

**Mercantile Bank Holdings Limited**

("the Group")

**UNAUDITED QUARTERLY DISCLOSURE IN TERMS OF REGULATION 43 RELATING TO BANKS, ISSUED UNDER SECTION 90 OF THE BANKS ACT, NO. 94 OF 1990, AS AMENDED ("REGULATION 43")****Capital adequacy**

In terms of Regulation 43, the Group is required to disclose quantitative information on its capital adequacy ratios on a quarterly basis. The consolidated capital position of the Group and the capital position of Mercantile Bank Limited ("Bank"), as at 30 September 2014, are set out below.

	<b>Group</b>	<b>Bank</b>
	<b>R'000</b>	<b>R'000</b>
<b>Tier 1 capital</b>	<b>1 692 049</b>	<b>1 706 207</b>
<b>Total regulatory capital</b>	<b>1 703 998</b>	<b>1 717 417</b>
<b>Tier 1 capital adequacy ratio (%)</b>	<b>18.9</b>	<b>22.3</b>
<b>Total capital adequacy ratio (%)</b>	<b>19.0</b>	<b>22.4</b>
<b>Total capital requirement (@ 10.0%)</b>	<b>897 448</b>	<b>765 822</b>

Components of capital:**Tier 1**

Ordinary share capital and share premium	1 207 270	1 483 300
Appropriated retained earnings	518 945	311 191
Unrealised gains and losses on available for sale items	4 203	47 414
Actuarial reserve	(6 187)	(6 187)
Property revaluation reserve	101 420	69
Other reserves	11 266	12 231
Minority interest recognised in common equity tier 1 capital and reserve funds	(3 057)	-
	<b>1 833 860</b>	<b>1 848 018</b>
Less: Deductions	(141 811)	(141 811)
	<b>1 692 049</b>	<b>1 706 207</b>

**Tier 2**

General allowance for credit impairment, after deferred tax: standardised approach	<b>11 949</b>	<b>11 210</b>
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The Bank does not have a countercyclical buffer requirement as it has not been imposed by the Bank Supervision Department of the South African Reserve Bank and will only be phased in from 1 January 2016.

Johannesburg

20 November 2014