

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2015</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2015 or fiscal plan year beginning <u>01/01/2015</u> and ending <u>12/31/2015</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here. ☐	
D Check box if filing under: ☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)	

Part II	Basic Plan Information —enter all requested information		
1a Name of plan <u>THE MERCHANTS NATIONAL BANK PS & 401(K) SAVINGS PLAN</u>	1b Three-digit plan number (PN) ▶	<div style="border: 1px solid black; padding: 2px; font-weight: bold;">002</div>	
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>THE MERCHANTS NATIONAL BANK</u> <u>100 N HIGH ST</u> <u>HILLSBORO, OH 45133</u>		1c Effective date of plan <u>01/01/1992</u>	
		2b Employer Identification Number (EIN) <u>31-0373340</u>	
		2c Plan Sponsor's telephone number <u>937-393-1993</u>	
		2d Business code (see instructions) <u>522110</u>	

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	07/29/2016	PAUL PENCE
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address (include room or suite number)			Preparer's telephone number

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
5 Total number of participants at the beginning of the plan year	5 121
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).	
a(1) Total number of active participants at the beginning of the plan year.....	6a(1) 118
a(2) Total number of active participants at the end of the plan year	6a(2) 117
b Retired or separated participants receiving benefits.....	6b 1
c Other retired or separated participants entitled to future benefits.....	6c 11
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d 129
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e 0
f Total. Add lines 6d and 6e	6f 129
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g 129
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	6h 6
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2K 2T 3D	
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	
9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☐ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☒ <u>1</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

Part III	Form M-1 Compliance Information (to be completed by welfare benefit plans)
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11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2015 Form M-1 annual report. If the plan was not required to file the 2015 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

<div><div>SCHEDULE A</div><div>(Form 5500)</div><div>Department of the Treasury Internal Revenue Service</div><div>Department of Labor Employee Benefits Security Administration</div><div>Pension Benefit Guaranty Corporation</div></div>	<div>Insurance Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div> <div>▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).</div>	<div>OMB No. 1210-0110</div> <div>2015</div> <div>This Form is Open to Public Inspection</div>
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For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015		
<div>A Name of plan</div> <div>THE MERCHANTS NATIONAL BANK PS & 401(K) SAVINGS PLAN</div>	<div>B Three-digit plan number (PN)</div> <div>▶</div> <div>002</div>	
<div>C Plan sponsor's name as shown on line 2a of Form 5500</div> <div>THE MERCHANTS NATIONAL BANK</div>	<div>D Employer Identification Number (EIN)</div> <div>31-0373340</div>	

Part I	<div>Information Concerning Insurance Contract Coverage, Fees, and Commissions</div> <div>Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.</div>
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1 Coverage Information:

<div>(a) Name of insurance carrier</div> <div>HARTFORD LIFE INSURANCE COMPANY</div>

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
06-0974148	88072	GA-710097	129	01/01/2015	12/31/2015

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.
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(a) Total amount of commissions paid	(b) Total amount of fees paid
18454	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
SBHU LIFE AGENCY INC 333 W 34TH ST FL 7 NEW YORK, NY 10001

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	
18454			3

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
--

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	0
5 Current value of plan's interest under this contract in separate accounts at year end	5	5746375

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b Premiums paid to carrier	6b	
c Premiums due but unpaid at the end of the year	6c	
d If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶ ☐**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☒ other ▶ GROUP FUNDING AGREEMENT

b Balance at the end of the previous year	7b	0
c Additions: (1) Contributions deposited during the year	7c(1)	0
(2) Dividends and credits	7c(2)	
(3) Interest credited during the year	7c(3)	0
(4) Transferred from separate account	7c(4)	0
(5) Other (specify below)	7c(5)	0
▶		
(6) Total additions	7c(6)	0
d Total of balance and additions (add lines 7b and 7c(6))	7d	0
e Deductions:		
(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	0
(2) Administration charge made by carrier	7e(2)	0
(3) Transferred to separate account	7e(3)	0
(4) Other (specify below)	7e(4)	0
▶		
(5) Total deductions	7e(5)	0
f Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	0

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received.....	9a(1)		
(2) Increase (decrease) in amount due but unpaid.....	9a(2)		
(3) Increase (decrease) in unearned premium reserve.....	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves.....	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	
(4) Claims charged.....		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions.....	9c(1)(A)		
(B) Administrative service or other fees.....	9c(1)(B)		
(C) Other specific acquisition costs.....	9c(1)(C)		
(D) Other expenses.....	9c(1)(D)		
(E) Taxes.....	9c(1)(E)		
(F) Charges for risks or other contingencies.....	9c(1)(F)		
(G) Other retention charges.....	9c(1)(G)		
(H) Total retention.....		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.).....		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement.....		9d(1)	
(2) Claim reserves.....		9d(2)	
(3) Other reserves.....		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).).....		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier.....	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount.....	10b	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

<div>SCHEDULE C</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Service Provider Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>	OMB No. 1210-0110
		2015
		This Form is Open to Public Inspection.

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015		
A Name of plan THE MERCHANTS NATIONAL BANK PS & 401(K) SAVINGS PLAN	B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 THE MERCHANTS NATIONAL BANK	D Employer Identification Number (EIN) 31-0373340	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No
- b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

MASSMUTUAL LIFE INSURANCE CO.

04-1590850

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 23 37 38 50 54 55 59 60 62 63 64 65 66 99	NONE	582	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

MESIROW FINANCIAL INVESTMENT MANAGE

36-3429599

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27	NONE	0	Yes ☒ No ☐	Yes ☐ No ☒	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
MASSMUTUAL LIFE INSURANCE CO.	15 23 37 38 50 54 55 59 60 62 63 64 65 66 99	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
MASSMUTUAL LIFE INSURANCE CO. 04-1590850	SEE ATTACHED	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
MESIROW FINANCIAL INVESTMENT MANAGE	27	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
MASSMUTUAL LIFE INSURANCE CO. 04-1590850	SEE ATTACHED	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2015 This Form is Open to Public Inspection
For calendar plan year 2015 or fiscal plan year beginning <u>01/01/2015</u> and ending <u>12/31/2015</u>		
A Name of plan <u>THE MERCHANTS NATIONAL BANK PS & 401(K) SAVINGS PLAN</u>	B Three-digit plan number (PN) ►	<u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>THE MERCHANTS NATIONAL BANK</u>	D Employer Identification Number (EIN) <u>31-0373340</u>	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.				
	Assets			
a	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)		
	(2) Participant contributions	1b(2)		
	(3) Other.....	1b(3)		
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	0	0
	(2) U.S. Government securities.....	1c(2)		
	(3) Corporate debt instruments (other than employer securities):			
	(A) Preferred	1c(3)(A)		
	(B) All other.....	1c(3)(B)	0	0
	(4) Corporate stocks (other than employer securities):			
	(A) Preferred	1c(4)(A)		
	(B) Common	1c(4)(B)	0	0
	(5) Partnership/joint venture interests	1c(5)		
	(6) Real estate (other than employer real property)	1c(6)		
	(7) Loans (other than to participants)	1c(7)		
	(8) Participant loans	1c(8)	1575	755
	(9) Value of interest in common/collective trusts.....	1c(9)	0	0
	(10) Value of interest in pooled separate accounts.....	1c(10)	0	0
	(11) Value of interest in master trust investment accounts	1c(11)		
	(12) Value of interest in 103-12 investment entities	1c(12)		
	(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	5288486	5746375
	(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	0	0
	(15) Other	1c(15)	0	0

