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## Section 1: 8-K (FORM 8-K)

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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### FORM 8-K

### CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

**Date of Report (date of earliest event reported): November 29, 2018**

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## Mercantile Bank Corporation

(Exact name of registrant as specified in its charter)

**Michigan**  
(State or other jurisdiction  
of incorporation)

**000-26719**  
(Commission File  
Number)

**38-3360865**  
(IRS Employer  
Identification Number)

**310 Leonard Street NW, Grand Rapids, Michigan**  
(Address of principal executive offices)

**49504**  
(Zip Code)

Registrant's telephone number, including area code

**616-406-3000**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

***Employment Agreements and Change in Control Agreements***

On November 29, 2018, Mercantile Bank Corporation (“Mercantile”) and Mercantile Bank of Michigan (the “Bank”) and each named executive officer listed below entered into an amended and restated employment agreement to be effective as of December 31, 2018. The material terms of the employment agreement for each of Robert B. Kaminski, Jr., Charles E. Christmas, Raymond E. Reitsma, Robert T. Worthington and Lonna L. Wiersma are as follows:

- Each agreement provides for an employment term of three years. The term will automatically extend for an additional year as of each December 31 unless notice of non-extension is given by Mercantile, the Bank or the officer.
- Each agreement provides that the Board of Directors of the Bank will establish the officer's annual base salary, which will not be less than the annual base salary for the immediately preceding year. The officer is also entitled to receive bonuses and other discretionary compensation as awarded by the Board of Directors of Mercantile or the Bank.
- The officer is entitled to the payment of base salary for the remainder of the employment term if his or her employment terminates due to disability.
- If the officer dies, the Bank will pay his or her legal representative a lump sum death benefit in the following amounts: Mr. Kaminski - \$300,000; Mr. Christmas - \$200,000; Mr. Reitsma - \$200,000; Mr. Worthington - \$100,000; and Ms. Wiersma - \$100,000.
- In the event of a termination without cause or a "good reason" termination, each officer will receive the greater of his or her annual base salary payable for the remainder of the employment term, or a specified amount, payable in 18 monthly installments.
- After the employment term but before age 65, if the officer's employment terminates without cause or his or her annual base salary is reduced without consent and without cause, the Bank will pay each officer a specified amount in 18 monthly installments.
- Each officer agreed not to compete with Mercantile, the Bank or any of their affiliates for a period of 18 months following termination of employment.

Effective December 31, 2018, Mercantile, the Bank and each named executive officer entered into an amended and restated change in control agreement dated as of November 29, 2018. The change in control agreement for each of Mr. Reitsma, Mr. Worthington, and Ms. Wiersma is attached as an addendum to his or her respective employment agreement.

Each officer's change in control agreement provides that if the officer's employment is terminated without cause or in the event of a "good reason" termination within 24 months after a change in control, the officer will receive a lump sum payment in the following amount, in addition to any other payments owing under the officer's employment agreement: Mr. Kaminski - \$500,000; Mr. Christmas - \$350,000; Mr. Reitsma - \$350,000; Mr. Worthington - \$250,000; and Ms. Wiersma - \$250,000.

Pursuant to the terms of his Amended and Restated Employment Agreement, Mr. Reitsma, who currently serves as the President of the Bank, will also serve as an Executive Vice President of Mercantile.

The foregoing description of each of the agreements is qualified in its entirety by reference to the agreements attached hereto as Exhibits 10.1, 10.2, 10.3, 10.4, 10.5, 10.6 and 10.7, respectively.

#### ***Equity Incentive Grants***

On November 29, 2018, the Compensation Committee of the Board of Directors of Mercantile authorized equity incentive grants of shares of performance-based restricted stock to Mercantile's named executive officers under Mercantile's Stock Incentive Plan of 2016 (the "Incentive Plan"). The grants were made to incentivize continuous improvements in corporate performance and increasing shareholder value over the long term. As a condition of accepting the grants, each recipient will be required to execute a Performance-Based Restricted Stock Award Agreement. The grants are also subject to the terms and conditions of the Incentive Plan.

Each grant of performance-based restricted stock to the named executive officers would vest at the end of a 3-year performance period (January 1, 2019-December 31, 2021), depending on whether Mercantile satisfied pre-determined performance goals. The performance goals would be set at a target performance level. If Mercantile met the target performance level, the officers would be vested in the number of shares designated as the "target award." Performance levels would also be set at a maximum level to provide an incentive for superior performance, and at a threshold level, below which no shares would be earned. Depending on Mercantile's performance relative to the performance goals, the named executive officers could earn between 0% and 150% of the target award. Vesting of shares at the target level may be accelerated under certain circumstances, including in the event of a change of control, death, disability, retirement, or termination by Mercantile without cause. The Compensation Committee may also accelerate vesting in its discretion.

The number of shares of performance-based restricted stock awarded to our named executive officers at the target level are listed below:

	<b>Shares of Performance Based Restricted Stock</b>
Robert B. Kaminski, Jr.	7,841
Charles E. Christmas	5,302
Raymond E. Reitsma	5,244
Robert T. Worthington	3,268
Lonna L. Wiersma	2,978

The foregoing description of the grants is qualified in its entirety by the terms and conditions set forth in the Form of Performance-Based Restricted Stock Award Agreement for the 2019-2021 performance period, a copy of which is attached as Exhibit 10.8 hereto, and incorporated by reference herein.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
10.1	<u>Amended and Restated Employment Agreement of Robert B. Kaminski Jr. dated November 29, 2018, effective December 31, 2018</u>
10.2	<u>Amended and Restated Employment Agreement of Charles E. Christmas dated November 29, 2018, effective December 31, 2018</u>
10.3	<u>Amended and Restated Employment Agreement of Raymond E. Reitsma dated November 29, 2018, effective December 31, 2018</u>
10.4	<u>Amended and Restated Employment Agreement of Robert T. Worthington dated November 29, 2018, effective December 31, 2018</u>
10.5	<u>Amended and Restated Employment Agreement of Lonna L. Wiersma dated November 29, 2018, effective December 31, 2018</u>
10.6	<u>Amended and Restated Change in Control Agreement of Robert B. Kaminski Jr. dated November 29, 2018, effective December 31, 2018</u>
10.7	<u>Amended and Restated Change in Control Agreement of Charles E. Christmas dated November 29, 2018, effective December 31, 2018</u>
10.8	<u>Form of Performance Based Restricted Stock Award Agreement</u>

## Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Mercantile Bank Corporation

By: /s/ Charles E. Christmas  
Charles E. Christmas  
Executive Vice President, Chief  
Financial Officer and Treasurer

Date: December 3, 2018

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## Section 2: EX-10.1 (EXHIBIT 10.1)

Exhibit 10.1

### EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement (“Agreement”) is made as of the 29<sup>th</sup> day of November, 2018, effective as of December 31, 2018, by and among Mercantile Bank Corporation, a Michigan corporation (the “Company”), Mercantile Bank of Michigan, a Michigan banking corporation (the “Bank”, and collectively with the Company, the “Employers”, and each an “Employer”), and Robert B. Kaminski, Jr. (the “Employee”).

### RECITALS

- A. The Company, the Bank and the Employee have previously entered into an Employment Agreement dated October 12, 2000, which has been amended and restated by an amended and restated Employment Agreement dated as of October 18, 2001, which was further amended by an amendment dated as of October 17, 2002, an amendment dated as of October 28, 2004 and by a Third Amendment dated as of November 17, 2005, and was further amended and restated by an Amended and Restated Employment Agreement dated as of November 13, 2014, as amended by a First Amendment dated May 28, 2015 and by a Second Amendment dated December 15, 2016 (the “Employment Agreement”).
- B. The Company, the Bank and the Employee wish to amend and restate the Employment Agreement in its entirety, such that this Agreement will replace and supersede the existing Employment Agreement.
- C. This Agreement sets forth the terms of the Employee’s employment as President and Chief Executive Officer of the Company and Chief Executive Officer of the Bank.
- D. The Employers believe that entering into this Agreement is in the best interest of their respective shareholders.
- E. The Employee believes that entering into this Agreement is in his best interest.

### TERMS OF AGREEMENT

In consideration of the mutual covenants and obligations set forth in this Agreement, to induce the Employee to remain in the employment of the Employers, and for other good and valuable consideration, the Employers and the Employee amend and restate the Employment Agreement and agree as follows:

1. Employment, Term, and Acceptance: The Company agrees to employ the Employee as its President and Chief Executive Officer, and the Bank agrees to employ the Employee as its Chief Executive Officer for the period from January 1, 2019 through the Termination Date (the “Employment Period”), unless such employment is terminated earlier pursuant to Section 7 or 8 of this Agreement. The initial Termination Date is December 31, 2021. Effective as of December 31, 2019, and as of each December 31 after December 31, 2019, the Termination Date will automatically extend to the next succeeding December 31 after the then existing Termination Date unless prior to a December 31 automatic extension, the Employee, the Company, or the Bank gives notice to each of the others that the Termination Date shall not be automatically extended on such December 31; in which case the Termination Date will not be extended. Accordingly, unless the Employee, the Company or the Bank gives notice that the Termination Date will not be extended, there will, as of each December 31, be an Employment Period of three years remaining. The Employee hereby accepts such employment.



2. Duties and Authority.

2.1 Promotion of Employers' Interest. While employed as an executive officer of the Company and the Bank, the Employee shall devote his business time and attention to the business and affairs of the Employers, and shall use his efforts and abilities to promote the interests of the Employers.

2.2 Performance of Duties. The Employee shall perform such services and duties necessary or appropriate for the Employers as are normally expected of persons appointed to President and Chief Executive Officer and Chief Executive Officer positions, respectively, in the businesses in which the Employers are engaged.

3. Cash Compensation. For all services to be performed by the Employee under this Agreement (including services as an officer or employee), the Bank shall pay the Employee an annual base salary (prorated for any partial year) for each calendar year of this Agreement through the Termination Date, in an amount not less than the annual base salary for the immediately preceding year, as determined by the Board of Directors of the Bank, such determination to be made for each such 12 month period prior to the beginning of such period ("Base Cash Compensation"); payable in each case in accordance with the then prevailing payroll practices of the Bank. To the extent that the date of any change in rate of compensation provided for above does not coincide with the first day of a payroll period of the Bank, such change in rate of compensation shall become effective as of the first day of the payroll period that includes such date. In addition to the Base Cash Compensation described above, the Employee will be entitled to such bonuses and other discretionary compensation as may be awarded to him from time to time by the Board of Directors of either of the Employers.

4. Participation in Employee Benefit Plans. In addition to the cash compensation payable to the Employee under this Agreement, the Employee shall be entitled to participate in such employee benefit plans, whether contributory or non-contributory, such as group life and disability insurance plans, hospital, surgical, vision and dental benefit plans or other bonus incentive, profit sharing, stock option, retirement or other employee benefit plans of the Employers as may now or hereafter exist to the extent that the Employee meets the eligibility requirements of any such plans. The Employee is also entitled to coverage under a long-term care insurance policy. All such group life and disability insurance plans, hospital, surgical, vision and dental benefit plans and long-term care insurance policies are hereafter referred to as "Life, Disability and Medical Plans". If any bonus or incentive compensation plan payments constitute "deferred compensation" within the meaning of Code Section 409A and applicable Treasury regulations, such deferred compensation will be paid to the Employee within 2 ½ months after the end of the calendar year in which it is payable, unless such bonus or incentive compensation is deferred pursuant to a timely election into a plan that complies with Code Section 409A.

5. Out of Pocket Expenses. The Employee will be reimbursed by the Bank or the Company, as the case may be, for all reasonable expenses incurred in promoting their respective businesses; including expenses for entertainment, travel and similar items upon the presentation by Employee, from time to time, of an itemized account of such expenditures in a form and manner as determined by the Board of Directors or the chief financial or accounting officer of the Employer for whose account the expenditures are made; provided that such reimbursement shall be subject to any guidelines provided by the Board of Directors or Chief Executive Officer of the Bank or the Company prior to an expense being incurred.

6. Vacations. The Employee shall be entitled each year to five (5) weeks paid vacation time. The Employee will not be entitled to additional compensation for vacation time not utilized in any year nor will the Employee be permitted to carry over unused vacation time to a succeeding year.

7. Termination of Employment Upon Disability or Death.

7.1 Disability. In the event the Employee shall become Disabled (as hereinafter defined) during the Employment Period, the Bank or the Company may terminate the Employee's employment under this Agreement by giving him written notice of such termination ("Disability Termination Notice"). In the event of any such termination during the Employment Period, the Bank shall continue to pay the Employee his Base Cash Compensation, at the rate in effect immediately prior to the giving of the Disability Termination Notice, through the end of the Employment Period (through the Termination Date then in effect). In addition, the Employers shall cover the Employee under their disability plans, if any, in effect from time to time under the terms and conditions that such coverage is made available to other employees of the respective Employers, and the Employee shall be entitled to any benefits payable to him under such disability plans. While disabled, the Bank shall continue to provide the Employee and his dependents with coverage under its Life, Disability and Medical Plans until the Employee reaches the age of sixty-five (65) years old to the extent that it may do so under the provisions of such plans, with the Employee's contributions to the premiums under such plans being no more than the amounts he paid for such premiums prior to his disability, adjusted from time to time for normal periodic increases in such premiums applied in general to employees of the Bank.

The Employee shall be "Disabled" for purposes of this Agreement if the Employee (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or (ii) is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for at least three (3) months from an Employer's long-term disability policy. The Employee shall be deemed to be Disabled if he is determined to be totally disabled by the Social Security Administration.



7.2 Death. In the event of the death of the Employee, his employment with the Employers shall terminate as of the date of his death. Promptly following his death, the Bank shall pay to his legal representative a death benefit of \$300,000. In addition, any life insurance policies owned by the Bank or the Company, and insuring the life of the Employee shall be payable to the beneficiaries of such policies in accordance with the terms of such policies.

7.3 Extent of Obligations. The provisions of Sections 7.1 and 7.2 apply only to Disability or death occurring during the Employment Period while the Employee is employed by the Bank and the Company. Other than as set forth in Section 7.1 or 7.2, neither of the Employers shall have any obligation or liability to the Employee upon the employee's death or Disability except that the Employee shall be entitled to all of his accrued rights under stock option, retirement and other employee benefit plans of the Company and the Bank, and the Bank shall promptly pay the Employee (or his personal representative) his Base Cash Compensation due through the effective date of the termination of his employment, the cash equivalent of any accrued vacation days not taken as of such effective date (calculated based on the Employee's annual base salary attributable to each vacation day), and any out-of-pocket expenses for which the Employee is entitled to be reimbursed, and for which reimbursement has not yet been made.

8. Termination of Employment for Cause, Without Cause, Good Reason, or Without Good Reason.

8.1 Termination by an Employer for Cause. Each of the Employers shall have the right, at any time, to terminate the Employee's employment for Cause (as defined herein), within 90 days of the Employer's learning of such Cause. For purposes of this Agreement, the term "Cause" means (a) an act or acts of dishonesty committed by the Employee and intended by the Employee to result in the Employee's substantial personal enrichment at the expense of the Company or the Bank, (b) continuing intentional gross neglect by the Employee of his duties under Section 2 of this Agreement which cause or are expected to cause material harm to the Company or the Bank, and which is not remedied after receipt of notice from the applicable Employer, (c) the Employee's conviction of a felony, or (d) the Employee's intentional breach of his obligations under Section 11 or 12 which causes or may be expected to cause material harm to the Company or the Bank. Any termination for Cause shall be effective upon an Employer giving the Employee written notice that the Employee's employment is terminated, and setting forth in reasonable detail the basis for such termination, and that such termination is for Cause. Any such notice shall terminate the Employee's employment with both Employers.

8.2 Termination by an Employer Without Cause. Each of the Employers shall have the right at any time to terminate the Employee's employment without Cause by giving the Employee written notice that the Employee's employment is terminated, and setting forth in reasonable detail the basis, if any, for such termination. Any such termination shall be effective upon the giving of such notice by the Employer.

8.3 Termination by Employee for Good Reason. The Employee shall have the right at any time to terminate his employment under this Agreement for Good Reason (as defined herein) within ninety (90) days of learning of such Good Reason. For purposes of this Agreement, the term "Good Reason" means (a) any assignment to the Employee of any title or duties that are materially inconsistent with the Employee's present positions, titles, duties, or responsibilities, other than an insubstantial or inadvertent action which is remedied by the applicable Employer promptly after receipt of written notice from the Employee, or which is approved of by the Employee in writing; or (b) any failure by an Employer to comply in a material respect with any provision of Section 3, 4, 5, or 6, other than a insubstantial or inadvertent failure which is remedied by the applicable Employer promptly after receipt of written notice from the Employee. Any termination for Good Reason shall be effective upon the Employee giving the Employers written notice that the Employee is terminating his employment, and setting forth in reasonable detail the basis for such termination, and that such termination is for Good Reason. Any such termination shall be effective upon the giving of such notice by the Employee; and any such notice shall terminate his employment with both Employers. Notwithstanding the above, the assignment to the Employee of any title or duties at the Bank or the Company that he has previously held or performed at the Bank or the Company, shall not be sufficient to constitute Good Reason for termination of employment by the Employee.

8.4 Termination by Employee Without Good Reason. The Employee shall have the right at any time to terminate the Employee's employment with both Employers without Good Reason by giving the Employers written notice that the Employee is terminating his employment. Any such termination shall apply to the Employee's employment with both Employers and be effective ninety (90) days after the giving of such notice by the Employee.

8.5 Obligation of Employers upon Termination without Cause or Employee's Termination with Good Reason. In the event that during the Employment Period, an Employer terminates the Employee's employment without Cause under Section 8.2, or the Employee terminates his employment for Good Reason under Section 8.3; or the Employee's employment is terminated for any other reason except (i) for Cause under Section 8.1, (ii) without Good Reason under Section 8.4, or (iii) for Disability or death pursuant to Section 7; the Bank shall pay and provide (and to the extent the insurance referred to in Section 8.5(d) is owned by the Company, the Company shall provide) to the Employee the following:

(a) to the extent not previously paid, the Employee's Base Cash Compensation due through the effective date of the termination of employment, the cash equivalent of any accrued vacation days not taken as of such effective date (calculated based on the Employee's annual base salary attributable to each vacation day), and any out-of-pocket expenses for which the Employee is entitled to be reimbursed, and for which reimbursement has not yet been made; payable within ten (10) days of such effective date; plus

(b) an amount equal to the greater of (i) the Base Cash Compensation payable to the Employee for the remainder of the Employment Period (i.e. through the Termination Date then in effect), or (ii) \$500,000; in either case, payable in eighteen (18) substantially equal monthly installments commencing within thirty (30) days after the effective date of the termination of employment; plus

(c) coverage for the Employee and his dependents under the Bank's Life, Disability, and Medical Plans for the eighteen (18) month period commencing on the effective date of the termination of employment to the extent that the Bank may do so under the provisions of such plans, and to the extent that it is not permitted to do so shall pay the Employee an amount that will permit him to obtain and pay for substantially equivalent coverage; plus

(d) any term life insurance policies without any cash surrender value, or any term life insurance policies having a cash surrender value that is under \$10,000 in aggregate amount, owned by the Bank or the Company and insuring the life of the Employee, to the extent they may be practically assigned or transferred to the Employee without any adverse effect on the Bank or the Company, and which upon assignment or transfer to the Employee the cash surrender value of the policy is paid by the Employee to the Bank or the Company, whichever is the owner of the policy, plus

(e) \$15,000 for out-placement, interim office, and related expenses, payable within thirty (30) days after the effective date of the termination of employment.

In addition, the Employee shall be entitled to all of his accrued rights under stock option, retirement, and other employee benefit plans of the Company and the Bank.

8.6 Obligation of Employers upon Termination for Cause or by Employee without Good Reason. In the event that during the Employment Period, an Employer terminates the Employee's employment for Cause as provided for in Section 8.1, or the Employee terminates his employment without Good Reason as permitted in Section 8.4; the Bank shall pay and provide to the Employee, to the extent not previously paid, the Employee's Base Cash Compensation due through the effective date of the termination of employment, plus the cash equivalent of any accrued vacation days not taken as of such effective date (calculated based on the Employee's annual base salary attributable to each vacation day), within ten (10) days of such effective date. In addition, the Employee shall be entitled to all of his accrued rights under stock option (except with respect to stock option plans, in the event of termination for Cause), retirement, and other employee benefit plans of the Company and the Bank.

8.7 No Other Obligations of Employers upon Termination. Upon termination of the Employee's employment, the Employers shall have no obligations to the Employee except as set forth in this Agreement, or accrued rights under stock option, retirement, or other employee benefit plans of either Employer.

8.8 Cooperation. The parties agree that certain matters in which the Employee will be involved during the Employment Period may necessitate the Employee's cooperation in the future. Accordingly, following the termination of the Employee's employment for any reason, to the extent reasonably requested by the Board of Directors of the Bank or the Company, the Employee shall cooperate with the Bank or the Company, as applicable, in connection with matters arising out of the Employee's service to the Bank and the Company; provided that, the Bank and the Company shall make reasonable efforts to minimize disruption of the Employee's other activities. The Bank shall reimburse the Employee for reasonable expenses incurred in connection with such cooperation and, to the extent that the Employee is required to spend substantial time on such matters, the Bank shall compensate the Employee at an hourly rate based on the Employee's Base Cash Compensation on the effective date of termination of employment.

9. Severance Payments on Termination after the Employment Period. If at any time after the Employment Period and prior to the Employee reaching the age of 65, (a) the Employee's employment with the Bank is terminated by the Bank without Cause, or (b) the Employee's annual base salary from the Bank is reduced without his consent and without Cause, and the Employee, within ninety (90) days thereafter, terminates his employment with the Bank; then unless the termination of employment or reduction in annual base salary resulted from the death or Disability of the Employee, the Bank shall pay and provide (and to the extent the insurance referred to in Section 8.5(d) is owned by the Company, the Company shall provide) to the Employee the following: (a) the amounts, coverage, benefits and life insurance provided for in Section 8.5 (a), (c), (d) and (e), plus (b) \$500,000, payable in eighteen (18) substantially equal monthly installments commencing within thirty (30) days after the effective date of the termination of employment. In addition, the Employee shall be entitled to all of his accrued rights under stock option (except with respect to stock option plans, in the event of termination for Cause), retirement, and other employee benefit plans of the Company and the Bank.

10. Delay in Severance Payments. If the Employee is a Specified Employee (as hereinafter defined) on the date of termination of employment, then the 18 monthly installments of severance pay described in Sections 8.5(b) and 9 shall be payable as follows. No payments of the monthly installments shall be made within six months after the Employee's termination of employment. On the first business day of the seventh month after the date on which termination of employment occurs, the Bank shall pay to the Employee an amount equal to the sum of seven (7) equal monthly installments. The remaining monthly installments shall be paid on the first business day of each month thereafter.

The Employee is a "Specified Employee" if he is a "key employee" (as defined in Code Section 416(i) without regard to Code Section 416(i)(5)) and the stock of the Bank or the Company is publicly traded on an established securities market or otherwise on the date of termination of employment. The Employee is a "key employee" during the period described below if he is one of the following during the 12-month period ending on any December 31 (the "identification date"):

(a) an officer of the Bank or the Company with annual compensation greater than \$130,000 (as indexed pursuant to Code Section 416(i)(1) -- \$175,000 for 2018), provided, that no more than 50 employees (or, if less, the greater of 3 employees or 10% of the employees) shall be treated as officers;

(b) a five percent (5%) owner of the Bank or the Company; or

(c) a one percent (1%) owner of the Bank or the Company with annual compensation of more than \$150,000.

If the Employee is a "key employee" as of an identification date, he is treated as a Specified Employee for the 12-month period beginning on the first day of the fourth month following the identification date.

11. Confidential Information. Employee agrees that he will not at any time (whether during his employment or at any time thereafter) disclose to any person, corporation, firm, partnership or other entity, except as required by law, any secret or confidential information concerning the business, clients or affairs of the Company or the Bank, or any of their affiliates, for any reason or purpose whatsoever other than in furtherance of the Employee's work for the Company or the Bank, nor shall the Employee make use of any of such secret or confidential information in any manner adverse to the Company or the Bank.

12. Noncompetition Covenant. For a period of eighteen (18) months following the termination of the Employee's employment with the Employers, the Employee will not be employed by or act as a director or officer of any business involving or engaged in the business of banking within a 50-mile radius of any city, township or village in which at any time during the 18-month period the Company, the Bank or any of their affiliates has a branch or other office.

13. Remedies under Section 11 and 12. The Employee acknowledges and agrees that his obligations under Sections 11 and 12 are of a special and unique nature and that a failure to perform any such obligation or a violation of any such obligation would cause irreparable harm to the Employers, the amount of which cannot be accurately compensated for in damages by an action at law. In the event of a breach by the Employee of any of the provisions of Section 11 or 12, the Company and the Bank shall be entitled to an injunction restraining the Employee from such breach. Nothing in this Section shall be construed as prohibiting the Company or the Bank from pursuing any other remedies available for any breach of this Agreement.

