CONTENT

DIRECTORATE

NON-EXECUTIVE CHAIRPERSON

Mr P Ranchod*

NON-EXECUTIVE DIRECTORS

Mr TJ Fearnhead*
Mr RA Shough°*
Mr C Andropoulos*
Mr G Bizos (SC)*
Mr A Lizos+
Mr G Grigoropoulos+ (subject to SARB approval)

EXECUTIVE DIRECTORS

Mr S Georgopoulos (Chief Executive Officer)
Mr DJ Adriaanzen
Mrs C Michaelides
Mr D Haarhoff (Alternate to Mr DJ Adriaanzen)

*°British +Greek *Independent*

"Financial statements prepared under the guidance of Chrisanthi Michaelides, Chief Financial Officer"

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 (SABA) 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 its customers. This offering is focused on the cornerstones of business banking – lending, transactional banking, treasury and foreign exchange.

These business banking solutions are delivered through a dedicated team of highly experienced Relationship Managers that support a culture of service excellence and professionalism.

In addition to its business banking focus, the Bank provides a sponsored banking service, hosting the personal market offerings of MobileMoney (in partnership with MTN, Tyme Capital and Pick 'n Pay), WIZZIT and SureBank. The focus of these entities is in the mass market segment.

The Bank is a 99.74% 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	2013 R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000
Capital and reserves	263 153	275 411	194 370	199 210	180 278
Secondary capital	-	40 000	40 000	40 000	4 200
Total assets	2 214 668	2 019 741	1 653 293	1 245 139	1 258 435

INCOME STATEMENT	2013 R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000
Total income before charge for bad and doubtful advances	133 142	111 520	98 116	82 194	80 548
Net operating profit / (loss) before abnormal items and taxation	(2 753)	2 057	(2 909)	(15 516)	(4 609)
Net operating profit / (loss) before taxation	(9 953)	2 057	(2 909)	(15 516)	(4 609)
Attributable profit / (loss) to ordinary shareholders	(9 953)	2 057	(2 909)	(15 516)	(4 609)

CHAIRMAN'S REPORT

After a challenging but ultimately successful 2012, the 2013 year for SABA proved to be one in which the Bank's strategy and operations were stressed tested by difficult trading conditions and extraordinary events, as detailed in the CEO's report. Despite these challenges, the year showed a good trading performance. The Board was pleased to note that the key metrics of the Bank continued to trend in the right direction and this bodes well for a continued movement towards sustainable growth into the future.

Some of the key achievements that should be noted during the 2013 year include the healthy and sustainable growth rates achieved in the Bank's loans and advances book and in the Bank's deposit book. The latter of these is both pleasing and strategically significant as it reflects the Bank's ability to fund its growth from local deposits and also provides an indication that customer confidence in the Bank remains on the increase. In addition to this growth in the core business of the Bank, the MobileMoney project which was launched in 2013 in conjunction with MTN has begun to deliver on its early promise, passing the significant milestone of 1 million customers registered during 2013.

From the perspective of the Board of Directors, corporate governance remained a key focus in 2013 and work was done to build on the strides made during the 2012 year. During 2013, an additional executive director, Mrs Chrisanthi Michaelides was appointed, and a new non-executive director, Mr George Grigoropoulos, was nominated by the shareholder. We look forward to sharing the journey with our new members and are confident that they will further enhance the already high quality interactions at the Board. In addition to the new members, I would like to congratulate Mr Timothy Fearnhead on his appointment as Lead Independent Director. Finally, in reviewing the Board of Directors, I would be remiss if I did not take this opportunity to personally extend my thanks and best wishes for the future to the outgoing member, Mr Michael Oratis. Michael was a valued member for many years, and he provided valuable advice and guidance to the Board and specifically to the Enterprise Risk and Capital Management Committee during his tenure.

In looking ahead to 2014, it is clear that there are some significant deliverables that are required in the continuation of our journey. Perhaps most important of these for the coming year is the delivery of the Bank's long awaited and strategically important IT and Operations project. The project is central to delivery of the Bank's strategy and is designed to deliver a strong operational foundation from which to grow our business. In addition to the operational systems and processes, the planned move to a new head office during 2014 will not only improve staff working conditions and morale but will also play a critical role in positioning the Bank and improving its market image. The delivery of these projects is indeed critical to the Bank's future prospects but, as always, the most critical deliverable remains healthy, sustainable business growth. To this end, we are confident that 2014 will again show positive results across the Banks key business lines.

In closing and on behalf of our Board of Directors, I would like to offer my gratitude to the CEO, his executive management team and the staff of the Bank. Their on-going effort and commitment has kept the Bank on course during a challenging year and has provided a strong base from which to grow into the future. I would also like to thank my fellow Board members, not only for their invaluable contributions to the Board and its deliberations but also for their support and their guidance during the past year. As always, my sincere thanks also extend to our customers - your loyalty and support over the past year is highly appreciated. I hope that the journey we have undertaken will continue to provide you with an ever improving offering and service. Lastly, I would like to thank our shareholders for their commitment to the Bank, its journey and its strategy.

P. Ranchod
Chairman
Johannesburg
25 April 2014

CHIEF EXECUTIVE OFFICER'S REPORT

2013 proved to be a challenging year for SABA, one in which strong operational performance in the business was offset by difficult local trading conditions. Importantly, we saw clear evidence that the Bank's strategy remains sound and that the path for growth mapped out over the past 3 years continues to be valid in the changing market environment.

BUSINESS PERFORMANCE

In reviewing 2013, the year is characterised by steady business performance which was in turn severely impacted by two extraordinary events. The steady performance is reflected in balance sheet growth of 9.7% and growth in loans and advances of 14.5%. A 22% growth in non-interest income and an 18% increase in interest income also bear testimony to the performance delivered during 2013.

On the negative front, two extraordinary matters eroded the effect of the abovementioned growth on the Bank's bottom line. Firstly, the Bank's exposure to the industry-wide First Strut fraud and corporate failure case created sizable provisioning consequences. Secondly, a system configuration error occurred which led to a potential operational loss. A provision for this loss has been raised. These two extraordinary matters mask the efforts to grow the business in a sound and responsible manner.

Against these objectives, the Bank continues to deliver healthy growth in its core lending activities, while the management of liquidity and in particular the gathering of local deposits ensured that all asset book growth in 2013 remained funded by local depositors with no additional wholesale funding requirements. This growth has resulted in two key strategic objectives being met i.e. growth in core lending and a reduction in reliance on wholesale funding through the gathering of local deposits.

BUSINESS OPERATIONS

On the business operations front, the Bank continued on its path to deliver the long awaited new IT and Operations Project. This project, which will ultimately replace the core banking, treasury and finance systems and their associated operational processes, progressed well during 2013 and is now nearing the final phases of testing, integration and delivery. The objective of delivering this project during 2013 was delayed somewhat due to several factors including an enhancement of the project scope to accommodate new capabilities, as well as the impact of several regulatory systems changes in 2013 which needed to be prioritised ahead of this project.

We are excited by the impact this project will have on the Bank's competitiveness and operational robustness and are confident that go-live of the various new systems will occur during 2014.

SHAREHOLDER SUPPORT

SABA continues to enjoy support from our parent company, The National Bank of Greece (NBG).

During 2013, support was evidenced again through the continued willingness to engage in growth projects including the IT and Operations project, the finalisation of a new head office for the Bank and the acquisition of a VISA issuing licence in support of SABA's MobileMoney partnership with MTN South Africa.

GROWTH IN NEW BUSINESS LINES

The MTN MobileMoney project, launched during the course of 2013, saw SABA enter into a ground breaking partnership with MTN, Pick 'n Pay, Direct Transact and TYME Capital to bring a unique low-income banking offering to market.

The first year of performance in the project was extremely encouraging, with MobileMoney acquiring more than 1 million registered customers and processing more than R1 billion in transaction values within this period.

2014 will be a critical year for this product as the offering continues to grow and expand, creating both financial returns and genuine financial inclusion in the South African market.

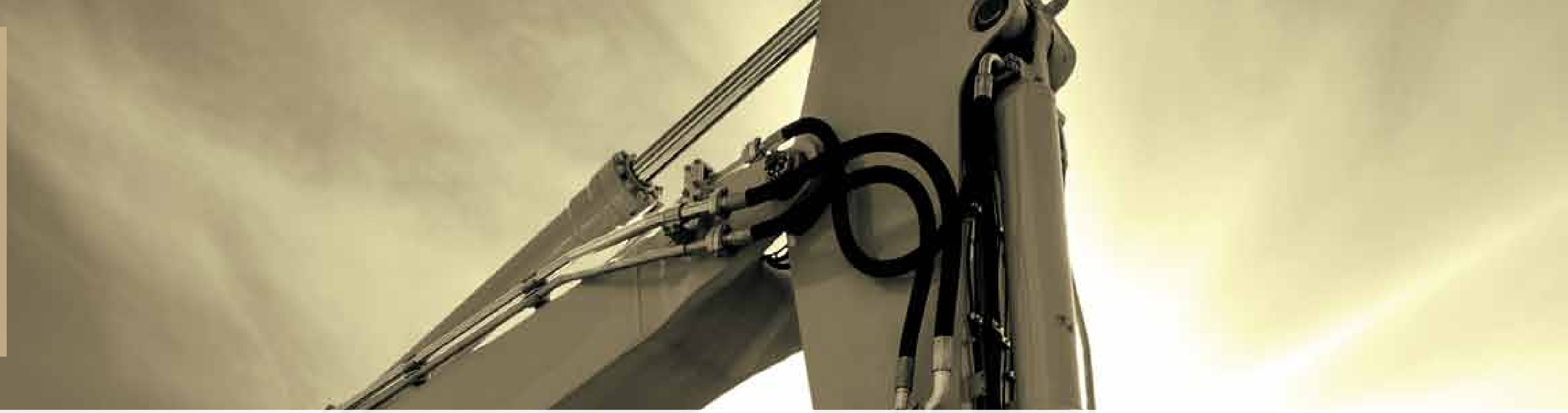
THANKS

I would like to offer thanks to our shareholders, our staff and our customers. 2013 was a challenging year and the continued support and patronage have allowed us to weather the storm.

I sincerely hope that 2014 will bring a year of growth, a year of much improved capabilities via our new systems and a year in which we continue to reward your loyalty with exceptional service and support.

S. Georgopoulos
Chief Executive Officer
Johannesburg
25 April 2014

RISK AND CAPITAL MANAGEMENT REVIEW



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

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

The Bank's Risk Management business unit operates independently from other business units and monitors and reports on risks to ensure adherence to the stated risk appetite as set by the Board of Directors. Business units 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 of Directors.
- To set, approve and monitor adherence to risk thresholds and limits.
- To monitor the Bank's exposure across the agreed risk profile.
- To co-ordinate risk management activities across the Bank.
- To give the SABA Board of Directors reasonable assurance that risks are identified and, to the best extent possible, managed and controlled.

ENTERPRISE-WIDE RISK MANAGEMENT (ERM)

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

An ERM Framework has been developed that highlights the Bank's focus on its philosophy of ensuring that risk management is central to its decision making process. The framework has been established to ensure the efficient management of all risks as identified in the Bank's risk profile.

THESE OBJECTIVES CAN BE SUMMARISED BY THE FOLLOWING KEY PRINCIPLES:

- Risk-taking is central to the Banks activity and risk management is therefore a required competency
- Focus 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 Enterprise Risk Management Committee

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

RISK DURING THE YEAR UNDER REVIEW

A strong risk and capital management culture is embedded in the Bank's daily activities. It is our intention to seek an appropriate balance between risk and reward in our business activities and to ensure that these are aligned to National Bank of Greece (NBG) requirements.

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

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

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

- Credit Risk
- Interest Rate Risk in the banking book
- Liquidity Risk
- Capital Risk
- Operational Risk
- Reputation Risk
- Compliance Risk
- IT Risk
- Human Capital Risk
- Social Risk
- Business / 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 key risks, which are then monitored and reported on.

RISK MANAGEMENT PROCESS

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

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

Risk identification and comprehension

Risk identification focuses on recognising and understanding all risks that may arise from operational requirements or from business activities.

Committees such as the Management Committee (MANCO), Executive Committee (EXCO) and the Assets and Liabilities committee (ALCO) are used to identify and discuss action plans to mitigate any risks that are perceived to have a potentially significant impact on the Bank. The Bank's risk profile is reviewed and tracked on a monthly basis at EXCO.

Risk Management

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

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

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

They are:

Board committees

- Audit and Compliance Committee
- Directors' Affairs Committee
- Remuneration Committee
- Enterprise Risk and Capital Management Committee
- Social, Ethics and Transformation Committee.

