



2022 Annual Shareholders Meeting

Merchants & Marine Bancorp

Questions and Answers

Submit questions to 228-456-4231.

2021 Banking Year in Review



Impact Factors



Financial Review



Accomplishments

Impact Factors





Impact Factors



Changing Tone at the Top

Regulatory rumblings grew increasingly loud throughout 2021 with Biden appointees settling into their new roles atop the nation's bank regulatory structure. **Hot topics include Overdraft / NSF Fees, Bank M&A Rules, Fair Lending, Cannabis Banking, and Credit Risk Management.**



Blockchain, Cryptocurrency & Metaverse Breakout

Coming of age - During 2021 we saw blockchain, the metaverse, and cryptocurrency move from being foreign concepts to terms that were not only increasingly used by, but increasingly understood by Americans.





Impact Factors



Supply Chain Disruptions

From meat, to building supplies, to medication: both the US and world economy are built on global commerce and increasingly, a Just In Time inventory model. **Disruptions from COVID-19, followed by geopolitical tensions and the Great Resignation led to ongoing supply chain disruptions during 2021.**



Labor Market Challenges

We saw increasingly challenging labor market conditions during 2021. Per research conducted by the US Chamber of Commerce at YE 2021, 55% of all financial services job openings remain unfilled – worse than both manufacturing and hospitality.





Impact Factors



Bloated Bank Balance Sheet

Bank balance sheets remained stubbornly bloated.



Inflammatory Pressures

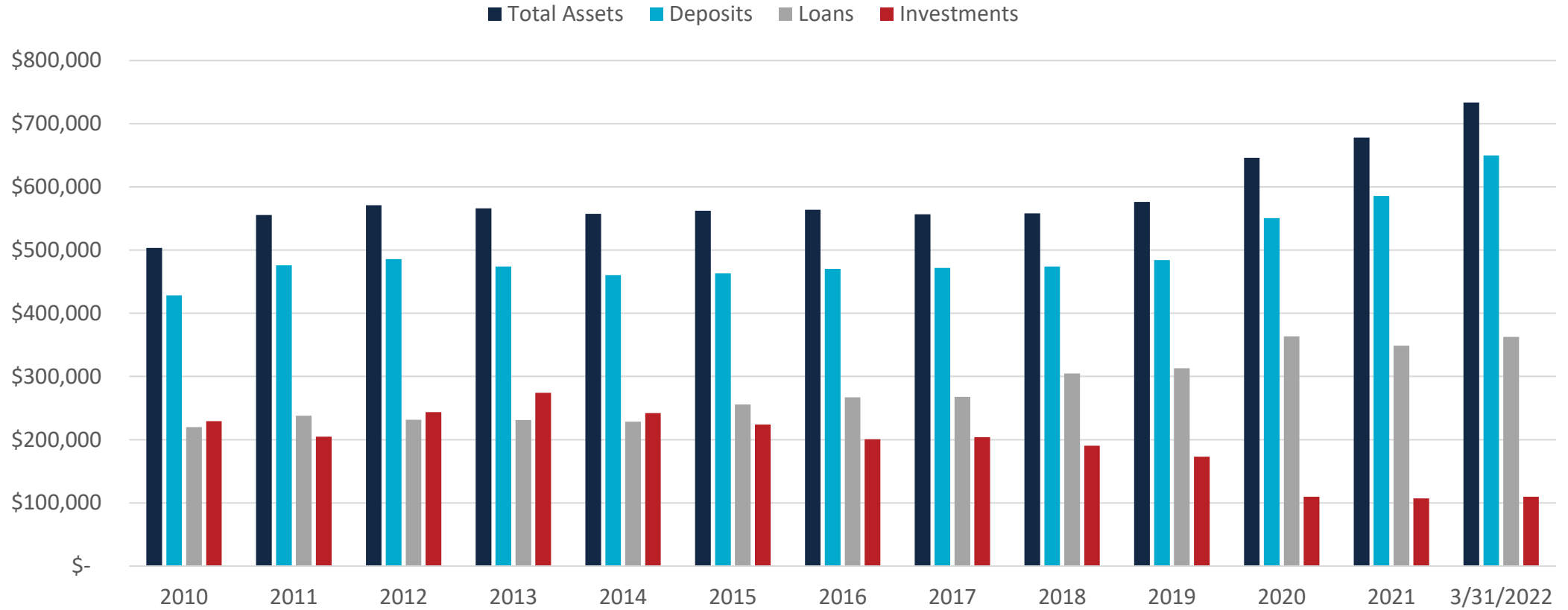
Following the massive Federal fiscal stimulus in 2020 and 2021 in response to COVID-19, the Money Supply increased to all time highs (both in real terms and as a percentage of GDP). While early inflationary pressures were attributed to supply chain disruptions, **we knew it would be only a matter of time before the impacts** of the increased money supply began driving inflation as well.



