



Merchants & Marine Bancorp, Inc.

June 11, 2021

Dear Fellow Shareholder,

We hope this letter finds you and your loved ones well and enjoying the start to summer. Your Board, Executive Management and talented team of bankers at Merchants & Marine Bank (the “Bank”) have been hard at work during the first half of 2021. Our focus has included serving clients through yet another round of Paycheck Protection Program loans, grappling with the continued economic impacts of COVID-19 and Federal fiscal stimulus efforts, and completing a branding refresh at Merchants & Marine Bank that’s designed to drive continued growth and progress. Much progress has been made thus far, and we look forward to the additional progress that will be made in moving the Bank, our clients and the communities we serve forward throughout the rest of the year.

The purpose of this communication is to inform you of an upcoming Special Meeting of Shareholders (the “Special Meeting” of Merchants & Marine Bancorp, Inc. (the “Company”) that has been called by your Board of Directors for June 29, 2021. The purpose of the Special Meeting is to address two proposed Amendments to the Company’s Charter, both of which have been unanimously approved by your Board and Executive Management. While detailed information related to both proposed Amendments is contained in the enclosed Proxy Statement, we would like to speak to the rationale and purpose for seeking these amendments with you on more colloquial terms.

In general, the proposed Amendments are related to authorizing shares of “blank check” Preferred Stock under the Charter and permitting such shares to be issued without triggering the preemptive rights provisions in the Charter. The term “blank check” means that the Board will have some degree of flexibility in setting the final terms of a series of the Preferred Stock before that series is issued, as opposed to having those terms specified in the Charter. If passed, these Amendments would grant significant additional flexibility for the Company in raising capital through the issuance of Preferred Stock, which would allow the Company to tailor the capital stock that may be issued by it to the needs of the situation and offer an opportunity for the Company to issue shares that don’t reduce the common shareholders’ common ownership. We want to be clear that we are not eliminating the preemptive rights provision entirely with these Amendments, but rather maintaining their applicability to future issuances of common stock while granting the Company the flexibility to issue preferred shares without triggering the provisions.

And, in particular, the Amendments would allow the Company to apply for participation in the Community Development Financial Institution (CDFI) Emergency Capital Investment Program (ECIP) launched by the United States Treasury Department earlier this year. Applications for participating in the CDFI ECIP are due by July 6, 2021, which is a key factor in establishing the need for the Special Meeting to address the proposed Amendments.

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Both the Company and its subsidiary Merchants & Marine Bank have been certified by the United States Treasury as a Community Development Financial Institution (CDFI) since 2015. The CDFI certification is awarded to mission-driven financial institutions who focus on serving the needs of financially distressed communities and the individuals and businesses who live and operate within them. We consider these types of community development activities a core element of our work as a true community bank.

As has been widely publicized, community banks and CDFI's like Merchants & Marine Bank have played an outsized role in responding to the needs of communities, businesses and individuals adversely impacted by the economic impacts of COVID-19. These efforts are ongoing, given that the economic recovery has been somewhat uneven in nature with many underserved communities and client segments being still impacted. The Consolidated Appropriations Act of 2021 created the CDFI ECIP to provide capital directly to CDFI's to augment their ongoing efforts to support small businesses, consumers and underserved communities disproportionately impacted by the economic effects of COVID-19. Funds that will be disbursed through the ECIP Program will be in exchange for senior perpetual noncumulative preferred stock in participating companies.

After carefully evaluating the background, purpose, scope and terms of the CDFI ECIP Program, your Board has authorized Executive Management to explore participating in the program. We consider the terms of the CDFI ECIP program, which are outlined in the supplemental page and in the enclosed proxy statement, to be very attractive when compared with other sources of capital available to our Company. This is both due to the relative low cost and flexible terms of the CDFI ECIP program, as well as the fact that issuing preferred stock doesn't reduce the percentage of the Company's common stock owned by the existing shareholders. It's important to note that the preferred shares that would be issued to the Treasury under the ECIP Program are **not** convertible into common stock.