Management committees

- Assets and Liabilities Committee
- Executive Committee
- Senior Credit Committee
- Local Credit Committee
- Management Committee
- Business and Product Committee

RISK MEASUREMENT AND EVALUATION

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

RISK MONITORING

The monitoring of risks is undertaken by the Risk Department, the Compliance and Legal Department as well as the Internal Audit Department. Risks are reported to the Enterprise Risk and Capital Management Committee and Audit and Compliance Committee where they are addressed. A register of all identified risks is maintained and updated. At the same time a key risk log is kept for the Enterprise Risk and Capital Management Committee wherein key risks are tracked and reported on, on a quarterly basis. Key risk indicators have been established and are also used to track trends.

BASEL III

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

The additional capital requirements, Liquidity Coverage Ratio, Net Stable Funding Ratio and Leverage Ratio come into effect between 2014 and 2019 and are currently in a monitoring phase under the auspices of the South African Reserve Bank (SARB).

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.

The 3 Pillars of Basel II are still utilised as part of the Basel III framework. These 3 pillars are:

- Pillar I describes the regulatory capital calculation related to credit, market and operational risks, aligning minimum capital requirements more closely to a bank's risk of loss.

- Pillar II provides for supervisory review of an institution's risk profile and activities to determine its capital adequacy and internal assessment processes, and to increase regulatory capital and institute remedial action if weaknesses are found.

- Pillar III addresses improved market discipline and increased transparency.

The Bank evaluated the various options available and decided that the most appropriate approach 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 III 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, including 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.

CREDIT RISK

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

The Bank actively manages its credit risk at the individual transaction, counterparty and portfolio level using a variety of qualitative and quantitative measures. Customers' credit worthiness is thoroughly assessed before any credit facility is recommended to or granted by the various credit committees. The credit granting philosophy is a conservative one, where the ability and willingness of the borrower to repay a loan is analysed and is not simply based on the collateral offered. Lending is governed by a credit policy which has been approved by the Board of Directors and NBG.

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 customers. All business banking customers 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 movement has been low. SABA has lending and investment rates that are linked to the prime lending rate.

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 and is ensured through optimal funding strategies, as well as taking cognisance of available inter-bank lines 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

MARKET RISK

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

OPERATIONAL RISK

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

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

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

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 division provides oversight of the Bank's compliance function and the Bank adheres to the NBG Group Compliance policy and culture.

FOREIGN EXCHANGE RISK

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

In order to eliminate the foreign currency risk, it is the Bank's policy to hedge significant foreign currency commitments. 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 hedge against the risk inherent in these types of transactions.

COUNTRY RISK

Country Risk has been split into two separate assessments namely country risk for South Africa and country risk for Greece. As the Bank's main shareholder is situated in Greece, the Bank has experienced some challenges as a result of this association during the Eurozone crisis. The concerns raised have been the ability of NBG to assist the Bank while it was exposed to the economic crisis in Europe. This has been alleviated and NBG support has not waivered at any time. The Bank has been able to demonstrate that it has good prospects for the future and is a going concern.

CONCENTRATION RISK

SABA has 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 continue to reduce from the previous high levels.

TRANSFORMATION RISK

Transformation of the Bank to be representative of South African demographics is an essential component of the Bank's strategy. Despite limited opportunities available in a small operation, SABA has made progress in the hiring of high potential previously disadvantaged into both clerical and managerial roles.

A mentorship program was implemented and a number of future leaders of the Bank have been identified and are receiving training and guidance through this initiative.

An employment equity committee has been established, with members selected by the employee base to assist in developing and monitoring the Bank's efforts in this regard.

STRATEGIC RISK

The Bank's strategic direction has been well communicated and significant progress has been made in implementing and embedding the revised strategic focus on Business Banking. Adherence to the strategic direction is actively monitored and managed at committee levels and all decisions are taken within the strategic framework that has been established.

REPUTATIONAL RISK

As an authorised financial services provider, the Bank's business is fundamentally built on trust and a close relationship with customers. As a result, the reputation of the Bank is of the utmost importance. The Bank's reputation is built by conducting its business based on ethical standards and it protects this reputation by managing and controlling reputational risk across the Bank.

HUMAN CAPITAL RISK

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

The training of staff is a continuous focus; with much of the training spend for 2013 allocated to previously disadvantaged individuals.

INFORMATION TECHNOLOGY RISK

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

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

A prioritisation plan has been developed and is reviewed by the IT Steering Committee on a regular basis. Controls over systems, licenses and upgrades are well controlled and planned for.

BUSINESS RISK/GOING CONCERN RISK

The Bank's operational profits are well above budgeted levels, and show the sustainability of the Bank into the future.

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 considers the various risks faced by the Bank and analyses 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 reviewed.

The objective of the Bank's capital management approach is to ensure the maintenance of sound capital ratios, taking all of 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. SABA remains 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.

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

- Tier 1 capital:

  Share capital, property revaluation reserve, statutory reserve, unrealised gains (loss) arising on the fair valuation of equity instruments held as available for sale, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital; and

- Tier 2 capital:

  Collective impairment allowances

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

The risk-weighted assets are measured using the 'standardised approach' (SA) for credit risk. Risk weights are assigned to assets and off-balance sheet items according to their asset class and credit assessment. 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).

SABA 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 follows an ethical code of conduct and 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 of Directors in discharging its responsibilities. Specific responsibilities have been delegated to these committees, which operate according to charters approved by the Board and which are subject to review on an annual basis.

INTERNAL CONTROL

Risks and controls are reviewed and monitored regularly for relevance and effectiveness. Sound risk management practices are promoted by the risk management function which is independent of operational management. The Board of Directors recognises its responsibility for the overall risk and control framework and for reviewing its effectiveness.

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.

An independent Internal Audit department reports any control recommendations to senior management, risk management and the Audit and Compliance committee. Appropriate processes ensure that timely corrective action is taken on matters raised by Internal Audit. Material incidents, losses and significant breaches of systems and controls are reported to the Board Enterprise Risk and Capital Management Committee and to the Audit and Compliance Committee.
The Bank's system of internal control is satisfactory.

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 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 principles of King III are being applied and this is evidenced in the various sections of this report.

BOARD OF DIRECTORS AND NON-EXECUTIVE DIRECTORS

Role and function of the Board

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

The Chairperson sets the ethical tone for the Board, and provides it with overall leadership. This is done without limiting the collective responsibility for Board decisions, bearing in mind the individual duties of Board members.

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

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

The Board of Directors met four times during the year under review in order to evaluate the Bank's performance, assess risk and review the strategic direction of the Bank against its overall strategy and long term goals.

All Directors have access to the advice and services of the Company Secretary and are entitled to obtain independent professional advice, should they deem it necessary.

Composition of the Board of Directors

The Board is headed by an independent Chairperson in Mr P Ranchod and has a strong representation of independent Non-Executive Directors, as this provides the necessary objectivity that is required to ensure its effective functioning. During 2013, five of the seven Non-Executive Directors were classified as independent.

The Board of Directors consisted of ten Directors, seven Non-Executive Directors (of which two were NBG representatives), and three executive Directors.

The resignation of the Non-Executive director Mr MA Oratis occurred on 17th November 2013.

Declarations of interests are submitted by all Directors on an annual basis to determine any conflicts of interests and any potential conflict is disclosed immediately. Where necessary and appropriate, the Directors will recuse themselves from discussions at Board or Board committee meetings on matters where conflicts could occur.

Director's Attendance at Board and Board Committee Meetings 2013

DIRECTOR	14 Feb	25 April	23 July	14 Nov
P Ranchod	√	√	√	√
TJ Fearnhead	√	√	√	√
RA Shough	√	√	√	√
C Andropoulos	√	√	√	√
G Bizos	A	A	√	√
A Lizos	√	√	√	√
MA Oratis	√	√	A	R
S Georgopoulos	√	√	√	√
DJ Adriaanzen	√	√	√	√
C Michaelides	---	---	√	√

Performance assessment

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

EXECUTIVE DIRECTORS AND EXECUTIVE COMMITTEE

Currently three executive Directors serve on the Board of Directors. Mrs C Michaelides, Chief Financial Officer of the Bank, was appointed to the Board as an Executive Director on 17th July 2013. The other Executive Directors are Mr S Georgopoulos as Chief Executive Officer and Mr D Adriaanzen as Chief Commercial Officer. Mr D Haarhoff was appointed as alternate Director to Mr D Adriaanzen on 7th February 2013. 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 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 and 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; and
- Monitoring the performance of the different divisions and departments within the Bank.

BOARD COMMITTEES

Enterprise Risk and Capital Management Committee

Members: Mr P Ranchod (independent Non-Executive Chairperson) resigned as Chairperson but remained an ordinary member of the ERCM Committee. He was replaced by Mr TJ Fearnhead (independent Non-Executive) as Chairperson. The other members to the committee are Mr S Georgopoulos (Chief Executive Officer), Mr RA Shough and Mr C Andropoulos. Mr MA Oratis (Chief Risk Officer, NBG) resigned from the committee on 17th November 2013.

The Chief Risk Officer, Head: Compliance and Legal and Head: Internal Audit attend all meetings as 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.

Enterprise Risk and Capital Management Committee Attendance

DIRECTOR	14 Feb	23 April	16 July	17 Nov
P Ranchod	√	√	√	√
MA Oratis	A	A	A	R
TJ Fearnhead	√	√	√	√
S Georgopoulos	√	√	√	√
RA Shough	√	√	√	√
C Andropoulos	√	√	A	√

Remuneration committee

Members: Mr P Ranchod (Chairperson), Mr TJ Fearnhead, Mr MA Oratis (resigned on 17th November 2013), Mr RA Shough and Mr A Lizos. Messrs RA Shough and A Lizos were appointed to the committee on 23rd April 2013.

The Chief Executive Officer and Head: Human Resources attend meetings as invitees. The committee met twice during the year. 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, director's remuneration and fees, service contracts, retirement funding and succession planning.

Remuneration Committee Attendance

DIRECTOR	14 Feb	23 April
P Ranchod	√	√
TJ Fearnhead	√	√
A Lizos	---	√
RA Shough	---	√

Audit and Compliance Committee (ACC)

Members: Mr TJ Fearnhead (Chairperson), Adv. G Bizos (SC), Mr RA Shough and Mr C Andropoulos. Mr RA Shough replaced Mr T Fearnhead as Chairperson on 27th June 2013. Mr P Ranchod resigned from the committee on 14th February 2013.

The Audit and Compliance committee comprises independent Non-Executive Directors who have regular meetings with Senior Management, the External Auditors, Chief Risk Officer, Head: Internal Audit, Head: Compliance and Legal and the Finance Department. These meeting are held to consider the nature and scope of the audit reviews and the effectiveness of the Bank's risk and control systems.

The Audit Committee met four times during the year. The internal and external auditors attend all meetings in order to review accounting, auditing, financial reporting and internal control matters. This committee operates under a Board approved charter.

The responsibilities of the committee include:

- Ensuring the integrity, reliability and accuracy of the Bank's accounting and financial reporting systems;
- Ensuring that appropriate systems are in place for monitoring risk control and compliance with applicable laws and codes of conduct;
- Evaluating the adequacy and effectiveness of internal audit and compliance in relation to their coverage plans.
- Maintaining appropriate relations with the external auditors; and
- Reviewing the scope, quality, independence and objectivity of the external auditors.

Audit and compliance committee attendance

DIRECTOR	25 April	21 June	13 Sept	22 Nov
TJ Fearnhead	√	√	√	√
P Ranchod	R	---	---	---
G Bizos	A	A	A	√
RA Shough	√	√	√	√
C Andropoulos	√	√	A	√

Directors' Affairs Committee

Members: Mr P Ranchod (Chairperson), Adv. G Bizos (SC), Mr TJ Fearnhead, Mr RA Shough, Mr C Andropoulos, Mr MA Oratis and Mr A Lizos. This committee operates under a Board approved charter and in terms thereof all Non-Executive Directors may be members of the committee.

This committee met twice 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.

Directors' affairs committee attendance

DIRECTOR	25 March	22 Nov
P Ranchod	√	√
G Bizos	A	√
TJ Fearnhead	√	√
RA Shough	√	√
C Andropoulos	√	√
MA Oratis	---	A
A Lizos	---	A

Social, Ethics and Transformation Committee

Members: Adv. G Bizos (Chairperson), Mr P Ranchod, Mr TJ Fearnhead, Mr S Georgopoulos and Mr D Adriaanzen who was appointed to the committee on 16th October 2013.

