durban, Port Elizabeth and Cape Town).

During the course of 2012, all of the business Banking suites will be refurbished and, in some cases, relocated to modern premises in prominent business nodes. These suites will be designed as professional and secure cashless environments that provide service support for customers as well as a congenial environment to consult with customers on their business Banking needs. Due to changing operational requirements, the Benoni and Johannesburg branches will also be closed during this period.

With the reconfiguration of traditional branches into business Banking suites, the Bank is able to offer an expanded range of cash handling services delivered through several new channels. Cash withdrawal facilities are available via any Saswitch ATM, from till points at major retailers and traditional over the counter withdrawals at any ABSA branch. Cash deposit facilities are available through cash-in-transit services, automated Banking devices and traditional over the counter deposits at any ABSA branch.

INFORMATION TECHNOLOGY

During the course of 2011, the Bank has been maintaining and improving its legacy IT capability in preparation for the planned implementation of a new fit-for-purpose core Banking platform in 2012. The legacy system was brought to a high level of stability during this period and the most critical inefficiencies were addressed through improved governance and security controls, risk management and the introduction of new resources. The focus during the course of 2012 will be the implementation of a new core Banking, treasury system and internet Banking platform that will enhance the Bank's ability to deliver to the business Banking market. The Bank will also be moving to new state-of-the-art data centre facilities (both primary and disaster recovery) during 2012.



> **“Success in business requires training and discipline and hard work. But if you’re not frightened by these things, the opportunities are just as great today as they ever were”**
>
> David Rockefeller

INDEX TO ANNUAL FINANCIAL STATEMENTS

28	DIRECTOR’S RESPONSIBILITY AND APPROVAL FOR THE ANNUAL FINANCIAL STATEMENTS
29	COMPANY SECRETARY’S CERTIFICATE
29	AUDIT COMMITTEE REPORT
30	INDEPENDENT AUDITOR’S REPORT
31	DIRECTOR’S REPORT
32	STATEMENT OF FINANCIAL POSITION
33	STATEMENT OF COMPREHENSIVE INCOME
34	STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY
35	STATEMENT OF CASH FLOW
36	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
48	NOTES TO THE ANNUAL FINANCIAL STATEMENTS

DIRECTOR'S 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 system 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. The holding company is National Bank of Greece (NBG), which is incorporated in Greece, with its head office in Athens. The holding company has continued to support the Bank and has assured the directors of their continued support in the year ahead. 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, from page 29 to 72, have been prepared in accordance with the provisions of the Companies Act of South Africa, 2008 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 2011 were approved by the Board of Directors on the 25th of April 2012 and are signed on its behalf by

A. Leopoulos
Chairman
25 April 2012

S. Georgopoulos
Chief Executive Officer
25 April 2012

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.

N Mukanya
Company Secretary
25 April 2012

AUDIT COMMITTEE REPORT

The Audit Committee has been constituted in accordance with applicable legislation and regulations. The committee members are all independent non-executive directors of the Bank. Four Audit Committee meetings were held during the year during which the members fulfilled all their functions as prescribed by the Act. The Audit Committee 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.

T Fearnhead
Chairman: Audit and Compliance Committee
25 April 2012

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE SOUTH AFRICAN BANK OF ATHENS LIMITED

We have audited the annual financial statements of The South African Bank of Athens Limited, which comprise the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the directors' report, as set out on pages 31 to 72.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, 2008, 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of The South African Bank of Athens Limited as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, 2008.

Deloitte & Touche
Registered Auditors

Per: D. Jorge
Partner
25 April 2012

Address:
Building 8, Deloitte Place, The Woodlands, Woodmead Drive, Sandton, 2196

National Executive:
GC Gelink Chief Executive, AE Swiegers *(Chief Operating Officer)*, GM Pinnock *(Audit)*, DL Kennedy *(Risk Advisory & Legal Services)*, NB Kader *(Tax)*, L Greeringh *(Consulting)*, L Bam *(Corporate Finance)*, JK Mazzocco *(Human Resources)*, CR Beukman *(Finance)*, TJ Brown *(Chairman of the Board)*. MJ Comber *(Deputy Chairman of the Board)*.
A full list of partners and directors is available on request.

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The directors have pleasure in submitting their report on the activities of the Bank for the financial year ended 31 December 2011.

NATURE OF THE BUSINESS

The Bank continued to service its clientele as a long standing registered commercial and clearing bank through its head office and business banking suites throughout the country. Its focus during the year under review primarily remained with the small to medium sized entrepreneurial businesses and related personal banking requirements.

The Bank has two alliance partners, SureBank (Pty) Ltd and Wizzit Payments (Pty) Ltd, which operate as divisions of the Bank.

CAPITAL STRUCTURE

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 NBG, until the next Annual General Meeting. During the year no shares were issued to the shareholders.

FINANCIAL RESULTS

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 (2010: Nil).

HOLDING COMPANY

The holding company is NBG which is incorporated in Greece, with its head office in Athens. The holding company has continued to support the Bank and has assured the directors of their continued support in the year ahead.

DIRECTORATE AND SECRETARY

Details of the directors and the company secretary of the Bank are provided on the inside cover and page 31 respectively. The directors of the Bank as at 25 April 2012 are:

DIRECTORATE

Non-Executive:
A. Leopoulos *(Chairperson)*
M.A. Oratis
A. Thomopoulos
A. Lizos

Independent, Non-Executive:
G. Bizos
T.J. Fearnhead
G. Lanaras *(Deceased 12 October 2011)*
P. Ranchod

Executive:
S Georgopoulos *(Chief Executive Officer)*
DN Koutakis *(Retired 31 January 2011)*

The Company Secretary is N. Mukanya
and the registered address of the Bank is:

Registered Office:
Bank of Athens Building, 116 Marshall Street,
Johannesburg, 2000
South Africa

EVENTS SUBSEQUENT TO YEAR END

There are no material facts or circumstances that have occurred between 31 December 2011 and the date of this report, that require to be drawn to the attention of the shareholders.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

ASSETS	Notes	2011 R'000	2010 R'000
Cash and cash equivalents	1	119 351	65 712
Derivative financial instruments	2	4 854	3 762
Short-term negotiable securities	3	62 123	58 163
Other investments	4	15	15
Other accounts receivable	5	7 745	12 796
Loans and Advances	6, 7	1 420 015	1 058 304
Property and equipment	8	29 794	34 616
Intangible assets	9	9 396	11 771
Total assets		1 653 293	1 245 139
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	16 458	16 458
Share premium	11	181 227	181 227
Revaluation reserves	12	15 301	17 232
Accumulated loss		-18 616	-15 707
Total Equity		194 370	199 210
LIABILITIES			
Derivative financial instruments	2	5 523	3 455
Deposits and Current Accounts	13	1 397 604	986 305
Other accounts payable	14	15 796	16 169
Debentures - long term liability	15	40 000	40 000
Total Liabilities		1 458 923	1 045 929
TOTAL EQUITY AND LIABILITIES		1 653 293	1 245 139

STATEMENT OF COMPREHENSIVE INCOME

AS AT 31 DECEMBER 2011

	Notes	Year Ended 2011 R'000	Year Ended 2010 R'000
Interest income	17.1	114 451	105 576
Interest expense	17.2	-57 030	-54 970
Net interest income		**57 421**	**50 606**
Net charge for bad and doubtful advances	7	-1 798	-3 960
		55 623	46 646
Non interest income	17.3	40 695	31 588
Operating Income		**96 318**	**78 234**
Staff Cost	17.4	-46 823	-45 751
Depreciation and Amortisation	17.4	-11 910	-10 064
Operating Lease Expense	17.4	-6 262	-6 029
Other Expense	17.4	-34 232	-31 906
Loss Before Tax		**-2 909**	**-15 516**
Income tax expense	**18**	**-**	**-**
Loss for the year		**-2 909**	**-15 516**
OTHER COMPREHENSIVE LOSS, NET OF TAXATION			
Net gain on available-for-sale financial asset		0	48
Revaluation of land and buildings		-1 931	4 400
		-1 931	**4 448**
Total Comprehensive Loss for the year		**-4 840**	**-11 068**
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Holding Company		-2 900	-15 471
Other Shareholders		-9	-45
		-2 909	**-15 516**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Holding Company		-4 826	-11 036
Other Shareholders		-14	-32
		-4 840	**-11 068**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

AS AT 31 DECEMBER 2011

	Share capital	Share premium	Available-for-sale Financial Asset	Properties revaluation reserve	Retained earnings	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 1 January 2010	**13 958**	**153 727**	**-81**	**12 865**	**-191**	**180 278**
Loss for the year	-	-	-	-	-15 516	-15 516
Other comprehensive income for the year, net of income tax	-	-	48	4400	-	4448
	13 958	**153 727**	**-33**	**17 265**	**-15 707**	**169 210**
Issue of ordinary shares	2 500	27 500	-	-	-	30 000
Balance at 31 December 2010	**16 458**	**181 227**	**-33**	**17 265**	**-15 707**	**199 210**
Loss for the year	0	0	0	0	-2 909	-2 909
Other comprehensive income for the year	-	-	0	-1 931	-	-1 931
Balance at 31 December 2011	**16 458**	**181 227**	**-33**	**15 334**	**-18 616**	**194 370**

STATEMENT OF CASH FLOW

AS AT 31 DECEMBER 2011

	Note	2011 R'000	2010 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	23.1	154 969	137082
Cash paid to customers, suppliers and employees	23.2	(144 347)	(138 656)
Cash generated from/(utilised by) operations	23.5	10 622	(1 574)
Dividends received		77	82
Net increase in income earning assets	23.3	(361 442)	(35 561)
Net increase/(decrease) in deposits and other accounts	23.4	410 925	(71 002)
Net cash inflow/(outflow) from operating activities		**60 182**	**(108 055)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets		(3 412)	(10 698)
Purchase of property and equipment		(2 885)	(6 062)
Proceeds on sale of property and equipment		202	10
Net cash (outflow) from investing activities		**(6 095)**	**(16 750)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity instruments of the Bank		0	30 000
Proceeds from issue of convertible notes		0	40 000
Repayment of borrowings		-	(4 200)
Effect of exchange rate changes on cash and cash equivalents		(448)	-
Net cash (outflow) / inflow from investing activities		**(448)**	**65 800**
Net cash inflow/(outflow) for the year		53 639	(59 005)
Cash and cash equivalents at the beginning of the year		65 712	124 717
Cash and cash equivalents at the end of the year		**119 351**	**65 712**

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 ("IFRSs") 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 certain properties measured at revalued amounts 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. Use of available information and application of judgment are inherent in the formation of estimates in the following areas: valuation of OTC derivatives, unlisted securities, impairment of loans and receivables, liabilities from open tax years and contingencies from litigation. Actual results in the future may differ from those reported.