14. Deduction of Taxes and Adjustments re Code Section 280G. Each Employer may deduct from any amounts required to be paid to the Employee under this Agreement any amounts required to be withheld by the Employer pursuant to federal, state, or local law relating to taxes or related payroll deductions. In the event that any payments, distributions or benefits to or for the benefit of the Employee from the Bank or the Company, whether paid or payable, distributed or distributable, would constitute a "parachute payment", as defined in Section 280G of the Internal Revenue Code of 1986, as amended, or any successors thereto (the "Code"), payments under this Agreement shall be reduced to the largest amount that will eliminate both the imposition of the excise tax imposed by Section 4999 of the Code and the disallowance as deductions to the Employers under Section 280G of the Code of any such payments, distributions or benefits. The determination of any reduction in the payments under this Agreement pursuant to this paragraph shall be made by a major national or regional accounting firm selected by the Bank and approved by the Employee, which approval shall not be unreasonably withheld.

15. Objection to Termination and Legal Fees. The termination of the Employee's employment pursuant to this Agreement shall not preclude any Employer or the Employee from objecting to the basis asserted by the terminating party for such termination. The Employers agree to pay all reasonable legal fees and expenses incurred by the Employee in enforcing his rights under this Agreement, except with respect to claims made by the Employee that are rejected by a court (or any arbitrator sitting by agreement of the parties) to which such claims are presented; provided that the Employers' obligation to pay legal fees and expenses under this Section shall not exceed \$10,000 in aggregate amount.

16. Adjustment between the Company and the Bank. The Company and the Bank acknowledge that although the Employee is generally paid solely by the Bank, he also performs some services for the Company, and the Company pays the Bank periodically an amount necessary to reimburse the Bank for amounts paid to the Employee by the Bank for services actually rendered to the Company.

17. Notices. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and if personally delivered or sent by registered or certified United States mail or by a nationally recognized overnight courier service, to his residence or the last address he has provided in writing to the Employers, in the case of the Employee, or to its principal office in the case of an Employer. For purposes of this Agreement, notices shall be deemed given when received at the address or office specified in the preceding sentence.

18. Waiver of Breach. No waiver by either party of any breach or non-performance of any provision or obligation of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision of this Agreement.

19. Assignment. The rights and obligations of each Employer under this Agreement shall inure to the benefit of and shall be binding upon them and their respective successors and assigns. As used in this Agreement, the term "successor" shall include any person, firm, corporation, or other business entity which at any time whether by merger, purchase or otherwise acquires all or substantially all of the assets or business of an Employer.

20. Entire Agreement and Regulatory Compliance. This instrument contains the entire Agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements or understandings between the parties hereto relating to the subject matter hereof. This Agreement may not be changed orally but only by an agreement in writing signed by the Employee and the Employers. Employee acknowledges that each of the Employers is subject to supervision and regulation by bank regulatory agencies. If, at the time any payment would otherwise be made to Employee under this Agreement, such payment is prohibited or limited by any applicable statute or regulation, including, without limitation, the Federal Deposit Insurance Act and 12 C.F.R. Part 359 (Golden Parachute and Indemnification Payments), or by order of any such bank regulatory agency, the amount of such payment shall be reduced to the largest amount, if any, that may be paid at such time consistently with such statute, regulation, or order. Employee agrees that compliance with any such statute, regulation, or order, including any resulting reduction or elimination of any payment specified under this Agreement, shall not constitute a breach of this Agreement by the Employers.

21. Severability. If a court of competent jurisdiction determines that any one or more of the provisions of this Agreement is invalid, illegal or unenforceable in any respect, such determination shall not affect the validity, legality or enforceability of any other provision of this Agreement.

22. Governing Law. This Agreement and the legal relations between the parties shall be subject to and governed by the internal laws (and not the law of conflicts) of the State of Michigan.

23. Section 409A. This Agreement is intended to be exempt from Section 409A of the Code to the greatest extent possible, to comply with Section 409A to the extent it is applicable and is to be interpreted and operated consistently with those intentions. To the extent that Section 409A applies to payments in the event of termination of employment under this Agreement, such payments shall be made only if the termination of employment is a "separation from service" within the meaning of Treas. Reg. Section 1.409A-1(h).

24. Paragraph Headings. The paragraph headings used in this Agreement are included solely for convenience and shall not affect or be used in connection with the interpretation of this Agreement

25. Arbitration. Any dispute, controversy or claim arising under or in connection with this Agreement shall be settled exclusively by arbitration, conducted in Grand Rapids, Michigan, before a panel of three arbitrators, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrators' award in any court having jurisdiction. Unless otherwise provided in the Rules of the American Arbitration Association, the arbitrators shall, in their award, allocate between the parties the arbitrators' fees and expense, in such proportions as the arbitrators deem just. Each party shall be responsible for their own attorneys' fees.

26. Clawback. Any amounts payable under this Agreement are subject to any policy (whether in existence on the effective date of this Agreement or later adopted) established by the Company or the Bank providing for clawback or recovery of amounts that were paid to the Employee. The Company or the Bank will make any determination for clawback or recovery in its sole discretion and in accordance with any applicable law or regulation.

27. Acknowledgement of Full Understanding. THE EMPLOYEE ACKNOWLEDGES AND AGREES THAT HE HAS FULLY READ, UNDERSTANDS AND VOLUNTARILY ENTERS INTO THIS AGREEMENT. THE EMPLOYEE ACKNOWLEDGES AND AGREES THAT HE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF HIS CHOICE BEFORE SIGNING THIS AGREEMENT.

*[Signatures on following page]*

The parties have executed this Agreement as of the day and year first above written.

MERCANTILE BANK CORPORATION

By: /s/ Michael H. Price

Michael H. Price

Its: Chairman

MERCANTILE BANK OF MICHIGAN

By: /s/ Michael H. Price

Michael H. Price

Its: Chairman

EMPLOYEE

/s/ Robert B. Kaminski, Jr.

Robert B. Kaminski, Jr.

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## Section 3: EX-10.2 (EXHIBIT 10.2)

**Exhibit 10.2**

### EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement ("Agreement") is made as of the 29th day of November, 2018, effective as of December 31, 2018, by and among Mercantile Bank Corporation, a Michigan corporation (the "Company"), Mercantile Bank of Michigan, a Michigan banking corporation (the "Bank", and collectively with the Company, the "Employers", and each an "Employer"), and Charles E. Christmas (the "Employee").

### **RECITALS**

A. The Company, the Bank and the Employee have previously entered into an Employment Agreement dated October 12, 2000, which has been amended and restated by an amended and restated Employment Agreement dated as of October 18, 2001, which was further amended by an amendment dated as of October 17, 2002 and by a Second Amendment dated as of November 17, 2005 and was further amended and restated by an Amended and Restated Employment Agreement dated as of November 13, 2014, as amended by a First Amendment dated November 19, 2015 (the "Employment Agreement").

B. The Company, the Bank and the Employee wish to amend and restate the Employment Agreement in its entirety, such that this Agreement will replace and supersede the existing Employment Agreement.

C. This Agreement sets forth the terms of the Employee's employment as Executive Vice President, Chief Financial Officer and Treasurer of the Company and Executive Vice President and Chief Financial Officer of the Bank.

D. The Employers believe that entering into this Agreement is in the best interest of their respective shareholders.

E. The Employee believes that entering into this Agreement is in his best interest.

### **TERMS OF AGREEMENT**

In consideration of the mutual covenants and obligations set forth in this Agreement, to induce the Employee to remain in the employment of the Employers, and for other good and valuable consideration, the Employers and the Employee amend and restate the Employment Agreement and agree as follows:

1. Employment, Term, and Acceptance. The Company agrees to employ the Employee as its Executive Vice President, Chief Financial Officer and Treasurer, and the Bank agrees to employ the Employee as its Executive Vice President and Chief Financial Officer, for the period from January 1, 2019 through the Termination Date (the "Employment Period"), unless such employment is terminated earlier pursuant to Section 7 or 8 of this Agreement. The initial Termination Date is December 31, 2021. Effective as of December 31, 2019, and as of each December 31 after December 31, 2019, the Termination Date will automatically extend to the next succeeding December 31 after the then existing Termination Date



unless prior to a December 31 automatic extension, the Employee, the Company, or the Bank gives notice to each of the others that the Termination Date shall not be automatically extended on such December 31; in which case the Termination Date will not be extended. Accordingly, unless the Employee, the Company or the Bank gives notice that the Termination Date will not be extended, there will, as of each December 31, be an Employment Period of three years remaining. The Employee hereby accepts such employment.

2. Duties and Authority.

2.1 Promotion of Employers' Interest. While employed as an executive officer of the Company and the Bank, the Employee shall devote his business time and attention to the business and affairs of the Employers, and shall use his efforts and abilities to promote the interests of the Employers.

2.2 Performance of Duties. The Employee shall perform such services and duties necessary or appropriate for the Employers as are normally expected of persons appointed to Executive Vice President, Chief Financial Officer and Treasurer, and Executive Vice President and Chief Financial Officer positions, respectively, in the businesses in which the Employers are engaged.

3. Cash Compensation. For all services to be performed by the Employee under this Agreement (including services as an officer or employee), the Bank shall pay the Employee an annual base salary (prorated for any partial year) for each calendar year of this Agreement through the Termination Date, in an amount not less than the annual base salary for the immediately preceding year, as determined by the Board of Directors of the Bank, such determination to be made for each such 12 month period prior to the beginning of such period ("Base Cash Compensation"); payable in each case in accordance with the then prevailing payroll practices of the Bank. To the extent that the date of any change in rate of compensation provided for above does not coincide with the first day of a payroll period of the Bank, such change in rate of compensation shall become effective as of the first day of the payroll period that includes such date. In addition to the Base Cash Compensation described above, the Employee will be entitled to such bonuses and other discretionary compensation as may be awarded to him from time to time by the Board of Directors of either of the Employers.

4. Participation in Employee Benefit Plans. In addition to the cash compensation payable to the Employee under this Agreement, the Employee shall be entitled to participate in such employee benefit plans, whether contributory or non-contributory, such as group life and disability insurance plans, hospital, surgical, vision and dental benefit plans or other bonus incentive, profit sharing, stock option, retirement or other employee benefit plans of the Employers as may now or hereafter exist to the extent that the Employee meets the eligibility requirements of any such plans. The Employee is also entitled to coverage under a long-term care insurance policy. All such group life and disability insurance plans, hospital, surgical, vision and dental benefit plans and long-term care insurance policies are hereafter referred to as "Life, Disability and Medical Plans". If any bonus or incentive compensation plan payments constitute "deferred compensation" within the meaning of Code Section 409A and applicable Treasury regulations, such deferred compensation will be paid to the Employee within 2 ½ months after the end of the calendar year in which it is payable, unless such bonus or incentive compensation is deferred pursuant to a timely election into a plan that complies with Code Section 409A.

5. Out of Pocket Expenses. The Employee will be reimbursed by the Bank or the Company, as the case may be, for all reasonable expenses incurred in promoting their respective businesses; including expenses for entertainment, travel and similar items upon the presentation by Employee, from time to time, of an itemized account of such expenditures in a form and manner as determined by the Board of Directors or the chief financial or accounting officer of the Employer for whose account the expenditures are made; provided that such reimbursement shall be subject to any guidelines provided by the Board of Directors or Chief Executive Officer of the Bank or the Company prior to an expense being incurred.

6. Vacations. The Employee shall be entitled each year to five (5) weeks paid vacation time. The Employee will not be entitled to additional compensation for vacation time not utilized in any year nor will the Employee be permitted to carry over unused vacation time to a succeeding year.

7. Termination of Employment Upon Disability or Death.

7.1 Disability. In the event the Employee shall become Disabled (as hereinafter defined) during the Employment Period, the Bank or the Company may terminate the Employee's employment under this Agreement by giving him written notice of such termination ("Disability Termination Notice"). In the event of any such termination during the Employment Period, the Bank shall continue to pay the Employee his Base Cash Compensation, at the rate in effect immediately prior to the giving of the Disability Termination Notice, through the end of the Employment Period (through the Termination Date then in effect). In addition, the Employers shall cover the Employee under their disability plans, if any, in effect from time to time under the terms and conditions that such coverage is made available to other employees of the respective Employers, and the Employee shall be entitled to any benefits payable to him under such disability plans. While disabled, the Bank shall continue to provide the Employee and his dependents with coverage under its Life, Disability and Medical Plans until the Employee reaches the age of sixty-five (65) years old to the extent that it may do so under the provisions of such plans, with the Employee's contributions to the premiums under such plans being no more than the amounts he paid for such premiums prior to his disability, adjusted from time to time for normal periodic increases in such premiums applied in general to employees of the Bank.

The Employee shall be "Disabled" for purposes of this Agreement if the Employee (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or (ii) is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for at least three (3) months from an Employer's long-term disability policy. The Employee shall be deemed to be Disabled if he is determined to be totally disabled by the Social Security Administration.

7.2 Death. In the event of the death of the Employee, his employment with the Employers shall terminate as of the date of his death. Promptly following his death, the Bank shall pay to his legal representative a death benefit of \$200,000. In addition, any life insurance policies owned by the Bank or the Company, and insuring the life of the Employee shall be payable to the beneficiaries of such policies in accordance with the terms of such policies.

7.3 Extent of Obligations. The provisions of Sections 7.1 and 7.2 apply only to Disability or death occurring during the Employment Period while the Employee is employed by the Bank and the Company. Other than as set forth in Section 7.1 or 7.2, neither of the Employers shall have any obligation or liability to the Employee upon the employee's death or Disability except that the Employee shall be entitled to all of his accrued rights under stock option, retirement and other employee benefit plans of the Company and the Bank, and the Bank shall promptly pay the Employee (or his personal representative) his Base Cash Compensation due through the effective date of the termination of his employment, the cash equivalent of any accrued vacation days not taken as of such effective date (calculated based on the Employee's annual base salary attributable to each vacation day), and any out-of-pocket expenses for which the Employee is entitled to be reimbursed, and for which reimbursement has not yet been made.

8. Termination of Employment for Cause, Without Cause, Good Reason, or Without Good Reason.

8.1 Termination by an Employer for Cause. Each of the Employers shall have the right, at any time, to terminate the Employee's employment for Cause (as defined herein), within 90 days of the Employer's learning of such Cause. For purposes of this Agreement, the term "Cause" means (a) an act or acts of dishonesty committed by the Employee and intended by the Employee to result in the Employee's substantial personal enrichment at the expense of the Company or the Bank, (b) continuing intentional gross neglect by the Employee of his duties under Section 2 of this Agreement which cause or are expected to cause material harm to the Company or the Bank, and which is not remedied after receipt of notice from the applicable Employer, (c) the Employee's conviction of a felony, or (d) the Employee's intentional breach of his obligations under Section 11 or 12 which causes or may be expected to cause material harm to the Company or the Bank. Any termination for Cause shall be effective upon an Employer giving the Employee written notice that the Employee's employment is terminated, and setting forth in reasonable detail the basis for such termination, and that such termination is for Cause. Any such notice shall terminate the Employee's employment with both Employers.

8.2 Termination by an Employer Without Cause. Each of the Employers shall have the right at any time to terminate the Employee's employment without Cause by giving the Employee written notice that the Employee's employment is terminated, and setting forth in reasonable detail the basis, if any, for such termination. Any such termination shall be effective upon the giving of such notice by the Employer.

8.3 Termination by Employee for Good Reason. The Employee shall have the right at any time to terminate his employment under this Agreement for Good Reason (as defined herein) within ninety (90) days of learning of such Good Reason. For purposes of this Agreement, the term "Good Reason" means (a) any assignment to the Employee of any title or duties that are materially inconsistent with the Employee's present positions, titles, duties, or responsibilities, other than an insubstantial or inadvertent action which is remedied by the applicable Employer promptly after receipt of written notice from the Employee, or which is approved of by the Employee in writing; or (b) failure by an Employer to comply in a material respect with any provision of Section 3, 4, 5, or 6, other than a insubstantial or inadvertent failure which is remedied by the applicable Employer promptly after receipt of written notice from the Employee. Any termination for Good Reason shall be effective upon the Employee giving the Employers written notice that the Employee is terminating his employment, and setting forth in reasonable detail the basis for such termination, and that such termination is for Good Reason. Any such termination shall be effective upon the giving of such notice by the Employee; and any such notice shall terminate his employment with both Employers. Notwithstanding the above, the assignment to the Employee of any title or duties at the Bank or the Company that he has previously held or performed at the Bank or the Company, shall not be sufficient to constitute Good Reason for termination of employment by the Employee.

8.4 Termination by Employee Without Good Reason. The Employee shall have the right at any time to terminate the Employee's employment with both Employers without Good Reason by giving the Employers written notice that the Employee is terminating his employment. Any such termination shall apply to the Employee's employment with both Employers and be effective ninety (90) days after the giving of such notice by the Employee.

8.5 Obligation of Employers upon Termination without Cause or Employee's Termination with Good Reason. In the event that during the Employment Period, an Employer terminates the Employee's employment without Cause under Section 8.2, or the Employee terminates his employment for Good Reason under Section 8.3; or the Employee's employment is terminated for any other reason except (i) for Cause under Section 8.1, (ii) without Good Reason under Section 8.4, or (iii) for Disability or death pursuant to Section 7; the Bank shall pay and provide (and to the extent the insurance referred to in Section 8.5(d) is owned by the Company, the Company shall provide) to the Employee the following:

(a) to the extent not previously paid, the Employee's Base Cash Compensation due through the effective date of the termination of employment, the cash equivalent of any accrued vacation days not taken as of such effective date (calculated based on the Employee's annual base salary attributable to each vacation day), and any out-of-pocket expenses for which the Employee is entitled to be reimbursed, and for which reimbursement has not yet been made; payable within ten (10) days of such effective date; plus

(b) an amount equal to the greater of (i) the Base Cash Compensation payable to the Employee for the remainder of the Employment Period (i.e. through the Termination Date then in effect), or (ii) \$350,000; in either case, payable in eighteen (18) substantially equal monthly installments commencing within thirty (30) days after the effective date of the termination of employment; plus

(c) coverage for the Employee and his dependents under the Bank's Life, Disability, and Medical Plans for the eighteen (18) month period commencing on the effective date of the termination of employment to the extent that the Bank may do so under the provisions of such plans, and to the extent that it is not permitted to do so shall pay the Employee an amount that will permit him to obtain and pay for substantially equivalent coverage; plus

(d) any term life insurance policies without any cash surrender value, or any term life insurance policies having a cash surrender value that is under \$10,000 in aggregate amount, owned by the Bank or the Company and insuring the life of the Employee, to the extent they may be practically assigned or transferred to the Employee without any adverse effect on the Bank or the Company, and which upon assignment or transfer to the Employee the cash surrender value of the policy is paid by the Employee to the Bank or the Company, whichever is the owner of the policy, plus

(e) \$15,000 for out-placement, interim office, and related expenses, payable within thirty (30) days after the effective date of the termination of employment.

In addition, the Employee shall be entitled to all of his accrued rights under stock option, retirement, and other employee benefit plans of the Company and the Bank.

8.6 Obligation of Employers upon Termination for Cause or by Employee without Good Reason. In the event that during the Employment Period, an Employer terminates the Employee's employment for Cause as provided for in Section 8.1, or the Employee terminates his employment without Good Reason as permitted in Section 8.4; the Bank shall pay and provide to the Employee, to the extent not previously paid, the Employee's Base Cash Compensation due through the effective date of the termination of employment, plus the cash equivalent of any accrued vacation days not taken as of such effective date (calculated based on the Employee's annual base salary attributable to each vacation day), within ten (10) days of such effective date. In addition, the Employee shall be entitled to all of his accrued rights under stock option (except with respect to stock option plans, in the event of termination for Cause), retirement, and other employee benefit plans of the Company and the Bank.

8.7 No Other Obligations of Employers upon Termination. Upon termination of the Employee's employment, the Employers shall have no obligations to the Employee except as set forth in this Agreement, or accrued rights under stock option, retirement, or other employee benefit plans of either Employer.

8.8 Cooperation. The parties agree that certain matters in which the Employee will be involved during the Employment Period may necessitate the Employee's cooperation in the future. Accordingly, following the termination of the Employee's employment for any reason, to the extent reasonably requested by the Board of Directors of the Bank or the Company, the Employee shall cooperate with the Bank or the Company, as applicable, in connection with matters arising out of the Employee's service to the Bank and the Company; provided that, the Bank and the Company shall make reasonable efforts to minimize disruption of the Employee's other activities. The Bank shall reimburse the Employee for reasonable expenses incurred in connection with such cooperation and, to the extent that the Employee is required to spend substantial time on such matters, the Bank shall compensate the Employee at an hourly rate based on the Employee's Base Cash Compensation on the effective date of termination of employment.

9. Severance Payments on Termination after the Employment Period. If at any time after the Employment Period and prior to the Employee reaching the age of 65, (a) the Employee's employment with the Bank is terminated by the Bank without Cause, or (b) the Employee's annual base salary from the Bank is reduced without his consent and without Cause, and the Employee, within ninety (90) days thereafter, terminates his employment with the Bank; then unless the termination of employment or reduction in annual base salary resulted from the death or Disability of the Employee, the Bank shall pay and provide (and to the extent the insurance referred to in Section 8.5(d) is owned by the Company, the Company shall provide) to the Employee the following: (a) the amounts, coverage, benefits and life insurance provided for in Section 8.5 (a), (c), (d) and (e), plus (b) \$350,000, payable in eighteen (18) substantially equal monthly installments commencing within thirty (30) days after the effective date of the termination of employment. In addition, the Employee shall be entitled to all of his accrued rights under stock option (except with respect to stock option plans, in the event of termination for Cause), retirement, and other employee benefit plans of the Company and the Bank.

10. Delay in Severance Payments. If the Employee is a Specified Employee (as hereinafter defined) on the date of termination of employment, then the 18 monthly installments of severance pay described in Sections 8.5(b) and 9 shall be payable as follows. No payments of the monthly installments shall be made within six months after the Employee's termination of employment. On the first business day of the seventh month after the date on which termination of employment occurs, the Bank shall pay to the Employee an amount equal to the sum of seven (7) equal monthly installments. The remaining monthly installments shall be paid on the first business day of each month thereafter.

The Employee is a "Specified Employee" if he is a "key employee" (as defined in Code Section 416(i) without regard to Code Section 416(i)(5)) and the stock of the Bank or the Company is publicly traded on an established securities market or otherwise on the date of termination of employment. The Employee is a "key employee" during the period described below if he is one of the following during the 12-month period ending on any December 31 (the "identification date"):

(a) an officer of the Bank or the Company with annual compensation greater than \$130,000 (as indexed pursuant to Code Section 416(i)(1) -- \$175,000 for 2018), provided, that no more than 50 employees (or, if less, the greater of 3 employees or 10% of the employees) shall be treated as officers;

(b) a five percent (5%) owner of the Bank or the Company; or

(c) a one percent (1%) owner of the Bank or the Company with annual compensation of more than \$150,000.

If the Employee is a "key employee" as of an identification date, he is treated as a Specified Employee for the 12-month period beginning on the first day of the fourth month following the identification date.

11. Confidential Information. Employee agrees that he will not at any time (whether during his employment or at any time thereafter) disclose to any person, corporation, firm, partnership or other entity, except as required by law, any secret or confidential information concerning the business, clients or affairs of the Company or the Bank, or any of their affiliates, for any reason or purpose whatsoever other than in furtherance of the Employee's work for the Company or the Bank, nor shall the Employee make use of any of such secret or confidential information in any manner adverse to the Company or the Bank.

12. Noncompetition Covenant. For a period of eighteen (18) months following the termination of the Employee's employment with the Employers, the Employee will not be employed by or act as a director or officer of any business involving or engaged in the business of banking within a 50-mile radius of any city, township or village in which at any time during the 18-month period the Company, the Bank or any of their affiliates has a branch or other office.

13. Remedies under Section 11 and 12. The Employee acknowledges and agrees that his obligations under Sections 11 and 12 are of a special and unique nature and that a failure to perform any such obligation or a violation of any such obligation would cause irreparable harm to the Employers, the amount of which cannot be accurately compensated for in damages by an action at law. In the event of a breach by the Employee of any of the provisions of Section 11 or 12, the Company and the Bank shall be entitled to an injunction restraining the Employee from such breach. Nothing in this Section shall be construed as prohibiting the Company or the Bank from pursuing any other remedies available for any breach of this Agreement.

14. Deduction of Taxes and Adjustments re Code Section 280G. Each Employer may deduct from any amounts required to be paid to the Employee under this Agreement any amounts required to be withheld by the Employer pursuant to federal, state, or local law relating to taxes or related payroll deductions. In the event that any payments, distributions or benefits to or for the benefit of the Employee from the Bank or the Company, whether paid or payable, distributed or distributable, would constitute a "parachute payment", as defined in Section 280G of the Internal Revenue Code of 1986, as amended, or any successors thereto (the "Code"), payments under this Agreement shall be reduced to the largest amount that will eliminate both the imposition of the excise tax imposed by Section 4999 of the Code and the disallowance as deductions to the Employers under Section 280G of the Code of any such payments, distributions or benefits. The determination of any reduction in the payments under this Agreement pursuant to this paragraph shall be made by a major national or regional accounting firm selected by the Bank and approved by the Employee, which approval shall not be unreasonably withheld.

