

MERCANTILE BANK CORP  
Form 11-K  
June 27, 2016

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 11-K**

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the fiscal year ended December 31, 2015**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934.**

**For the transition period from to**

**Commission File No. 000-26719**

**Mercantile Bank of Michigan**

**401(k) Plan**

Mercantile Bank Corporation

310 Leonard Street, NW

Grand Rapids, Michigan 49504

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**REQUIRED INFORMATION**

The Mercantile Bank of Michigan 401(k) Plan is subject to the Employee Retirement Income Security Act of 1974 (ERISA). In lieu of the requirements of Items 1, 2 and 3 of Form 11-K for annual reports, the financial statements and schedules of the Plan for the two years ended December 31, 2015 and 2014, which have been prepared in accordance with the financial reporting requirements of ERISA, are included in this report.

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**Mercantile Bank of Michigan**

**401(k) Plan**

Financial Statements

And Supplemental Schedule

Years Ended December 31, 2015 and 2014

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**Mercantile Bank of Michigan 401(k) Plan  
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**Report of Independent Registered Public Accounting Firm**

Plan Administrator

Mercantile Bank of Michigan 401(k) Plan

Grand Rapids, Michigan

We have audited the accompanying statements of net assets available for benefits of Mercantile Bank of Michigan 401(k) Plan (the Plan) as of December 31, 2015 and 2014, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2015 and 2014, and the changes in net assets available for benefits for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

The accompanying supplemental Schedule of Assets (Held at End of Year) as of December 31, 2015 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental schedule reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental schedule is fairly stated, in all material respects, in relation to the financial statements as

a whole.

/s/ BDO USA, LLP

Grand Rapids, Michigan

June 27, 2016

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**Mercantile Bank of Michigan 401 (k) Plan****Statements of Net Assets Available for Benefits**

<i>December 31,</i>	<b>2015</b>	2014
<b>Assets</b>		
Investments, at fair value		
Mutual funds	<b>\$37,222,474</b>	\$37,139,258
Mercantile Bank Corporation common stock	<b>13,863,750</b>	14,976,077
Money market fund	<b>2,267,555</b>	2,254,258
Total investments	<b>53,353,779</b>	54,369,593
Notes receivable from participants	<b>687,038</b>	956,496
Accrued income	<b>7,281</b>	19
<b>Net Assets Available for Benefits</b>	<b>\$54,048,098</b>	\$55,326,108

*See accompanying notes to financial statements.*



**Mercantile Bank of Michigan 401 (k) Plan****Statements of Changes in Net Assets Available for Benefits**

<i>Year ended December 31,</i>	<b>2015</b>	2014
<b>Additions</b>		
Investment income		
Net appreciation (depreciation) in fair value of investments	<b>\$127,075</b>	(804,760 )
Interest and dividends	<b>2,283,790</b>	2,832,739
Total investment income	<b>2,410,865</b>	2,027,979
Contributions		
Employer	<b>1,203,061</b>	918,949
Employee	<b>2,146,981</b>	1,731,387
Rollover	<b>537,074</b>	127,927
Total contributions	<b>3,887,116</b>	2,778,263
Interest from notes receivable	<b>36,786</b>	31,533
<b>Total Additions</b>	<b>6,334,767</b>	4,837,775
<b>Deductions</b>		
Benefits paid to participants	<b>7,471,954</b>	7,145,213
Administrative expenses	<b>140,823</b>	77,425
<b>Total Deductions</b>	<b>7,612,777</b>	7,222,638
Net decrease	<b>(1,278,010 )</b>	(2,384,863 )
<b>Assets Transferred to the Plan</b>	-	35,114,558
<b>Net Assets Available for Benefits, beginning of year</b>	<b>55,326,108</b>	22,596,413
<b>Net Assets Available for Benefits, end of year</b>	<b>\$54,048,098</b>	\$55,326,108

*See accompanying notes to financial statements.*



## **Mercantile Bank of Michigan 401(k) Plan**

### **Notes to Financial Statements**

#### **1. Plan Description**

The following description of Mercantile Bank of Michigan 401(k) Plan (Plan) provides only general information. Participants should refer to the Plan Agreement or Summary Plan Description for a more complete description of the Plan's provisions.