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

3.1. New standards, amendments and interpretations to existing standards applied from 1 January 2011

- **IFRIC 14 "IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"** (Amendment "Prepayments of a Minimum Funding Requirement" November 2009) (effective for annual periods beginning on or after 1 January 2011). The amendments remove an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset or a prepayment of contributions made to cover minimum funding requirements. This amendment had no impact on the Bank's Financial Statements.

- **IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"** (effective for annual periods beginning on or after 1 July 2010). The interpretation clarifies that the profit or loss on extinguishing liabilities by issuing equity instruments should be measured by reference to fair value, preferably of the equity instruments. This interpretation had no impact on the Bank's Financial Statements.

- **IAS 32 "Financial Instruments: Presentation"** (Amendment) (effective for annual periods beginning on or after 1 February 2010). The amendment addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities. However, the amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. This amendment had no impact on the Bank's Financial Statements.

- **IAS 24 "Related Parties"** (Revised) (effective from 1 January 2011). The revised standard provides a partial exemption for government related entities, a revised definition of a related party and includes an explicit requirement to disclose commitments involving related parties. This amendment had no impact on related party disclosures in the Bank's Financial Statements.

- **Improvements to IFRSs, May 2010** (effective for the annual periods beginning on 1 January 2011). The new or amended disclosures required by the amendments in IFRS 7 "Financial Instruments: Disclosure" are provided in the notes. The other amendments in the Improvements to IFRSs, May 2010 did not have an impact on the Bank's Financial Statements.

3.2. New standards, amendments and interpretations to existing standards effective after 2011

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after 1 January 2015). IFRS 9 specifies how an entity should classify and measure financial assets and financial liabilities, including some hybrid contracts.

  The new standard requires all financial assets to be:
  a. classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset,
  b. initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs,
  c. subsequently measured at amortised cost or fair value,
  d. investments in equity instruments can be designated as "fair value through other comprehensive income" with only dividends being recognised in profit or loss, and
  e. the concept of "embedded derivatives" does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines.

  The standard also requires a financial liability to be classified as either at fair value through profit or loss or at amortised cost. For a financial liability designated as at fair value through profit or loss using the fair valueoption, the change in the liability's fair value attributable to changes in theliability's credit risk is recognised directly in other comprehensive income, unless it creates or increases an accounting mismatch and the amount that is recognisedin other comprehensive income is not recycled when the liability is settled or extinguished.

  The Bank has not applied this Standard and is currently evaluating the impact of IFRS9 on the Bank's Financial Statements and the timing of its adoption.

- **IFRS 7 "Financial Instruments: Disclosures"** (Amendment) (effective for annual periods beginning on or after 1 July 2011). The amendment requires certain additional disclosures in relation to transferred financial assets that are not de-recognised and for any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred. The Bank has not applied this amendment, but it is not expected to have an impact on the Bank's Financial Statements.

- **IAS 12 "Income Tax"** (Amendment) (effective for annual periods beginning on or after 1 January 2012). The amendments provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 "Investment Property". The Bank has not applied this amendment, but it is not expected to have an impact on the Bank's Financial Statements because the Bank does not use fair value model.

- **IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities", IAS 27"Separate Financial Statements"** (Amendment), **IAS 28 "Investments in Associates and Joint Ventures"** (Amendment) (effective for annual periods beginning on or after 1 January 2013).

  IFRS 10 provides a single consolidation model and builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated Financial Statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 10 replaces the consolidation requirements in IAS 27 "Consolidated and Separate Financial Statements" which now only deals with the requirements for separate Financial Statements and SIC-12 "Consolidation – Special Purpose Entities".

  IFRS 11 replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities – Non-monetary Contributions by Venturers". It requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement. Joint arrangements are either joint operations or joint ventures. Unlike IAS 31, the use of "proportionate consolidation" to account for joint ventures is not permitted.

  IAS 28 "Investments in Associates and Joint Ventures" (2011) supersedes IAS 28 "Investments in Associates" and prescribes the accounting for investments in associates and sets the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

IFRS 12 combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Bank has not applied the above standards and amendments and is currently evaluating their impact on the Bank's Financial Statements.

- **IFRS 13 "Fair Value Measurement"**
(effective for annual periods beginning on or after 1 January 2013). IFRS 13:
  - defines fair value as the price that would be received to sell an asset or paid to transfer a iability in an orderly transaction between market participants at the measurement date (i.e. an exit price)
  - sets out in a single IFRS a framework for measuring fair value
  - requires disclosures about fair value measurements.

IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. IFRS 13 explains how to measure fair value for financial reporting.
It does not require fair value measurements in addition to those already required or permitted by other IFRSs and is not intended to establish valuation standards or affect valuation practices outside financial reporting. The Bank has not applied this standard and is currently evaluating the impact of IFRS 13 on the Bank's Financial Statements.

- **IAS 32 "Financial Instruments: Presentation"**
(Amendment) (effective for annual periods beginning on or after 1 January 2014). The amendment provides clarifications on the application of the offsetting rules. The Bank has not applied this amendment and is currently evaluating its impact on the Bank financial statements. (effective for annual periods beginning on or after 1 January 2013). The amendment requires information about all financial instruments that are set off in accordance with paragraph 42 of IAS 32.
The amendment also require disclosure of information about recognized financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The Bank has not applied this amendment and is currently evaluating its impact on the Bank's financial statements.

- **IAS 19 "Employee Benefits"** (Amendment)
(effective for annual periods beginning on or after 1 January 2013). The amendments:
  - eliminate the option to defer the recognition of gains and losses, known as the "corridor method" and require companies to report these changes as they occur. As a result any deficit or surplus in a plan will be included on the Statement of Financial Position.
  - require to include service and finance cost in Income Statement and remeasurements in Other Comprehensive Income ("OCI")
  - enhance the disclosure requirements for defined benefit plans to provide better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.
  - modify the accounting for termination benefits including distinguishing benefits provided in xchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits. The Bank has not applied this amendment and is currently evaluating its impact on the Bank's Financial Statements.

- **IAS 1 "Presentation of Financial Statements"**
(Amendment) (effective for annual periods beginning on or after 1 July 2012). The amendments require to bank together items within OCI that may be reclassified to the profit or loss section of the Income Statement subsequently. The Bank has not applied this amendment and is currently evaluating its impact on the Bank's Financial Statements.

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 the Statement of Comprehensive Income 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 an entity 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 for 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 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 recognised 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 Statement of Comprehensive Income 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 re-measured 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 is 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 or 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 of such securities are impaired. 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 Statement of Comprehensive Income 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 Non-interest 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 forsale 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 recogniced 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 securitie.

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 accrual basis. 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 book 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 book 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 book 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 attention of the Bank about but not restricted to the following loss events:

- significant financial difficulty of the issuer or obligor
- a breach of contract, such as a default or delinquency in interest or principal payments (in arrears for a period over 90 days)

- the Bank, for economic or legal reasons relating to the borrower's financial difficulty,
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- the disappearance of an active market for that financial asset because of financial difficulties
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a book 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:
  - adverse changes in the payment status of borrowers in the Bank (e.g. an increased number of delayed payments); or
  - 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 incurred, the amount of the loss is measured as the difference between the loans' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at
- the loan's original effective interest rate, if the loan bears a fixed interest rate, or
- current effective interest rate, if the loan bears a variable interest rate.

In determining impairment losses the Bank applies judgement whether there is any information indicating that there maybe 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 any other evidence collected during normal course of business in the calculation of the different credit portfolios expected future cash flows.

Management regularly review the methodologies and assumptions applied in the calculation of the estimated future cash flows, the timing and the amount thereof.

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 Income Statement 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 portfolio 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
- the Bank has transferred its rights to receive cash flows from the asset and has either
  - transferred substantially all the risks and rewards of the asset, or
  - 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. SALE AND REPURCHASE AGREEMENTS

Securities sold subject to a commitment to repurchase them at a predetermined price ('Repos') are retained on the Statement of Financial Position and the counterparty liability is included in amounts due to the Bank, due to customers or other deposits, as appropriate. Securities purchased under agreement to resell ('Reverse Repos') are recorded as due from the Bank or loans and advances to customers, as appropriate. The difference between sale and repurchase price (or the purchase and resale price) is treated as interest income (or expense) and accrued over the life of the Repos (or Reverse Repos) agreement using the effective interest rate method.

