[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+

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] & PROFILE

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

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

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

The alliance banking service focuses on the creation of commercial partnerships to enable the provision of a variety of banking services, depending on the needs of the partner's market segment. These banking products range from full function branded bank account offerings through to payments and prepaid card solutions. These solutions are uniquely branded and includes hosting the personal market offerings of MobileMoney (in partnership with MTN, Tyme Capital and Pick 'n Pay), WIZZIT and SureBank.

The Bank is a 99.79% 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]

STATEMENT OF FINANCIAL POSITION	2014 R'000	2013 R'000	2012 R'000	2011 R'000	2010 R'000
Capital and reserves	286 268	263 153	275 411	194 370	199 210
Secondary capital	-	-	40 000	40 000	40 000
Total assets	2 283 832	2 214 668	2 019 741	1 653 293	1 245 139

STATEMENT OF COMPREHENSIVE INCOME	2014 R'000	2013 R'000	2012 R'000	2011 R'000	2010 R'000
Total income before charge for bad and doubtful advances	141 357	133 142	111 520	96 116	82 194
Net operating profit / (loss) before operational loss and taxation	(44 025)	(2 753)	2 057	(2 909)	(15 516)
Net operating profit / (loss) before taxation	(58 190)	(9 953)	2 057	(2 909)	(15 516)
Attributable profit / (loss) to ordinary shareholders	(58 190)	(9 953)	2 057	(2 909)	(15 516)

[CHAIRMAN'S REPORT]

The 2014 financial year was undoubtedly the most challenging in SABA's recent history. The impact of the extraordinary events of 2013, reported in the previous financial statements, were fully realised in 2014, resulting in a significant strain on the Bank's financial performance.

Despite these difficulties, tangible and important progress was made in several key areas of focus. These key achievements include the continued healthy and sustainable growth rates achieved in the Bank's deposit book. This is a strategically significant achievement as it reflects the Bank's ability to fund its growth from local deposits. It is also an indication that customer confidence in the Bank remains steadfast.

In addition, the Alliance Banking business of the Bank, encompassing the MobileMoney project which was launched in 2012 in conjunction with MTN, has continued to grow and expand. Significantly, the MobileMoney offering has grown to over 3 million customers registered.

On the operational front, progress was made in stabilising and improving the systems and process of the Bank while the long-awaited relocation of the Bank's head offices was successfully completed in July 2014. We were particularly pleased to host the current governor of the South African Reserve Bank, Mr Lesetja Kganyago at the official opening of the building which took place on the 24th of July in Sandton. Mr Kganyago provided a keynote address to the audience including shareholders (including a delegation from the National Bank of Greece), customers, business partners, stakeholders and staff.

The Board of Directors was particularly pleased with the ongoing support from the Shareholders of the business, reflected in the successful raising of an additional R85.5m in new capital during the final quarter of 2014.

Corporate governance was central to the Board of Directors during 2014 and we were pleased at the confirmation by the SARB of the appointment of Mr George Grigoropoulos as a non-executive director of the Bank.

In looking ahead to 2015, the critical deliverables for the Bank are clearly focused in 2 areas. Firstly, on the business front, a turnaround of the financial performance experienced in 2014 and healthy growth in the revenue generating activities of the Bank is required, while remaining focused on the preservation of capital. On the operational front, the confirmed delivery of the IT and Operations project is critical in providing a strong operational foundation from which to grow our business.

The Board remains confident in the ability of the management team to deliver these key results and return the Bank to a positive set of results across the key business lines.

In closing and on behalf of our Board of Directors, I would like to express my appreciation to the CEO, his executive management team and the staff of the Bank. Their resilience and tireless efforts have allowed the Bank to navigate a most challenging year without losing focus or direction. I would also like to thank my fellow Board members for their support, guidance and commitment to the Bank during the past year. I would also like to thank our shareholders for their commitment to the Bank, its journey and its strategy.

Lastly my sincere thanks to our customers whose ongoing loyalty and support was again in evidence during 2014.

P. Ranchod
Chairman
Johannesburg
30 April 2015

[CHIEF EXECUTIVE OFFICER'S REPORT]

The Bank's resilience and ability to withstand significant events was truly tested in what has arguably been SABA's most challenging year in recent memory. As a result, while net earnings were significantly impacted by extraordinary events which emerged in 2013, the Bank remained operationally sound. We saw consistent performance from the business and commercial banking unit, while the alliance banking unit has established a platform and pipeline for strong growth in 2015.

BUSINESS PERFORMANCE

The business performance in 2014 (excluding the impact of the two extraordinary events disclosed in 2013) was characterised by a weak local economy and significant pressure to balance the Bank's growth aspirations with capital preservation needs. As a result of this, a steady performance in balance sheet growth of 3.6% was realised, driven by the strategic decision to manage capital through controlled growth in loans and advances. While the controlled growth indeed assisted in the capital preservation efforts of the Bank, interest income growth remained healthy, showing an increase of 17%.

On the negative front, 2014 saw the full income statement impact of the two extraordinary matters that emerged in 2013. The Bank fully provided for its exposure to the industry-wide First Strut fraud and corporate failure case as well as for the operational loss that resulted from a key systems failure in December 2013 and January 2014.

Importantly, some strategic business objectives were successfully delivered in 2014, not least of which is the continued reduction in reliance on wholesale funding through the gathering of local deposits. This objective, which has a long-term benefit to both costs and sustainability of the Bank, was a key highlight in 2014 as local deposit gathering outstripped growth in loans and advances for a second consecutive year. Importantly, the continued growth in the alliance banking business unit has also been positive, with an exciting pipeline of opportunities that are expected to begin delivering value in 2015.

BUSINESS OPERATIONS

The long awaited new IT and Operations Project has now entered the final phases of testing, integration and delivery. The project, which has had to adapt to a regulatory reporting changes during 2014, has completed the build phase and, with successful testing, is expected to go into production by the end of the first quarter in 2015.

In addition to this project, ongoing business process re-engineering and improved automation in the operations area are expected to produce increased efficiencies and stability.

An important operational milestone was also achieved in the successful relocation from the previous head office of the bank to the new premises in Sandton. These new offices have significantly improved the working conditions, staff morale and profile of the Bank.

SHAREHOLDER SUPPORT

SABA continues to enjoy support from its shareholders and particularly from The National Bank of Greece (NBG).

During 2014, this support was evidenced again through the raising of additional tier 1 share capital. A total amount of R85.5m was raised in the final quarter of 2014. This continued support and demonstration of confidence in the Bank is a key factor in the ongoing path to growth for the organisation.

GROWTH IN NEW BUSINESS LINES

During the course of 2013, the MTN MobileMoney project, launched during the course of 2012, exceeded 1 million registered customers, while processing more than R1 billion in transaction values within this period.

This growth was again exceeded during 2014, with over 3 million customers now registered for the service.

Importantly, the lessons learned in establishing this business have enabled SABA to create a pipeline of new alliance banking offerings which are currently in technical development. These projects, expected to have a significant benefit to both fee income generation and liquidity gathering, will begin to realise value during the course of 2015 and into 2016.

THANKS

I would like to offer sincere thanks to our staff and our customers for their support during an extremely challenging 2014. Despite the significant difficulties experience during the year, your support has enabled us to continue focusing on addressing the challenges, focusing on the strategic objectives and continuing our journey to stabilise and grow the Bank.

I would also like to extend my thanks to our Chairman and the Board of Directors as well as our shareholders.

