

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") at 31 March 2013 are set out below.

	Group	Bank
	R'000	R'000
Tier 1 capital	1,472,369	1,485,524
Total regulatory capital	1,482,001	1,495,156
Tier 1 capital adequacy ratio (%)	22.7	23.4
Total capital adequacy ratio (%)	22.9	23.5
Total capital requirement (@ 9.5%)	615,502	603,709

Components of capital:**Tier 1**

Ordinary share capital and share premium	1,207,270	1,483,299
Appropriated retained earnings	367,284	159,098
Unrealised gains and losses on available for sale items	3,484	24,636
Property revaluation reserve	76,874	69
Other reserves	11,266	12,231
Minority interest recognised in common equity tier 1 capital and reserve funds	(244)	(244)
	1,665,934	1,679,089
Less: Deductions	(193,565)	(193,565)
	1,472,369	1,485,524

Tier 2

General allowance for credit impairment, after deferred tax: standardised approach	9,632	9,632
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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

27 May 2013