



Anti-Money Laundering, Bank Secrecy Act, Customer Identification and Due Diligence Programs

To Whom It May Concern:

Mercantile Bank Corporation ("MBWM") and each of its subsidiaries (together with MBWM, "Mercantile") are firmly committed to participating in international efforts to combat money laundering, terrorist financing and other illegal activities.

Mercantile is a publicly traded and a registered bank holding company headquartered in Grand Rapids, Michigan in the United States ("U.S."), regulated by the Federal Reserve Bank, the Securities and Exchange Commission ("SEC"), the Federal Deposit Insurance Corporation ("FDIC") and the Department of Insurance and Financial Services in the State of Michigan. Mercantile is also regulated by other various U.S. federal and state banking and securities regulators and regulatory organizations, such as the Financial Crimes Enforcement Network (FinCEN), as well as other U.S. governmental agencies that have supervisory authority over certain legal entities in those jurisdictions where Mercantile operates.

Mercantile has implemented a risk-based Anti-Money Laundering ("AML") and Bank Secrecy Act ("BSA") Compliance Program ("AML/BSA Program") designed to comply with AML laws and regulations in the U.S., including the Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001, the Anti-Money Laundering Act of 2020, and other applicable laws and regulations relating to the prevention of money laundering and terrorist financing in the jurisdictions where Mercantile operates. The AML/BSA Program consists of, among other things:

- Appointment of a Bank Secrecy Act (BSA) Officer, by the Board of Directors, whose responsibility shall be to monitor and coordinate overall compliance with the Bank Secrecy Act and the implementation of all regulations; Pursuant to the responsibility, the BSA Officer shall report to the Board of Directors;
- AML/BSA risk assessments and audits of the programs, customers, products and services;
- Written policies, procedures, training and a system of internal controls designed to facilitate ongoing compliance with applicable AML/BSA laws and regulations;
- Know Your Customer standards including a Customer Identification Program and Customer Due Diligence procedures designed to identify and verify all customers and, where applicable, beneficial owners, source of funds, and the nature and intended purpose of the business relationship, to the extent warranted by the risk of money laundering, terrorist financing, other illegal activities or as required by regulation;
- Performance of additional due diligence on higher risk customers and those who are assessed to be politically exposed persons;

- Risk-based internal controls and procedures for ongoing monitoring of transactions and activities through customers' accounts;
- Identification and reporting of suspicious transactions or activities to appropriate regulatory authorities in accordance with applicable laws;
- Maintain updated annual AML, BSA and CIP training for all staff, management and Board of Directors;
- Independent audit and compliance testing functions to review and assess Mercantile's compliance with the AML/BSA Program and applicable laws;
- Prohibition from conducting business with persons or entities whose identity cannot be verified in accordance with Mercantile's policies;
- Record keeping and reporting requirements, including those for cash transactions and records obtained pursuant to the Customer Identification Program, which are maintained for at least five years after the termination of a customer relationship.

Mercantile is also subject to the regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") and has implemented policies and procedures designed to comply with the prohibitions and restrictions mandated by OFAC and all other sanctions laws and regulations applicable in the jurisdictions where Mercantile operates.

Compliance with the legal and regulatory requirements that govern the management of client relationships is critical for Mercantile to protect itself and all financial systems from the abuses of illicit finance activities. Moreover, compliance with AML, BSA and Customer Identification Programs, along with internal procedures, allows us to maintain our good standing in the jurisdictions in which we transact business. Mercantile cooperates to the fullest extent permitted by law with investigations and inquiries from law enforcement and regulatory authorities.

Sincerely,



Nicole L. Biermann
Vice President
BSA/OFAC Officer

For information concerning Mercantile's business and the products and services offered, please visit our website at www.mercbank.com.

If you have additional questions concerning our anti-money laundering, Bank Secrecy Act or customer due diligence programs, please contact our Chief Risk Officer by using the "Feedback" section on our website: <https://mercbank.com/feedback>.