Financial Review



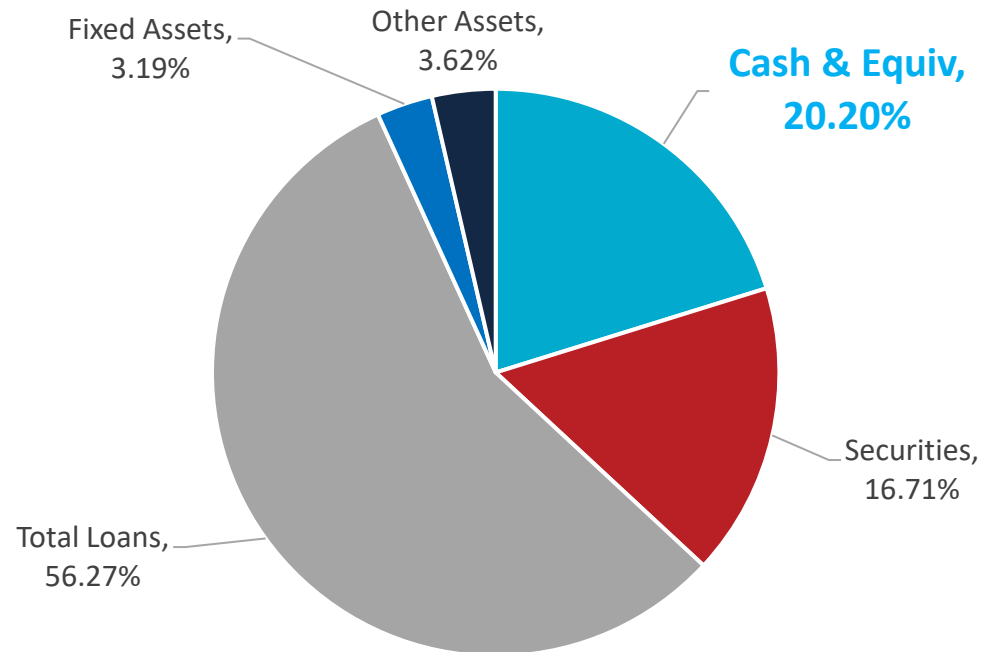
Balance Sheet Trends



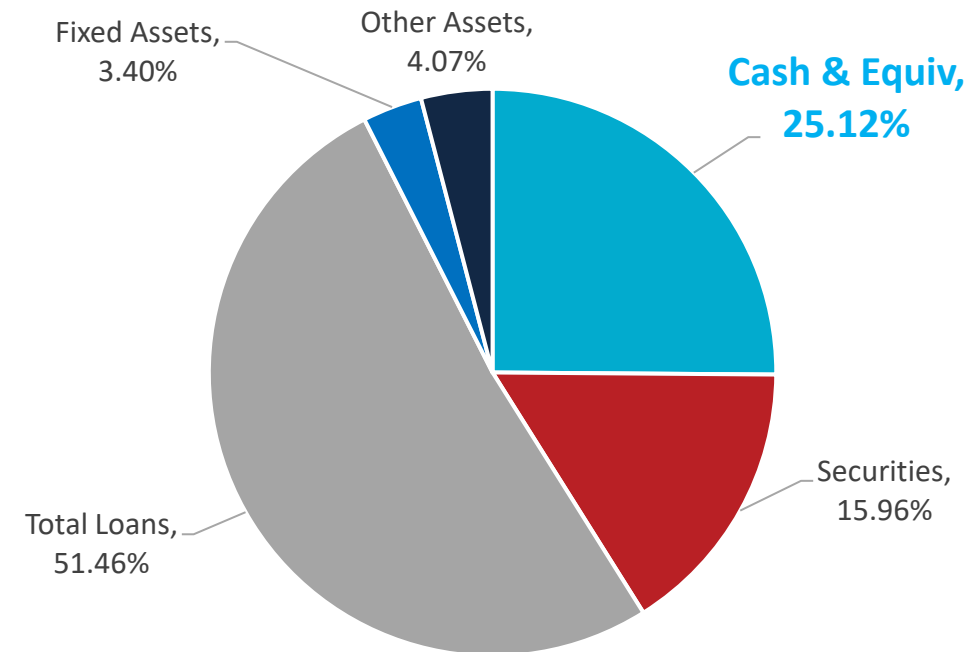
Balance Sheet - 2020 & 2021 Comparison



Distribution of Assets - 12/31/2020