15. Objection to Termination and Legal Fees. The termination of the Employee's employment pursuant to this Agreement shall not preclude any Employer or the Employee from objecting to the basis asserted by the terminating party for such termination. The Employers agree to pay all reasonable legal fees and expenses incurred by the Employee in enforcing his rights under this Agreement, except with respect to claims made by the Employee that are rejected by a court (or any arbitrator sitting by agreement of the parties) to which such claims are presented; provided that the Employers' obligation to pay legal fees and expenses under this Section shall not exceed \$10,000 in aggregate amount.

16. Adjustment between the Company and the Bank. The Company and the Bank acknowledge that although the Employee is generally paid solely by the Bank, he also performs some services for the Company, and the Company pays the Bank periodically an amount necessary to reimburse the Bank for amounts paid to the Employee by the Bank for services actually rendered to the Company.

17. Notices. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and if personally delivered or sent by registered or certified United States mail or by a nationally recognized overnight courier service, to his residence or the last address he has provided in writing to the Employers, in the case of the Employee, or to its principal office in the case of an Employer. For purposes of this Agreement, notices shall be deemed given when received at the address or office specified in the preceding sentence.

18. Waiver of Breach. No waiver by either party of any breach or non-performance of any provision or obligation of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision of this Agreement.

19. Assignment. The rights and obligations of each Employer under this Agreement shall inure to the benefit of and shall be binding upon them and their respective successors and assigns. As used in this Agreement, the term "successor" shall include any person, firm, corporation, or other business entity which at any time whether by merger, purchase or otherwise acquires all or substantially all of the assets or business of an Employer.

20. Entire Agreement and Regulatory Compliance. This instrument contains the entire Agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements or understandings between the parties hereto relating to the subject matter hereof. This Agreement may not be changed orally but only by an agreement in writing signed by the Employee and the Employers. Employee acknowledges that each of the Employers is subject to supervision and regulation by bank regulatory agencies. If, at the time any payment would otherwise be made to Employee under this Agreement, such payment is prohibited or limited by any applicable statute or regulation, including, without limitation, the Federal Deposit Insurance Act and 12 C.F.R. Part 359 (Golden Parachute and Indemnification Payments), or by order of any such bank regulatory agency, the amount of such payment shall be reduced to the largest amount, if any, that may be paid at such time consistently with such statute, regulation, or order. Employee agrees that compliance with any such statute, regulation, or order, including any resulting reduction or elimination of any payment specified under this Agreement, shall not constitute a breach of this Agreement by the Employers.



21. Severability. If a court of competent jurisdiction determines that any one or more of the provisions of this Agreement is invalid, illegal or unenforceable in any respect, such determination shall not affect the validity, legality or enforceability of any other provision of this Agreement.

22. Governing Law. This Agreement and the legal relations between the parties shall be subject to and governed by the internal laws (and not the law of conflicts) of the State of Michigan.

23. Section 409A. This Agreement is intended to be exempt from Section 409A of the Code to the greatest extent possible, to comply with Section 409A to the extent it is applicable and is to be interpreted and operated consistently with those intentions. To the extent that Section 409A applies to payments in the event of termination of employment under this Agreement, such payments shall be made only if the termination of employment is a "separation from service" within the meaning of Treas. Reg. Section 1.409A-1(h).

24. Paragraph Headings. The paragraph headings used in this Agreement are included solely for convenience and shall not affect or be used in connection with the interpretation of this Agreement

25. Arbitration. Any dispute, controversy or claim arising under or in connection with this Agreement shall be settled exclusively by arbitration, conducted in Grand Rapids, Michigan, before a panel of three arbitrators, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrators' award in any court having jurisdiction. Unless otherwise provided in the Rules of the American Arbitration Association, the arbitrators shall, in their award, allocate between the parties the arbitrators' fees and expense, in such proportions as the arbitrators deem just. Each party shall be responsible for their own attorneys' fees.

26. Clawback. Any amounts payable under this Agreement are subject to any policy (whether in existence on the effective date of this Agreement or later adopted) established by the Company or the Bank providing for clawback or recovery of amounts that were paid to the Employee. The Company or the Bank will make any determination for clawback or recovery in its sole discretion and in accordance with any applicable law or regulation.

27. Acknowledgement of Full Understanding. THE EMPLOYEE ACKNOWLEDGES AND AGREES THAT HE HAS FULLY READ, UNDERSTANDS AND VOLUNTARILY ENTERS INTO THIS AGREEMENT. THE EMPLOYEE ACKNOWLEDGES AND AGREES THAT HE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF HIS CHOICE BEFORE SIGNING THIS AGREEMENT.

*[Signatures on following page]*

The parties have executed this Agreement as of the day and year first above written.

MERCANTILE BANK CORPORATION

By: /s/ Robert B. Kaminski, Jr.

Robert B. Kaminski, Jr.

Its: Chief Executive Officer

MERCANTILE BANK OF MICHIGAN

By: /s/ Robert B. Kaminski, Jr.

Robert B. Kaminski, Jr.

Its: Chief Executive Officer

EMPLOYEE

/s/ Charles E. Christmas

Charles E. Christmas

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## Section 4: EX-10.3 (EXHIBIT 10.3)

**Exhibit 10.3**

### **EMPLOYMENT AGREEMENT**

This Amended and Restated Employment Agreement ("Agreement") is made as of the 29th day of November, 2018, effective as of December 31, 2018, by and among Mercantile Bank Corporation, a Michigan corporation (the "Company"), Mercantile Bank of Michigan, a Michigan banking corporation (the "Bank"), and collectively with the Company, the "Employers", and each an "Employer", and Raymond E. Reitsma (the "Employee").

### **RECITALS**

- A. The Bank and the Employee have previously entered into an Employment Agreement dated November 19, 2015, which has been amended by a First Amendment dated as of December 15, 2016 (the "Employment Agreement").
- B. The Company, the Bank and the Employee wish to amend and restate the Employment Agreement in its entirety, such that this Agreement will replace and supersede the existing Employment Agreement.
- C. This Agreement sets forth the terms of the Employee's employment as Executive Vice President of the Company and President of the Bank.
- D. The Employers believe that entering into this Agreement is in the best interest of their respective shareholders.
- E. The Employee believes that entering into this Agreement is in his best interest.

### **TERMS OF AGREEMENT**

In consideration of the mutual covenants and obligations set forth in this Agreement, to induce the Employee to remain in the employment of the Employers, and for other good and valuable consideration, the Employers and the Employee amend and restate the Employment Agreement and agree as follows:

1. Employment, Term, and Acceptance. The Company agrees to employ the Employee as its Executive Vice President and the Bank agrees to employ the Employee as its President for the period from January 1, 2019 through the Termination Date (the "Employment Period"), unless such employment is terminated earlier pursuant to Section 7 or 8 of this Agreement. The initial Termination Date is December 31, 2021. Effective as of December 31, 2019, and as of each December 31 after December 31, 2019, the Termination Date will automatically extend to the next succeeding December 31 after the then existing Termination Date unless prior to a December 31 automatic extension, the Employee, the Company, or the Bank gives notice to each of the others that the Termination Date shall not be automatically extended on such December 31; in which case

the Termination Date will not be extended. Accordingly, unless the Employee, the Company or the Bank gives notice that the Termination Date will not be extended, there will, as of each December 31, be an Employment Period of three years remaining. The Employee hereby accepts such employment.

2. Duties and Authority.

2.1 Promotion of Employers' Interest. While employed as an executive officer of the Company and the Bank, the Employee shall devote his business time and attention to the business and affairs of the Employers, and shall use his efforts and abilities to promote the interests of the Employers.

2.2 Performance of Duties. The Employee shall perform such services and duties necessary or appropriate for the Employers as are normally expected of persons appointed to Executive Vice President and President positions, respectively, in the businesses in which the Employers are engaged.

3. Cash Compensation. For all services to be performed by the Employee under this Agreement (including services as an officer or employee), the Bank shall pay the Employee an annual base salary (prorated for any partial year) for each calendar year of this Agreement through the Termination Date, in an amount not less than the annual base salary for the immediately preceding year, as determined by the Board of Directors of the Bank, such determination to be made for each such 12 month period prior to the beginning of such period ("Base Cash Compensation"); payable in each case in accordance with the then prevailing payroll practices of the Bank. To the extent that the date of any change in rate of compensation provided for above does not coincide with the first day of a payroll period of the Bank, such change in rate of compensation shall become effective as of the first day of the payroll period that includes such date. In addition to the Base Cash Compensation described above, the Employee will be entitled to such bonuses and other discretionary compensation as may be awarded to him from time to time by the Board of Directors of either of the Employers.

4. Participation in Employee Benefit Plans. In addition to the cash compensation payable to the Employee under this Agreement, the Employee shall be entitled to participate in such employee benefit plans, whether contributory or non-contributory, such as group life and disability insurance plans, hospital, surgical, vision and dental benefit plans or other bonus incentive, profit sharing, stock option, retirement or other employee benefit plans of the Employers as may now or hereafter exist to the extent that the Employee meets the eligibility requirements of any such plans. The Employee is also entitled to coverage under a long-term care insurance policy. All such group life and disability insurance plans, hospital, surgical, vision and dental benefit plans and long-term care insurance policies are hereafter referred to as "Life, Disability and Medical Plans". If any bonus or incentive compensation plan payments constitute "deferred compensation" within the meaning of Code Section 409A and applicable Treasury regulations, such deferred compensation will be paid to the Employee within 2 ½ months after the end of the calendar year in which it is payable, unless such bonus or incentive compensation is deferred pursuant to a timely election into a plan that complies with Code Section 409A.

5. Out of Pocket Expenses. The Employee will be reimbursed by the Bank or the Company, as the case may be, for all reasonable expenses incurred in promoting their respective businesses; including expenses for entertainment, travel and similar items upon the presentation by Employee, from time to time, of an itemized account of such expenditures in a form and manner as determined by the Board of Directors or the chief financial or accounting officer of the Employer for whose account the expenditures are made; provided that such reimbursement shall be subject to any guidelines provided by the Board of Directors or Chief Executive Officer of the Bank or the Company prior to an expense being incurred.

6. Vacations. The Employee shall be entitled each year to five (5) weeks paid vacation time. The Employee will not be entitled to additional compensation for vacation time not utilized in any year nor will the Employee be permitted to carry over unused vacation time to a succeeding year.

7. Termination of Employment Upon Disability or Death.

7.1 Disability. In the event the Employee shall become Disabled (as hereinafter defined) during the Employment Period, the Bank or the Company may terminate the Employee's employment under this Agreement by giving him written notice of such termination ("Disability Termination Notice"). In the event of any such termination during the Employment Period, the Bank shall continue to pay the Employee his Base Cash Compensation, at the rate in effect immediately prior to the giving of the Disability Termination Notice, through the end of the Employment Period (through the Termination Date then in effect). In addition, the Employers shall cover the Employee under their disability plans, if any, in effect from time to time under the terms and conditions that such coverage is made available to other employees of the respective Employers, and the Employee shall be entitled to any benefits payable to him under such disability plans. While disabled, the Bank shall continue to provide the Employee and his dependents with coverage under its Life, Disability and Medical Plans until the Employee reaches the age of sixty-five (65) years old to the extent that it may do so under the provisions of such plans, with the Employee's contributions to the premiums under such plans being no more than the amounts he paid for such premiums prior to his disability, adjusted from time to time for normal periodic increases in such premiums applied in general to employees of the Bank.

The Employee shall be "Disabled" for purposes of this Agreement if the Employee (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or (ii) is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for at least three (3) months from an Employer's long-term disability policy. The Employee shall be deemed to be Disabled if he is determined to be totally disabled by the Social Security Administration.

7.2 Death. In the event of the death of the Employee, his employment with the Employers shall terminate as of the date of his death. Promptly following his death, the Bank shall pay to his legal representative a death benefit of \$200,000. In addition, any life insurance policies owned by the Bank or the Company, and insuring the life of the Employee shall be payable to the beneficiaries of such policies in accordance with the terms of such policies.

7.3 Extent of Obligations. The provisions of Sections 7.1 and 7.2 apply only to Disability or death occurring during the Employment Period while the Employee is employed by the Bank and the Company. Other than as set forth in Section 7.1 or 7.2, neither of the Employers shall have any obligation or liability to the Employee upon the employee's death or Disability except that the Employee shall be entitled to all of his accrued rights under stock option, retirement and other employee benefit plans of the Company and the Bank, and the Bank shall promptly pay the Employee (or his personal representative) his Base Cash Compensation due through the effective date of the termination of his employment, the cash equivalent of any accrued vacation days not taken as of such effective date (calculated based on the Employee's annual base salary attributable to each vacation day), and any out-of-pocket expenses for which the Employee is entitled to be reimbursed, and for which reimbursement has not yet been made.

8. Termination of Employment for Cause, Without Cause, Good Reason, or Without Good Reason.

8.1 Termination by an Employer for Cause. Each of the Employers shall have the right, at any time, to terminate the Employee's employment for Cause (as defined herein), within 90 days of the Employer's learning of such Cause. For purposes of this Agreement, the term "Cause" means (a) an act or acts of dishonesty committed by the Employee and intended by the Employee to result in the Employee's substantial personal enrichment at the expense of the Company or the Bank, (b) continuing intentional gross neglect by the Employee of his duties under Section 2 of this Agreement which cause or are expected to cause material harm to the Company or the Bank, and which is not remedied after receipt of notice from the applicable Employer, (c) the Employee's conviction of a felony, or (d) the Employee's intentional breach of his obligations under Section 11 or 12 which causes or may be expected to cause material harm to the Company or the Bank. Any termination for Cause shall be effective upon an Employer giving the Employee written notice that the Employee's employment is terminated, and setting forth in reasonable detail the basis for such termination, and that such termination is for Cause. Any such notice shall terminate the Employee's employment with both Employers.

8.2 Termination by an Employer Without Cause. Each of the Employers shall have the right at any time to terminate the Employee's employment without Cause by giving the Employee written notice that the Employee's employment is terminated, and setting forth in reasonable detail the basis, if any, for such termination. Any such termination shall be effective upon the giving of such notice by the Employer.

8.3 Termination by Employee for Good Reason. The Employee shall have the right at any time to terminate his employment under this Agreement for Good Reason (as defined herein) within ninety (90) days of learning of such Good Reason. For purposes of this Agreement, the term "Good Reason" means (a) any assignment to the Employee of any title or duties that are materially inconsistent with the Employee's present positions, titles, duties, or responsibilities, other than an insubstantial or inadvertent action which is remedied by the applicable Employer promptly after receipt of written notice from the Employee, or which is approved of by the Employee in writing; or (b) any failure by an Employer to comply in a material respect with any provision of Section 3, 4, 5, or 6, other than a insubstantial or inadvertent failure which is remedied by the applicable Employer promptly after receipt of written notice from the Employee. Any termination for Good Reason shall be effective upon the Employee giving the Employers written notice that the Employee is terminating his employment, and setting forth in reasonable detail the basis for such termination, and that such termination is for Good Reason. Any such termination shall be effective upon the giving of such notice by the Employee; and any such notice shall terminate his employment with both Employers. Notwithstanding the above, the assignment to the Employee of any title or duties at the Bank or the Company that he has previously held or performed at the Bank or the Company, shall not be sufficient to constitute Good Reason for termination of employment by the Employee.

8.4 Termination by Employee Without Good Reason. The Employee shall have the right at any time to terminate the Employee's employment with both Employers without Good Reason by giving the Employers written notice that the Employee is terminating his employment. Any such termination shall apply to the Employee's employment with both Employers and be effective ninety (90) days after the giving of such notice by the Employee.

8.5 Obligation of Employers upon Termination without Cause or Employee's Termination with Good Reason Unrelated to a Change in Control. In the event that during the Employment Period, an Employer terminates the Employee's employment without Cause under Section 8.2, or the Employee terminates his employment for Good Reason under Section 8.3; or the Employee's employment is terminated for any other reason except (i) for Cause under Section 8.1, (ii) without Good Reason under Section 8.4, or (iii) for Disability or death pursuant to Section 7, and such termination is not related to a Change in Control, the Bank shall pay and provide (and to the extent the insurance referred to in Section 8.5(d) is owned by the Company, the Company shall provide) to the Employee the following:

(a) to the extent not previously paid, the Employee's Base Cash Compensation due through the effective date of the termination of employment, the cash equivalent of any accrued vacation days not taken as of such effective date (calculated based on the Employee's annual base salary attributable to each vacation day), and any out-of-pocket expenses for which the Employee is entitled to be reimbursed, and for which reimbursement has not yet been made; payable within ten (10) days of such effective date; plus

(b) an amount equal to the greater of (i) the Base Cash Compensation payable to the Employee for the remainder of the Employment Period (i.e. through the Termination Date then in effect), or (ii) \$350,000; in either case, payable in eighteen (18) substantially equal monthly installments commencing within thirty (30) days after the effective date of the termination of employment; plus

(c) coverage for the Employee and his dependents under the Bank's Life, Disability, and Medical Plans for the eighteen (18) month period commencing on the effective date of the termination of employment to the extent that the Bank may do so under the provisions of such plans, and to the extent that it is not permitted to do so shall pay the Employee an amount that will permit him to obtain and pay for substantially equivalent coverage; plus

(d) any term life insurance policies without any cash surrender value, or any term life insurance policies having a cash surrender value that is under \$10,000 in aggregate amount, owned by the Bank or the Company and insuring the life of the Employee, to the extent they may be practically assigned or transferred to the Employee without any adverse effect on the Bank or the Company, and which upon assignment or transfer to the Employee the cash surrender value of the policy is paid by the Employee to the Bank or the Company, whichever is the owner of the policy, plus

(e) \$15,000 for out-placement, interim office, and related expenses, payable within thirty (30) days after the effective date of the termination of employment.

In addition, the Employee shall be entitled to all of his accrued rights under stock option, retirement, and other employee benefit plans of the Company and the Bank.

8.6 Obligation of Employers upon Termination without Cause or Employee's Termination with Good Reason Following a Change in Control. The Change in Control Agreement attached as Addendum A provides for payments to be made in the event of a termination without Cause or a Termination with Good Reason following a Change in Control.

8.7 Obligation of Employers upon Termination for Cause or by Employee without Good Reason. In the event that during the Employment Period, an Employer terminates the Employee's employment for Cause as provided for in Section 8.1, or the Employee terminates his employment without Good Reason as permitted in Section 8.4; the Bank shall pay and provide to the Employee, to the extent not previously paid, the Employee's Base Cash Compensation due through the effective date of the termination of employment, plus the cash equivalent of any accrued vacation days not taken as of such effective date (calculated based on the Employee's annual base salary attributable to each vacation day), within ten (10) days of such effective date. In addition, the Employee shall be entitled to all of his accrued rights under stock option (except with respect to stock option plans, in the event of termination for Cause), retirement, and other employee benefit plans of the Company and the Bank.

8.8 No Other Obligations of Employers upon Termination. Upon termination of the Employee's employment, the Employers shall have no obligations to the Employee except as set forth in this Agreement, or accrued rights under stock option, retirement, or other employee benefit plans of either Employer.

8.9 Cooperation. The parties agree that certain matters in which the Employee will be involved during the Employment Period may necessitate the Employee's cooperation in the future. Accordingly, following the termination of the Employee's employment for any reason, to the extent reasonably requested by the Board of Directors of the Bank or the Company, the Employee shall cooperate with the Bank or the Company, as applicable, in connection with matters arising out of the Employee's service to the Bank and the Company; provided that, the Bank and the Company shall make reasonable efforts to minimize disruption of the Employee's other activities. The Bank shall reimburse the Employee for reasonable expenses incurred in connection with such cooperation and, to the extent that the Employee is required to spend substantial time on such matters, the Bank shall compensate the Employee at an hourly rate based on the Employee's Base Cash Compensation on the effective date of termination of employment.



9. Severance Payments on Termination after the Employment Period. If at any time after the Employment Period and prior to the Employee reaching the age of 65, (a) the Employee's employment with the Bank is terminated by the Bank without Cause, or (b) the Employee's annual base salary from the Bank is reduced without his consent and without Cause, and the Employee, within ninety (90) days thereafter, terminates his employment with the Bank; then unless the termination of employment or reduction in annual base salary resulted from the death or Disability of the Employee, the Bank shall pay and provide (and to the extent the insurance referred to in Section 8.5(d) is owned by the Company, the Company shall provide) to the Employee the following: (a) the amounts, coverage, benefits and life insurance provided for in Section 8.5 (a), (c), (d) and (e), plus (b) \$350,000, payable in eighteen (18) substantially equal monthly installments commencing within thirty (30) days after the effective date of the termination of employment. In addition, the Employee shall be entitled to all of his accrued rights under stock option (except with respect to stock option plans, in the event of termination for Cause), retirement, and other employee benefit plans of the Company and the Bank.

10. Delay in Severance Payments. If the Employee is a Specified Employee (as hereinafter defined) on the date of termination of employment, then the 18 monthly installments of severance pay described in Sections 8.5(b) and 9 shall be payable as follows. No payments of the monthly installments shall be made within six months after the Employee's termination of employment. On the first business day of the seventh month after the date on which termination of employment occurs, the Bank shall pay to the Employee an amount equal to the sum of seven (7) equal monthly installments. The remaining monthly installments shall be paid on the first business day of each month thereafter.

The Employee is a "Specified Employee" if he is a "key employee" (as defined in Code Section 416(i) without regard to Code Section 416(i)(5)) and the stock of the Bank or the Company is publicly traded on an established securities market or otherwise on the date of termination of employment. The Employee is a "key employee" during the period described below if he is one of the following during the 12-month period ending on any December 31 (the "identification date"):

(a) an officer of the Bank or the Company with annual compensation greater than \$130,000 (as indexed pursuant to Code Section 416(i)(1) -- \$175,000 for 2018), provided, that no more than 50 employees (or, if less, the greater of 3 employees or 10% of the employees) shall be treated as officers;

(b) a five percent (5%) owner of the Bank or the Company; or

(c) a one percent (1%) owner of the Bank or the Company with annual compensation of more than \$150,000.

If the Employee is a "key employee" as of an identification date, he is treated as a Specified Employee for the 12-month period beginning on the first day of the fourth month following the identification date.

11. Confidential Information. Employee agrees that he will not at any time (whether during his employment or at any time thereafter) disclose to any person, corporation, firm, partnership or other entity, except as required by law, any secret or confidential information concerning the business, clients or affairs of the Company or the Bank, or any of their affiliates, for any reason or purpose whatsoever other than in furtherance of the Employee's work for the Company or the Bank, nor shall the Employee make use of any of such secret or confidential information in any manner adverse to the Company or the Bank.

12. Noncompetition Covenant. For a period of eighteen (18) months following the termination of the Employee's employment with the Employers, the Employee will not be employed by or act as a director or officer of any business involving or engaged in the business of banking within a 50-mile radius of any city, township or village in which at any time during the 18-month period the Company, the Bank or any of their affiliates has a branch or other office.

13. Remedies under Section 11 and 12. The Employee acknowledges and agrees that his obligations under Sections 11 and 12 are of a special and unique nature and that a failure to perform any such obligation or a violation of any such obligation would cause irreparable harm to the Employers, the amount of which cannot be accurately compensated for in damages by an action at law. In the event of a breach by the Employee of any of the provisions of Section 11 or 12, the Company and the Bank shall be entitled to an injunction restraining the Employee from such breach. Nothing in this Section shall be construed as prohibiting the Company or the Bank from pursuing any other remedies available for any breach of this Agreement.

14. Deduction of Taxes and Adjustments re Code Section 280G. Each Employer may deduct from any amounts required to be paid to the Employee under this Agreement any amounts required to be withheld by the Employer pursuant to federal, state, or local law relating to taxes or related payroll deductions. In the event that any payments, distributions or benefits to or for the benefit of the Employee from the Bank or the Company, whether paid or payable, distributed or distributable, would constitute a "parachute payment", as defined in Section 280G of the Internal Revenue Code of 1986, as amended, or any successors thereto (the "Code"), payments under this Agreement shall be reduced to the largest amount that will eliminate both the imposition of the excise tax imposed by Section 4999 of the Code and the disallowance as deductions to the Employers under Section 280G of the Code of any such payments, distributions or benefits. The determination of any reduction in the payments under this Agreement pursuant to this paragraph shall be made by a major national or regional accounting firm selected by the Bank and approved by the Employee, which approval shall not be unreasonably withheld.