This committee operates under a Board approved charter. The committee provides the strategic direction to, and oversight of, the Bank's:

- Corporate social responsibility programmes and commitments
- Culture and code of ethics including the evaluation and review of the code, the corporate culture incorporating ethical behaviour and the adherence to these standards
- Programme of continuous transformation to reflect the society in which it operates

Permanent invitees include the Chief Risk Officer, Head: Compliance and Legal, Head: Internal Audit and Head: Human Resources.

Social, ethics and transformation committee attendance

DIRECTOR	27 March	22 Nov
G Bizos (SC)	A	√
P Ranchod	√	√
TJ Fearnhead	√	√
S Georgopoulos	√	√
D Adriaanzen	---	√

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.

INTERNAL AUDIT

The internal audit activities have formally defined purpose, authority and responsibility consistent with the Institute of Internal Auditors' definition of internal auditing and include evaluating the effectiveness of risk management, control and governance processes.

The internal audit activities include reviews of the reliability and integrity of the financial and operating information, the systems of internal control, the adequacy of the controls over the safeguarding of assets and the efficient management of the Bank's resources.

The Head: Internal Audit operates independently, reports to the Chairperson of the Audit and Compliance committee and with direct access to the Board of Directors being available as well.

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 the Bank's 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, customers, employees and shareholders are of the highest order and are maintained in accordance with the Code.

REGULATORS

The South African Reserve Bank (SARB), Financial Services Board, the National Credit Regulator, the Registrar of Companies and the JSE regulate the various activities of the Bank. The Bank strives to establish and maintain open and active dialogue with regulators and supervisors.

Processes are in place to respond proactively to issues or questions raised and the Bank regularly reports to regulators and supervisory bodies.

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.

SUSTAINABILITY REPORT

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

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

TRANSFORMATION

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

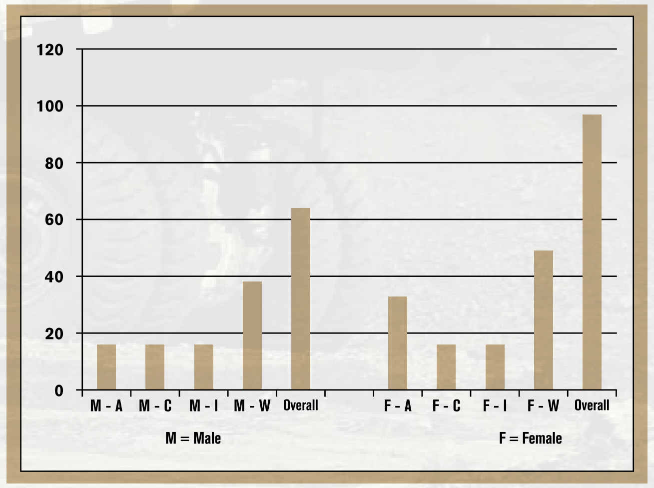
The SET Committee identifies those key areas of the Bank where transformation should be effected, monitors the transformation strategies and measures their impact on the business. The Bank's aim is to deliver against the principles established in the Financial Sector Charter. In meeting these objectives,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

EMPLOYMENT EQUITY AND HUMAN RESOURCE DEVELOPMENT

The Bank is committed to continuously strive towards a workforce that is representative of the demographics of the markets and customers we serve and of the country as a whole. This objective is not only seen as critical, but also one which we acknowledge needs to be accelerated in 2014 and beyond as the small, stable nature of the workforce may require additional impetus to be inserted.

In support of this commitment, an employment equity committee was been established, operating under the auspices of the SET Committee. This committee, made up of 8 employees elected by their peers (and 2 company representatives) is responsible for providing employee input into the development of the Bank's employment equity and transformation policies.

SABA focuses on attracting, motivating and retaining the best people for our organisation. That focus is further structured to ensure that the employment equity imperative remains a central focus and priority for the organisation. The current composition of the organisation (as at December 2013) is as follows:



		Total
African:	49	75
Coloured:	8	
Indian:	17	
White		87
Total:		**156**

Recruitment of a diverse range of talented individuals is not enough to ensure employment equity. The Bank continually focuses on the development of people and the transfer of skills to ensure sustainability. The SABA mentorship programme continued in 2013 in which members of the Bank's executive team mentored high potential members of staff. This programme focused both on transferring skills and knowledge and at developing a broader base of leadership capability and succession planning.

The development of people is also continually supported through the Bank's training efforts. During 2013, 274 training interventions for 144 members of staff were undertaken including training on customer interface, legislation changes and compliance, information technology, management and leadership skills and specialist financial skills. The tertiary studies undertaken by members of staff were also supported, with 26 individuals receiving study loans during the year. 54% of these study loans were granted to previously disadvantaged individuals.

CODE OF ETHICS AND CONDUCT

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

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

The Bank's values are:

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

ENTERPRISE DEVELOPMENT

SABA defines Enterprise Development (ED) as the fostering and promotion of entrepreneurship, typically in the form of small businesses. With the Bank's strategic focus on the business banking segments, Enterprise Development is not only socially responsible, but makes good business sense.

In 2013, the Bank continued its relationship with The Hope Factory (started in 2013) as the vehicle for its ED initiative.

The aim of The Hope Factory is to develop, equip and support previously disadvantaged South Africans to establish and grow their businesses. To date, The Hope Factory has equipped more than 1000 individuals with the skills needed to achieve their highest level of independence. Through its model, The Hope Factory takes the "bottom rung of the ladder" grassroots entrepreneur and potential entrepreneur through a series of phases.

The Hope Factory is acting as an Enterprise Development enabler and hence is just a conduit between the Bank and the ultimate enterprise development beneficiaries.

CORPORATE SOCIAL INVESTMENT

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

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

The key principles for SABA's CSI policy are:

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

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

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

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

Education

During the course of 2013, the Bank continued its focus on education through its support for the George Bizos Scholarship fund, sponsoring the education of individuals from previously disadvantaged communities at the SAHETI School in Bedfordview.

Community development and support

Both in support of local community development and with the objective of creating a corporate social investment culture in the Bank, the SABA CSI challenge was repeated during 2013. This programme challenged SABA teams to identify and nominate worthy local community charities for support. The CSI committee reviewed all nominated organisations and 2 recipients for the 2013 award:

Isithembiso

Isithembiso is a place of safety and an orphanage for abandoned, abused and neglected babies from birth up to the age of 3 years. It is a home where babies are cared for, nursed back to health and loved until such time that they are placed into foster care or adopted or their families are rehabilitated to the point where the child can be placed back in their parent's care. The babies stay at the home for anything from 3 months to a year.

Akani Foundation

Akani provides a child support centre for Diepsloot and the surrounding areas. Akani cater for approximately 550 children mid-week in the afternoons and 650 children on Saturdays. The children receive education in support of what they learn at school, including numeracy, literacy, crafts, religious instruction and life skills (hygiene, nutrition, etc.).

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

Other Services

- Cash handling solutions
- Electronic banking solutions
- ATM / Debit cards
- Cheque book facilities
- Sponsored banking services

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
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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

CHIEF COMMERCIAL OFFICER
Darryl Adriaanzen

CHIEF RISK OFFICER
David Haarhoff

CHIEF OPERATING OFFICER
Nico Vlok

HEAD: CHANNEL
Paul de Bruyn

HEAD: CREDIT
Roy Scott

HEAD: OPERATIONS
Michael Schwark

HEAD: COMPLIANCE AND LEGAL
Hermann Krull

HEAD: INTERNAL AUDIT
Andre de Lange

HEAD: HUMAN RESOURCES
Cessy Frazao

HEAD: TREASURY
Enzo Pietropaolo

HEAD: SPONSORED BANKING
Helder Marques

COMPANY SECRETARY
Wilma Botha

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.

The Bank offers an expanded range of cash handling services delivered through several channels. Cash withdrawal facilities are available via any Saswitch ATM, from till points at Pick 'n Pay and Checkers 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.

The Bank's primary offices, or Business Suites, are designed as modern premises in prominent business nodes. These suites are 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.

INFORMATION TECHNOLOGY

The planned implementation of a new fit-for-purpose core banking platform began in 2013 and a great deal of the Bank's efforts were directed at this project, which is expected to complete by the end of 2014. In addition to this significant change, the legacy system was maintained at a high level of stability during this period and the most critical inefficiencies were addressed through improved governance & security controls, risk management and the introduction of new resources. An additional focus area during 2013 was the integration of the new MTN Mobile Money sponsored banking relationship with the SABA system. The focus during 2014 will remain on the SABA system replacement (core banking, treasury and finance), ensuring effective integration of new sponsored banking partners and ensuring system capability to meet any regulatory changes.

INDEX TO ANNUAL FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITY AND APPROVAL FOR THE ANNUAL FINANCIAL STATEMENTS

The Directors are responsible for the preparation and integrity of the Annual Financial Statements and related information included in this report. In order for the Board to discharge its responsibilities, management has developed and continues to maintain systems of internal control.

The Board has ultimate responsibility for the 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 Annual Financial Statements.

The Annual Financial Statements have been prepared in accordance with the provisions of the Companies Act and comply with International Financial Reporting Standards. The Annual Financial Statements are based on appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates.

The Annual Financial Statements for the year ended 31 December 2013 were approved by the Board of Directors on the 25th of April 2014 and are signed on its behalf by:

P. Ranchod
Chairman
Johannesburg
25 April 2014

S. Georgopoulos
Chief Executive Officer
Johannesburg
25 April 2014

COMPANY SECRETARY'S CERTIFICATE

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

Wilma Botha
Company Secretary
Johannesburg
25 April 2014

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 set out on pages 38 to 76, which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The company's 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 2013, 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.

Other reports required by the companies act

As part of our audit of the financial statements for the year ended 31 December 2013, we have read the Directors' Report, the Audit Committee Chairman's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements.

These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche
Registered Auditor

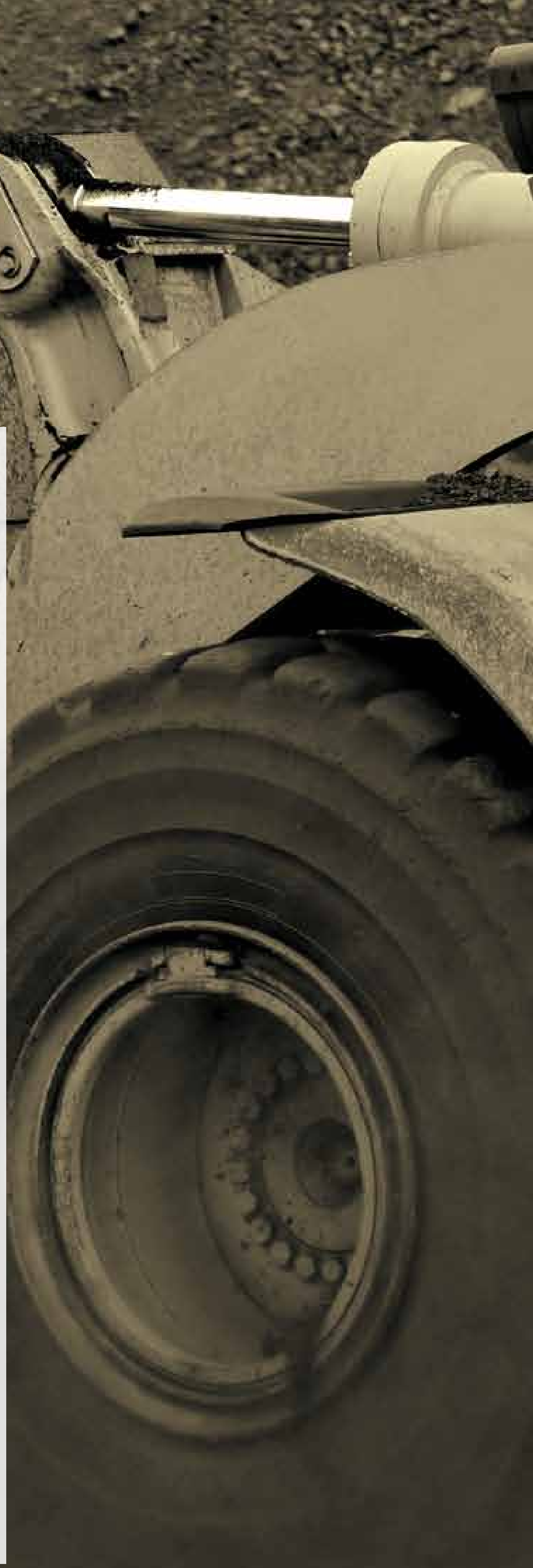
Deloitte & Touche

Per: T. Magare
Partner
25 April 2014

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

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013



THE DIRECTORS HAVE PLEASURE IN SUBMITTING THEIR REPORT ON THE ACTIVITIES OF THE BANK FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013.