15. SECURITIES BORROWING AND LENDING

Securities borrowed and securities lent are recorded at the amount of cash collateral advanced or received, plus accrued interest. Securities borrowed and securities received as collateral under securities lending transactions are not recognised in the financial statements unless control of the contractual rights that comprise these securities transferred is gained by or sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income. The obligation to return them is recorded at fair value as a trading liability. The Bank monitors the market value of the securities borrowed and lent on a regular basis and provides or requests additional collateral in accordance with the underlying agreements. Fees and interest received or paid are recorded as interest income or interest expense, on an accrual basis.

16. 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.

17. OFFSETTING

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position when, and only when there is a legally enforceable right to offset the recognised amounts and there is an intention to realise the asset and settle the liability simultaneously or on a net basis.

18. 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 and to loan commitments are deferred and amortised to interest income 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.

19. 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.

20. 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 their fair value less accumulated deprecation 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 5 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.

21. INTANGIBLE ASSETS

Intangibles 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 programs 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 10 years.

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 in profit or loss when the asset is derecognised.

21.1. 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.

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 that 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.

22. 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)or (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.

22.1. The Bank is the lessee

22.1.1. Finance lease:

Leases where the Bank has assumed 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.

22.1.2. 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.

22.2. The Bank is the lessor

22.2.1.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.

22.2.2.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.

23. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents including 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.

24. 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.

25. 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.

25.1. 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 contributions plans are charged to the Statement of Comprehensive Income in the year to which they relate and are included in staff costs.

25.2. Other post-retirement benefit plans

Bank's employees participate in plans, which provide for various health benefits including post-retirement healthcare benefits. Such plans are all defined contributions 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.

26. 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.

The principal temporary differences arise from revaluation of certain assets. Deferred tax assets relating to the unused tax losses carried forward are recognised to the extent that it is probable that sufficient taxable profits will be available against which these losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the Statement of Financial Position date.

27. 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 and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest rate method.

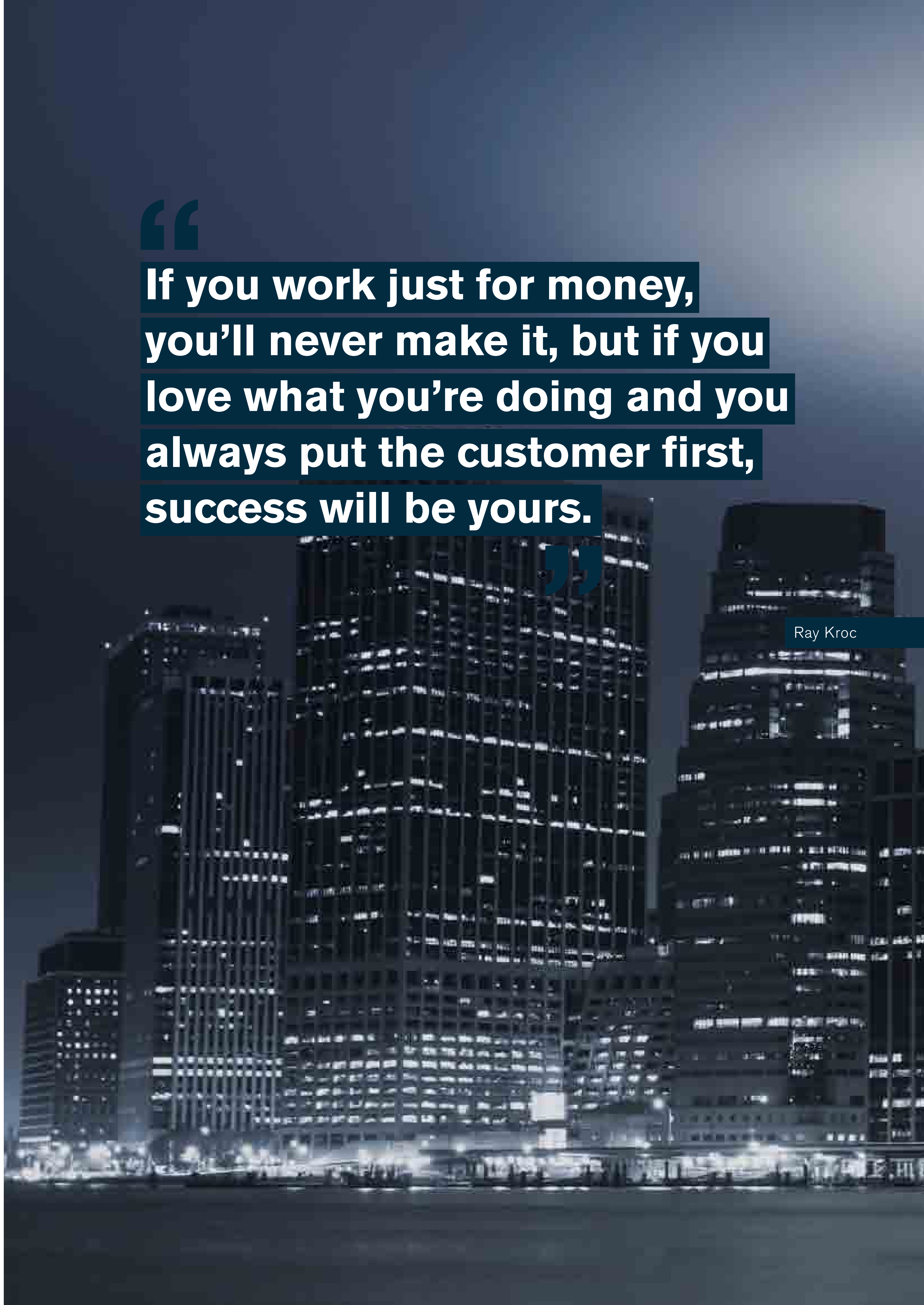
28. SHARE CAPITAL

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.

29. RELATED PARTY TRANSACTIONS

Related parties include entities in 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.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2011

1. CASH AND CASH EQUIVALENTS

	2011 R'000	2010 R'000
Coin and Bank notes	14 824	11 432
Deposits with other Banks	43 101	20 244
Foreign currency balances	18 214	8 010
Balances with the Central Bank	43 212	26 026
	119 351	65 712
The mandatory reserve requirement is included in the above figures.	33 147	26 026

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

		2011 R'000	2010 R'000
Foreign currency balances		18 214	8 010
American Express International NY	USD	1 574	0
Bankers Trust Company NY	USD	0	1 053
Standard Chartered Bank NY	USD	3 134	614
National Bank of Greece (London)	GBP	494	501
National Westminster Bank Limited, London	GBP	2 938	896
Thomas Cook USD Travellers Cheques	USD	0	56
Union Bank of Switzerland	CHF	76	42
Bank of Tokyo, Tokyo	JPY	279	18
Sumitomo Bank Limited, Tokyo	JPY	224	23
Wespac Bank Corp, Sydney	Other	64	120
Toronto Dominion Bank, Toronto	Other	50	17
Banca Commerciale Italiana, Milano	Euro	2 338	359
Standard Chartered Bank Botswana Ltd	Other	4	20
Deutche Frankfurt Euro Account	Euro	3 978	1 169
American Express Euro Account	Euro	2 729	2 726
NBG Athens Euro	Euro	312	395

The foreign currency balances are unhedged at the Statement of Financial Position date. The balances on the Nostro accounts are managed on a daily basis and kept to a minimum, hence these balances are not hedged.

2. DERIVATIVE FINANCIAL INSTRUMENTS

A forward exchange contract is a contract between the Bank and its customer whereby a rate of exchange is fixed immediately for the purchase or sale of one currency for another for a transaction that will be completed at some future date.

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.

	2011 R'000	2010 R'000
ASSETS		
FOREIGN EXCHANGE CONTRACTS		
Notional	201 882	150 902
Fair value	4 854	3 762
LIABILITIES		
FOREIGN EXCHANGE CONTRACTS		
Notional	313 984	74 560
Fair value	5 523	3 455

3. SHORT-TERM NEGOTIABLE SECURITIES

The Short-Term Negotiable Securities consist of Treasury Bills with interest rates ranging from 6.47% to 6.68% and maturing in the period 4 January 2012 to 14 June 2012. These Financial Investments are classified as available-for-sale. They are carried at fair value and all gains and losses for these financial instruments are recognised in equity.

AVAILABLE-FOR-SALE INVESTMENTS CARRIED AT FAIR VALUE	2011 R'000	2010 R'000
At 31 December 2010	58 163	65 623
Purchased Treasury Bills	77 120	136 365
Proceeds from sale of Treasury Bills	-73 160	-143 825
At 31 December 2011	**62 123**	**58 163**

4. OTHER INVESTMENTS

Other Investments relate to an investment acquired 13 years ago in an unlisted company, called Dandyshelf 3 (Pty)Ltd.

The investment acquired consisted of 100 shares (20% interest) in the Dandyshelf 3 (Pty) Ltd. Total dividend received this year amounted to R77 012 (2010: R111 000).

The shares are unlisted, and the directors are unable to obtain an objective valuation. They have therefore resolved to reflect the value at cost.

FINANCIAL ASSET CARRIED AT COST UNLISTED	2011 R'000	2010 R'000
Cost	15	15

5. OTHER ACCOUNTS RECEIVABLE

OTHER ACCOUNTS RECEIVABLE	2011 R'000	2010 R'000
Other accounts receivable and prepaid expenses	7 745	12 796

6. LOANS AND ADVANCES

All the advances are variable and the amortised cost carrying value approximates the fair value due to the fact that as interest rates change, the Bank changes the rate to maintain its margin.

