Form 5500-SF

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Short Form Annual Return/Report of Small Employee Benefit Plan

This form is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA), and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500-SF.**

OMB Nos. 1210-0110
1210-0089

2017

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

A This return/report is for:
- [X] a single-employer plan
- [ ] a multiple-employer plan (not multiemployer) (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
- [ ] a one-participant plan
- [ ] a foreign plan

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 Check box if filing under:
- [ ] Form 5558
- [X] automatic extension
- [ ] DFVC program
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
MERCHANTS NATIONAL BANK DEFINED BENEFIT RETIREMENT PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 05/01/1972

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)
MERCHANTS NATIONAL BANK

100 NORTH HIGH STREET
HILLSBORO, OH 45133

2b Employer Identification Number (EIN) 31-0373340

2c Sponsor's telephone number 937-393-1993

2d Business code (see instructions) 522110

3a Plan administrator's name and address [X] Same as Plan Sponsor.

3b Administrator's EIN

3c Administrator's telephone number

4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report.
a Sponsor's name
c Plan Name

4b EIN

4d PN

5a Total number of participants at the beginning of the plan year	**5a**	54
b Total number of participants at the end of the plan year	**5b**	50
c Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**5c**	
d(1) Total number of active participants at the beginning of the plan year	**5d(1)**	45
d(2) Total number of active participants at the end of the plan year	**5d(2)**	36
e Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	**5e**	0

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, if applicable, a Schedule SB or Schedule MB completed and signed by an enrolled actuary, 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.	10/12/2018	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

6a Were all of the plan's assets during the plan year invested in eligible assets? (See instructions.) ..... [X] Yes [ ] No

b Are you claiming a waiver of the annual examination and report of an independent qualified public accountant (IQPA) under 29 CFR 2520.104-46? (See instructions on waiver eligibility and conditions.)..... [X] Yes [ ] No

If you answered "No" to either line 6a or line 6b, the plan cannot use Form 5500-SF and must instead use Form 5500.

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

If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 4075971. (See instructions.)

Part III Financial Information

7 Plan Assets and Liabilities		(a) Beginning of Year	(b) End of Year
a Total plan assets	7a	9244012	10342195
b Total plan liabilities	7b		
c Net plan assets (subtract line 7b from line 7a)	7c	9244012	10342195
8 Income, Expenses, and Transfers for this Plan Year		**(a) Amount**	**(b) Total**
a Contributions received or receivable from: (1) Employers	8a(1)	0	
(2) Participants	8a(2)		
(3) Others (including rollovers)	8a(3)		
b Other income (loss)	8b	1675176	
c Total income (add lines 8a(1), 8a(2), 8a(3), and 8b)	8c		1675176
d Benefits paid (including direct rollovers and insurance premiums to provide benefits)	8d	576993	
e Certain deemed and/or corrective distributions (see instructions)	8e		
f Administrative service providers (salaries, fees, commissions)	8f		
g Other expenses	8g		
h Total expenses (add lines 8d, 8e, 8f, and 8g)	8h		576993
i Net income (loss) (subtract line 8h from line 8c)	8i		1098183
j Transfers to (from) the plan (see instructions)	8j		

Part IV Plan Characteristics

9a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
1A 3D

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

Part V Compliance Questions

10 During the plan year:		Yes	No	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? (See instructions and DOL's Voluntary Fiduciary Correction Program)	10a		X	
b Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 10a.)	10b		X	
c Was the plan covered by a fidelity bond?	10c	X		500000
d Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	10d		X	
e Were any fees or commissions paid to any brokers, agents, or other persons by an insurance carrier, insurance service, or other organization that provides some or all of the benefits under the plan? (See instructions.)	10e		X	
f Has the plan failed to provide any benefit when due under the plan?	10f		X	
g Did the plan have any participant loans? (If "Yes," enter amount as of year-end.)	10g		X	
h If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	10h			
i If 10h was answered "Yes," check the box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3	10i			

Part VI Pension Funding Compliance

11	Is this a defined benefit plan subject to minimum funding requirements? (If "Yes," see instructions and complete Schedule SB (Form 5500) and line 11a below)	[X] Yes [ ] No
11a	Enter the unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40	**11a** 0
12	Is this a defined contribution plan subject to the minimum funding requirements of section 412 of the Code or section 302 of ERISA? (If "Yes," complete line 12a or lines 12b, 12c, 12d, and 12e below, as applicable.)	[ ] Yes [X] No
a	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 letter ruling granting the waiver. Month _____ Day _____ Year _____	

