

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 2016, are set out below.

	Group	Bank
	R'000	R'000
Tier 1 capital	1 824 257	1 843 666
Total regulatory capital	1 851 057	1 870 153
Tier 1 capital adequacy ratio (%)	19.8	20.5
Total capital adequacy ratio (%)	20.1	20.8
Total capital requirement prior to buffer (@ 9.75%)	897 644	875 853
Add-on countercyclical buffer (0.0%)	-	-
Add-on capital conservation buffer (0.625%)	57 542	56 145
Total capital requirement ratio (@ 10.375%)	955 186	931 998

Components of capital:**Tier 1**

Ordinary share capital and share premium	1 207 270	1 483 300
Appropriated retained earnings	657 238	448 592
Unrealised gains and losses on available for sale items	3 984	67 450
Actuarial reserve	(8 355)	(8 355)
Property revaluation reserve	112 480	-
Minority interest recognised in common equity tier 1 capital and reserve funds	(788)	-
	1 971 829	1 990 987
Less: Deductions	(147 572)	(147 321)
	1 824 257	1 843 666

Tier 2

General allowance for credit impairment after deferred tax: standardised approach	26 800	26 487
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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 2016, are set out below.

	Group	Bank
	R'000	R'000
High Quality Liquid Assets (HQLA)	649 733	649 733
Net cash outflows	343 463	343 463
Required LCR (%)	70.0	70.0
Actual LCR (%)	189	189

Johannesburg

25 May 2016