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	0	0
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	5290061	5747130

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	5290061	5747130
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	272957	
(B) Participants	2a(1)(B)	363530	
(C) Others (including rollovers)	2a(1)(C)	125820	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		762307

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	50	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		50

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		-69729
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		0
c Other income	2c		0
d Total income. Add all income amounts in column (b) and enter total	2d		692628

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	234977	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		234977
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions)	2g		0
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	582	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		582
j Total expenses. Add all expense amounts in column (b) and enter total	2j		235559

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		457069
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		0

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **BKD, LLP**

(2) EIN: **44-0160260**

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

	Yes	No	N/A	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)		☒		
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)		☒		

	Yes	No	N/A	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X		
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)		X		
e Was this plan covered by a fidelity bond?	X			9000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X		
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X		
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X		
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X			
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)		X		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X		
l Has the plan failed to provide any benefit when due under the plan?		X		
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X		
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.				
o Did the plan trust incur unrelated business taxable income?				
p Were in-service distributions made during the plan year?				

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year. ☐ Yes ☒ No Amount:

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ☐ Yes ☐ No ☐ Not determined

Part V Trust Information

6a Name of trust	6b Trust's EIN
6c Name of trustee or custodian	6d Trustee's or custodian's telephone number

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2015 This Form is Open to Public Inspection.
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For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

A Name of plan <u>THE MERCHANTS NATIONAL BANK PS & 401(K) SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>THE MERCHANTS NATIONAL BANK</u>	D Employer Identification Number (EIN) <u>31-0373340</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>04-1590850</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____			
If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2015
v. 150123

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14	Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:		
	a The current year	14a	
	b The plan year immediately preceding the current plan year	14b	
	c The second preceding plan year	14c	
15	Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:		
	a The corresponding number for the plan year immediately preceding the current plan year	15a	
	b The corresponding number for the second preceding plan year	15b	
16	Information with respect to any employers who withdrew from the plan during the preceding plan year:		
	a Enter the number of employers who withdrew during the preceding plan year	16a	
	b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	
17	If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐		

Part VI	Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans
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18	If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐
19	If the total number of participants is 1,000 or more, complete lines (a) through (c)
	a Enter the percentage of plan assets held as: Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%
	b Provide the average duration of the combined investment-grade and high-yield debt: ☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more
	c What duration measure was used to calculate line 19(b)? ☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

Part VII	IRS Compliance Questions
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20a Is the plan a 401(k) plan?	☐ Yes	☐ No
20b If "Yes," how does the 401(k) plan satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under sections 401(k)(3) and 401(m)(2)?	☐ Design-based safe harbor method	☐ ADP/ACP test
20c If the ADP/ACP test is used, did the 401(k) plan perform ADP/ACP testing for the plan year using the "current year testing method" for nonhighly compensated employees (Treas. Reg sections 1.401(k)-2(a)(2)(ii) and 1.401(m)-2(a)(2)(ii))?	☐ Yes	☐ No
21a Check the box to indicate the method used by the plan to satisfy the coverage requirements under section 410(b):	☐ Ratio percentage test	☐ Average benefit test
21b Does the plan satisfy the coverage and nondiscrimination tests of sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules?	☐ Yes	☐ No
22a Has the plan been timely amended for all required tax law changes?	☐ Yes	☐ No ☐ N/A
22b Date the last plan amendment/restatement for the required tax law changes was adopted ____/____/____. Enter the applicable code _____. (See instructions for tax law changes and codes).		
22c If the plan sponsor is an adopter of a pre-approved master and prototype (M&P) or volume submitter plan that is subject to a favorable IRS opinion or advisory letter, enter the date of that favorable letter ____/____/____ and the letter's serial number _____.		
22d If the plan is an individually-designed plan and received a favorable determination letter from the IRS, enter the date of the plan's last favorable determination letter ____/____/____.		
23 Is the Plan maintained in a U.S. territory (i.e., Puerto Rico (if no election under ERISA section 1022(i)(2) has been made), American Samoa, Guam, the Commonwealth of the Northern Mariana Islands or the U.S. Virgin Islands)?	☐ Yes	☐ No

**Merchants National Bank Profit Sharing
and 401(k) Savings Plan**

EIN 31-0373340 PN 002

Independent Auditor's Report and Financial Statements

December 31, 2015 and 2014

**Merchants National Bank Profit Sharing
and 401(k) Savings Plan**
December 31, 2015 and 2014

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Independent Auditor's Report

Board of Trustees
Merchants National Bank Profit Sharing and 401(k) Savings Plan
Hillsboro, Ohio

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Merchants National Bank Profit Sharing and 401(k) Savings Plan (Plan), which comprise the statements of net assets available for benefits as of December 31, 2015 and 2014, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting our audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the *Employee Retirement Income Security Act of 1974*, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Massachusetts Mutual Life Insurance Company, the custodian of the Plan, as of and for the year ended December 31, 2015 and 2014, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan Administrator that the custodian holds the Plan's investment assets and the note receivable from participant and executes transactions related to these assets. The Plan Administrator has obtained certifications from the custodian as of and for the years ended December 31, 2015 and 2014, that the information provided to the Plan Administrator by the custodian is complete and accurate to the best of their knowledge.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedule listed in the table of contents is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the *Employee Retirement Income Security Act of 1974* and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on this supplemental schedule.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the *Employee Retirement Income Security Act of 1974*.

BKD, LLP

Cincinnati, Ohio
July 28, 2016

Federal Employer Identification Number: 44-0160260

Merchants National Bank Profit Sharing and 401(k) Savings Plan

Statements of Net Assets Available for Benefits December 31, 2015 and 2014

Assets	2015	2014
Investments, at Fair Value	\$ 5,746,375	\$ 5,288,486
Note Receivable from Participant	<u>755</u>	<u>1,575</u>
Net Assets Available for Benefits	<u><u>\$ 5,747,130</u></u>	<u><u>\$ 5,290,061</u></u>

**Merchants National Bank Profit Sharing
and 401(k) Savings Plan**
Statements of Changes in Net Assets Available for Benefits
Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Investment Income		
Net (depreciation) appreciation in fair value of investments	\$ (374,686)	\$ 12,904
Interest and dividends	<u>304,957</u>	<u>293,865</u>
	<u>(69,729)</u>	<u>306,769</u>
Interest Income on Note Receivable from Participant	<u>50</u>	<u>84</u>
Contributions		
Participants	363,530	312,583
Employer	123,101	115,084
Non-elective employer	148,565	115,948
Rollovers and other additions	<u>127,111</u>	<u>47,565</u>
	<u>762,307</u>	<u>591,180</u>
Total additions	<u>692,628</u>	<u>898,033</u>
Deductions		
Benefits paid to participants	234,977	1,134,236
Administrative expenses	<u>582</u>	<u>381</u>
Total deductions	<u>235,559</u>	<u>1,134,617</u>
Net Increase (Decrease)	457,069	(236,584)
Net Assets Available for Benefits, Beginning of Year	<u>5,290,061</u>	<u>5,526,645</u>
Net Assets Available for Benefits, End of Year	<u><u>\$ 5,747,130</u></u>	<u><u>\$ 5,290,061</u></u>

Merchants National Bank Profit Sharing and 401(k) Savings Plan

Notes to Financial Statements

December 31, 2015 and 2014

Note 1: Description of the Plan

The following description of the Merchants National Bank Profit Sharing and 401(k) Savings Plan (Plan) provides only general information. Participants should refer to the Plan Document and *Summary Plan Description* for a more complete description of the Plan's provisions, which are available from the Plan Administrator.