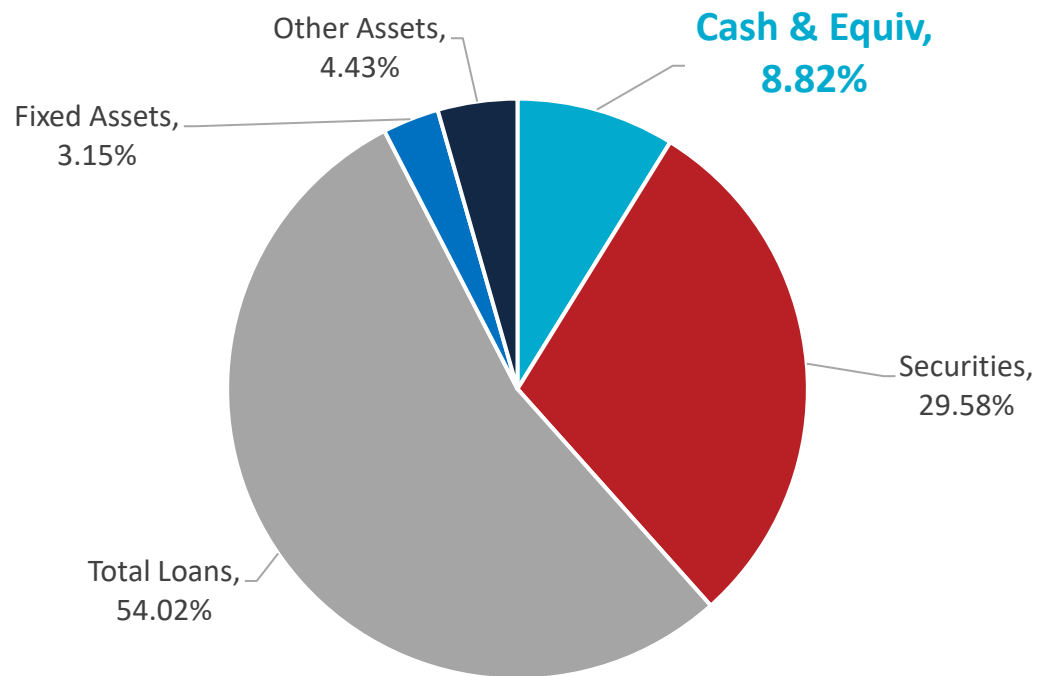
Distribution of Assets - 12/31/2021



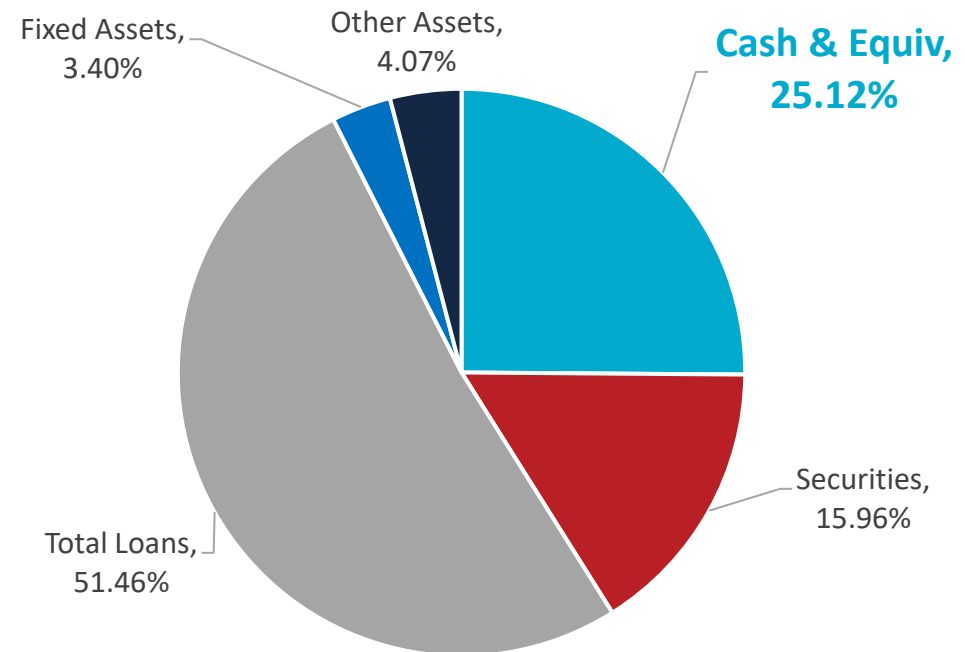
Balance Sheet - 2019 & 2021 Comparison



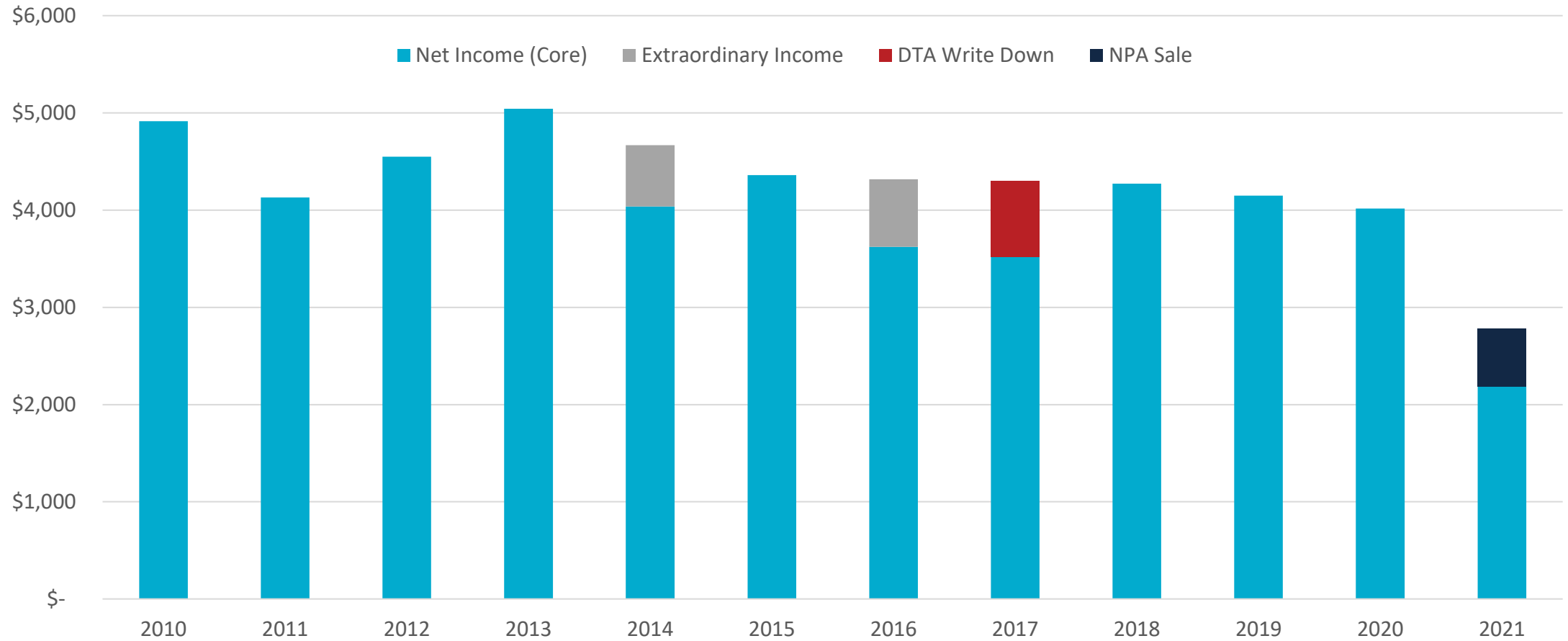