As you know, your Board and Executive Management Team lead the Bank under a well-defined set of strategic plans. These plans focus our efforts on three broad objectives we consider to be of the utmost importance to our shareholders: improving Bank Profitability, driving continued enhancements in the Bank's operational backbone and client service, and supporting continued growth of the Company. We believe the additional capital available under the CDFI ECIP could play a key role in supporting our existing operations and community development activities by providing a strong buffer against future economic turbulence. We also believe it would support us in continuing to grow the Bank through both organic means as well as strategically through acquisitions.

We remain committed to the community banking model, and believe it has the power to simultaneously build stronger communities and strong value for shareholders. As previously noted, we believe the ongoing consolidation our industry provides an incredible opportunity for Merchants & Marine Bank to continue to grow and thrive, and to help our clients and the communities we serve do the same. While Merchants & Marine Bank continues to be well capitalized, we believe the proposed Amendments, and the Company's potential participation in the CDFI ECIP, will both aid the Company and the Bank in their efforts to meet the needs of the

communities in which they operate and contribute to the Company's efforts to increase shareholder value.

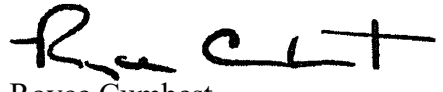
We cordially invite you to join us for the Special Shareholder's Meeting on June 29, 2021, at 10:30 a.m. The meeting will be held at the Company's Corporate Office, located at 3118 Pascagoula Street, Pascagoula, Mississippi. We are pleased to also offer a virtual attendance option for the Special Meeting. Additional details concerning the virtual attendance option and registration instructions will be posted to our Investor Relations Website at www.mandmbank.com/investor-relations/.

Please feel free to reach out to us in advance of the Special Meeting with any questions or comments. And, as always, thank you for your continued support and encouragement!

Sincerely,



Clayton Legear
President & Chief Executive Officer



Royce Cumbest
Chairman of the Board

Summary of Certain Provisions of the Charter Amendments and ECIP Program

- **What is Preferred Stock and how is it different from the stock I own?**
 - To the financial layperson, the term “preferred stock” can be somewhat confusing. Just the term “preferred” can be misinterpreted to mean that it is somehow a higher class of stock or it has a higher value. In reality, it is a completely different sort of financial instrument than the common stock that bestows upon you, the shareholder, ownership and voting rights in the company.
 - Think of preferred stock as something between a stock and a bond issued by the company. The stock has a fixed liquidation preference, like the principal amount of a bond. This amount must be paid at maturity or upon earlier redemption. A holder of preferred stock also has a priority claim on a fixed rate of interest prior to dividends being paid to the common shareholders. This is like owning a business and taking out a loan from the bank. You owe the interest to the bank, and you must pay the bank before you take money from the company to pay yourself. In much the same way, Merchants & Marine Bancorp, Inc. will need to pay any accrued dividends on the preferred stock prior to paying dividends to common shareholders.

- **What is “Blank Check” Preferred Stock?**
 - The term “Blank Check” preferred stock refers to a company’s Charter granting its board authority to issue Preferred Stock, in one or more series, with such rights, preferences, privileges, and restrictions as shall be fixed by the Company’s Board of Directors. In essence, the authority granted to the Board of Directors to set final terms of the Preferred Stock is what results in the “blank check” label.

- **So, why does management and the board feel that issuing preferred stock to the Treasury under the ECIP program is better way to raise capital than issuing common shares at this time?**
 - The biggest reason is because this option is non-dilutive to current shareholders. If you own 5 percent of Merchants & Marine Bancorp, Inc.’s common stock before preferred shares are issued, you will still own 5% of the company’s common shares after preferred shares are issued. The owners of the preferred shares will have limited voting rights in the company and will have no claim on dividends beyond the agreed-upon rate at the time of issuance. In the case of the preferred shares to be issued in connection with the ECIP program, this rate will not be more than 2% per annum and may be less. In short, management and the board feel that this is an exceptionally cost-effective way to raise the capital needed to execute our strategic plan, and at the same time a way to ensure the protection of the ownership interests and voting integrity of the current shareholders.