General

The Plan is a defined contribution plan sponsored by Merchants National Bank (Company) for the benefit of its employees who have at least six months of service and are age 21 or older. The Plan is subject to the provisions of the *Employee Retirement Income Security Act of 1974* (ERISA). James D Evans, Donald E. Fender, Jr., Paul W. Pence, Jr., and Christopher Walker serve as the trustees of the Plan. Massachusetts Mutual Life Insurance Company serves as Plan custodian.

Contributions

The Plan permits eligible employees through a salary deferral election to have the Company make annual contributions of up to 100% of eligible compensation. Employee rollover contributions are also permitted. The Company makes matching contributions of 50% of employees' salary deferral amounts on the first 6% of employees' compensation. The Company makes an additional non-elective contribution for those employees hired on or after September 1, 2008. The non-elective contribution is equal to 6% of the employees' annual compensation. Contributions are subject to certain limitations.

Participant Investment Account Options

Investment account options available include various pooled separate accounts. Each participant has the option of directing his or her contributions into any of the separate investment accounts and may change the allocation daily.

Participant Accounts

Each participant's account is credited with the participant's contribution, the Company's contribution and plan earnings and is charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefits to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Merchants National Bank Profit Sharing and 401(k) Savings Plan

Notes to Financial Statements

December 31, 2015 and 2014

Vesting

Participants are immediately vested in their voluntary contributions plus earnings thereon. Vesting in the Company's contribution portion of their accounts plus earnings thereon is based on years of continuous service. A participant is fully vested after three years of continuous service for the non-elective employer contributions and matching contributions (with no vesting prior to then). The nonvested balance is forfeited upon termination of service.

Payment of Benefits

Upon termination of service, an employee may elect to receive either a lump-sum amount equal to the value of his or her account or a joint and survivor annuity. At December 31, 2015 and 2014, there were no Plan assets allocated to accounts of terminated or retired participants who have elected to withdraw from the Plan but have not yet been paid.

Forfeited Accounts

At December 31, 2015 and 2014, there were no forfeited nonvested accounts held in the Plan. Also in 2015 and 2014, employer contributions were reduced by \$13,075 and \$2,322, respectively, from forfeited nonvested accounts.

Note Receivable from Participant

The Plan Document includes provisions authorizing loans from the Plan to active eligible participants. Loans are made to any eligible participant demonstrating a qualifying need. The minimum amount of a loan shall be \$1,000. The maximum amount of a participant's loan is determined by the available loan balance restricted to the lesser of \$50,000 or 50% of the participant's vested account balance. All loans are covered by demand notes and are repayable over a period not to exceed five years (except for loans for the purchase of a principal residence) through payroll withholdings unless the participant is paying the loan in full. Interest on the loans is based on local prevailing rates as determined by the Plan Administrator.

Plan Termination

Although it has not expressed an intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan, subject to the provisions of ERISA. In the event of plan termination, participants will become 100% vested in their accounts.

Merchants National Bank Profit Sharing and 401(k) Savings Plan

Notes to Financial Statements

December 31, 2015 and 2014

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and changes in net assets and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Valuation of Investments and Income Recognition

Pooled separate accounts are valued at estimated fair value as provided by the Massachusetts Mutual Life Insurance Company as of December 31, 2015 and 2014.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net (depreciation) appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Note Receivable from Participant

The note receivable from participant is measured at its unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the plan document.

Plan Tax Status

The Plan adopted the Massachusetts Mutual Life Insurance Company Volume Submitter Profit Sharing Plan with CODA on July 1, 2015. Massachusetts Mutual obtained from the Internal Revenue Service a favorable advisory opinion, dated March 31, 2014, regarding this volume submitter document. The letter opined that the form of the plan was acceptable under Section 401 of the Internal Revenue Code for use by employers for the benefit of their employees. This opinion is not a ruling or determination as to whether an employer's plan qualifies under Section 401 of the Internal Revenue Code. However, the Plan Administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code and that the Plan was qualified and the related trust was tax exempt as of the financial statement date.

Merchants National Bank Profit Sharing and 401(k) Savings Plan

Notes to Financial Statements

December 31, 2015 and 2014

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Administrative Expenses

Administrative expenses may be paid by the Company or the Plan, at the Company's discretion.

Recently Issued Accounting Standards

In July 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-12, *Plan Accounting (Topics 960, 962 and 965) – I. Fully Benefit-Responsive Investment Contracts, II. Plan Investment Disclosures and III. Measurement Date Practical Expedient*. The issued ASU has three parts and addresses several presentation, measurement and disclosure simplification topics for employee benefit plan (EBP) financial statements. The ASU is effective for fiscal years beginning after December 15, 2015 with early adoption permissible. The effect of the new ASU on the Plan financial statements has not been determined.

Note 3: Certification of Plan Custodian

The Plan Administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, *Massachusetts Mutual Life Insurance Company*, the custodian of the Plan, has certified the following information included in the accompanying financial statements and supplemental schedule is complete and accurate:

- Investments and note receivable from participant as shown in the statements of net assets available for benefits and related disclosures as of December 31, 2015 and 2014
- Investment income (loss) and interest income from note receivable from participant as shown in the statements of changes in net assets available for benefits for the years ended December 31, 2015 and 2014
- Investment information and note receivable from participant included in the accompanying schedule of assets (held at year end) as of December 31, 2015

The Plan's independent auditors did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedule.

Merchants National Bank Profit Sharing and 401(k) Savings Plan

Notes to Financial Statements

December 31, 2015 and 2014

Note 4: Investments

The Plan's investments are held by an insurance company. The Plan's investments (including investments bought, sold and held during the year) (depreciated) appreciated in fair value as follows:

	2015	
	Net Depreciation in Fair Value During Year	Fair Value at End of Year
Pooled separate accounts	\$ (374,686)	\$ 5,746,375

	2014	
	Net Appreciation in Fair Value During Year	Fair Value at End of Year
Pooled separate accounts	\$ 12,904	\$ 5,288,486

The fair value of individual investments that represented 5% or more of the Plan's net assets available for benefits were as follows:

	2015	2014
Pooled Separate Accounts		
MFS Value Fund	\$ 692,280	\$ 680,203
Franklin Growth R	689,180	670,109
JPMorgan US Equity R2	551,683	571,310
American Europacific Growth Fund	403,305	359,055
JPMorgan Smart Retirement 2040	328,757	272,446
RidgeWorth Small Cap Value Equity	328,189	321,798
Pioneer Strategic Income Fund	319,014	372,104
Prudential Jennison Mid Cap Growth R	*	285,678
JPMorgan Smart Retirement 2020	*	268,398

*Did not meet criteria at respective date

Merchants National Bank Profit Sharing and 401(k) Savings Plan

Notes to Financial Statements

December 31, 2015 and 2014

Interest and dividends realized on the Plan's investments for the years ended December 31, 2015 and 2014 were \$304,957 and \$293,865, respectively.

