

(616) 406-3000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

At August 5, 2016, there were 16,279,351 shares of common stock outstanding.

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MERCANTILE BANK CORPORATION

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MERCANTILE BANK CORPORATION

PART I --- FINANCIAL INFORMATION

Item 1. Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	June 30, 2016	December 31, 2015
ASSETS		
Cash and due from banks	\$60,087,000	\$42,829,000
Interest-earning deposits	46,896,000	46,463,000
Federal funds sold	0	599,000
Total cash and cash equivalents	106,983,000	89,891,000
Securities available for sale	323,452,000	346,992,000
Federal Home Loan Bank stock	8,026,000	7,567,000
Loans	2,379,940,000	2,277,727,000
Allowance for loan losses	(17,110,000)	(15,681,000)
Loans, net	2,362,830,000	2,262,046,000
Premises and equipment, net	45,558,000	46,862,000
Bank owned life insurance	66,537,000	58,971,000
Goodwill	49,473,000	49,473,000
Core deposit intangible	11,228,000	12,631,000
Other assets	25,849,000	29,123,000
Total assets	\$2,999,936,000	\$2,903,556,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Noninterest-bearing	\$733,573,000	\$674,568,000
Interest-bearing	1,546,145,000	1,600,814,000
Total deposits	2,279,718,000	2,275,382,000
Securities sold under agreements to repurchase	136,690,000	154,771,000
Federal Home Loan Bank advances	178,000,000	68,000,000

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Subordinated debentures	44,494,000	55,154,000
Accrued interest and other liabilities	16,457,000	16,445,000
Total liabilities	2,655,359,000	2,569,752,000
Shareholders' equity		
Preferred stock, no par value; 1,000,000 shares authorized; none issued	0	0
Common stock, no par value; 40,000,000 shares authorized; 16,271,061 shares outstanding at June 30, 2016 and 16,358,711 shares outstanding at December 31, 2015	303,336,000	304,819,000
Retained earnings	38,553,000	27,722,000
Accumulated other comprehensive income	2,688,000	1,263,000
Total shareholders' equity	344,577,000	333,804,000
Total liabilities and shareholders' equity	\$2,999,936,000	\$2,903,556,000

See accompanying notes to condensed consolidated financial statements.

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MERCANTILE BANK CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Interest income				
Loans, including fees	\$26,887,000	\$25,587,000	\$53,666,000	\$50,898,000
Securities, taxable	2,657,000	1,489,000	4,173,000	3,174,000
Securities, tax-exempt	540,000	523,000	1,077,000	1,060,000
Other interest-earning assets	63,000	64,000	120,000	120,000
Total interest income	30,147,000	27,663,000	59,036,000	55,252,000
Interest expense				
Deposits	1,819,000	1,775,000	3,685,000	3,675,000
Short-term borrowings	47,000	39,000	91,000	76,000
Federal Home Loan Bank advances	575,000	151,000	925,000	303,000
Subordinated debentures and other borrowings	606,000	657,000	1,353,000	1,308,000
Total interest expense	3,047,000	2,622,000	6,054,000	5,362,000
Net interest income	27,100,000	25,041,000	52,982,000	49,890,000
Provision for loan losses	1,100,000	(600,000)	1,700,000	(1,000,000)
Net interest income after provision for loan losses	26,000,000	25,641,000	51,282,000	50,890,000
Noninterest income				
Services charges on deposit and sweep accounts	1,090,000	812,000	2,038,000	1,582,000
Credit and debit card income	1,080,000	1,079,000	2,095,000	2,291,000
Mortgage banking activities	744,000	999,000	1,342,000	1,687,000
Earnings on bank owned life insurance	298,000	262,000	584,000	548,000
Gain on trust preferred securities repurchase	0	0	2,970,000	0
Other income	852,000	869,000	2,121,000	1,607,000
Total noninterest income	4,064,000	4,021,000	11,150,000	7,715,000

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Noninterest expense				
Salaries and benefits	10,801,000	11,074,000	21,796,000	21,158,000
Occupancy	1,480,000	1,479,000	3,084,000	3,052,000
Furniture and equipment	522,000	596,000	1,047,000	1,220,000
Data processing costs	1,970,000	1,872,000	3,962,000	3,642,000
FDIC insurance costs	365,000	483,000	757,000	960,000
Other expense	4,055,000	4,846,000	8,415,000	9,559,000
Total noninterest expenses	19,193,000	20,350,000	39,061,000	39,591,000
Income before federal income tax expense	10,871,000	9,312,000	23,371,000	19,014,000
Federal income tax expense	3,437,000	2,754,000	7,388,000	5,810,000
Net income	\$7,434,000	\$6,558,000	\$15,983,000	\$13,204,000
Basic earnings per share	\$0.46	\$0.39	\$0.98	\$0.78
Diluted earnings per share	\$0.46	\$0.39	\$0.98	\$0.78
Cash dividends per share	\$0.16	\$0.14	\$0.32	\$0.28
Average basic shares outstanding	16,240,966	16,767,393	16,266,311	16,852,002
Average diluted shares outstanding	16,268,839	16,803,846	16,293,250	16,887,702

See accompanying notes to condensed consolidated financial statements.

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MERCANTILE BANK CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Net income	\$7,434,000	\$6,558,000	\$15,983,000	\$13,204,000
Other comprehensive income (loss):				
Unrealized holding gains (losses) on securities available for sale	299,000	(2,722,000)	2,218,000	165,000
Fair value of interest rate swap	(4,000)	71,000	(25,000)	(126,000)
	295,000	(2,651,000)	2,193,000	39,000
Tax effect of unrealized holding gains (losses) on securities available for sale	(105,000)	981,000	(777,000)	(30,000)
Tax effect of fair value of interest rate swap	1,000	(25,000)	9,000	44,000
	(104,000)	956,000	(768,000)	14,000
Other comprehensive income (loss), net of tax	191,000	(1,695,000)	1,425,000	53,000
Comprehensive income	\$7,625,000	\$4,863,000	\$17,408,000	\$13,257,000

See accompanying notes to condensed consolidated financial statements.

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MERCANTILE BANK CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF
 CHANGES IN SHAREHOLDERS' EQUITY
 (Unaudited)

(\$ in thousands except per share amounts)	Preferred Stock	Common Stock	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balances, January 1, 2016	\$ 0	\$304,819	\$27,722	\$ 1,263	\$ 333,804
Employee stock purchase plan (773 shares)		18			18
Dividend reinvestment plan (38,195 shares)		909			909
Stock option exercises (31,249 shares)		379			379
Stock grants to directors for retainer fees (13,000 shares)		327			327
Stock-based compensation expense		616			616
Share repurchase program (167,878 shares)		(3,732)			(3,732)
Cash dividends (\$0.32 per common share)			(5,152)		(5,152)
Net income for the six months ended June 30, 2016			15,983		15,983
Change in net unrealized holding gain on securities available for sale, net of tax effect				1,441	1,441