##### ***General***

The Plan was established by the Plan Sponsor, Mercantile Bank of Michigan (Bank), effective January 1, 1998. The Plan was amended and restated effective January 1, 2013. The Plan is subject to the Employee Retirement Income Security Act of 1974 (ERISA).

On August 14, 2013, Mercantile Bank Corporation (Mercantile) and Firstbank Corporation (Firstbank) entered into an agreement to merge. Under the terms of the merger agreement, Firstbank was merged with and into Mercantile, with Mercantile as the surviving corporation. The merger became effective on June 1, 2014. As a result, the Firstbank Corporation 401(k) Plan was merged into the Plan effective June 9, 2014, and assets of approximately \$35,115,000 were merged into the Plan. Effective June 9, 2014, the Plan changed custodians, and Plan assets were transferred from Charles Schwab Trust Company to Greenleaf Trust Company.

##### ***Eligibility and Enrollment***

The Plan is a defined contribution plan covering eligible employees who have completed a minimum of one hour of service. Beginning January 1, 2014, eligible employees can enter the Plan on the first day of the month following date of hire. Beginning May 1, 2014, the Bank adopted automatic enrollment provisions in which an amount equal to 3% of employee compensation for all newly eligible employees is automatically withheld, until such time as the employee elects a different percentage or elects no contributions.

***Contributions***

Elective deferrals by participants under the Plan provisions are based on a percentage of their compensation, subject to certain limitations as defined by the Plan Agreement. Participants may also make after-tax Roth contributions, and may roll over account balances from other qualified defined benefit or defined contribution plans into their account.

Effective January 1, 2014, the Bank made safe harbor matching contributions equal to 100% of the first 4.25% of compensation deferred by each participant subject to certain limitations as specified in the Plan Document. The Bank may also make a discretionary profit sharing contribution subject to certain limitations as specified in the Plan Agreement. There were no profit sharing contributions in 2015 and 2014.

***Participant Accounts***

Each participant's account is credited with the participant's contributions, allocations of the Bank's matching contribution and Plan earnings. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account. Participants may direct the investment of their account balances into various investment options offered by the Plan.

## **Mercantile Bank of Michigan 401(k) Plan**

### **Notes to Financial Statements**

#### ***Vesting***

Participants are immediately vested in their elective deferrals and all employer contributions and earnings thereon.

#### ***Notes Receivable From Participants***

Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their account balance. The notes are secured by the balance in the participant's account and bear interest at rates that are commensurate with local borrowing rates. Interest rates on notes receivable outstanding as of December 31, 2015 ranged from 3.25% to 7.75%. Principal and interest is paid ratably through payroll deductions over a period not to exceed five years, unless the notes were used to purchase a primary residence, in which case the note terms shall not exceed ten years.

#### ***Payment of Benefits***

Upon separation of service, death, disability or retirement, a participant or his or her beneficiary will receive a distribution of the participant's account as a lump-sum amount. A participant may receive the portion of his or her account invested in Mercantile Bank Corporation common stock in either common shares or cash. Additionally, under certain circumstances of financial hardship, participants are allowed to withdraw funds from the Plan.

#### ***Administrative Expenses***

Certain administrative expenses are paid by the Plan Sponsor. Certain fees incurred as a result of participant-directed transactions (e.g., participant loan origination and distribution fees) are charged directly to the participant's account. Effective June 2014, an annual trustee fee is paid to Greenleaf Trust. The trustee fee is calculated quarterly based on the market value of the Plan assets and allocated to participant accounts on a quarterly basis.



**Mercantile Bank of Michigan 401(k) Plan**

**Notes to Financial Statements**

**2. Significant Accounting Policies**

*Basis of Accounting*

The accompanying financial statements are prepared under the accrual method of accounting.

*Use of Estimates*