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.

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<tr>
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<th>Group</th>
<th>Bank</th>
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<tbody>
<tr>
<td></td>
<td>R'000</td>
<td>R'000</td>
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<tr>
<td><strong>Tier 1 capital</strong></td>
<td>1,472,369</td>
<td>1,485,524</td>
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<tr>
<td><strong>Total regulatory capital</strong></td>
<td>1,482,001</td>
<td>1,495,156</td>
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<tr>
<td><strong>Tier 1 capital adequacy ratio (%)</strong></td>
<td>22.7</td>
<td>23.4</td>
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<td><strong>Total capital adequacy ratio (%)</strong></td>
<td>22.9</td>
<td>23.5</td>
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<tr>
<td><strong>Total capital requirement (@ 9.5%)</strong></td>
<td>615,502</td>
<td>603,709</td>
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</table>

**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

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