

**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 31 March 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>1 622 489</b>	<b>1 646 710</b>
<b>Total regulatory capital</b>	<b>1 632 492</b>	<b>1 656 139</b>
<b>Tier 1 capital adequacy ratio (%)</b>	<b>18.6</b>	<b>21.9</b>
<b>Total capital adequacy ratio (%)</b>	<b>18.7</b>	<b>22.1</b>
<b>Total capital requirement (@ 10.0%)</b>	<b>870 769</b>	<b>750 619</b>

Components of capital:**Tier 1**

Ordinary share capital and share premium	1 207 270	1 483 300
Appropriated retained earnings	456 412	249 059
Unrealised gains and losses on available for sale items	(238)	50 964
Actuarial reserve	(6 187)	(6 187)
Property revaluation reserve	99 364	69
Other reserves	11 266	12 231
Minority interest recognised in common equity tier 1 capital and reserve funds	(2 672)	-
	<b>1 765 215</b>	<b>1 789 436</b>
Less: Deductions	(142 726)	(142 726)
	<b>1 622 489</b>	<b>1 646 710</b>

**Tier 2**

General allowance for credit impairment, after deferred tax: standardised approach	<b>10 003</b>	<b>9 429</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

30 May 2014