Quarterly Disclosure

In terms of the Basel II requirements under Regulation 43(1) (e)(ii) of regulations relating to banks, minimum disclosure on capital adequacy of the bank is required on a quarterly basis. This announcement meets the on-going report requirement for quarterly disclosure in terms of Pillar 3 of the Basel II capital accord.

The South African Bank of Athens remained well above the minimum required capital adequacy ratio as at the 31 March 2011 with a total capital adequacy of 19.26% and a Tier 1 capital adequacy of 14,26%, significantly exceeding minimum regulatory requirements.

	March 2011	December 2010
Ordinary Share Capital Share	16,458	16,458
Premium	181,227	181,227
Retained Earnings/(Loss)	-19,857	-15,517
Regulatory deductions against primary capital	10,472	12,208
Primary Capital	**167,355**	**169,960**
Debentures 50% of Revaluation Reserves	40,000	40,000
General Provisions (limited to 1,25% of RWA)	8,633	8,633
Secondary Capital	10,015	10,015
Total available resources	**58,648**	**58,648**
	226,003	**228,608**
Secondary Capital	19.26%	18.16%
Primary Capital adequacy ratio	14.26%	13.50%
RWA	**1,173,690**	**1,262,038**
Composition of required regulatory capital		
Credit Risk	94,771	102,391
Operational Risk	15,278	15,278
Market Risk	321	274
Other Assets	4,063	4,812
Equity Risk	1	1
Total required regulatory capital	**114,435**	**122,756**
Composition of risk weighted assets		
Credit Risk	972,014	1,050,164
Operational Risk	156,699	156,699
Market Risk	3,289	2,806
Other Assets	41,673	49,354
Equity Risk	15	15
Total risk weighted assets	**1,173,690**	**1,259,038**

Notes

1. The figures reflected above have not been audited.
2. The regulatory exclusion mainly includes software development, which has been capitalised.
3. General provisions is limited to 1,25% of risk weighted assets.
4. The Bank is not exposed to any risk or other item that is subject to rapid or material change.
5. An unsecured debenture was issued in 2010 in favour of NBG bearing interest at the aggregate of the applicable 6 month JIBAR plus a margin of 1.6 percent per annum with a maturity of 10 years. The capital amount is repayable in five annual instalments, equal to 20% of the capital, commencing during 2016.

External Credit Agencies

1. We have used Fitch ratings to assign credit assessments to exposures to Banks as well as other exposures guaranteed by banks
2. Only Bank exposures have been given credit assessment ratings
3. The below table shows the risk-weights associated with the different types of ratings:

Fitch Ratings						
	AAA to AA-	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**Below B-**	**Unrated**
Banks(Short term)	20%	20%	20%	50%	150%	20%
Banks(Other)	20%	50%	50%	100%	150%	50%

Short-term claims are claims with an original maturity of 3 months or less, excluding claims, which are renewed or rolled, resulting in effective maturities of more than 3 months.

Below are the outstanding amounts in respect of rated exposures as at the 31 March 2011

	Gross Exposure	**Risk Weighted Exposure**
AA	511	102
A	9,810	1,962
BBB	922	184

Counterparty Credit Risk

The bank is exposed to counterparty credit risk in so far as Forward Exchange Contracts are concerned.

1. We have adopted the current exposure method to assign capital in respect of exposures to counterparty risk
2. The gross positive fair value of derivative assets as at the end of March 2011 was R 704 thousand.

3. There were neither netting agreements nor collateral arrangements in place at the end of March 2011.
4. For every forward exchange contract sale made by the bank, there is an equivalent purchase and as such the bank is adequately hedged against counterparty credit risk.
5. The gross positive fair value of derivative liabilities as at the end of March 2011 was R 651 thousand.

Interest Rate Risk

Exposure to interest rate risk is measured on a monthly basis using the regulatory sensitivity analysis of a 200 basis point shift in expected rates.

Assumptions relating to behaviour of assets and liabilities:

1. All our Loans and Advances are variable rate items
2. Treasury Bills are the only fixed rate assets on our book
3. Fixed deposits and Negotiable Certificates of Deposit are the only fixed rate liabilities which account for 13.5% of the deposit book.

Below are the resultant effects on Net Interest Income (NII) and Economic value of Equity (EVE) of a 200 basis points shift in expected rates

	Cumulative change in NII over 12 months	**Percentage change in EVE**
Interest Rate Increase	4,422	1.96%
Interest Rate Decrease	-4,422	-1.96%

Credit Risk

The bank defines a loan as past due but not impaired when the loan is more than 31 days in arrears but no specific provision has been raised on the loan. Advances that are not subject to repayments e.g. overdrafts are considered to be in default when limit arrangements have been breached.

Loans and advances in default are impaired when, following an individual assessment, the bank has raised a specific provision for loss after taking account of the collateral held.

1. No netting arrangements are in place.
2. The bank makes wide use of collateral to mitigate credit risk. Fair value of collateral is determined with reference to the realisable value of security under forced sale conditions. The main types of collateral and the value placed thereon are as follows:
   - Cession of debtors at 30% of book falling within the current to 90 day categories depended on debtor quality and spread. Increased reliance is considered where the book is insured and the insurance policy is ceded to the bank.

- Value is placed on quoted shares normally at 50% of Market value but this is also dependent on the quality of the shares being pledged
- Cession of life and endowment policies at 70% of surrender value
- Pledge of call and savings accounts, fixed and notice deposits at 90% – 100%
- Bonds over vacant land at 50% of professional valuation
- Bonds over residential properties at 80% of professional valuation
- Bonds over commercial properties at 70% of professional valuation
- Bonds over industrial properties at 60% of professional valuation
- Values on motor vehicles, trucks and other equipment are dependent on the asset type and depreciated value.
- Collateral is values daily, monthly and at the very least annually dependant on its volatility.

3. Guarantees are generally requested from business owners given the Market the bank operates in. Guarantees are also generally secured from asset owning entities within a group. Credit worthiness of guarantors is established at the time of granting the facilities and reviewed at least annually.
4. Due to a high concentration to large borrowers the bank is exposed in terms of some of the collateral provided by these borrowers.
5. The bank operates within counterparty limits that have been approved by its parent company National Bank of Greece and exposures are reported to the parent on a quarterly basis.