If you completed line 12a, complete lines 3, 9, and 10 of Schedule MB (Form 5500), and skip to line 13.

b	Enter the minimum required contribution for this plan year	**12b**	
c	Enter the amount contributed by the employer to the plan for this plan year	**12c**	
d	Subtract the amount in line 12c from the amount in line 12b. Enter the result (enter a minus sign to the left of a negative amount)	**12d**	
e	Will the minimum funding amount reported on line 12d be met by the funding deadline?		[ ] Yes [ ] No [ ] N/A

Part VII Plan Terminations and Transfers of Assets

13a	Has a resolution to terminate the plan been adopted in any plan year?		[ ] Yes [X] No
	If "Yes," enter the amount of any plan assets that reverted to the employer this year	**13a**	
b	Were all the plan assets distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		[ ] Yes [X] No
c	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.)		

13c(1) Name of plan(s):	**13c(2)** EIN(s)	**13c(3)** PN(s)

SCHEDULE SB (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Single-Employer Defined Benefit Plan Actuarial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2017

This Form is Open to Public Inspection

For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of $1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan
MERCHANTS NATIONAL BANK DEFINED BENEFIT RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
MERCHANTS NATIONAL BANK

D Employer Identification Number (EIN)
31-0373340

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [X] 100 or fewer [ ] 101-500 [ ] More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2017

2 Assets:

a Market value	**2a**	9244012
b Actuarial value	**2b**	9486962

3 Funding target/participant count breakdown

	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	2	529643	529643
b For terminated vested participants	7	114711	114711
c For active participants	45	5576987	5587382
d Total	54	6221341	6231736

4 If the plan is in at-risk status, check the box and complete lines (a) and (b) [ ]

a Funding target disregarding prescribed at-risk assumptions	**4a**	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	**4b**	
5 Effective interest rate	**5**	5.47 %
6 Target normal cost	**6**	167108

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE

Signature of actuary — Date: 10/10/2018

AUDREY CERVAS — Type or print name of actuary

Most recent enrollment number: 17-06430

BUCK GLOBAL, LLC — Firm name

Telephone number (including area code): 216-682-7600

6000 FREEDOM SQUARE, SUITE 100
INDEPENDENCE, OH 44131

Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions [ ]

Part II Beginning of Year Carryover and Prefunding Balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of 6.36 %	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		961305
	b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of 5.58%		53641
	b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
	c Total available at beginning of current plan year to add to prefunding balance		1014946
	d Portion of (c) to be added to prefunding balance		
12	Other reductions in balances due to elections or deemed elections		
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding Percentages

14	Funding target attainment percentage	14	152.23%
15	Adjusted funding target attainment percentage	15	152.23%
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	146.69%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
			Totals ► 18(b)	0	18(c) 0

19	Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
	a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
	b Contributions made to avoid restrictions adjusted to valuation date	19b	0
	c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	0

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:

a Segment rates:	1st segment: 4.16%	2nd segment: 5.72%	3rd segment: 6.48%	☐ N/A, full yield curve used
b Applicable month (enter code)			**21b**	4
22 Weighted average retirement age			**22**	64

23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.		☐ Yes	☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.		☐ Yes	☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.		☒ Yes	☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	**27**		

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	**28**	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	**29**	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	**30**	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	**31a**		167108
b Excess assets, if applicable, but not greater than line 31a	**31b**		167108
32 Amortization installments:		Outstanding Balance	Installment
a Net shortfall amortization installment		0	0
b Waiver amortization installment		0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	**33**		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	**34**		0

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0

36 Additional cash requirement (line 34 minus line 35)	**36**	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	0
38 Present value of excess contributions for current year (see instructions)		
a Total (excess, if any, of line 37 over line 36)	**38a**	0
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	**39**	0
40 Unpaid minimum required contributions for all years	**40**	0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:

a Schedule elected ☐ 2 plus 7 years ☐ 15 years

b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

42 Amount of acceleration adjustment	**42**	
43 Excess installment acceleration amount to be carried over to future plan years	**43**	