Note 5: Party-in-Interest Transactions

Party-in-interest transactions include those with fiduciaries or employees of the Plan, any person who provides services to the Plan, an employer whose employees are covered by the Plan, an employee organization whose members are covered by the Plan, a person who owns 50 percent or more of such an employer or employee association, or relatives of such persons.

The Plan paid \$582 and \$381 of recordkeeping fees during December 31, 2015 and 2014, respectively. The Company provides certain administrative services at no cost to the Plan.

Note 6: Fair Value of Plan Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full-term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Merchants National Bank Profit Sharing and 401(k) Savings Plan

Notes to Financial Statements December 31, 2015 and 2014

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of net assets available for benefits measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2015 and 2014:

		December 31, 2015			
		Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pooled separate accounts					
Bonds	\$ 360,552	\$ -	\$ 360,552	\$ -	
Small-cap	328,189	-	328,189	-	
Mid-cap	754,033	-	754,033	-	
Large-cap	933,176	-	933,176	-	
International	995,137	-	995,137	-	
Balanced	2,375,288	-	2,375,288	-	
Total	<u>\$ 5,746,375</u>	<u>\$ -</u>	<u>\$ 5,746,375</u>	<u>\$ -</u>	
		December 31, 2014			
		Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pooled separate accounts					
Bonds	\$ 400,678	\$ -	\$ 400,678	\$ -	
Small-cap	321,798	-	321,798	-	
Mid-cap	688,305	-	688,305	-	
Large-cap	903,573	-	903,573	-	
International	712,663	-	712,663	-	
Balanced	2,261,469	-	2,261,469	-	
Total	<u>\$ 5,288,486</u>	<u>\$ -</u>	<u>\$ 5,288,486</u>	<u>\$ -</u>	

Merchants National Bank Profit Sharing and 401(k) Savings Plan

Notes to Financial Statements

December 31, 2015 and 2014

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of net assets available for benefits, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2015. The Plan had no liabilities measured at fair value on a recurring basis. In addition, the Plan had no assets or liabilities measured at fair value on a nonrecurring basis.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include the pooled separate accounts. Pooled separate accounts consist of various mutual funds that are valued at the net asset value (NAV) of the shares held by the plan at year end. The NAV is classified within level 2 of the valuation hierarchy because the NAV's unit price is quoted on a private market; however, the unit price is based on underlying investments which are traded on an active market. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Plan held no Level 3 securities.

Note 7: Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the participants' account balances and the amounts reported in the statements of net assets available for benefits.

Note 8: Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

Supplemental Schedule

Merchants National Bank Profit Sharing and 401(k) Savings Plan

EIN 31-0373340 PN 002

Schedule H, Line 4i – Schedule of Assets (Held at End of Year) December 31, 2015

Identity of Issuer	Description of Investment	Current Value
Pooled Separate Accounts		
Oppenheimer International Developing Markets Fund	3,764 shares	\$ 133,584
Franklin Templeton Conservative Allocation R	2,390 shares	31,911
Franklin Templeton Growth Allocation R	4,177 shares	70,181
Franklin Templeton Moderate Allocation R	6,005 shares	86,713
Franklin Growth R	9,424 shares	689,180
Alger Capital Appreciation Institutional R	9,971 shares	240,896
Pioneer Strategic Income Fund	30,763 shares	319,014
Clearbridge Mid Cap Core R	2,961 shares	85,875
RidgeWorth Small Cap Value Equity	32,302 shares	328,189
Victory Established Value R	6,226 shares	187,278
MFS International Value Fund	4,325 shares	138,699
American Europacific Growth Fund R	9,204 shares	403,305
MFS Value Fund	21,301 shares	692,280
Invesco Growth and Income R	2,712 shares	63,967
Janus Enterprise R	3,280 shares	271,511
JPMorgan Prime Cash Management Fund	211,404 shares	211,404
Templeton Global Bond	3,590 shares	41,538
Lord Abbett Value Opportunities	20,587 shares	209,369
Oppenheimer Developing Markets Fund	8,738 shares	255,582
JPMorgan US Equity R2	40,357 shares	551,683
JPMorgan Smart Retirement 2020	14,577 shares	255,386
JPMorgan Smart Retirement 2030	2,562 shares	46,498
JPMorgan Smart Retirement 2040	17,742 shares	328,757
JPMorgan Smart Retirement 2050	5,898 shares	103,575
Total pooled separate accounts		<u>5,746,375</u>
Matures		
November 2016;		
*Participant Loan	interest rate at 4.25%	<u>755</u>
		<u>\$ 5,747,130</u>

*Party-in-interest

Fee and Compensation Disclosure Report

This document is intended to assist a plan administrator (“you”) in completing the Form 5500 Schedule C¹ by identifying different types of compensation paid with respect to the product utilized by your plan.

As permitted under the Schedule C rules, compensation is disclosed in the attached report as an actual dollar amount, an estimate or a formula or rate.

- Where an actual dollar amount of compensation is disclosed, no further notation regarding compensation calculations is generally provided.
- Where an estimate of the compensation amount is disclosed, we have used a reasonable method to arrive at the estimate and we have described the method used to arrive at the estimated amount.
- Where a formula or rate is provided to report compensation, we have used a reasonable method to arrive at the estimate and we have described the method used to arrive at the estimated amount. This formula or rate may be disclosed to describe the compensation to which it applies under the Schedule C rules. Alternatively, for purposes of Schedule C disclosure or in connection with your fiduciary review of the compensation paid with respect to the services, products and investment options utilized by the plan, you may calculate and disclose an actual or estimated dollar amount by multiplying the rate by the total assets to which it applies.

Please note that, unless otherwise indicated in the descriptions contained in this report, direct compensation is presented on a plan year basis 01/01/2015 - 12/31/2015 and indirect compensation is presented on a calendar year basis ending 12/31/2015.

This report includes compensation actually paid to or by MassMutual within the indicated plan year as part of your MassMutual-serviced product. *(Note: If the plan year period or plan year end indicated in this Schedule C reporting package is incorrect, please notify your MassMutual customer service representative immediately).* This report does not include amounts deducted from plan assets and paid to third parties (other than MassMutual). In addition, the report does not include compensation related to investments held by the plan that are not serviced on our recordkeeping system. You should contact your other service providers for reportable compensation information. You may also receive information on the compensation reported here from other service providers as is described below.