Distribution of Assets - 12/31/2019



Distribution of Assets - 12/31/2021



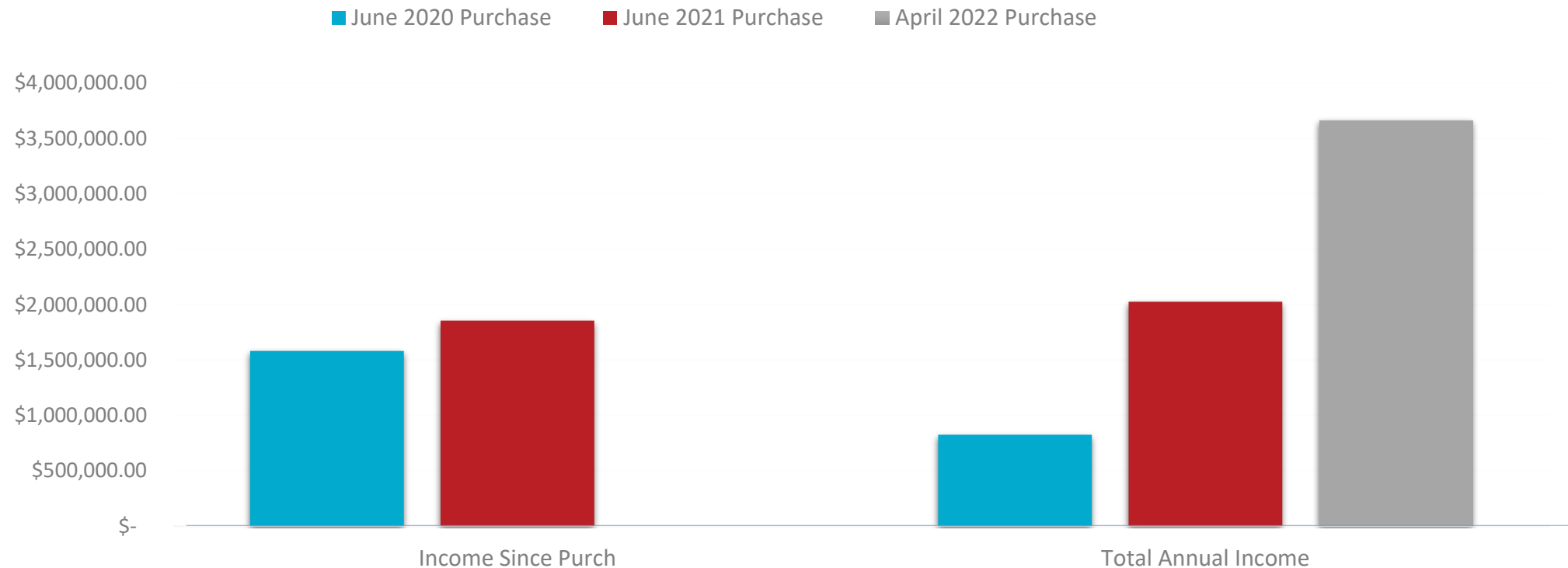
Net Income Trends



Inflation-Adjusted Lookback: Earnings Impacts