15. Objection to Termination and Legal Fees. The termination of the Employee's employment pursuant to this Agreement shall not preclude any Employer or the Employee from objecting to the basis asserted by the terminating party for such termination. The Employers agree to pay all reasonable legal fees and expenses incurred by the Employee in enforcing his rights under this Agreement, except with respect to claims made by the Employee that are rejected by a court (or any arbitrator sitting by agreement of the parties) to which such claims are presented; provided that the Employers' obligation to pay legal fees and expenses under this Section shall not exceed \$10,000 in aggregate amount.

16. Adjustment between the Company and the Bank. The Company and the Bank acknowledge that although the Employee is generally paid solely by the Bank, he also performs some services for the Company, and the Company pays the Bank periodically an amount necessary to reimburse the Bank for amounts paid to the Employee by the Bank for services actually rendered to the Company.

17. Notices. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and if personally delivered or sent by registered or certified United States mail or by a nationally recognized overnight courier service, to his residence or the last address he has provided in writing to the Employers, in the case of the Employee, or to its principal office in the case of an Employer. For purposes of this Agreement, notices shall be deemed given when received at the address or office specified in the preceding sentence.

18. Waiver of Breach. No waiver by either party of any breach or non-performance of any provision or obligation of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision of this Agreement.

19. Assignment. The rights and obligations of each Employer under this Agreement shall inure to the benefit of and shall be binding upon them and their respective successors and assigns. As used in this Agreement, the term "successor" shall include any person, firm, corporation, or other business entity which at any time whether by merger, purchase or otherwise acquires all or substantially all of the assets or business of an Employer.

20. Entire Agreement and Regulatory Compliance. This instrument contains the entire Agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements or understandings between the parties hereto relating to the subject matter hereof. This Agreement may not be changed orally but only by an agreement in writing signed by the Employee and the Employers. Employee acknowledges that each of the Employers is subject to supervision and regulation by bank regulatory agencies. If, at the time any payment would otherwise be made to Employee under this Agreement, such payment is prohibited or limited by any applicable statute or regulation, including, without limitation, the Federal Deposit Insurance Act and 12 C.F.R. Part 359 (Golden Parachute and Indemnification Payments), or by order of any such bank regulatory agency, the amount of such payment shall be reduced to the largest amount, if any, that may be paid at such time consistently with such statute, regulation, or order. Employee agrees that compliance with any such statute, regulation, or order, including any resulting reduction or elimination of any payment specified under this Agreement, shall not constitute a breach of this Agreement by the Employers.

21. Severability. If a court of competent jurisdiction determines that any one or more of the provisions of this Agreement is invalid, illegal or unenforceable in any respect, such determination shall not affect the validity, legality or enforceability of any other provision of this Agreement.

22. Governing Law. This Agreement and the legal relations between the parties shall be subject to and governed by the internal laws (and not the law of conflicts) of the State of Michigan.

23. Section 409A. This Agreement is intended to be exempt from Section 409A of the Code to the greatest extent possible, to comply with Section 409A to the extent it is applicable and is to be interpreted and operated consistently with those intentions. To the extent that Section 409A applies to payments in the event of termination of employment under this Agreement, such payments shall be made only if the termination of employment is a "separation from service" within the meaning of Treas. Reg. Section 1.409A-1(h).

24. Paragraph Headings. The paragraph headings used in this Agreement are included solely for convenience and shall not affect or be used in connection with the interpretation of this Agreement

25. Arbitration. Any dispute, controversy or claim arising under or in connection with this Agreement shall be settled exclusively by arbitration, conducted in Grand Rapids, Michigan, before a panel of three arbitrators, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrators' award in any court having jurisdiction. Unless otherwise provided in the Rules of the American Arbitration Association, the arbitrators shall, in their award, allocate between the parties the arbitrators' fees and expense, in such proportions as the arbitrators deem just. Each party shall be responsible for their own attorneys' fees.

26. Clawback. Any amounts payable under this Agreement are subject to any policy (whether in existence on the effective date of this Agreement or later adopted) established by the Company or the Bank providing for clawback or recovery of amounts that were paid to the Employee. The Company or the Bank will make any determination for clawback or recovery in its sole discretion and in accordance with any applicable law or regulation.

27. Acknowledgement of Full Understanding. THE EMPLOYEE ACKNOWLEDGES AND AGREES THAT HE HAS FULLY READ, UNDERSTANDS AND VOLUNTARILY ENTERS INTO THIS AGREEMENT. THE EMPLOYEE ACKNOWLEDGES AND AGREES THAT HE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF HIS CHOICE BEFORE SIGNING THIS AGREEMENT.

*[Signatures on following page]*

The parties have executed this Agreement as of the day and year first above written.

MERCANTILE BANK CORPORATION

By: /s/ Robert B. Kaminski, Jr. \_\_\_\_\_

Robert B. Kaminski, Jr.

Its: Chief Executive Officer

MERCANTILE BANK OF MICHIGAN

By: /s/ Robert B. Kaminski, Jr. \_\_\_\_\_

Robert B. Kaminski, Jr.

Its: Chief Executive Officer

EMPLOYEE

\_\_\_\_\_  
/s/ Raymond E. Reitsma

Raymond E. Reitsma

**ADDENDUM A**

**CHANGE IN CONTROL AGREEMENT**

This Change in Control Agreement ("Agreement") is made as of the 29th day of November, 2018, effective as of December 31, 2018, by and among Mercantile Bank Corporation, a Michigan corporation (the "Company"), Mercantile Bank of Michigan, a Michigan banking corporation (the "Bank"), and collectively with the Company, the "Employers", and each an "Employer", and Raymond E. Reitsma (the "Employee").

**RECITALS**

- A. The Bank and the Employee have previously entered into an Employment Agreement dated as of November 19, 2015, as amended by a First Amendment dated as of December 15, 2016 (the "Employment Agreement").
- C. The Employers and Employee are, simultaneously herewith, amending and restating the Employment Agreement.
- D. The Employers and Employee wish to set forth the amount payable to Employee in the event of a Change in Control in an addendum to the Employment Agreement styled as a "Change in Control Agreement", rather than as a separate section in the Employment Agreement, and to adjust the lump sum payment payable to Employee on and after January 1, 2019.
- E. The Employers believe that entering into this Agreement is in the best interest of their respective shareholders.
- F. The Employee believes that entering into this Agreement is in his best interest.

**TERMS OF AGREEMENT**

In consideration of the mutual covenants and obligations set forth in this Agreement, to induce the Employee to remain in the employment of the Employers, and for other good and valuable consideration, the Employers and the Employee agree as follows:

1. Obligation of Employers upon Termination without Cause or Employee's Termination with Good Reason Following a Change in Control. In the event that during the Employment Period, an Employer terminates the Employee's employment without Cause under Section 8.2 of the Employment Agreement, or the Employee terminates his employment for Good Reason under Section 8.3 of the Employment Agreement; or the Employee's employment is terminated for any other reason except (i) for Cause under Section 8.1 of the Employment Agreement, (ii) without Good Reason under Section 8.4 of the Employment Agreement, or (iii) for Disability or death pursuant to Section 7 of the Employment Agreement, in each case within 24 months after the occurrence of a Change in Control (as defined in Exhibit A); the Bank shall pay and provide to the Employee, in addition to the payments and benefits owing under the Employment Agreement, the sum of \$350,000 payable in a lump sum within fifteen (15) days after the effective date of the termination of employment.

2. Delay in Severance Payments. If the Employee is a Specified Employee (as hereinafter defined) on the date of termination of employment, then the payment described in Section 1 shall be paid in a lump sum on the first business day of the seventh month after the date on which termination of employment occurs.

The Employee is a "Specified Employee" if he is a "key employee" (as defined in Code Section 416(i) without regard to Code Section 416(i)(5)) and the stock of the Bank or the Company is publicly traded on an established securities market or otherwise on the date of termination of employment. The Employee is a "key employee" during the period described below if he is one of the following during the 12-month period ending on any December 31 (the "identification date"):

(a) an officer of the Bank or the Company with annual compensation greater than \$130,000 (as indexed pursuant to Code Section 416(i)(1) -- \$175,000 for 2018), provided, that no more than 50 employees (or, if less, the greater of 3 employees or 10% of the employees) shall be treated as officers;

(b) a five percent (5%) owner of the Bank or the Company; or

(c) a one percent (1%) owner of the Bank or the Company with annual compensation of more than \$150,000.

If the Employee is a "key employee" as of an identification date, he is treated as a Specified Employee for the 12-month period beginning on the first day of the fourth month following the identification date.

3. Deduction of Taxes and Adjustments re Code Section 280G. Each Employer may deduct from any amounts required to be paid to the Employee under this Agreement any amounts required to be withheld by the Employer pursuant to federal, state, or local law relating to taxes or related payroll deductions. In the event that any payments, distributions or benefits to or for the benefit of the Employee from the Bank or the Company, whether paid or payable, distributed or distributable, would constitute a "parachute payment", as defined in Section 280G of the Internal Revenue Code of 1986, as amended, or any successors thereto (the "Code"), payments under this Agreement and/or the Employment Agreement shall be reduced to the largest amount that will eliminate both the imposition of the excise tax imposed by Section 4999 of the Code and the disallowance as deductions to the Employers under Section 280G of the Code of any such payments, distributions or benefits. The determination of any reduction in the payments under this Agreement and/or the Employment Agreement pursuant to this paragraph shall be made by a major national or regional accounting firm selected by the Bank and approved by the Employee, which approval shall not be unreasonably withheld.

4. Notices. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and if personally delivered or sent by registered or certified United States mail or by a nationally recognized overnight courier service, to his residence or the last address he has provided in writing to the Employers, in the case of the Employee, or to its principal office in the case of an Employer. For purposes of this Agreement, notices shall be deemed given when received at the address or office specified in the preceding sentence.

5. Waiver of Breach. No waiver by either party of any breach or non-performance of any provision or obligation of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision of this Agreement.

6. Assignment. The rights and obligations of each Employer under this Agreement shall inure to the benefit of and shall be binding upon them and their respective successors and assigns. As used in this Agreement, the term "successor" shall include any person, firm, corporation, or other business entity which at any time whether by merger, purchase or otherwise acquires all or substantially all of the assets or business of an Employer.

7. Entire Agreement and Regulatory Compliance. This instrument and the Employment Agreement contains the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements or understandings between the parties hereto relating to the subject matter hereof. Capitalized terms used herein, but not defined herein, have the meanings assigned thereto in the Employment Agreement. This Agreement may not be changed orally but only by an agreement in writing signed by the Employee and the Employers. Employee acknowledges that each of the Employers is subject to supervision and regulation by bank regulatory agencies. If, at the time any payment would otherwise be made to Employee under this Agreement, such payment is prohibited or limited by any applicable statute or regulation, including, without limitation, the Federal Deposit Insurance Act and 12 C.F.R. Part 359 (Golden Parachute and Indemnification Payments), or by order of any such bank regulatory agency, the amount of such payment shall be reduced to the largest amount, if any, that may be paid at such time consistently with such statute, regulation, or order. Employee agrees that compliance with any such statute, regulation, or order, including any resulting reduction or elimination of any payment specified under this Agreement, shall not constitute a breach of this Agreement by the Employers.

8. Severability. If a court of competent jurisdiction determines that any one or more of the provisions of this Agreement is invalid, illegal or unenforceable in any respect, such determination shall not affect the validity, legality or enforceability of any other provision of this Agreement.

9. Governing Law. This Agreement and the legal relations between the parties shall be subject to and governed by the internal laws (and not the law of conflicts) of the State of Michigan.

10. Section 409A. This Agreement is intended to be exempt from Section 409A of the Code to the greatest extent possible, to comply with Section 409A to the extent it is applicable and is to be interpreted and operated consistently with those intentions. To the extent that Section 409A applies to payments in the event of termination of employment under this Agreement, such payments shall be made only if the termination of employment is a "separation from service" within the meaning of Treas. Reg. Section 1.409A-1(h).

[Signatures on Following Page]



The parties have executed this Agreement as of the day and year first above written.

MERCANTILE BANK CORPORATION

By: /s/ Robert B. Kaminski, Jr.

Robert B. Kaminski, Jr.

Its: Chief Executive Officer

MERCANTILE BANK OF MICHIGAN

By: /s/ Robert B. Kaminski, Jr.

Robert B. Kaminski, Jr.

Its: Chief Executive Officer

EMPLOYEE

/s/ Raymond E. Reitsma

Raymond E. Reitsma

## EXHIBIT A

### DEFINITION OF CHANGE IN CONTROL

"Change in Control" means that one or more of the following events have occurred with respect to a Responsible Corporation (as hereinafter defined):

(i) *Change in ownership of a Responsible Corporation.* A change in ownership of a Responsible Corporation occurs on the date that any one person, or more than one person acting as a group, acquires ownership of stock of a Responsible Corporation that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Responsible Corporation. However, if any one person or more than one person acting as a group, is considered to own more than 50 percent of the total fair market value or total voting power of the stock of a Responsible Corporation, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of the Responsible Corporation (or to cause a change in the effective control of the Responsible Corporation (as defined in paragraph (ii)).

(ii) *Change in the effective control of a Responsible Corporation.* A change in the effective control of a Responsible Corporation occurs on the date that either:

(A) any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Responsible Corporation possessing 30 percent or more of the total voting power of the stock of the Responsible Corporation; or

(B) a majority of members of the Responsible Corporation's board of directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Responsible Corporation's board of directors prior to the date of the appointment or election, provided, that for purposes of this paragraph, the term "Responsible Corporation" refers solely to the relevant corporation for which no other corporation is a majority shareholder.

If any one person, or more than one person acting as a group, is considered to effectively control a Responsible Corporation, the acquisition of additional control of such Responsible Corporation by the same person or persons is not considered to cause a change in the effective control of such Responsible Corporation (or to cause a change in the ownership of such Responsible Corporation within the meaning of paragraph (i)).

(iii) *Change in the ownership of a substantial portion of a Responsible Corporation's assets.* A change in the ownership of a substantial portion of a Responsible Corporation's assets occurs on the date that any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Responsible Corporation that have a total gross fair market value equal to or more than 40 percent of the total gross fair market value of all of the assets of the Responsible Corporation immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of a Responsible Corporation, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. No Change in Control shall be deemed to occur under this paragraph (iii) when there is a transfer to:

- (A) a shareholder of the Responsible Corporation (immediately before the asset transfer) in exchange for or with respect to its stock;
- (B) any entity, 50 percent or more of the total value or voting power of which is owned, directly or indirectly, by the Responsible Corporation;
- (C) A person, or more than one person acting as a group, that owns, directly or indirectly, 50 percent or more of the total value or voting power of all the outstanding stock of the Responsible Corporation; or
- (D) An entity, at least 50 percent of the total value or voting power of which is owned, directly or indirectly, by a person described in subparagraph (C).

(iv) For purposes of this Exhibit A, a "Responsible Corporation" shall mean:

- (A) the corporation for whom Employee is performing services at the time of the Change in Control event;
- (B) the corporation that is liable for the payment of benefits under this Agreement (or all corporations liable for payment if more than one corporation is liable) but only if either the benefits are attributable to the performance of service by Employee for such corporation or there is a bona fide business purpose for such corporation or corporations to be liable for such payment and, in either case, no significant purpose of making such corporation or corporations liable for such payment is the avoidance of Federal income tax; or
- (C) a corporation that is a majority shareholder of a corporation identified in (iv)(A) or (iv)(B) above, or any corporation in a chain of corporations in which each corporation is a majority shareholder of another corporation in the chain, ending in a corporation identified in (iv)(A) or (iv)(B) above.

(v) The definition of "Change in Control" shall be construed and interpreted in accordance with Code Section 409A and regulations and other guidance of general applicability issued thereunder.

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## Section 5: EX-10.4 (EXHIBIT 10.4)

**Exhibit 10.4**

### **EMPLOYMENT AGREEMENT**

This Amended and Restated Employment Agreement ("Agreement") is made as of the 29th day of November, 2018, effective as of December 31, 2018, by and among Mercantile Bank Corporation, a Michigan corporation (the "Company"), Mercantile Bank of Michigan, a Michigan banking corporation (the "Bank", and collectively with the Company, the "Employers", and each an "Employer"), and Robert T. Worthington (the "Employee").

### **RECITALS**

- A. The Company, the Bank and the Employee have previously entered into an Employment Agreement dated November 19, 2015, which has been amended and restated by an amended and restated Employment Agreement dated as of December 15, 2016 (the "Employment Agreement").
- B. The Company, the Bank and the Employee wish to amend and restate the Employment Agreement in its entirety, such that this Agreement will replace and supersede the existing Employment Agreement.
- C. This Agreement sets forth the terms of the Employee's employment as Senior Vice President, Chief Operating Officer, General Counsel and Secretary of the Company and Senior Vice President, Chief Operating Officer, General Counsel and Secretary of the Bank.
- D. The Employers believe that entering into this Agreement is in the best interest of their respective shareholders.
- E. The Employee believes that entering into this Agreement is in his best interest.

### **TERMS OF AGREEMENT**

In consideration of the mutual covenants and obligations set forth in this Agreement, to induce the Employee to remain in the employment of the Employers, and for other good and valuable consideration, the Employers and the Employee amend and restate the Employment Agreement and agree as follows:

1. Employment, Term, and Acceptance. The Company agrees to employ the Employee as its Senior Vice President, Chief Operating

Officer, General Counsel and Secretary, and the Bank agrees to employ the Employee as its Senior Vice President, Chief Operating Officer, General Counsel and Secretary for the period from January 1, 2019 through the Termination Date (the "Employment Period"), unless such employment is terminated earlier pursuant to Section 7 or 8 of this Agreement. The initial Termination Date is December 31, 2021. Effective as of December 31, 2019, and as of each December 31 after December 31, 2019, the Termination Date will automatically extend to the next succeeding December 31 after the then existing Termination Date unless prior to a December 31 automatic extension, the Employee, the Company, or the Bank gives notice to each of the others that the Termination Date shall not be automatically extended on such December 31; in which case the Termination Date will not be extended. Accordingly, unless the Employee, the Company or the Bank gives notice that the Termination Date will not be extended, there will, as of each December 31, be an Employment Period of three years remaining. The Employee hereby accepts such employment.

2. Duties and Authority.

2.1 Promotion of Employers' Interest. While employed as an executive officer of the Company and the Bank, the Employee shall devote his business time and attention to the business and affairs of the Employers, and shall use his efforts and abilities to promote the interests of the Employers.

2.2 Performance of Duties. The Employee shall perform such services and duties necessary or appropriate for the Employers as are normally expected of persons appointed to Senior Vice President, Chief Operating Officer, General Counsel and Secretary positions in the businesses in which the Employers are engaged.

3. Cash Compensation. For all services to be performed by the Employee under this Agreement (including services as an officer or employee), the Bank shall pay the Employee an annual base salary (prorated for any partial year) for each calendar year of this Agreement through the Termination Date, in an amount not less than the annual base salary for the immediately preceding year, as determined by the Board of Directors of the Bank, such determination to be made for each such 12 month period prior to the beginning of such period ("Base Cash Compensation"); payable in each case in accordance with the then prevailing payroll practices of the Bank. To the extent that the date of any change in rate of compensation provided for above does not coincide with the first day of a payroll period of the Bank, such change in rate of compensation shall become effective as of the first day of the payroll period that includes such date. In addition to the Base Cash Compensation described above, the Employee will be entitled to such bonuses and other discretionary compensation as may be awarded to him from time to time by the Board of Directors of either of the Employers.

4. Participation in Employee Benefit Plans. In addition to the cash compensation payable to the Employee under this Agreement, the Employee shall be entitled to participate in such employee benefit plans, whether contributory or non-contributory, such as group life and disability insurance plans, hospital, surgical, vision and dental benefit plans or other bonus incentive, profit sharing, stock option, retirement or other employee benefit plans of the Employers as may now or hereafter exist to the extent that the Employee meets the eligibility requirements of any such plans. The Employee is also entitled to coverage under a long-term care insurance policy. All such group life and disability insurance plans, hospital, surgical, vision and dental benefit plans and long-term care insurance policies are hereafter referred to as "Life, Disability and Medical Plans". If any bonus or incentive compensation plan payments constitute "deferred compensation" within the meaning of Code Section 409A and applicable Treasury regulations, such deferred compensation will be paid to the Employee within 2 ½ months after the end of the calendar year in which it is payable, unless such bonus or incentive compensation is deferred pursuant to a timely election into a plan that complies with Code Section 409A.

5. Out of Pocket Expenses. The Employee will be reimbursed by the Bank or the Company, as the case may be, for all reasonable expenses incurred in promoting their respective businesses; including expenses for entertainment, travel and similar items upon the presentation by Employee, from time to time, of an itemized account of such expenditures in a form and manner as determined by the Board of Directors or the chief financial or accounting officer of the Employer for whose account the expenditures are made; provided that such reimbursement shall be subject to any guidelines provided by the Board of Directors or Chief Executive Officer of the Bank or the Company prior to an expense being incurred.

6. Vacations. The Employee shall be entitled each year to five (5) weeks paid vacation time. The Employee will not be entitled to additional compensation for vacation time not utilized in any year nor will the Employee be permitted to carry over unused vacation time to a succeeding year.

7. Termination of Employment Upon Disability or Death.

7.1 Disability. In the event the Employee shall become Disabled (as hereinafter defined) during the Employment Period, the Bank or the Company may terminate the Employee's employment under this Agreement by giving him written notice of such termination ("Disability Termination Notice"). In the event of any such termination during the Employment Period, the Bank shall continue to pay the Employee his Base Cash Compensation, at the rate in effect immediately prior to the giving of the Disability Termination Notice, through the end of the Employment Period (through the Termination Date then in effect). In addition, the Employers shall cover the Employee under their disability plans, if any, in effect from time to time under the terms and conditions that such coverage is made available to other employees of the respective Employers, and the Employee shall be entitled to any benefits payable to him under such disability plans. While disabled, the Bank shall continue to provide the Employee and his dependents with coverage under its Life, Disability and Medical Plans until the Employee reaches the age of sixty-five (65) years old to the extent that it may do so under the provisions of such plans, with the Employee's contributions to the premiums under such plans being no more than the amounts he paid for such premiums prior to his disability, adjusted from time to time for normal periodic increases in such premiums applied in general to employees of the Bank.

The Employee shall be "Disabled" for purposes of this Agreement if the Employee (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or (ii) is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for at least three (3) months from an Employer's long-term disability policy. The Employee shall be deemed to be Disabled if he is determined to be totally disabled by the Social Security Administration.

7.2 Death. In the event of the death of the Employee, his employment with the Employers shall terminate as of the date of his death. Promptly following his death, the Bank shall pay to his legal representative a death benefit of \$100,000. In addition, any life insurance policies owned by the Bank or the Company, and insuring the life of the Employee shall be payable to the beneficiaries of such policies in accordance with the terms of such policies.

7.3 Extent of Obligations. The provisions of Sections 7.1 and 7.2 apply only to Disability or death occurring during the Employment Period while the Employee is employed by the Bank and the Company. Other than as set forth in Section 7.1 or 7.2, neither of the Employers shall have any obligation or liability to the Employee upon the employee's death or Disability except that the Employee shall be entitled to all of his accrued rights under stock option, retirement and other employee benefit plans of the Company and the Bank, and the Bank shall promptly pay the Employee (or his personal representative) his Base Cash Compensation due through the effective date of the termination of his employment, the cash equivalent of any accrued vacation days not taken as of such effective date (calculated based on the Employee's annual base salary attributable to each vacation day), and any out-of-pocket expenses for which the Employee is entitled to be reimbursed, and for which reimbursement has not yet been made.

8. Termination of Employment for Cause, Without Cause, Good Reason, or Without Good Reason.

8.1 Termination by an Employer for Cause. Each of the Employers shall have the right, at any time, to terminate the Employee's employment for Cause (as defined herein), within 90 days of the Employer's learning of such Cause. For purposes of this Agreement, the term "Cause" means (a) an act or acts of dishonesty committed by the Employee and intended by the Employee to result in the Employee's substantial personal enrichment at the expense of the Company or the Bank, (b) continuing intentional gross neglect by the Employee of his duties under Section 2 of this Agreement which cause or are expected to cause material harm to the Company or the Bank, and which is not remedied after receipt of notice from the applicable Employer, (c) the Employee's conviction of a felony, or (d) the Employee's intentional breach of his obligations under Section 11 or 12 which causes or may be expected to cause material harm to the Company or the Bank. Any termination for Cause shall be effective upon an Employer giving the Employee written notice that the Employee's employment is terminated, and setting forth in reasonable detail the basis for such termination, and that such termination is for Cause. Any such notice shall terminate the Employee's employment with both Employers.

8.2 Termination by an Employer Without Cause. Each of the Employers shall have the right at any time to terminate the Employee's employment without Cause by giving the Employee written notice that the Employee's employment is terminated, and setting forth in reasonable detail the basis, if any, for such termination. Any such termination shall be effective upon the giving of such notice by the Employer.