Please note that we have provided suggested service codes with respect to services provided through our product. Please review all Schedule C and other Form 5500 materials with your experienced benefits counsel and other professionals to determine the most appropriate codes for your plan. In addition, please note that because, among other potential considerations, plans with fewer than 100 participants (as of the beginning of the plan year) are generally not required to file Schedule C, you should refer to the instructions provided by the IRS for Schedule C and/or review the applicability of Schedule C to your plan with your experienced tax/benefits counsel, to determine whether it is necessary for the plan to report the information contemplated by this report.

Please contact your MassMutual Service Team should you require additional information regarding the compensation paid to or by MassMutual with respect to your plan.

Information provided in this document and related materials we provide are not intended to be and shall not be deemed tax advice, tax form preparation services, legal advice, advice to plans regarding compliance with ERISA reporting compliance, or accounting or other professional services. As described above, the information contained in this report may not cover all of the compensation received by the plan’s service providers. We strongly encourage you to review all Schedule C and other Form 5500 materials with experienced benefits counsel and other professionals.

¹Please refer to the Schedule C of the Form 5500 and its instructions (available at: <http://www.dol.gov/ebsa/5500main.html>), and please confer with experienced benefits counsel and other professionals, to determine the applicability of Schedule C to your plan.

FORM 5500 SCHEDULE C REPORT
SCHEDULE C, LINE 2(h) AND LINE 3(e) FORMULA DESCRIPTION
THE MERCHANTS NATIONAL BANK PS & 401(K) SAVINGS PLAN (710097)
EIN #: 31-0373340

Please note that, unless otherwise indicated in the descriptions contained in this report, direct compensation is presented on a plan year basis 01/01/2015 - 12/31/2015 and indirect compensation is presented on a calendar year basis ending 12/31/2015.

For use with lines 2(h), 3(c), 3(d), 3(e)

Total Direct Compensation Paid **\$581.70**

The total amount identified above reflects all fees deducted from plan assets at the plan administrator's direction for the plan year. Service providers which have received portions of these direct fees are listed below, along with the amount of fees they received. Please note that if there is a discrepancy between the total direct fees reported above and the sum of the direct fees reported below, you should contact your other service providers or your plan records to identify the recipient(s) of the fees and any other information relevant to your Schedule C filing.

Recipient: Massachusetts Mutual Life Insurance Company EIN: 04-1590850

Service Codes: 15, 23, 37, 38, 54, 55, 59, 60, 62, 63, 64, 65, 66, 99, 50 (if direct compensation amount reflected below)

Direct Compensation **\$581.70**

The total amount identified above reflects fees deducted from plan assets at the plan administrator's direction for the 2015 plan year for the above named recipient. Please review other service providers, below, to determine whether direct fees were also paid to them. Also, please review your records to determine whether other service providers may have received any compensation not reported below (e.g., a reimbursement paid to any plan fiduciary, your employee benefits counsel, or a plan auditor).

Note: Due to system accounting protocols (including 'cash basis' accounting), amounts reported as Direct Compensation and amounts reported as paid to Massachusetts Mutual Life Insurance Company ("MMLIC") are the net result of aggregating direct compensation after the effects of adjustments processed in 2015, some of which may have pertained to prior years.

Please review the detailed breakdown at the end of the report for further information.

Indirect Compensation

Float compensation **\$42.27**

Bank accounts and investments associated with short-term investment pool

This is an estimate based on the annual average rate of float (0.573% for 2015) earned on the bank accounts and investments associated with the short-term investment pool for the 2015 calendar year multiplied by an estimate of the assets related to uncashed checks.* This estimate does not include float earned for any other reason (e.g., if amounts remitted cannot be immediately invested because they are not in good order). Please review or request a copy of the current float disclosure for more information about the other circumstances in which float is earned.

* A complete listing of distribution checks that remain outstanding for your plan is available on the Retirement Plan Access web site under the Standard Reports section (Report R03998-Outstanding Distribution Checks). Uncashed check assets will continue to remain in a float-earning bank account until such time direction is received from the Plan Sponsor, subject to applicable regulation. The Plan Sponsor should consult with the Plan's/Plan Sponsor's tax advisor or benefits counsel to determine if assets attributable to uncashed checks should be included on the Form 5500 filing.

Non Monetary Compensation

Please note that items of nonmonetary compensation need to be reported for Schedule A or C (Form 5500) purposes if they exceed certain *de minimus* amounts. Transactions generating nonmonetary compensation may include gifts, gratuities, or certain types of in-kind benefits. MassMutual's Code of Conduct generally restricts MassMutual employees from giving to or receiving gifts from customers and/or business partners having a value of over \$100, in any individual situation, without prior approval. However, it is possible that one or more of your service providers for the calendar year, including MassMutual, engaged in transactions generating nonmonetary compensation. Information concerning reportable transactions undertaken between or among non-MassMutual parties may not be available to MassMutual.

Please consult with your legal or tax advisors if you have any questions.

Compensation paid with respect to Funds

<i>Investment Option Name</i>	<i>EIN</i>	<i>Revenue Sharing Rate (%) Paid to MassMutual (rates as of 12/31/2015)</i>	<i>Underlying Fund Gross Expense Ratio as of the Fund's Year End*</i>
ALGER CAP APP INSTITUTIONAL R	13-2665689	0.80% x assets	1.64%
AMERICAN CENTURY GROWTH R	44-6006315	0.85% x assets	1.47%
AMERICAN FUNDS EUROPAC GROWTH R1	95-1411037	1.10% x assets	1.59%
CLEARBRIDGE MID CAP R	52-1200960	0.80% x assets	1.54%
FRANKLIN CONSERVATIVE ALLOC R	13-3151768	0.60% x assets plus \$12/participant	1.52%
FRANKLIN GROWTH ALLOCATION R	13-3151768	0.60% x assets plus \$12/participant	1.59%
FRANKLIN GROWTH R	13-2573775	0.60% x assets plus \$12/participant	1.15%
FRANKLIN MODERATE ALLOCATION R	13-3151768	0.60% x assets plus \$12/participant	1.54%
INVESCO GROWTH AND INCOME R	76-0343427	0.80% x assets	1.09%
JANUS ENTERPRISE R	84-0592523	0.75% x assets	1.42%
JPMORGAN PRIME MONEY MKT CASHMGT	33-1043149	0.00% x assets	0.96%
JPMORGAN SMARTRETIREMENT 2020 R2	33-1043149	0.80% x assets	1.38%
JPMORGAN SMARTRETIREMENT 2030 R2	33-1043149	0.80% x assets	1.42%
JPMORGAN SMARTRETIREMENT 2040 R2	33-1043149	0.80% x assets	1.49%
JPMORGAN SMARTRETIREMENT 2050 R2	33-1043149	0.80% x assets	1.59%
JPMORGAN US EQUITY R2	33-1043149	0.80% x assets	1.42%
LORD ABBETT TOTAL RETURN R3	13-3731507	0.75% x assets	1.14%
MFS INTERNATIONAL VALUE R2	04-3158862	0.80% x assets	1.34%
MFS VALUE R2	04-3158862	0.80% x assets	1.15%
OPPENHEIMER DEVELOPING MARKETS R	93-6305075	0.80% x assets	1.87%
OPPENHEIMER INTERNAT'L GROWTH R	13-3867060	0.80% x assets	1.40%
PIMCO TOTAL RETURN R	95-2632339	0.65% x assets	1.10%
PIONEER STRATEGIC INCOME R	04-3453709	0.80% x assets	1.42%
PRU JENNISON MID CAP GROWTH R	22-2540245	0.80% x assets	1.51%
RIDGEWORTH SM CAP VALUE EQUITY A	23-2678674	0.75% x assets	1.53%
TEMPLETON GLOBAL BOND R	59-6865210	0.60% x assets plus \$12/participant	1.16%
VICTORY SYCAMORE EST VALUE R	31-6364605	0.65% x assets plus \$16/participant	1.20%

Under the variable investment options available through your plan's group annuity contract or funding agreement, contract values are invested in Massachusetts Mutual Life Insurance Company separate accounts that, in turn, invest in underlying registered investment companies (i.e., mutual funds) and collective investment funds.