NATURE OF THE BUSINESS

The Bank continued to service its customer base as a long standing commercial and clearing bank through its head office and seven business suites spread throughout the country. Its focus during the year under review remained on medium sized entrepreneurial businesses and small corporates as well as the related personal banking requirements of these businesses. Additional focus was placed on enhancing the Bank's sponsored banking offering (previously referred to as alliance partnerships).

The Bank has three sponsored banking relationships in operation namely MTN MobileMoney, Surebank and WIZZIT. Surebank and WIZZIT operate as divisions of the Bank, while MTN MobileMoney is an authorised distribution channel of the Bank.

CAPITAL STRUCTURE

There has been no change in the structure of authorised share capital for the year under review. At the 2013 AGM (27 June 2013) the authorised share capital of the Bank was increased from 20 million ordinary shares to 100 million ordinary shares. The unissued shares are under the control of the directors subject to the notification to and specific approval by the National Bank of Greece S.A. (NBG), until the next Annual General Meeting.

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 (2012: Nil).

HOLDING COMPANY

The holding company is National Bank of Greece S.A. (NBG) which is incorporated in Greece, with its head office in Athens. The holding company 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.

The directors of the Bank during the financial year and as at 30 April 2014 are:

Non executive:

M.A. Oratis (resigned 17 November 2013)
G. Grigoropoulos (14 November 2013, subject to SARB approval)
A. Lizos

Independent, Non executive:

P. Ranchod (Chairperson)
C. Andropoulos (18 January 2013)
G. Bizos
T.J. Fearnhead
R. Shough (18 January 2013)

Executive:

S. Georgopoulos (Chief Executive Officer)
DJ. Adriaanzen
D. Haarhoff (7 February 2013)
C. Michaelides (17 July 2013)

Registered address:

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

EVENTS SUBSEQUENT TO YEAR END ADJUSTABLE

An operational break-down in controls and system configurations occurred during December 2013 and was detected during January 2014. The error has resulted in a potential loss and a provision has therefore been made which has impacted the 2013 annual financial statements by R7.2 million. Further provisioning required in the 2014 financial year still needs to be assessed based on the resultant probability of loss. The total portfolio of affected accounts has been handed to a collection agency to collect outstanding exposure monies and proceed with legal proceedings as the affected clients were unjustly enriched at the Bank's expense. The recovery will be ongoing into 2014.

GOING CONCERN

After making due enquiries, the directors expect that the Bank has adequate resources to continue operating for the foreseeable future. Hence the financial statements have been prepared on the going concern basis.

REPORT FROM THE CHAIRMAN OF THE AUDIT AND 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 for the financial year ended 31 December 2013.

The composition and membership, attendance at meetings and the purpose of the ACC is summarised on page 19 of this report.

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

1. AUDIT AND COMPLIANCE COMMITTEE TERMS OF REFERENCE

The ACC has adopted a formal terms of reference that has been approved by the Board of Directors. The committee has conducted its affairs in compliance with its terms of reference and has discharged its responsibilities contained therein. The terms of reference are available on request from the Company Secretary.

2. AUDIT COMMITTEE MEMBERS, MEETING ATTENDANCE AND ASSESSMENT

The ACC is independent and consists of four independent, non-executive directors. During the year under review, four meetings were held as per its terms of reference.

The Chief Executive Officer, Chief Financial Officer, Head: Internal Audit, Head: Compliance and Legal Services, External Auditor and other risk and related assurance providers attend meetings by invitation only. The Chairman of the Board attends ACC meetings at his discretion.

The effectiveness of the ACC and its individual members are assessed on an annual basis.

3. ROLE AND RESPONSIBILITIES

Statutory duties

The ACC's role and responsibilities include statutory duties per the Companies Act, 2008, the Banks Act, 1990, and further responsibilities assigned to it by the board. The ACC executed its duties in terms of the requirements of King III.

External auditor appointment and independence

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

The committee agreed to the engagement terms, audit plan and budgeted audit fees, in consultation with executive management, for the 2013 year.

There is a procedure that governs the process whereby the auditor is considered for non-audit services. There were no non-audit engagements for 2013.

Financial statements and accounting practices

The ACC has reviewed the accounting policies and the financial statements of the Bank and is satisfied that they are appropriate and comply with International Financial Reporting Standards.

There were no matters of concern or complaint as envisaged by section 94(7)(g) of the Companies Act, 2008, received from within or outside the company which came to the attention of the ACC in the past financial year.

Internal financial controls

The Bank's Internal Audit unit performed a written assessment of the effectiveness of the Bank's system of internal control and risk management, including internal financial controls. This written assessment by internal audit formed the basis for the ACC's recommendation in this regard to the Board, in order for the board to report thereon. The Board report on the effectiveness of the system of internal controls is included elsewhere in the Annual Report. The ACC supports the opinion of the Board in this regard.

Internal audit

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

The ACC considered and recommended the internal audit charter for approval by the Board. The Internal Audit function's annual audit plan was approved by the ACC.

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

The Head: Internal Audit has direct access to the ACC, primarily through its chairman.

During the year, the committee met with the external auditors and with the Head: Internal Audit without management being present.

Compliance

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

The Head: Compliance and Legal Services has direct access to the ACC, primarily through its chairman.

Governance of risk

The Board has assigned oversight of the Bank's risk management function to the Enterprise Risk and Capital Management Committee (ERCM). The chairman of the ACC is a member of the ERCM committee, and conversely the chairman of the ERCM is a member of the ACC, ensuring that information relevant to these committees is transferred regularly. The ACC fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as it relates to financial reporting.

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

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

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

RA Shough
25 April 2014
Chairman: Audit and Compliance Committee

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Notes	2013 R'000	2012 R'000
ASSETS			
Cash and cash equivalent	1	189 453	248 222
Derivative financial instruments	2	16 091	5 936
Short-term negotiable securities	3	99 067	85 315
Other investments	4	15	15
Accounts receivable	5	10 862	18 943
Loans and Advances	6,7	1 857 787	1 623 259
Property and Equipment	8	25 496	29 968
Intangible assets	9	15 897	8 083
TOTAL ASSETS		**2 214 668**	**2 019 741**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	18 458	18 458
Share premium	11	259 227	259 227
Revaluation reserves	12	11 980	14 285
Accumulated loss		(26 512)	(16 559)
TOTAL EQUITY		**263 153**	**275 411**
LIABILITIES			
Derivative financial instruments	2	4 159	21 284
Deposits and current accounts	13	1 918 013	1 661 437
Accounts payable	14	22 143	21 609
Provisions	15	7 200	-
Debentures - long-term liability	16	-	40 000
TOTAL LIABILITIES		**1 951 515**	**1 744 330**
TOTAL EQUITY AND LIABILITIES		**2 214 668**	**2 019 741**

STATEMENT OF COMPREHENSIVEINCOME

AS AT 31 DECEMBER 2013

	Notes	Year ended 2013 R'000	Year ended 2012 R'000
Interest income	18,1	170 488	156 101
Interest expense	18,2	(86 802)	(85 113)
Net interest income		**83 686**	**70 988**
Net charge for bad and doubtful advances	7	(26 317)	(13 965)
Non interest income	18,3	49 456	40 532
Operating income		**106 825**	**97 555**
Staff cost	18,4	(54 640)	(47 113)
Depreciation and Amortisation	18,4	(6 357)	(8 948)
Operating lease expenses	18,4	(4 391)	(5 231)
Other operating expenses	18,4	(44 190)	(34 206)
(Loss) / Profit before abnormal items		**(2 753)**	**2 057**
Abnormal item			
Operational loss provision	15	(7 200)	-
(Loss) / Profit before taxation		**(9 953)**	**2 057**
Income tax expense	19	-	-
(Loss) / Profit for the year		**(9 953)**	**2 057**
OTHER COMPREHENSIVE (LOSS) / PROFIT, NET OF TAXATION			
Net (loss) profit on available for sale financial asset		95	(16)
Revaluation of land and buildings		(2 400)	(1 000)
Total Comprehensive (Loss) / Profit for the year		**(12 258)**	**1 041**
(LOSS) / PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Holding Company		(9 927)	2 052
Minority Shareholders		(26)	5
		(9 953)	2 057
TOTAL COMPREHENSIVE (LOSS) / PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Holding Company		(12 227)	1 038
Minority Shareholders		(31)	3
		(12 258)	1041

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

AS AT 31 DECEMBER 2013

	Share capital R'000	Share premium R'000	Available for Sale Financial Asset R'000	Properties revaluation reserve R'000	Accumulated loss R'000	Total R'000
Balance at 1 January 2012	**16 458**	**181 227**	**(33)**	**15 334**	**(18 616)**	**194 370**
Issue of ordinary shares	2 000	78 000	-	-	-	80 000
Profit for the year	-	-	-	-	2 057	2 057
Other comprehensive loss for the year	-	-	(16)	(1 000)	-	(1 016)
Balance at 31 December 2012	**18 458**	**259 227**	**(49)**	**14 334**	**(16 559)**	**275 411**
Loss for the year	-	-	-	-	(9 953)	(9 953)
Other comprehensive income (loss) for the year, net of income tax	-	-	95	(2 400)	-	(2 305)
Balance at 31 December 2013	**18 458**	**259 227**	**46**	**11 934**	**(26 512)**	**263 153**

STATEMENT OF CASH FLOW

AS AT 31 DECEMBER 2013

	Note	2013 R'000	2012 R'000
Cash flows from operating activities			
Cash receipts from customers	24,1	221 343	196 293
Cash paid to customers, suppliers and employees	24,2	(182 823)	(171 663)
Cash generated from operations	**24,5**	**38 520**	**24 630**
Dividends received		-	66
Net increase in income earning assets	24,3	(293 883)	(236 919)
Net increase in deposits and other liabilities	24,4	249 912	269 646
Net cash (outflow) / inflow from operating activities		**(5 451)**	**57 423**
Cash flows from investing activities			
Purchase of intangible assets		(11 356)	(4 500)
Purchase of property and equipment		(1 962)	(5 099)
Proceeds on sale of property and equipment		-	1 063
Net cash outflow from investing activities		**(13 318)**	**(8 536)**
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Bank		-	80 000
Repayment of long-term borrowings		(40 000)	-
Effect of exchange rate changes on cash and cash equivalents		-	(16)
Net cash (outflow) / inflow from financing activities		**(40 000)**	**79 984**
Net cash (outflow) / inflow for the year		**(58 769)**	**128 871**
Cash and cash equivalents at the beginning of the year		248 222	119 351
Cash and cash equivalents at the end of the year		**189 453**	**248 222**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

AS AT 31 DECEMBER 2013

1. STATEMENT OF COMPLIANCE

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

2. BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis, except for 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.

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

3.1. New standards, amendments and interpretations to existing standards applied from 1 January 2012

- **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 2012). The amendments remove an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement inregard 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 2012).** 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 IFRS, May 2010 (effective for the Bank's annual period beginning on 1 January 2012). 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 IFRS, 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 2012

- **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 the comprehensive income" with only dividends being recognised in profit or loss.

(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 value option, the change in the liability's fair value attributable to changes in the liability'scredit risk is recognised directly in other comprehensive income, unless it creates or increases an accounting mismatch and the amount that is recognised in 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 IFRS 9 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 2012) 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 2013). 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 the 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" (2012) supersedes IAS 28 "Investments in Associates" and prescribes the accounting for investments in associates and sets out 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 liability in an orderly transaction between market participants at the measurement date (ie an exit price);
- sets out in a single IFRS a framework for measuring fair value; and
- requires disclosures about fair value measurements.

IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value 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's 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 exchange 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 2013). 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 income statement 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 a Bank 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 costs such as loans and advances to customers or banks and debt securities in issue;
- A book of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Bank is provided internally on that basis to key management personnel, for example the Board of Directors and the Chief Executive Officer;
- The financial instruments contain one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments and would have to be separated if not in this category.

The fair value designation, once made, is irrevocable.

5.2. MEASUREMENT

Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value and subsequently 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 income statement when the right to receive payment is established. This is the ex-dividend for equity securities and is separately reported and included in "Net other income / (expense)".

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

6. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

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

Impairment: The Bank assesses at each reporting date whether there is objective evidence that an investment security or a Bank is impaired of such securities.

Particularly for equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered, among other factors, in determining whether the assets are impaired.

If any objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in the Statement of Comprehensive Income. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the Statement of Comprehensive Income.

The amount of the impairment loss for held to maturity and loans and receivable investment securities, which are carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate.

Interest earned while holding investment securities is reported as interest income.

Dividend income is recognised when the right to receive payment is established (Declaration date) for equity securities and is separately reported and included in Net other income.

