

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

---

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (date of earliest event reported): January 21, 2025

---

**Mercantile Bank Corporation**  
(Exact name of registrant as specified in its charter)

**Michigan**  
(State or other jurisdiction  
of incorporation)

**000-26719**  
(Commission File  
Number)

**38-3360865**  
(IRS Employer  
Identification Number)

**310 Leonard Street NW, Grand Rapids, Michigan**  
(Address of principal executive offices)

**49504**  
(Zip Code)

Registrant's telephone number, including area code

**616-406-3000**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	MBWM	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

---

**Item 2.02 Results of Operations and Financial Condition.**

***Earnings Release***

On January 21, 2025, Mercantile Bank Corporation (the “Company”) issued a press release announcing earnings and other financial results for the quarter and year ended December 31, 2024. A copy of the press release is furnished as Exhibit 99.1 to this report and incorporated here by reference.

**Item 7.01 Regulation FD Disclosure.**

The Company has prepared presentation materials (the “Conference Call & Webcast Presentation”) that management intends to use during its previously announced Fourth Quarter 2024 conference call on Tuesday, January 21, 2025 at 10:00 am Eastern Time, and from time to time thereafter in presentations about the Company’s operations and performance. The Company may use the Conference Call & Webcast Presentation, possibly with modifications, in presentations to current and potential investors, analysts, lenders, business partners, acquisition candidates, customers, employees and others with an interest in the Company and its business.

A copy of the Conference Call & Webcast Presentation is furnished as Exhibit 99.2 to this report and incorporated here by reference. The Conference Call & Webcast Presentation is also available on the Company's website at <http://ir.mercbank.com>. Materials on the Company’s website are not part of or incorporated by reference into this report.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibits 99.1 and 99.2, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.**

**(d) Exhibits.**

<u>Exhibit Number</u>	<u>Description</u>
99.1	<a href="#">Press release of Mercantile Bank Corporation dated January 21, 2025, reporting financial results and earnings for the quarter and year ended December 31, 2024.</a>
99.2	<a href="#">Mercantile Bank Corporation Conference Call &amp; Webcast Presentation dated January 21, 2025.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

**Signatures**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Mercantile Bank Corporation

By: /s/ Charles E. Christmas

Charles E. Christmas

Executive Vice President, Chief

Financial Officer and Treasurer

Date: January 21, 2025

## Exhibit Index

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release of Mercantile Bank Corporation dated January 21, 2025, reporting financial results and earnings for the quarter and year ended December 31, 2024.
99.2	Mercantile Bank Corporation Conference Call & Webcast Presentation dated January 21, 2025.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)



## Mercantile Bank Corporation Announces Robust Fourth Quarter and Full-Year 2024 Results

*Strong commercial loan and local deposit growth, notable increase in noninterest income, and ongoing strength in asset quality metrics highlight the year*

**GRAND RAPIDS, Mich., January 21, 2025** – Mercantile Bank Corporation (NASDAQ: MBWM) ("Mercantile") reported net income of \$19.6 million, or \$1.22 per diluted share, for the fourth quarter of 2024, compared with net income of \$20.0 million, or \$1.25 per diluted share, for the respective prior-year period. For the full-year 2024, Mercantile reported net income of \$79.6 million, or \$4.93 per diluted share, compared with net income of \$82.2 million, or \$5.13 per diluted share, for the full-year 2023.

“We are very pleased to report another year of solid financial results,” said Ray Reitsma, President and Chief Executive Officer of Mercantile. “Our strong operating performance was fueled by robust commercial loan and local deposit growth, ongoing strength in asset quality metrics, a healthy net interest margin, and a significant increase in noninterest income. As evidenced by the noteworthy increases in commercial loans and local deposits, our team members remain committed to meeting the needs of existing clients and attracting new customers while building mutually beneficial relationships. During 2024, we successfully executed several strategic initiatives, including lowering our loan-to-deposit ratio and increasing our on-balance sheet liquidity. We believe our strong overall financial standing and commercial loan funding opportunities position us to effectively meet challenges arising from changing operating environments.”

Full-year highlights include:

- Significant reduction in the loan-to-deposit ratio
- Strong local deposit growth
- Noteworthy commercial loan portfolio expansion
- Sustained strength in commercial loan pipeline
- Notable increases in mortgage banking and treasury management income
- Ongoing low levels of nonperforming assets, past due loans, and loan charge-offs
- Announced an increased first quarter 2025 regular cash dividend
- Contributed \$1.7 million to The Mercantile Bank Foundation

### Operating Results

Net revenue, consisting of net interest income and noninterest income, was \$58.5 million during the fourth quarter of 2024, up \$1.6 million, or 2.8 percent, from \$56.9 million during the prior-year fourth quarter. Net interest income during the fourth quarter of 2024 was \$48.4 million, down \$0.3 million, or 0.6 percent, from \$48.7 million during the respective 2023 period as growth in earning assets was more than offset by a lower net interest margin. Noninterest income totaled \$10.2 million during the fourth quarter of 2024, up \$1.9 million, or 22.6 percent, from \$8.3 million during the fourth quarter of 2023. The increase in noninterest income primarily reflected higher levels of mortgage banking income, treasury management fees, bank owned life insurance income, and payroll service fees.

---

The net interest margin was 3.41 percent in the fourth quarter of 2024, down from 3.92 percent in the prior-year fourth quarter. The yield on average earning assets was 5.81 percent during the current-year fourth quarter, a decrease from 5.95 percent during the respective 2023 period. The lower yield primarily resulted from a decreased yield on loans and a change in earning asset mix. The yield on loans was 6.41 percent during the fourth quarter of 2024, down from 6.53 percent during the fourth quarter of 2023 mainly due to lower interest rates on variable-rate commercial loans resulting from the Federal Open Market Committee (“FOMC”) lowering the targeted federal funds rate. The FOMC decreased the targeted federal funds rate by 50 basis points in September of 2024 and 25 basis points in each of November and December of 2024, during which time average variable-rate commercial loans represented approximately 73 percent of average total commercial loans. Reflecting the success of a strategic initiative to increase on-balance sheet liquidity, higher-yielding loans represented a reduced percentage of earning assets and lower-yielding securities and interest-earning deposits accounted for an increased percentage of earning assets in the fourth quarter of 2024 compared to the fourth quarter of 2023.

The cost of funds was 2.40 percent in the fourth quarter of 2024, up from 2.03 percent in the fourth quarter of 2023 primarily due to higher costs of deposits and borrowed funds, reflecting the impact of the rising interest rate environment stemming from the FOMC’s actions to curb elevated inflation levels. A change in funding mix, mainly comprising of a decline in average noninterest-bearing and lower-cost deposits and an increase in average higher-cost money market accounts and time deposits, also contributed to the higher cost of funds. The growth in money market accounts and time deposits reflected new deposit relationships, increases in existing deposit relationships, and deposit migration.

Net revenue was \$231 million during 2024, up \$5.8 million, or 2.6 percent, from \$226 million during 2023. Net interest income during 2024 was \$191 million, down \$2.5 million, or 1.3 percent, from \$194 million during 2023 as growth in earning assets, most notably in loans, and a higher yield on earning assets was more than offset by an increased cost of funds. Noninterest income totaled \$40.4 million during 2024, up \$8.2 million, or 25.7 percent, from \$32.2 million during 2023. The increase in noninterest income primarily reflected higher levels of mortgage banking income, treasury management fees, bank owned life insurance income, and payroll service fees.

The net interest margin was 3.58 percent in 2024, down from 4.05 percent in 2023. The yield on average earning assets was 6.02 percent during 2024, an increase from 5.68 percent during the prior year. The higher yield on average earning assets mainly resulted from an increased yield on loans. The yield on loans was 6.61 percent during 2024, up from 6.25 percent during 2023 primarily due to higher interest rates on variable-rate commercial loans stemming from the FOMC raising the targeted federal funds rate in an effort to reduce elevated inflation levels and a significant level of commercial loans being originated over the past 24 months in the higher interest rate environment. The FOMC increased the targeted federal funds rate by 100 basis points during the period of February 2023 through July 2023, during which time average variable-rate commercial loans represented approximately 65 percent of average total commercial loans. The positive impact of the rate hikes was partially mitigated by the FOMC’s lowering of the targeted federal funds rate by 100 basis points during the last four months of 2024.

The cost of funds was 2.44 percent in 2024, up from 1.63 percent in 2023 primarily due to higher costs of deposits and borrowed funds, reflecting the impact of the rising interest rate environment. A change in funding mix, mainly consisting of a decrease in average noninterest-bearing and lower-cost deposits and an increase in average higher-cost money market accounts and time deposits, also contributed to the higher cost of funds. The increases in money market accounts and time deposits stemmed from new deposit relationships, growth in existing deposit relationships, and deposit migration.

Mercantile recorded provisions for credit losses of \$1.5 million and \$1.8 million during the fourth quarters of 2024 and 2023, respectively. During all of 2024 and 2023, Mercantile recorded provisions for credit losses of \$7.4 million and \$7.7 million, respectively. The provision expense recorded during the current-year fourth quarter primarily reflected an increased allocation from slower prepayment speeds on residential mortgage loans, allocations necessitated by net loan growth, and environmental factor allocations, which were partially offset by a reduction in the calculated allowance resulting from the sale of residential mortgage loans previously held for investment and an improved economic forecast. The provision expense recorded during 2024 mainly reflected allocations necessitated by net loan growth, individual allocations made for two deteriorated commercial loan relationships, changes in qualitative factors, and an increased allocation stemming from slower prepayments speeds on residential mortgage loans, which were partially offset by lower loan loss rates. The provision expense recorded during the 2023 periods primarily reflected allocations necessitated by net loan growth, slower residential mortgage loan prepayment rates and the associated extended average life of the portfolio, and changes in environmental factors reflecting heightened inherent risk in the commercial construction loan portfolio.

---

Noninterest income totaled \$10.2 million during the fourth quarter of 2024, up \$1.9 million, or 22.6 percent, from \$8.3 million during the respective 2023 period. Noninterest income during 2024 was \$40.4 million, up \$8.2 million, or 25.7 percent, from \$32.2 million during 2023. The increases mainly reflected growth in mortgage banking income, treasury management fees, bank owned life insurance income, and payroll service fees. Revenue generated from an investment in a private equity fund also contributed to the increased level of noninterest income during 2024. The higher levels of mortgage banking income primarily resulted from increases in the percentage of loans originated with the intent to sell, which equaled approximately 83 percent and 78 percent during the current-year fourth quarter and full-year 2024, respectively, compared to approximately 67 percent and 53 percent during the respective 2023 periods, and total loan originations, which were up approximately 37 percent and 25 percent during the fourth quarter of 2024 and all of 2024, respectively, compared to the corresponding 2023 periods. Noninterest income during 2024 included bank owned life insurance claims totaling \$0.7 million.

Noninterest expense totaled \$33.8 million during the fourth quarter of 2024, compared to \$29.9 million during the prior-year fourth quarter. Noninterest expense totaled \$126 million during 2024, compared to \$115 million during 2023. The increases during the 2024 periods mainly resulted from larger salary and benefit costs, reflecting annual merit pay increases, market adjustments, higher residential mortgage lender commissions and incentives, lower residential mortgage loan deferred salary costs, increased bonus accruals, higher payroll taxes, and increased health insurance claims. Higher levels of data processing costs, primarily reflecting increased transaction volume and software support costs, also contributed to the rises in noninterest expense during both 2024 periods. Reduced credit reserves for unfunded loan commitments and interest rate swap collateral holding costs during the fourth quarter of 2024 and full-year 2024 compared to the respective 2023 periods partially mitigated the increases in overhead costs noted above. Noninterest expense during 2024 and 2023 included contributions to The Mercantile Bank Foundation totaling \$1.7 million and \$0.7 million, respectively, while overhead costs during 2023 included a \$0.4 million write-down of a former branch facility.