8.3 Termination by Employee for Good Reason. The Employee shall have the right at any time to terminate his employment under this Agreement for Good Reason (as defined herein) within ninety (90) days of learning of such Good Reason. For purposes of this Agreement, the term "Good Reason" means (a) any assignment to the Employee of any title or duties that are materially inconsistent with the Employee's present positions, titles, duties, or responsibilities, other than an insubstantial or inadvertent action which is remedied by the applicable Employer promptly after receipt of written notice from the Employee, or which is approved of by the Employee in writing; or (b) any failure by an Employer to comply in a material respect with any provision of Section 3, 4, 5, or 6, other than a insubstantial or inadvertent failure which is remedied by the applicable Employer promptly after receipt of written notice from the Employee. Any termination for Good Reason shall be effective upon the Employee giving the Employers written notice that the Employee is terminating his employment, and setting forth in reasonable detail the basis for such termination, and that such termination is for Good Reason. Any such termination shall be effective upon the giving of such notice by the Employee; and any such notice shall terminate his employment with both Employers. Notwithstanding the above, the assignment to the Employee of any title or duties at the Bank or the Company that he has previously held or performed at the Bank or the Company, shall not be sufficient to constitute Good Reason for termination of employment by the Employee.

8.4 Termination by Employee Without Good Reason. The Employee shall have the right at any time to terminate the Employee's employment with both Employers without Good Reason by giving the Employers written notice that the Employee is terminating his employment. Any such termination shall apply to the Employee's employment with both Employers and be effective ninety (90) days after the giving of such notice by the Employee.

8.5 Obligation of Employers upon Termination without Cause or Employee's Termination with Good Reason Unrelated to a Change in Control. In the event that during the Employment Period, an Employer terminates the Employee's employment without Cause under Section 8.2, or the Employee terminates his employment for Good Reason under Section 8.3; or the Employee's employment is terminated for any other reason except (i) for Cause under Section 8.1, (ii) without Good Reason under Section 8.4, or (iii) for Disability or death pursuant to Section 7, and such termination is not related to a Change in Control, the Bank shall pay and provide (and to the extent the insurance referred to in Section 8.5(d) is owned by the Company, the Company shall provide) to the Employee the following:

(a) to the extent not previously paid, the Employee's Base Cash Compensation due through the effective date of the termination of employment, the cash equivalent of any accrued vacation days not taken as of such effective date (calculated based on the Employee's annual base salary attributable to each vacation day), and any out-of-pocket expenses for which the Employee is entitled to be reimbursed, and for which reimbursement has not yet been made; payable within ten (10) days of such effective date; plus

(b) an amount equal to the greater of (i) the Base Cash Compensation payable to the Employee for the remainder of the Employment Period (i.e. through the Termination Date then in effect), or (ii) \$250,000; in either case, payable in eighteen (18) substantially equal monthly installments commencing within thirty (30) days after the effective date of the termination of employment; plus



(c) coverage for the Employee and his dependents under the Bank's Life, Disability, and Medical Plans for the eighteen (18) month period commencing on the effective date of the termination of employment to the extent that the Bank may do so under the provisions of such plans, and to the extent that it is not permitted to do so shall pay the Employee an amount that will permit him to obtain and pay for substantially equivalent coverage; plus

(d) any term life insurance policies without any cash surrender value, or any term life insurance policies having a cash surrender value that is under \$10,000 in aggregate amount, owned by the Bank or the Company and insuring the life of the Employee, to the extent they may be practically assigned or transferred to the Employee without any adverse effect on the Bank or the Company, and which upon assignment or transfer to the Employee the cash surrender value of the policy is paid by the Employee to the Bank or the Company, whichever is the owner of the policy, plus

(e) \$15,000 for out-placement, interim office, and related expenses, payable within thirty (30) days after the effective date of the termination of employment.

In addition, the Employee shall be entitled to all of his accrued rights under stock option, retirement, and other employee benefit plans of the Company and the Bank.

8.6 Obligation of Employers upon Termination without Cause or Employee's Termination with Good Reason Following a Change in Control. The Change in Control Agreement attached as Addendum A provides for payments to be made in the event of a termination without Cause or a Termination with Good Reason following a Change in Control.

8.7 Obligation of Employers upon Termination for Cause or by Employee without Good Reason. In the event that during the Employment Period, an Employer terminates the Employee's employment for Cause as provided for in Section 8.1, or the Employee terminates his employment without Good Reason as permitted in Section 8.4; the Bank shall pay and provide to the Employee, to the extent not previously paid, the Employee's Base Cash Compensation due through the effective date of the termination of employment, plus the cash equivalent of any accrued vacation days not taken as of such effective date (calculated based on the Employee's annual base salary attributable to each vacation day), within ten (10) days of such effective date. In addition, the Employee shall be entitled to all of his accrued rights under stock option (except with respect to stock option plans, in the event of termination for Cause), retirement, and other employee benefit plans of the Company and the Bank.

8.8 No Other Obligations of Employers upon Termination. Upon termination of the Employee's employment, the Employers shall have no obligations to the Employee except as set forth in this Agreement, or accrued rights under stock option, retirement, or other employee benefit plans of either Employer.

8.9 Cooperation. The parties agree that certain matters in which the Employee will be involved during the Employment Period may necessitate the Employee's cooperation in the future. Accordingly, following the termination of the Employee's employment for any reason, to the extent reasonably requested by the Board of Directors of the Bank or the Company, the Employee shall cooperate with the Bank or the Company, as applicable, in connection with matters arising out of the Employee's service to the Bank and the Company; provided that, the Bank and the Company shall make reasonable efforts to minimize disruption of the Employee's other activities. The Bank shall reimburse the Employee for reasonable expenses incurred in connection with such cooperation and, to the extent that the Employee is required to spend substantial time on such matters, the Bank shall compensate the Employee at an hourly rate based on the Employee's Base Cash Compensation on the effective date of termination of employment.

9. Severance Payments on Termination after the Employment Period. If at any time after the Employment Period and prior to the Employee reaching the age of 65, (a) the Employee's employment with the Bank is terminated by the Bank without Cause, or (b) the Employee's annual base salary from the Bank is reduced without his consent and without Cause, and the Employee, within ninety (90) days thereafter, terminates his employment with the Bank; then unless the termination of employment or reduction in annual base salary resulted from the death or Disability of the Employee, the Bank shall pay and provide (and to the extent the insurance referred to in Section 8.5(d) is owned by the Company, the Company shall provide) to the Employee the following: (a) the amounts, coverage, benefits and life insurance provided for in Section 8.5 (a), (c), (d) and (e), plus (b) \$250,000, payable in eighteen (18) substantially equal monthly installments commencing within thirty (30) days after the effective date of the termination of employment. In addition, the Employee shall be entitled to all of his accrued rights under stock option (except with respect to stock option plans, in the event of termination for Cause), retirement, and other employee benefit plans of the Company and the Bank.

10. Delay in Severance Payments. If the Employee is a Specified Employee (as hereinafter defined) on the date of termination of employment, then the 18 monthly installments of severance pay described in Sections 8.5(b) and 9 shall be payable as follows. No payments of the monthly installments shall be made within six months after the Employee's termination of employment. On the first business day of the seventh month after the date on which termination of employment occurs, the Bank shall pay to the Employee an amount equal to the sum of seven (7) equal monthly installments. The remaining monthly installments shall be paid on the first business day of each month thereafter.

The Employee is a "Specified Employee" if he is a "key employee" (as defined in Code Section 416(i) without regard to Code Section 416(i)(5)) and the stock of the Bank or the Company is publicly traded on an established securities market or otherwise on the date of termination of employment. The Employee is a "key employee" during the period described below if he is one of the following during the 12-month period ending on any December 31 (the "identification date"):

(a) an officer of the Bank or the Company with annual compensation greater than \$130,000 (as indexed pursuant to Code Section 416(i)(1) -- \$175,000 for 2018), provided, that no more than 50 employees (or, if less, the greater of 3 employees or 10% of the employees) shall be treated as officers;

- (b) a five percent (5%) owner of the Bank or the Company; or
- (c) a one percent (1%) owner of the Bank or the Company with annual compensation of more than \$150,000.

If the Employee is a "key employee" as of an identification date, he is treated as a Specified Employee for the 12-month period beginning on the first day of the fourth month following the identification date.

11. Confidential Information. Employee agrees that he will not at any time (whether during his employment or at any time thereafter) disclose to any person, corporation, firm, partnership or other entity, except as required by law, any secret or confidential information concerning the business, clients or affairs of the Company or the Bank, or any of their affiliates, for any reason or purpose whatsoever other than in furtherance of the Employee's work for the Company or the Bank, nor shall the Employee make use of any of such secret or confidential information in any manner adverse to the Company or the Bank.

12. Noncompetition Covenant. For a period of eighteen (18) months following the termination of the Employee's employment with the Employers, the Employee will not be employed by or act as a director or officer of any business involving or engaged in the business of banking within a 50-mile radius of any city, township or village in which at any time during the 18-month period the Company, the Bank or any of their affiliates has a branch or other office.

13. Remedies under Section 11 and 12. The Employee acknowledges and agrees that his obligations under Sections 11 and 12 are of a special and unique nature and that a failure to perform any such obligation or a violation of any such obligation would cause irreparable harm to the Employers, the amount of which cannot be accurately compensated for in damages by an action at law. In the event of a breach by the Employee of any of the provisions of Section 11 or 12, the Company and the Bank shall be entitled to an injunction restraining the Employee from such breach. Nothing in this Section shall be construed as prohibiting the Company or the Bank from pursuing any other remedies available for any breach of this Agreement.

14. Deduction of Taxes and Adjustments re Code Section 280G. Each Employer may deduct from any amounts required to be paid to the Employee under this Agreement any amounts required to be withheld by the Employer pursuant to federal, state, or local law relating to taxes or related payroll deductions. In the event that any payments, distributions or benefits to or for the benefit of the Employee from the Bank or the Company, whether paid or payable, distributed or distributable, would constitute a "parachute payment", as defined in Section 280G of the Internal Revenue Code of 1986, as amended, or any successors thereto (the "Code"), payments under this Agreement shall be reduced to the largest amount that will eliminate both the imposition of the excise tax imposed by Section 4999 of the Code and the disallowance as deductions to the Employers under Section 280G of the Code of any such payments, distributions or benefits. The determination of any reduction in the payments under this Agreement pursuant to this paragraph shall be made by a major national or regional accounting firm selected by the Bank and approved by the Employee, which approval shall not be unreasonably withheld.

15. Objection to Termination and Legal Fees. The termination of the Employee's employment pursuant to this Agreement shall not preclude any Employer or the Employee from objecting to the basis asserted by the terminating party for such termination. The Employers agree to pay all reasonable legal fees and expenses incurred by the Employee in enforcing his rights under this Agreement, except with respect to claims made by the Employee that are rejected by a court (or any arbitrator sitting by agreement of the parties) to which such claims are presented; provided that the Employers' obligation to pay legal fees and expenses under this Section shall not exceed \$10,000 in aggregate amount.

16. Adjustment between the Company and the Bank. The Company and the Bank acknowledge that although the Employee is generally paid solely by the Bank, he also performs some services for the Company, and the Company pays the Bank periodically an amount necessary to reimburse the Bank for amounts paid to the Employee by the Bank for services actually rendered to the Company.

17. Notices. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and if personally delivered or sent by registered or certified United States mail or by a nationally recognized overnight courier service, to his residence or the last address he has provided in writing to the Employers, in the case of the Employee, or to its principal office in the case of an Employer. For purposes of this Agreement, notices shall be deemed given when received at the address or office specified in the preceding sentence.

18. Waiver of Breach. No waiver by either party of any breach or non-performance of any provision or obligation of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision of this Agreement.

19. Assignment. The rights and obligations of each Employer under this Agreement shall inure to the benefit of and shall be binding upon them and their respective successors and assigns. As used in this Agreement, the term "successor" shall include any person, firm, corporation, or other business entity which at any time whether by merger, purchase or otherwise acquires all or substantially all of the assets or business of an Employer.

20. Entire Agreement and Regulatory Compliance. This instrument contains the entire Agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements or understandings between the parties hereto relating to the subject matter hereof. This Agreement may not be changed orally but only by an agreement in writing signed by the Employee and the Employers. Employee acknowledges that each of the Employers is subject to supervision and regulation by bank regulatory agencies. If, at the time any payment would otherwise be made to Employee under this Agreement, such payment is prohibited or limited by any applicable statute or regulation, including, without limitation, the Federal Deposit Insurance Act and 12 C.F.R. Part 359 (Golden Parachute and Indemnification Payments), or by order of any such bank regulatory agency, the amount of such payment shall be reduced to the largest amount, if any, that may be paid at such time consistently with such statute, regulation, or order. Employee agrees that compliance with any such statute, regulation, or order, including any resulting reduction or elimination of any payment specified under this Agreement, shall not constitute a breach of this Agreement by the Employers.

21. Severability. If a court of competent jurisdiction determines that any one or more of the provisions of this Agreement is invalid, illegal or unenforceable in any respect, such determination shall not affect the validity, legality or enforceability of any other provision of this Agreement.

22. Governing Law. This Agreement and the legal relations between the parties shall be subject to and governed by the internal laws (and not the law of conflicts) of the State of Michigan.

23. Section 409A. This Agreement is intended to be exempt from Section 409A of the Code to the greatest extent possible, to comply with Section 409A to the extent it is applicable and is to be interpreted and operated consistently with those intentions. To the extent that Section 409A applies to payments in the event of termination of employment under this Agreement, such payments shall be made only if the termination of employment is a "separation from service" within the meaning of Treas. Reg. Section 1.409A-1(h).

24. Paragraph Headings. The paragraph headings used in this Agreement are included solely for convenience and shall not affect or be used in connection with the interpretation of this Agreement

25. Arbitration. Any dispute, controversy or claim arising under or in connection with this Agreement shall be settled exclusively by arbitration, conducted in Grand Rapids, Michigan, before a panel of three arbitrators, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrators' award in any court having jurisdiction. Unless otherwise provided in the Rules of the American Arbitration Association, the arbitrators shall, in their award, allocate between the parties the arbitrators' fees and expense, in such proportions as the arbitrators deem just. Each party shall be responsible for their own attorneys' fees.

26. Clawback. Any amounts payable under this Agreement are subject to any policy (whether in existence on the effective date of this Agreement or later adopted) established by the Company or the Bank providing for clawback or recovery of amounts that were paid to the Employee. The Company or the Bank will make any determination for clawback or recovery in its sole discretion and in accordance with any applicable law or regulation.

27. Acknowledgement of Full Understanding. THE EMPLOYEE ACKNOWLEDGES AND AGREES THAT HE HAS FULLY READ, UNDERSTANDS AND VOLUNTARILY ENTERS INTO THIS AGREEMENT. THE EMPLOYEE ACKNOWLEDGES AND AGREES THAT HE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF HIS CHOICE BEFORE SIGNING THIS AGREEMENT.

*[Signatures on following page]*

The parties have executed this Agreement as of the day and year first above written.

MERCANTILE BANK CORPORATION

By: /s/ Robert B. Kaminski, Jr.  
Robert B. Kaminski, Jr.  
Its: Chief Executive Officer

MERCANTILE BANK OF MICHIGAN

By: /s/ Robert B. Kaminski, Jr.  
Robert B. Kaminski, Jr.  
Its: Chief Executive Officer

EMPLOYEE

/s/ Robert T. Worthington  
Robert T. Worthington

## ADDENDUM A

### CHANGE IN CONTROL AGREEMENT

This Change in Control Agreement ("Agreement") is made as of the 29th day of November, 2018, effective as of December 31, 2018, by and among Mercantile Bank Corporation, a Michigan corporation (the "Company"), Mercantile Bank of Michigan, a Michigan banking corporation (the "Bank"), and collectively with the Company, the "Employers", and each an "Employer", and Robert T. Worthington (the "Employee").

#### **RECITALS**

- A. The Bank and the Employee have previously entered into an Employment Agreement dated as of November 19, 2015, which has been amended and restated by an amended and restated Employment Agreement dated as of December 15, 2016 (the "Employment Agreement").
- C. The Employers and Employee are, simultaneously herewith, amending and restating the Employment Agreement.
- D. The Employers and Employee wish to set forth the amount payable to Employee in the event of a Change in Control in an addendum to the Employment Agreement styled as a "Change in Control Agreement", rather than as a separate section in the Employment Agreement, and to adjust the lump sum payment payable to Employee on and after January 1, 2019.
- E. The Employers believe that entering into this Agreement is in the best interest of their respective shareholders.
- F. The Employee believes that entering into this Agreement is in his best interest.

#### **TERMS OF AGREEMENT**

In consideration of the mutual covenants and obligations set forth in this Agreement, to induce the Employee to remain in the employment of the Employers, and for other good and valuable consideration, the Employers and the Employee agree as follows:

1. Obligation of Employers upon Termination without Cause or Employee's Termination with Good Reason Following a Change in Control. In the event that during the Employment Period, an Employer terminates the Employee's employment without Cause under Section 8.2 of the Employment Agreement, or the Employee terminates his employment for Good Reason under Section 8.3 of the Employment Agreement; or the Employee's employment is terminated for any other reason except (i) for Cause under Section 8.1 of the Employment Agreement, (ii) without Good Reason under Section 8.4 of the Employment Agreement, or (iii) for Disability or death pursuant to Section 7 of the Employment Agreement, in each case within 24 months after the occurrence of a Change in Control (as defined in Exhibit A); the Bank shall pay and provide to the Employee, in addition to the payments and benefits owing under the Employment Agreement, the sum of \$250,000 payable in a lump sum within fifteen (15) days after the effective date of the termination of employment.

2. Delay in Severance Payments. If the Employee is a Specified Employee (as hereinafter defined) on the date of termination of employment, then the payment described in Section 1 shall be paid in a lump sum on the first business day of the seventh month after the date on which termination of employment occurs.

The Employee is a "Specified Employee" if he is a "key employee" (as defined in Code Section 416(i) without regard to Code Section 416(i)(5)) and the stock of the Bank or the Company is publicly traded on an established securities market or otherwise on the date of termination of employment. The Employee is a "key employee" during the period described below if he is one of the following during the 12-month period ending on any December 31 (the "identification date"):

(a) an officer of the Bank or the Company with annual compensation greater than \$130,000 (as indexed pursuant to Code Section 416(i)(1) -- \$175,000 for 2018), provided, that no more than 50 employees (or, if less, the greater of 3 employees or 10% of the employees) shall be treated as officers;

(b) a five percent (5%) owner of the Bank or the Company; or

(c) a one percent (1%) owner of the Bank or the Company with annual compensation of more than \$150,000.

If the Employee is a "key employee" as of an identification date, he is treated as a Specified Employee for the 12-month period beginning on the first day of the fourth month following the identification date.

3. Deduction of Taxes and Adjustments re Code Section 280G. Each Employer may deduct from any amounts required to be paid to the Employee under this Agreement any amounts required to be withheld by the Employer pursuant to federal, state, or local law relating to taxes or related payroll deductions. In the event that any payments, distributions or benefits to or for the benefit of the Employee from the Bank or the Company, whether paid or payable, distributed or distributable, would constitute a "parachute payment", as defined in Section 280G of the Internal Revenue Code of 1986, as amended, or any successors thereto (the "Code"), payments under this Agreement and/or the Employment Agreement shall be reduced to the largest amount that will eliminate both the imposition of the excise tax imposed by Section 4999 of the Code and the disallowance as deductions to the Employers under Section 280G of the Code of any such payments, distributions or benefits. The determination of any reduction in the payments under this Agreement and/or the Employment Agreement pursuant to this paragraph shall be made by a major national or regional accounting firm selected by the Bank and approved by the Employee, which approval shall not be unreasonably withheld.



4. Notices. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and if personally delivered or sent by registered or certified United States mail or by a nationally recognized overnight courier service, to his residence or the last address he has provided in writing to the Employers, in the case of the Employee, or to its principal office in the case of an Employer. For purposes of this Agreement, notices shall be deemed given when received at the address or office specified in the preceding sentence.

5. Waiver of Breach. No waiver by either party of any breach or non-performance of any provision or obligation of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision of this Agreement.

6. Assignment. The rights and obligations of each Employer under this Agreement shall inure to the benefit of and shall be binding upon them and their respective successors and assigns. As used in this Agreement, the term "successor" shall include any person, firm, corporation, or other business entity which at any time whether by merger, purchase or otherwise acquires all or substantially all of the assets or business of an Employer.

7. Entire Agreement and Regulatory Compliance. This instrument and the Employment Agreement contains the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements or understandings between the parties hereto relating to the subject matter hereof. Capitalized terms used herein, but not defined herein, have the meanings assigned thereto in the Employment Agreement. This Agreement may not be changed orally but only by an agreement in writing signed by the Employee and the Employers. Employee acknowledges that each of the Employers is subject to supervision and regulation by bank regulatory agencies. If, at the time any payment would otherwise be made to Employee under this Agreement, such payment is prohibited or limited by any applicable statute or regulation, including, without limitation, the Federal Deposit Insurance Act and 12 C.F.R. Part 359 (Golden Parachute and Indemnification Payments), or by order of any such bank regulatory agency, the amount of such payment shall be reduced to the largest amount, if any, that may be paid at such time consistently with such statute, regulation, or order. Employee agrees that compliance with any such statute, regulation, or order, including any resulting reduction or elimination of any payment specified under this Agreement, shall not constitute a breach of this Agreement by the Employers.

8. Severability. If a court of competent jurisdiction determines that any one or more of the provisions of this Agreement is invalid, illegal or unenforceable in any respect, such determination shall not affect the validity, legality or enforceability of any other provision of this Agreement.

9. Governing Law. This Agreement and the legal relations between the parties shall be subject to and governed by the internal laws (and not the law of conflicts) of the State of Michigan.

10. Section 409A. This Agreement is intended to be exempt from Section 409A of the Code to the greatest extent possible, to comply with Section 409A to the extent it is applicable and is to be interpreted and operated consistently with those intentions. To the extent that Section 409A applies to payments in the event of termination of employment under this Agreement, such payments shall be made only if the termination of employment is a "separation from service" within the meaning of Treas. Reg. Section 1.409A-1(h).

[Signatures on Following Page]

The parties have executed this Agreement as of the day and year first above written.

MERCANTILE BANK CORPORATION

By: /s/ Robert B. Kaminski, Jr.

Robert B. Kaminski, Jr.

Its: Chief Executive Officer

MERCANTILE BANK OF MICHIGAN

By: /s/ Robert B. Kaminski, Jr.

Robert B. Kaminski, Jr.

Its: Chief Executive Officer

EMPLOYEE

/s/ Robert T. Worthington

Robert T. Worthington

## EXHIBIT A

### DEFINITION OF CHANGE IN CONTROL

"Change in Control" means that one or more of the following events have occurred with respect to a Responsible Corporation (as hereinafter defined):

(i) *Change in ownership of a Responsible Corporation.* A change in ownership of a Responsible Corporation occurs on the date that any one person, or more than one person acting as a group, acquires ownership of stock of a Responsible Corporation that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Responsible Corporation. However, if any one person or more than one person acting as a group, is considered to own more than 50 percent of the total fair market value or total voting power of the stock of a Responsible Corporation, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of the Responsible Corporation (or to cause a change in the effective control of the Responsible Corporation (as defined in paragraph (ii)).

(ii) *Change in the effective control of a Responsible Corporation.* A change in the effective control of a Responsible Corporation occurs on the date that either:

(A) any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Responsible Corporation possessing 30 percent or more of the total voting power of the stock of the Responsible Corporation; or

(B) a majority of members of the Responsible Corporation's board of directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Responsible Corporation's board of directors prior to the date of the appointment or election, provided, that for purposes of this paragraph, the term "Responsible Corporation" refers solely to the relevant corporation for which no other corporation is a majority shareholder.

If any one person, or more than one person acting as a group, is considered to effectively control a Responsible Corporation, the acquisition of additional control of such Responsible Corporation by the same person or persons is not considered to cause a change in the effective control of such Responsible Corporation (or to cause a change in the ownership of such Responsible Corporation within the meaning of paragraph (i)).

(iii) *Change in the ownership of a substantial portion of a Responsible Corporation's assets.* A change in the ownership of a substantial portion of a Responsible Corporation's assets occurs on the date that any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Responsible Corporation that have a total gross fair market value equal to or more than 40 percent of the total gross fair market value of all of the assets of the Responsible Corporation immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of a Responsible Corporation, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. No Change in Control shall be deemed to occur under this paragraph (iii) when there is a transfer to:

(A) a shareholder of the Responsible Corporation (immediately before the asset transfer) in exchange for or with respect to its stock;

(B) any entity, 50 percent or more of the total value or voting power of which is owned, directly or indirectly, by the Responsible Corporation;

(C) A person, or more than one person acting as a group, that owns, directly or indirectly, 50 percent or more of the total value or voting power of all the outstanding stock of the Responsible Corporation; or

(D) An entity, at least 50 percent of the total value or voting power of which is owned, directly or indirectly, by a person described in subparagraph (C).