It is my sincere hope that, having addressed and fully absorbed the impact of the extraordinary events of 2013 and 2014, we will be able to return to our growth path in 2015. We are excited about the major deliverables which will realise in the year ahead and trust that these benefits will repay your continued loyalty with exceptional service and support.

S. Georgopoulos
Chief Executive Officer
Sandton
30 April 2015

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

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 the risks that may arise from operational requirements or from business activities. Action plans to mitigate any risks that are perceived to have a potentially significant impact on the Bank are implemented.

Risk Management

Risk Management focuses on those risks that can inhibit the Bank from achieving its strategic objectives. A complete risk assessment is carried out at least annually and presented to the members of the Enterprise Risk and Capital Management Committee. A number of Board appointed committees and management committees are in place to monitor risk.

They are:

Board committees

- Audit and Compliance Committee
- Enterprise Risk and Capital Management Committee
- Senior Credit Committee
- Social, Ethics and Transformation Committee

Management committees

- Assets and Liabilities Committee
- Executive 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.

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 sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from the financial sector to the real economy.

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

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

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

To ensure the acceptable level of capital available to the Bank, an internal capital adequacy assessment process 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. The Board of Directors ratifies all exposures in excess of 10% of the Bank's qualifying capital. The Bank has implemented a risk rating model which calculates the probability of default of customers.

LIQUIDITY RISK

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

INTEREST RATE RISK

Interest rate risk is defined as the impact that the repricing of the Bank's assets and liabilities may have on future cash flows and earnings. Interest rates have been stable for some time in South Africa and as such the risk of interest rate movement has been low. SABA has lending and investment rates that are linked to the prime lending rate. Liquidity and interest rate risk management form an integral part of proactive asset and liability management, which is managed by the Bank's Asset and Liability Committee (ALCO).

MARKET RISK

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

OPERATIONAL RISK

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

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

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

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

COMPLIANCE RISK

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

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

FOREIGN EXCHANGE RISK

Foreign exchange risk is defined as the risk of loss that the Bank is exposed to as a result of holding unhedged positions in foreign currency assets or liabilities. In order to eliminate the foreign currency risk, it is the Bank's policy to hedge significant foreign currency commitments.

COUNTRY RISK

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

CONCENTRATION RISK

SABA has concentration risk in the deposit book, the instalment credit book and in concentration of customers with large exposures.

TRANSFORMATION RISK

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

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.

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.

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

The Bank's objectives when managing capital are:

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

Capital adequacy and the use of regulatory capital are monitored daily by the Bank, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the South African Reserve Bank (SARB), for supervisory purposes. The required information is filed with the SARB on a monthly basis.

[CORPORATE GOVERNANCE]

ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

The Bank is committed to the principles of fairness, accountability, responsibility and transparency as advocated by the King Report and Code on Corporate Governance for South Africa (2009) (King III).

The 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.

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, but requires improvement, which is receiving ongoing management attention.

INTERNAL FINANCIAL CONTROLS

Internal financial controls are based on established policies and procedures. Management is responsible for implementing internal financial controls, ensuring that appropriate segregation exists between duties and that there is suitable independent review. These areas are monitored by the Board through the Audit and Compliance Committee and are independently assessed by the Internal Audit department.

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

KING III

The majority of 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 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 presents any single individual from holding unfettered powers of decision-making. The Board of Directors approves the overall strategy for the Bank on an annual basis. In addition it approves all management policies and frameworks.

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

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

Composition of the Board of Directors

The Board is headed by an independent Chairperson (Mr P Ranchod) and has a strong representation of Independent Non-Executive Directors, as this provides the necessary objectivity that is required to ensure its effective functioning. During 2014, five of the seven Non-Executive Directors were classified as independent.

Declarations of interests are submitted by all Directors on an annual basis to determine any conflicts of interests and any potential conflict is disclosed immediately.

Performance assessment

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

COMPANY SECRETARY

All Directors have access to a suitably 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.

Director's Attendance at Board and Board Committee Meetings 2014

	Board Meeting				Audit and Compliance Committee				Enterprise Risk and Capital Management Committee				Remuneration Committee		Social, Ethics and Transformation Committee	
	25-Feb	25-Apr	23-Jul	27-Nov	20-Feb	23-Apr	22-Jul	24-Nov	20-Feb	23-Apr	22-Jul	24-Nov	07-Apr	16-Oct	07-Apr	16-Oct
P Ranchod	√	√	√	√					√	√	√	√	√	√	√	√
S Georgopoulos	√	√	√	√											√	√
T J Fearnhead	A	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
R A Shough	√	A	√	√	√	√	√	√	√	√	√	√	√	√		
C Andropoulos	√	√	√	√	√	√	√	√	√	√	√	√				
G Bizos (SC)	√	√	√	A	√	√	√	A							√	√
A Lizos	√	√	√	√												
G Grigoropoulos	√	√	√	√												
D Adriaanzen	√	√	√	√											√	√
C Michaelides	√	√	√	√												
D Haarhoff	√	√	√	√												

P Ranchod Chairman of the Board of Directors
T J Fearnhead Chairman of the Enterprise Risk and Capital Management Committee
Chairman of the Remuneration Committee
R A Shough Chairman of the Audit and Compliance Committee
G Bizos (SC) Chairman of the Social, Ethics and Transformation Committee

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.

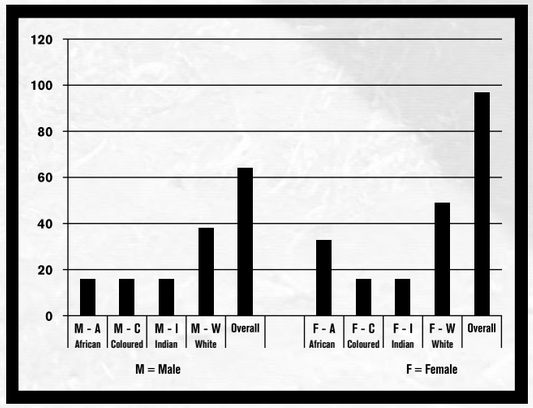
The SET Committee identifies those key areas of the Bank where transformation should be effected, monitors the transformation strategies and measures their impact on the business. The Bank's aim is to deliver against the principles established in the Financial Sector Charter. In meeting these objectives, 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 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 2014) is as follows:



		Total
African:	46	
Coloured:	10	75
Indian:	19	
White		82
Total:		**157**

Recruitment of a diverse range of talented individuals is not enough to ensure employment equity. The Bank also continually focuses on the development of people and the transfer of skills to ensure sustainability. During 2014, 336 training interventions for 122 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 11 individuals receiving study loans during the year. 67% 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.

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 2014, 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

During 2014, the Bank completed its involvement in 2 charitable organisations selected during 2013 for support via the SABA CSI challenge.

This work was focused on:

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.

PE EXPRESS | WEDNESDAY 2 JULY 2014

Bank of Athens supports Isithembiso babies

REPORTER

ISITHEMBISO Babies' Home received a generous donation of occupational therapy equipment and a year's supply of nappies from the Bank of Athens.

The Bank of Athens, a business and commercial bank, has been operating in South Africa since 1947 helping medium-sized businesses to reach new heights. They use relationship managers to add a personal touch and ensure that their customers are well cared for with excellent service. But their customers are not all they care about. Their commitment to the community is clearly evident in the generous donation they made to Isithembiso.

Isithembiso is a home for abandoned, abused and neglected babies where they get nurtured and rehabilitated. "We work hard with each individual child to ensure they attain their full potential, physically, emotionally, mentally and socially. We then do our best to get each child fostered or adopted into a loving family before they would be placed in an orphanage," said Tracey Botha (fundraiser from Isithembiso).