Mr. Reitsma commented, “The significant growth in mortgage banking income during the 2024 periods mainly reflected the successful execution of a strategic initiative to increase the percentage of loans originated with the intent to sell and notable growth in loan production. We are pleased with the increases in treasury management fees and payroll services income, which primarily resulted from customers’ expanded use of products and services. Our net interest margin, although falling as anticipated due to higher costs of deposits and borrowings, a change in funding mix, and a change in earning asset mix reflecting our success in lowering the loan-to-deposit ratio and increasing on-balance sheet liquidity, remained healthy during 2024. Growth in earning assets largely offset the negative impact of the reduced net interest margin, providing for only a slight decline in net interest income. Overhead cost constraint remains an important priority, and we will continue our efforts to enhance operating efficiency while expanding the balance sheet and continuing to provide our customers with extraordinary service and a wide selection of market-leading products and services to meet their needs.”

## **Balance Sheet**

As of December 31, 2024, total assets were \$6.05 billion, up \$699 million from December 31, 2023. Total loans increased \$297 million, or 6.9 percent, during 2024, mainly reflecting growth in commercial loans of \$292 million. Commercial loans, which grew 8.5 percent during 2024, increased despite the full payoffs and partial paydowns of certain larger relationships, which aggregated approximately \$88 million and \$194 million during the fourth quarter and all of 2024, respectively. The payoffs and paydowns primarily stemmed from customers using excess cash flows generated within their operations to make line of credit and unscheduled term loan principal paydowns, as well as from sales of assets. Other consumer loans were up \$14.8 million, and residential mortgage loans declined \$9.8 million during 2024. Interest-earning deposits and securities available for sale grew \$276 million and \$113 million, respectively, during 2024, with the increases in large part reflecting the success of a strategic initiative to grow the local deposit base.

As of December 31, 2024, unfunded commitments on commercial construction and development loans, which are expected to be funded over the next 12 to 18 months, and residential construction loans, which are expected to be largely funded over the next 12 months, totaled \$245 million and \$30 million, respectively.

---

Mr. Reitsma noted, “The solid growth in commercial loans during 2024, which occurred despite elevated levels of partial paydowns and payoffs, stemmed from a mixture of expanded existing client relationships and acquired new customer relationships. The growth in commercial loans, local deposits, treasury management fees, and payroll services income reflects our sales team’s success in further developing current client relationships and securing the complete banking relationships of new customers. We believe commercial loan originations will be robust in future periods based on the strength of our current pipeline and the level of credit availability on construction and development loans. Growing the local deposit base will continue to be a key area of focus as we continue our efforts to reduce our loan-to-deposit ratio and limit the use of wholesale funds as a funding source for projected loan growth.”

Commercial and industrial loans and owner-occupied commercial real estate loans together represented approximately 55 percent of total commercial loans as of December 31, 2024, a level that has remained relatively consistent with prior periods and in line with our expectations.

Total deposits as of December 31, 2024, were \$4.70 billion, up \$797 million, or 20.4 percent, from December 31, 2023. Local deposits increased \$816 million during 2024, while brokered deposits decreased \$18.7 million. The growth in local deposits during 2024 provided for a reduction in the loan-to-deposit ratio from 110 percent as of December 31, 2023, to 98 percent as of year-end 2024. The increase in local deposits during 2024, which occurred in spite of the usual level of seasonal noninterest-bearing deposit withdrawals by customers to make bonus and tax payments and partnership distributions, reflected a combination of growth in existing deposit relationships and new deposit relationships. Wholesale funds were \$537 million, or approximately 10 percent of total funds, at December 31, 2024, compared to \$636 million, or approximately 14 percent of total funds, at December 31, 2023. Noninterest-bearing checking accounts represented approximately 27 percent of total deposits as of December 31, 2024.

### **Asset Quality**

Nonperforming assets totaled \$5.7 million, or less than 0.1 percent of total assets, at December 31, 2024, compared to \$9.9 million, or 0.2 percent of total assets, at September 30, 2024, and \$3.6 million, or less than 0.1 percent of total assets, at December 31, 2023. The level of past due loans remains nominal. During the fourth quarter of 2024, loan charge-offs totaled \$3.8 million while recoveries of prior period loan charge-offs equaled \$0.2 million, providing for net loan charge-offs of \$3.6 million, or an annualized 0.3 percent of average total loans. During the full-year 2024, loan charge-offs totaled \$3.8 million while recoveries of prior period loan charge-offs equaled \$0.9 million, providing for net loan charge-offs of \$2.9 million, or less than 0.1 percent of average total loans. Loan charge-offs during the fourth quarter of 2024 and full-year 2024 almost entirely consisted of a charge-off related to a deteriorated commercial loan relationship that was placed on nonaccrual and fully reserved for during the second quarter of 2024.

Mr. Reitsma remarked, “Our asset quality metrics remained strong during 2024, reflecting our steadfast commitment to underwriting loans in a sound and disciplined manner, along with our commercial borrowers’ demonstrated abilities to effectively operate during periods of shifting economic and operating conditions. Nonperforming assets, past due loans, and loan charge-offs remain at low levels. We believe our robust loan review program and intense focus on the early identification and reporting of deteriorating commercial loan relationships will allow us to detect any emerging credit issues and constrain the impact of such on our overall financial condition. As reflected by ongoing low delinquency and charge-off levels, our residential mortgage and consumer loan portfolios continue to perform well.”

---

## Capital Position

Shareholders' equity totaled \$585 million as of December 31, 2024, up \$62.4 million from December 31, 2023. Mercantile Bank maintained "well-capitalized" positions at the end of both 2024 and 2023, with total risk-based capital ratios of 13.9 percent and 13.4 percent, respectively. As of December 31, 2024, Mercantile Bank had approximately \$214 million in excess of the 10 percent minimum regulatory threshold required to be categorized as a "well-capitalized" institution.

All of Mercantile Bank's investments are categorized as available-for-sale. As of December 31, 2024, the net unrealized loss on these investments totaled \$63.1 million, resulting in an after-tax reduction to equity capital of \$49.8 million. As of December 31, 2023, the net unrealized loss on these investments totaled \$63.9 million, resulting in an after-tax reduction to equity capital of \$50.5 million. Although unrealized gains and losses on investments are excluded from regulatory capital ratio calculations, Mercantile Bank's excess capital over the minimum regulatory requirement to be considered a "well-capitalized" institution would approximate \$166 million on an adjusted basis as of December 31, 2024.

Mercantile reported 16,146,374 total shares outstanding at December 31, 2024.

Mr. Reitsma concluded, "As demonstrated by our Board of Directors' declaration of an increased first quarter 2025 regular cash dividend, we remain committed to building shareholder value through meaningful cash returns while providing support for ongoing loan growth. Our robust capital position and operating results, combined with expected commercial loan portfolio expansion, should enable us to effectively address any issues resulting from changing economic environments. As evidenced by the notable increases in commercial loans and local deposits during 2024, our community banking philosophy and associated focus on fostering mutually beneficial relationships have been successful in maintaining existing customer relationships and acquiring new customer relationships."

---

## **Investor Presentation**

Mercantile has prepared presentation materials that management intends to use during its previously announced fourth quarter 2024 conference call on Tuesday, January 21, 2025, at 10:00 a.m. Eastern Time, and from time to time thereafter in presentations about the company's operations and performance. These materials, which are available for viewing in the Investor Relations section of Mercantile's website at [www.mercbank.com](http://www.mercbank.com), have been furnished to the U.S. Securities and Exchange Commission concurrently with this press release.

## **About Mercantile Bank Corporation**

Based in Grand Rapids, Michigan, Mercantile Bank Corporation is the bank holding company for Mercantile Bank. Mercantile provides financial products and services in a professional and personalized manner designed to make banking easier for businesses, individuals, and governmental units. Distinguished by exceptional service, knowledgeable staff, and a commitment to the communities it serves, Mercantile is one of the largest Michigan-based banks with assets of approximately \$6.0 billion. Mercantile Bank Corporation's common stock is listed on the NASDAQ Global Select Market under the symbol "MBWM." For more information about Mercantile, visit [www.mercbank.com](http://www.mercbank.com), and follow us on Facebook, Instagram, X (formerly Twitter) @MercBank, and LinkedIn @merc-bank.

## **Forward-Looking Statements**

This news release contains statements or information that may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "goal," "seek," "believe," "project," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will," and similar references to future periods. Any such statements are based on current expectations that involve a number of risks and uncertainties. Actual results may differ materially from the results expressed in forward-looking statements. Factors that might cause such a difference include changes in interest rates and interest rate relationships; increasing rates of inflation and slower growth rates or recession; significant declines in the value of commercial real estate; market volatility; demand for products and services; climate impacts; labor markets; the degree of competition by traditional and nontraditional financial services companies; changes in banking regulation or actions by bank regulators; changes in tax laws and other laws and regulations applicable to us; changes in prices, levies, and assessments; the impact of technological advances; potential cyber-attacks, information security breaches and other criminal activities; litigation liabilities; governmental and regulatory policy changes; the outcomes of existing or future contingencies; trends in customer behavior as well as their ability to repay loans; changes in local real estate values; damage to our reputation resulting from adverse publicity, regulatory actions, litigation, operational failures, and the failure to meet client expectations and other facts; the transition from LIBOR to SOFR; changes in the national and local economies; unstable political and economic environments; disease outbreaks, such as the COVID-19 pandemic or similar public health threats, and measures implemented to combat them; and other factors, including those expressed as risk factors, disclosed from time to time in filings made by Mercantile with the Securities and Exchange Commission. Mercantile undertakes no obligation to update or clarify forward-looking statements, whether as a result of new information, future events or otherwise. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein.

## **FOR FURTHER INFORMATION:**

Ray Reitsma  
President and CEO  
616-233-2349  
[rreitsma@mercbank.com](mailto:rreitsma@mercbank.com)

Charles Christmas  
Executive Vice President and CFO  
616-726-1202  
[cchristmas@mercbank.com](mailto:cchristmas@mercbank.com)

---

MERCANTILE BANK CORPORATION  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)

(dollars in thousands)

	DECEMBER 31, 2024	DECEMBER 31, 2023	DECEMBER 31, 2022
<b>ASSETS</b>			
Cash and due from banks	\$ 56,991	\$ 70,408	\$ 61,894
Interest-earning deposits	336,019	60,125	34,878
Total cash and cash equivalents	393,010	130,533	96,772
Securities available for sale	730,352	617,092	602,936
Federal Home Loan Bank stock	21,513	21,513	17,721
Mortgage loans held for sale	15,824	18,607	3,565
Loans	4,600,781	4,303,758	3,916,619
Allowance for credit losses	(54,454)	(49,914)	(42,246)
Loans, net	4,546,327	4,253,844	3,874,373
Premises and equipment, net	53,427	50,928	51,476
Bank owned life insurance	93,839	85,668	80,727
Goodwill	49,473	49,473	49,473
Other assets	148,396	125,566	95,576
<b>Total assets</b>	<b>\$ 6,052,161</b>	<b>\$ 5,353,224</b>	<b>\$ 4,872,619</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Deposits:			
Noninterest-bearing	\$ 1,264,523	\$ 1,247,640	\$ 1,604,750
Interest-bearing	3,433,843	2,653,278	2,108,061
Total deposits	4,698,366	3,900,918	3,712,811
Securities sold under agreements to repurchase	121,521	229,734	194,340
Federal Home Loan Bank advances	387,083	467,910	308,263
Subordinated debentures	50,330	49,644	48,958
Subordinated notes	89,314	88,971	88,628
Accrued interest and other liabilities	121,021	93,902	78,211
Total liabilities	5,467,635	4,831,079	4,431,211
<b>SHAREHOLDERS' EQUITY</b>			
Common stock	299,705	295,106	290,436
Retained earnings	334,646	277,526	216,313
Accumulated other comprehensive income/(loss)	(49,825)	(50,487)	(65,341)
Total shareholders' equity	584,526	522,145	441,408
<b>Total liabilities and shareholders' equity</b>	<b>\$ 6,052,161</b>	<b>\$ 5,353,224</b>	<b>\$ 4,872,619</b>