(iv) For purposes of this Exhibit A, a "Responsible Corporation" shall mean:

(A) the corporation for whom Employee is performing services at the time of the Change in Control event;

(B) the corporation that is liable for the payment of benefits under this Agreement (or all corporations liable for payment if more than one corporation is liable) but only if either the benefits are attributable to the performance of service by Employee for such corporation or there is a bona fide business purpose for such corporation or corporations to be liable for such payment and, in either case, no significant purpose of making such corporation or corporations liable for such payment is the avoidance of Federal income tax; or

(C) a corporation that is a majority shareholder of a corporation identified in (iv)(A) or (iv)(B) above, or any corporation in a chain of corporations in which each corporation is a majority shareholder of another corporation in the chain, ending in a corporation identified in (iv)(A) or (iv)(B) above.

(v) The definition of "Change in Control" shall be construed and interpreted in accordance with Code Section 409A and regulations and other guidance of general applicability issued thereunder.

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## Section 6: EX-10.5 (EXHIBIT 10.5)

**Exhibit 10.5**

### **EMPLOYMENT AGREEMENT**

This Amended and Restated Employment Agreement ("Agreement") is made as of the 29<sup>th</sup> day of November, 2018, effective as of December 31, 2018, by and among Mercantile Bank Corporation, a Michigan corporation (the "Company"), Mercantile Bank of Michigan, a Michigan banking corporation (the "Bank"), and collectively with the Company, the "Employers"), and Lonna L. Wiersma (the "Employee").

### **RECITALS**

A. The Bank and the Employee have previously entered into an Employment Agreement dated November 19, 2015 (the "Employment Agreement").

B. The Company, the Bank and the Employee wish to amend and restate the Employment Agreement in its entirety, such that this Agreement will replace and supersede the existing Employment Agreement.

C. This Agreement sets forth the terms of the Employee's employment as Senior Vice President, Human Resources Director of the Company and Senior Vice President, Human Resources Director of the Bank.

D. The Employers believe that entering into this Agreement is in the best interest of their respective shareholders.

E. The Employee believes that entering into this Agreement is in her best interest.

### **TERMS OF AGREEMENT**

In consideration of the mutual covenants and obligations set forth in this Agreement, to induce the Employee to remain in the employment of the Employers and for other good and valuable consideration, the Employers and the Employee amend and restate the Employment Agreement and agree as follows:

1. **Employment, Term, and Acceptance.** The Company agrees to employ the Employee as its Senior Vice President, Human Resources Director and the Bank agrees to employ the Employee as its Senior Vice President, Human Resource Director, for the period from January 1, 2019 through the Termination Date (the "Employment Period"), unless such employment is terminated earlier pursuant to Section 7 or 8 of this Agreement. The initial Termination Date is December 31, 2021. Effective as of December 31, 2019, and as of each December 31 after December 31,

2019, the Termination Date will automatically extend to the next succeeding December 31 after the then existing Termination Date unless prior to a December 31 automatic extension, the Employee, the Company or the Bank gives notice to each of the others that the Termination Date shall not be automatically extended on such December 31; in which case the Termination Date will not be extended. Accordingly, unless the Employee, the Company or the Bank gives notice that the Termination Date will not be extended, there will, as of each December 31, be an Employment Period of three years remaining. The Employee hereby accepts such employment.

2. Duties and Authority.

2.1 Promotion of Employers' Interest. While employed as an executive officer of the Company and the Bank, the Employee shall devote her business time and attention to the business and affairs of the Employers, and shall use her efforts and abilities to promote the interests of the Employers.

2.2 Performance of Duties. The Employee shall perform such services and duties necessary or appropriate for the Employers as are normally expected of persons appointed to Senior Vice President, Human Resources Director positions in the businesses in which the Employers are engaged.

3. Cash Compensation. For all services to be performed by the Employee under this Agreement (including services as an officer or employee), the Bank shall pay the Employee an annual base salary (prorated for any partial year) for each calendar year of this Agreement through the Termination Date, in an amount not less than the annual base salary for the immediately preceding year, as determined by the Board of Directors of the Bank, such determination to be made for each such 12 month period prior to the beginning of such period ("Base Cash Compensation"); payable in each case in accordance with the then prevailing payroll practices of the Bank. To the extent that the date of any change in rate of compensation provided for above does not coincide with the first day of a payroll period of the Bank, such change in rate of compensation shall become effective as of the first day of the payroll period that includes such date. In addition to the Base Cash Compensation described above, the Employee will be entitled to such bonuses and other discretionary compensation as may be awarded to her from time to time by the Board of Directors of either of the Employers.

4. Participation in Employee Benefit Plans. In addition to the cash compensation payable to the Employee under this Agreement, the Employee shall be entitled to participate in such employee benefit plans, whether contributory or non-contributory, such as group life and disability insurance plans, hospital, surgical, vision and dental benefit plans or other bonus incentive, profit sharing, stock option, retirement or other employee benefit plans of the Employers as may now or hereafter exist to the extent that the Employee meets the eligibility requirements of any such plans. The Employee is also entitled to coverage under a long-term care insurance policy. All such group life and disability insurance plans, hospital, surgical, vision and dental benefit plans and long-term care insurance policies are hereafter referred to as "Life, Disability and Medical Plans". If any bonus or incentive compensation plan payments constitute "deferred compensation" within the meaning of Code Section 409A and applicable Treasury regulations, such deferred compensation will be paid to the Employee within 2 ½ months after the end of the calendar year in which it is payable, unless such bonus or incentive compensation is deferred pursuant to a timely election into a plan that complies with Code Section 409A.

5. Out of Pocket Expenses. The Employee will be reimbursed by the Bank or the Company, as the case may be, for all reasonable expenses incurred in promoting their respective businesses; including expenses for entertainment, travel and similar items upon the presentation by Employee, from time to time, of an itemized account of such expenditures in a form and manner as determined by the Board of Directors or the chief financial or accounting officer of the Employer for whose account the expenditures are made; provided that such reimbursement shall be subject to any guidelines provided by the Board of Directors or Chief Executive Officer of the Bank or the Company prior to an expense being incurred.

6. Vacation. The Employee shall be entitled each year to five (5) weeks paid vacation time. The Employee will not be entitled to additional compensation for vacation time not utilized in any year nor will the Employee be permitted to carry over unused vacation time to a succeeding year.

7. Termination of Employment Upon Disability or Death.

7.1 Disability. In the event the Employee shall become Disabled (as hereinafter defined) during the Employment Period, the Bank or the Company may terminate the Employee's employment under this Agreement by giving her written notice of such termination ("Disability Termination Notice"). In the event of any such termination during the Employment Period, the Bank shall continue to pay the Employee her Base Cash Compensation, at the rate in effect immediately prior to the giving of the Disability Termination Notice, through the end of the Employment Period (through the Termination Date then in effect). In addition, the Employers shall cover the Employee under their disability plans, if any, in effect from time to time under the terms and conditions that such coverage is made available to other employees of the respective Employers, and the Employee shall be entitled to any benefits payable her under such disability plans. While disabled, the Bank shall continue to provide the Employee and her dependents with coverage under its Life, Disability and Medical Plans until the Employee reaches the age of sixty-five (65) years old to the extent that it may do so under the provisions of such plans, with the Employee's contributions to the premiums under such plans being no more than the amounts she paid for such premiums prior to her disability, adjusted from time to time for normal periodic increases in such premiums applied in general to employees of the Bank.

The Employee shall be "Disabled" for purposes of this Agreement if the Employee (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or (ii) is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for at least three (3) months from an Employer's long-term disability policy. The Employee shall be deemed to be Disabled if she is determined to be totally disabled by the Social Security Administration.

7.2 Death. In the event of the death of the Employee, her employment with the Employers shall terminate as of the date of her death. Promptly following her death, the Bank shall pay to her legal representative a death benefit of \$100,000. In addition, any life insurance policies owned by the Bank or the Company, and insuring the life of the Employee, shall be payable to the beneficiaries of such policies in accordance with the terms of such policies.

7.3 Extent of Obligations. The provisions of Sections 7.1 and 7.2 apply only to Disability or death occurring during the Employment Period while the Employee is employed by the Bank and the Company Other than as set forth in Section 7.1 or 7.2, the Employers shall not have any obligation or liability to the Employee upon the Employee's death or Disability except that the Employee shall be entitled to all of her accrued rights under stock option, retirement and other employee benefit plans of the Company and the Bank, and the Bank shall promptly pay the Employee (or her personal representative) her Base Cash Compensation due through the effective date of the termination of her employment, the cash equivalent of any accrued vacation days not taken as of such effective date (calculated based on the Employee's annual base salary attributable to each vacation day), and any out-of-pocket expenses for which the Employee is entitled to be reimbursed, and for which reimbursement has not yet been made.

8. Termination of Employment for Cause, Without Cause, Good Reason, or Without Good Reason.

8.1 Termination by an Employer for Cause. Each of the Employers shall have the right, at any time, to terminate the Employee's employment for Cause (as defined herein) within 90 days of the Employer's learning of such Cause. For purposes of this Agreement, the term "Cause" means (a) an act or acts of dishonesty committed by the Employee and intended by the Employee to result in the Employee's substantial personal enrichment at the expense of the Company or the Bank, (b) continuing intentional gross neglect by the Employee of her duties under Section 2 of this Agreement which cause or are expected to cause material harm to the Company or the Bank, and which is not remedied after receipt of notice from the applicable Employer, (c) the Employee's conviction of a felony, or (d) the Employee's intentional breach of her obligations under Section 11 or 12 which causes or may be expected to cause material harm to the Company or the Bank. Any termination for Cause shall be effective upon an Employer giving the Employee written notice that the Employee's employment is terminated, and setting forth in reasonable detail the basis for such termination, and that such termination is for Cause. Any such notice shall terminate the Employee's employment with both Employers.

8.2 Termination by an Employer Without Cause. Each of the Employers shall have the right at any time to terminate the Employee's employment without Cause by giving the Employee written notice that the Employee's employment is terminated, and setting forth in reasonable detail the basis, if any, for such termination. Any such termination shall be effective upon the giving of such notice by the Employer.

8.3 Termination by Employee for Good Reason. The Employee shall have the right at any time to terminate her employment under this Agreement for Good Reason (as defined herein) within ninety (90) days of learning of such Good Reason. For purposes of this Agreement, the term "Good Reason" means (a) any assignment to the Employee of any title or duties that are materially inconsistent with the Employee's present positions, titles, duties, or responsibilities, other than an insubstantial or inadvertent action which is remedied by the applicable Employer promptly after receipt of written notice from the Employee, or which is approved of by the Employee in writing; or (b) any failure by an Employer to comply in a material respect with any provision of Section 3, 4, 5, or 6, other than an insubstantial or inadvertent failure which is remedied by the applicable Employer promptly after receipt of written notice from the Employee. Any termination for Good Reason shall be effective upon the Employee giving the Employers written notice that the Employee is terminating her employment, and setting forth in reasonable detail the basis for such termination, and that such termination is for Good Reason. Any such termination shall be effective upon the giving of such notice by the Employee; and any such notice shall terminate her employment with both Employers. Notwithstanding the above, the assignment to the Employee of any title or duties at the Bank or the Company that she has previously held or performed at the Bank or the Company, shall not be sufficient to constitute Good Reason for termination of employment by the Employee.



8.4 Termination by Employee Without Good Reason. The Employee shall have the right at any time to terminate the Employee's employment with both Employers without Good Reason by giving the Employers written notice that the Employee is terminating her employment. Any such termination shall apply to the Employee's employment with both Employers and be effective ninety (90) days after the giving of such notice by the Employee.

8.5 Obligation of Employers upon Termination without Cause or Employee's Termination with Good Reason Unrelated to a Change in Control. In the event that during the Employment Period, an Employer terminates the Employee's employment without Cause under Section 8.2, or the Employee terminates her employment for Good Reason under Section 8.3; or the Employee's employment is terminated for any other reason except (i) for Cause under Section 8.1, (ii) without Good Reason under Section 8.4, (iii) for Disability or death pursuant to Section 7, and such termination is not related to a Change in Control; the Bank shall pay and provide (and to the extent the insurance referred to in Section 8.5(d) is owned by the Company, the Company shall provide) to the Employee the following:

(a) to the extent not previously paid, the Employee's Base Cash Compensation due through the effective date of the termination of employment, the cash equivalent of any accrued vacation days not taken as of such effective date (calculated based on the Employee's annual base salary attributable to each vacation day), and any out-of-pocket expenses for which the Employee is entitled to be reimbursed, and for which reimbursement has not yet been made; payable within ten (10) days of such effective date; plus

(b) an amount equal the greater of (i) the Base Cash Compensation payable to the Employee for the remainder of the Employment Period (i.e. through the Termination Date then in effect), or (ii) \$250,000; in either case, payable in eighteen (18) substantially equal monthly installments commencing within thirty (30) days after the effective date of the termination of employment; plus

(c) coverage for the Employee and her dependents under the Bank's Life, Disability, and Medical Plans for the eighteen (18) month period commencing on the effective date of the termination of employment to the extent that the Bank may do so under the provisions of such plans, and to the extent that it is not permitted to do so shall pay the Employee an amount that will permit her to obtain and pay for substantially equivalent coverage; plus

(d) any term life insurance policies without any cash surrender value, or any term life insurance policies having a cash surrender value that is under \$10,000 in aggregate amount, owned by the Bank or the Company and insuring the life of the Employee, to the extent they may be practically assigned or transferred to the Employee without any adverse effect on the Bank or the Company, and which upon assignment or transfer to the Employee the cash surrender value of the policy is paid by the Employee to the Bank or the Company, whichever is the owner of the policy, plus

(e) \$15,000 for out-placement, interim office, and related expenses, payable within thirty (30) days after the effective date of the termination of employment.

In addition, the Employee shall be entitled to all of her accrued rights under stock option, retirement, and other employee benefit plans of the Company and the Bank.

8.6 Obligation of Employers upon Termination without Cause or Employee's Termination with Good Reason Following a Change in Control. The Change in Control Agreement attached as Addendum A provides for payments to be made in the event of a termination without Cause or a Termination with Good Reason following a Change in Control.

8.7 Obligation of Employers upon Termination for Cause or by Employee without Good Reason. In the event that during the Employment Period, an Employer terminates the Employee's employment for Cause as provided for in Section 8.1, or the Employee terminates her employment without Good Reason as permitted in Section 8.4, the Bank shall pay and provide to the Employee, to the extent not previously paid, the Employee's Base Cash Compensation due through the effective date of the termination of employment, plus the cash equivalent of any accrued vacation days not taken as of such effective date (calculated based on the Employee's annual base salary attributable to each vacation day), within ten (10) days of such effective date. In addition, the Employee shall be entitled to all of her accrued rights under stock option (except with respect to stock option plans, in the event of termination for Cause), retirement, and other employee benefit plans of the Company and the Bank.

8.8 No Other Obligations of Employers upon Termination. Upon termination of the Employee's employment, the Employers shall have no obligations to the Employee except as set forth in this Agreement, or accrued rights under stock option, retirement, or other employee benefit plans of either Employer.

8.9 Cooperation. The parties agree that certain matters in which the Employee will be involved during the Employment Period may necessitate the Employee's cooperation in the future. Accordingly, following the termination of the Employee's employment for any reason, to the extent reasonably requested by the Board of Directors of the Bank or the Company, the Employee shall cooperate with the Bank or the Company, as applicable, in connection with matters arising out of the Employee's service to the Bank and the Company; provided that, the Bank and the Company shall make reasonable efforts to minimize disruption of the Employee's other activities. The Bank shall reimburse the Employee for reasonable expenses incurred in connection with such cooperation and, to the extent that the Employee is required to spend substantial time on such matters, the Bank shall compensate the Employee at an hourly rate based on the Employee's Base Cash Compensation on the effective date of termination of employment.

9. Severance Payments on Termination after the Employment Period. If at any time after the Employment Period and prior to the Employee reaching the age of 65, (a) the Employee's employment with the Bank is terminated by the Bank without Cause, or (b) the Employee's annual base salary from the Bank is reduced without her consent and without Cause, and the Employee, within ninety (90) days thereafter, terminates her employment with the Bank; then unless the termination of employment or reduction in annual base salary resulted from the death or Disability of the Employee, the Bank shall pay and provide (and to the extent the insurance referred to in Section 8.5(d) is owned by the Company, the Company shall provide) to the Employee the following: (a) the amounts, coverage, benefits and life insurance provided for in Section 8.5 (a), (c), (d) and (e), plus (b) \$250,000, payable in eighteen (18) substantially equal monthly installments commencing within thirty (30) days after the effective date of the termination of employment. In addition, the Employee shall be entitled to all of her accrued rights under stock option (except with respect to stock option plans, in the event of termination for Cause), retirement, and other employee benefit plans of the Company and the Bank.

10. Delay in Severance Payments. If the Employee is a Specified Employee (as hereinafter defined) on the date of termination of employment, then the 18 monthly installments of severance pay described in Sections 8.5(b) and 9 shall be payable as follows. No payments of the monthly installments shall be made within six months after the Employee's termination of employment. On the first business day of the seventh month after the date on which termination of employment occurs, the Bank shall pay to the Employee an amount equal to the sum of seven (7) equal monthly installments. The remaining monthly installments shall be paid on the first business day of each month thereafter.

The Employee is a "Specified Employee" if she is a "key employee" (as defined in Code Section 416(i) without regard to Code Section 416(i)(5)) and the stock of the Bank or the Company is publicly traded on an established securities market or otherwise on the date of termination of employment. The Employee is a "key employee" during the period described below if she is one of the following during the 12-month period ending on any December 31 (the "identification date"):

- (a) an officer of the Bank or the Company with annual compensation greater than \$130,000 (as indexed pursuant to Code Section 416(i)(1) -- \$175,000 for 2018), provided, that no more than 50 employees (or, if less, the greater of 3 employees or 10% of the employees) shall be treated as officers;
- (b) a five percent (5%) owner of the Bank or the Company; or
- (c) a one percent (1%) owner of the Bank or the Company with annual compensation of more than \$150,000.

If the Employee is a "key employee" as of an identification date, she is treated as a Specified Employee for the 12-month period beginning on the first day of the fourth month following the identification date.

11. Confidential Information. Employee agrees that she will not at any time (whether during her employment or at any time thereafter) disclose to any person, corporation, firm, partnership or other entity, except as required by law, any secret or confidential information concerning the business, clients or affairs of the Company or the Bank, or any of their affiliates, for any reason or purpose whatsoever other than in furtherance of the Employee's work for the Company or the Bank, nor shall the Employee make use of any of such secret or confidential information in any manner adverse to the Company or the Bank.

12. Noncompetition Covenant. For a period of eighteen (18) months following the termination of the Employee's employment with the Employers, the Employee will not be employed by or act as a director or officer of any business involving or engaged in the business of banking within a 50-mile radius of any city, township or village in which at any time during the 18-month period the Company, the Bank or any of their affiliates has a branch or other office.

13. Remedies under Section 11 and 12. The Employee acknowledges and agrees that her obligations under Sections 11 and 12 are of a special and unique nature and that a failure to perform any such obligation or a violation of any such obligation would cause irreparable harm to the Employers, the amount of which cannot be accurately compensated for in damages by an action at law. In the event of a breach by the Employee of any of the provisions of Section 11 or 12, the Company and the Bank shall be entitled to an injunction restraining the Employee from such breach. Nothing in this Section shall be construed as prohibiting the Company or the Bank from pursuing any other remedies available for any breach of this Agreement.

14. Deduction of Taxes and Adjustments re Code Section 280G. Each Employer may deduct from any amounts required to be paid to the Employee under this Agreement any amounts required to be withheld by the Employer pursuant to federal, state, or local law relating to taxes or related payroll deductions. In the event that any payments, distributions or benefits to or for the benefit of the Employee from the Bank or the Company, whether paid or payable, distributed or distributable, would constitute a "parachute payment", as defined in Section 280G of the Internal Revenue Code of 1986, as amended, or any successors thereto (the "Code"), payments under this Agreement shall be reduced to the largest amount that will eliminate both the imposition of the excise tax imposed by Section 4999 of the Code and the disallowance as deductions to the Employers under Section 280G of the Code of any such payments, distributions or benefits. The determination of any reduction in the payments under this Agreement pursuant to this paragraph shall be made by a major national or regional accounting firm selected by the Bank and approved by the Employee, which approval shall not be unreasonably withheld.

15. Objection to Termination and Legal Fees. The termination of the Employee's employment pursuant to this Agreement shall not preclude any Employer or the Employee from objecting to the basis asserted by the terminating party for such termination. The Employers agree to pay all reasonable legal fees and expenses incurred by the Employee in enforcing her rights under this Agreement, except with respect to claims made by the Employee that are rejected by a court (or any arbitrator sitting by agreement of the parties) to which such claims are presented; provided that the Employers' obligation to pay legal fees and expenses under this Section shall not exceed \$10,000 in aggregate amount.

16. Adjustment between the Company and the Bank. The Company and the Bank acknowledge that although the Employee is generally paid solely by the Bank, she also performs some services for the Company, and the Company pays the Bank periodically an amount necessary to reimburse the Bank for amounts paid to the Employee by the Bank for services actually rendered to the Company.

17. Notices. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and if personally delivered or sent by registered or certified United States mail or by a nationally recognized overnight courier service, to her residence or the last address she has provided in writing to the Employers, in the case of the Employee, or to its principal office in the case of an Employer. For purposes of this Agreement, notices shall be deemed given when received at the address or office specified in the preceding sentence.

18. Waiver of Breach. No waiver by either party of any breach or non-performance of any provision or obligation of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision of this Agreement.

19. Assignment. The rights and obligations of each Employer under this Agreement shall inure to the benefit of and shall be binding upon them and their respective successors and assigns. As used in this Agreement, the term "successor" shall include any person, firm, corporation, or other business entity which at any time whether by merger, purchase or otherwise acquires all or substantially all of the assets or business of an Employer.

20. Entire Agreement and Regulatory Compliance. This instrument contains the entire Agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements or understandings between the parties hereto relating to the subject matter hereof. This Agreement may not be changed orally but only by an agreement in writing signed by the Employee and the Employers. Employee acknowledges that each of the Employers is subject to supervision and regulation by bank regulatory agencies. If, at the time any payment would otherwise be made to Employee under this Agreement, such payment is prohibited or limited by any applicable statute or regulation, including, without limitation, the Federal Deposit Insurance Act and 12 C.F.R. Part 359 (Golden Parachute and Indemnification Payments), or by order of any such bank regulatory agency, the amount of such payment shall be reduced to the largest amount, if any, that may be paid at such time consistently with such statute, regulation, or order. Employee agrees that compliance with any such statute, regulation, or order, including any resulting reduction or elimination of any payment specified under this Agreement, shall not constitute a breach of this Agreement by the Employers.

21. Severability. If a court of competent jurisdiction determines that any one or more of the provisions of this Agreement is invalid, illegal or unenforceable in any respect, such determination shall not affect the validity, legality or enforceability of any other provision of this Agreement.

22. Governing Law. This Agreement and the legal relations between the parties shall be subject to and governed by the internal laws (and not the law of conflicts) of the State of Michigan.

23. Section 409A. This Agreement is intended to be exempt from Section 409A of the Code to the greatest extent possible, to comply with Section 409A to the extent it is applicable and is to be interpreted and operated consistently with those intentions. To the extent that Section 409A applies to payments in the event of termination of employment under this Agreement, such payments shall be made only if the termination of employment is a "separation from service" within the meaning of Treas. Reg. Section 1.409A-1(h).

24. Paragraph Headings. The paragraph headings used in this Agreement are included solely for convenience and shall not affect or be used in connection with the interpretation of this Agreement

25. Arbitration. Any dispute, controversy or claim arising under or in connection with this Agreement shall be settled exclusively by arbitration, conducted in Grand Rapids, Michigan, before a panel of three arbitrators, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrators' award in any court having jurisdiction. Unless otherwise provided in the Rules of the American Arbitration Association, the arbitrators shall, in their award, allocate between the parties the arbitrators' fees and expense, in such proportions as the arbitrators deem just. Each party shall be responsible for their own attorneys' fees.

26. Clawback. Any amounts payable under this Agreement are subject to any policy (whether in existence on the effective date of this Agreement or later adopted) established by the Company or the Bank providing for clawback or recovery of amounts that were paid to the Employee. The Company or the Bank will make any determination for clawback or recovery in its sole discretion and in accordance with any applicable law or regulation.

27. Acknowledgement of Full Understanding. THE EMPLOYEE ACKNOWLEDGES AND AGREES THAT SHE HAS FULLY READ, UNDERSTANDS AND VOLUNTARILY ENTERS INTO THIS AGREEMENT. THE EMPLOYEE ACKNOWLEDGES AND AGREES THAT SHE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF HER CHOICE BEFORE SIGNING THIS AGREEMENT.

[Signatures on Following Page]

The parties have executed this Agreement as of the day and year first above written.