8. RECLASSIFICATION OF FINANCIAL INSTRUMENTS

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

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

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

8. RECLASSIFICATION OF FINANCIAL INSTRUMENTS

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

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

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

For financial assets reclassified as described above, the fair value at the date of reclassification becomes the new amortized 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 recognized in the Available for sale securities reserve through other comprehensive income and is amortised in the Statement of Comprehensive Income.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

10. RECOGNITION OF DEFERRED DAY 1 PROFIT OR LOSS

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

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

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

11. LOANS AND ADVANCES

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

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

Interest on loans and advances is included in interest income and is recognised on an 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 Bank of loans) is impaired. The Bank assesses whether objective evidence of impairment exists for loans that are considered individually significant (Specific Provision), and collectively for loans that are not considered individually significant (General Provision).

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

A credit risk provision for loan impairment is established if there is objective evidence that the Bank will be unable to collect all amounts due on a claim according to the original contractual terms.

Objective evidence that a claim is impaired includes observable data that comes to the Banks' attention about the following loss events, but not restricted to:

a. significant financial difficulty of the issuer or obligor;

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

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

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

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

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

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

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

A provision for loan impairment is reported as a reduction of the carrying amount of a claim on the Statement of Financial Position. Any identified impairment losses are recognised in the Statement of Comprehensive Income.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has 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 a) the loan's original effective interest rate, if the loan bears a fixed interest rate, or b) current effective interest rate, if the loan bears a variable interest rate.

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 and 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 thereof and the amount.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account.

The amount of the reversal is recognised in the 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. DE-RECOGNITION

13.1. FINANCIAL ASSETS

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

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

When the Bank has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

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

To the extent that the Bank sells these securities to third party investors, the transferred assets may qualify for derecognition in full or in part. Gains or losses on securitizations 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 banks, due to customers or other deposits, as appropriate. Securities purchased under agreement to resell ('Reverse Repos') are recorded as due from banks 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 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 that comprise these securities transferred is relinquished. 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 realize 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 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 & Buildings are subsequently measured, using the revaluation model, at its fair value less accumulated depreciation and impairment losses. Land and Buildings are revalued annually by an independent valuator using market observable data and sufficiently recent similar market transactions.

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

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

At each reporting date the Bank assesses whether there is any indication that an item of property and equipment may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the asset. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit, where property is revalued the write down is first applied to the revaluation reserve to the extent that the reserve relates to the asset being written down.

Foreclosed assets, which consist of properties acquired through foreclosure in full or partial satisfaction of a related loan, are initially measured at cost, which includes transaction costs, and reported under other assets.

After initial recognition foreclosed assets are re-measured 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

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

Computer software and implementation costs include costs that are directly associated with identifiable and unique software products controlled by the Bank that are anticipated to generate future economic benefits exceeding costs beyond one year. Expenditure, which enhances or extends the performance of computer software 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 rolling, based on annual management assessment.

Expenditure on starting up an operation or branch, training personnel, advertising and promotion and relocating or reorganizing 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.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so 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); and (b) the arrangement conveys a right to use the asset.

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

22.1. THE BANK IS THE LESSEE

22.1.1. FINANCE LEASE:

Leases where the Bank has substantially all the risks and rewards of ownership of the asset are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other liabilities. The interest element of the finance cost is charged to the Statement of Comprehensive Income over the lease period. All assets acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

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

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

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.

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

28.1. SHARE ISSUE COSTS:

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

29. RELATED PARTY TRANSACTIONS

Related parties include entities, which the Bank has the ability to exercise significant influence in making financial and operating decisions. Related parties include, directors, their close relatives, companies owned or controlled by them and companies over which they can influence the financial and operating policies. All banking transactions entered into with related parties are made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with unrelated parties and do not involve more than a normal amount of risk.

1. CASH AND CASH EQUIVALENTS

	2013 R'000	2012 R'000
Coin and bank notes	16	3 791
Deposits with other banks	92 429	162 690
Foreign currency balances	50 908	30 468
Balances with the Central Bank	46 100	51 273
	189 453	248 222

The mandatory South African Reserve Bank reserve requirement is included in the above figures.	43 658	40 555

Banks are required to keep a mandatory average balance with the Central Bank. 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.

		2013 R'000	2012 R'000
Foreign currency balances		50 908	30 468
ABSA Johannesburg (Collateral)	USD	5 264	-
Deutsche Bank, Frankfurt	USD	4 084	-
Deutsche Bankers Trust, New York	USD	3 807	14 682
Standard Chartered Bank, New York	USD	2 270	665
Standard Bank of South Africa, Johannesburg (Collateral)	USD	15 054	-
National Bank of Greece, London	GBP	1 249	1 014
National Westminster Bank Limited, London	GBP	373	1 693
Union Bank of Switzerland, Switzerland	CHF	-	-
Bank of Tokyo, Tokyo	JPY	242	180
Sumitomo Bank Limited, Tokyo	JPY	37	423
Wespac Bank Corp, Sydney	AUD	155	114
Toronto Dominion Bank, Toronto	CAD	-	-
Standard Chartered Bank Botswana Ltd, Botswana	BWP	11	41
Banca Commerciale Italiana, Milan	EUR	2 113	435
Deutsche Bank, Frankfurt	EUR	9 138	1 202
Deutsche Bank, Frankfurt (Collateral)	EUR	1 650	-
Standard Chartered Bank, Frankfurt	EUR	3 715	643
National Bank of Greece, Athens	EUR	1 746	9 376

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

2. DERIVATIVE FINANCIAL INSTRUMENTS

The notional amount of the derivative instruments do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments. The notional amounts of these instruments indicate the nominal value of transactions outstanding at the statement of financial position date. Derivative instruments become favourable (assets) or unfavourable (liabilities) based on changes in the market. The derivative instruments are carried at fair value with movements going through the Statement of Comprehensive Income. The valuation method used to get the fair value, is market observable inputs as obtained from Reuters. Some of the derivatives reported below are used for the translation of the USD and EUR denominated funding from related parties.

	2013 R'000	2012 R'000
ASSETS		
FOREIGN EXCHANGE CONTRACTS		
Notional	743 045	306 525
Fair value	**16 091**	**5 936**
LIABILITIES		
FOREIGN EXCHANGE CONTRACTS		
Notional	122 581	674 809
Fair value	**4 159**	**21 284**

3. SHORT-TERM NEGOTIABLE SECURITIES

The Short-Term Negotiable Securities consist of Treasury Bills with interest rates ranging from 5.01% to 5.70% and maturing during the period 15 January 2014 to 25 June 2014. These financial investments are classified as available for sale. They are carried at fair value and all the gains and losses for these financial instruments are recognised in equity.

	2013 R'000	2012 R'000
AVAILABLE-FOR-SALE INVESTMENTS CARRIED AT FAIR VALUE		
At 31 December 2012	85 315	62 123
Purchased Treasury Bills	320 812	211 081
Proceeds from sale of Treasury Bills	(311 910)	(191 909)
Interest earned	4 755	4 036
Revaluation reserve	95	(16)
At 31 December 2013	**99 067**	**85 315**

4. OTHER INVESTMENTS

Other Investments relate to an investment acquired 15 years ago in an unlisted company, called Dandyshelf 3 (Pty)Ltd. The investment acquired consists of 100 shares in the Dandyshelf 3 (Pty) Ltd. No dividend was received during 2013. The total dividend received in 2012 amounted to R 66 440. The shares are unlisted, and the director's valuation of the unlisted investment equates to the fair value which approximates cost.

4. OTHER INVESTMENTS CONTINUED

	2013 R'000	2012 R'000
FINANCIAL ASSET CARRIED AT FAIR VALUE		
Unlisted - Dandyshelf 3 (Pty) Ltd		
Fair value	**15**	**15**

5. ACCOUNTS RECEIVABLE

	2013 R'000	2012 R'000
Other accounts receivable and prepaid expenses	10 862	18 943

6. LOANS AND ADVANCES

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

	2013 R'000	2012 R'000
CATEGORY ANALYSIS		
Overdrafts	202 116	184 560
Property, commercial and other loans	716 832	601 558
Home loans	416 625	372 606
Instalment credit and lease agreements	437 326	428 521
Non-performing loans	128 758	68 362
	1 901 657	1 655 607
Less: Credit impairment - Refer Note 7	(43 870)	(32 348)
Overdrafts	(7 253)	(5 188)
Property, commercial and other loans	(6 667)	(9 309)
Home loans	(6 690)	(2 812)
Instalment credit and lease agreements	(23 260)	(15 039)
NET LOANS AND ADVANCES	1 857 787	1 623 259

SECTORIAL ANALYSIS		
Agriculture	-	992
Building and property development	620 810	567 709
Individuals	393 103	358 780
Manufacturing and commerce	232 037	225 645
Transport and communication	207 271	170 203
Electricity and Water	17 301	16 742
Mining	9 079	21 960
Other services	422 056	293 576
	1 901 657	1 655 607

MATURITY ANALYSIS		
Maturing within one year	479 784	417 173
Maturing after one year but within five years	807 453	699 842
Maturing after five years	614 420	538 592
	1 901 657	1 655 607

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

6. LOANS AND ADVANCES CONTINUED

NON-PERFORMING LOANS AND ADVANCES BY CATEGORY 2013	As a % of Advances	Credit Risk R'000	Securities and Other Expected Recoveries R'000	Specific Provision R'000
Overdraft	0,60%	11 196	6 825	4 371
Commercial and property loans	1,64%	30 392	28 312	2 080
Instalment sale	3,50%	65 134	47 131	18 003
Home loans	1,19%	22 036	17 847	4 189
TOTAL 2013	**6,93%**	**128 758**	**100 115**	**28 643**

NON PERFORMING LENDINGS BY SECTOR				
Individuals	0,79%	14 690	11 422	3 268
Manufacturing	0,26%	4 786	3 721	1 065
Trade and accommodation	0,08%	1 439	1 119	320
Transport	0,08%	1 470	1 143	327
Financial and Real Estate	0,80%	14 892	11 579	3 313
Mining	0,02%	319	248	71
Electricity and water	0,15%	2 796	2 174	622
Other services	3,18%	59 123	45 971	13 152
Other	1,57%	29 243	22 738	6 505
TOTAL 2012	**6,93%**	**128 758**	**100 115**	**28 643**

NON-PERFORMING LOANS AND ADVANCES BY CATEGORY 2012	As a % of Advances	Credit Risk R'000	Securities and Other Expected Recoveries R'000	Specific Provision R'000
Overdraft	0,61%	9 447	7 422	2 025
Commercial and property loans	1,40%	21 754	19 101	2 653
Instalment sale	1,32%	20 588	7 593	12 995
Home loans	1,07%	16 574	15 177	1 397
TOTAL 2012	**4,40%**	**68 363**	**49 293**	**19 070**

NON PERFORMING LENDINGS BY SECTOR	As a % of Advances	Credit Risk	Securities and Other Expected Recoveries R'000	Specific Provision R'000
Individuals	0,88%	13 672	9 858	3 814
Manufacturing	0,34%	5 218	3 763	1 455
Trade and accommodation	0,10%	1 646	1 187	459
Transport	0,13%	2 012	1 450	562
Financial and Real Estate	0,56%	8 645	6 233	2 412
Other services	1,06%	16 559	11 940	4 619
Other	1,33%	20 611	14 862	5 749
TOTAL 2012	**4,40%**	**68 363**	**49 293**	**19 070**

6. LOANS AND ADVANCES CONTINUED

2013 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	70 823	295 280	573 931	737 543	1 677 577
Past due but not impaired	507	12 845	32 232	50 238	95 822
Individually impaired	250	14 440	54 228	59 340	128 258
GROSS LOANS AND ADVANCES	**71 580**	**322 565**	**660 391**	**847 121**	**1 901 657**
Total Credit Impairment	(397)	(3 970)	(16 390)	(23 113)	(43 870)
Less: Specific Impairment	(111)	(1 167)	(11 380)	(15 984)	(28 642)
Less: Portfolio Impairment	(286)	(2 803)	(5 010)	(7 129)	(15 228)
TOTAL NET LOANS AND ADVANCES	**71 183**	**318 595**	**644 001**	**824 008**	**1 857 787**

LOANS AND ADVANCES NEITHER PAST DUE NOR INDIVIDUALLY IMPAIRED CREDIT ANALYSIS					
Satisfactory risk	70 627	288 065	563 332	737 543	1 659 567
Watch list	-	1 138	5 040	-	6 178
Substandard list	196	6 077	5 559	-	11 832
TOTAL 2013	**70 823**	**295 280**	**573 931**	**737 543**	**1 677 577**

