

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 2013, are set out below.

	Group	Bank
	R'000	R'000
Tier 1 capital	1 489 133	1 502 411
Total regulatory capital	1 497 303	1 510 138
Tier 1 capital adequacy ratio (%)	21.8	21.2
Total capital adequacy ratio (%)	21.9	21.3
Total capital requirement (@ 9.5%)	649 430	672 787

Components of capital:

Tier 1

Ordinary share capital and share premium	1 207 270	1 483 299
Appropriated retained earnings	386 899	178 755
Unrealised gains and losses on available for sale items	3 019	23 381
Property revaluation reserve	76 874	69
Other reserves	11 266	12 231
Minority interest recognised in common equity tier 1 capital and reserve funds	(871)	-
	1 684 457	1 697 735
Less: Deductions	(195 324)	(195 324)
	1 489 133	1 502 411

Tier 2

General allowance for credit impairment, after deferred tax: standardised approach	8 170	7 727
--	--------------	--------------

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

20 November 2013