MERCANTILE BANK CORPORATION

By: /s/ Robert B. Kaminski, Jr.  
Robert B. Kaminski, Jr.  
Its: Chief Executive Officer

MERCANTILE BANK OF MICHIGAN

By: /s/ Robert B. Kaminski, Jr.  
Robert B. Kaminski, Jr.  
Its: Chief Executive Officer

EMPLOYEE

/s/ Lonna L. Wiersma  
Lonna L. Wiersma

## **ADDENDUM A**

### **CHANGE IN CONTROL AGREEMENT**

This Change in Control Agreement ("Agreement") is made as of the 29th day of November, 2018, effective as of December 31, 2018, by and among Mercantile Bank Corporation, a Michigan corporation (the "Company"), Mercantile Bank of Michigan, a Michigan banking corporation (the "Bank"), and collectively with the Company, the "Employers", and each an "Employer", and Lonna L. Wiersma (the "Employee").

### **RECITALS**

A. The Bank and the Employee have previously entered into an Employment Agreement dated as of November 19, 2015 (the "Employment Agreement").

C. The Employers and Employee are, simultaneously herewith, amending and restating the Employment Agreement.

D. The Employers and Employee wish to set forth the amount payable to Employee in the event of a Change in Control in an addendum to the Employment Agreement styled as a "Change in Control Agreement", rather than as a separate section in the Employment Agreement, and to adjust the lump sum payment payable to Employee on and after January 1, 2019.

E. The Employers believe that entering into this Agreement is in the best interest of their respective shareholders.

F. The Employee believes that entering into this Agreement is in his best interest.

### **TERMS OF AGREEMENT**

In consideration of the mutual covenants and obligations set forth in this Agreement, to induce the Employee to remain in the employment of the Employers, and for other good and valuable consideration, the Employers and the Employee agree as follows:

1. Obligation of Employers upon Termination without Cause or Employee's Termination with Good Reason Following a Change in Control. In the event that during the Employment Period, an Employer terminates the Employee's employment without Cause under Section 8.2 of the Employment Agreement, or the Employee terminates his employment for Good Reason under Section 8.3 of the Employment Agreement; or the Employee's employment is terminated for any other reason except (i) for Cause under Section 8.1 of the Employment Agreement, (ii) without Good Reason under Section 8.4 of the Employment Agreement, or (iii) for Disability or death pursuant to Section 7 of the Employment Agreement, in each case within 24 months after the occurrence of a Change in Control (as defined in Exhibit A); the Bank shall pay and provide to the Employee, in addition to the payments and benefits owing under the Employment Agreement, the sum of \$250,000 payable in a lump sum within fifteen (15) days after the effective date of the termination of employment.



2. Delay in Severance Payments. If the Employee is a Specified Employee (as hereinafter defined) on the date of termination of employment, then the payment described in Section 1 shall be paid in a lump sum on the first business day of the seventh month after the date on which termination of employment occurs.

The Employee is a "Specified Employee" if he is a "key employee" (as defined in Code Section 416(i) without regard to Code Section 416(i)(5)) and the stock of the Bank or the Company is publicly traded on an established securities market or otherwise on the date of termination of employment. The Employee is a "key employee" during the period described below if he is one of the following during the 12-month period ending on any December 31 (the "identification date"):

- (a) an officer of the Bank or the Company with annual compensation greater than \$130,000 (as indexed pursuant to Code Section 416(i)(1) -- \$175,000 for 2018), provided, that no more than 50 employees (or, if less, the greater of 3 employees or 10% of the employees) shall be treated as officers;
- (b) a five percent (5%) owner of the Bank or the Company; or
- (c) a one percent (1%) owner of the Bank or the Company with annual compensation of more than \$150,000.

If the Employee is a "key employee" as of an identification date, he is treated as a Specified Employee for the 12-month period beginning on the first day of the fourth month following the identification date.

3. Deduction of Taxes and Adjustments re Code Section 280G. Each Employer may deduct from any amounts required to be paid to the Employee under this Agreement any amounts required to be withheld by the Employer pursuant to federal, state, or local law relating to taxes or related payroll deductions. In the event that any payments, distributions or benefits to or for the benefit of the Employee from the Bank or the Company, whether paid or payable, distributed or distributable, would constitute a "parachute payment", as defined in Section 280G of the Internal Revenue Code of 1986, as amended, or any successors thereto (the "Code"), payments under this Agreement and/or the Employment Agreement shall be reduced to the largest amount that will eliminate both the imposition of the excise tax imposed by Section 4999 of the Code and the disallowance as deductions to the Employers under Section 280G of the Code of any such payments, distributions or benefits. The determination of any reduction in the payments under this Agreement and/or the Employment Agreement pursuant to this paragraph shall be made by a major national or regional accounting firm selected by the Bank and approved by the Employee, which approval shall not be unreasonably withheld.

4. Notices. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and if personally delivered or sent by registered or certified United States mail or by a nationally recognized overnight courier service, to his residence or the last address he has provided in writing to the Employers, in the case of the Employee, or to its principal office in the case of an Employer. For purposes of this Agreement, notices shall be deemed given when received at the address or office specified in the preceding sentence.

5. Waiver of Breach. No waiver by either party of any breach or non-performance of any provision or obligation of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision of this Agreement.

6. Assignment. The rights and obligations of each Employer under this Agreement shall inure to the benefit of and shall be binding upon them and their respective successors and assigns. As used in this Agreement, the term "successor" shall include any person, firm, corporation, or other business entity which at any time whether by merger, purchase or otherwise acquires all or substantially all of the assets or business of an Employer.

7. Entire Agreement and Regulatory Compliance. This instrument and the Employment Agreement contains the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements or understandings between the parties hereto relating to the subject matter hereof. Capitalized terms used herein, but not defined herein, have the meanings assigned thereto in the Employment Agreement. This Agreement may not be changed orally but only by an agreement in writing signed by the Employee and the Employers. Employee acknowledges that each of the Employers is subject to supervision and regulation by bank regulatory agencies. If, at the time any payment would otherwise be made to Employee under this Agreement, such payment is prohibited or limited by any applicable statute or regulation, including, without limitation, the Federal Deposit Insurance Act and 12 C.F.R. Part 359 (Golden Parachute and Indemnification Payments), or by order of any such bank regulatory agency, the amount of such payment shall be reduced to the largest amount, if any, that may be paid at such time consistently with such statute, regulation, or order. Employee agrees that compliance with any such statute, regulation, or order, including any resulting reduction or elimination of any payment specified under this Agreement, shall not constitute a breach of this Agreement by the Employers.

8. Severability. If a court of competent jurisdiction determines that any one or more of the provisions of this Agreement is invalid, illegal or unenforceable in any respect, such determination shall not affect the validity, legality or enforceability of any other provision of this Agreement.

9. Governing Law. This Agreement and the legal relations between the parties shall be subject to and governed by the internal laws (and not the law of conflicts) of the State of Michigan.

10. Section 409A. This Agreement is intended to be exempt from Section 409A of the Code to the greatest extent possible, to comply with Section 409A to the extent it is applicable and is to be interpreted and operated consistently with those intentions. To the extent that Section 409A applies to payments in the event of termination of employment under this Agreement, such payments shall be made only if the termination of employment is a "separation from service" within the meaning of Treas. Reg. Section 1.409A-1(h).

*[Signatures on Following Page]*

The parties have executed this Agreement as of the day and year first above written.

MERCANTILE BANK CORPORATION

By: /s/ Robert B. Kaminski, Jr.  
Robert B. Kaminski, Jr.  
Its: Chief Executive Officer

MERCANTILE BANK OF MICHIGAN

By: /s/ Robert B. Kaminski, Jr.  
Robert B. Kaminski, Jr.  
Its: Chief Executive Officer

EMPLOYEE

/s/ Lonna L. Wiersma  
Lonna L. Wiersma

## EXHIBIT A

### DEFINITION OF CHANGE IN CONTROL

"Change in Control" means that one or more of the following events have occurred with respect to a Responsible Corporation (as hereinafter defined):

(i) *Change in ownership of a Responsible Corporation.* A change in ownership of a Responsible Corporation occurs on the date that any one person, or more than one person acting as a group, acquires ownership of stock of a Responsible Corporation that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Responsible Corporation. However, if any one person or more than one person acting as a group, is considered to own more than 50 percent of the total fair market value or total voting power of the stock of a Responsible Corporation, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of the Responsible Corporation (or to cause a change in the effective control of the Responsible Corporation (as defined in paragraph (ii)).

(ii) *Change in the effective control of a Responsible Corporation.* A change in the effective control of a Responsible Corporation occurs on the date that either:

(A) any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Responsible Corporation possessing 30 percent or more of the total voting power of the stock of the Responsible Corporation; or

(B) a majority of members of the Responsible Corporation's board of directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Responsible Corporation's board of directors prior to the date of the appointment or election, provided, that for purposes of this paragraph, the term "Responsible Corporation" refers solely to the relevant corporation for which no other corporation is a majority shareholder.

If any one person, or more than one person acting as a group, is considered to effectively control a Responsible Corporation, the acquisition of additional control of such Responsible Corporation by the same person or persons is not considered to cause a change in the effective control of such Responsible Corporation (or to cause a change in the ownership of such Responsible Corporation within the meaning of paragraph (i)).

(iii) *Change in the ownership of a substantial portion of a Responsible Corporation's assets.* A change in the ownership of a substantial portion of a Responsible Corporation's assets occurs on the date that any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Responsible Corporation that have a total gross fair market value equal to or more than 40 percent of the total gross fair market value of all of the assets of the Responsible Corporation immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of a Responsible Corporation, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. No Change in Control shall be deemed to occur under this paragraph (iii) when there is a transfer to:

- (A) a shareholder of the Responsible Corporation (immediately before the asset transfer) in exchange for or with respect to its stock;
- (B) any entity, 50 percent or more of the total value or voting power of which is owned, directly or indirectly, by the Responsible Corporation;
- (C) A person, or more than one person acting as a group, that owns, directly or indirectly, 50 percent or more of the total value or voting power of all the outstanding stock of the Responsible Corporation; or
- (D) An entity, at least 50 percent of the total value or voting power of which is owned, directly or indirectly, by a person described in subparagraph (C).
- (iv) For purposes of this Exhibit C, a "Responsible Corporation" shall mean:
- (A) the corporation for whom Employee is performing services at the time of the Change in Control event;
- (B) the corporation that is liable for the payment of benefits under this Agreement (or all corporations liable for payment if more than one corporation is liable) but only if either the benefits are attributable to the performance of service by Employee for such corporation or there is a bona fide business purpose for such corporation or corporations to be liable for such payment and, in either case, no significant purpose of making such corporation or corporations liable for such payment is the avoidance of Federal income tax; or
- (C) a corporation that is a majority shareholder of a corporation identified in (iv)(A) or (iv)(B) above, or any corporation in a chain of corporations in which each corporation is a majority shareholder of another corporation in the chain, ending in a corporation identified in (iv)(A) or (iv)(B) above.
- (v) The definition of "Change in Control" shall be construed and interpreted in accordance with Code Section 409A and regulations and other guidance of general applicability issued thereunder.

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## Section 7: EX-10.6 (EXHIBIT 10.6)

**Exhibit 10.6**

### **AMENDED AND RESTATED CHANGE IN CONTROL AGREEMENT**

This Amended and Restated Change in Control Agreement ("Agreement") is made as of the 29th day of November, 2018, effective as of December 31, 2018, by and among Mercantile Bank Corporation, a Michigan corporation (the "Company"), Mercantile Bank of Michigan, a Michigan banking corporation (the "Bank", and collectively with the Company, the "Employers", and each an "Employer"), and Robert B. Kaminski, Jr. (the "Employee").

#### **RECITALS**

- A. The Employers and the Employee have entered into a Change in Control Agreement dated as of November 19, 2015 (the "Change in Control Agreement") which provides for a lump sum payment if Employee's employment is terminated under certain circumstances within 24 months after a Change in Control (as defined therein).
- B. The Employers and Employee have entered into an Employment Agreement dated as of November 13, 2014, as amended by a First Amendment dated as of May 28, 2015 and by a Second Amendment dated December 15, 2016 (the "Employment Agreement").
- C. The Employers and Employee are, simultaneously herewith, amending and restating the Employment Agreement to adjust certain amounts payable to Employee thereunder.
- D. The Employers and Employee wish to amend and restate the Change in Control Agreement to adjust the lump sum payment payable to Employee on and after January 1, 2019 in view of Employee's status as President and Chief Executive Officer of the Company and Chief Executive Officer of the Bank.
- E. The Employers believe that entering into this Agreement is in the best interest of their respective shareholders.
- F. The Employee believes that entering into this Agreement is in his best interest.

#### **TERMS OF AGREEMENT**

In consideration of the mutual covenants and obligations set forth in this Agreement, to induce the Employee to remain in the

employment of the Employers, and for other good and valuable consideration, the Employers and the Employee agree as follows:

1. Obligation of Employers upon Termination without Cause or Employee's Termination with Good Reason Following a Change in Control. In the event that during the Employment Period, an Employer terminates the Employee's employment without Cause under Section 8.2 of the Employment Agreement, or the Employee terminates his employment for Good Reason under Section 8.3 of the Employment Agreement; or the Employee's employment is terminated for any other reason except (i) for Cause under Section 8.1 of the Employment Agreement, (ii) without Good Reason under Section 8.4 of the Employment Agreement, or (iii) for Disability or death pursuant to Section 7 of the Employment Agreement, in each case within 24 months after the occurrence of a Change in Control (as defined in Exhibit A); the Bank shall pay and provide to the Employee, in addition to the payments and benefits owing under the Employment Agreement, the sum of \$500,000 payable in a lump sum within fifteen (15) days after the effective date of the termination of employment.

2. Delay in Severance Payments. If the Employee is a Specified Employee (as hereinafter defined) on the date of termination of employment, then the payment described in Section 1 shall be paid in a lump sum on the first business day of the seventh month after the date on which termination of employment occurs.

The Employee is a "Specified Employee" if he is a "key employee" (as defined in Code Section 416(i) without regard to Code Section 416(i)(5)) and the stock of the Bank or the Company is publicly traded on an established securities market or otherwise on the date of termination of employment. The Employee is a "key employee" during the period described below if he is one of the following during the 12-month period ending on any December 31 (the "identification date"):

- (a) an officer of the Bank or the Company with annual compensation greater than \$130,000 (as indexed pursuant to Code Section 416(i)(1) -- \$175,000 for 2018), provided, that no more than 50 employees (or, if less, the greater of 3 employees or 10% of the employees) shall be treated as officers;
- (b) a five percent (5%) owner of the Bank or the Company; or
- (c) a one percent (1%) owner of the Bank or the Company with annual compensation of more than \$150,000.

If the Employee is a "key employee" as of an identification date, he is treated as a Specified Employee for the 12-month period beginning on the first day of the fourth month following the identification date.

3. Deduction of Taxes and Adjustments re Code Section 280G. Each Employer may deduct from any amounts required to be paid to the Employee under this Agreement any amounts required to be withheld by the Employer pursuant to federal, state, or local law relating to taxes or related payroll deductions. In the event that any payments, distributions or benefits to or for the benefit of the Employee from the Bank or the Company, whether paid or payable, distributed or distributable, would constitute a "parachute payment", as defined in Section 280G of the Internal Revenue Code of 1986, as amended, or any successors thereto (the "Code"), payments under this Agreement and/or the Employment Agreement shall be reduced to the largest amount that will eliminate both the imposition of the excise tax imposed by Section 4999 of the Code and the disallowance as deductions to the Employers under Section 280G of the Code of any such payments, distributions or benefits. The determination of any reduction in the payments under this Agreement and/or the Employment Agreement pursuant to this paragraph shall be made by a major national or regional accounting firm selected by the Bank and approved by the Employee, which approval shall not be unreasonably withheld.

4. Notices. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and if personally delivered or sent by registered or certified United States mail or by a nationally recognized overnight courier service, to his residence or the last address he has provided in writing to the Employers, in the case of the Employee, or to its principal office in the case of an Employer. For purposes of this Agreement, notices shall be deemed given when received at the address or office specified in the preceding sentence.

5. Waiver of Breach. No waiver by either party of any breach or non-performance of any provision or obligation of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision of this Agreement.

6. Assignment. The rights and obligations of each Employer under this Agreement shall inure to the benefit of and shall be binding upon them and their respective successors and assigns. As used in this Agreement, the term "successor" shall include any person, firm, corporation, or other business entity which at any time whether by merger, purchase or otherwise acquires all or substantially all of the assets or business of an Employer.

7. Entire Agreement and Regulatory Compliance. This instrument and the Employment Agreement contains the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements or understandings between the parties hereto relating to the subject matter hereof. Capitalized terms used herein, but not defined herein, have the meanings assigned thereto in the Employment Agreement. This Agreement may not be changed orally but only by an agreement in writing signed by the Employee and the Employers. Employee acknowledges that each of the Employers is subject to supervision and regulation by bank regulatory agencies. If, at the time any payment would otherwise be made to Employee under this Agreement, such payment is prohibited or limited by any applicable statute or regulation, including, without limitation, the Federal Deposit Insurance Act and 12 C.F.R. Part 359 (Golden Parachute and Indemnification Payments), or by order of any such bank regulatory agency, the amount of such payment shall be reduced to the largest amount, if any, that may be paid at such time consistently with such statute, regulation, or order. Employee agrees that compliance with any such statute, regulation, or order, including any resulting reduction or elimination of any payment specified under this Agreement, shall not constitute a breach of this Agreement by the Employers.

8. Severability. If a court of competent jurisdiction determines that any one or more of the provisions of this Agreement is invalid, illegal or unenforceable in any respect, such determination shall not affect the validity, legality or enforceability of any other provision of this Agreement.



9. Governing Law. This Agreement and the legal relations between the parties shall be subject to and governed by the internal laws (and not the law of conflicts) of the State of Michigan.

10. Section 409A. This Agreement is intended to be exempt from Section 409A of the Code to the greatest extent possible, to comply with Section 409A to the extent it is applicable and is to be interpreted and operated consistently with those intentions. To the extent that Section 409A applies to payments in the event of termination of employment under this Agreement, such payments shall be made only if the termination of employment is a "separation from service" within the meaning of Treas. Reg. Section 1.409A-1(h).

[Signatures on Following Page]

The parties have executed this Agreement as of the day and year first above written.

MERCANTILE BANK CORPORATION

By: /s/ Michael H. Price

Its: Chairman

MERCANTILE BANK OF MICHIGAN

By: /s/ Michael H. Price

Michael H. Price

Its: Chairman

EMPLOYEE

/s/ Robert B. Kaminski, Jr.

Robert B. Kaminski, Jr.

## EXHIBIT A

### DEFINITION OF CHANGE IN CONTROL

"Change in Control" means that one or more of the following events have occurred with respect to a Responsible Corporation (as hereinafter defined):

(i) *Change in ownership of a Responsible Corporation.* A change in ownership of a Responsible Corporation occurs on the date that any one person, or more than one person acting as a group, acquires ownership of stock of a Responsible Corporation that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Responsible Corporation. However, if any one person or more than one person acting as a group, is considered to own more than 50 percent of the total fair market value or total voting power of the stock of a Responsible Corporation, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of the Responsible Corporation (or to cause a change in the effective control of the Responsible Corporation (as defined in paragraph (ii)).

(ii) *Change in the effective control of a Responsible Corporation.* A change in the effective control of a Responsible Corporation occurs on the date that either:

(A) any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Responsible Corporation possessing 30 percent or more of the total voting power of the stock of the Responsible Corporation; or

(B) a majority of members of the Responsible Corporation's board of directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Responsible Corporation's board of directors prior to the date of the appointment or election, provided, that for purposes of this paragraph, the term "Responsible Corporation" refers solely to the relevant corporation for which no other corporation is a majority shareholder.

If any one person, or more than one person acting as a group, is considered to effectively control a Responsible Corporation, the acquisition of additional control of such Responsible Corporation by the same person or persons is not considered to cause a change in the effective control of such Responsible Corporation (or to cause a change in the ownership of such Responsible Corporation within the meaning of paragraph (i)).

(iii) *Change in the ownership of a substantial portion of a Responsible Corporation's assets.* A change in the ownership of a substantial portion of a Responsible Corporation's assets occurs on the date that any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Responsible Corporation that have a total gross fair market value equal to or more than 40 percent of the total gross fair market value of all of the assets of the Responsible Corporation immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of a Responsible Corporation, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. No Change in Control shall be deemed to occur under this paragraph (iii) when there is a transfer to:

- (A) a shareholder of the Responsible Corporation (immediately before the asset transfer) in exchange for or with respect to its stock;
- (B) any entity, 50 percent or more of the total value or voting power of which is owned, directly or indirectly, by the Responsible Corporation;
- (C) A person, or more than one person acting as a group, that owns, directly or indirectly, 50 percent or more of the total value or voting power of all the outstanding stock of the Responsible Corporation; or
- (D) An entity, at least 50 percent of the total value or voting power of which is owned, directly or indirectly, by a person described in subparagraph (C).
- (iv) For purposes of this Exhibit C, a "Responsible Corporation" shall mean:
- (A) the corporation for whom Employee is performing services at the time of the Change in Control event;
- (B) the corporation that is liable for the payment of benefits under this Agreement (or all corporations liable for payment if more than one corporation is liable) but only if either the benefits are attributable to the performance of service by Employee for such corporation or there is a bona fide business purpose for such corporation or corporations to be liable for such payment and, in either case, no significant purpose of making such corporation or corporations liable for such payment is the avoidance of Federal income tax; or
- (C) a corporation that is a majority shareholder of a corporation identified in (iv)(A) or (iv)(B) above, or any corporation in a chain of corporations in which each corporation is a majority shareholder of another corporation in the chain, ending in a corporation identified in (iv)(A) or (iv)(B) above.
- (v) The definition of "Change in Control" shall be construed and interpreted in accordance with Code Section 409A and regulations and other guidance of general applicability issued thereunder.

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## Section 8: EX-10.7 (EXHIBIT 10.7)

**Exhibit 10.7**

### AMENDED AND RESTATED CHANGE IN CONTROL AGREEMENT

This Amended and Restated Change in Control Agreement ("Agreement") is made as of the 29th day of November, 2018, effective as of December 31, 2018, by and among Mercantile Bank Corporation, a Michigan corporation (the "Company"), Mercantile Bank of Michigan, a Michigan banking corporation (the "Bank", and collectively with the Company, the "Employers", and each an "Employer"), and Charles E. Christmas (the "Employee").

#### RECITALS

- A. The Employers and the Employee have entered into a Change in Control Agreement dated as of November 19, 2015 (the "Change in Control Agreement") which provides for a lump sum payment if Employee's employment is terminated under certain circumstances within 24 months after a Change in Control (as defined therein).
- B. The Employers and Employee have entered into an Employment Agreement dated as of November 13, 2014, as amended by a First Amendment dated as of November 19, 2015 (the "Employment Agreement").
- C. The Employers and Employee are, simultaneously herewith, amending and restating the Employment Agreement to adjust certain amounts payable to Employee thereunder.
- D. The Employers and Employee wish to amend and restate the Change in Control Agreement to adjust the lump sum payment payable to Employee on and after January 1, 2019.
- E. The Employers believe that entering into this Agreement is in the best interest of their respective shareholders.
- F. The Employee believes that entering into this Agreement is in his best interest.

#### TERMS OF AGREEMENT

In consideration of the mutual covenants and obligations set forth in this Agreement, to induce the Employee to remain in the employment of the Employers, and for other good and valuable consideration, the Employers and the Employee agree as follows:

1. Obligation of Employers upon Termination without Cause or Employee's Termination with Good Reason Following a Change in Control. In the event that during the Employment Period, an Employer terminates the Employee's employment without Cause under Section 8.2 of the Employment Agreement, or the Employee terminates his employment for Good Reason under Section 8.3 of the Employment Agreement; or the Employee's employment is terminated for any other reason except (i) for Cause under Section 8.1 of the Employment Agreement, (ii) without Good Reason under Section 8.4 of the Employment Agreement, or (iii) for Disability or death pursuant to Section 7 of the Employment Agreement, in each case within 24 months after the occurrence of a Change in Control (as defined in Exhibit A); the Bank shall pay and provide to the Employee, in addition to the payments and benefits owing under the Employment Agreement, the sum of \$350,000 payable in a lump sum within fifteen (15) days after the effective date of the termination of employment.

2. Delay in Severance Payments. If the Employee is a Specified Employee (as hereinafter defined) on the date of termination of employment, then the payment described in Section 1 shall be paid in a lump sum on the first business day of the seventh month after the date on which termination of employment occurs.

The Employee is a "Specified Employee" if he is a "key employee" (as defined in Code Section 416(i) without regard to Code Section 416(i)(5)) and the stock of the Bank or the Company is publicly traded on an established securities market or otherwise on the date of termination of employment. The Employee is a "key employee" during the period described below if he is one of the following during the 12-month period ending on any December 31 (the "identification date"):

- (a) an officer of the Bank or the Company with annual compensation greater than \$130,000 (as indexed pursuant to Code Section 416(i)(1) -- \$175,000 for 2018), provided, that no more than 50 employees (or, if less, the greater of 3 employees or 10% of the employees) shall be treated as officers;
- (b) a five percent (5%) owner of the Bank or the Company; or
- (c) a one percent (1%) owner of the Bank or the Company with annual compensation of more than \$150,000.