Impact of \$125MM in Securities Purchases



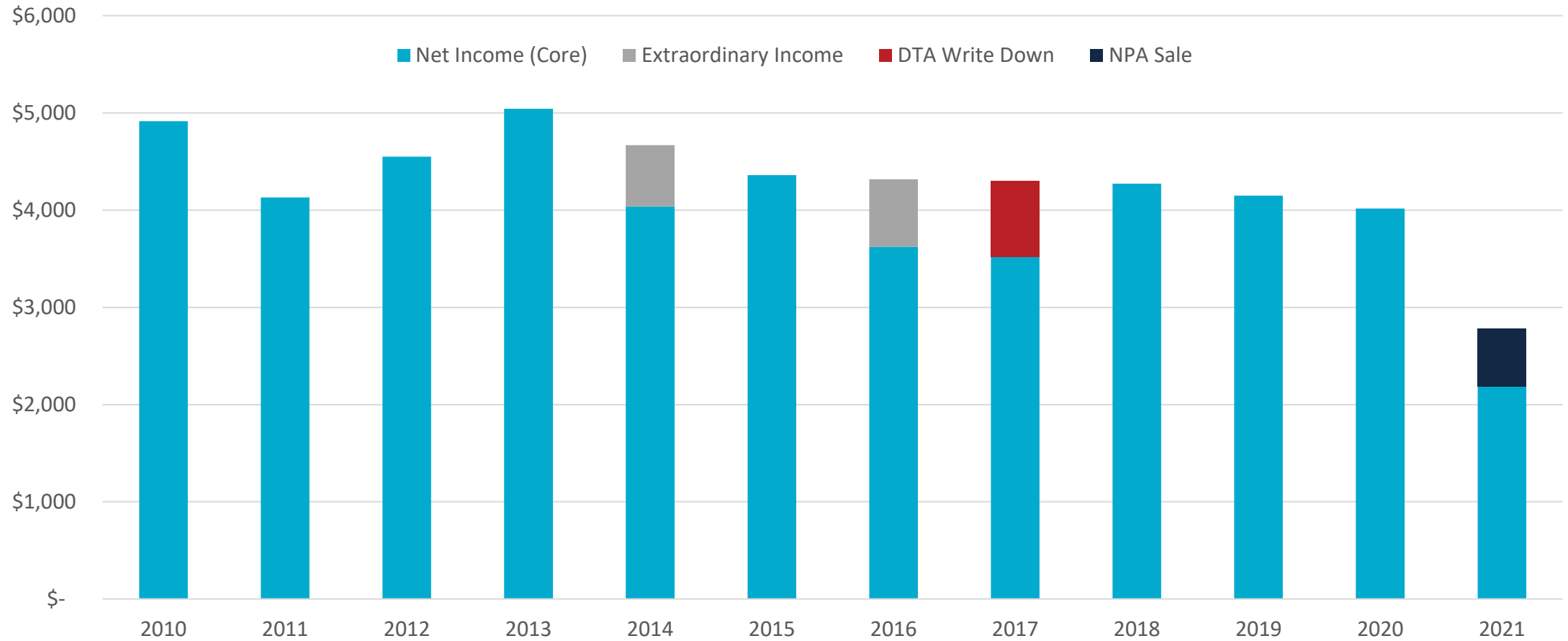
Inflation-Adjusted Lookback: Capital Impacts



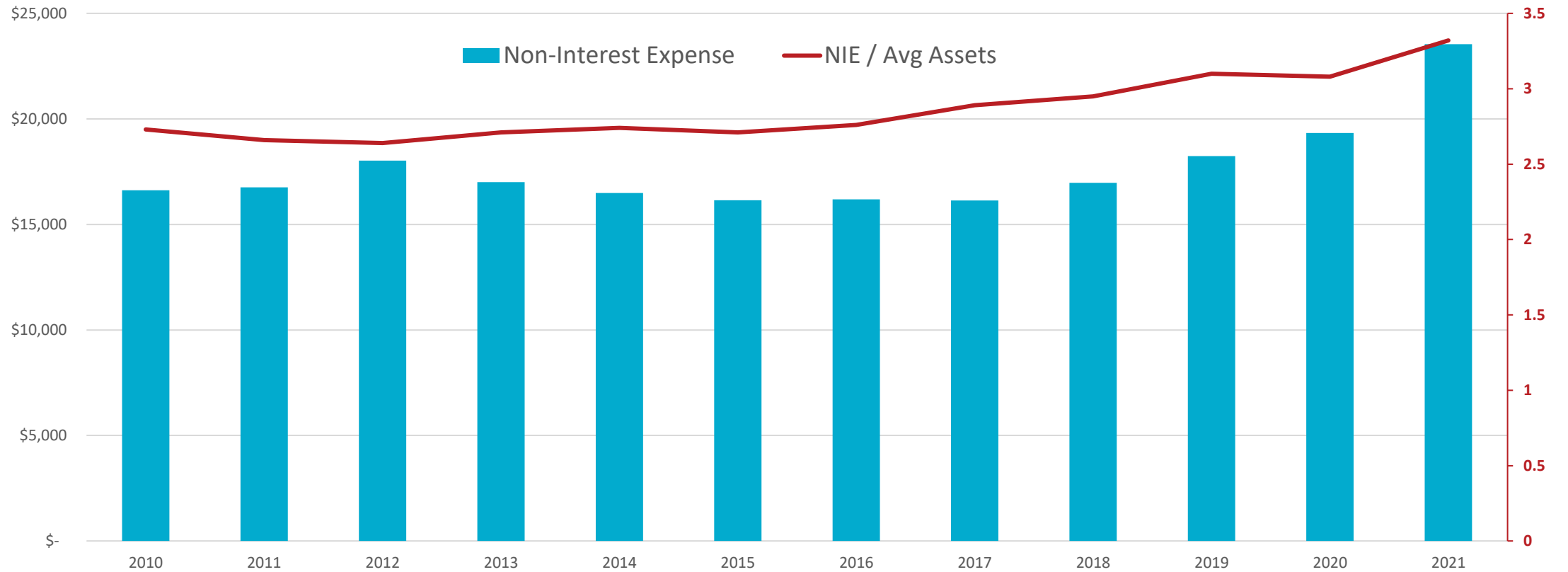
Impact of \$125MM in Securities Purchases



