

FirstRand Bank Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1929/001225/06)
JSE company code interest rate issuer: FRII
JSE company code debt issuer: FRD
JSE company code ETF issuer: FRLE
(FRB or the bank)

IFRS 9 TRANSITION IMPACT AT 1 JULY

From 1 July 2018, FRB adopted two new financial reporting standards. The first standard, IFRS 9, replaces IAS 39 on the recognition and measurement of financial instruments. It has fundamentally changed the way FRB accounts for financial assets and liabilities, such as advances to customers. These fundamental changes in FRB's accounting framework relating to financial instruments, and impairment methodology in particular, came into effect from the beginning of the 2018/19 financial year. The second standard is IFRS 15, which impacts how revenue is recognised.

The bank's interim results for the six months to December 2018 and subsequent results will be prepared according to this new accounting framework. Given the changes, the bank is publishing an IFRS 9 financial instruments transition report to explain the differences between IFRS 9 and IAS 39, and how the adoption of IFRS 9 changes key financial metrics. It is important to note that these are accounting changes, and the economic performance remains the same. The adoption of IFRS 9 does not change the credit quality of the various financial instruments, but results in the earlier recognition of credit losses by the bank. IFRS 15 had no impact on the bank's capital and reserves.

Security holders are advised that FRB's IFRS 9 financial instruments transition report is now available on the group's website:

<https://www.firstrand.co.za/InvestorCentre/Pages/ifrs9transition.aspx>

21 November 2018

Debt Sponsor
RAND MERCHANT BANK (a division of FirstRand Bank Limited)