MERCANTILE BANK CORPORATION  
CONSOLIDATED REPORTS OF INCOME  
(Unaudited)

	THREE MONTHS ENDED December 31, 2024	THREE MONTHS ENDED December 31, 2023	TWELVE MONTHS ENDED December 31, 2024	TWELVE MONTHS ENDED December 31, 2023
<i>(dollars in thousands except per share data)</i>				
<b>INTEREST INCOME</b>				
Loans, including fees	\$ 73,758	\$ 68,876	\$ 293,163	\$ 253,108
Investment securities	4,792	3,312	16,034	12,704
Interest-earning deposits	3,937	1,615	12,305	5,546
Total interest income	82,487	73,803	321,502	271,358
<b>INTEREST EXPENSE</b>				
Deposits	26,874	19,015	101,395	55,444
Short-term borrowings	2,086	781	7,717	2,847
Federal Home Loan Bank advances	3,150	3,252	13,018	11,367
Other borrowed money	2,016	2,106	8,286	8,155
Total interest expense	34,126	25,154	130,416	77,813
<b>Net interest income</b>	48,361	48,649	191,086	193,545
Provision for credit losses	1,500	1,800	7,400	7,700
<b>Net interest income after provision for credit losses</b>	46,861	46,849	183,686	185,845
<b>NONINTEREST INCOME</b>				
Service charges on accounts	1,866	1,543	6,842	4,954
Mortgage banking income	3,611	1,766	12,301	7,595
Credit and debit card income	2,177	2,197	8,821	8,914
Interest rate swap income	717	1,224	3,210	3,946
Payroll services	763	601	3,058	2,509
Earnings on bank owned life insurance	497	276	2,555	1,500
Other income	541	693	3,602	2,725
Total noninterest income	10,172	8,300	40,389	32,143
<b>NONINTEREST EXPENSE</b>				
Salaries and benefits	21,482	18,400	77,924	68,801
Occupancy	1,989	2,521	8,643	9,150
Furniture and equipment	926	871	3,716	3,464
Data processing costs	3,630	2,537	13,772	11,618
Charitable foundation contributions	1,000	250	1,708	666
Other expense	4,779	5,361	20,026	21,590
Total noninterest expense	33,806	29,940	125,789	115,289
<b>Income before federal income tax expense</b>	23,227	25,209	98,286	102,699
Federal income tax expense	3,601	5,179	18,693	20,482
<b>Net Income</b>	\$ 19,626	\$ 20,030	\$ 79,593	\$ 82,217
Basic earnings per share	\$ 1.22	\$ 1.25	\$ 4.93	\$ 5.13
Diluted earnings per share	\$ 1.22	\$ 1.25	\$ 4.93	\$ 5.13
Average basic shares outstanding	16,142,578	16,044,223	16,130,696	16,015,678
Average diluted shares outstanding	16,142,578	16,044,223	16,130,696	16,015,678

Mercantile Bank Corporation  
Fourth Quarter 2024 Results

MERCANTILE BANK CORPORATION  
CONSOLIDATED FINANCIAL HIGHLIGHTS  
(Unaudited)

(dollars in thousands except per share data)

	Quarterly					Year-To-Date	
	2024 4th Qtr	2024 3rd Qtr	2024 2nd Qtr	2024 1st Qtr	2023 4th Qtr	2024	2023
<b>EARNINGS</b>							
Net interest income	\$ 48,361	48,292	47,072	47,361	48,649	191,086	193,545
Provision for credit losses	\$ 1,500	1,100	3,500	1,300	1,800	7,400	7,700
Noninterest income	\$ 10,172	9,667	9,681	10,868	8,300	40,389	32,143
Noninterest expense	\$ 33,806	32,303	29,737	29,944	29,940	125,789	115,289
Net income before federal income tax expense	\$ 23,227	24,556	23,516	26,985	25,209	98,286	102,699
Net income	\$ 19,626	19,618	18,786	21,562	20,030	79,593	82,217
Basic earnings per share	\$ 1.22	1.22	1.17	1.34	1.25	4.93	5.13
Diluted earnings per share	\$ 1.22	1.22	1.17	1.34	1.25	4.93	5.13
Average basic shares outstanding	16,142,578	16,138,320	16,122,813	16,118,858	16,044,223	16,130,696	16,015,678
Average diluted shares outstanding	16,142,578	16,138,320	16,122,813	16,118,858	16,044,223	16,130,696	16,015,678
<b>PERFORMANCE RATIOS</b>							
Return on average assets	1.30%	1.35%	1.36%	1.61%	1.52%	1.40%	1.62%
Return on average equity	13.36%	13.73%	13.93%	16.41%	16.04%	14.35%	17.24%
Net interest margin (fully tax-equivalent)	3.41%	3.52%	3.63%	3.74%	3.92%	3.58%	4.05%
Efficiency ratio	57.76%	55.73%	52.40%	51.42%	52.57%	54.34%	51.08%
Full-time equivalent employees	668	653	670	642	651	668	651
<b>YIELD ON ASSETS / COST OF FUNDS</b>							
Yield on loans	6.41%	6.69%	6.64%	6.65%	6.53%	6.61%	6.25%
Yield on securities	2.62%	2.43%	2.30%	2.20%	2.18%	2.40%	2.06%
Yield on interest-earning deposits	4.66%	5.37%	5.28%	5.35%	5.31%	5.19%	5.14%
Yield on total earning assets	5.81%	6.08%	6.07%	6.06%	5.95%	6.02%	5.68%
Yield on total assets	5.49%	5.73%	5.72%	5.72%	5.61%	5.68%	5.36%
Cost of deposits	2.36%	2.52%	2.42%	2.25%	1.94%	2.40%	1.48%
Cost of borrowed funds	3.73%	3.75%	3.56%	3.51%	3.15%	3.65%	2.90%
Cost of interest-bearing liabilities	3.30%	3.53%	3.40%	3.27%	2.96%	3.38%	2.47%
Cost of funds (total earning assets)	2.40%	2.56%	2.44%	2.32%	2.03%	2.44%	1.63%
Cost of funds (total assets)	2.27%	2.41%	2.31%	2.19%	1.91%	2.30%	1.54%
<b>MORTGAGE BANKING ACTIVITY</b>							
Total mortgage loans originated	\$ 121,010	160,944	122,728	79,930	88,187	484,612	386,343
Purchase/construction mortgage loans originated	\$ 82,212	122,747	103,939	57,668	75,365	366,566	326,554
Refinance mortgage loans originated	\$ 38,798	38,197	18,789	22,262	12,822	118,046	59,789
Mortgage loans originated with intent to sell	\$ 100,628	128,678	91,490	59,280	59,135	380,076	204,078
Income on sale of mortgage loans	\$ 3,768	3,376	2,487	2,064	1,487	11,695	6,393
<b>CAPITAL</b>							
Tangible equity to tangible assets	8.91%	9.10%	9.03%	8.99%	8.91%	8.91%	8.91%
Tier 1 leverage capital ratio	10.60%	10.68%	10.85%	10.88%	10.84%	10.60%	10.84%
Common equity risk-based capital ratio	10.66%	10.53%	10.46%	10.41%	10.07%	10.66%	10.07%
Tier 1 risk-based capital ratio	11.54%	11.42%	11.36%	11.33%	10.99%	11.54%	10.99%
Total risk-based capital ratio	14.17%	14.13%	14.10%	14.05%	13.69%	14.17%	13.69%
Tier 1 capital	\$ 633,134	618,038	602,835	587,888	570,730	633,134	570,730
Tier 1 plus tier 2 capital	\$ 777,857	764,653	748,097	729,410	710,905	777,857	710,905
Total risk-weighted assets	\$ 5,487,886	5,411,628	5,306,911	5,190,106	5,192,970	5,487,886	5,192,970
Book value per common share	\$ 36.20	36.14	34.15	33.29	32.38	36.20	32.38
Tangible book value per common share	\$ 33.14	33.07	31.09	30.22	29.31	33.14	29.31
Cash dividend per common share	\$ 0.36	0.36	0.35	0.35	0.34	1.42	1.34
<b>ASSET QUALITY</b>							
Gross loan charge-offs	\$ 3,787	10	26	15	53	3,838	863
Recoveries	\$ 150	92	296	439	160	977	832
Net loan charge-offs (recoveries)	\$ 3,637	(82)	(270)	(424)	(107)	\$ 2,861	31
Net loan charge-offs to average loans	0.31%	(0.01%)	(0.02%)	(0.04%)	(0.01%)	0.06%	< 0.01%
Allowance for credit losses	\$ 54,454	56,590	55,408	51,638	49,914	54,454	49,914
Allowance to loans	1.18%	1.24%	1.25%	1.19%	1.16%	1.18%	1.16%
Nonperforming loans	\$ 5,743	9,877	9,129	6,040	3,415	5,743	3,415
Other real estate/repossessed assets	\$ 0	0	0	200	200	0	200
Nonperforming loans to total loans	0.12%	0.22%	0.21%	0.14%	0.08%	0.12%	0.08%
Nonperforming assets to total assets	0.09%	0.17%	0.16%	0.11%	0.07%	0.09%	0.07%
<b>NONPERFORMING ASSETS - COMPOSITION</b>							
Residential real estate:							
Land development	\$ 97	100	1	1	1	97	1
Construction	\$ 0	0	0	0	0	0	0
Owner occupied / rental	\$ 2,878	3,008	2,288	3,370	3,095	2,878	3,095
Commercial real estate:							
Land development	\$ 0	0	0	0	0	0	0
Construction	\$ 0	0	0	0	0	0	0
Owner occupied	\$ 42	0	0	200	270	42	270
Non-owner occupied	\$ 0	0	0	0	0	0	0
Non-real estate:							
Commercial assets	\$ 2,726	6,769	6,840	2,669	249	2,726	249
Consumer assets	\$ 0	0	0	0	0	0	0
Total nonperforming assets	\$ 5,743	9,877	9,129	6,240	3,615	5,743	3,615
<b>NONPERFORMING ASSETS - RECON</b>							
Beginning balance	\$ 9,877	9,129	6,240	3,615	5,940	3,615	7,728
Additions	\$ 224	906	4,570	2,802	2,166	8,502	7,925
Return to performing status	\$ (102)	0	0	0	0	(102)	(31)
Principal payments	\$ (515)	(158)	(1,481)	(177)	(4,402)	(2,331)	(10,609)
Sale proceeds	\$ 0	0	(200)	0	(51)	(200)	(712)
Loan charge-offs	\$ (3,741)	0	0	0	(38)	(3,741)	(686)

