



MERCANTILE BANK
(Its affiliates and subsidiaries)

Community Reinvestment Act Policy and Program

Policy Statement

The Community Reinvestment Act is designed to encourage financial institutions to determine, understand and help meet the credit needs of the communities they serve including low and moderate-income areas, consistent with safe and sound lending practices. Mercantile Bank, “The Bank”, is committed to serving the credit needs of the communities we serve. We believe that a philosophy of strong community involvement by our employees, readily accessible products and services, combined with marketing and outreach programs will ensure that we comply with both the letter and spirit of the Community Reinvestment Act.

Assessment Area

The Bank has identified its service area for purposes of the Community Reinvestment Act to include the following assessment areas:

- Grand Rapids Assessment Area
 - Ionia County
 - Kent County
 - Montcalm County
 - Ottawa County
- Kalamazoo - Portage MSA 28020
 - Kalamazoo County
- North Central Non MSA
 - Clare County
 - Gratiot County
 - Isabella County
 - Mecosta County
 - Missaukee County
 - Ogemaw County
 - Oscoda County
 - Roscommon County
 - Wexford County
- Traverse City
 - Grand Traverse County
- Petoskey
 - Emmet County

- South NonMSA
 - Van Buren County
 - Allegan County
- Lansing
 - Clinton County
 - Ingham County
- Saginaw MSA 40980
 - Saginaw County
- Midland MSA 33220
 - Midland County
- Troy
 - Oakland County

Designation of assessment areas does not mean that the Bank will not make loans outside of the assessment areas but rather that the Bank recognizes that our primary responsibility is to meet the credit needs of those areas in which the bank has a physical presence. The Bank will on an annual basis review and make changes to its assessment area as deemed necessary.

Exhibit 1 contains maps of the Bank’s assessment areas.

CRA Program

The Bank will develop and administer a Community Reinvestment Act program to ensure compliance with the requirements and spirit of the Community Reinvestment Act. The CRA program will incorporate the following elements.

Training

CRA training will be provided through the Bank’s compliance training program. The CRA Officer will determine the scope of the training.

CRA Operational Compliance

The CRA Officer will ensure that the Bank meets the operational requirements of the Community Reinvestment Act regulation by working with the residential mortgage lending and commercial loan departments to ensure the accurate and timely submission of CRA and HMDA data. The CRA Officer will maintain the Bank’s CRA public file and review and document any CRA related public comments.

Community Needs Assessment

The Bank will make active efforts to identify and understand the credit needs of all the communities we serve, including those of low-moderate income communities. Bank staff will meet with municipalities, community leaders, affordable housing providers, small business organizations and other nonprofit organizations to understand community needs.

Outreach

The Bank will ensure that all the communities we serve, including low and moderate-income communities and minority communities, are aware of the products and services we offer through outreach efforts and marketing.

Monitoring

The Bank will monitor its CRA performance by reviewing and evaluating reports including loan reports on mortgage (HMDA reportable) loans, small business (CRA reportable) loans, flexible loan reports and community development loans reports. The Bank will also evaluate services, donations, and other investments through reports presented to the CRA and Fair Lending Committee by the Bank's CRA Officer.

Self-Assessment

The Bank will, on an annual basis, conduct a self-assessment of its CRA performance. The Bank will look at aggregate lending patterns and evaluate its performance in comparison to aggregate lending data. The Bank will also review the availability and effectiveness of the Bank's systems for delivering retail-banking services including the range of products and services offered by the Bank as well as the community development services provided by the Bank. The assessment will also review the Bank's record of helping meet the needs of its community through qualified investments

Elements of this program may be changed as deemed necessary by the Chief Risk Officer or Chief Compliance Officer of the Bank.

Responsibilities

Board of Directors

The Board of Directors is responsible for the review and approval of the CRA Program and the delineation of the Bank's assessment area. The Board will appoint a CRA Officer to carry out the requirements of the CRA Statement and Program. Senior Management and the CRA Officer will report at least annually to the Board of Directors regarding the Bank's CRA performance.

CRA and Fair Lending Committee

The Bank will maintain a Corporate CRA and Fair Lending Committee that will be comprised of the CRA Officer and Senior Management from various departments of the Bank including commercial lending, residential mortgage lending, retail and marketing. This CRA and Fair Lending Committee will be responsible for monitoring the Bank's CRA and Fair Lending performance to ensure that CRA objectives are met.

CRA Officer

The CRA Officer will be responsible for implementing and administering the CRA program described in this policy. CRA Officer will report periodically to the CRA and Fair Lending Committee regarding the Bank's CRA performance.

All Employees

All employees have the responsibility of outreaching and engaging within the communities served by the Bank.