

MERCANTIL BANK REPORTS NET PROFIT OF \$12.6 MILLION FOR THE FIRST QUARTER OF 2018

News Release

CORAL GABLES, FL (April 30, 2018) – Mercantil Bank, the fifth largest bank headquartered in Florida and among the top 2% of banks in the nation ranked by asset size, announced today a net profit of \$12.6 million for the quarter ended March 31, 2018. Total assets at the close of the first quarter were \$8.4 billion.

“Overall, we are pleased with the Bank’s strong momentum at the start of the year,” said Millar Wilson, Vice-Chairman and CEO of Mercantil Bank. “Our performance continues to demonstrate consistently solid results quarter over quarter as we focus on our strategies for growth,” added Wilson.

Last December, the Bank announced its Spin-off from Mercantil Servicios Financieros, C.A. (MSF), the next step in a long-term strategic initiative to further expand the Bank’s business in South Florida, Houston, Texas, and the New York City area. “During the first quarter, we continued to make progress in our journey to becoming an independent public entity,” said Wilson. As part of the transition, the Bank reached an important milestone in March when it announced the Record Date for the proposed Spin-off distribution of its holding company’s common shares to MSF shareholders. The Spin-off is expected to be completed within the first part of this year.

Also during the first quarter, the Bank opened its first “Bank of the Future” banking center in Wellington, Florida, offering the latest advancements in personal and business banking, continuing its commitment to increasing customer satisfaction and growth in the South Florida market.

Performance Highlights

- Net income for the quarter rose 55.6% year-over-year compared to the same quarter in 2017
- Net interest income for the quarter rose 8.6% year-over-year compared to the same quarter in 2017
- Operating profit was 37.9% higher year-over-year compared to the same quarter in 2017
- Reported a quarterly annualized ROA and ROE of 0.60% and 6.20%, respectively
- Quarterly annualized Liquidity and Efficiency ratios of 24.7% and 76.3%, respectively
- Strong capital ratios above regulatory guidelines to be considered “well capitalized”

Income and Performance Measures

Net income for the quarter ended March 31, 2018 was \$12.6 million compared to \$11.6 million for the quarter ended December 31, 2017 and \$8.1 million for the quarter ended March 31, 2017. The net interest income of \$54.5 million was in line with the quarter ended December 31, 2017 which was \$56.7 million, and was \$4.3 million, or 8.6% higher than the quarter ended March 31, 2017. The increase in net interest income was primarily attributable to an increase in average loan volume and related yields.

The Bank’s net interest margin was 2.73% for the quarter ended March 31, 2018 compared to 2.85% for the immediately preceding quarter ended December 31, 2017 and 2.47% for the quarter ended March 31, 2017. Return on assets (“ROA”) increased from 0.55% at December 31, 2017 to 0.60% at March 31, 2018. Return on equity (“ROE”) increased from 5.66% at December 31, 2017 to 6.20% at March 31, 2018. ROA and ROE, respectively, significantly improved from 0.38% and 4.18% since March 31, 2017. The efficiency ratio contracted slightly from 75.3% at March 31, 2017 and 74.9% at December 31, 2017 to 76.3% at March 31, 2018.

Noninterest Income

Noninterest income totaled \$12.9 million for the first quarter of 2018 as compared to \$14.6 million for the fourth quarter of 2017 and \$13.7 million for the first quarter of 2017. The Bank's diversified advisory and brokerage services contribute a significant portion of non-interest income for the Bank in the form of investment (Mercantil Investment Services) and fiduciary (Mercantil Trust Company) fee revenue. The primary components of noninterest income for the quarter were \$5.7 million of service fees on deposit accounts, \$3.7 million of broker and management fees, and \$1.4 million of bank-owned life insurance income.

Financial Position

Capital ratios continue to be strong and well in excess of minimum regulatory requirements to be "well capitalized." Even after a special dividend of \$40 million, the Bank's capital closed at \$783.3 million and its capital ratios continue to significantly exceed the regulatory benchmarks to be considered "well capitalized." At March 31, 2018, the Bank's Total Risk Weighted Capital Ratio, Tier 1 Risk-Based Capital Ratio, and Tier 1 Leverage Ratio were 12.4%, 11.4%, and 9.4%, respectively. The liquidity ratio remains strong at March 31, 2018 at 24.7%.