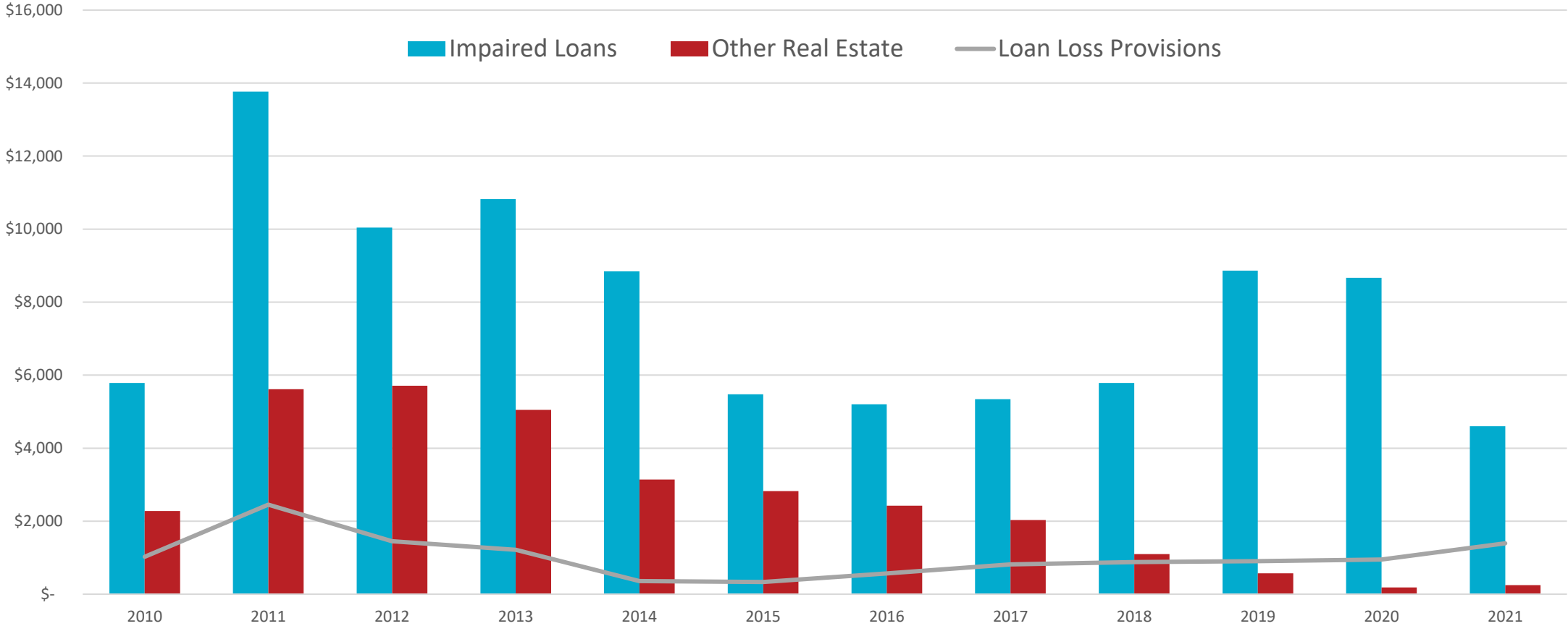
Net Income Trends - *Revisited*



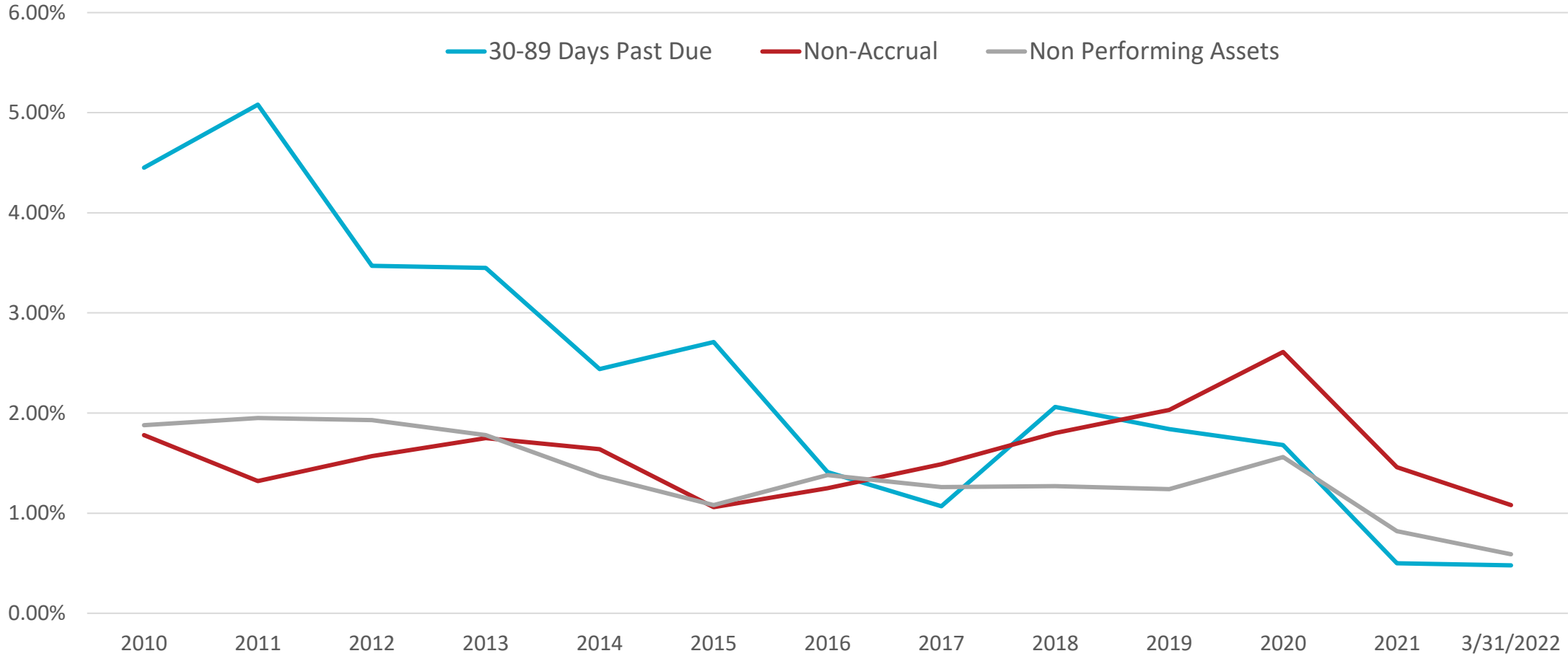
Non-Interest Expense Trends



Credit Quality Trends



Credit Quality Trends



Accomplishments





Comprehensive Marketing Rebuild

In 2021 we completely overhauled our branding, along with our marketing program and tools to help prime the pump for our continued growth and success. Now, more than ever, it's essential to have a platform that stands out from the crowd of banks, credit unions, fintechs, and – other employers. Returning to our roots and adding consistency to our Brand Identity helps strengthen our position in the market and compete more effectively. We are pleased to report that, following the roll out of this branding in late Q2 2021, our hopes have been realized in the form of strong organic loan growth and talent acquisition.



Our bank has seen sustained record organic loan growth from new and existing clients, as well as improved talent acquisition efforts.





Canvas Mortgage



A Division of Merchants & Marine Bank

The launch of Canvas Mortgage was a tremendous lift for our team, both financially and operationally during 2021. Beyond providing a platform to build recurring non-interest income and to retain more of a client's total relationship, Canvas Mortgage provides us additional reach to continue growing our company. Further, the countercyclical nature of mortgage is such that, when rates do eventually fall again and our commercial lending likely slows, Canvas Mortgage will ramp up with refinance volume. It is very important to note that we built Canvas Mortgage with a time-tested model that prioritizes purchase transactions over refinances.