AGEING ANALYSIS OF LOANS AND ADVANCES PAST DUE BUT NOT INDIVIDUALLY IMPAIRED					
Past due up to 30 days	150	10 005	23 457	50 238	83 850
Past due 31 - 60 days	300	1 545	4 654	-	6 499
Past due 61 - 90 days	57	1 295	4 121	-	5 473
Past due 91 - 180 days	-	-	-	-	-
Past due 181 - 365 days	-	-	-	-	-
Past due 1 - 2 years	-	-	-	-	-
Past due over 2 years	-	-	-	-	-
TOTAL 2013	**507**	**12 845**	**32 232**	**50 238**	**95 822**

AGEING ANALYSIS OF LOANS AND ADVANCES PAST DUE					
Past due up to 30 days	-	-	-	-	-
Past due 31 - 60 days	-	-	-	-	-
Past due 61 - 90 days	-	-	-	-	-
Past due 91 - 180 days	21	2 286	18 080	8 886	29 273
Past due 181 - 365 days	89	4 712	14 824	39 749	59 374
Past due 1 - 2 years	140	3 899	11 844	10 097	25 980
Past due over 2 years	-	3 543	9 480	608	13 631
TOTAL 2013	**250**	**14 440**	**54 228**	**59 340**	**128 258**

2012 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 not impaired	63 851	267 101	570 474	660 780	1 562 206
Past due but not impaired	712	13 070	11 257	-	25 039
Individually impaired	883	13 237	26 821	27 421	68 362
GROSS LOANS AND ADVANCES	**65 446**	**293 408**	**608 552**	**688 201**	**1 655 607**
Total Credit Impairment	(651)	(3 930)	(16 860)	(10 907)	(32 348)
Less: Specific Impairment	(164)	(1 127)	(6 872)	(10 907)	(19 070)
Less: Portfolio Impairment	(487)	(2 803)	(9 988)	-	(13 278)
TOTAL NET LOANS AND ADVANCES	**64 795**	**289 478**	**591 692**	**677 294**	**1 623 259**

6. LOANS AND ADVANCES CONTINUED

LOANS AND ADVANCES NEITHER PAST DUE NOR INDIVIDUALLY IMPAIRED CREDIT ANALYSIS					
Satisfactory risk	63 723	259 114	539 519	660 780	1 523 136
Watch list	-	3 046	12 463	-	15 509
Substandard list	128	4 941	18 492	-	23 561
TOTAL 2012	**63 851**	**267 101**	**570 474**	**660 780**	**1 562 206**

AGEING ANALYSIS OF LOANS AND ADVANCES PAST DUE BUT NOT INDIVIDUALLY IMPAIRED					
Past due up to 30 days	642	12 037	7 378	-	20 057
Past due 31 - 60 days	70	267	3 879	-	4 216
Past due 61 - 90 days	-	-	-	-	-
Past due 91 - 180 days	-	-	-	-	-
Past due 181 - 365 days	-	-	-	-	-
Past due 1 - 2 years	-	638	-	-	638
Past due over 2 years	-	128	-	-	128
TOTAL 2012	**712**	**13 070**	**11 257**	**-**	**25 039**

AGEING ANALYSIS OF LOANS AND ADVANCES INDIVIDUALLY IMPAIRED					
Past due up to 30 days	-	-	-	-	-
Past due 31 - 60 days	64	-	-	-	64
Past due 61 - 90 days	515	2 631	-	-	3 146
Past due 91 - 180 days	295	446	13 726	13 225	27 692
Past due 181 - 365 days	-	5 271	2 261	13 589	21 121
Past due 1 - 2 years	-	3 439	5 560	607	9 606
Past due over 2 years	9	1 450	5 274	-	6 733
TOTAL 2012	**883**	**13 237**	**26 821**	**27 421**	**68 362**

SECURITIES HELD IN RESPECT OF ADVANCES	2013 R'000	2012 R'000
LOANS AND ADVANCES		
Overdrafts	202 116	184 560
Property, commercial and other loans	716 832	601 558
Home loans	416 625	372 606
Instalment credit and lease agreements	437 326	428 521
Non-performing loans	128 758	68 362
	1 901 657	1 655 607
SECURITIES IN RESPECT OF LOANS AND ADVANCES		
Overdrafts, Property and Commercial loans		
- Cash Investments	51 811	45 937
- Guarantees	4 159	25 696
- Mortgage bonds	803 983	669 751
- Ceded insurance policies	267	1 188
- Other Securities	1 107	270
- Secondary Security	10 817	14 097
	872 144	756 939
Home Loans		
- Mortgage bonds (Residential)	415 791	372 208
Instalment credit and lease agreements	437 326	428 521

6. LOANS AND ADVANCES CONTINUED

	2013 R'000	2012 R'000
Non-performing loans:		
- Mortgage bonds	52 984	41 700
- Assets financed in respect of Instalment credit agreement	47 131	7 592
	100 115	49 292
Total Securities in respect of loans and advances	1 825 376	1 606 960
Total Unsecured loans and advances	76 281	48 647
TOTAL LOANS AND ADVANCES	**1 901 657**	**1 655 607**

7. CREDIT IMPAIRMENT FOR LOANS AND ADVANCES

	2013 R'000	2012 R'000
Balance at 1 January	32 348	21 103
Interest in abeyance	-	(614)
Amounts written off against provisions	(14 980)	(2 378)
	17 368	**18 111**
Charge to the Statement of Comprehensive Income	26 317	13 965
Specific impairment	25 406	14 897
Portfolio impairment	1 950	(660)
Recoveries of balances raised in current year	(854)	-
Recoveries of balance previously written off	(185)	(272)
Recoveries of balance previously written off	185	272
BALANCE AT 31 DECEMBER	**43 870**	**32 348**

ANALYSIS

Specific impairment	28 642	19 070
Portfolio impairment	15 228	13 278
	43 870	32 348

SECTORIAL ANALYSIS

Individuals	5 005	6 470
Manufacturing	1 631	2 469
Trade and accommodation	490	779
Transport	500	952
Financial and Real Estate	5 074	4 090
Mining	108	-
Electricity and water	953	-
Other Services	20 145	7 835
Other	9 964	9 753
	43 870	32 348

8. PROPERTY AND EQUIPMENT

COST OR VALUATION	Land and Builings (R'000)	Motor Vehicles (R'000)	Leasehold Improvements (R'000)	Properties Brought in (R'000)	Funiture and Fittings (R'000)	Office Equipment (R'000)	Computer Equipment (R'000)	Total (R'000)
Balance as at 1 January 2012	21 000	1 307	4 326	803	11 147	4 489	11 829	54 901
Additions	-	-	2 875	-	1 034	544	646	5 099
Disposals	-	-	(1 600)	(688)	(519)	(110)	(118)	(3 035)
Revaluation	(1 000)	-	-	-	-	-	-	(1 000)
Balance as at 1 January 2013	20 000	1 307	5 601	115	11 662	4 923	12 357	55 965
Additions	-	-	869	-	386	403	304	1 962
Disposals	-	-	-	-	(4 312)	(1 266)	(2 988)	(8 566)
Revaluation	(2 400)	-	-		-	-	-	(2 400)
At 31 December 2013	17 600	1 307	6 470	115	7 736	4 060	9 673	46 961
ACCUMULATED DEPRECIATION								
Balance as at 1 January 2012	-	(381)	(2 100)	(418)	(9 139)	(3 269)	(9 800)	(25 107)
Depreciation charge for the year	-	(261)	(987)	(149)	(376)	(492)	(870)	(3 135)
Eliminated on disposal	-	-	1 092	473	508	78	94	2 245
Balance as at 1 January 2013	-	(642)	(1 995)	(94)	(9 007)	(3 683)	(10 576)	(25 997)
Depreciation charge for the year	-	(261)	(1 177)	(21)	(314)	(415)	(651)	(2 839)
Eliminated on disposal	-	-	-	-	3 423	1 083	2 865	7 371
At 31 December 2013	-	(903)	(3 172)	(115)	(5 898)	(3 015)	(8 362)	(21 465)
CARRYING AMOUNT								
At 31 December 2012	20 000	665	3 606	21	2 655	1 240	1 781	29 968
At 31 December 2013	17 600	404	3 298	-	1 838	1 045	1 311	25 496

Land and buildings, comprising of erf 1139, Marshalltown, Johannesburg were revalued as at 31 December 2013 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 R17,6 million at 31 December 2013. As at 31 December 2013 had the land and buildings been carried at historical cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been approximately R Nil (2012: R 100 000).
The building was purchased in 1973.

9. INTANGIBLE ASSETS

	Cost R'000	Amortisation R'000	Carrying Amount R'000
At 31 December 2011	32 803	(23 407)	9 396
Additions	4 500	-	4 500
Disposals	(6)	5	(1)
Amortisation for the year	-	(5 812)	(5 812)
At 31 December 2012	37 297	(29 214)	8 083
Additions	11 356	-	11 356
Disposals	(1 964)	1 940	(24)
Amortisation for the year	-	(3 518)	(3 518)
At 31 December 2013	46 689	(30 792)	15 897

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

10. SHARE CAPITAL

	2013 R'000	2012 R'000
AUTHORISED		
20 000 000 ordinary shares of R1 each (par value)		20 000
100 000 000 ordinary shares of R1 each (par value)	100 000	
ISSUED AND FULLY PAID		
At the beginning of the year 18 458 000 (2012: 16 458 000) shares of R1 each	18 458	16 458
Shares issued at R1 each during the year	-	2 000
At the end of the year 18 458 000 shares of R1 each	18 458	18 458

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. At the AGM held in 2013, the authorised share capital was increased from 20 000 000 authorised ordinary shares to 100 000 000 ordinary shares.

11. SHARE PREMIUM

	2013 R'000	2012 R'000
Balance at beginning and end of the year	259 227	181 227
Shares issued during the year	-	78 000
Balance at end of the year	259 227	259 227

12. REVALUATION RESERVES

	Available for Sale Reserve (R'000)	Property Revaluation Reserve (R'000)	Total (R'000)
Balance at 1 January 2012	(33)	15 334	15 301
Decrease in fair value of fixed property	-	(1 000)	(1 000)
Decrease in fair value of available for sale investment	(16)	-	(16)
Balance at 1 January 2013	(49)	14 334	14 285
Decrease in fair value of fixed property	-	(2 400)	(2 400)
Decrease in fair value of available for sale investment	95	-	95
Balance as at 31 December 2013	46	11 934	11 980

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

13. DEPOSITS AND CURRENT ACCOUNTS

	2013 R'000	2012 R'000
Demand deposits	677 508	517 326
Customer foreign currency deposits	69 150	44 448
Term deposits	445 055	418 159
	1 191 713	979 933
Deposits from banks	726 300	681 504
	1 918 013	1 661 437
INCLUDED IN DEPOSITS FROM BANKS ARE:		
Amounts due to holding company	642 084	613 640
Amounts due to fellow subsidiaries	84 216	67 864
Amounts due to other banks	-	-
	726 300	681 504
MATURITY ANALYSIS		
On demand	746 658	514 750
Maturing within one month	712 147	682 351
Maturing after one but within six months	439 822	436 023
Maturing after six months but within twelve months	19 386	28 313
	1 918 013	**1 661 437**

14. ACCOUNTS PAYABLE

	2013 R'000	2012 R'000
Accruals	5 335	4 436
Sundry Creditors	16 808	17 173
	22 143	21 609

15. PROVISIONS

	2013 R'000	2012 R'000
Operational loss provision	7 200	-

An operational break down in controls and system configurations occurred during December 2013 and was detected during January 2014. The error has resulted in a potential loss and a provision has therefore been made which has impacted the 2013 annual financial statements by R7.2 million. Further provisioning required in the 2014 financial year still needs to be assessed based on the resultant probability of loss. The total portfolio of affected accounts has been handed to a collection agency to collect outstanding exposure monies and proceed with legal proceedings as the affected clients were unjustly enriched at the Bank's expense. The recovery will be ongoing into 2014.

