

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 2015, are set out below.

	Group	Bank
	R'000	R'000
Tier 1 capital	1 757 524	1 781 336
Total regulatory capital	1 777 396	1 800 862
Tier 1 capital adequacy ratio (%)	21.4	22.3
Total capital adequacy ratio (%)	21.6	22.5
Total capital requirement (@ 10.0%)	821 046	799 367
<u>Components of capital:</u>		
Tier 1		
Ordinary share capital and share premium	1 207 270	1 483 300
Appropriated retained earnings	595 230	390 999
Unrealised gains and losses on available for sale items	1 763	60868
Actuarial reserve	(7 454)	(7 454)
Property revaluation reserve	108 552	69
Minority interest recognised in common equity tier 1 capital and reserve funds	(1 391)	-
	1 903 970	1 927 782
Less: Deductions	(146 446)	(146 446)
	1 757 524	1 781 336
Tier 2		
General allowance for credit impairment after deferred tax: standardised approach	19 872	19 526

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 30 September 2015, are set out below.

	Group	Bank
	R'000	R'000
High Quality Liquid Assets (HQLA)	851 321	851 321
Net cash outflows	281 618	281 618
Required LCR (%)	60.0	60.0
Actual LCR (%)	302.3	302.3

Johannesburg

18 November 2015