The above list includes any investment option held by the plan on at least one month end during the 2015 calendar year. To arrive at an estimate of the dollar amount that MassMutual received from each investment option, multiply the rate of fees received from each investment option by your plan's year-end balance (or if the investment option was liquidated prior to year end, the balance on the liquidation date) and,

if applicable, the per participant fee by the number of participants in the investment option at year end (or the liquidation date if earlier). This will be an estimate because your plan's balance and number of participants will vary over the course of the year, so the year-end balance and number of participants may be higher or lower than the daily balance. In addition, these fees are calculated on a daily basis.

*This amount is the sum of the fund's distribution, management and other fees, which are also identified in the fund's prospectus. Please note that some of the funds available through your service contract or arrangement are funds from the Oppenheimer family of mutual funds, which are affiliated with MassMutual (The Oppenheimer Funds). These affiliated mutual funds have contracts for services with companies that are affiliated with MassMutual. The MassMutual-affiliated companies that provide these services, and are compensated in connection with those services, are listed below. For more information about these affiliated mutual funds, see the applicable fund prospectus.

MassMutual Affiliate	Services	Compensation
OppenheimerFunds Distributor, Inc.	Principal Underwriter to The Oppenheimer Funds	As Principal Underwriter paid by the Fund in the form of dealer concessions
OFI Global Asset Management, Inc.	Transfer Agent to The Oppenheimer Funds	Paid by the Fund in the form of fees for services
Shareholder Services, Inc. (doing business as OppenheimerFunds Services)	Sub-Transfer Agent to The Oppenheimer Funds	Paid by the Transfer Agent in the form of fees for services
OFI Global Asset Management, Inc.	Investment Adviser to The Oppenheimer Funds	Paid by the Fund in the form of investment advisory fees based on assets under management
OppenheimerFunds, Inc.	Sub-Adviser to The Oppenheimer Funds	Paid by the Investment Adviser in the form of investment advisory fees based on assets under management

Recipient: MORGANSTANLEY SMITHBARNEY LLC EIN: 26-4310844

Service Codes:

Please contact your Service Provider for the list of applicable services performed and Service Codes.

Direct Compensation

\$0.00

Our records indicate that this recipient did not receive any Direct Compensation. Please review your records to determine whether this service provider may have received any compensation not reported.

Indirect Compensation

* **Additional compensation** Payor: Massachusetts Mutual Life Insurance Company EIN: 41-590850 **\$336.99**

* *Additional Compensation is reported on a Plan Year basis.*

NOTE: In 2015, MassMutual participated in Morgan Stanley Smith Barney's ("MSSB") retirement platform for sales and marketing support, and paid a Training Support Fee of \$250,000 to MSSB for its services. MSSB has instructed MassMutual to use MSSB's per plan allocation reflected above for 2015 Form 5500 Schedule C reporting purposes.

Non Monetary Compensation

Please note that items of nonmonetary compensation need to be reported for Schedule A or C (Form 5500) purposes if they exceed certain *de minimus* amounts. Transactions generating nonmonetary compensation may include gifts, gratuities, or certain types of in-kind benefits. MassMutual's Code of Ethics and Business Conduct generally restricts MassMutual employees from giving to or receiving gifts from customers and/or business partners having a value of over \$100, in any individual situation, without prior approval. However, it is possible that one or more of your service providers for the 2015 calendar year, including MassMutual, engaged in transactions generating nonmonetary compensation. Information concerning reportable transactions undertaken between or among non-MassMutual parties may not be available to MassMutual.

Please consult with your legal or tax advisors if you have any questions.

Recipient: SBHU LIFE AGCY INC EIN: 13-2896238

Service Codes:

Please contact your Service Provider for the list of applicable services performed and Service Codes.

Direct Compensation

\$0.00

Our records indicate that this recipient did not receive any Direct Compensation. Please review your records to determine whether this service provider may have received any compensation not reported.

Indirect Compensation

* Sales commission	Payor: Massachusetts Mutual Life Insurance Company	EIN: 04-1590850	\$18,453.79
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** Sales Commissions are reported on a Plan Year basis.*

Non Monetary Compensation

Please note that items of nonmonetary compensation need to be reported for Schedule A or C (Form 5500) purposes if they exceed certain *de minimus* amounts. Transactions generating nonmonetary compensation may include gifts, gratuities, or certain types of in-kind benefits. MassMutual's Code of Ethics and Business Conduct generally restricts MassMutual employees from giving to or receiving gifts from customers and/or business partners having a value of over \$100, in any individual situation, without prior approval. However, it is possible that one or more of your service providers for the 2015 calendar year, including MassMutual, engaged in transactions generating nonmonetary compensation. Information concerning reportable transactions undertaken between or among non-MassMutual parties may not be available to MassMutual.

Please consult with your legal or tax advisors if you have any questions.

Recipient: Mesirow Financial Investment Management, Inc. EIN: 36-3429599

Indirect Compensation

Annual fee and basis point fee for Mesirow plan fiduciary service

Service code: 27

Payor: Massachusetts Mutual Life Insurance Company EIN: 04-1590850

MassMutual paid Mesirow an annual flat fee plus a tiered percentage of assets in total equal to 1.445 bps of the aggregate assets of all participating plans in the Fiduciary Assure Program with respect to Mesirow's investment advisory services.

Direct Revenue Detail

Recipient: *Massachusetts Mutual Life Insurance Company*

<u>Fee Description</u>	<u>Dollar Amount</u>
One-Time Distribution Fee	\$565.70
Loan Administration Fee	\$16.00
Total Direct Revenue:	<hr/> \$581.70
Grand Total Direct Fees:	<hr/> \$581.70

**Merchants National Bank Profit Sharing
and 401(k) Savings Plan**

EIN 31-0373340 PN 002

Independent Auditor's Report and Financial Statements

December 31, 2015 and 2014

**Merchants National Bank Profit Sharing
and 401(k) Savings Plan**
December 31, 2015 and 2014

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Independent Auditor's Report

Board of Trustees
Merchants National Bank Profit Sharing and 401(k) Savings Plan
Hillsboro, Ohio

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Merchants National Bank Profit Sharing and 401(k) Savings Plan (Plan), which comprise the statements of net assets available for benefits as of December 31, 2015 and 2014, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting our audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the *Employee Retirement Income Security Act of 1974*, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Massachusetts Mutual Life Insurance Company, the custodian of the Plan, as of and for the year ended December 31, 2015 and 2014, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan Administrator that the custodian holds the Plan's investment assets and the note receivable from participant and executes transactions related to these assets. The Plan Administrator has obtained certifications from the custodian as of and for the years ended December 31, 2015 and 2014, that the information provided to the Plan Administrator by the custodian is complete and accurate to the best of their knowledge.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedule listed in the table of contents is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the *Employee Retirement Income Security Act of 1974* and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on this supplemental schedule.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the *Employee Retirement Income Security Act of 1974*.