16. DEBENTURES - LONG-TERM LIABILITY

	2013 R'000	2012 R'000
Balance as at 31 December	-	40 000
Long-term portion	-	40 000

17. CONTINGENCIES AND COMMITMENTS

	2013 R'000	2012 R'000
17.1. CONTINGENCIES		
Letters of credit	8 596	6 456
Liabilities under guarantees	94 383	100 058
Irrevocable unutilised facilities	200 649	227 148
Net open foreign currency position	400	400
Legal claim instituted by borrowers	956	500
Committed Capital Expenditure	5 875	-
	310 859	334 562

	2013 R'000	2012 R'000
17.2. COMMITMENTS UNDER OPERATING LEASES		
Within 1 year	8 666	3 833
2 to 5 years	27 057	9 117
After 5 years	11 604	-
	47 327	12 950

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

18. PROFIT / (LOSS) FROM OPERATIONS

	2013 R'000	2012 R'000
18.1. INTEREST INCOME		
Balances with banks and short-term funds	6 253	4 808
Short-term negotiable securities	4 755	4 036
Loans and advances	159 480	147 257
	170 488	156 101
18.2. INTEREST EXPENSE		
Deposits from banks	41 767	41 509
Current and deposit accounts	16 686	14 259
Savings accounts	2 828	3 230
Other term deposits	24 912	23 171
Interest bearing long-term debt	609	2 944
	86 802	85 113
18.3. NON-INTEREST INCOME		
Fee Income	39 665	31 721
Foreign exchange profit	9 085	6 100
Dividend income	-	66
(Loss) Profit on sale of equipment	(1 214)	274
Other income	1 920	2 371
	49 456	40 532

18. PROFIT / (LOSS) FROM OPERATIONS CONTINUED

	2013 R'000	2012 R'000
18.4. OPERATING EXPENSES		
Staff costs	54 640	47 113
Salaries, wages and allowances	36 676	34 246
Contributions to provident fund and other staff funds	8 373	7 935
Directors' Emoluments	8 383	4 307
Other	1 208	625
Depreciation and Amortisation	6 357	8 948
Motor vehicles	261	261
Furniture and fittings	314	377
Office equipment	415	492
Computer equipment	651	870
Depreciation leasehold improvements	1 177	987
Depreciation properties brought in	21	149
Computer software	3 395	5 652
Computer implementation	123	160
Operating lease charges		
Premises	5 664	5 231
Other operating expenses	42 917	34 206
	109 578	95 498

19. TAXATION

The Bank is in an a tax loss position of R43.8 million as at 31 December 2013. A deferred tax asset has not been recognised. The Bank's profitability continues to improve and the raising of a deferred tax asset will be considered based on future profitability.

20. 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
2013							
Derivative financial instrument	4 159	2 121	1 698	340	-	-	-
Due to customers	1 191 713	772 505	363 110	56 098	-	-	-
Due to banks	726 300	686 300	40 000	-	-	-	-
Accounts payable and provisions	29 343	22 143	-	7 200	-	-	-
	1 951 515	1 483 069	404 808	63 638	-	-	-
2012							
Debentures	40 000	-	-	2 410	2 555	8 625	53 062
Derivative financial instrument	21 284	12 193	3 768	5 322	-	-	-
Due to customers	979 933	651 325	319 737	8 871	-	-	-
Due to banks	681 504	613 640	-	67 864	-	-	-
Accounts payable	21 609	9 528	958	3 756	1 593	3 000	2 777
	1 744 330	1 286 686	324 463	88 223	4 148	11 625	55 839

21. CATEGORIES AND FAIR VALUES OF FINANCIAL INSTRUMENTS

	2013 R'000		2012 R'000	
Asset	Fair Value	Carrying Value	Fair Value	Carrying Value
Available for sale	99 067	99 067	85 315	85 315
Short term negotiable securities	99 067	99 067	85 315	85 315
Loans and receivables	2 058 102	2 058 102	1 890 426	1 890 424
Cash and cash equivalents	189 453	189 453	248 222	248 222
Loans and advances	1 857 787	1 857 787	1 623 259	1 623 259
Other accounts receivables	10 862	10 862	18 943	18 943
Held for trading	16 091	16 091	5 936	5 936
Derivative financial instrument	16 091	16 091	5 936	5 936
Held at cost	15	15	15	15
Other investments	15	15	15	15
Liabilities				
Held for trading	4 159	4 159	21 284	21 284
Derivative financial instruments	4 159	4 159	21 284	21 284
Other financial liabilities	1 947 356	1 947 356	1 723 046	1 723 046
Deposits	1 918 013	1 918 013	1 661 437	1 661 437
Other accounts payable	22 143	22 143	21 609	21 609
Provisions	7 200	7 200	-	-
Debentures	-	-	40 000	40 000

	2013 R'000		2012 R'000	
Fair Value Levels	Level 1	Level 2	Level 1	Level 2
Asset				
Short term negotiable securities	99 067		85 315	
Derivative financial instruments	-	16 091	-	5 936
Liabilities				
Derivative financial instruments	-	4 159	-	21 284

22. FINANCIAL RISK MANAGEMENT

22.1. CAPITAL MANAGEMENT

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

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

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

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

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

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

- Tier 1 capital: share capital, property revaluation reserve, statutory reserve, unrealised gains (loss) arising on the fair valuation of equity instruments held as available for sale, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital; and
- Tier 2 capital: collective impairment allowances

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

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

22.1. CAPITAL MANAGEMENT CONTINUED

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

	2013 R'000	2012 R'000
TIER 1 CAPITAL		
Share capital	18 458	18 458
Share premium	259 227	259 227
Revaluation reserve	11 955	-
Deductions against capital and reserve funds	(26 511)	(16 559)
Less: Intangible Assets	(15 898)	(8 083)
TOTAL QUALIFYING TIER 1 CAPITAL	**247 231**	**253 043**
TIER 2 CAPITAL		
Term debt instruments	-	40 000
Revalution reserve	-	7 167
Collective impairment allowance	12 030	10 489
TOTAL QUALIFYING TIER 2 CAPITAL	**12 030**	**57 656**
TOTAL REGULATORY CAPITAL	**259 261**	**310 699**
RISK-WEIGHTED ASSETS:		
Credit risk	1 769 405	1 697 487
Counter party risk	8 070	-
Market Risk	3 100	5 593
Equity Risk	15	15
Operational Risk	184 742	162 653
Other Risk	36 355	48 911
TOTAL RISK-WEIGHTED ASSETS	**2 001 687**	**1 914 659**
CAPITAL ADEQUACY RATIO	**12,95%**	**16,23%**

22.2. 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 the future cashflows 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 has ensured that the Bank is well prepared to manage any liquidity or interest rate risks that may occur.

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

2013	Up to 1 month R'000	1 - 2 months R'000	3 - 6 months R'000	7 - 12 months R'000	1- 5 years R'000	Over 5 years R'000	Total R'000
ASSETS							
Cash and cash equivalents	189 453	-	-	-	-	-	189 453
Derivative financial assets	13 883	1 820	388	-	-	-	16 091
Short-term negotiable securities	19 953	29 812	39 564	9 738	-	-	99 067
Other investments	-	-	-	-	15	-	15
Advances	244 332	23 338	88 980	123 133	763 584	614 420	1 857 787
Other accounts receivable	7 340	101	306	1 518	1 597	-	10 862
Property and equipment	-	-	-	-	-	25 496	25 496
Intangible assets	-	-	-	-	-	15 897	15 897
	474 961	55 071	129 238	134 389	765 196	655 813	2 214 668
LIABILITIES							
Deposits, current and other accounts	1 458 803	310 891	128 931	19 388	-	-	1 918 013
Derivative financial liabilities	2 122	1 130	812	95	-	-	4 159
Other liabilities	7 477	590	3 380	8 690	5 983	3 223	29 343
	1 468 402	312 611	133 123	28 173	5 983	3 223	1 951 515

2012	Up to 1 month R'000	1 - 2 months R'000	3 - 6 months R'000	7 - 12 months R'000	1- 5 years R'000	Over 5 years R'000	Total R'000
ASSETS							
Cash and cash equivalents	248 222	-	-	-	-	-	248 222
Derivative financial assets	2 884	1 778	1 274	-	-	-	5 936
Short-term negotiable securities	23 934	17 538	43 843	-	-	-	85 315
Other investments	-	-	-	-	15	-	15
Advances	202 775	18 232	75 571	120 589	667 500	538 592	1 623 259
Other accounts receivable	16 495	79	80	656	1 612	21	18 943
Property and equipment	-	-	-	-	-	29 968	29 968
Intangible assets	-	-	-	-	-	8 083	8 083
	494 310	37 627	120 768	121 245	669 127	576 664	2 019 741
LIABILITIES							
Long-term interest bearing borrowings	-	-	-	-	-	40 000	40 000
Deposits, current and other accounts	1 197 101	166 319	269 704	28 313	-	-	1 661 437
Derivative financial liabilities	12 193	234	7 967	890	-	-	21 284
Other liabilities	9 528	523	2 850	1 338	4 593	2 777	21 609
	1 218 822	167 076	280 521	30 541	4 593	42 777	1 744 330

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

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

2013	Fixed R'000	Floating R'000	Non-interest sensitive R'000	Total R'000
ASSETS				
Cash and cash equivalents	-	189 453	-	189 453
Derivative financial assets	-	-	16 091	16 091
Short-term negotiable assets	99 067	-	-	99 067
Other investments	-	-	15	15
Advances	-	1 857 787	-	1 857 787
Other accounts receivable	-	-	10 862	10 862
Property and equipment	-	-	25 496	25 496
Intangible assets	-	-	15 897	15 897
	99 067	2 047 240	68 361	2 214 668
LIABILITIES				
Deposits, current and other accounts	108 670	1 809 343	-	1 918 013
Derivative financial liabilities	-	-	4 159	4 159
Other liabilities	-	-	29 343	29 343
	108 670	1 809 343	33 502	1 951 515

2012	Fixed R'000	Floating R'000	Sensitive R'000	Total R'000
ASSETS				
Cash and cash equivalents	-	248 222	-	248 222
Derivative financial assets	-	-	5 936	5 936
Short-term negotiable assets	85 315	-	-	85 315
Other investments	-	-	15	15
Advances	-	1 623 259	-	1 623 259
Other accounts receivable	-	-	18 943	18 943
Property and equipment	-	-	29 968	29 968
Intangible assets	-	-	8 083	8 083
	85 315	1 871 481	62 945	2 019 741
LIABILITIES				
Long-term interest bearing borrowings	-	40 000	-	40 000
Deposits, current and other accounts	133 566	1 527 871	-	1 661 437
Derivative financial liabilities	-	-	21 284	21 284
Other liabilities	-	-	21 609	21 609
	133 566	1 567 871	42 893	1 744 330

22.4. INTEREST RATE SENSITIVITY ANALYSIS

The tables below summarise the Bank's exposure to interest rate risk. Assets and liabilities are included at the carrying amounts, categorised by the earlier of contractual repricing or maturity dates. At the reporting date, a 200 basis point change in prevailing interest rates was applied as a sensitivity analysis to determine the impact on earnings as a result of a change in the interest rates. If interest rates increased/decreased by 200 basis points and all other variables remained constant, the Bank's net profit and equity at year-end would increase by R8,185 million and decrease by R8,185 million (2012: increase/decrease by R5,302 million)

22.4. INTEREST RATE SENSITIVITY ANALYSIS CONTINUED

2013	Up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5+ years	Non Interest Bearing	Total
ASSETS							
Cash and cash equivalents	-	-	-	-	-	46 116	46 116
Due from other banks	143 337	-	-	-	-	-	143 337
Derivative financial assets	-	-	-	-	-	16 091	16 091
Short-term negotiable assets	19 954	69 376	9 737	-	-	-	99 067
Other investments	-	-	-	-	-	15	15
Advances	1 857 787	-	-	-	-	-	1 857 787
Other accounts receivable	-	-	-	-	-	10 862	10 862
Property and equipment	-	-	-	-	-	25 496	25 496
Intangible assets	-	-	-	-	-	15 897	15 897
	2 021 078	69 376	9 737	-	-	114 477	2 214 668
LIABILITIES							
Due to other banks	686 300	40 000	-	-	-	-	726 300
Due to customers	772 505	270 891	128 930	19 387	-	-	1 191 713
Derivative financial liabilities	-	-	-	-	-	4 159	4 159
Other liabilities	-	-	-	-	-	29 343	29 343
Debentures	-	-	-	-	-	-	-
	1 458 805	310 891	128 930	19 387	-	33 502	1 951 515

2012	Up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5+ years	Non Interest Bearing	Total
ASSETS							
Cash and cash equivalents	51 273	-	-	-	-	3 791	55 064
Due from other banks	193 158	-	-	-	-	-	193 158
Derivative financial assets	-	-	-	-	-	5 936	5 936
Short-term negotiable assets	23 935	61 380	-	-			85 315
Other investments	-	-	-	-	-	15	15
Advances	1 623 259	-	-	-	-	-	1 623 259
Other accounts receivable	-	-	-	-	-	18 943	18 943
Property and equipment	-	-	-	-	-	29 968	29 968
Intangible assets	-	-	-	-	-	8 083	8 083
	1 891 625	61 380	-	-	-	66 736	2 019 741
LIABILITIES							
Due to other banks	613 640	-	67 865	-	-	-	681 505
Due to customers	583 460	166 319	201 840	28 313	-	-	979 932
Derivative financial liabilities	-	-	-	-	-	21 284	21 284
Debentures	-	-	-	-	40 000	-	40 000
Other liabilities	-	-	-	-	-	21 609	21 609
	1 197 100	166 319	269 705	28 313	40 000	42 893	1 744 330