Valuation write-downs	\$	0	0	0	0	0	0	0
Ending balance	\$	5,743	9,877	9,129	6,240	3,615	5,743	3,615
<b>LOAN PORTFOLIO COMPOSITION</b>								
<b>Commercial:</b>								
Commercial & industrial	\$	1,287,308	1,312,774	1,275,745	1,222,638	1,254,586	1,287,308	1,254,586
Land development & construction	\$	66,936	66,374	76,247	75,091	74,752	66,936	74,752
Owner occupied comm'l R/E	\$	748,837	746,714	732,844	719,338	717,667	748,837	717,667
Non-owner occupied comm'l R/E	\$	1,128,404	1,095,988	1,059,052	1,045,614	1,035,684	1,128,404	1,035,684
Multi-family & residential rental	\$	475,819	426,438	389,390	366,961	332,609	475,819	332,609
Total commercial	\$	3,707,304	3,648,288	3,533,278	3,429,642	3,415,298	3,707,304	3,415,298
<b>Retail:</b>								
1-4 family mortgages	\$	827,597	844,093	849,626	840,653	837,407	827,597	837,407
Other consumer	\$	65,880	60,637	55,341	51,711	51,053	65,880	51,053
Total retail	\$	893,477	904,730	904,967	829,364	888,460	893,477	888,460
Total loans	\$	4,600,781	4,553,018	4,438,245	4,322,006	4,303,758	4,600,781	4,303,758
<b>END OF PERIOD BALANCES</b>								
Loans	\$	4,600,781	4,553,018	4,438,245	4,322,006	4,303,758	4,600,781	4,303,758
Securities	\$	751,865	724,888	669,420	630,666	638,605	751,865	638,605
Interest-earning deposits	\$	336,019	240,780	135,766	184,625	60,125	336,019	60,125
Total earning assets (before allowance)	\$	5,688,665	5,518,686	5,243,431	5,137,297	5,002,488	5,688,665	5,002,488
Total assets	\$	6,052,161	5,917,127	5,602,388	5,465,953	5,353,224	6,052,161	5,353,224
Noninterest-bearing deposits	\$	1,264,523	1,182,219	1,119,888	1,134,995	1,247,640	1,264,523	1,247,640
Interest-bearing deposits	\$	3,433,843	3,273,679	3,026,686	2,872,815	2,653,278	3,433,843	2,653,278
Total deposits	\$	4,698,366	4,455,898	4,146,574	4,007,810	3,900,918	4,698,366	3,900,918
Total borrowed funds	\$	649,528	778,669	789,327	815,744	837,335	649,528	837,335
Total interest-bearing liabilities	\$	4,083,371	4,052,348	3,816,013	3,688,559	3,490,613	4,083,371	3,490,613
Shareholders' equity	\$	584,526	583,311	551,151	536,644	522,145	584,526	522,145
<b>AVERAGE BALANCES</b>								
Loans	\$	4,565,837	4,467,365	4,396,475	4,299,163	4,184,070	4,432,671	4,046,815
Securities	\$	742,145	699,872	640,627	634,099	618,517	679,415	626,842
Interest-earning deposits	\$	330,490	284,187	182,636	150,234	118,996	237,272	106,515
Total earning assets (before allowance)	\$	5,638,472	5,451,424	5,219,738	5,083,496	4,921,583	5,349,358	4,780,172
Total assets	\$	5,967,036	5,781,111	5,533,262	5,384,675	5,224,238	5,667,655	5,063,693
Noninterest-bearing deposits	\$	1,188,561	1,191,642	1,139,887	1,175,884	1,281,201	1,174,082	1,372,840
Interest-bearing deposits	\$	3,335,477	3,145,799	2,957,011	2,790,308	2,600,703	3,058,151	2,384,075
Total deposits	\$	4,524,038	4,337,441	4,096,898	3,966,192	3,881,904	4,232,233	3,756,915
Total borrowed funds	\$	770,838	796,077	800,577	816,848	773,491	796,016	771,286
Total interest-bearing liabilities	\$	4,106,315	3,941,876	3,757,588	3,607,156	3,374,194	3,854,167	3,155,361
Shareholders' equity	\$	582,829	566,852	540,868	527,180	495,431	554,544	477,027



# Investor Presentation

January 2025





# Forward-Looking Statements

This presentation contains statements or information that may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "anticipates," "intends," "plans," "goal," "seeks," "believes," "projects," "estimates," "expects," "indicates," "strategy," "future," "is likely," "may," "should," "will," and variations of such words and similar references to future periods. Any such statements are based on current expectations that involve a number of risks, uncertainties and assumptions ("Future Factors") that are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. We undertake no obligation to update, amend or clarify forward-looking statements, whether as a result of new information, future events (whether anticipated or unanticipated), or otherwise. Therefore, actual results and outcomes may differ materially from the results expressed or forecasted in such forward-looking statements. Future factors include, among others, adverse changes in interest rates and interest rate relationships; increasing rates of inflation and slower growth rates or recession; significant declines in the value of commercial real estate; market volatility; demand for products and services; climate impact; labor markets; the degree of competition by traditional and nontraditional financial services companies; changes in banking regulation or actions by bank regulators; changes in tax laws and other laws and regulations applicable to us; changes in prices, levies, and assessments; the impact of technological advances; potential cyber-attacks, information security breaches and other criminal activities; litigation liabilities; governmental and regulatory policy changes; the outcomes of existing or future contingencies; trends in customer behavior as well as their ability to repay loans; changes in local real estate values; damage to our reputation resulting from adverse publicity, regulatory actions, litigation, operational failures, and the failure to meet client expectations and other facts; changes in the national and local economies; unstable political and economic environments; disease outbreaks, such as the COVID-19 pandemic or similar public health threats, and measures implemented to combat them; and risk factors described in our annual report on Form 10-K for the year ended December 31, 2023, including those disclosed from time to time in filings made by Mercantile with the Securities and Exchange Commission. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein.



# Executive Management Team



**RAYMOND  
REITSMA**

PRESIDENT &  
CHIEF EXECUTIVE OFFICER

Mr. Reitsma was appointed President and Chief Executive Officer of Mercantile effective June 1, 2024, and has been with the Bank for over 20 years, beginning with his initial role as a Commercial Loan Manager in 2003, including holding the title of Senior Lender for eight years and President for seven years.



**CHARLES  
CHRISTMAS**

EVP, CHIEF FINANCIAL OFFICER &  
TREASURER

Mr. Christmas joined Mercantile in 1998 and has over 37 years of banking experience. Before being promoted to his current role, he served as Senior Vice President and Chief Financial Officer of Mercantile and the Bank from 2000 to 2015. Mr. Christmas also serves as Treasurer of Mercantile, a position he has held since 2000.



# Financial Performance

2024

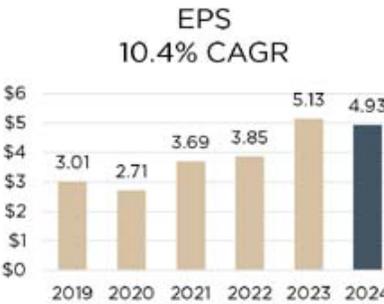
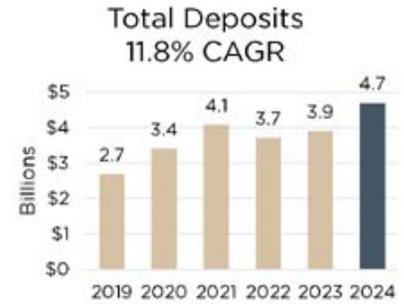
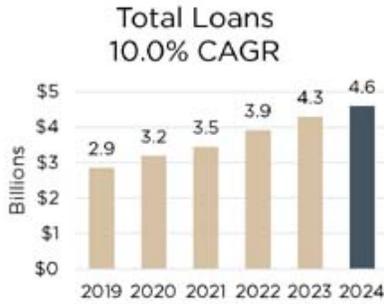
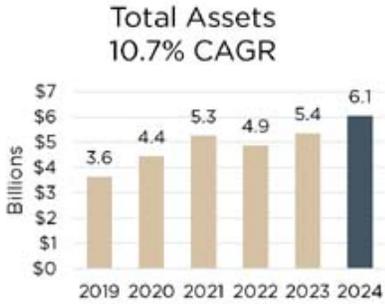


## Performance Highlights

<b>Earnings</b>	<ul style="list-style-type: none"> <li>• Net income of \$79.6MM in 2024 versus \$82.2MM in 2023</li> <li>• EPS of \$4.93 in 2024 versus \$5.13 in 2023</li> </ul>
<b>Net Interest Margin</b>	<ul style="list-style-type: none"> <li>• Net interest margin of 3.58% in 2024 versus 4.05% in 2023</li> <li>• Increased asset yield attributed to high percentage of floating rate commercial loans and higher interest rate environment</li> <li>• Rising cost of funds attributed to shifting deposit mix from strategic growth in deposits and higher rates</li> </ul>
<b>Deposit and Funding</b>	<ul style="list-style-type: none"> <li>• Total deposits grew 20% in 2024</li> <li>• Loan to deposit ratio declined from 110% at YE 2023 to 98% at YE 2024</li> </ul>
<b>Commercial Loan Portfolio</b>	<ul style="list-style-type: none"> <li>• Commercial loans grew nearly 9% in 2024</li> <li>• C&amp;I and Owner Occupied CRE combined represented 55% of the portfolio</li> </ul>
<b>Asset Quality</b>	<ul style="list-style-type: none"> <li>• Nonperforming assets to total assets ratio of 0.09% at YE 2024</li> <li>• 2024 net loan charge-offs to average loans of 0.06%</li> </ul>
<b>Capital</b>	<ul style="list-style-type: none"> <li>• Total risk-based capital ratio of 14.2% at YE 2024 versus 13.7% at YE 2023</li> <li>• Tangible book value per share of \$33.14 at YE 2024 vs. \$29.31 at YE 2023</li> </ul>

# Historical Trends & Shareholder Value

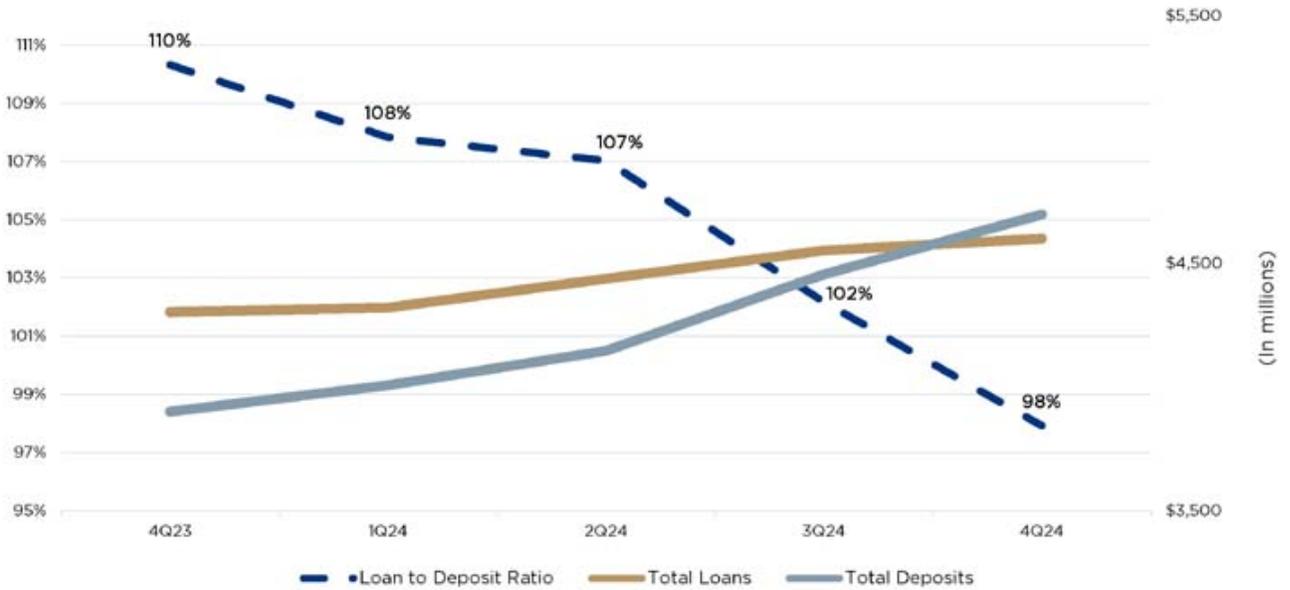
## Solid Earnings and Balance Sheet Growth Trends



# Loan to Deposit Ratio\*

Reduction from 110% at the beginning of the year to 98% at year end 2024

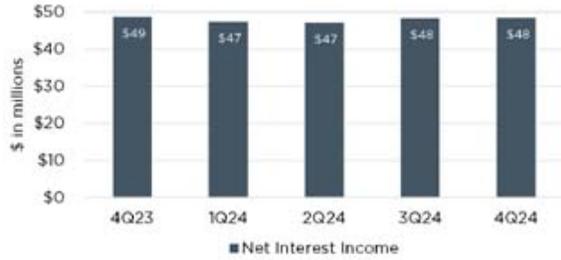
- Driven by robust local deposit growth
- Includes 7% loan growth and \$20 million reduction in brokered deposits



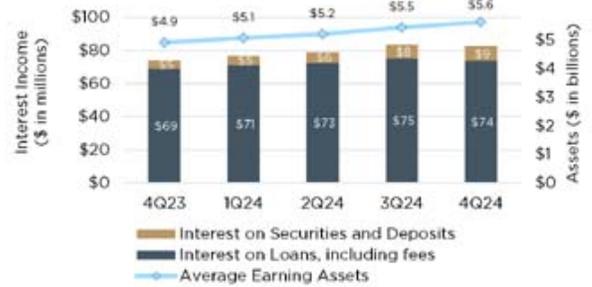
\*Reflects end of quarter balances.