Canvas Mortgage's model is built on a 75% / 25% split between purchase and refinance business protects us as refinances trend down.





Battle-Ready Balance Sheet

While we are very encouraged by the continued strength in the US Economy, **we believe it is increasingly important that our bank develop and maintain a Battle-Ready Balance Sheet capable of withstanding economic turbulence in the months and years ahead while continuing to grow.**

We focused our efforts on around:

- Improving credit quality and cleaning our loan book to carry less baggage.
- Maintaining industry leading liquidity levels to avoid getting trapped in long term investments that will incur increasing losses as rates rise.
- Building a robust team member and client acquisition program to fuel sustained growth.

These changes have not only produced stronger credit quality and mitigated significant interest rate risk, they have spurred on annualized loan growth of more than 15% across the prior three quarters.



2022 Priorities

Navigating the current ahead

2022 Priorities

Continued Organic Loan Growth

We are very encouraged by the strong & sustained organic loan growth posted since Q2 2021. Continuing to build our loan book with high quality credit and appropriate interest rate risk will be a key factor to our continued success and continually improving profitability.

Prudent Investment Strategy

Now that rates are normalizing relative to the increased money supply, we have begun very carefully deploying some of our excess cash to rebuild our investment portfolio. The income potential from this is significant for our bank, but we remain intently focused on managing and mitigating interest rate risk and maintaining strong liquidity for continued growth while we execute this strategy.