22.5. FOREIGN CURRENCY RISK MANAGEMENT

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

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

Foreign Currency exposure	ZAR R'000	USD R'000	EURO R'000	Other R'000	Total R'000
2013 ASSETS					
Cash and cash equivalents	138 545	30 479	18 362	2 067	189 453
Derivative financial assets	-	13 531	2 243	317	16 091
Short-term negotiable assets	99 067	-	-	-	99 067
Other investments	15	-	-	-	15
Loan and advances	1 804 645	53 142	-	-	1 857 787
Other accounts receivable	10 862	-	-	-	10 862
Property and equipment	25 496	-	-	-	25 496
Intangible assets	15 897	-	-	-	15 897
	2 094 527	97 152	20 605	2 384	2 214 668
2013 LIABILITIES					
Deposits, current and other accounts	1 169 715	726 920	17 908	3 470	1 918 013
Derivative financial liabilities	-	1 794	2 073	292	4 159
Other liabilities	22 143	-	-	-	22 143
Provisions	7 200	-	-	-	7 200
	1 199 058	728 714	19 981	3 762	1 951 515
2012 ASSETS					
Cash and cash equivalents	217 910	15 347	11 655	3 310	248 222
Derivative financial assets	-	3 853	1 158	925	5 936
Short-term negotiable assets	85 315	-	-	-	85 315
Other investments	15	-	-	-	15
Loans and advances	1 595 869	27 390	-	-	1 623 259
Other accounts receivable	18 943	-	-	-	18 943
Property and equipment	29 968	-	-	-	29 968
Intangible assets	8 083	-	-	-	8 083
	1 956 102	46 590	12 814	4 235	2 019 741
2012 LIABILITIES					
Deposits, current and other accounts	947 836	703 741	9 031	829	1 661 437
Derivative financial liabilities	-	19 393	1 031	860	21 284
Other liabilities	21 609	-	-	-	21 609
Long-term liabilities	40 000	-	-	-	40 000
	1 009 445	723 134	10 062	1 689	1 744 330

23. RETIREMENT FUND

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

24. CASH FLOW FROM OPERATING ACTIVITIES

	2013 R'000	2012 R'000
24.1. CASH RECEIVED FROM CUSTOMERS		
Interest income	170 488	156 101
Non interest income	49 641	40 532
	220 129	**196 633**
Adjusted for:		
Dividends	-	(66)
Profit on Sale of assets	1 214	(274)
	221 343	196 293
24.2. CASH PAID TO CUSTOMERS AND EMPLOYEES		
Interest expenditure	(86 802)	(85 113)
Operating expenditure	(109 578)	(95 498)
	(196 380)	**(180 611)**
Adjusted for:		
Depreciation	2 839	3 136
Amortisation	3 518	5 812
Operational loss provision	7 200	-
	(182 823)	(171 663)
24.3. INCREASE IN INCOME-EARNING ASSETS		
Negotiable securities and other assets	(13 657)	(23 191)
Loans and advances	(261 027)	(217 209)
Net derivative instruments	(27 279)	14 679
Other Accounts Receivable	8 080	(11 198)
	(293 883)	(236 919)
24.4. INCREASE IN DEPOSITS AND OTHER LIABILITIES		
Deposits and current accounts	256 576	263 833
Other accounts payable and provisions	(6 664)	5 813
	249 912	269 646
24.5 RECONCILIATION OF (LOSS) / PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss) profit from operations	(9 953)	2 057
Adjusted for non cash items:		
- Depreciation	2 839	3 136
- Amortisation of intangible assets	3 518	5 812
- Impairment charges	26 317	13 965
- Dividend Received	-	(66)
- Bad debts recovered previously written off	185	-
- (Profit)/loss on sale of asset	1 214	(274)
- Operational loss provision	7 200	-
CASH GENERATED FROM OPERATIONS	**31 320**	**24 630**

25. RELATED-PARTY TRANSACTIONS

25.1. IDENTIFICATION OF RELATED PARTIES

The holding company is National Bank of Greece S.A. (incorporated in Greece), ('NBG'). During the year the Bank, in the ordinary course of business, entered into various transactions with NBG, its associated companies and Directors of the Bank. These transactions occurred under terms that were no more or less favourable than those arranged with third parties. All of these entities listed below and the directors have been classified as related parties.

25.2. RELATED-PARTY TRANSACTIONS WITH HOLDING COMPANY AND ITS ASSOCIATED COMPANIES.

NBG issued a guarantee of R30m in respect of the loan of R30m granted by the Bank to Intralot (SA) (Pty) Ltd in 2013. The loan was settled during December 2013.

	Amounts owed by related parties at 31 December 2013 R'000	Amounts owed to related parties at 31 December 2013 R'000
HOLDING COMPANY		
NBG, Athens	1 746	642 084
SUBSIDIARIES OF NBG		
NBG London	1 249	-
NBG Cairo	-	84 216

	Amounts owed by related parties at 31 December 2012	Amounts owed to related parties at 31 December 2012
HOLDING COMPANY		
NBG	9 376	613 640
SUBSIDIARIES OF NBG		
NBG London	1 014	-
NBG Cairo	-	67 864

25.3. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors during the year was as follows:

	2013 R'000	2012 R'000
DIRECTORS' EMOLUMENTS	**8 383**	**4 307**
Independent non executives	1 159	649
G Bizos	55	113
TJ Fearnhead	291	241
P Ranchod	458	295
R Shough	201	-
C Andropoulos	154	-
Executive Directors	7 224	3 658
S Georgopoulos	4 286	3 583
DJ Adriaanzen	1 145	75
C Michaelides	679	-
D Haarhoff	1 114	-

The remuneration of directors is determined by the Remuneration Committee with regards to the performance of individuals and market trends. The non-executive directors are paid by NBG.

25.4. TRANSACTIONS WITH DIRECTORS AND THEIR ASSOCIATED COMPANIES ARE AT ARM'S LENGTH

Amounts owed by/to related parties as at 31 December 2013

There were no amounts owed by/to the independant non-executive directors and their associated companies for the year ending 31 December 2013.

	Amounts owed by related parties at 31 December 2013	Amounts owed to related parties at 31 December 2013
S Georgopoulos	1 709	539
D Haarhoff	1 812	-
C Michaelides	-	343
G Bizos	-	1 869

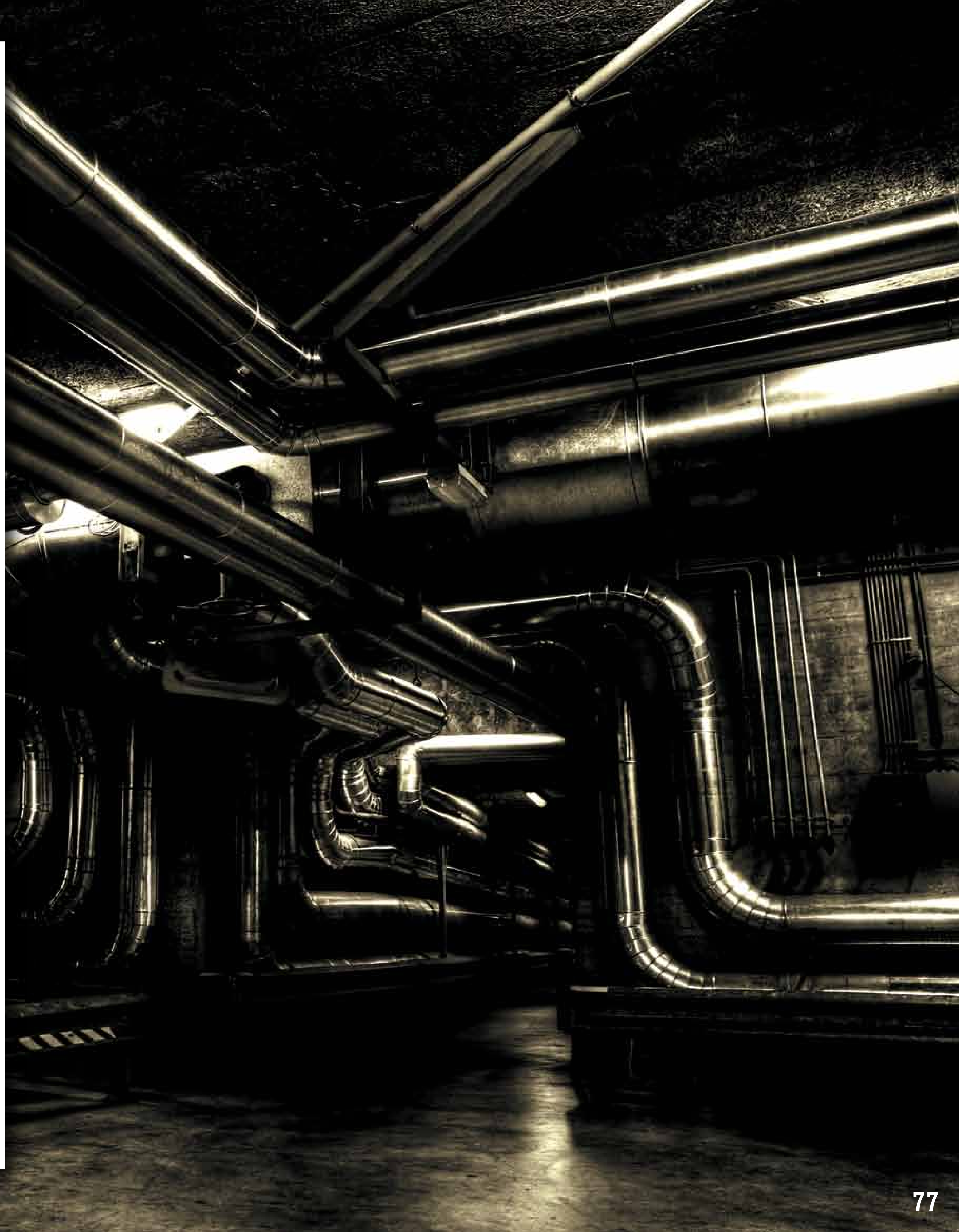
26. PRINCIPAL FOREIGN CURRENCY CONVERSION RATES

	2 013 R	2 012 R
Pound Sterling	17,4050	13,718
United States Dollar	10,5270	8,483
Euro	14,4984	11,186
Australian Dollar	0,1052	0,1126
Botswana Pula	0,8322	0,9179

27. GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The 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 2013 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.



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the sixty-sixth Annual General Meeting of the South African Bank of Athens Limited ("SABA") will be held in the Main Boardroom of the new premises of The South African Bank of Athens Limited located at building no.3, Inanda Greens Business Park, Wierda Road West, Wierda Valley, Sandton, on Wednesday, 23rd July 2014, at 09h00 (South African Time) to transact the following business including and, if deemed fit, the passing of the following resolutions with or without modification. The record date in terms of Section 59 of the Companies Act 71 of 2008, for purposes of determining which shareholders of the company are entitled to receive notice and to vote at the meeting, is 1st July 2014.

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 1st July 2014.

Ordinary resolutions

1. **Ordinary resolution number 1:**

   To receive and adopt the annual financial statements of the company for the year ended 31 December 2013, including the Directors' report, the report of the Auditors and the report of the Audit and Compliance Committee.

2. **Ordinary resolution number 2:**

   To re-elect the under-mentioned director retiring by rotation in a three-year period in terms of King III and who, being eligible, offers himself for re-election. After having considered the performance and contribution of each of this director, the Board recommends that this director be re-elected.

   Ordinary resolution number 2.1:

   Mr Anastasios Lizos.

   Ordinary resolution number 2.2:

   Ratification of appointment, during the second quarter 2013 of Ms Chrisanthi Michaelides as Executive Director to the SABA Board of Directors

3. **Ordinary resolution number 3:**

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

   Ordinary resolution 3.1:

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

   Messrs: RA Shough as Chairman

   TJ Fearnhead
   G Bizos (SC)
   C Andropoulos

4. **Ordinary resolution number 4:**

   Upon recommendation of the current Audit and Compliance Committee, to re-appoint Deloitte & Touche as the Independent Auditor of the Company for the ensuing year.

SPECIAL RESOLUTIONS

1. **Special resolution number 1:**

   Approval of remuneration payable to independent non-executive directors from 1 July 2014 until the next AGM.

2. **Special resolution number 2:**

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