- **What is changing with respect to the preemptive rights?**
 - Presently, the preemptive rights provision of the Charter applies to an increase in the capital stock of the Company. The only shares of capital stock currently authorized are the common shares. If the “blank check” amendment is approved the Company will be able to issue preferred stock. The amendment to the Charter continues the application of the preemptive rights provision to future issuances of common stock, but preferred stock issuances would not trigger the provision.

- **What are the terms of the Preferred Stock that would be issued to participate in the CDFI ECIP?**
 - Funds disbursed through the CDFI ECIP for entities like Merchants & Marine Bancorp, Inc. will take the form of senior perpetual noncumulative Preferred Stock. The following is a summary of key terms outlined in the most recent U.S. Treasury Department Term Sheet for CDFI ECIP Preferred Stock:
 - No dividend accruals or payments required for the first two years after funds are disbursed.
 - After two years, dividends will accrue at a maximum annual rate of two percent (2.00%) and are payable quarterly. The actual dividend rate may be less than 2.00% if the Bank grows its lending activities to underserved client and market segments above baseline levels.
 - The Preferred Stock carries no fixed maturity or redemption date. Instead, it can be redeemed at any time following five (5) years after issuance. Partial redemptions must be made in amounts equal to at least 20% of the original issuance amount. If the Preferred Stock ceases to qualify as Tier 1 capital, it can be redeemed early.

- **What restrictions would be imposed by Participating in the CDFI ECIP?**
 - There are two general areas or restrictions that will be imposed should the Company participate in CDFI ECIP, which are detailed in full in the enclosed proxy statement. These include restrictions & prohibitions on:
 - Excessive Executive Compensation, and
 - Excessive or Luxury Expenditures.
 - In addition to these two general restrictions, failure to pay the required quarterly dividend payments on Preferred Stock issued through the CDFI ECIP will limit the Company’s ability to pay dividends on its common shares or repurchase common shares. While this may seem very limiting, it is important to remember that this only applies if and for so long as we miss a dividend payment on the preferred stock issued under the ECIP and both the Company and the Bank already operate under the oversight of various regulatory bodies who retain the right to limit or suspend the Company’s dividends should its financial condition deteriorate, regardless of our participation in the CDFI ECIP.



Merchants & Marine Bancorp, Inc.

June 11, 2021

Dear Shareholder:

We invite you to attend a Special Meeting of Shareholders (the “Special Meeting”) of Merchants & Marine Bancorp, Inc. (the “Company”) to be held at 3118 Pascagoula Street, Pascagoula, Mississippi 39567, on June 29, 2021 at 10:30 a.m., local time.

The Special Meeting has been called to vote on (i) a proposal to amend the Company’s Articles of Incorporation to authorize a class of blank check preferred stock, consisting of two hundred fifty thousand (250,000) authorized shares, which may be issued in one or more series, with such rights, preferences, privileges and restrictions as shall be fixed by the Company’s Board of Directors; (ii) a proposal to amend the Company’s Articles of Incorporation to amend the terms of the preemptive rights provision included in the Articles of Incorporation to limit the application of that provision to issuances of the Company’s common stock, par value \$2.50 per share; (iii) a proposal to approve one or more adjournments of the Special Meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of one or both of the amendments to the Articles of Incorporation; and (iv) to transact such other business as may properly come before the Special Meeting or any adjournments thereof. Enclosed is a proxy statement and a proxy card. Directors and officers of the Company will be present at the Special Meeting to respond to any appropriate questions shareholders may have.

Your vote is important, regardless of the number of shares you own. On behalf of the Board of Directors, we urge you to sign, date and return the enclosed proxy as soon as possible, even if you currently plan to attend the Special Meeting. We also offer telephone and Internet voting, as more particularly described in the attached proxy statement. Voting by telephone, Internet or by returning a proxy in the mail will not prevent you from voting in person at the Special Meeting, but will assure that your vote is counted if you are unable to attend the Special Meeting.

Thank you for your cooperation and your continuing support.

