

**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 2015, are set out below.

	<b>Group</b>	<b>Bank</b>
	<b>R'000</b>	<b>R'000</b>
<b>Tier 1 capital</b>	<b>1 767 166</b>	<b>1 782 874</b>
<b>Total regulatory capital</b>	<b>1 781 623</b>	<b>1 796 834</b>
<b>Tier 1 capital adequacy ratio (%)</b>	<b>22.2</b>	<b>22.9</b>
<b>Total capital adequacy ratio (%)</b>	<b>22.4</b>	<b>23.0</b>
<b>Total capital requirement (@ 10.0%)</b>	<b>797 098</b>	<b>779 995</b>

Components of capital:**Tier 1**

Ordinary share capital and share premium	1 207 270	1 483 300
Appropriated retained earnings	584 284	378 765
Unrealised gains and losses on available for sale items	3 989	56 642
Actuarial reserve	(7 454)	(7 454)
Property revaluation reserve	110 146	69
Other reserves	11 266	12 231
Minority interest recognised in common equity tier 1 capital and reserve funds	(1 656)	-
	<b>1 907 845</b>	<b>1 923 553</b>
Less: Deductions	(140 679)	(140 679)
	<b>1 767 166</b>	<b>1 782 874</b>

**Tier 2**

General allowance for credit impairment after deferred tax: standardised approach	<b>14 457</b>	<b>13 960</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.

## Liquidity disclosures

In terms of Regulation 43(1)(e)(iii)(F), the Liquidity Coverage Ratio ("LCR") positions of the Group and of the Bank, as at 31 March 2015, are set out below.

	<b>Group</b>	<b>Bank</b>
	<b>R'000</b>	<b>R'000</b>
<b>High Quality Liquid Assets (HQLA)</b>	<b>707 120</b>	<b>707 120</b>
<b>Net cash outflows</b>	<b>417 375</b>	<b>417 375</b>
<b>Required LCR (%)</b>	<b>60.0</b>	<b>60.0</b>
<b>Actual LCR (%)</b>	<b>169.4</b>	<b>169.4</b>

Johannesburg

29 May 2015