CATEGORY ANALYSIS	2011 R'000	2010 R'000
Overdrafts	200 829	173 479
Property, commercial and other loans	519 333	471 924
Home loans	339 465	230 324
Instalment credit and lease agreements	357 309	183 381
Non Performing Loans	24 182	16 903
	1 441 118	1 076 011
Less: Credit Impairment	-21 103	-17 707
Overdrafts	-5 803	-4 936
Property, commercial and other loans	-8 977	-7 885
Home loans	-2 329	-1 450
Instalment credit and lease agreements	-3 994	-3 436
NET LOANS AND ADVANCES	**1 420 015**	**1 058 304**
SECTORIAL ANALYSIS		
Agriculture	1 006	5 667
Building and property development	453 778	325 546
Individuals	310 394	227 197
Manufacturing and commerce	245 542	210 037
Transport and communication	115 616	33 782
Electricity and Water	19 524	12 511
Other services	277 221	261 271
Mining	18 037	-
	1 441 118	**1 076 011**
MATURITY ANALYSIS		
Maturing within one year	384 426	346 433
Maturing after one year but within five years	583 703	448 578
Maturing after five years	472 989	281 000
	1 441 118	**1 076 011**

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

6. LOANS AND ADVANCES continued.

2011 NON-PERFORMING LOANS AND ADVANCES BY CATEGORY	As a % of Advances	Credit Risk R'000	Securities and other expected recoveries R'000	Specific provision R'000
Overdraft	0,23%	3 166	-	3 166
Commercial and property loans	0,64%	8 991	7 862	1 129
Instalment sale	0,19%	2 687	989	1 698
Home loans	0,67%	9 338	8 166	1 172
TOTAL 2011	**1,73%**	**24 182**	**17 017**	**7 165**
NON PERFORMING LENDINGS BY SECTOR				
Individuals	0,68%	9 508	6 691	2 817
Manufacturing	0,36%	5 044	3 549	1 495
Trade and accommodation	0,18%	2 532	1 782	750
Transport	0,05%	756	532	224
Financial / Real Estate	0,35%	4 853	3 415	1 438
Other	0,11%	1 489	1 048	441
TOTAL 2011	**1,73%**	**24 182**	**17 017**	**7 165**
2010 NON-PERFORMING LOANS AND ADVANCES BY CATEGORY				
Overdraft	0,06%	630	-	630
Commercial and property loans	0,80%	8 289	8 112	177
Instalment sale	0,23%	2 417	725	1 692
Home loans	0,53%	5 567	3 036	2 531
TOTAL 2010	1,62%	16 903	11 873	5 030
NON PERFORMING LENDINGS BY SECTOR				
Individuals	0,64%	6 715	4 717	1 998
Manufacturing	0,20%	2 066	1 451	615
Trade and accommodation	0,26%	2 692	1 891	801
Transport	0,02%	193	135	57
Financial / Real Estate	0,45%	4 708	3 306	1 401
Other	0,05%	529	373	158
TOTAL 2010	**1,62%**	**16 903**	**11 873**	**5 030**

2011 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	45 448	247 359	503 751	577 625	1 374 183
Past due but not impaired	362	7 733	34 658	0	42 753
Individually impaired	247	9 261	14 674	0	24 182
GROSS LOANS AND ADVANCES	**46 057**	**264 353**	**553 083**	**577 625**	**1 441 118**
Total Credit impairment	-417	-2 569	-18 117	0	-21 103
Less: Specific Impairment	-55	-1 183	-5 927	0	-7 165
Less: Portfolio Impairment	-362	-1 386	-12 190	0	-13 938
TOTAL NET LOANS AND ADVANCES	**45 640**	**261 784**	**534 966**	**577 625**	**1 420 015**
LOANS AND ADVANCES NEITHER PAST DUE NOR INDIVIDUALLY IMPAIRED CREDIT ANALYSIS					
Satisfactory risk	43 137	244 224	465 153	563 466	1 315 980
Watch list	0	0	7 592	0	7 592
Substandard list	2 311	3 135	31 006	14 159	50 611
TOTAL	**45 448**	**247 359**	**503 751**	**577 625**	**1 374 183**
AGEING ANALYSIS OF LOANS AND ADVANCES PAST DUE BUT NOT INDIVIDUALLY IMPAIRED					
Past due up to 30	362	5 913	11 573	0	17 848
Past due 31 - 60 days	0	0	1 061	0	1 061
Past due 61 - 90 days	0	0	14 925	0	14 925
Past due 91 - 180 days	0	1 647	5 903	0	7 550
Past due 181 - 365 days	0	0	0	0	0
Past due 1 - 2 years	0	0	0	0	0
Past due over 2 years	0	173	1 196	0	1 369
TOTAL	**362**	**7 733**	**34 658**	**0**	**42 753**
AGEING ANALYSIS OF LOANS AND ADVANCES INDIVIDUALLY IMPAIRED					
Past due up to 30	0	0	0	0	0
Past due 31 - 60 days	0	0	0	0	0
Past due 61 - 90 days	0	0	157	0	157
Past due 91 - 180 days	37	3 647	1 485	0	5 169
Past due 181 - 365 days	201	1 354	1 501	0	3 056
Past due 1 - 2 years	0	3 576	4 304	0	7 880
Past due over 2 years	9	684	7 227	0	7 920
TOTAL	**247**	**9 261**	**14 674**	**0**	**24 182**

6. LOANS AND ADVANCES continued.

2010 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	43 602	169 877	267 808	561 135	1 042 422
Past due but not impaired	90	6 230	9 938	428	16 688
Individually impaired	161	7 239	9 503	0	16 903
GROSS LOANS AND ADVANCES	**43 853**	**183 346**	**287 249**	**561 563**	**1 076 011**
Total Credit impairment	-700	-2 751	-7 314	-6 942	-17 707
Less: Specific Impairment	-177	-1 205	-3 648	0	-5 030
Less: Portfolio Impairment	-523	-1 546	-3 666	-6 942	-12 677
TOTAL NET LOANS AND ADVANCES	**43 153**	**180 595**	**279 935**	**554 621**	**1 058 304**

LOANS AND ADVANCES NEITHER PAST DUE NOR INDIVIDUALLY IMPAIRED CREDIT ANALYSIS

	Consumer R'000	Mortgage R'000	Small Business Loans R'000	Corporate Loans R'000	Total Loan R'000
Satisfactory risk	42 260	161 745	250 629	541 117	995 751
Watch list	18	0	3 509	15 008	18 535
Substandard list	1 324	8 132	13 670	5 010	28 136
TOTAL	**43 602**	**169 877**	**267 808**	**561 135**	**1 042 422**

AGEING ANALYSIS OF LOANS AND ADVANCES PAST DUE BUT NOT INDIVIDUALLY IMPAIRED

	Consumer R'000	Mortgage R'000	Small Business Loans R'000	Corporate Loans R'000	Total Loan R'000
Past due up to 30	9	3 589	198	0	3 796
Past due 31 - 60 days	0	1 505	38	0	1 543
Past due 61 - 90 days	81	278	7 338	0	7 697
Past due 91 - 180 days	0	0	506	428	934
Past due 181 - 365 days	0	627	0	0	627
Past due 1 - 2 years	0	0	372	0	372
Past due over 2 years	0	231	1 486	0	1 717
TOTAL	**90**	**6 230**	**9 938**	**428**	**16 686**

AGEING ANALYSIS OF LOANS AND ADVANCES INDIVIDUALLY IMPAIRED

	Consumer R'000	Mortgage R'000	Small Business Loans R'000	Corporate Loans R'000	Total Loan R'000
Past due up to 30	0	0	0	0	0
Past due 31 - 60 days	0	0	0	0	0
Past due 61 - 90 days	4	1	24	0	29
Past due 91 - 180 days	0	1 531	1 476	0	3 007
Past due 181 - 365 days	119	2 269	380	0	2 768
Past due 1 - 2 years	27	2 881	1 897	0	4 805
Past due over 2 years	10	558	5 726	0	6 294
TOTAL	**160**	**7 240**	**9 503**	**0**	**16 903**

SECURITIES HELD IN RESPECT OF ADVANCES	2011 R'000	2010 R'000
LOANS AND ADVANCES:		
Overdrafts	200 814	173 479
Property Loans	433 485	311 470
Commercial Loans	85 813	160 454
TOTAL	**720 112**	**645 403**
SECURITIES IN RESPECT OF LOANS AND ADVANCES:		
- Cash Investments	44 905	40 429
- Guarantees	8 413	99 801
- Mortgage Bonds	635 226	474 159
- Ceded Insurance Policies	3 392	1 830
- Other Securities	1 832	1 981
	693 768	**618 200**
- Secondary Security	18 773	9 397
- Unsecured	7 571	17 806
	720 112	**645 403**
SECURITIES IN RESPECT OF HOME LOANS:		
- Mortgage Bonds (Residential)	338 009	228 462
- Unsecured	1 456	1 862
	339 465	**230 324**
SECURITIES IN RESPECT OF INSTALMENT CREDIT AGREEMENT:		
- Asset Finance in terms of Agreements	**357 310**	**183 381**
NON PERFORMING LOANS		
- Mortgage Bonds	16 028	11 148
- Ceded Insurance Policies	-	-
- Assets Financed in respect of Instalment Credit Agreement	989	725
- Special and General Notarial Bonds	-	-
- Unsecured	7 165	5 030
	24 182	**16 903**
Total Security Held by the Bank	1 424 877	1 051 313
Total Unsecured before provisions	16 241	24 698
TOTAL SECURITIES HELD IRRESPECTIVE OF LOANS AND ADVANCES	**1 441 118**	**1 076 011**