Merchants National Bank Defined Benefit Retirement Plan
EIN/PN: 31-0373340 / 001

Schedule SB, Line 26 - Schedule of Active Participant Data

	Years of Credited Service									
Attained Age	Under 1	1 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40 & up
Under 25										
25 - 29										
30 - 34			2	2						
35 - 39				2						
40 - 44				3	1	1	1			
45 - 49			1	3		1				
50 - 54				1	1	1				
55 - 59			1		2	2	1		1	
60 - 64			1	1	3	2	1	1		1
65 - 69				1	3			1	1	1
70 & up				1						

Merchants National Bank Defined Benefit Retirement Plan

EIN/PN: 31-0373340 / 001

Schedule SB, Part V - Statement of Actuarial Assumptions/Methods

Prescribed Funding Assumptions and Methods

The following assumptions and methods are prescribed by ERISA.

Funding interest rates

For 2017 Plan Year: Segment Rates with four-month lookback, constrained in accordance with relevant legislation as follows:

	Unconstrained Rates*	Rates Reflecting Corridor**
First Segment Rate	1.52%	4.16%
Second Segment Rate	3.80%	5.72%
Third Segment Rate	4.79%	6.48%
Effective Rate	3.50%	5.47%

For 2016 Plan Year: Segment Rates with four-month lookback, constrained in accordance with relevant legislation as follows:

	Unconstrained Rates*	Rates Reflecting Corridor**
First Segment Rate	1.34%	4.43%
Second Segment Rate	4.03%	5.91%
Third Segment Rate	5.06%	6.65%
Effective Rate	3.50%	5.58%

* Used for maximum tax-deduction purposes
** Used for minimum funding and benefit restriction purposes.

Mortality

Mortality tables mandated by PPA as specified in IRS Regulation 1.430(h)(3)-1, applied on a static basis, projected 7 years from the valuation date for annuitants and 15 years for non-annuitants.

Actuarial cost method

The Funding Target is the present value of accrued benefits based on compensation and service to date. The Target Normal Cost is the present value of benefits expected to be accrued during the current plan year, reflecting the effect of expected compensation increases during the year.

Merchants National Bank Defined Benefit Retirement Plan

EIN/PN: 31-0373340 / 001

Schedule SB, Part V - Statement of Actuarial Assumptions/Methods

Non-Prescribed Funding Assumptions and Methods

The following assumptions were selected by the plan's enrolled actuary. The asset valuation method was selected by the plan sponsor with the actuary's advice and is an acceptable method under PPA. Since the plan's experience is too small to form the basis of a reliable assumption, the assumption was based on actuarial judgment and observed experience of similarly situated employment groups. The assumption remains appropriate given historic gain and loss experience of the plan. Changes are made, as appropriate, based on this review.

Salary increases

4.0% per annum.

Expenses

None. Expenses will be paid by Employer.

Frequency of optional payment forms

100% of participants are assumed to elect the lump sum form of payment.

Marital percentage

85% of participants are assumed to be married at death. Husbands are assumed to be 3 years older than their wives.

Retirement rates

The retirement rates are summarized below:

Age	Assumption
55	2%
56	2%
57	2%
58	2%
59	2%
60	10%
61	15%
62	25%
63	15%
64	20%
65	100%

Disability rates

None assumed.

Merchants National Bank Defined Benefit Retirement Plan

EIN/PN: 31-0373340 / 001

Schedule SB, Part V - Statement of Actuarial Assumptions/Methods

Withdrawal rates for active participants not eligible for retirement

The Society of Actuaries Small Plan Age Table. Sample rates as follows:

Age	% Terminating
20	24.3%
25	19.5%
30	15.5%
35	12.1%
40	9.4%
45	7.3%
50	5.6%
55	4.2%
60	3.0%
64	2.1%

Asset valuation method

The Actuarial Value of Assets is market value as of the valuation date, including discounted receivable contributions, reduced by 2/3 and 1/3 of the gain/(loss) in each of the prior 2 years, respectively. The gain/(loss) for each period is determined as the actual return on market value during the period less the expected return on market value based on an assumed earnings rate chosen by the actuary but required by PPA to be not greater than the applicable third segment rate. The resulting value is constrained to be within a corridor of 90% to 110% of Market Value, including discounted receivable contributions.

	Actuary's Assumption	Third Segment Rate	Reflecting PPA Limit
2017 Expected Return	7.00%	6.48%	6.48%
2016 Expected Return	7.00%	6.65%	6.65%
2015 Expected Return	7.50%	6.81%	6.81%

The Expected Return on assets is based on expected returns by asset category

Future actuarial measurements

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, changes expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions, applicable law or regulations. An analysis of the potential range of such future differences is beyond the scope of this report.