BKD, LLP

Cincinnati, Ohio
July 28, 2016

Federal Employer Identification Number: 44-0160260

Merchants National Bank Profit Sharing and 401(k) Savings Plan

Statements of Net Assets Available for Benefits December 31, 2015 and 2014

Assets	2015	2014
Investments, at Fair Value	\$ 5,746,375	\$ 5,288,486
Note Receivable from Participant	<u>755</u>	<u>1,575</u>
Net Assets Available for Benefits	<u><u>\$ 5,747,130</u></u>	<u><u>\$ 5,290,061</u></u>

**Merchants National Bank Profit Sharing
and 401(k) Savings Plan**
Statements of Changes in Net Assets Available for Benefits
Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Investment Income		
Net (depreciation) appreciation in fair value of investments	\$ (374,686)	\$ 12,904
Interest and dividends	<u>304,957</u>	<u>293,865</u>
	<u>(69,729)</u>	<u>306,769</u>
Interest Income on Note Receivable from Participant	<u>50</u>	<u>84</u>
Contributions		
Participants	363,530	312,583
Employer	123,101	115,084
Non-elective employer	148,565	115,948
Rollovers and other additions	<u>127,111</u>	<u>47,565</u>
	<u>762,307</u>	<u>591,180</u>
Total additions	<u>692,628</u>	<u>898,033</u>
Deductions		
Benefits paid to participants	234,977	1,134,236
Administrative expenses	<u>582</u>	<u>381</u>
Total deductions	<u>235,559</u>	<u>1,134,617</u>
Net Increase (Decrease)	457,069	(236,584)
Net Assets Available for Benefits, Beginning of Year	<u>5,290,061</u>	<u>5,526,645</u>
Net Assets Available for Benefits, End of Year	<u><u>\$ 5,747,130</u></u>	<u><u>\$ 5,290,061</u></u>

Merchants National Bank Profit Sharing and 401(k) Savings Plan

Notes to Financial Statements

December 31, 2015 and 2014

Note 1: Description of the Plan

The following description of the Merchants National Bank Profit Sharing and 401(k) Savings Plan (Plan) provides only general information. Participants should refer to the Plan Document and *Summary Plan Description* for a more complete description of the Plan's provisions, which are available from the Plan Administrator.

General

The Plan is a defined contribution plan sponsored by Merchants National Bank (Company) for the benefit of its employees who have at least six months of service and are age 21 or older. The Plan is subject to the provisions of the *Employee Retirement Income Security Act of 1974* (ERISA). James D Evans, Donald E. Fender, Jr., Paul W. Pence, Jr., and Christopher Walker serve as the trustees of the Plan. Massachusetts Mutual Life Insurance Company serves as Plan custodian.

Contributions

The Plan permits eligible employees through a salary deferral election to have the Company make annual contributions of up to 100% of eligible compensation. Employee rollover contributions are also permitted. The Company makes matching contributions of 50% of employees' salary deferral amounts on the first 6% of employees' compensation. The Company makes an additional non-elective contribution for those employees hired on or after September 1, 2008. The non-elective contribution is equal to 6% of the employees' annual compensation. Contributions are subject to certain limitations.

Participant Investment Account Options

Investment account options available include various pooled separate accounts. Each participant has the option of directing his or her contributions into any of the separate investment accounts and may change the allocation daily.

Participant Accounts

Each participant's account is credited with the participant's contribution, the Company's contribution and plan earnings and is charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefits to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Merchants National Bank Profit Sharing and 401(k) Savings Plan

Notes to Financial Statements

December 31, 2015 and 2014

Vesting

Participants are immediately vested in their voluntary contributions plus earnings thereon. Vesting in the Company's contribution portion of their accounts plus earnings thereon is based on years of continuous service. A participant is fully vested after three years of continuous service for the non-elective employer contributions and matching contributions (with no vesting prior to then). The nonvested balance is forfeited upon termination of service.

Payment of Benefits

Upon termination of service, an employee may elect to receive either a lump-sum amount equal to the value of his or her account or a joint and survivor annuity. At December 31, 2015 and 2014, there were no Plan assets allocated to accounts of terminated or retired participants who have elected to withdraw from the Plan but have not yet been paid.

Forfeited Accounts

At December 31, 2015 and 2014, there were no forfeited nonvested accounts held in the Plan. Also in 2015 and 2014, employer contributions were reduced by \$13,075 and \$2,322, respectively, from forfeited nonvested accounts.

Note Receivable from Participant

The Plan Document includes provisions authorizing loans from the Plan to active eligible participants. Loans are made to any eligible participant demonstrating a qualifying need. The minimum amount of a loan shall be \$1,000. The maximum amount of a participant's loan is determined by the available loan balance restricted to the lesser of \$50,000 or 50% of the participant's vested account balance. All loans are covered by demand notes and are repayable over a period not to exceed five years (except for loans for the purchase of a principal residence) through payroll withholdings unless the participant is paying the loan in full. Interest on the loans is based on local prevailing rates as determined by the Plan Administrator.

Plan Termination

Although it has not expressed an intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan, subject to the provisions of ERISA. In the event of plan termination, participants will become 100% vested in their accounts.

Merchants National Bank Profit Sharing and 401(k) Savings Plan

Notes to Financial Statements

December 31, 2015 and 2014

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and changes in net assets and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Valuation of Investments and Income Recognition

Pooled separate accounts are valued at estimated fair value as provided by the Massachusetts Mutual Life Insurance Company as of December 31, 2015 and 2014.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net (depreciation) appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Note Receivable from Participant

The note receivable from participant is measured at its unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the plan document.

Plan Tax Status

The Plan adopted the Massachusetts Mutual Life Insurance Company Volume Submitter Profit Sharing Plan with CODA on July 1, 2015. Massachusetts Mutual obtained from the Internal Revenue Service a favorable advisory opinion, dated March 31, 2014, regarding this volume submitter document. The letter opined that the form of the plan was acceptable under Section 401 of the Internal Revenue Code for use by employers for the benefit of their employees. This opinion is not a ruling or determination as to whether an employer's plan qualifies under Section 401 of the Internal Revenue Code. However, the Plan Administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code and that the Plan was qualified and the related trust was tax exempt as of the financial statement date.

Merchants National Bank Profit Sharing and 401(k) Savings Plan

Notes to Financial Statements

December 31, 2015 and 2014

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Administrative Expenses

Administrative expenses may be paid by the Company or the Plan, at the Company's discretion.