7. CREDIT IMPAIRMENT FOR LOANS AND ADVANCES

CREDIT IMPAIRMENT FOR LOANS AND ADVANCES	2011 R'000	2010 R'000
Balance at 1 January	17 707	19 156
Interest in abeyance	2 109	957
Interest in abeyance prior year	-957	-2 092
Amounts written off against provisions	-1 476	-4 323
	17 383	**13 698**
Charge to the Statement of Comprehensive Income	1 798	3 960
Specific impairment	2 686	3 094
Portfolio impairment	1 260	921
Recoveries of balances raised in current year	-226	-6
Recoveries of Balance previously written off	-1 922	-49
Recoveries of Balance previously written off	1 922	49
Balance at 31 December	**21 103**	**17 707**
ANALYSIS		
Specific impairment	7 165	5 030
Portfolio impairment	13 938	12 677
	21 103	**17 707**
SECTORIAL ANALYSIS		
Individuals	7 761	6 498
Manufacturing	4 401	2 164
Trade and accommodation	2 210	2 820
Transport	659	202
Financial / Real Estate	4 772	5 467
Other	1 300	556
	21 103	**17 707**

8. PROPERTY AND EQUIPMENT

	Land and buildings	Motor vehicles	Lease-hold improve-ments	Proper-ties brought in	Furniture and fittings	Office equip-ment	Computer equip-ment	Total
COST OR VALUATION	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Balance as at 1 January 2010	13 600	686	11 073	693	9 588	3 278	9 722	48 640
Additions	0	724	1 413	0	1 184	741	2 000	6 062
Disposals	0	0	0	0	-10	0	0	-10
Revaluation	4 400	0	0	0	0	0	0	4 400
Balance as at 1 January 2011	18 000	1 410	12 486	693	10 762	4 019	11 722	59 092
Additions	0	334	1 371	110	391	506	173	2 885
Disposals	0	-437	-9 531	0	-6	-36	-66	-10 076
Revaluation	3 000	0	0	0	0	0	0	3 000
At 31 December 2011	**21 000**	**1 307**	**4 326**	**803**	**11 147**	**4 489**	**11 829**	**54 901**
ACCUMULATED DEPRECIATION								
Balance as at 1 January 2010	0	-38	-2 212	-139	-8 414	-2 289	-7 309	-20 401
Depreciation charge for the year	0	-162	-1 528	-139	-372	-417	-1 457	-4 075
Eliminated on disposal	0	0	0	0	0	0	0	0
Impairment Loss	0	0	0	0	0	0	0	0
Balance as at 1 January 2011	0	-200	-3 740	-278	-8 786	-2 706	-8 766	-24 476
Depreciation charge for the year	0	-517	-3 448	-140	-358	-600	-1 059	-6 122
Eliminated on disposal	0	336	5 088	0	5	37	25	5 491
At 31 December 2011	**0**	**-381**	**-2 100**	**-418**	**-9 139**	**-3 269**	**-9 800**	**-25 107**
CARRYING AMOUNT								
At 31 December 2010	18 000	1 210	8 746	415	1 976	1 313	2 956	34 616
At 31 December 2011	**21 000**	**926**	**2 226**	**385**	**2 008**	**1 220**	**2 029**	**29 794**

Land and buildings, comprising of erf 1139, Marshalltown, Johannesburg were revalued at 31 December 2011 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 R21 million at 31 December 2011.

As at 31 December 2011 had the land and buildings been carried at historical cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been approximately R324 000 (2010: R548 000). The building was purchased in 1973.

9. INTANGIBLE ASSETS

	Cost R'000	Amortisation R'000	Carrying amount R'000
At 31 December 2009	18 711	-11 649	7 062
Additions	10 698	0	10 698
Disposals	0	0	0
Amortisation for the year	0	-5 989	-5 989
At 31 December 2010	29 409	-17 638	11 712
Additions	3 412	0	3 412
Disposals	-18	19	1
Amortisation for the year	0	-5 788	-5 788
At 31 December 2011	**32 803**	**-23 407**	**9395**

Intangible assets consist of computer software, licenses and implementation costs.

10. SHARE CAPITAL

	2011 R'000	2010 R'000
AUTHORISED		
20 000 000 ordinary shares of R1 each (par value)	20 000	20 000
ISSUED AND FULLY PAID		
At the beginning and end of the year - 16 458 000 shares of R1 each	16 458	13 958
Shares issued during the year	-	2 500
	16 458	**16 458**

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

11. SHARE PREMIUM

	2011 R'000	2010 R'000
Balance at beginning and end of the year	181 227	153 727
Shares issued during the year	-	27 500
Balance at the end of the year	**181 227**	**181 227**

12. REVALUATION RESERVES

	Available for sale reserve R'000	Property revaluation reserve R'000	Total R'000
Balance at 1 January 2010	-81	12 865	12 784
Increase in fair value available-for-sale investments	48	4 400	4 448
Balance at 1 January 2011	-33	17 265	17 232
Increase in fair value of fixed property	-	3 000	3 000
Write back of revaluation increase Leasehold Improvements :			
2010	0	-3 686	-3 686
2011		-1 245	-1 245
Balance as at 31 December 2011	**-33**	**15 334**	**15 301**

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

13. DEPOSITS AND CURRENT ACCOUNTS

	2011 R'000	2010 R'000
Demand deposits	510 767	423 217
Customer foreign currency deposits	37 786	48 511
Term deposits	419 462	471 800
Negotiable certificates of deposit	-	1 740
	968 015	945 268
Deposits from Banks	429 589	41 037
	1 397 604	**986 305**
INCLUDED IN DEPOSITS FROM BANKS ARE:		
Amounts due to holding company	428 804	35 526
Amounts due to fellow subsidiaries	-	-
Amounts due to other Banks	785	5 511
	429 589	**41 037**
MATURITY ANALYSIS		
On demand	978 142	512 765
Maturing within one month	24 023	20 720
Maturing after one but within six months	365 427	409 942
Maturing after six months but within twelve months	30 012	42 878
	1 397 604	**986 305**

Included in the amounts due to holding company is the overnight loan from NBG for R126 million at an average interest rate of 8% p.a.

14. OTHER ACCOUNTS PAYABLE

	2011 R'000	2010 R'000
Accruals*	4 239	8 217
Sundry Creditors	11 557	7 952
	15 796	**16 169**

* Audit fees were previously classified and disclosed as a provision however in order to provide more meaningful disclosure audit fees are now disclosed as part of accruals.

15. DEBENTURES - LONG TERM LIABILITY

Comprise unsecured debentures issued in 2010 in favour of NBG, bearing interest at the aggregate of the applicable 6 month JIBAR plus a margin of 1.6 percent per annum with a maturity of 10 years.

The capital amount is repayable in five annual instalments, equal to 20% of the capital, commencing during 2016.

NBG has the option to take up ordinary shares of R1.00 each, either in full or in part, in lieu of any of the repayments. These debentures qualify as secondary capital in terms of the Regulations relating to Banks.

	2011 R'000	2010 R'000
Balance as at 31 December	40 000	40 000
Long-term portion	40 000	40 000

16. CONTINGENCIES AND COMMITMENTS

	2011 R'000	2010 R'000
1. CONTINGENCIES		
Letters of credit	8 786	11 446
Liabilities under guarantees	102 743	71 422
Irrevocable unutilised facilities	141 371	124 018
Net open foreign currency position	2 520	2 726
Legal claim instituted by borrowers	0	132
	255 420	**209 744**
2. COMMITMENTS UNDER OPERATING LEASES		
Within 1 year	3 293	4 842
2 to 5 years	8 855	10 777
After 5 years	105	453
	12 253	**16 072**

Commitments under operating leases relate to the leasing of the various branch premises.

17. PROFIT / (LOSS) FROM OPERATIONS

	2011 R'000	2010 R'000
1. INTEREST INCOME		
Balances with Banks and short-term funds	1 914	1 971
Short-term negotiable securities	3 281	4 520
Loans and advances	109 256	99 085
	114 451	**105 576**
2. INTEREST EXPENSE		
Deposits from Banks	8 950	10 947
Current and deposit accounts	14 178	13 314
Savings accounts	3 326	4 090
Other term deposits	27 632	26 390
Interest bearing long-term debt	2 944	229
	57 030	**54 970**
3. NON-INTEREST INCOME		
Fee Income	29 697	29 359
Foreign exchange (loss)/profit	7 169	1 019
Dividend income	77	82
Profit on sale of equipment	100	0
Other income/(loss)	3 652	1 128
	40 695	**31 588**
4. OPERATING EXPENSES		
Staff costs	46 823	45 751
Salaries, wages and allowances	34 084	35 880
Contributions to provident fund and other staff funds	8 005	4 269
Directors Emoluments	4 124	3 785
Other	610	1 817
DEPRECIATION AND AMORTISATION	11 910	10 064
Land and buildings	0	199
Motor vehicles	517	162
Furniture and fittings	358	372
Office equipment	600	417
Computer equipment	1 059	1 457
Depreciation Leasehold Improvements	3 448	1 329
Depreciation Properties brought in	140	139
Computer software	5 540	5 650
Computer implementation	248	339
OPERATING LEASE CHARGES		
Premises	6 262	6 029
OTHER OPERATING EXPENSES	34 232	31 906
	99 227	**93 750**

18. TAXATION

The Bank is in an assessed loss position of R43 million as at 31 December 2011.