Sincerely,

Royce Cumbest
Chairman of the Board

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MERCHANTS & MARINE BANCORP, INC.
3118 Pascagoula Street
Pascagoula, Mississippi 39567
228-762-3311

Notice of Special Meeting of Shareholders
To Be Held on June 29, 2021

Notice is hereby given that a Special Meeting of Shareholders (the “Special Meeting”) of Merchants & Marine Bancorp, Inc. (the “Company”) will be held on Tuesday, June 29, 2021 at 10:30 a.m., local time, at 3118 Pascagoula Street, Pascagoula, Mississippi 39567. In addition to the in-person meeting option, the Company will also host the Special Meeting virtually. The morning of the event a link will be provided on the Company’s website at www.mandmbank.com to a live stream of the Special Meeting where you will be able to virtually attend the Special Meeting. You will not be able to vote your proxy on the virtual live stream of the Special Meeting.

A proxy card and a proxy statement for the Special Meeting are enclosed.

The Special Meeting is for the purpose of considering and acting upon the following matters:

- (1) to consider and act upon a proposal to amend the Company’s Articles of Incorporation to authorize a class of blank check preferred stock, consisting of two hundred fifty thousand (250,000) authorized shares, no par value per share, which may be issued in one or more series, with such rights, preferences, privileges and restrictions as shall be fixed by the Company’s Board of Directors; and
- (2) to consider and act upon a proposal to amend the Company’s Articles of Incorporation to amend the terms of the preemptive rights provision included in the Articles of Incorporation to limit the application of that provision to issuances of the Company’s common stock, par value \$2.50 per share; and
- (3) to consider and act upon a proposal to approve one or more adjournments of the Special Meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of one or both of the amendments to the Company’s Articles of Incorporation; and
- (4) to transact such other business as may properly come before the Special Meeting or any adjournments thereof.

NOTE: The Board of Directors is not aware of any other business to come before the Special Meeting.

Any action may be taken on any one of the foregoing proposals at the Special Meeting on the date specified above or on any date or dates to which, by original or later adjournments, the Special Meeting may be adjourned. Shareholders of record at the close of business on June 4, 2021 will be entitled to vote at the Special Meeting and any adjournments thereof.

You are requested to fill in and sign the enclosed proxy card which is solicited by the Board of Directors and to mail it promptly in the enclosed envelope or vote by telephone or over the Internet as described in the attached proxy statement. The proxy will not be used if you attend and choose to vote in person at the Special Meeting.

BY ORDER OF THE BOARD OF DIRECTORS



Pascagoula, Mississippi
June 11, 2021

Royce Cumbest
Chairman of the Board

It is important that proxies be returned promptly. Therefore, whether or not you plan to be present in person at the Special Meeting, please sign, date, and complete the enclosed proxy card and return it in the enclosed envelope. No postage is required if mailed in the United States. Alternatively, you can vote over the telephone or on the Internet, as more particularly described in the attached proxy statement. Should you subsequently desire to revoke your proxy, you may do so as provided in the attached proxy statement before it is voted at the Special Meeting.

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PROXY STATEMENT

of

MERCHANTS & MARINE BANCORP, INC.
3118 Pascagoula Street
Pascagoula, Mississippi 39567
228-762-3311

SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON JUNE 29, 2021

General

This document is being furnished to Merchants & Marine Bancorp, Inc. (the “Company”) shareholders in connection with the solicitation of proxies by the Company’s board of directors (the “Board of Directors”) to be used at the Special Meeting of Shareholders of the Company (the “Special Meeting”), to be held on June 29, 2021, at 10:30 a.m., local time, at 3118 Pascagoula Street, Pascagoula, Mississippi 39567.

The accompanying Notice of Special Meeting, proxy and this proxy statement are first being mailed to shareholders on or about June 11, 2021.

The Company’s Board of Directors has fixed the close of business on June 4, 2021 as the record date for determining the holders of shares of the Company’s common stock, par value \$2.50 per share (the “Common Stock”), entitled to receive notice of and to vote at the Special Meeting. Only holders of record of shares of the Company’s Common Stock at the close of business on that date will be entitled to vote at the Special Meeting and at any adjournment or postponement of that meeting. At the close of business on the record date, there were 1,330,338 shares of the Company’s Common Stock outstanding, held by approximately 920 holders of record. Each Company shareholder will be entitled to one vote for each share of Common Stock held of record upon each matter properly submitted at the Special Meeting and at any adjournment or postponement of that meeting.