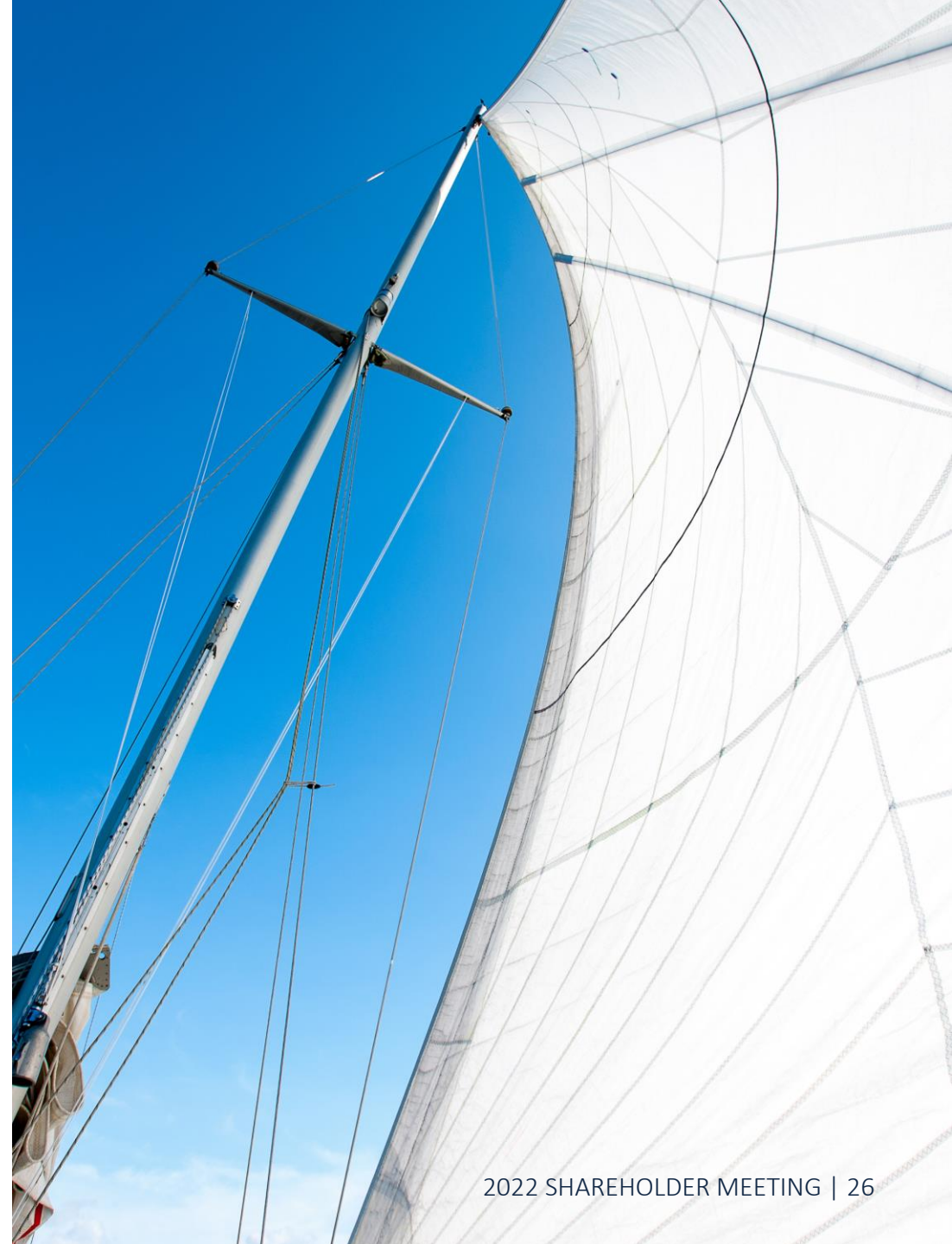
2022 Priorities

Canvas Mortgage Ramp Up

With the infrastructure built, **we are now focused on building increasing volume at Canvas Mortgage through the additional of new MLO's and production staff.** Our model is highly efficient and automated, which will allow us to grow revenue without significant additional fixed expenses.

Operational Excellence

As we continue to grow, **we remain focused on our Operational Excellence set of goals and objectives,** which are designed to help us proactively achieve increasingly strenuous compliance hurdles as we grow while providing increasingly efficient and secure services to our team and our clients. The environment created by these efforts is also very attractive to highly talented individuals, and also helps with recruiting and retention.



2022 Priorities

Talent Acquisition, Development & Retention

Continue Building & Protecting our Bank Family: We have been very successful in assembling a leading community bank team in all areas of our bank; however, we continue endeavoring to identify, recruit, develop and retain the best and brightest. **We win as a team, and we lose as a team. Keeping A-Players and Rockstars in as many seats as possible greatly enhances our odds of the former.** We continue to experience significant headwinds as we operate through “The Great Resignation.” While we may not be able to keep everyone, our goal is to recruit the best, provide the best training & development opportunities, maintain a “sticky” environment (from mission, to culture, to pay & benefits), and to celebrate our bank alumni who do move on to other opportunities.



2022 Priorities

Emergency Capital Investment Program (eCIP)

- **Closing in June 2022**
- **Final Amount TBD, but likely more than \$50 Million**
- **eCIP Terms Refresher:**
 - Available only to Community Development Financial Institutions (CDFI's).
 - Non-Voting, Non-Cumulative, Perpetual Preferred Stock.
 - 2% maximum lifetime rate, with first 24 months “free” after receipt of funds.
 - Restrictions on excessive executive compensation, excessive & luxury expenditures, and stock buybacks.
 - Must focus on serving communities adversely impacted by COVID-19.
- **MNMB Planned eCIP Uses:**
 - To Support Communities in Need (to Honor our Legacy)
 - To Support Continued Growth (and Increased Shareholder Value)
 - An Additional Capital Buffer (Battle-Ready Balance Sheet)



Questions and Answers

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Merchants & Marine Bancorp

Thank You!

We value your time and feedback.



**Merchants & Marine
Bancorp, Inc.**



Be sure to visit our Investor Relations page
mandmbank.com/investor-relations

OTCQX: *MNMB*