A deferred tax asset has not been recognised. The Bank's profitability continues to improve. The raising of a deferred tax asset will be considered based on future profitability.

19. UNDISCOUNTED CASH FLOWS OF FINANCIAL LIABILITIES

	Carrying amount R'000	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
2011							
Debentures	40 000	0	0	2 410	2 555	8 625	53 062
Derivative financial instrument	5 523	2 734	460	2 329	0	0	0
Due to customers	968 015	572 575	328 939	66 500	0	0	0
Due to Banks	429 589	429 589	0	0	0	0	0
Accounts payable	15 796	6 066	524	2 766	2 685	3 601	155
Provisions	0	0	0	0	0	0	0
	1 458 923	**1 010 964**	**329 923**	**74 005**	**5 240**	**12 226**	**53 217**
2010							
Debentures	40 000	0	0	2 410	2 555	8 625	53 062
Derivative financial instrument	3 455	1 184	2 078	193	0	0	0
Due to customers	945 268	492 819	362 371	92 413	0	0	0
Due to Banks	41 037	41 300	0	0	0	0	0
Accounts payable	16 169	8 885	578	3 838	1 245	1 400	223
	1 045 929	**544 188**	**365 027**	**98 854**	**3 800**	**10 025**	**53 285**

20. CATEGORIES AND FAIR VALUES OF FINANCIAL INSTRUMENTS

	2011 Fair Value	2011 Carrying Value	2010 Fair Value	2010 Carrying Value
ASSET	**R'000**	**R'000**	**R'000**	**R'000**
Available-for-sale	**62 123**	**62 123**	**58 163**	**58 163**
Short term negotiable securities	62 123	62 123	58 163	58 163
Loans and Receivables	**1 547 111**	**1 547 111**	**1 136 812**	**1 136 812**
Cash and cash equivalents	119 351	119 351	65 712	65 712
Loans and Advances	1 420 015	1 420 015	1 058 304	1 058 304
Other accounts Receivables	7 745	7 745	12 796	12 796
Held for Trading	**4 854**	**4 854**	**3 762**	**3 762**
Derivative Financial Instrument	4 854	4 854	3 762	3 762
Held at Cost	**15**	**15**	**15**	**15**
Other Investments	15	15	15	15
LIABILITIES				
Held for trading	**5 523**	**5 523**	**3 455**	**3 455**
Derivative Financial Instruments	5 523	5 523	3 455	3 455
Other Financial Liabilities	**1 453 400**	**1 453 400**	**1 041 444**	**1 041 444**
Deposits	1 397 604	1 397 604	986 305	986 305
Other Accounts Payable	15 796	15 796	15 139	15 139
Debentures	40 000	40 000	40 000	40 000

FAIR VALUE LEVELS 2011	Level 1	Level 1
ASSET		
Short term negotiable securities	62 123	58 163
Derivative Financial Instrument	4 854	3 762
LIABILITIES		
Derivative Financial Instruments	5 523	3 455

21. FINANCIAL RISK MANAGEMENT

21.1 CAPITAL MANAGEMENT

The Bank's objectives when managing capital, which is a broader concept than the equity disclosed 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; and
- 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, general Bank reserve, statutory reserve, non-controlling interests arising on consolidation from interests in permanent shareholders' equity, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital.
- Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and unrealised gains arising on the fair valuation of equity instruments held as available-for-sale.

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 weightings 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.	2011	2010
TIER 1 CAPITAL	R'000	R'000
Share capital	16 458	16 458
Share premium	181 227	181 227
General Banking reserves		
Deductions against capital and reserve funds	-18 614	-15 954
Less: Intangible Assets	-9 396	-11 771
TOTAL QUALIFYING TIER 1 CAPITAL	**169 675**	**169 960**
TIER 2 CAPITAL		
Term debt instruments	40 000	40 000
Revaluation reserve – available-for-sale investments	7 666	8 633
Collective impairment allowance	11 011	10 015
TOTAL QUALIFYING TIER 2 CAPITAL	**58 677**	**58 648**
TOTAL REGULATORY CAPITAL	**228 352**	**228 608**
Risk-weighted assets:		
Credit risk	1 405 588	1 050 164
Market Risk	9 113	2 806
Equity Risk	15	15
Operational Risk	153 393	156 699
Other Risk	37 538	49 354
TOTAL RISK-WEIGHTED ASSETS	**1 605 647**	**1 259 038**
CAPITAL ADEQUACY RATIO	**14,22%**	**18,16%**

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

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 (ALCO). 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.

The following tables detail the Bank's remaining contractual maturity for its financial assets and liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and 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.

	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
2011 ASSETS							
Cash and cash equivalents	119 351	-	-	-	-	-	119 351
Derivative financial assets	2 376	2 203	275	-	-	-	4 854
Short-term negotiable securities	4 997	5 959	15 828	35 339	-	-	62 123
Other investments	-	-	-	-	15	-	15
Loans and Advances	216 017	15 257	61 163	91 989	562 600	472 989	1 420 015
Other accounts receivable	5 503	191	372	1 194	485	-	7 745
Property and equipment	-	-	-	-	-	29 794	29 794
Intangible assets	-	-	-	-	-	9 396	9 396
	348 244	**23 610**	**77 638**	**128 522**	**563 100**	**512 179**	**1 653 293**
2011 LIABILITIES							
Long term interest bearing borrowings	-	-	-	-	-	40 000	40 000
Deposits, current and other accounts	1 002 165	180 233	185 195	30 011	-	-	1 397 604
Derivative financial liabilities	2 734	222	2 519	48	-	-	5 523
Other liabilities	6 066	219	2 167	903	6 286	155	15 796
	1 010 965	**180 674**	**189 881**	**30 962**	**6 286**	**40 155**	**1 458 923**

21. FINANCIAL RISK MANAGEMENT continued.

21.2 LIQUIDITY RISK

	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
2010 ASSETS							
Cash and cash equivalents	65 712	-	-	-	-	-	65 712
Derivative financial assets	1 722	1 838	202	-	-	-	3 762
Short-term negotiable securities	9 976	-	4 932	43 255	-	-	58 163
Other investments	-	-	-	-	15	-	15
Loans and Advances	187 892	14 412	57 628	86 454	430 918	281 000	1 058 304
Other accounts receivable	10 750	253	179	818	796	-	12 796
Property and equipment	-	-	-	-	-	34 616	34 616
Intangible assets	-	-	-	-	-	11 771	11 771
	276 052	**16 503**	**62 941**	**130 527**	**431 729**	**327 387**	**1 245 139**
2010 LIABILITIES							
Long term interest bearing borrowings	-	-	-	-	-	40 000	40 000
Deposits, current and other accounts	533 485	276 925	133 017	42 878	-	-	986 305
Derivative financial liabilities	1 184	1 318	953	-	-	-	3 455
Other liabilities	8 885	326	2 435	1 656	2 644	223	16 169
	543 554	**278 569**	**136 405**	**44 534**	**2 644**	**40 223**	**1 045 929**

21.3 INTEREST RATE RISK

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 has 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.

	Fixed R'000	Floating R'000	Non-interest sensitive R'000	Total R'000
2011 ASSETS				
Cash and cash equivalents	-	61 315	58 036	119 351
Derivative financial assets	-	-	4 854	4 854
Short-term negotiable assets	62 123	-	-	62 123
Other investments	-	-	15	15
Loans and Advances	-	1 420 015	-	1 420 015
Other accounts receivable	-	-	7 745	7 745
Property and equipment	-	-	29 794	29 794
Intangible assets	-	-	9 396	9 396
	62 123	**1 481 330**	**109 840**	**1 653 293**
2011 LIABILITIES				
Long term interest bearing borrowings	-	40 000	-	40 000
Deposits, current and other accounts	124 607	1 272 997	-	1 397 604
Derivative financial liabilities	-	-	5 523	5 523
Other liabilities	-	-	15 796	15 796
	124 607	**1 312 997**	**21 319**	**1 458 923**

	Fixed R'000	Floating R'000	sensitive R'000	Total R'000
2010 ASSETS				
Cash and cash equivalents	-	28 254	37 458	65 712
Derivative financial assets	-	-	3 762	3 762
Short-term negotiable assets	58 163	-	-	58 163
Other investments	-	-	15	15
Loans and Advances	-	1 058 304	-	1 058 304
Other accounts receivable	-	-	12 796	12 796
Property and equipment	-	-	34 616	34 616
Intangible assets	-	-	11 771	11 771
	58 163	**1 086 558**	**100 418**	**1 245 139**
2010 LIABILITIES				
Long term interest bearing borrowings	-	40 000	-	40 000
Deposits, current and other accounts	132 935	853 370	-	986 305
Derivative financial liabilities	-	-	3 455	3 455
Other liabilities	-	-	16 169	16 169
	132 935	**893 370**	**19 624**	**1 045 929**

21. FINANCIAL RISK MANAGEMENT continued.

21.4 INTEREST RATE SENSITIVITY ANALYSIS

The tables below summarise the Bank's exposure to interest rate risk. Assets and liabilities are included at 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 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 R2.365 million and decrease by R2.365 million (2010: increase/decrease by R5.144 million).