If the Employee is a "key employee" as of an identification date, he is treated as a Specified Employee for the 12-month period beginning on the first day of the fourth month following the identification date.

3. Deduction of Taxes and Adjustments re Code Section 280G. Each Employer may deduct from any amounts required to be paid to the Employee under this Agreement any amounts required to be withheld by the Employer pursuant to federal, state, or local law relating to taxes or related payroll deductions. In the event that any payments, distributions or benefits to or for the benefit of the Employee from the Bank or the Company, whether paid or payable, distributed or distributable, would constitute a "parachute payment", as defined in Section 280G of the Internal Revenue Code of 1986, as amended, or any successors thereto (the "Code"), payments under this Agreement and/or the Employment Agreement shall be reduced to the largest amount that will eliminate both the imposition of the excise tax imposed by Section 4999 of the Code and the disallowance as deductions to the Employers under Section 280G of the Code of any such payments, distributions or benefits. The determination of any reduction in the payments under this Agreement and/or the Employment Agreement pursuant to this paragraph shall be made by a major national or regional accounting firm selected by the Bank and approved by the Employee, which approval shall not be unreasonably withheld.

4. Notices. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and if personally delivered or sent by registered or certified United States mail or by a nationally recognized overnight courier service, to his residence or the last address he has provided in writing to the Employers, in the case of the Employee, or to its principal office in the case of an Employer. For purposes of this Agreement, notices shall be deemed given when received at the address or office specified in the preceding sentence.

5. Waiver of Breach. No waiver by either party of any breach or non-performance of any provision or obligation of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision of this Agreement.

6. Assignment. The rights and obligations of each Employer under this Agreement shall inure to the benefit of and shall be binding upon them and their respective successors and assigns. As used in this Agreement, the term "successor" shall include any person, firm, corporation, or other business entity which at any time whether by merger, purchase or otherwise acquires all or substantially all of the assets or business of an Employer.

7. Entire Agreement and Regulatory Compliance. This instrument and the Employment Agreement contains the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements or understandings between the parties hereto relating to the subject matter hereof. Capitalized terms used herein, but not defined herein, have the meanings assigned thereto in the Employment Agreement. This Agreement may not be changed orally but only by an agreement in writing signed by the Employee and the Employers. Employee acknowledges that each of the Employers is subject to supervision and regulation by bank regulatory agencies. If, at the time any payment would otherwise be made to Employee under this Agreement, such payment is prohibited or limited by any applicable statute or regulation, including, without limitation, the Federal Deposit Insurance Act and 12 C.F.R. Part 359 (Golden Parachute and Indemnification Payments), or by order of any such bank regulatory agency, the amount of such payment shall be reduced to the largest amount, if any, that may be paid at such time consistently with such statute, regulation, or order. Employee agrees that compliance with any such statute, regulation, or order, including any resulting reduction or elimination of any payment specified under this Agreement, shall not constitute a breach of this Agreement by the Employers.

8. Severability. If a court of competent jurisdiction determines that any one or more of the provisions of this Agreement is invalid, illegal or unenforceable in any respect, such determination shall not affect the validity, legality or enforceability of any other provision of this Agreement.

9. Governing Law. This Agreement and the legal relations between the parties shall be subject to and governed by the internal laws (and not the law of conflicts) of the State of Michigan.

10. Section 409A. This Agreement is intended to be exempt from Section 409A of the Code to the greatest extent possible, to comply with Section 409A to the extent it is applicable and is to be interpreted and operated consistently with those intentions. To the extent that Section 409A applies to payments in the event of termination of employment under this Agreement, such payments shall be made only if the termination of employment is a "separation from service" within the meaning of Treas. Reg. Section 1.409A-1(h).

[Signatures on Following Page]

The parties have executed this Agreement as of the day and year first above written.

MERCANTILE BANK CORPORATION

By: /s/ Robert B. Kaminski, Jr.

Its: Chief Executive Officer

MERCANTILE BANK OF MICHIGAN

By: /s/ Robert B. Kaminski, Jr.

Robert B. Kaminski, Jr.  
Its: Chief Executive Officer

EMPLOYEE

/s/ Charles E. Christmas  
Charles E. Christmas



## EXHIBIT A

### DEFINITION OF CHANGE IN CONTROL

"Change in Control" means that one or more of the following events have occurred with respect to a Responsible Corporation (as hereinafter defined):

(i) *Change in ownership of a Responsible Corporation.* A change in ownership of a Responsible Corporation occurs on the date that any one person, or more than one person acting as a group, acquires ownership of stock of a Responsible Corporation that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Responsible Corporation. However, if any one person or more than one person acting as a group, is considered to own more than 50 percent of the total fair market value or total voting power of the stock of a Responsible Corporation, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of the Responsible Corporation (or to cause a change in the effective control of the Responsible Corporation (as defined in paragraph (ii)).

(ii) *Change in the effective control of a Responsible Corporation.* A change in the effective control of a Responsible Corporation occurs on the date that either:

(A) any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Responsible Corporation possessing 30 percent or more of the total voting power of the stock of the Responsible Corporation; or

(B) a majority of members of the Responsible Corporation's board of directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Responsible Corporation's board of directors prior to the date of the appointment or election, provided, that for purposes of this paragraph, the term "Responsible Corporation" refers solely to the relevant corporation for which no other corporation is a majority shareholder.

If any one person, or more than one person acting as a group, is considered to effectively control a Responsible Corporation, the acquisition of additional control of such Responsible Corporation by the same person or persons is not considered to cause a change in the effective control of such Responsible Corporation (or to cause a change in the ownership of such Responsible Corporation within the meaning of paragraph (i)).

(iii) *Change in the ownership of a substantial portion of a Responsible Corporation's assets.* A change in the ownership of a substantial portion of a Responsible Corporation's assets occurs on the date that any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Responsible Corporation that have a total gross fair market value equal to or more than 40 percent of the total gross fair market value of all of the assets of the Responsible Corporation immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of a Responsible Corporation, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. No Change in Control shall be deemed to occur under this paragraph (iii) when there is a transfer to:

(A) a shareholder of the Responsible Corporation (immediately before the asset transfer) in exchange for or with respect to its stock;

(B) any entity, 50 percent or more of the total value or voting power of which is owned, directly or indirectly, by the Responsible Corporation;

(C) A person, or more than one person acting as a group, that owns, directly or indirectly, 50 percent or more of the total value or voting power of all the outstanding stock of the Responsible Corporation; or

(D) An entity, at least 50 percent of the total value or voting power of which is owned, directly or indirectly, by a person described in subparagraph (C).

(iv) For purposes of this Exhibit C, a "Responsible Corporation" shall mean:

(A) the corporation for whom Employee is performing services at the time of the Change in Control event;

(B) the corporation that is liable for the payment of benefits under this Agreement (or all corporations liable for payment if more than one corporation is liable) but only if either the benefits are attributable to the performance of service by Employee for such corporation or there is a bona fide business purpose for such corporation or corporations to be liable for such payment and, in either case, no significant purpose of making such corporation or corporations liable for such payment is the avoidance of Federal income tax; or

(C) a corporation that is a majority shareholder of a corporation identified in (iv)(A) or (iv)(B) above, or any corporation in a chain of corporations in which each corporation is a majority shareholder of another corporation in the chain, ending in a corporation identified in (iv)(A) or (iv)(B) above.

(v) The definition of "Change in Control" shall be construed and interpreted in accordance with Code Section 409A and regulations and other guidance of general applicability issued thereunder.

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## Section 9: EX-10.8 (EXHIBIT 10.8)

Exhibit 10.8

### MERCANTILE BANK CORPORATION STOCK INCENTIVE PLAN OF 2016

#### PERFORMANCE-BASED RESTRICTED STOCK AWARD AGREEMENT NOTIFICATION OF AWARD AND TERMS AND CONDITIONS OF AWARD (2019)

Name of Grantee:

Grant Date: November \_\_, 2018

Number of Shares: \_\_\_\_\_ ("Target Award")

Performance Period: January 1, 2019 - December 31, 2021

This Performance-Based Restricted Stock Award Agreement (the "Agreement") contains the terms and conditions of the performance-based restricted stock award granted to you by Mercantile Bank Corporation, a Michigan corporation (the "Company"), under the Mercantile Bank Corporation Stock Incentive Plan of 2016, as amended from time to time (the "Plan").

**1. Grant of Performance-Based Restricted Stock.** Pursuant to the Plan, the Company has granted to you, effective on the Grant Date (shown above), the right to receive the number of shares shown above of the Common Stock of the Company ("Shares") at the end of the applicable Performance Period, subject to the restrictions set forth in this Agreement and the Plan. The number of Shares of Performance-Based Restricted Stock that the Grantee actually earns for the Performance Period will be determined based on the level of achievement of the Performance Goals in accordance with Exhibit A attached hereto, with [TARGET NUMBER] Shares to be earned if target performance levels are achieved (the "Target Award"). The Shares, or any installment of the Shares respectively, while subject to risk of forfeiture or any restrictions

imposed by the Plan or this Agreement, are referred to in this Agreement as “Performance-Based Restricted Stock.”

**2. Stock Incentive Plan Governs.** The award and this Agreement are subject to the terms and conditions of the Plan. The Plan is incorporated into this Agreement by reference and all capitalized terms used in this Agreement have the meaning set forth in the Plan, unless this Agreement specifies a different meaning. By signing this Agreement, you accept this award, acknowledge receipt of a copy of the Plan and the prospectus covering the Plan and acknowledge that the award is subject to all the terms and provisions of the Plan and this Agreement. You further agree to accept as binding, conclusive and final all decisions and interpretations by the Committee of the Plan and this Agreement.

3. **Payment.** The Performance-Based Restricted Stock is granted without requirement of payment.

4. **Shareholder Rights.** Your Performance-Based Restricted Stock shall be held for you by the Company, in book entry or certificated form, in your name, during the applicable Performance Period. You shall have all the rights of a shareholder for your vested Performance-Based Restricted Stock after the applicable Performance Period. With respect to your Performance-Based Restricted Stock during the applicable Performance Period,

A. You will have the right to vote such shares at any meeting of shareholders of the Company;

B. You will have, and the right to receive, free of restrictions (but subject to applicable withholding taxes) all cash dividends and any liquidation amounts paid with respect to such shares; and

C. Any non-cash dividends and other non-cash proceeds of such shares, including stock dividends and any other securities issued or distributed in respect of such shares, other than liquidation payments, will be subject to the same restrictions and risk of forfeiture as the shares of Performance-Based Restricted Stock to which they relate, and the term "Performance-Based Restricted Stock" when used in this Agreement shall also include any related stock dividends and other securities issued or distributed in respect of such shares, other than liquidation payments.

**5. Performance Goals.**

A. The number of Shares of Performance-Based Restricted Stock earned by the Grantee for the Performance Period will be determined at the end of the Performance Period based on the level of achievement of the Performance Goals in accordance with **Exhibit A**. All determinations of whether Performance Goals have been achieved, the number of Shares earned by the Grantee, and all other matters related to this Section 5 shall be made by the Committee in its sole discretion.

B. Promptly following completion of the Performance Period (and no later than forty-five (45) days following the end of the Performance Period), the Committee will review and certify in writing (a) whether, and to what extent, the Performance Goals for the Performance Period have been achieved, and (b) the number of Shares that the Grantee shall earn, if any, subject to the requirements of Section 6. Such certification shall be final, conclusive, and binding on the Grantee, and on all other persons, to the maximum extent permitted by law.

**6. Vesting of Performance-Based Restricted Stock.**

A. *Vesting.* Shares of Performance-Based Restricted Stock are subject to forfeiture until they vest. Except as otherwise provided herein, the Shares of Performance-Based Restricted Stock will vest and become nonforfeitable, if at all, on February 15, 2022 (the "Vesting Date"). The number of Shares that vest and become nonforfeitable under this Agreement shall be determined by the Committee based on the level of achievement of the Performance Goals set forth in **Exhibit A** and shall be rounded to the nearest whole Performance Share. Performance Shares that have not vested by the Vesting Date in accordance with this Paragraph 6A shall be forfeited.

All or part of your Performance-Based Restricted Stock may vest earlier than described above in this Paragraph 6A under the circumstances provided for in Paragraphs 6C, 6D, 6E or 6F below.

B. *Forfeiture Event.* Subject to Paragraphs 6C, 6D, 6E and 6F below, the shares of your Performance-Based Restricted Stock that would otherwise vest on a Vesting Date will not vest and shall automatically be forfeited and returned to the Company, if after the Grant Date and prior to the Vesting Date for such Performance-Based Restricted Stock, you cease to be an Employee (a "Forfeiture Event").

C. *Accelerated Vesting Upon Death, Disability or Retirement.* If you cease to be an Employee or Director because of death, Disability or (in the case of Employees Only) Retirement at or after age 65 during the Performance Period, all restrictions remaining on your Performance-Based Restricted Stock shall terminate automatically and your Performance-Based Restricted Stock shall become immediately fully vested and nonforfeitable at the Target Award level.

If you cease to be an Employee because of Retirement during the Performance Period on or after age 62, but before age 65, with 5 or more years of service with the Company, Mercantile Bank of Michigan, Firstbank Corporation or any affiliate of Firstbank Corporation, you will be vested in a pro rata portion of the shares of Performance-Based Restricted Stock granted to you, equal to the respective total number of such shares granted to you at the Target Award level multiplied by the number of full months that have elapsed since the Grant Date divided by the total number of full months in the respective Performance Period, calculated separately for Performance-Based Restricted Stock having different Performance Periods.

D. *Accelerated Vesting Upon Termination Other Than for Cause.* If the Company terminates your employment as an Employee other than for Cause and you are no longer employed by the Company or any Subsidiary, then all restrictions remaining on your Performance-Based Restricted Stock shall terminate automatically with respect to the number of such shares (rounded to the nearest whole number) equal to the respective total number of such shares granted to you at the Target Award level multiplied by the number of full months that have elapsed since the Grant Date divided by the total number of full months in the respective Performance Period, calculated separately for Performance-Based Restricted Stock having different Performance Periods. All remaining shares of Performance-Based Restricted Stock shall be forfeited and returned to the Company. The Committee may, in its sole discretion, waive the restrictions remaining on and forfeiture of any or all such remaining shares of Performance-Based Restricted Stock either before or after your termination other than for Cause.

E. *Accelerated Vesting at the Committee's Discretion.* The Committee may, in its discretion, at any time accelerate the vesting of your Performance-Based Restricted Stock on such terms and conditions as it deems appropriate.

F. *Change in Control.* Unless the Committee, in its discretion, prescribes an economically equivalent alternative approach, if a Change in Control of the Company occurs, and if the parties do not agree that your Performance-Based Restricted Stock award will be assumed or substituted by the successor or acquiring company (or a parent company thereof), then your Performance-Based Restricted Stock that is outstanding and has not previously been forfeited, shall become immediately fully vested and nonforfeitable at the Target Award level as provided in Section 9 of the Plan.

7. **Forfeiture of Performance-Based Restricted Stock**. If any of your Performance-Based Restricted Stock is forfeited as provided for in Paragraph 6, such forfeiture shall be immediate, and forfeited Performance-Based Restricted Stock (including any cash dividends or liquidation payments for which the record date occurs on or after the date of the forfeiture, and any noncash dividends or noncash distributions with respect to Performance-Based Restricted Stock that is forfeited), and all of your rights to and interest in the forfeited Performance-Based Restricted Stock shall terminate without payment of consideration. Forfeited Performance-Based Restricted Stock shall be reconveyed to the Company, and you agree to promptly take such action and sign such documents as the Company may request to facilitate such reconveyance to the Company.

8. **Performance-Based Restricted Stock Not Transferable**. Unless the Committee otherwise consents or permits, neither the Performance-Based Restricted Stock, nor any interest in the Performance-Based Restricted Stock, may be sold, exchanged, transferred, pledged, assigned, or otherwise alienated or hypothecated during the Performance Period except by will or the laws of descent and distribution, and all of your rights with respect to the Performance-Based Restricted Stock shall be exercisable during your lifetime only by you, or your guardian or legal representative. Any attempted action in violation of this paragraph shall be null, void, and without effect.

9. **Taxes and Tax Withholding**

A. The vesting of your Performance-Based Restricted Stock, or making an Internal Revenue Code Section 83(b) election with respect to this award of Performance-Based Restricted Stock, will cause you to have income with respect to the Performance-Based Restricted Stock, and will subject you to income tax on that income.

B. You agree to consult with any tax consultants you think advisable in connection with your Performance-Based Restricted Stock and acknowledge that you are not relying, and will not rely, on the Company for any tax advice.

C. Whenever any Performance-Based Restricted Stock becomes vested under the terms of this Agreement, or an Internal Revenue Code Section 83(b) election is made with respect to this award of Performance-Based Restricted Stock, you must remit, on or prior to the due date thereof, the minimum amount necessary to satisfy all of the federal, state and local withholding (including FICA) tax requirements imposed on the Company (or the Subsidiary that employs you) relating to your Shares. This withholding tax obligation may be satisfied by any (or a combination) of the following means: (i) cash, check, or wire transfer; (ii) authorizing the Company (or Subsidiary that employs you) to withhold from other cash compensation payable to you by the Company or a Subsidiary; or (iii) unless the Committee determines otherwise, authorizing the Company to withhold Shares otherwise deliverable to you as a result of the vesting of the Performance-Based Restricted Stock, or delivering other unencumbered shares of the Common Stock of the Company which have been held for at least six months, equal to the amount of the withholding obligation.

D. You may within the thirty day period after the Grant Date, in your sole discretion, make an election with the Internal Revenue Service under, and to the extent permitted by, Section 83(b) of the Internal Revenue Code. If you make this election, you will promptly give the Company notice that you have made the election, and provide the Company a copy of the election with the notice.

**10. Value of Shares Not Included In Other Computations.** The value of the Shares under this Agreement will not be taken into account in computing the amount of your salary or other compensation for purposes of determining any incentive compensation, pension, retirement, death or other benefit under any employee benefit plan of the Company or any Subsidiary, except to the extent, if any, that such plan or another agreement between you, and Company or a Subsidiary, specifically provides otherwise.

**11. Legending Performance-Based Restricted Stock.** The Company may, without liability for its good faith actions, place legend restrictions upon the Performance-Based Restricted Stock or unrestricted Shares obtained upon vesting of the Performance-Based Restricted Stock and issue “stop transfer” instructions requiring compliance with applicable securities laws and the terms of the Performance-Based Restricted Stock.

In addition to any other legend or notice that may be set forth on the certificate or book entry records relating to any Performance-Based Restricted Stock, any certificate or book entry records evidencing shares of Performance-Based Restricted Stock awarded pursuant to this Agreement may bear a legend or notice substantially as follows:

The shares represented by this certificate were issued subject to certain restrictions under the Mercantile Bank Corporation Stock Incentive Plan of 2016 (the "Plan"). This certificate is held subject to the terms and conditions contained in a performance-based restricted stock agreement that includes a prohibition against the sale or transfer of the stock represented by this certificate except in compliance with that agreement and that provides for forfeiture upon certain events. Copies of the Plan and the performance-based restricted stock agreement are on file in the office of the Secretary of the Company.

**12. Committee Determinations Are Conclusive.** Determinations regarding this Agreement (including, but not limited to whether an event has occurred resulting in the forfeiture of or vesting of Performance-Based Restricted Stock) shall be made by the Committee in accordance with this Agreement and the Plan, and all determinations of the Committee shall be final and conclusive and binding on all persons.

**13. No Right of Continuing Employment.** Neither this Agreement nor the Plan creates any contract of employment, and nothing in this Agreement or the Plan shall interfere with or limit in any way the right of the Company or any Subsidiary to terminate your employment or service at any time, nor confer upon you the right to continue in the employ of the Company or any Subsidiary. Nothing in this Agreement or the Plan creates any fiduciary or other duty to you owed by the Company, any Subsidiary, or any member of the Committee except as expressly stated in this Agreement or the Plan.

**14. Amendment of Plan and this Agreement.** The Company reserves the right to amend the Plan and this Agreement as provided for or not prohibited by the Plan. Any amendment to this Agreement shall be in writing and signed by the Company, and to the extent required by the Plan, signed by you.

**15. Additional Information.** By signing this Agreement, you agree to provide any information relating to this Agreement or the Performance-Based Restricted Stock that is reasonably requested from time to time by the Company.

**16. Notices.** Any notice by you to the Company under this Agreement shall be in writing and shall be deemed duly given only upon receipt of the notice by the Company at its principal executive office addressed to its Secretary or Chief Financial Officer. Any notice by the Company to you shall be in writing or by electronic transmission, and shall be deemed duly given if mailed or sent by electronic transmission to you at the address specified below by you, or to your email address at the Company, or to such other address as you may later designate by notice given to the Company.



17. **Governing Law.** The validity, construction and effect of this Agreement shall be governed by the laws of the State of Michigan.

18. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

*[Signatures on following page]*

The Company has caused this Agreement to be executed by its duly authorized officer, and the Grantee has executed this Agreement, each as of the Grant Date set forth above.

**MERCANTILE BANK CORPORATION**

By: \_\_\_\_\_  
Robert B. Kaminski, Jr.  
Its: President and Chief Executive  
Officer

**GRANTEE**

I acknowledge having received, read and understood the Plan and this Agreement, and agree to all of the terms and provisions of this Agreement.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_

\_\_\_\_\_  
(Please print your residence address)

**EXHIBIT A**

**Performance Goals**

The number of shares of Performance-Based Restricted Stock earned during the Performance Period shall be based upon the Company's achievement of certain performance levels for each of the measurement criteria as defined in the tables below. A linear interpolation would be used to determine the payout in the event a measurement criteria falls between the threshold and target, or target and maximum, performance levels.

The Performance Goals for the Performance Period are based on a comparison of the Company's average performance over the Performance Period (i.e., the summation of performance for calendar years 2019, 2020 and 2021 divided by three) for:

- (1) Return on Average Assets ("ROAA");
- (2) Diluted Earnings per Share Growth ("Diluted EPS Growth"); and
- (3) Return on Equity ("ROE").

The Committee will determine whether the Performance Goals have been met by taking into consideration the Company's performance as compared to budget. In addition, the Committee may take into consideration the 3-year average of the median performance for the Peer Group with respect to ROAA, Diluted EPS Growth and ROE, business unit and individual performance and such other factors as the Committee may determine and approve in its sole discretion. The "Peer Group" means a group of similarly sized financial institutions located in the Midwest, as determined by the Compensation Committee in its sole discretion; provided, however, that a financial institution will be deleted from the Peer Group for 2021 if it has not reported its year-end financial results by January 31, 2022 (the "Determination Date").

On or about the Determination Date, the Committee shall make its determinations regarding the achievements of ROAA, Diluted EPS Growth and ROE for the Company based on Company financial statements, and comparing results to budget, to the Peer Group based on publicly available information, and to any other factors as determined in the Committee's discretion. The Committee shall have complete flexibility in determining whether, and to what extent, the Performance Goals have been met, and the determination of the Committee shall be final and binding on all parties.

Performance Level	THREE-YEAR RETURN ON AVERAGE ASSETS	
	Performance Period	Vesting
	2019-2021	
Maximum Performance		37.5% of target award
Target Performance		25% of target award
Threshold Performance		12.5% of target award
< Threshold Performance		0% of target award

Performance Level	THREE-YEAR DILUTED EARNINGS PER SHARE GROWTH	
	Performance Period	Vesting
	2019-2021	
Maximum Performance		75% of target award
Target Performance		50% of target award
Threshold Performance		25% of target award
< Threshold Performance		0% of target award

Performance Level	THREE-YEAR RETURN ON EQUITY	
	Performance Period	Vesting
	2019-2021	
Maximum Performance		37.5% of target award
Target Performance		25% of target award
Threshold Performance		12.5% of target award
< Threshold Performance		0% of target award

In its discretion, the Compensation Committee may adjust Performance Goals and performance measure results during the Performance Period for extraordinary events or accounting adjustments associated from significant asset purchases or dispositions or other events not contemplated or otherwise considered when the Performance Goals and targets were established.

#### Determining Number of Shares Earned

Except as otherwise provided in the Plan or the Agreement, the number of Shares earned with respect to the Performance Period shall be determined as follows:

1. Compute the sum of the percentage of the actual performance achieved with respect to each Performance Goal above. The Performance Goals are weighted as follows: ROAA – 25%; Diluted EPS Growth – 50%; and ROE – 25%.
2. Multiply the percentage determined in paragraph 1 by the Target Award number of Shares. The result is the number of Shares earned for the Performance Period.

#### Award Range

Depending on the Company's performance relative to the Performance Goals, the Grantee may earn between 0% and 150% of the Target Award.