As they are a registered NPO, they rely fully on donations and sponsorships in order to keep the home running and meet monthly costs, as well as give the children the best possible start. "This is why the generosity of companies like the Bank of Athens makes such a big difference to the lives of our children," Botha added.

■ Should anyone wish to make a donation, no matter how small or big, contact Tracey at tracey@isithembiso.org.

Seen here are Carmen Farogher (Isithembiso Babies' Home administrator), Tracey Botha (fundraiser for Isithembiso) and Kirk Breetzke (relationship manager at the Bank of Athens). PHOTO:SUPPLIED

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

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

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

ADMINISTRATION

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

REGISTERED OFFICE

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

CONTACT DETAILS

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

COMPANY SECRETARY
Wilma Botha

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: BUSINESS AND COMMERCIAL BANKING
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: ALLIANCE BANKING
Helder Marques

BUSINESS AND COMMERCIAL BANKING

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.

ALLIANCE BANKING

Alliance banking has become a core competency and focus for the Bank and this business has continued to develop and strengthen. The alliance banking model focuses on the creation and delivery of niche branded banking offerings in commercial partnerships. These offerings encompass a range of retail banking transactional products, from full function bank accounts enabled by multiple channels through to simplified offerings like prepaid cards and payments aggregation.

This unique offering has been built on more than 10 years' experience in successfully building and running these partnerships in the South African market.

The Bank has developed a range of technical and commercial partnerships to support these offerings, including core banking systems providers, third party processors, value added service providers, FICA support services and distribution partners. The Bank offers the ability to develop partnerships encompassing access to a broad range of South Africa's payments streams as well as to both major card associations.

Partnerships are developed with businesses and entities that envisage offering banking services to a defined market or customer base, with the Bank maintaining tight regulatory, compliance and operational standards on all offerings while allowing the commercial partners to focus on marketing and distributing the product to their chosen market.

A full business unit, located at the Bank's head office in Sandton supports these commercial customers in the creation, development and onboarding of new partnerships.

INFORMATION TECHNOLOGY

2014 saw not only significant progress on the core platform replacement programme, but also high levels of stability and integrity and the legacy platforms. The Bank relocated its Head Office to Sandton without any market interruptions and focus was given to enhanced Information Security controls, business suite optimisation and overall IT risk management.

The core platform replacement programme plans to commence a staggered go-live of all the various components in the second quarter of 2015 and this will complete by the end of the first half of 2015. This full implementation of this replacement programme will bring an end to a long and hard project journey but will also herald the beginning of a new and exciting chapter for the Bank.

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

The Annual Financial Statements have been prepared in accordance with the provisions of the Companies Act and comply with International Financial Reporting Standards.

The Annual Financial Statements are based on appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates.

The Annual Financial Statements for the year ended 30 December 2014 were approved by the Board of Directors on the 24 of April 2015 and are signed on its behalf by:

P. Ranchod
Chairman
Johannesburg
30 April 2015

S. Georgopoulos
Chief Executive Officer
Johannesburg
30 April 2015

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
30 April 2015

[INDEPENDENT AUDITOR'S REPORT]

TO THE SHAREHOLDERS 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 74, which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in shareholders' 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 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 2014, 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.

Emphasis of matter

Without qualifying our opinion, we draw attention to the disclosures made in Note 24.1 of the annual financial statements, which refer to circumstances the National Bank of Greece a major shareholder of the South African Bank of Athens currently operates under.

Other reports required by the companies act

As part of our audit of the financial statements for the year ended 31 December 2014, 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
30 April 2015

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

[DIRECTORS' REPORT]

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors have pleasure in submitting their report on the activities of the Bank for the financial year ended 31 December 2014.

NATURE OF THE BUSINESS

The Bank continued to service its customer base as a long standing commercial and clearing bank through its head office and seven business suites spread throughout the country. Its focus during the year under review remained on medium sized entrepreneurial businesses and small corporates as well as the related personal banking requirements of these businesses. Additional focus was placed on enhancing the Bank's alliance banking offering (previously referred to as sponsored banking). The Bank has two alliance banking relationships in operation namely MTN Mobile Money (launched in 2012) and Surebank.

Surebank operates as division of the Bank, while MTN Mobile Money 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. The unissued shares are under the control of the directors subject to the notification to and specific approval by the National Bank of Greece S.A. (NBG), until the next Annual General Meeting.

During the year 5 700 000 ordinary shares of R1 each were issued to shareholders. The share premium equated to R14 per share (note 10 and 11). During 2014 NBG approved the take up of a R20 million debenture that will qualify as a Tier 2 capital. The instrument will be issued by SABA during 2015. 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 (2013: 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 the Directors have no reason to believe that this support will not continue.

GOING CONCERN

After making due enquiries and having carefully considered the factors impacting the Bank's going concern, including the Bank's capital adequacy and liquidity for the next 12 months, the fiscal and economic uncertainty currently prevailing in Greece and this uncertainty's potential impact on NBG and the Bank, the directors consider that the Bank has adequate resources to continue operating for the foreseeable future. The financial statements have therefore been prepared on the going concern basis.

DIRECTORATE AND SECRETARY

Details of the directors and the company secretary of the Bank are provided on the inside cover and page 15 respectively. The directors of the Bank as at 25 April 2015 are:

Non executive:
G. Grigoropoulos (16 May 2014)
A. Lizos

Independent, Non executive:
P. Ranchod
G. Bizos
T.J. Fearnhead
R. Shough
C. Andropoulos

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

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

REPORT FROM THE [CHAIRMAN OF THE AUDIT] AND COMPLIANCE COMMITTEE

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 2014.

The composition and membership and attendance at meetings is summarised on page 15 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 of Internal Audit, Head of Compliance and Legal Services, External Auditor and other risk and related assurance providers attend meetings by invitation only. The Chairman of the Board attends ACC meetings at his discretion.

The effectiveness of the ACC and its individual members 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, 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 2014 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 2014.

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 the Internal Audit department 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 of Internal Audit is responsible for reporting the findings of the internal audit work against the agreed internal audit plan to the ACC and the NBG Chief Audit Executive on a regular basis.

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

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

Compliance

The Bank's compliance plan for the year is reviewed and approved by the ACC to ensure adequate coverage of all the key areas. Findings are reported regularly to the ACC to ensure that the compliance function effectively discharges its responsibility. The Head of Compliance and Legal Services 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
30 April 2015
Chairman: Audit and Compliance Committee

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Notes	2014 R'000	2013 R'000
ASSETS			
Cash and cash equivalent	1	265 869	189 453
Derivative financial instruments	2	13 071	16 091
Short-term negotiable securities	3	128 751	99 067
Other investments	4	15	15
Accounts receivable	5	12 640	10 862
Loans and Advances	6, 7	1 794 106	1 857 787
Property and Equipment	8	33 883	25 496
Intangible assets	9	35 497	15 897
TOTAL ASSETS		**2 283 832**	**2 214 668**
EQUITY & LIABILITIES			
EQUITY			
Share capital	10	24 158	18 458
Share premium	11	339 027	259 227
Revaluation reserves	12	7 785	11 980
Accumulated loss		(84 702)	(26 512)
TOTAL EQUITY		**286 268**	**263 153**
Derivative financial instruments	2	3 313	4 159
Deposits and Current accounts	13	1 972 429	1 918 013
Accounts payable	14	21 822	22 143
Provisions	15	-	7 200
TOTAL LIABILITIES		**1 997 564**	**1 951 515**
TOTAL EQUITY AND LIABILITIES		**2 283 832**	**2 214 668**