# Net Interest Income

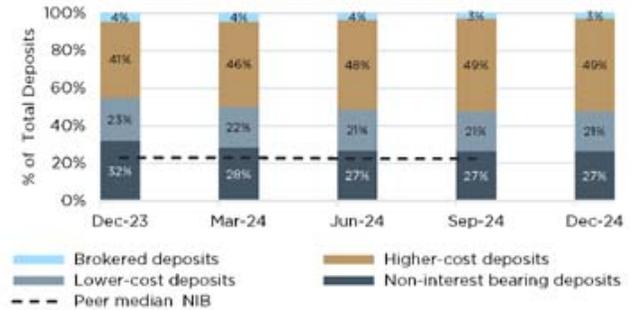
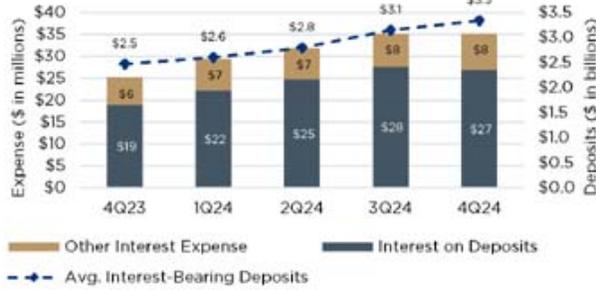
Stable net interest income



Increased interest income primarily reflects loan growth but also higher interest rate environment



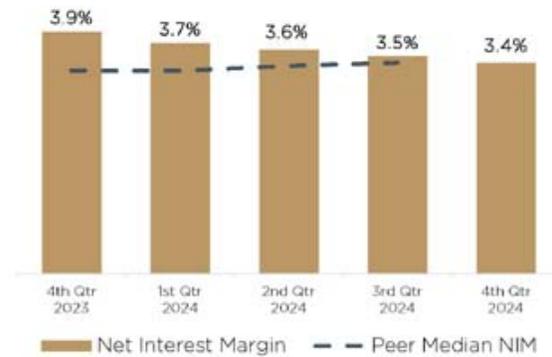
Interest expense increase reflects strategic deposit growth, higher deposit costs, and change in funding mix related to lowering the loan to deposit ratio. Noninterest-bearing deposits (NIB) are historically above peer



# Net Interest Margin

## Stabilizing net interest margin

- Proactive balance sheet management strategies such as matched funding fixed rate commercial loans and commercial loan back-to-back interest rate swap program
- Year over year margin contraction attributed to shift in deposit mix due to deposit growth strategy, margin normalization, and higher deposit rates
- 12% growth in average earning assets in 2024 offset much of the impact of margin contraction on net interest income



	4th Qtr 2023	1st Qtr 2024	2nd Qtr 2024	3rd Qtr 2024	4th Qtr 2024
<b>Earning Asset Yields:</b>					
Loans	6.53%	6.65%	6.64%	6.69%	6.41%
Investments	2.18%	2.20%	2.30%	2.43%	2.62%
Other	5.31%	5.35%	5.28%	5.37%	4.66%
<b>Total Earning Assets</b>	<b>5.95%</b>	<b>6.06%</b>	<b>6.07%</b>	<b>6.08%</b>	<b>5.81%</b>
<b>Cost of Funds:</b>					
Deposits	1.94%	2.25%	2.42%	2.52%	2.36%
Borrowed Funds	3.15%	3.51%	3.56%	3.75%	3.73%
<b>Total Earning Assets</b>	<b>2.03%</b>	<b>2.32%</b>	<b>2.44%</b>	<b>2.56%</b>	<b>2.40%</b>
<b>Net Interest Margin</b>	<b>3.92%</b>	<b>3.74%</b>	<b>3.63%</b>	<b>3.52%</b>	<b>3.41%</b>

# Yield on Assets / Cost of Funds

## Meaningful increase in yield on assets year over year

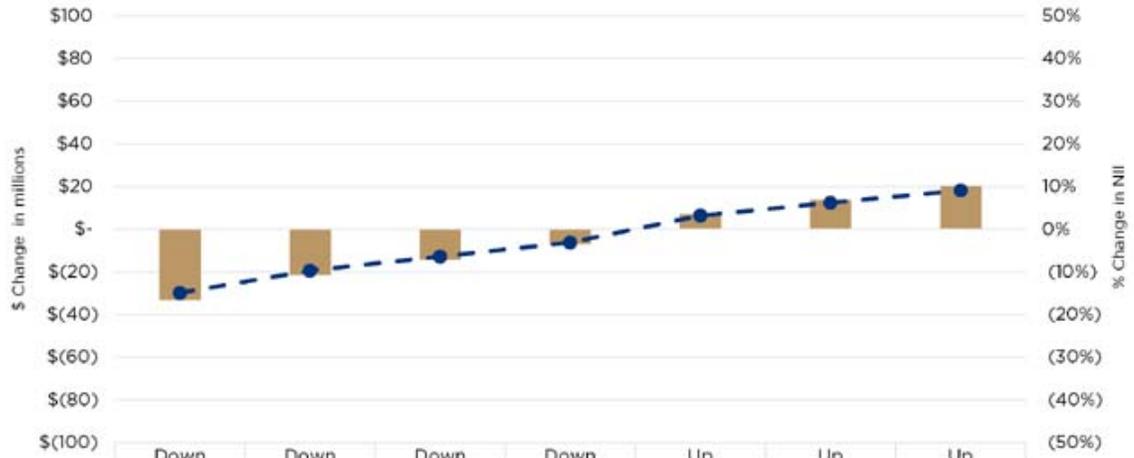
- Higher interest rate environment
- Floating rates on 74% of commercial loans
- Re-priced maturing fixed rate loans and investments

## Gradual increase in cost of funds

- Change in funding mix throughout 2023 and 2024 driven by strategy to grow deposits and reduce loan to deposit ratio and deposit rate increases



# Interest Rate Scenarios\*



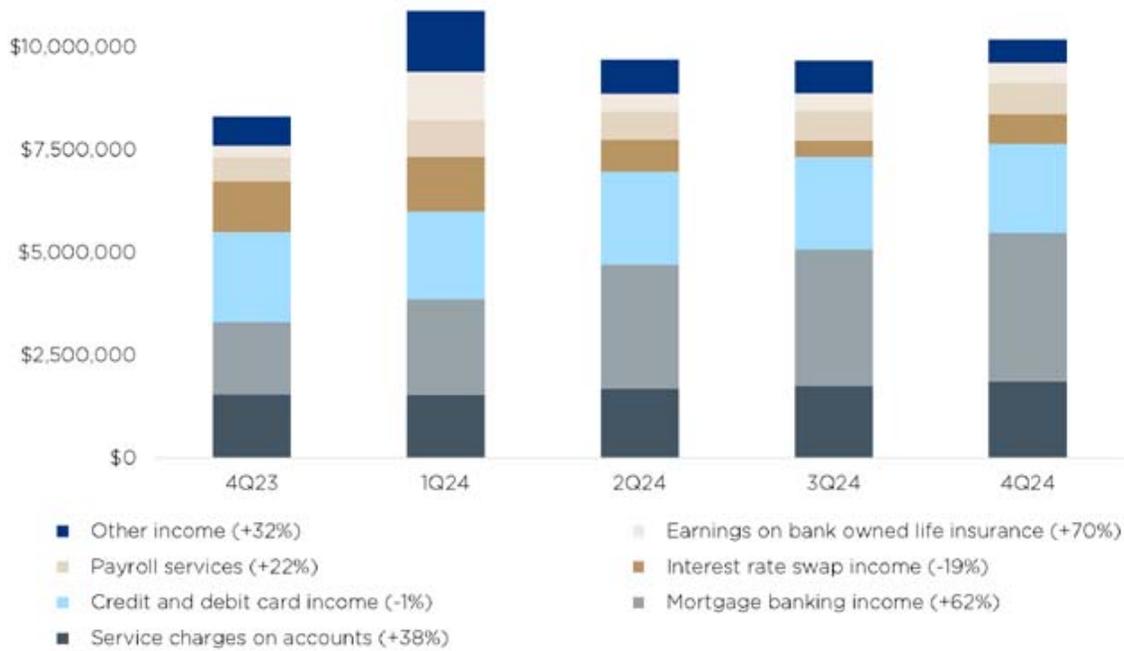
	Down 400 bps	Down 300 bps	Down 200 bps	Down 100 bps	Up 100 bps	Up 200 bps	Up 300 bps
Projected \$ Change in Net Interest Income	\$(33.0)	\$(21.5)	\$(14.2)	\$(6.8)	\$7.0	\$13.8	\$20.3
Projected % Change in Net Interest Income	-14.9%	-9.7%	-6.4%	-3.1%	3.2%	6.2%	9.1%

■ Projected \$ Change in Net Interest Income     
 —●— Projected % Change in Net Interest Income

\*Reflects a gradual one-year parallel change in interest rates. As of December 31, 2024. \$ in millions

# Noninterest Income

26% increase in noninterest income in 2024



*\*(#%) reflects year over year change  
 \*\*BOLI includes death benefit claims*

# Mortgage Loan Portfolio\*

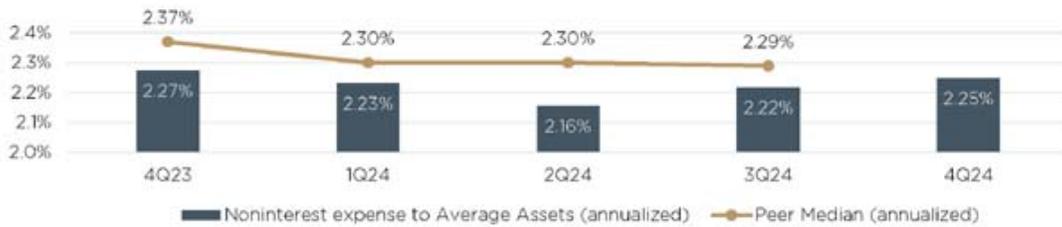
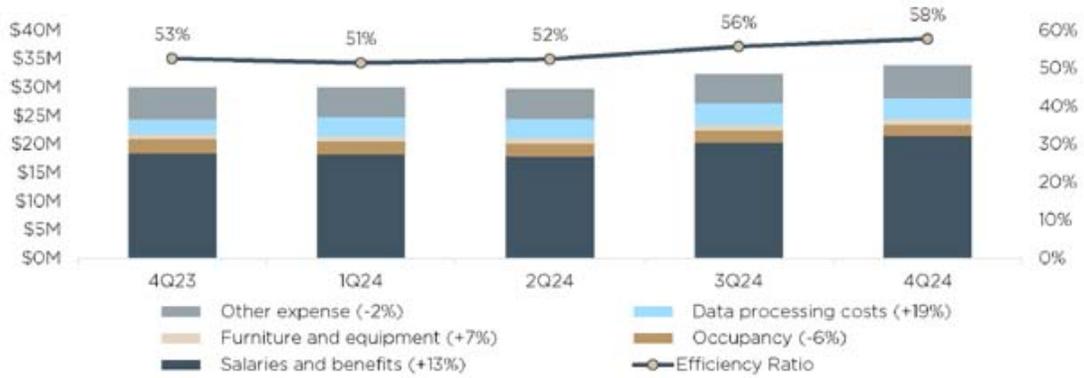