	Up to 1 month R'000	1 to 3 months R'000	3 to 12 months R'000	1 to 2 years R'000	2 to 5+ years R'000	Non Interest Bearing R'000	Total R'000
2011 ASSETS							
Cash and cash equivalents	-	-	-	-	-	58 036	58 036
Due from other Banks	61 315	-	-	-	-	-	61 315
Derivative financial assets	0	0	0	-	-	4 854	4 854
Short-term negotiable assets	4 997	21 787	35 339	0			62 123
Other investments	-	-	-	-	-	15	15
Loans and Advances	1 420 015	-	-	-	-	-	1 420 015
Other accounts receivable	-	-	-	-	-	7 745	7 745
Property and equipment	-	-	-	-	-	29 794	29 794
Intangible assets	-	-	-	-	-	9 396	9 396
	1 486 327	**21 787**	**35 339**	**0**	**0**	**109 840**	**1 653 293**
2011 LIABILITIES							
Due to other Banks	429 589	-	-	-	-	-	429 590
Due to customers	572 576	180 233	185 195	30 011	0	0	968 014
Derivative financial liabilities	-	-	-	-	-	5 523	5 523
Debentures	-	-	0	-	40 000	-	40 000
Other liabilities	-	-	-	-	-	15 796	15 796
Provision	-	-	-	-	-	1 064	1 064
	1 002 165	**180 233**	**185 195**	**30 011**	**40 000**	**21 319**	**1 458 923**

	Up to 1 month R'000	1 to 3 months R'000	3 to 12 months R'000	1 to 2 years R'000	2 to 5+ years R'000	Non Interest Bearing R'000	Total R'000
2010 ASSETS							
Cash and cash equivalents	-	-	-	-	-	37 458	37 458
Due from other Banks	28 254	-	-	-	-	-	28 254
Derivative financial assets	0	-	-	-	-	3 762	3 762
Short-term negotiable assets	9 976	4 932	43 255	-	-	-	58 163
Other investments	-	-	-	-	-	15	15
Loans and Advances	1 058 304	-	-	-	-	-	1 058 304
Other accounts receivable	-	-	-	-	-	12 796	12 796
Property and equipment	-	-	-	-	-	34 616	34 616
Intangible assets	-	-	-	-	-	11 771	11 771
	1 096 534	**4 932**	**43 255**	**-**	**0**	**100 418**	**1 245 139**
2010 LIABILITIES							
Due to other Banks	41 037	-	-	-	-	-	41 037
Due to customers	492 448	276 925	133 017	42 878	-	-	945 268
Derivative financial liabilities	-	-	-	-	-	3 455	3 455
Debentures	-	-	40 000	-	40 000	-	40 000
Other liabilities	-	-	-	-	-	16 169	16 169
	533 485	**276 925**	**133 210**	**42 878**	**40 000**	**19 624**	**1 045 929**

21.5 FOREIGN CURRENCY RISK MANAGEMENT

The Bank undertakes transactions denominated in foreign currencies and 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.

	ZAR R'000	USD R'000	EURO R'000	Other R'000	Total R'000
2011 ASSETS					
Cash and cash equivalents	101 255	4 707	9 377	4 012	119 351
Derivative financial assets	-	3 542	1 312	-	4 854
Short-term negotiable assets	62 123	-	-	-	62 123
Other investments	15	-	-	-	15
Loans and Advances	1 371 807	48 208	-	-	1 420 015
Other accounts receivable	7 745	-	-	-	7 745
Property and equipment	29 794	-	-	-	29 794
Intangible assets	9 396				9 396
	1 582 135	**56 457**	**10 689**	**4 012**	**1 653 293**
2011 LIABILITIES					
Deposits, current and other accounts	940 846	448 895	5 165	2 698	1 397 604
Derivative financial liabilities	-	4 176	1 347	-	5 523
Other liabilities	15 796	-	-	-	15 796
Long term liabilities	40 000	-	-	-	40 000
	996 642	**453 071**	**6 512**	**2 698**	**1 458 923**

	ZAR R'000	USD R'000	EURO R'000	Other R'000	Total R'000
2010 ASSETS					
Cash and cash equivalents	57 800	1 755	4 668	1 489	65 712
Derivative financial assets	-	2 899	244	618	3 762
Short-term negotiable assets	58 163	-	-	-	58 163
Other investments	15	-	-	-	15
Loans and Advances	1 058 288	16	-	-	1 058 304
Other accounts receivable	12 796	-	-	-	12 796
Property and equipment	34 616	-	-	-	34 616
Intangible assets	11 771				11 771
	1 233 449	**4 670**	**4 912**	**2 108**	**1 245 139**
2010 LIABILITIES					
Deposits, current and other accounts	904 524	75 755	4 719	1 307	986 305
Derivative financial liabilities	-	2 638	233	584	3 455
Other liabilities	16 169	-	-	-	16 169
Long term liabilities	40 000	-	-	-	40 000
	960 693	**78 393**	**4 952**	**1 891**	**1 045 929**

22. RETIREMENT FUND

All permanent employees of the Bank are members of The South African Bank of Athens Provident Fund, which is administered by 10X (2010: Liberty Life).

23. CASH FLOW FROM OPERATING ACTIVITIES

	2011 R'000	2010 R'000
1. CASH RECEIVED FROM CUSTOMERS		
Interest income	114 451	105 576
Non interest income	40 695	31 588
	155 146	137 164
Adjusted for Dividends	-77	-82
Profit on Sale of assets	-100	0
	154 969	**137 082**
2. CASH PAID TO CUSTOMERS AND EMPLOYEES		
Interest expenditure	-57 030	-54 970
Operating expenditure	-99 227	-93 750
	-156 257	-148 720
Adjusted for:		
Depreciation	6 122	4 075
Amortisation	5 788	5 988
	-144 347	**-138 656**
3. DECREASE/(INCREASE) IN INCOME-EARNING ASSETS		
Negotiable securities and other assets	-3 960	7 460
Loans and advances	-363 510	-42 362
Net derivative instruments	977	-230
Other Accounts Receivable	5 051	-429
	-361 442	**-35 561**
4. (DECREASE)/INCREASE IN DEPOSITS AND OTHER LIABILITIES		
Deposits and current accounts	411 299	-71 335
Other accounts payable and provisions	-374	333
	410 925	**-71 002**
5. RECONCILIATION OF LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss from operations	-2 909	-15 516
Adjusted for non cash items:		
- Depreciation	6 122	4 075
- Amortisation of intangible assets	5 788	5 989
- Impairment charges	1 798	3 960
- Dividend Received	-77	-82
- (Profit)/loss on sale of asset	-100	-
Cash generated from/(utilised in) Operations	**10 622**	**-1 574**

24. RELATED-PARTY TRANSACTIONS

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.

2. Related-party transactions with holding company and its associated companies. NBG issued a guarantee of R250m in respect of the loan of R226m granted by the Bank to Intralot (SA)(Pty) Ltd in 2007. The loan was settled during December 2011.	Amounts owed by related parties at 31 December 2011 R'000	Amounts owed to related parties at 31 December 2011 R'000
Holding company		
NBG	332	**468 804**
Subsidiaries of NBG		
NBG London	**494**	-

	Amounts owed by related parties at 31 December 2010 R'000	Amounts owed to related parties at 31 December 2010 R'000
Holding company		
NBG	**395**	**75 525**
Subsidiaries of NBG		
NBG London	**501**	-

3. Compensation of key management personnel The remuneration of directors during the year was as follows:	2011 R'000	2010 R'000
Directors emoluments	4 124	3785
	610	642
GL Ashmead	0	114
G Bizos	125	65
TJ Fearnhead	230	210
G Lanaras	30	48
P Ranchod	225	205
Executive Directors	3 514	3 143
S Georgopoulos	3 514	2 449
KN Koutakis	0	694

The remuneration of directors is determined by the Remuneration and Transformation Committee having regard to the performance of individuals and market trends.

4. Transactions with Directors and their associated companies are at arms length.	Amounts owed by related parties at 31 December 2011 R'000	Amounts owed to related parties at 31 December 2011 R'000
Mr G L Ashmead	0	0
Mr D N Koutakis	101	99

	Amounts owed by related parties at 31 December 2010 R'000	Amounts owed to related parties at 31 December 2010 R'000
Mr G L Ashmead	-	28 311
Mr D N Koutakis	-	24

5. Other related-party transactions with directors Letters of Guarantees	2011 R'000	2010 R'000
Mr D N Koutakis	15	15

25. PRINCIPAL FOREIGN CURRENCY CONVERSION RATES

	2011 R'000	2010 R'000
Pound Sterling	12,5196	10,2685
United States Dollar	8,1000	6,6320
Euro	10,4809	8,8693

26. GOING CONCERN

We draw attention to the fact that at 31 December 2011, the Bank incurred a loss of R2,9 million (2010: R15,5 million). 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 ability of the Bank to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the on-going operations for the Bank from the holding company. NBG has pledged its continued financial support for the forthcoming financial year, ending 31 December 2012 and confirmed its continued undertaking and ability to provide further financial support to the Bank for the foreseeable future, should this be required, enabling it to pay its debts as and when they fall due.

REPORT FROM THE CHAIRMAN OF THE AUDIT & COMPLIANCE COMMITTEE

The report provides an overview of the SABA Audit and Compliance Committee (ACC) and its activities and how it has discharged its responsibilities in 2011. The composition and membership, attendance at meetings and a summary of the role and responsibilities of the ACC is summarised on pages 18 and 19 of this report.

For each audit and compliance committee meeting a comprehensive meeting pack is prepared with written reports received from the finance, compliance, external and internal audit, functions. Representatives from these functions attend the meetings by invitation and present on the significant matters included in their reports.

Strong internal control and compliance contributes significantly to the sustainability of the organisation as a whole. The ACC assists the board with regard to oversight of external disclosure (including the annual report, accounting policies and reporting of financial information), monitoring the bank's internal control systems and oversight of compliance related matters.