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2014

	Notes	2014 R'000	2013 R'000
Interest income	17.1	199 341	170 488
Interest expense	17.2	(101 506)	(86 802)
Net interest income		**97 835**	**83 686**
Net charge for bad and doubtful advances	7	(58 175)	(26 317)
Non interest income	17.3	43 522	49 456
Operating income		**83 182**	**106 825**
Staff cost	17.4	(61 343)	(54 640)
Depreciation and Amortisation	17.4	(6 302)	(6 357)
Operating lease expenses	17.4	(10 070)	(4 391)
Other operating expenses	17.4	(49 492)	(44 190)
Loss before Operational Loss		**(44 025)**	**(2 753)**
Operational loss provision	15, 7	(14 165)	(7 200)
Loss before taxation		**(58 190)**	**(9 953)**
Income tax expense	18	-	-
Loss for the year		**(58 190)**	**(9 953)**
OTHER COMPREHENSIVE LOSS, NET OF TAXATION			
Net (loss) profit on available for sale financial asset		(95)	95
Revaluation of land and buildings		(4 100)	(2 400)
Total Comprehensive Loss for the year		**(62 385)**	**(12 258)**
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Holding Company		(58 017)	(9 927)
Minority Shareholders		(173)	(26)
		(58 190)	(9 953)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Holding Company		(62 200)	(12 227)
Minority Shareholders		(185)	(31)
		(62 385)	(12 258)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

AS AT 31 DECEMBER 2014

	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 2013	**18 458**	**259 227**	**(49)**	**14 334**	**(16 559)**	**275 411**
Profit (Loss) for the year	-	-	-	-	(9 953)	(9 953)
Other comprehensive income (loss) for the year	-	-	95	(2 400)	-	(2 305)
Balance at 31 December 2013	**18 458**	**259 227**	**46**	**11 934**	**(26 512)**	**263 153**
Issue of Ordinary shares	5 700	79 800				85 500
Loss for the year	-	-	-	-	(58 190)	(58 190)
Other comprehensive loss for the year	-	-	(95)	(4 100)	-	(4 195)
Balance at 31 December 2014	**24 158**	**339 027**	**(49)**	**7 834**	**(84 702)**	**286 268**

STATEMENT OF CASH FLOW

AS AS 31 DECEMEBER 2014

	Note	2014 R'000	2013 R'000
Cash flows from operating activities			
Cash receipts from customers	23.1	244 242	221 343
Cash paid to customers, suppliers and employees	23.2	(222 411)	(190 023)
Cash generated from operations	**23.5**	**21 831**	**31 320**
Net increase in income earning assets	23.3	(46 379)	(293 883)
Net increase in deposits and other accounts	23.4	54 095	257 112
Net cash inflow / (outflow) from operating activities		**29 547**	**(5 451)**
Cash flows from investing activities			
Purchase of intangible assets		(22 373)	(11 356)
Purchase of property and equipment		(16 271)	(1 962)
Proceeds on sale of property and equipment		13	-
Net cash outflow from investing activities		**(38 631)**	**(13 318)**
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Bank		85 500	-
Repayment of long-term borrowings		-	(40 000)
Net cash inflow / (outflow) from financing activities		**85 500**	**(40 000)**
Net cash inflow / (outflow) for the year		**76 416**	**(58 769)**
Cash and cash equivalents at the beginning of the year		189 453	248 222
Cash and cash equivalents at the end of the year		**265 869**	**189 453**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

AS AT 31 DECEMBER 2014

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 2014

- **IAS 32: Financial instruments: Presentation**
  Amendments to application guidance on the offsetting of financial assets and financial liablities. Effective for annual periods beginning on or after 1 January 2014.

- **IAS 36: Impairment of Assets**
  Amendments resulting from Recoverable Amount Disclosures. Effective for annual periods beginning on or after 1 January 2014.

3.2. New standards, amendments and interpretations to existing standards effective after 2014

- **IFRS 7: Financial Instruments: Disclosures**
  Defferal of mandatory effective date of IFRS 9 and amendments to transitions disclosures. Effective date annual periods beginning on or after 1 January 2016.

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

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

- **IAS 16: Property, Plant and Equipment**
  Amendments resulting from clarification of acceptable methods of depreciation and amortisation (Amendments of IAS 16 and IAS 38). Effective date annual periods beginning on or after 1 January 2016.

- **IAS 24: Related Party Disclosures**
  Amendments resulting from Annual Improvements 2010 - 2012 Cycle (managemant entities). Effective date annual periods beginning on or after 1 July 2014.

- **IAS 38: Intangible Assets**
  Amendments resulting from Annual Improvements 2010 - 2012 Cycle (proportionate restatement of accumulated depreciation on revaluation). Amendments resulting from clarification of acceptable methods of depreciation and amortisation (Amendments to IAS 16 and IAS 38) Effective date annual periods beginning on or after 1 July 2016.

4. FOREIGN CURRENCY TRANSLATION

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

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions.

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

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

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

5. FINANCIAL INSTRUMENTS

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

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

- Doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as "an accounting mismatch"that would otherwise arise if the related derivatives were treated as held for trading and the underlying financial instruments were carried at amortised 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.

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

11.1. IMPAIRMENT LOSSES ON LOANS AND ADVANCES

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

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

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

Objective evidence that a claim is impaired includes observable data that comes to the 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 statement of comprehensive income as part of impairment losses on loans and advances to customers.

12. RENEGOTIATED LOANS

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

13. 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.

It has not been applied at SABA due to the continuous losses incurred to date and will be applied once sufficient taxable profits are generated to utilise the losses.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

1. CASH AND CASH EQUIVALENTS

	2014 R'000	2013 R'000
Coin and bank notes	3	16
Deposits with other banks	93 658	92 429
Foreign currency balances	117 774	50 908
Balances with the Central Bank	54 434	46 100
	265 869	189 453
The mandatory South African Reserve Bank reserve requirement is included in the above figures.	48 183	43 658

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

		2014 R'000	2013 R'000
Foreign currency balances		117 774	50 908
Wespac Bank Corp, Sydney	AUD	3 623	155
Standard Chartered Bank Botswana, Botswana	BWP	8	11
Banca Commerciale Italiana, Milano	EUR	1 796	2 113
Deutsche Bank, Frankfurt	EUR	7 732	9 138
Deutsche Bank, Frankfurt (Collateral)	EUR	1 984	1 650
National Bank of Greece, Athens	EUR	4 814	1 746
Standard Chartered Bank, Frankfurt	EUR	5 109	3 715
National Bank of Greece, London	GBP	521	1 249
National Westminster Bank Limited, London	GBP	7 866	373
Bank of Tokyo, Tokyo	JPY	114	242
Sumitomo Bank Limited, Tokyo	JPY	81	37
Deutsche Bank, Frankfurt	USD	37 007	4 084
Deutsche Bankers Trust, New York	USD	22 208	3 807
Standard Chartered Bank, New York	USD	2 605	2 270
Standard Bank of South Africa, Johannesburg (Collateral)	USD	16 527	15 054
ABSA Johannesburg (Collateral)	USD	5 779	5 264

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 25.