Summary of Changes from the January 1, 2016 Valuation

- The interest rates and mortality tables were updated to those applicable to the current year in accordance with PPA and HATFA. These changes increased the Funding Target by approximately $235,000.

SCHEDULE SB (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Single-Employer Defined Benefit Plan Actuarial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ File as an attachment to Form 5500 or 5500-SF.

OMB No. 1210-0110

2017

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▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of $1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan
MERCHANTS NATIONAL BANK DEFINED BENEFIT RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
MERCHANTS NATIONAL BANK

D Employer Identification Number (EIN)
31-0373340

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [X] 100 or fewer [ ] 101-500 [ ] More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2017

2 Assets:

a Market value	2a	9,244,012
b Actuarial value	2b	9,486,962

3 Funding target/participant count breakdown

	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	2	529,643	529,643
b For terminated vested participants	7	114,711	114,711
c For active participants	45	5,576,987	5,587,382
d Total	54	6,221,341	6,231,736

4 If the plan is in at-risk status, check the box and complete lines (a) and (b) [ ]

a Funding target disregarding prescribed at-risk assumptions	4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b	
5 Effective interest rate	5	5.47%
6 Target normal cost	6	167,108

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE Audrey Cervas
Signature of actuary

10/10/2018
Date

AUDREY CERVAS
Type or print name of actuary

1706430
Most recent enrollment number

Buck Global, LLC
Firm name

216-682-7600
Telephone number (including area code)

6000 FREEDOM SQUARE, SUITE 100
Independence OH 44131
Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions [ ]

Part II Beginning of Year Carryover and Prefunding Balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of 6.36%	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		961,305
	b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of 5.58%		53,641
	b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
	c Total available at beginning of current plan year to add to prefunding balance		1,014,946
	d Portion of (c) to be added to prefunding balance		
12	Other reductions in balances due to elections or deemed elections		
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding Percentages

14	Funding target attainment percentage	14	152.23%
15	Adjusted funding target attainment percentage	15	152.23%
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	146.69%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
			Totals ► 18(b)	0	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	0

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:

a Segment rates:

1st segment:	2nd segment:	3rd segment:	
4.16 %	5.72 %	6.48%	☐ N/A, full yield curve used

b Applicable month (enter code)	21b	4
22 Weighted average retirement age	22	64

23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes	☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes	☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes	☐ No

27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	27	

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):		
a Target normal cost (line 6)	31a	167,108
b Excess assets, if applicable, but not greater than line 31a	31b	167,108

32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	34	0

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0

36 Additional cash requirement (line 34 minus line 35)	36	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	0
38 Present value of excess contributions for current year (see instructions)		
a Total (excess, if any, of line 37 over line 36)	38a	0
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0
40 Unpaid minimum required contributions for all years	40	0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:

a Schedule elected ☐ 2 plus 7 years ☐ 15 years

b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

42 Amount of acceleration adjustment	42	
43 Excess installment acceleration amount to be carried over to future plan years	43	

Merchants National Bank Defined Benefit Retirement Plan
EIN/PN: 31-0373340 / 001

Schedule SB, Line 22 - Description of Weighted Average Retirement Age

This table calculates the weighted average retirement age for all active persons in the plan

(1) Age	(2) Expected Active Headcount	(3) Retirement Rate	(4) Expected Retirements (2)*(3)	(5) Weighted Age (1)*(4)
55	12.0409	0.0184	0.2215	12.1845
56	12.7565	0.0186	0.2366	13.2515
57	12.4553	0.0186	0.2314	13.1871
58	15.1607	0.0187	0.2828	16.4036
59	15.8014	0.0188	0.2963	17.4836
60	16.4259	0.0942	1.5473	92.8351
61	16.7990	0.1417	2.3810	145.2423
62	17.3366	0.2370	4.1090	254.7558
63	14.1453	0.1302	1.8415	116.0129
64	14.2052	0.1718	2.4409	156.2148
65	14.6633	1.0000	14.6633	953.1176
66	3.0000	1.0000	3.0000	198.0000
67	1.0000	1.0000	1.0000	67.0000
68	0.0000	1.0000	0.0000	0.0000
69	1.0000	1.0000	1.0000	69.0000
70	0.0000	1.0000	0.0000	0.0000
71	1.0000	1.0000	1.0000	71.0000
Total			**34.2516**	**2,195.689**
Weighted Average Retirement Age = 2,195.689 / 34.2516				**64.1**
Rounded Weighted Average Retirement Age				**64**

Note to Column 2: The Expected Active Headcount for each age includes persons who are eligible to retire and persons who are not eligible to retire at each age.