Matters to be Considered

At the Special Meeting, holders of the Company’s Common Stock will be asked:

- to consider and act upon a proposal to amend the Company’s Articles of Incorporation to authorize a class of blank check preferred stock, consisting of two hundred fifty thousand (250,000) authorized shares, no par value per share (the “Preferred Stock”) which may be issued in one or more series, with such rights, preferences, privileges and restrictions as shall be fixed by the Company’s Board of Directors; and
- to consider and act upon a proposal to amend the Company’s Articles of Incorporation to amend the terms of the preemptive rights provision included in the Articles of Incorporation to limit the application of that provision to issuances of the Company’s Common Stock; and
- to consider and act upon a proposal to approve one or more adjournments of the Special Meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of one or both of the amendments to the Company’s Articles of Incorporation; and
- to transact such other business as may properly come before the Special Meeting or any adjournments thereof.

Proxies

Each copy of this document mailed to the Company's shareholders is accompanied by a proxy card with instructions for voting by mail, by telephone or through the Internet. If voting by mail, you should complete and return the proxy card accompanying this document in the enclosed envelope to ensure that your vote is counted at the Special Meeting, or at any adjournment or postponement of the Special Meeting, regardless of whether you plan to attend the Special Meeting. You may also vote your shares by telephone or through the Internet. Information and applicable deadlines for voting by telephone or through the Internet are set forth in the enclosed proxy card instructions. You will not be able to vote your proxy on the virtual live stream of the Special Meeting.

The presence of a shareholder at the Special Meeting will not automatically revoke that shareholder's proxy. However, a shareholder may revoke a proxy at any time prior to its exercise by:

- submitting a written revocation prior to the Special Meeting to Jackie Skelton, Secretary Merchants & Marine Bancorp, Inc., at 3118 Pascagoula Street, Pascagoula, Mississippi 39567;
- submitting another proxy by mail, Internet or telephone that is dated later than the original proxy; or
- attending the Special Meeting and voting in person.

If your shares are held by a broker or bank, you must follow the instructions on the form you receive from your broker or bank with respect to changing or revoking your proxy.

The shares represented by any proxy card that is properly executed and received by the Company in time to be voted at the Special Meeting will be voted in accordance with the instructions that are marked on the proxy card. **If you execute your proxy but do not provide the Company with any instructions, your shares will be voted "FOR" the amendment to the Company's Articles of Incorporation to authorize the blank check preferred shares; "FOR" the amendment to the Company's Articles of Incorporation to modify the preemptive rights provision included in the Articles of Incorporation; and "FOR" the proposal to adjourn the Special Meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of one or both of the amendments to the Articles of Incorporation.**

Vote Required

In order to have a lawful meeting, a quorum of shareholders must be present at the Special Meeting. The presence, in person or by proxy, of the holders of a majority of the outstanding shares of the Company's Common Stock outstanding as of the record date will constitute a quorum at the Special Meeting. A shareholder will be deemed to be present if the shareholder either attends the Special Meeting or submits a properly executed proxy card that is received at or prior to the meeting (and not revoked). Under the law of Mississippi, the Company's state of incorporation, abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum, but are not counted as votes cast at the meeting. Broker non-votes occur when brokers who hold their customers' shares in street name submit proxies for such shares on some matters, but not others. Generally, this would occur when brokers have not received any instructions from their customers. In these cases, the brokers, as the holders of record, are permitted to vote on "routine" matters, but not on non-routine matters, such as the amendments to the Company's Articles of Incorporation and the adjournment proposal. As such, unless you instruct your broker how to vote shares of yours held in a broker's name, those shares will not be voted on the proposal to amend the Articles of Incorporation to authorize a class of blank check preferred stock, the proposal to amend the Articles of Incorporation to modify the preemptive rights provision or the adjournment proposal.

If a quorum exists, approval of the amendments to the Company's Articles of Incorporation requires the approval of a majority of the shares of the Company's Common Stock outstanding as of the record date and entitled to be voted at the Special Meeting. Abstentions and broker non-votes will have the effect of a vote against the amendments to the Company's Articles of Incorporation.