2. DERIVATIVE FINANCIAL INSTRUMENTS

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

	2014 R'000	2013 R'000
ASSETS		
FOREIGN EXCHANGE CONTRACTS		
Notional	373 634	743 045
Fair value	**13 071**	**16 091**
LIABILITIES		
FOREIGN EXCHANGE CONTRACTS		
Notional	370 851	122 581
Fair value	**3 313**	**4 159**

3. SHORT-TERM NEGOTIABLE SECURITIES

The Short-Term Negotiable Securities consist of Treasury Bills with interest rates ranging from 5.05% to 6.20% and maturing during the period 07 January 2015 to 03 June 2015. These financial investments are classified as available for sale. They are carried at fair value and all the gains and losses for these financial instruments are recognised in equity, as defined in IFRS 13 fair value measurement, these fall within level 2 classification.

	2014 R'000	2013 R'000
AVAILABLE-FOR-SALE INVESTMENTS CARRIED AT FAIR VALUE		
At 1 January	99 067	85 315
Purchased Treasury Bills	351 021	320 812
Proceeds from sale of Treasury Bills	(328 210)	(311 910)
Interest earned	6 968	4 755
Revaluation reserve	(95)	95
At 31 December	**128 751**	**99 067**

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 2014 or 2013. The shares are unlisted, and the directors valuation of the unlisted investment equates to the fair value which approximates cost as defined in IFRS 13 fair value measurement, these fall within level 3 classification.

4. OTHER INVESTMENTS CONTINUED

	2014 R'000	2013 R'000
FINANCIAL ASSET CARRIED AT FAIR VALUE		
Unlisted - Dandyshelf 3 (Pty) Ltd		
Fair value	**15**	**15**

5. ACCOUNTS RECEIVABLE

	2014 R'000	2013 R'000
Other accounts receivable and prepaid expenses	12 640	10 862

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.

	2014 R'000	2013 R'000
CATEGORY ANALYSIS		
Overdrafts	140 774	202 116
Property, commercial and other loans	665 812	716 832
Home loans	480 829	416 625
Instalment credit and lease agreements	425 399	437 326
Non-performing loans	194 503	128 758
	1 907 317	1 901 657
Less: Credit impairment - Refer Note 7	(113 211)	(43 870)
Overdrafts	(24 908)	(7 253)
Property, commercial and other loans	(6 014)	(6 667)
Home loans	(10 331)	(6 690)
Instalment credit and lease agreements	(71 958)	(23 260)
NET LOANS AND ADVANCES	1 794 106	1 857 787
SECTORIAL ANALYSIS		
Agriculture	398	-
Building and property development	654 822	620 810
Individuals	445 664	393 103
Manufacturing and commerce	180 316	232 037
Transport and communication	225 806	207 271
Electricity and Water	7 433	17 301
Mining	10 627	9 079
Other services	382 251	422 056
	1 907 317	1 901 657
MATURITY ANALYSIS		
Maturing within one year	399 886	479 784
Maturing after one year but within five years	885 868	807 453
Maturing after five years	621 563	614 420
	1 907 317	1 901 657

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 2014	As a % of Advances	Credit Risk R'000	Securities and Other Expected Recoveries R'000	Specific Provision R'000
Overdraft	1,52%	27 457	4 462	22 995
Commercial and property loans	2,17%	39 282	36 691	2 591
Instalment sale	5,66%	102 195	36 925	65 270
Home loans	1,42%	25 569	18 442	7 127
TOTAL 2014	**10,77%**	**194 503**	**96 520**	**97 983**
NON PERFORMING LOANS AND ADVANCES BY SECTOR				
Individuals	1,70%	30 670	15 220	15 450
Manufacturing	0,01%	196	97	99
Trade and accommodation	0,00%	-	-	-
Transport	0,40%	7 240	3593	3 647
Financial and Real Estate	1,26%	22 760	11 294	11 466
Mining	0,00%	-	-	-
Electricity and water	0,00%	-	-	-
Other services	5,21%	94 160	46 726	47 434
Other	2,19%	39 477	19 590	19 887
TOTAL 2014	**10,77%**	**194 503**	**96 520**	**97 983**

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 LOANS AND ADVANCES BY SECTOR	As a % of Advances	Credit Risk	Securities and Other Expected Recoveries R'000	Specific Provision R'000
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 / 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 2013	**6,93%**	**128 758**	**100 115**	**28 643**

6. LOANS AND ADVANCES CONTINUED

2014 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	66 232	328 380	775 002	491 992	1 661 606
Past due but not impaired	999	19 426	22 098	8 685	51 208
Individually impaired	22 367	8 304	59 840	103 992	194 503
GROSS LOANS AND ADVANCES	**89 598**	**356 110**	**856 940**	**604 669**	**1 907 317**
Total Credit Impairment	(22 653)	(5 466)	(20 499)	(64 593)	(113 211)
Less: Specific Impairment	(22 367)	(2 663)	(15 490)	(57 463)	(97 983)
Less: Portfolio Impairment	(286)	(2 803)	(5 009)	(7 130)	(15 228)
TOTAL NET LOANS AND ADVANCES	**66 945**	**350 644**	**836 441**	**540 076**	**1 794 106**

LOANS AND ADVANCES NEITHER PAST DUE NOR INDIVIDUALLY IMPAIRED CREDIT ANALYSIS	Consumer	Mortgage	Small Business Loans	Corporate Loans	Total Loan
Satisfactory risk	66 196	322 164	751 920	474 413	1 614 693
Watch list	-	-	12 655	11 125	23 780
Substandard list	36	6 216	10 427	6 454	23 133
TOTAL 2014	**66 232**	**328 380**	**775 002**	**491 992**	**1 661 606**
AGEING ANALYSIS OF LOANS AND ADVANCES PAST DUE BUT NOT INDIVIDUALLY IMPAIRED					
Past due up to 30 days	851	19 107	16 111	5 033	41 102
Past due 31 - 60 days	148	319	4 966	3 652	9 085
Past due 61 - 90 days	-	-	1 021	-	1 021
Past due 91 - 180 days	-	-	-	-	-
Past due 181 - 365 days	-	-	-	-	-
Past due 1 - 2 years	-	-	-	-	-
Past due over 2 years	-	-	-	-	-
TOTAL 2013	**999**	**19 426**	**22 098**	**8 685**	**51 208**
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	748	2 109	20 963	6 920	30 740
Past due 181 - 365 days	-	125	6 400	48 345	54 870
Past due 1 - 2 years	21 438	4 963	20 493	48 727	95 621
Past due over 2 years	181	1 107	11 984	-	13 272
TOTAL 2014	**22 367**	**8 304**	**59 840**	**103 992**	**194 503**

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 not 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**

6. LOANS AND ADVANCES CONTINUED

LOANS AND ADVANCES NEITHER PAST DUE NOR INDIVIDUALLY IMPAIRED CREDIT ANALYSIS	Consumer	Mortgage	Small Business Loans	Corporate Loans	Total Loan
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 INDIVIDUALLY IMPAIRED					
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**

	2014 R'000	2013 R'000
LOANS AND ADVANCES		
Overdrafts	140 774	202 116
Property, commercial and other loans	665 812	716 832
Home loans	480 829	416 625
Instalment credit and lease agreements	425 399	437 326
Non-performing loans	194 503	128 758
	1 907 317	1 901 657
SECURITIES IN RESPECT OF LOANS AND ADVANCES		
Overdrafts, Property and Commercial loans		
- Cash Investments	17 885	51 811
- Guarantees	2 657	4 159
- Mortgage bonds	742 244	803 983
- Ceded insurance policies	248	267
- Other Securities	68	1 107
- Secondary Security	15 263	10 817
	778 365	872 144
Home Loans		
- Mortgage bonds (Residential)	477 582	415 791
Instalment credit and lease agreements	425 399	437 326