\*in thousands

# Noninterest Expense

58%\*  
Efficiency Ratio

Increased Salary and Benefit Costs but Overall Stable Cost Structure



\*2024. (#%) reflects year over year change

# Asset Quality

## Asset quality measures remain strong

- Reflects ongoing commitment to soundly and vigilantly underwrite and administer loans and strength of borrowers
- Continuing to build reserve



### Asset Quality Metrics

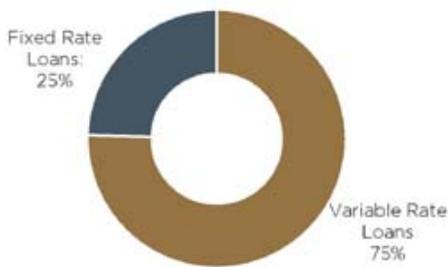
(\$ in thousands)	4 <sup>th</sup> Qtr 2023	1 <sup>st</sup> Qtr 2024	2 <sup>nd</sup> Qtr 2024	3 <sup>rd</sup> Qtr 2024	4 <sup>th</sup> Qtr 2024
Gross loan charge-offs	\$ 100	0	0	0	3,800
Recoveries	\$ 200	400	300	100	200
Net loan charge-offs (recoveries)	\$ (100)	(400)	(300)	(100)	3,600
Net loan charge-offs (recoveries) to average loans	(0.01%)	(0.04%)	(0.02%)	(0.01%)	0.31%
Provision for credit losses	\$ 1,800	1,300	3,500	1,100	1,500
Allowance for credit losses	\$ 49,900	51,600	55,400	56,600	54,500
Allowance to loans	1.16%	1.19%	1.25%	1.24%	1.18%
Nonperforming loans	\$ 3,400	6,000	9,100	9,900	5,700
Other real estate/repossessed assets	\$ 200	200	0	0	0
Nonperforming loans to total loans	0.08%	0.14%	0.21%	0.22%	0.12%
Nonperforming assets to total assets	0.07%	0.11%	0.16%	0.17%	0.09%

# Loan Repricing\*

The majority of total loans (75%) have a floating rate, shortening balance sheet duration and aligning with funding sources

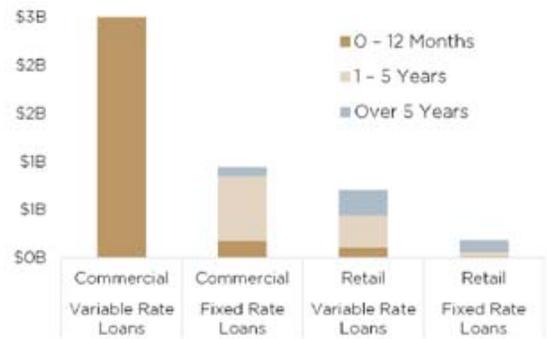
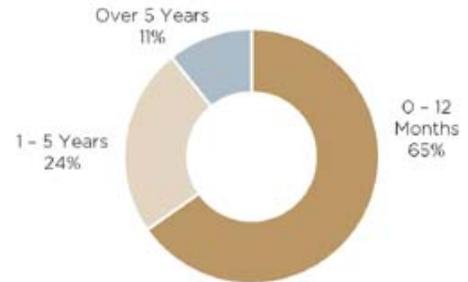
- 74% of commercial loans have a floating rate.
- 81% of fixed rate commercial loans mature within five years.
- In aggregate, approximately 89% of total loans are subject to repricing within the next five years.

Total Loan Portfolio Rate Type



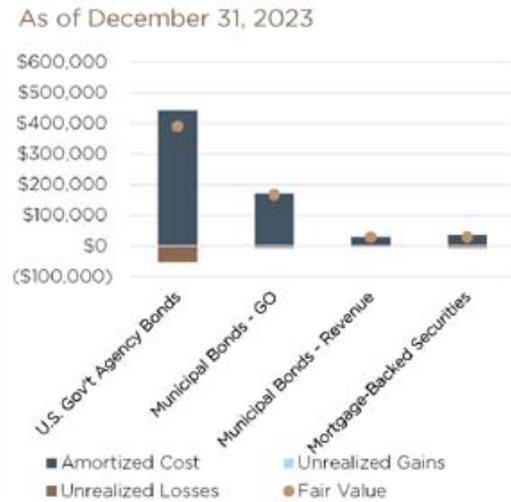
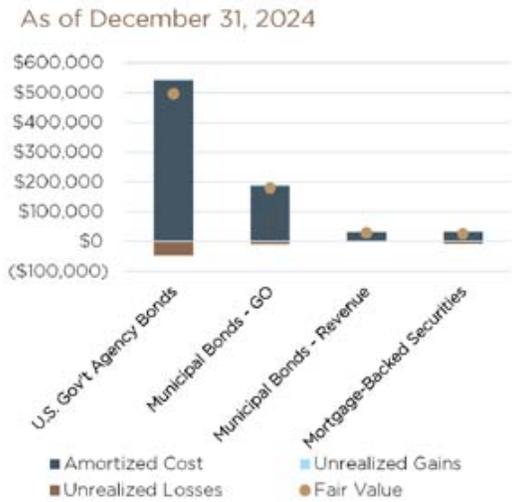
\*As of December 31, 2024.

Total Loan Portfolio Repricing Breakdown



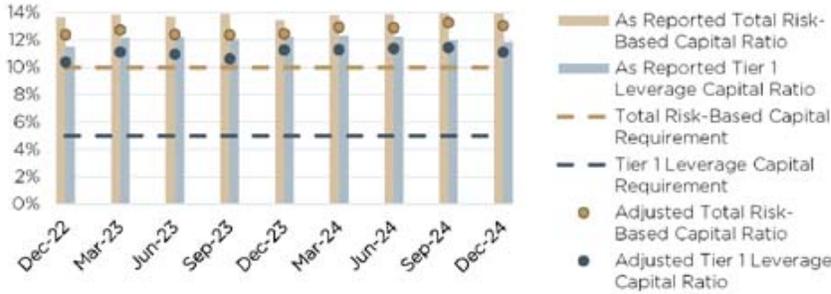
# Investment Portfolio Unrealized Gains & Losses (\$ in thousands)

- Due to the increasing interest rate environment, net unrealized losses started to increase meaningfully during the first quarter of 2022, peaking in September 2022 (\$92 million before tax).
- Net unrealized losses (before tax) equaled \$63 million as of December 31, 2024 compared to \$64 million as of December 31, 2023.

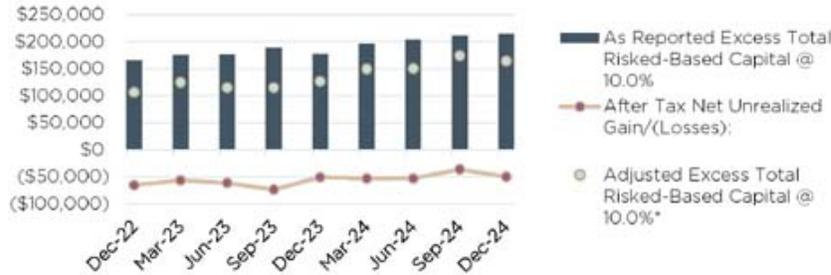


# Regulatory Capital Ratios (Mercantile Bank Data)

## Actual and Adjusted\* Capital Ratios vs. Requirements



## Excess Capital vs. Unrealized Gains/(Losses)\* (in thousands)



**Tier 1 Leverage Capital Ratio**  
11.9%

---

**Total Risk Based Capital Ratio**  
13.9%

---

**Total Risk Based Capital Ratio**  
*Adjusted for Unrealized Gains/Losses\**  
13.1%

---

**Excess Total Risk Based Capital**  
\$214 Million

---

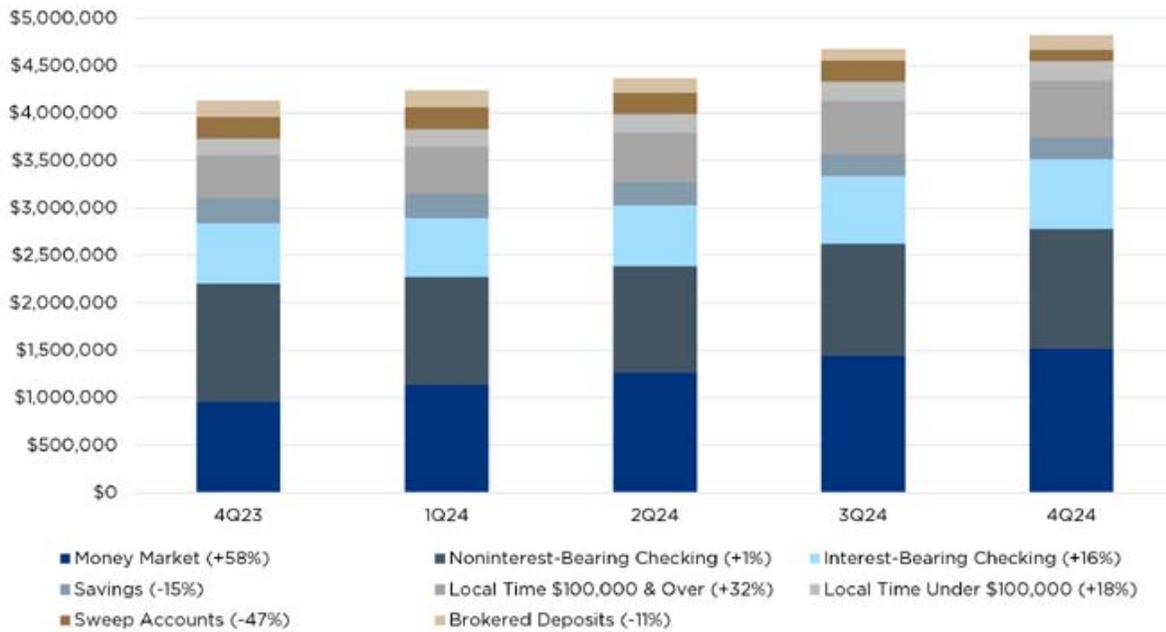
**Excess Total Risk Based Capital**  
*Adjusted for Unrealized Gains/Losses\**  
\$166 Million

As of December 31, 2024

\*Adjusted Capital and Ratios include the after tax net unrealized gains/losses

# Deposits & Sweep Accounts

Robust deposit growth in money market and time deposit accounts and reduction in brokered deposits

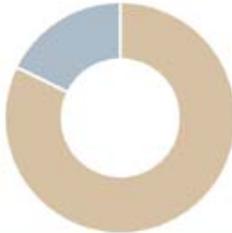


\*Reflects end of quarter balances. (#%) reflects year over year change

# Large Depositors Includes Sweep Account Balances

## Stable Large Depositor Base

Depositors with over \$5 million as of December 31, 2024



Total - 81 relationships aggregating \$1.4 billion

- Business/Individual - 61 relationships aggregating \$1.2 billion
- Governmental - 20 relationships aggregating \$0.2 billion

Depositors with over \$5 million as of December 31, 2019 (5 years ago), consisted of 42 relationships aggregating \$590 million

● 39 relationships still maintain deposits over \$5 million as of December 31, 2024

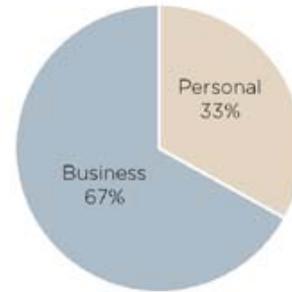


Aggregate Balance of the 39 Depositors (\$ millions)



## Deposit Balances

Deposits comprised primarily of business accounts\*



(\$ in thousands)	December 31, 2023		December 31, 2024	
	Personal	Business	Personal	Business
Noninterest-Bearing Checking	\$ 208,800	1,038,900	194,300	1,070,200
Interest Checking	\$ 201,300	434,500	183,200	555,100
Savings	\$ 220,700	41,800	190,300	31,600
Money Market	\$ 307,200	650,300	421,300	1,095,200
Certificates of Deposit	\$ 413,300	215,800	514,900	292,600
<b>Total Deposits</b>	<b>\$ 1,351,300</b>	<b>2,381,300</b>	<b>1,504,000</b>	<b>3,044,700</b>

\* as of December 31, 2024. Excludes brokered deposits.