Recently Issued Accounting Standards

In July 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-12, *Plan Accounting (Topics 960, 962 and 965) – I. Fully Benefit-Responsive Investment Contracts, II. Plan Investment Disclosures and III. Measurement Date Practical Expedient*. The issued ASU has three parts and addresses several presentation, measurement and disclosure simplification topics for employee benefit plan (EBP) financial statements. The ASU is effective for fiscal years beginning after December 15, 2015 with early adoption permissible. The effect of the new ASU on the Plan financial statements has not been determined.

Note 3: Certification of Plan Custodian

The Plan Administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, *Massachusetts Mutual Life Insurance Company*, the custodian of the Plan, has certified the following information included in the accompanying financial statements and supplemental schedule is complete and accurate:

- Investments and note receivable from participant as shown in the statements of net assets available for benefits and related disclosures as of December 31, 2015 and 2014
- Investment income (loss) and interest income from note receivable from participant as shown in the statements of changes in net assets available for benefits for the years ended December 31, 2015 and 2014
- Investment information and note receivable from participant included in the accompanying schedule of assets (held at year end) as of December 31, 2015

The Plan's independent auditors did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedule.

Merchants National Bank Profit Sharing and 401(k) Savings Plan

Notes to Financial Statements

December 31, 2015 and 2014

Note 4: Investments

The Plan's investments are held by an insurance company. The Plan's investments (including investments bought, sold and held during the year) (depreciated) appreciated in fair value as follows:

	2015	
	Net Depreciation in Fair Value During Year	Fair Value at End of Year
Pooled separate accounts	\$ (374,686)	\$ 5,746,375

	2014	
	Net Appreciation in Fair Value During Year	Fair Value at End of Year
Pooled separate accounts	\$ 12,904	\$ 5,288,486

The fair value of individual investments that represented 5% or more of the Plan's net assets available for benefits were as follows:

	2015	2014
Pooled Separate Accounts		
MFS Value Fund	\$ 692,280	\$ 680,203
Franklin Growth R	689,180	670,109
JPMorgan US Equity R2	551,683	571,310
American Europacific Growth Fund	403,305	359,055
JPMorgan Smart Retirement 2040	328,757	272,446
RidgeWorth Small Cap Value Equity	328,189	321,798
Pioneer Strategic Income Fund	319,014	372,104
Prudential Jennison Mid Cap Growth R	*	285,678
JPMorgan Smart Retirement 2020	*	268,398

*Did not meet criteria at respective date

Merchants National Bank Profit Sharing and 401(k) Savings Plan

Notes to Financial Statements

December 31, 2015 and 2014

Interest and dividends realized on the Plan's investments for the years ended December 31, 2015 and 2014 were \$304,957 and \$293,865, respectively.

Note 5: Party-in-Interest Transactions

Party-in-interest transactions include those with fiduciaries or employees of the Plan, any person who provides services to the Plan, an employer whose employees are covered by the Plan, an employee organization whose members are covered by the Plan, a person who owns 50 percent or more of such an employer or employee association, or relatives of such persons.

The Plan paid \$582 and \$381 of recordkeeping fees during December 31, 2015 and 2014, respectively. The Company provides certain administrative services at no cost to the Plan.

Note 6: Fair Value of Plan Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full-term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Merchants National Bank Profit Sharing and 401(k) Savings Plan

Notes to Financial Statements December 31, 2015 and 2014

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of net assets available for benefits measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2015 and 2014:

		December 31, 2015			
		Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pooled separate accounts					
Bonds	\$	360,552	\$ -	\$ 360,552	\$ -
Small-cap		328,189	-	328,189	-
Mid-cap		754,033	-	754,033	-
Large-cap		933,176	-	933,176	-
International		995,137	-	995,137	-
Balanced		2,375,288	-	2,375,288	-
Total	\$	5,746,375	\$ -	\$ 5,746,375	\$ -
		December 31, 2014			
		Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pooled separate accounts					
Bonds	\$	400,678	\$ -	\$ 400,678	\$ -
Small-cap		321,798	-	321,798	-
Mid-cap		688,305	-	688,305	-
Large-cap		903,573	-	903,573	-
International		712,663	-	712,663	-
Balanced		2,261,469	-	2,261,469	-
Total	\$	5,288,486	\$ -	\$ 5,288,486	\$ -

Merchants National Bank Profit Sharing and 401(k) Savings Plan

Notes to Financial Statements

December 31, 2015 and 2014

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of net assets available for benefits, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2015. The Plan had no liabilities measured at fair value on a recurring basis. In addition, the Plan had no assets or liabilities measured at fair value on a nonrecurring basis.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include the pooled separate accounts. Pooled separate accounts consist of various mutual funds that are valued at the net asset value (NAV) of the shares held by the plan at year end. The NAV is classified within level 2 of the valuation hierarchy because the NAV's unit price is quoted on a private market; however, the unit price is based on underlying investments which are traded on an active market. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Plan held no Level 3 securities.

Note 7: Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the participants' account balances and the amounts reported in the statements of net assets available for benefits.

Note 8: Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

Supplemental Schedule

Merchants National Bank Profit Sharing and 401(k) Savings Plan

EIN 31-0373340 PN 002

Schedule H, Line 4i – Schedule of Assets (Held at End of Year) December 31, 2015

Identity of Issuer	Description of Investment	Current Value
Pooled Separate Accounts		
Oppenheimer International Developing Markets Fund	3,764 shares	\$ 133,584
Franklin Templeton Conservative Allocation R	2,390 shares	31,911
Franklin Templeton Growth Allocation R	4,177 shares	70,181
Franklin Templeton Moderate Allocation R	6,005 shares	86,713
Franklin Growth R	9,424 shares	689,180
Alger Capital Appreciation Institutional R	9,971 shares	240,896
Pioneer Strategic Income Fund	30,763 shares	319,014
Clearbridge Mid Cap Core R	2,961 shares	85,875
RidgeWorth Small Cap Value Equity	32,302 shares	328,189
Victory Established Value R	6,226 shares	187,278
MFS International Value Fund	4,325 shares	138,699
American Europacific Growth Fund R	9,204 shares	403,305
MFS Value Fund	21,301 shares	692,280
Invesco Growth and Income R	2,712 shares	63,967
Janus Enterprise R	3,280 shares	271,511
JPMorgan Prime Cash Management Fund	211,404 shares	211,404
Templeton Global Bond	3,590 shares	41,538
Lord Abbett Value Opportunities	20,587 shares	209,369
Oppenheimer Developing Markets Fund	8,738 shares	255,582
JPMorgan US Equity R2	40,357 shares	551,683
JPMorgan Smart Retirement 2020	14,577 shares	255,386
JPMorgan Smart Retirement 2030	2,562 shares	46,498
JPMorgan Smart Retirement 2040	17,742 shares	328,757
JPMorgan Smart Retirement 2050	5,898 shares	103,575
Total pooled separate accounts		<u>5,746,375</u>
Matures		
November 2016;		
*Participant Loan	interest rate at 4.25%	<u>755</u>
		<u><u>\$ 5,747,130</u></u>

*Party-in-interest