6. LOANS AND ADVANCES CONTINUED

	2014 R'000	2013 R'000
Non-performing loans:		
- Mortgage bonds	62 288	52 984
- Assets financed in respect of Instalment credit agreement	46 321	47 131
	108 609	100 115
Total secured loans and advances	1 789 955	1 825 376
Total Unsecured loans and advances	117 362	76 281
TOTAL LOANS AND ADVANCES	**1 907 317**	**1 901 657**

7. CREDIT IMPAIRMENT FOR LOANS AND ADVANCES

		2014 R'000	2013 R'000
Balance at 1 January		43 870	32 348
Amounts written off against provisions		(10 875)	(14 980)
		32 995	17 368
Charge to the Statement of Comprehensive Income		57 716	26 317
Specific impairment		62 957	25 406
Portfolio impairment		-	1 950
Recoveries of balances raised in current year		(4 106)	(854)
Recoveries of balance previously written off		(1 135)	(185)
Recoveries of balance previously written off		1 135	185
Operational loss provision	15	21 365	-
BALANCE AT 31 DECEMBER		**113 211**	**43 870**
ANALYSIS			
Specific impairment		97 983	28 642
Portfolio impairment		15 228	15 228
		113 211	43 870
SECTORIAL ANALYSIS			
Individuals		17 721	5 005
Manufacturing		427	1 631
Trade and accommodation		-	490
Transport		8 423	500
Financial and Real Estate		12 044	5 074
Mining		1 600	108
Electricity and water		-	953
Other Services		50 176	20 145
Other		22 820	9 964
		113 211	43 870

8. PROPERTY AND EQUIPMENT

COST OR VALUATION	Land and Builings (R'000)	Motor Vehicles (R'000)	Leasehold Improve-ments (R'000)	Properties Brought in (R'000)	Funiture and Fittings (R'000)	Office Equip-ment (R'000)	Computer Equip-ment (R'000)	Total (R'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)
Balance as at 1 January 2014	17 600	1 307	6 470	115	7 736	4 060	9 673	46 961
Additions	-	-	9 577	-	4 377	644	1 673	16 271
Disposals	-	-	(505)	(4)	(73)	(117)	(59)	(758)
Revaluation	(4 100)	-	-	-	-	-	-	(4 100)
At 31 December 2014	**13 500**	**1 307**	**15 542**	**111**	**12 040**	**4 587**	**11 287**	**58 374**
ACCUMULATED DEPRECIATION								
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
Balance as at 1 January 2014	-	(903)	(3 172)	(115)	(5 898)	(3 015)	(8 362)	(21 465)
Depreciation charge for the year	-	(220)	(1 541)	-	(335)	(648)	(785)	(3 529)
Eliminated on disposal	-	-	294	4	48	98	59	503
At 31 December 2014	**0**	**(1 123)**	**(4 419)**	**(111)**	**(6 185)**	**(3 565)**	**(9 088)**	**(24 491)**
CARRYING AMOUNT								
At 31 December 2013	17 600	404	3 298	-	1 838	1 045	1 311	25 496
At 31 December 2014	**13 500**	**184**	**11 123**	**-**	**5 855**	**1 022**	**2 199**	**33 883**

Land and buildings, comprising of erf 1139, Marshalltown, Johannesburg were revalued at 31 December 2014 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 R13,5 million at 31 December 2014. As at 31 December 2014 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 (2013: R 0). The building was purchased in 1973.

9. INTANGIBLE ASSETS

	Cost R'000	Amortisation R'000	Carrying Amount R'000
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**
Additions	22 373	-	22 373
Disposals	-	-	-
Amortisation for the year	-	(2 773)	(2 773)
At 31 December 2014	**69 062**	**(33 565)**	**35 497**

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

10. SHARE CAPITAL

	2014 R'000	2013 R'000
AUTHORISED		
100 000 000 ordinary shares of R1 each (par value)		100 000
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 shares of R1 each	18 458	18 458
Shares issued at R1 each during the year	5 700	-
At the end of the year 24 158 000 shares of R1 each	24 158	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

	2014 R'000	2013 R'000
Balance at beginning and end of the year	259 227	259 227
Shares issued during the year	79 800	-
Balance at end of the year	339 027	259 227

12. REVALUATION RESERVES

	Available for Sale Reserve (R'000)	Property Revaluation Reserve (R'000)	Total (R'000)
Balance at 1 January 2013	**(49)**	**14 334**	**14 285**
Decrease in fair value of fixed property	-	(2 400)	(2 400)
Increase in fair value of available for sale investment	95	-	95
Balance at 1 January 2014	**46**	**11 934**	**11 980**
Decrease in fair value of fixed property	-	(4 100)	(4 100)
Decrease in fair value of available for sale investment	(95)	-	(95)
Balance as at 31 December 2014	**(49)**	**7 834**	**7 785**

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

	2014 R'000	2013 R'000
Demand deposits	804 252	677 508
Customer foreign currency deposits (Demand deposits)	83 261	69 150
Term deposits	412 961	445 055
	1 300 474	1 191 713
Deposits from banks	671 955	726 300
	1 972 429	1 918 013
INCLUDED IN DEPOSITS FROM BANKS ARE:		
Amounts due to holding company	602 610	642 084
Amounts due to fellow subsidiaries	69 345	84 216
Amounts due to other banks	-	-
	671 955	726 300
MATURITY ANALYSIS		
On demand	887 512	746 658
Maturing within one month	252 925	712 147
Maturing after one but within six months	810 972	439 822
Maturing after six months but within twelve months	21 020	19 386
	1 972 429	**1 918 013**

14. ACCOUNTS PAYABLE

	2014 R'000	2013 R'000
Accruals	4 893	5 335
Sundry Creditors	16 929	16 808
	21 822	22 143

15. PROVISIONS

	2014 R'000	2013 R'000
Operational loss provision	-	7 200

An operational break down in controls and an incorrect system configuration occurred during December 2013 but was only detected during January 2014. The estimated impact of the error for the 2013 annual financial statements was R7.2 million.

The impact for 2014 has been quantified and an additional R14.1 million was raised during 2014 resulting in a total provision of R21.3 million. In the 2014 Financials the total provision is disclosed in Note 7 as the underlying exposure is disclosed as part of Overdrafts. The recovery will be ongoing.

16. CONTINGENCIES AND COMMITMENTS

	2014 R'000	2013 R'000
16.1. CONTINGENCIES		
Letters of credit	16 950	8 596
Liabilities under guarantees	80 781	94 383
Revocable unutilised facilities	132 033	-
Irrevocable unutilised facilities	75 829	200 649
EFT Debit services	-	400
Legal claim instituted by borrowers	3 456	956
Commited Capital Expenditure	2 135	5 875
	311 184	310 859

	2014 R'000	2013 R'000
16.2. COMMITMENTS UNDER OPERATING LEASES		
Within 1 year	8 598	8 666
2 to 5 years	31 676	27 057
After 5 years	5 202	11 604
	45 476	47 327

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

17. PROFIT / (LOSS) FROM OPERATIONS

	2014 R'000	2013 R'000
17.1. INTEREST INCOME		
Balances with banks and short-term funds	4 902	6 253
Short-term negotiable securities	6 968	4 755
Loans and advances	187 471	159 480
	199 341	170 488
17.2. INTEREST EXPENSE		
Deposits from banks	45 955	41 767
Current and deposit accounts	25 390	16 686
Savings accounts	5 298	2 828
Other term deposits	24 863	24 912
Interest bearing long-term debt	-	609
	101 506	86 802
17.3. NON-INTEREST INCOME		
Fee Income	35 213	39 665
Foreign exchange profit	7 863	9 085
Loss on sale of equipment	(244)	(1 214)
Other income	690	1 920
	43 522	49 456