Note to Column 3: At each age, these retirement rates are a weighted average of the rates shown in Attachment to Part V for active participants eligible to retire at the age and zero for all other active participants.

General note: The table presents values rounded to fewer significant digits than used in the calculation.

Merchants National Bank Defined Benefit Retirement Plan

EIN/PN: 31-0373340 / 001

Schedule SB, Part V - Summary of Plan Provisions

Effective Date and Latest Restatement

January 1, 2012

Plan Year

Prior to April 30, 1992, the plan year was the 12-month period ending April 30th. There was a short plan year from May 1, 1992 to December 31, 1992. Effective January 1, 1993, the plan year is the 12-month period ending December 31st.

Participation Requirements

An Employee shall become a Participant on the Entry Date following completion of 1,000 hours of service during an Anniversary Year, measured from his date of hire, provided he has attained age 21.

Entry Date

Effective January 1, 1993: January 1st or July 1st. No one hired after August 29, 2008 can enter the Plan.

Normal Retirement Date

The later of a Participant's 65th birthday, or the 5th anniversary of plan participation.

Monthly Retirement Income

A monthly benefit at Normal Retirement Date, payable in the Normal Form, equal to the greater of (a) or (b) where:

(a) is 0.90% of Monthly Plan Compensation plus 0.65% of Monthly Plan Compensation in excess of Social Security Covered Compensation, all multiplied by years of Credited Service at Normal Retirement Date, maximum 35 years;

and

(b) is the accrued benefit at April 30, 1989 under the plan as it existed at that time, converted to and payable under a life only actuarial equivalent basis.

Normal Form of Benefit

Monthly income commencing on a Participant's retirement date and payable for life.

Automatic Form of Benefit (for married participants)

Actuarially equivalent reduced Joint and 50% to Surviving Spouse if married at commencement of benefits, unless other election is made.

Monthly Plan Compensation

Highest average of gross monthly earnings for five consecutive calendar years. Gross earnings is W-2 compensation including bonuses, overtime payments, commissions, and extra compensation paid during a calendar year.

Credited Service

One year of Benefit Accrual and Vesting Service for each plan year during which an Employee completes 1,000 hours of service.

Merchants National Bank Defined Benefit Retirement Plan

EIN/PN: 31-0373340 / 001

Schedule SB, Part V - Summary of Plan Provisions

Social Security Covered Compensation

For each Participant, the average of the Social Security Taxable Wage Base in effect for each calendar year (the amount of earnings subject to Social Security taxes each year) during the 35-year period ending with the year during which such Participant will reach Social Security Retirement Age. Social Security Covered Compensation is expressed on a monthly basis.

Accrued Benefit

The projected Monthly Retirement Income at Normal Retirement Date, based on Monthly Plan Compensation and Credited Service at the date of computation.

Vesting

A percentage of accrued benefits:

Years of Vesting Service	Vesting Percentage
Less than 5	0%
5 or more	100%

Deferred Retirement Benefit

Monthly income equal to the greater of:

(a) the Participant's Accrued Benefit at actual retirement, or

(b) the actuarial equivalent of the actuarial reserve of the Monthly Retirement Benefit to which he or she was entitled as of the later of his Normal Retirement Date or the close of the prior plan year plus interest compounded annually.

Eligibility for Early Retirement

Age 55 and 15 years of vesting service.

Early Retirement Benefit

Accrued benefit payable at age 65, reduced for immediate commencement by 1/180 for each of the first 60 months prior to age 65, 1/360 for each of the next 60 months that payments begin early.

Eligibility for Pre-Retirement Death Benefit

2 years of vesting service.

Pre-Retirement Death Benefit

A Participant’s spouse or beneficiary shall receive accrued benefit the deceased would have received as of the date of his death, with this benefit commencing on his earliest date the deceased could have retired.

Summary of Changes from the January 1, 2016 Valuation

None.