## Sources of Liquidity\*

Source		Availability (\$ in thousands)
Unsecured Federal Funds Lines of Credit	\$	70,000
FHLB of Indianapolis Advance Program	\$	637,000
Unpledged Investments	\$	374,000
Federal Reserve Discount Window	\$	153,000

\*As of December 31, 2024.

# Thoughts on 2025

## Prime/SOFR Rates

- No Changes

## 2025 Performance Metrics

	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
Loan Growth	5.00% - 7.00%	5.00% - 7.00%	5.00% - 7.00%	5.00% - 7.00%
Net Interest Margin	3.40% - 3.50%	3.40% - 3.50%	3.40% - 3.50%	3.40% - 3.50%
Fee Income	\$9.0MM - \$10.0MM	\$10.0MM - \$11.0MM	\$10.0MM - \$11.0MM	\$9.0MM - \$10.0MM
Overhead Costs	\$31.0MM - \$32.0MM	\$32.5MM - \$33.5MM	\$33.0MM - \$34.0MM	\$33.0MM - \$34.0MM
Federal Tax Rate	19%	19%	19%	19%

# Strong Credit Culture

Diversified Lending



## Total Loans\*

<i>(\$ in thousands)</i>	Balance	Percentage
<b>Commercial Loans</b>		
Commercial and Industrial	\$ 1,287,300	28%
Real Estate - NonOwner Occupied	\$ 1,128,400	25%
Real Estate - Owner Occupied	\$ 748,900	16%
Real Estate - Multi-Family & Residential Rental	\$ 475,800	10%
Real Estate - Land Development & Residential Construction	\$ 66,900	2%
<b>Total Commercial Loans</b>	<b>\$ 3,707,300</b>	<b>81%</b>
<b>Retail Loans</b>		
1 - 4 Family Mortgages	\$ 827,600	18%
Other Consumer	\$ 65,900	1%
<b>Total Retail Loans</b>	<b>\$ 893,500</b>	<b>19%</b>
<b>Total Loans</b>	<b>\$ 4,600,800</b>	<b>100%</b>

\*As of December 31, 2024.

# Asset Quality Metrics

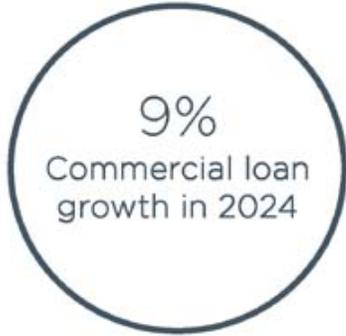
9 bps\*  
Nonperforming  
Assets to Total  
Assets

## Quarter Trends (\$ in thousands)

	12/31/23	3/31/24	6/30/24	9/30/24	12/31/24
Net loan charge-offs (recoveries)	\$ (100)	(400)	(300)	(100)	3,600
Net loan charge-offs (recoveries) to average loans ( <i>annualized</i> )	(0.01%)	(0.04%)	(0.02%)	(0.01%)	0.31%
Allowance to loans	1.16%	1.19%	1.25%	1.24%	1.18%
Nonperforming loans to total loans	0.08%	0.14%	0.21%	0.22%	0.12%
Nonperforming assets to total assets	0.07%	0.11%	0.16%	0.17%	0.09%

\*As of December 31, 2024.

# Core Commercial Loan Growth (\$ in millions)



## Five Quarter Loan Growth Trends

Core Commercial Loans



## Five Year Annual Loan Growth Trends

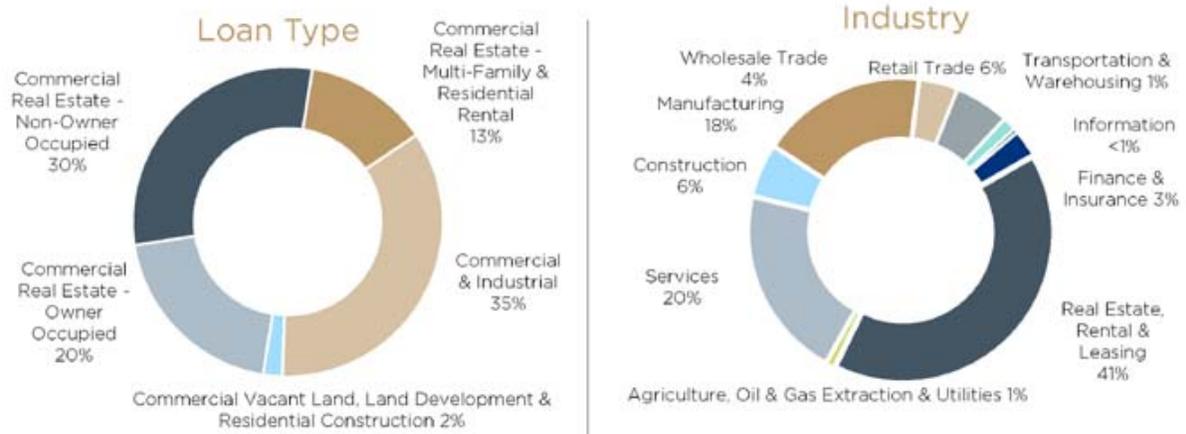
	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24
Core Commercial Loans	\$ 2,438	2,923	3,147	3,415	3,707
PPP Loans	\$ 365	40	1	-	-
Total Commercial Loans	\$ 2,803	2,963	3,148	3,415	3,707

## Lending Commitments (\$ in millions)

	12/31/23	3/31/24	6/30/24	9/30/24	12/31/24
<b>Construction Loans</b>					
Commercial	\$ 311	362	320	241	245
Residential	\$ 46	40	37	34	30
Commitments to Make Loans*	\$ 262	235	255	236	296
<b>Total</b>	<b>\$ 619</b>	<b>637</b>	<b>612</b>	<b>511</b>	<b>571</b>

\*Commitments to make loans generally reflect our binding obligations to existing and prospective commercial customers to extend credit, including line of credit facilities secured by accounts receivable and inventory, and term debt secured by either real estate or equipment.

## Composition - Commercial Loans\*

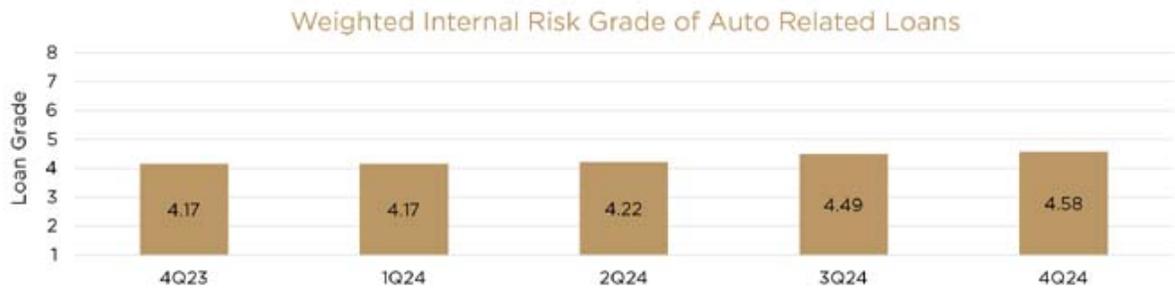
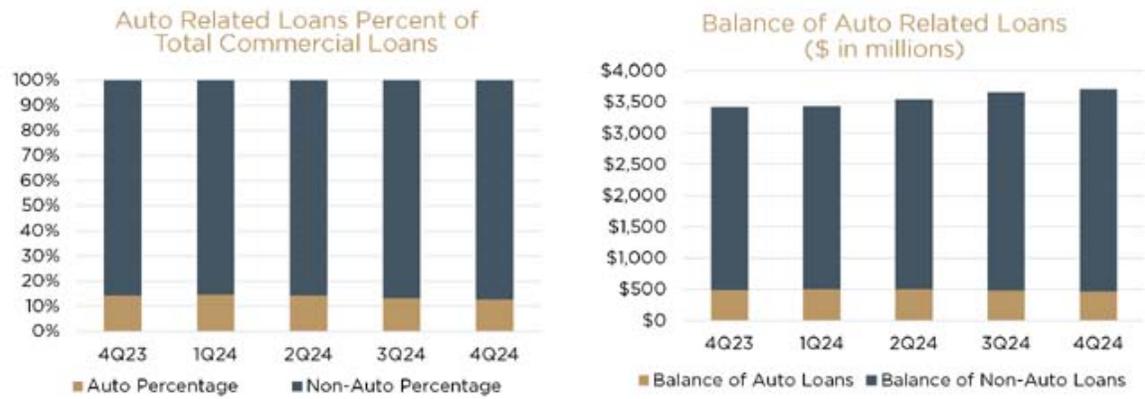


### Credit Risk Profile by Internal Credit Risk Grades (\$ in millions)

Internal Credit Risk Grade Groupings	Commercial & Industrial	Commercial Vacant Land, Land Dev. & Residential Construction	Commercial Real Estate - Owner Occupied	Commercial Real Estate - Non-Owner Occupied	Commercial Real Estate - Multi-Family & Residential Rental
Grades 1-4	\$ 629.8	25.2	466.4	432.2	173.1
Grades 5-7	\$ 637.2	41.7	275.6	688.2	302.1
Grades 8-9	\$ 20.3	0	6.9	8.0	0.6
<b>Total Commercial</b>	<b>\$ 1,287.3</b>	<b>66.9</b>	<b>748.9</b>	<b>1,128.4</b>	<b>475.8</b>

\* As of December 31, 2024

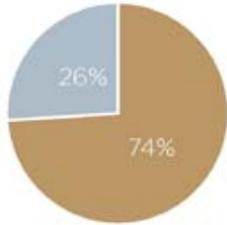
## Composition - Auto Related Commercial Loans\*



\* As of December 31, 2024

## Rate Type - Commercial Loans \* (\$ in thousands)

### Rate Type Breakdown



- Floating Rate Commercial Loans
- Fixed Rate Commercial Loans

		Balance
Floating Rate Commercial Loans	\$	2,743,400
Fixed Rate Commercial Loans	\$	963,900
<b>Total Commercial Loans</b>	<b>\$</b>	<b>3,707,300</b>

\*As of December 31, 2024.