17. PROFIT / (LOSS) FROM OPERATIONS CONTINUED

	2014 R'000	2013 R'000
17.4. OPERATING EXPENSES		
Staff costs	61 343	54 640
Salaries, wages and allowances	40 376	36 676
Contributions to provident fund and other staff funds	9 305	8 373
Directors' Emoluments	10 000	8 383
Other	1 662	1 208
Depreciation and Amortisation	6 302	6 357
Motor vehicles	220	261
Furniture and fittings	335	314
Office equipment	648	415
Computer equipment	785	651
Depreciation leasehold improvements	1 541	1 177
Depreciation properties brought in	-	21
Computer software	2 753	3 395
Computer implementation	20	123
Operating lease charges		
Premises	10 070	4 391
Other operating expenses	49 492	44 190
	127 207	109 578

18. TAXATION

The Bank is in an assessed loss position of R 39.8 million as at 31 December 2014. 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.

19. UNDISCOUNTED CASH FLOWS OF FINANCIAL LIABILITIES

	Carrying Amount R'000	Up to 1 month R'000	1 - 3 months R'000	3 - 12 months R'000	1 - 2 years R'000	2 - 5 years R'000	5+ years R'000
2014							
Derivative financial instrument	3 313	772	2 349	192	-		-
Due to customers	1 300 474	910 321	297 983	50 156	21 337	20 677	-
Due to banks	671 955	230 459	369 840	34 673	36 983	-	-
Accounts payable and provisions	21 822	21 822	-	-	-	-	-
	1 997 564	**1 163 374**	**670 172**	**85 021**	**58 320**	**20 677**	**-**
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	29 343	22 143	-	7 200	-	-	-
	1 951 515	**1 483 069**	**404 808**	**63 638**	**-**	**-**	**-**

20. CATEGORIES AND FAIR VALUES OF FINANCIAL INSTRUMENTS

	2014 R'000		2013 R'000	
Asset	**Fair Value**	**Carrying Value**	**Fair Value**	**Carrying Value**
Available for sale	128 751	128 751	99 067	99 067
Short term negotiable securities	128 751	128 751	99 067	99 067
Loans and receivables	2 072 615	2 072 615	2 058 102	2 058 102
Cash and cash equivalents	265 869	265 869	189 453	189 453
Loans and advances	1 794 106	1 794 106	1 857 787	1 857 787
Other accounts receivables	12 640	12 640	10 862	10 862
Held for trading	13 071	13 071	16 091	16 091
Derivative financial instrument	13 071	13 071	16 091	16 091
Held at cost	15	15	15	15
Other investments	15	15	15	15
Liabilities				
Held for trading	3 313	3 313	4 159	4 159
Derivative financial instruments	3 313	3 313	4 159	4 159
Other financial liabilities	1 994 249	1 994 249	1 947 356	1 947 356
Deposits	1 972 429	1 972 429	1 918 013	1 918 013
Accounts payable	21 820	21 820	22 143	22 143
Provisions	-	-	7 200	7 200

	2014 R'000			2013 R'000		
Fair Value Levels	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Asset						
Short term negotiable securities	128 751			99 067		
Derivative Financial Instrument		13 071			16 091	
Other investments			15			15
Liabilities						
Derivative Financial Instruments		3 313			4 159	

21. FINANCIAL RISK MANAGEMENT

21.1. 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, general bank reserve, statutory reserve, non-controlling interests arising on consolidation from interests in permanent shareholders' equity, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital; and
- Tier 2 capital: collective impairment allowances and unrealised gains arising on the fair valuation of equity instruments held as available for sale.

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

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

21.1. CAPITAL MANAGEMENT CONTINUED

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

	2014 R'000	2013 R'000
TIER 1 CAPITAL		
Share capital	24 158	18 458
Share premium	339 027	259 227
Revaluation reserves	7 807	11 955
Deductions against capital and reserve funds	(84 701)	(26 511)
Less: Intangible Assets	(35 498)	(15 898)
TOTAL QUALIFYING TIER 1 CAPITAL	**250 793**	**247 231**
TIER 2 CAPITAL		
Term debt instruments	-	-
Revalution reserve	-	-
Collective impairment allowance	15 228	12 030
TOTAL QUALIFYING TIER 2 CAPITAL	**15 228**	**12 030**
TOTAL REGULATORY CAPITAL	**266 021**	**259 261**
RISK-WEIGHTED ASSETS:		
Credit risk	1 731 524	1 769 405
Counter party risk	5 529	8 070
Market Risk	14 159	3 100
Equity Risk	15	15
Operational Risk	200 982	184 742
Other Risk	46 522	36 355
TOTAL RISK-WEIGHTED ASSETS	**1 998 731**	**2 001 687**
CAPITAL ADEQUACY RATIO	**13,31%**	**12,95%**

21.2. LIQUIDITY RISK

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

"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.

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

2014	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	265 869	-	-	-	-	-	265 869
Derivative financial assets	6 247	6 603	221	-	-	-	13 071
Short-term negotiable securities	19 977	59 543	39 495	9 736	-	-	128 751
Other investments	-	-	-	-	15	-	15
Advances	165 855	22 576	89 852	121 603	784 746	609 474	1 794 106
Other accounts receivable	8 128	129	257	2 040	2 086	-	12 640
Property and equipment	-	-	-	-	-	33 883	33 883
Intangible assets	-	-	-	-	-	35 497	35 497
	466 076	**88 851**	**129 825**	**133 379**	**786 847**	**678 854**	**2 283 832**
LIABILITIES							
Deposits, current and other accounts	1 140 437	667 823	143 149	21 020	-	-	1 972 429
Derivative financial liabilities	772	2 061	473	7	-	-	3 313
Other liabilities	7 306	871	2 442	1 732	6 659	2 812	21 822
	1 148 515	**670 755**	**146 064**	**22 759**	**6 659**	**2 812**	**1 997 564**

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	-	-	-	-	-	24 596	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	5 960	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**

21.3. INTEREST RATE RISK

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

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

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

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

2014	Fixed R'000	Floating R'000	Non-interest sensitive R'000	Total R'000
ASSETS				
Cash and cash equivalents	-	211 432	54 437	265 869
Derivative financial assets	-	-	13 071	13 071
Short-term negotiable assets	128 751	-	-	128 751
Other investments	-	-	15	15
Advances	-	1 794 106	-	1 794 106
Other accounts receivable	-	-	12 640	12 640
Property and equipment	-	-	33 883	33 883
Intangible assets	-	-	35 497	35 497
	128 751	2 005 538	149 543	2 283 832
LIABILITIES				
Deposits, current and other accounts	89 393	1 883 036	-	1 972 429
Derivative financial liabilities	-	-	3 313	3 313
Other liabilities	-	-	21 822	21 822
	89 393	1 883 036	25 135	1 997 564

2013	Fixed R'000	Floating R'000	Non-interest Sensitive R'000	Total R'000
ASSETS				
Cash and cash equivalents	-	143 337	46 116	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	2 001 124	114 477	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**

21.4. 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 R13, 168 million and decrease by R13, 168 million (2013: increase/decrease by R8, 185 million).