Loan Portfolio Composition and Asset Quality

The gross loan portfolio, before netting the allowance for loan losses (ALL), decreased to \$5.95 billion as of March 31, 2018, compared to \$6.07 billion as of December 31, 2017, but increased by 1.2% from \$5.88 billion as of March 31, 2017.

During the first quarter of 2018, the Bank did not record any provision for loan losses due to continued improvement in loan credit quality, compared to \$4.1 million provision expense recorded during the first quarter of 2017. As a result, the allowance for loan losses remained relatively unchanged at \$72.1 million as of March 31, 2018. The total reserves to total loans ratio and the nonperforming loans to total loans ratio were 1.21% and 0.53%, respectively, as of March 31, 2018.

Deposits

At March 31, 2018, total deposits were \$6.3 billion compared to \$6.4 billion at December 31, 2017. The average cost of total deposits was 0.92% for the quarter ended March 31, 2018, compared to 0.82% for the immediately preceding quarter ended December 31, 2017 and 0.67% for the quarter ended March 31, 2017.

Financial Highlights and Key Ratios

Mercantil Bank Consolidated Highlights					
	Q1 2018	Q4 2017	Q1 2017	Δ Quarter on Quarter %	Δ Year on Year %
\$ Millions					
Consolidated Balance Sheet					
Total assets	\$ 8,408.1	\$ 8,425.7	\$ 8,382.0	(0.2)	0.3
Securities	1,755.0	1,777.0	1,973.0	(1.2)	(11.0)
Loans, gross	5,950.5	6,071.8	5,878.2	(2.0)	1.2
Allowance for loans losses (ALL)	72.1	72.0	79.4	0.1	(9.2)
Loans, net	5,878.3	5,999.8	5,798.9	(2.0)	1.4
Total deposits	6,318.9	6,364.1	6,597.5	(0.7)	(4.2)
Stockholder's equity	783.2	822.0	780.0	(4.7)	0.4
Quarterly Results					
Consolidated Income Statement					
Net interest income	54.5	56.7	50.2	(3.9)	8.6
Non interest income	12.9	14.7	13.7	(12.2)	(5.8)
(Reversal of) provision for loan losses	-	(12.4)	4.1	(100.0)	(100.0)
Non interest expense	51.4	52.5	48.2	(2.1)	6.6
Profit before taxes	16.0	31.3	11.6	(48.9)	37.9
Net Income	12.6	11.6	8.1	8.6	55.6
Key Ratios (% - Quarterly Annualized)					
Performance Measures					
Return on assets	0.60	0.55	0.38	0.0	0.2
Return on equity	6.20	5.66	4.18	0.5	2.0
Net interest margin	2.73	2.85	2.47	(0.1)	0.3
Efficiency ratio	76.26	74.87	75.30	1.4	1.0
Capital Adequacy Indicators					
Total capital ratio	12.42	12.74	12.39	(0.3)	0.0
Tier I capital ratio	11.35	11.68	11.24	(0.3)	0.1
Leverage ratio	9.36	9.69	9.11	(0.3)	0.2
Liquidity Measures					
Liquidity ratio	24.68	22.16	22.52	2.5	2.2

ABOUT MERCANTIL BANK

Mercantil Bank, N.A. is the fifth largest bank headquartered in Florida and is ranked among the top 150 banks and thrifts in the U.S. by the American Banker in terms of assets and deposits. The Bank offers a wide variety of domestic, international, personal and commercial banking services, including investment, trust, and estate planning through its subsidiaries, Mercantil Investment Services, Inc. and Mercantil Trust Company, N.A. Headquartered in Coral Gables, Florida for over 35 years, it operates 22 banking centers – 15 in South Florida and 7 in Houston – as well as a commercial real estate loan production office in Manhattan, New York. For more information, please visit www.mercantilbank.com.

This press release is not an offer to sell nor the solicitation of an offer to purchase any securities.

The financial information presented as of and for the three months ended March 31, 2017 and 2018 are unaudited and may not reflect the results or financial position for another interim period or for the year 2018.