The Head - Internal Audit and the external auditors, as well as the Head – Compliance (Compliance officer), have unrestricted access to the Chairman of the ACC, which ensures that their independence is in no way impaired. The ACC delegates its authority with regard to the monitoring and control of compliance issues to the compliance officer.

The legal responsibilities of the ACC are set out in the Companies Act and Banks Act. Although the appointment of the bank's external auditors are determined by the NBG Group Audit Committee, 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.

The ACC has approved the Internal Audit charter and annual audit plan. The Head - Internal Audit has free access to the chairman of the ACC or any member of committee and attends all ACC meetings by invitation. The ACC has reviewed the evaluation of the work conducted by the internal audit function, their findings and suggested improvements to controls where necessary. The ACC has assessed the performance and qualifications of the internal audit function and found them to be satisfactory.

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. The ACC is of the opinion that this function effectively discharged its responsibility in 2011.

During 2012, emphasis will be placed on ensuring that the ACC meets the requirements as set out in the Companies Act, Banks Act and the principles and recommendations of King III. This will result in the effective oversight of external disclosure, the monitoring of the bank's internal control systems and oversight of compliance related matters.

Specific emphasis will be placed on reviewing disclosures made by the bank to ensure they are aligned with best practice and that the accounting policies and standards applied are appropriate. The bank's integrated reporting journey will continue to receive attention, with the intent of improving non-financial disclosures and assurance.

The ACC operates under written terms of reference, reviewed and approved by the board annually. The board is of the view that the ACC has effectively discharged its responsibilities as contained in the respective terms of reference during the year under review.

T Fearnhead
Chairman: Audit and Compliance Committee
25 April 2012

"Being able to touch so many people through my businesses and make money while doing it, is a huge blessing"

Magic Johnson

CAPITAL ADEQUACY STATEMENT

AS AT 31 DECEMBER 2011

RISK WEIGHTED EXPOSURE EQUIVALENT AMOUNT	Risk Weighted	Exposure equivalent	Risk Weighted Assets 2011	Risk Weighted Assets 2010
CREDIT RISK EXPOSURE		1 585 089	1 223 521	864 380
Exposures to the Central Bank	0%	95 271	0	0
Short-term exposures to rated Banks (direct and through guarantees) and unutilised facilities < 1 year	20%	70 654	14 130	3 459
Residential mortgage exposures with an LTV of less than 80%	35%	206 094	72 132	49 885
Past due residential mortgage exposures with provisions greater than 20% of exposure, performance related guarantees and unutilised facilities > 1 year	50%	6 886	3 443	45 639
Retail exposures	75%	296 008	222 006	298 042
All other exposures and off balance sheet items	100%	906 910	906 910	459 744
Other past due exposures with provisions less than 20%	150%	3 266	4 900	7 611
Credit Concentration Risk			182 066	185 785
Operational Risk Exposure			153 393	156 699
Market Risk Exposure			9 113	2 806
Equity Risk Exposure			15	15
Other Risk Exposure			37 538	49 354
TOTAL			**1 605 646**	**1 259 038**
Minimum Required capital and Reserve funds at 9.5%			152 536	119 609
Additional Bank-specific capital requirement at 0.25%			4 014	3 148
TOTAL NET QUALIFYING CAPITAL				
Primary Capital and Reserve Funds			169 675	169 960
Secondary Capital and Reserve Funds			58 677	58 648
			14.22%	18.16%
Tier 1 Capital Adequacy Ratio			10.57%	13.50%
Tier 2 Capital Adequacy Ratio			3.65%	4.66%

NOTICE OF ANNUAL GENERAL MEETING

The sixty-fourth Annual General Meeting of The South African Bank of Athens will be held on the 4th Floor of The Bank of Athens building, 116 Marshall street, Johannesburg on 28 June 2012, at 10:00 to transact 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 for purposes of determining which shareholders of the company are entitled to receive notice and to vote at the meeting is 20 June 2012.

ORDINARY RESOLUTIONS

1. Ordinary resolution number 1:
To receive and adopt the annual financial statements of the company for the year ended 31 December 2011, including the directors' report, the report of the auditors and the report of the audit and compliance committee.

2. Ordinary resolution number 2:
Re-election of the directors retiring by rotation in terms of the company's Memorandum of Incorporation until the conclusion of the next Annual General Meeting.

Ordinary resolution number 2.1:
Mr. Leopoulos who has served as a director from 2002
Ordinary resolution number 2.2:
Mr. Georgopoulos who has served as a director from 2010.
Ordinary resolution number 2.3:
Mr. Oratis who has served as a director from 2001.
Ordinary resolution number 2.4:
Mr. Thomopoulos who has served as a director from 2001.

3. Ordinary resolution number 3:
Appointment of Audit Committee in terms of Section 94 of the South African Companies Act, 71 of 2008 (as amended) ('the Companies Act') and the King III Report on Corporate Governance of South Africa ('King III').

Ordinary resolution number 3.1:
To elect the following Independent Non-Executive directors as members of the Audit Committee until the conclusion of the next Annual General Meeting:

Ordinary resolution number 3.1.1: - Adv. Bizos
Ordinary resolution number 3.1.2: - Mr. Fearnhead
Ordinary resolution number 3.1.3: - Mr. Ranchod

4. Ordinary resolution number 4:
To re-appoint Deloitte and Touche as the independent auditor of the company for the ensuing year.

SPECIAL RESOLUTIONS

1. Special resolution number 1: Approval of an increase in remuneration payable to independent non-executive Directors from 1 July 2012 until the next AGM of no more than 12% on average.

2. Special resolution number 2: Authority for directors to provide financial assistance to related parties and/or interrelated companies.

3. Special resolution number 3: To place authorised share capital under the control of the directors until the conclusion of the next Annual General Meeting.

4. Special resolution number 4: Adoption of Memorandum of Incorporation; details will be circulated separately to all shareholders.

By order of the Board

N Mukanya
Company Secretary

Each member entitled to vote at the Annual General Meeting may appoint one or more proxies to attend, speak and vote in his stead. A proxy need not be a member of the company.

To be effective the proxy forms, must reach the office of the Company Secretary by no later than 10:00 am on Tuesday, 26 June 2012.

The South African Bank of Athens Limited
(Registered Bank, Incorporated in the Republic of South Africa)
Registration Number: 1947/025414/06

BANK OF ATHENS
Recognising you

FORM OF PROXY

The South African Bank of Athens Limited
(Registered Bank, Incorporated in the Republic of South Africa)
Registration Number: 1947/025414/06

I/We ____
(please state full names)

Of ____
(please state address)

Being a shareholder/shareholders of [   ] Ordinary shares in the issued share capital of the above mentioned company, as entitled to vote, hereby appoint

1. ______________________________________ or failing him/her
2. ______________________________________ or failing him/her
3. the chairman of the Annual General Meeting

as proxy to vote for me/us and on my/our behalf at the sixty-fourth Annual General Meeting which will be held at The South African Bank of Athens building, 116 Marshal Street, Johannesburg on Thursday 28 June 2012, 10:00 am and at any adjournment of postponement of the meeting, for purposes of considering and, if deemed fit, passing without modification the following resolutions in accordance with the following instructions:

			PLEASE INDICATE WITH AN "X"		
ORDINARY BUSINESS			**FOR**	**AGAINST**	**ABSTAIN**
1.		Adoption of annual financial statements			
2.	2.1	Election of directors retiring by rotation: A. Leopoulos			
	2.2	S. Georgopoulos			
	2.3	M Oratis			
	2.4	A Thomopoulos			
3.		Appointment of Audit and Compliance Committee and election by seperate resolution of:			
	3.1	G Bizos			
	3.2	TJ Fearnhead			
	3.3	P Ranchod as committee members			
4.		To re-appoint Deloitte and Touche as the independent auditor of the company for the ensuing year			
SPECIAL BUSINESS			**FOR**	**AGAINST**	**ABSTAIN**
1.		Approval of remuneration payable to non-executive directors from 1 July 2012, until the next AGM			
2.		Authority of directors to provide financial assistance to related or interrelated companies			
3.		Authority for directors to allot the unissued shares of the company, until the end of the next Annual General Meeting, but subject to the prior notification to and specific approval by National Bank of Greece S.A			
4.		Adoption of Memorandum of Incorporation			

* If no options are marked, the proxy is free to vote as they deem fit.

Please read the notes overleaf

Signed at ______________________ on ______________________ 2012

Signature ______________________ (Authority to sign to attached of applicable)

Assisted by ______________________ (where applicable)

BANK OF ATHENS

Recognising you

NOTES TO PROXY

1. This proxy form must be signed and dated. Any alteration other than deletion of printed matter and completion of blank spaces must be signed and not initialled.

2. To be effective the proxy forms, must reach the office of the Company Secretary by no later than 10:00 am on Tuesday, 26 June 2012.

Note registered and postal address of The South African Bank of Athens Limited below:

Registered Address	**Postal Address**
116 Marshall Street	P.O. Box 7781
Johannesburg	Johannesburg
2001	2000

3. If the form of proxy is signed under power of attorney or on behalf of a company, such power of attorney or authority, unless previously registered with the company, must accompany it, failing in which the proxy cannot be used at the Annual General Meeting.

4. If a signatory does not appropriately indicate how he/she wished to vote the proxy is free to vote as they deem fit.

5. Each member entitled to vote at the Annual General Meeting may appoint one ore more proxies to attend, speak and vote in his stead. A proxy need not be a member of the company.