21.4. INTEREST RATE SENSITIVITY ANALYSIS CONTINUED

2014	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	-	-	-	-	-	54 436	54 436
Due from other banks	211 433	-	-	-	-	-	211 433
Derivative financial assets	-	-	-	-	-	13 071	13 071
Short-term negotiable assets	19 977	99 038	9 736	-	-	-	128 751
Other investments	-	-	-	-	-	15	15
Advances	1 794 106	-	-	-	-	-	1 794 106
Other accounts receivable	-	-	-	-	-	12 640	12 640
Property and equipment	-	-	-	-	-	33 883	33 883
Intangible assets	-	-	-	-	-	35 497	35 497
	2 025 516	**99 038**	**9 736**	**-**	**-**	**149 542**	**2 283 832**
LIABILITIES							
Due to other banks	230 459	404 513	36 984	-	-	-	671 956
Due to customers	909 978	263 310	106 165	21 020	-	-	1 300 473
Derivative financial liabilities	-	-	-	-	-	3 313	3 313
Other liabilities	-	-	-	-	-	21 822	21 822
	1 140 437	**667 823**	**143 149**	**21 020**	**-**	**25 135**	**1 997 564**

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	9737	-	-	-	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
	1 458 805	**310 891**	**128 930**	**19 387**	**-**	**33 502**	**1 951 515**

21.5. 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
2014 ASSETS					
Cash and cash equivalents	148 094	84 127	21 436	12 212	265 869
Derivative financial assets	-	12 479	515	77	13 071
Short-term negotiable assets	128 751	-	-	-	128 751
Other investments	15	-	-	-	15
Loan and advances	1 783 060	11 046	-	-	1 794 106
Other accounts receivable	12 640	-	-	-	12 640
Property and equipment	33 883	-	-	-	33 883
Intangible assets	35 497	-	-	-	35 497
	2 141 940	**107 652**	**21 951**	**12 289**	**2 283 832**
2014 LIABILITIES					
Deposits, current and other accounts	1 268 299	682 604	21 505	21	1 972 429
Derivative financial liabilities	-	2 816	421	76	3 313
Other liabilities	21 822	-	-	-	21 822
	1 290 121	**685 420**	**21 926**	**97**	**1 997 564**
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
Loans 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
Long-term liabilities	7 200	-	-	-	7 200
	1 199 058	**728 714**	**19 981**	**3 762**	**1 951 515**

22. 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 Investments.

23. CASH FLOW FROM OPERATING ACTIVITIES

	2014 R'000	2013 R'000
23.1. CASH RECEIVED FROM CUSTOMERS		
Interest income	199 341	170 488
Non interest income	44 657	49 641
	243 998	**220 129**
Loss on sale of assets	244	1 214
	244 242	**221 343**
23.2. CASH PAID TO CUSTOMERS AND EMPLOYEES		
Interest expenditure	(101 506)	(86 802)
Operating expenditure	(127 207)	(109 578)
	(228 713)	**(196 380)**
Adjusted for:		
Depreciation	3 529	2 839
Amortisation	2 773	3 518
	(222 411)	**(190 023)**
23.3. INCREASE IN INCOME-EARNING ASSETS		
Negotiable securities and other assets	(29 779)	(13 657)
Loans and advances	(16 996)	(261 027)
Net derivative instruments	2 174	(27 279)
Other Accounts Receivable	(1 778)	8 080
	(46 379)	**(293 883)**
23.4. INCREASE IN DEPOSITS AND OTHER LIABILITIES		
Deposits and current accounts	54 416	256 576
Other accounts payable and provisions	(321)	536
	54 095	**257 112**
23.5 RECONCILIATION OF (LOSS) / PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Loss from operations	(58 190)	(9 953)
Adjusted for non cash items:		
- Depreciation	3 529	2 839
- Amortisation of intangible assets	2 773	3 518
- Impairment charges	58 175	26 317
- Bad debts recovered previously written off	1135	185
- Loss on disposal of asset	244	1 214
- Operational loss provision	14 165	7 200
	21 831	**31 320**

24. RELATED-PARTY TRANSACTIONS

24.1. IDENTIFICATION OF RELATED PARTIES

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

The recent change in government in Greece and their subsequent interactions with the European Central Bank has created fiscal and economic uncertainty in Greece. This uncertainty has the potential to impact NBG and the Bank. At the date of signing of these financial statement, the Bank's utilisation of this facility is the equivalent of USD 38.5m, which is irrevocable until 30 April 2016.

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

	Amounts owed by related parties at 31 December 2014 R'000	Amounts owed to related parties at 31 December 2014 R'000
HOLDING COMPANY		
NBG, Athens	4 814	602 610
SUBSIDIARIES OF NBG		
NBG London	521	-
NBG Cairo	-	69 345

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

24.3. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors during the year was as follows:

	2014 R'000	2013 R'000
DIRECTORS' EMOLUMENTS	10 000	8 383
Independent Non-executives	**1 385**	**1 159**
G Bizos	132	55
TJ Fearnhead	324	291
P Ranchod	478	458
R Shough	260	201
C Andropoulos	191	154
Executive Directors	8 615	7 224
S Georgopoulos	4 983	4 286
DJ Adriaanzen	1 100	1 145
C Michaelides	1 410	679
D Haarhoff	1 122	1 114

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

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

Amounts owed by/to related parties as at December 2014

There were no amounts owed by/to the independant non-executive directors and their associated companies for the year ending 31 December 2014.

	Amounts owed by related parties at 31 December 2014	Amounts owed to related parties at 31 December 2014
S Georgopoulos	4 746	-
D Haarhoff	1 961	-
C Michaelides	-	220

	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

25. PRINCIPAL FOREIGN CURRENCY CONVERSION RATES

	2 014 R	2 013 R
Pound Sterling	17.989	17.4050
United States Dollar	11.5575	10.5270
Euro	14.0522	14.4984
Australian Dollar	0.1046	0.1052
Botswana Pula	0.8223	0.8322

26. 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.

After making due enquiries and having carefully considered the factors impacting the Bank's going concern, including the Bank's capital adequacy and liquidity for the next 12 months, the fiscal and economic uncertainty currently prevailing in Greece and this uncertainty's potential impact on NBG and the Bank, management consider that the Bank has adequate resources to continue operating for the foreseeable future and enabling it to pay its debts as and when they fall due.

27. SUBSEQUENT EVENTS

There were no events after the Statement of Financial Position date that could materially affect the presentation of these financial statements.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the sixty-seventh Annual General Meeting of the South African Bank of Athens Limited ("SABA") will be held in the Boardroom of The South African Bank of Athens Limited, Block 3 Inanda Greens Business Park, 54 Wierda Road West, Wierda Valley, Sandton, on Thursday, 25th June 2015, at 10h00 (South African Time) to transact the following business including and, if deemed fit, the passing of the following resolutions with or without modification.

The record date in terms of Section 59 of the Companies Act 71 of 2008, for purposes of determining which shareholders of the company are entitled to receive notice and to vote at the meeting, is 10th June 2015.

ORDINARY RESOLUTIONS

1. Ordinary resolution number 1:

To receive and adopt the annual financial statements of the company for the year ended 31 December 2014, including the Directors' report, the report of the Auditors and the report of the Audit and Compliance Committee.

2. Ordinary resolution number 2:

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

Ordinary resolution number 2.1:

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

Messrs RA Shough as Chairman

TJ Fearnhead

G Bizos (SC)

3. Ordinary resolution number 3:

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 an increase in remuneration payable to independent non-executive directors from 30 June 2015 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.