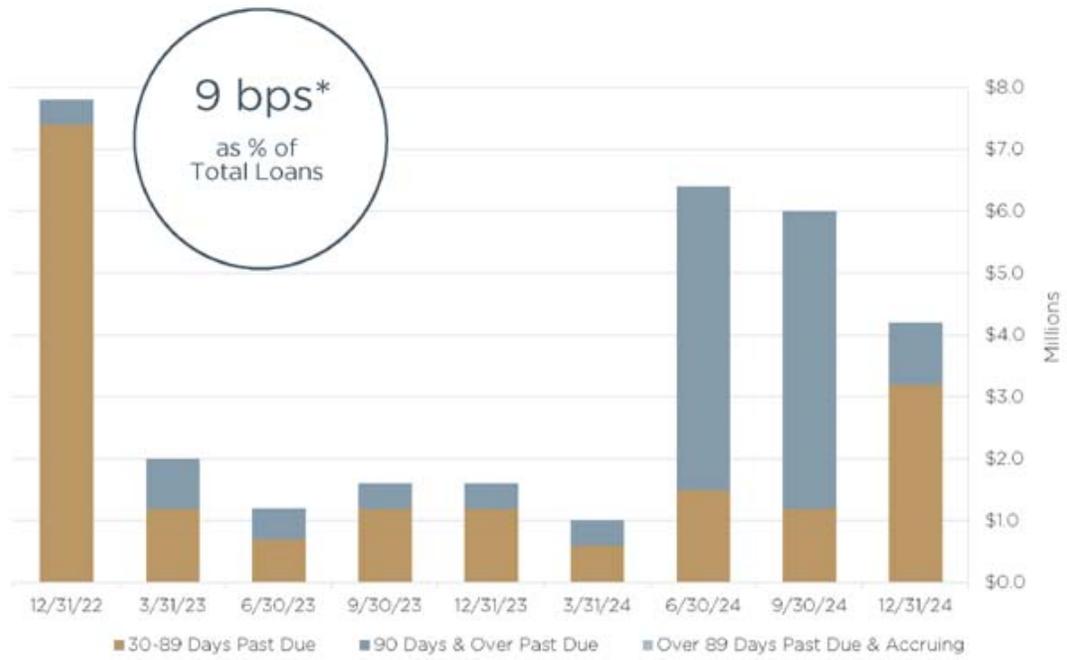
## Past Due Loans

### Commercial & Retail Past Due Loans\* (\$ in millions)

	30 - 59 Days Past Due	60 - 89 Days Past Due	> 89 Days Past Due	Total Past Due	Current	Total Loans	Recorded Balance > 89 Days & Accruing
Commercial & Industrial	\$ -	-	0.9	0.9	1,286.4	1,287.3	-
Vacant Land, Land Development, Residential Construction	\$ -	-	-	-	66.9	66.9	-
Real Estate - Owner Occupied	\$ -	-	-	-	748.9	748.9	-
Real Estate - Non-Owner Occupied	\$ -	-	-	-	1,128.4	1,128.4	-
Real Estate - Multi-Family & Residential Rental	\$ -	-	-	-	475.8	475.8	-
<b>Total Commercial</b>	<b>\$ -</b>	<b>-</b>	<b>0.9</b>	<b>0.9</b>	<b>3,706.4</b>	<b>3,707.3</b>	<b>-</b>
1-4 Family Mortgages	\$ 2.4	0.7	0.2	3.3	824.3	827.6	-
Other Consumer Loans	\$ 0.1	-	-	0.1	65.8	65.9	-
<b>Total Retail</b>	<b>\$ 2.5</b>	<b>0.7</b>	<b>0.2</b>	<b>3.4</b>	<b>890.1</b>	<b>893.5</b>	<b>-</b>
<b>Total Past Due Loans</b>	<b>\$ 2.5</b>	<b>0.7</b>	<b>1.1</b>	<b>4.3</b>	<b>4,596.5</b>	<b>4,600.8</b>	<b>-</b>

\*As of December 31, 2024. Excludes current non-accrual loans.

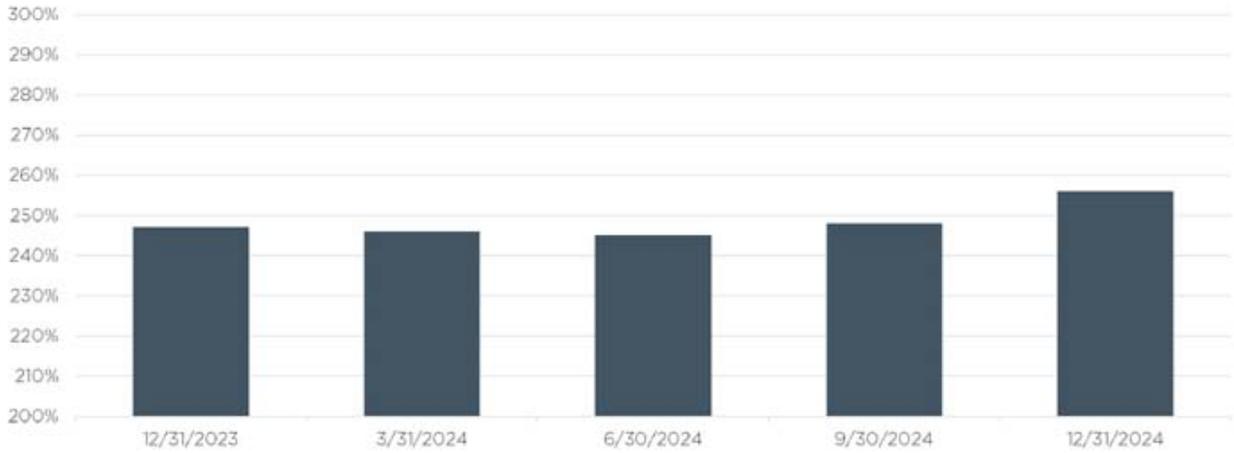
# Past Due Loans



\*As of December 31, 2024.

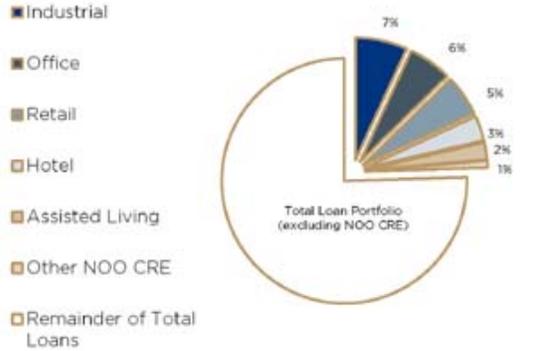
# FDIC Commercial Real Estate Lending Concentration Guideline

Commercial Real Estate Loans / Total Regulatory Capital  
Generally not to exceed 300%

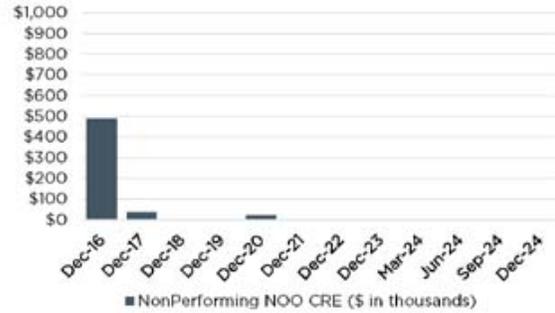


# Non-Owner Occupied Commercial Real Estate Lending\*

Current NOO CRE Composition



Historical NonPerforming NOO CRE (ending balance, \$ in thousands)



(\$ in thousands)	Balance	% of NOO CRE	% of Total Loans
Industrial	\$ 315,900	28%	7%
Office	\$ 265,800	24%	6%
Retail**	\$ 249,200	22%	5%
Hotel	\$ 152,600	13%	3%
Assisted Living	\$ 102,500	9%	2%
Other	\$ 42,400	4%	1%
<b>Total</b>	<b>\$ 1,128,400</b>	<b>100%</b>	<b>25%</b>

- 89% of office NOO CRE is located in Michigan
- 34% of office is medical
- 0% nonperforming NOO CRE loans

\*As of December 31, 2024.

\*\*Retail is defined using S&P GICS classifications for the Retailing Industry, in addition to restaurants and NOO-CRE with direct exposure to multi use retailing businesses.

# Company Overview



## Mercantile Bank...

- One of the largest banks headquartered in Michigan
- Founded in 1997 in Grand Rapids, MI.
- \$6.0 billion in total assets.
- More than 650 employees & over 40 locations.
- Offers more than 75 products & services supporting commercial, business, governmental, educational, nonprofit, treasury and personal banking needs.

## We invest in our communities by...

- Volunteering nearly 25,000 hours in community service supporting more than 900 organizations.
- Teaching more than 300 financial wellness classes.
- Donating nearly \$1,000,000 to local nonprofits & fundraisers.
- Over \$33 million invested in affordable housing projects throughout the state.



## Strategic Areas of Focus

### Client Experience

- Deploy new client onboarding and servicing technologies
- Enhance existing technology solutions
- Equip all sales personnel with the training, tools, and resources necessary to serve clients
- Enhance understanding of client behaviors and needs

### Growth

- Increase local deposits
- Build robust business banking reputation and portfolio
- Expand reach of traditional and digital marketing
- Grow commercial loan portfolio in prudent fashion
- Evaluate complementary M&A targets
- Expand presence in Southeast Michigan

### People & Culture

- Weave DEI principles throughout organization
- Build breadth and depth of employee training program
- Create an engaging workplace
- Enhance inter-departmental communications
- Maintain competitive compensation and benefit packages
- Amplify the Bank's impact on the communities it serves

### Efficiency

- Deploy data analytics and robotic process automation
- Pursue process efficiency in all functional areas
- Explore use cases for artificial intelligence deployment
- Deploy new and upgraded software

### Risk Management

- Maintain and enhance existing credit culture
- Continued enhancement of interest rate risk management principles and associated reporting
- Maintain effective compliance management practices
- Expand Enterprise Risk Management practices, monitoring, and reporting

## Forward Progress



- Dedicated Corporate Sustainability Committee with Board Governance Committee oversight
- Enterprise risk management program continuously identifying, assessing, and mitigating company-wide risks, including financial, operational, regulatory, reputational, and legal
- Provided 1,288 Small Business/Community Reinvestment Act (CRA) loans totaling \$347 million in 2023
- Originated 116 Community Development loans in 2023, totaling over \$430 million
- Corporate and employee donations totaling \$1.3 million in support of non-profit organizations in 2023
- Engaged employees provided 24,872 hours in community service for over 900 organizations in 2023
- Offered 319 financial literacy courses in 2023 to 5,083 participants
- Utilized 94 out of the total 117 participants in the Diverse Supplier Program, totaling over \$1 million or 2.1% of the Bank's total spend in 2023
- Sponsored 15 community shred events and monthly secure shred collection from all facilities, resulting in 184 tons of paper diverted from landfills in 2023
- Company culture focused on generating a positive impact on individuals, organizations, and entire communities



- 50% gender, racial and ethnic diversity on the Corporate Board of Directors
- All team members have access to enriching learning and growth opportunities via a wide variety of methods, including live speaking engagements, videos, books, articles, group discussion and training sessions
- 16.9% minority hire rate in 2023
- Supervisors provided with best practices, resources and tools with which to engage their teams and promote collaboration across all departments
- Strategic Planning Team comprised of a wide cross-section of employees and departments, working together to implement supportive DEI strategies and new ideas to help ensure everyone feels like an integral part of the workplace
- Comprehensive Diversity, Equity & Inclusion Policy, Human Rights Policy and Diverse Vendor Program

# Product Offering

Highly competitive commercial and retail capabilities.

PEER PRODUCT	MBWM	BAC	JPM	FITB	CMA
Autobooks for Small Business with Electronic Invoicing & Receivables	●				
Bill Payment & ACH	●	●	●	●	●
Cash Management	●	●	●	●	●
Credit Card Rewards	●	●	●	●	●
Electric Vehicle Car Loan	●		●		
Health Savings Account	●	●			
In-House Payroll Services & Human Capital Management Solutions	●				
Integrated Payables	●	●	●	●	●
Integrated Receivables	●	●	●	●	●
Merchant Services	●	●	●	●	●
Personal Finance Management (Within Online & Mobile Banking)	●	●	●		●
Remote Deposit Capture	●	●	●	●	●