If a quorum is present, a proposal to adjourn or postpone the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of such adjournment or postponement to approve one or both of the amendments to the Company's Articles of Incorporation requires that the votes cast in favor of adjournment or postponement exceed the votes cast against adjournment or

postponement. Abstentions and broker non-votes will have no effect on the vote to adjourn or postpone the Special Meeting.

Solicitation of Proxies

In addition to solicitation by mail, directors, officers and employees of the Company may solicit proxies for the Special Meeting from Company shareholders personally or by telephone and other electronic means without additional remuneration for soliciting such proxies. We also will provide persons, firms, banks and corporations holding shares in their names or in the names of nominees, which in either case are beneficially owned by others, proxy material for transmittal to such beneficial owners and will reimburse such record owners for their expenses in taking such actions.

PROPOSAL 1 – AMENDMENT TO THE COMPANY’S ARTICLES OF INCORPORATION TO AUTHORIZE A CLASS OF PREFERRED SHARES

Description of the Proposal

Upon approval by the Company’s shareholders, this proposal would amend the Company’s Articles of Incorporation to provide for the creation of a class of Preferred Stock in the amount of two hundred fifty thousand (250,000) shares, no par value per share, having such rights, preferences, privileges and restrictions as may be determined by the Board of Directors.

The term “blank check” is often used to refer to preferred stock, the creation and issuance of which is authorized by the shareholders in advance and the terms, rights and features of which are determined by the Board of Directors from time to time. The authorization of blank check preferred stock would permit the Board of Directors to create and issue the Preferred Stock from time to time in one or more series without further shareholder approval. Subject to the Company’s Articles of Incorporation, as amended from time to time, and the limitations prescribed by law or by any stock exchange or national securities association trading system on which the Company’s securities may be listed, the Board of Directors would be expressly authorized, at its discretion, to adopt resolutions to issue preferred shares, to fix the number of shares and to change designations, preferences and relative, participating, optional or other special rights, qualifications, limitations or restrictions thereof, including dividend rights, dividend rates, terms of redemption, redemption prices, voting rights, conversion rights, and liquidation preferences of the shares constituting any series of Preferred Stock, in each case without any further action or vote by the shareholders. The Board of Directors would be required to make any determination to issue shares of the Preferred Stock based on its judgment that doing so would be in the best interests of the Company and its shareholders.

If the shareholders approve this proposal, Article SIXTH of the Company’s Articles of Incorporation would be amended in its entirety to read as follows:

“SIXTH. The maximum number of shares which the Corporation shall have the authority to issue is:

(a) Five million (5,000,000) shares of Common Stock, \$2.50 par value per share (the “Common Stock”). Each share of Common Stock shall be entitled to one vote.

(b) Two hundred fifty thousand (250,000) shares of Preferred Stock, no par value per share (the “Preferred Stock”). The Board of Directors is authorized, without shareholder approval, subject to limitations prescribed by law and the provisions of this Article, to provide for the issuance of the shares of Preferred Stock in series, and by filing articles of amendment pursuant to the applicable law of the State of Mississippi to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences, and relative rights of the shares of each such series and the qualifications, or restrictions thereof. The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

(i) The number of shares constituting that series and the distinctive designation of that series;

(ii) The dividend rate on the shares of that series, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payments of dividends on shares of that series;

(iii) Whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

(iv) Whether that series shall have conversion privileges, and, if so, the terms and conditions of such conversion, including provisions for adjustment of the conversion rate in such events as the Board of Directors shall determine;

(v) Whether or not the shares of that series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption rates;

(vi) Whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund;

(vii) The rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, and the relative rights of priority, if any, of payment of shares of that series; and

(viii) Any other relative rights, preferences and limitations of that series.”

The Board of Directors approved the proposed amendment to the Company’s Articles of Incorporation to establish the Preferred Stock on June 1, 2021, subject to shareholder approval.

Rationale for Creating Blank Check Preferred Stock

In response to the economic disruption associated with the COVID-19 pandemic, many financial institutions in the early days of the pandemic sought to raise additional capital to protect the institution from loan losses that were being predicted at that time. Many of these financial institutions’ holding companies issued noncumulative perpetual preferred stock to boost Tier 1 capital levels rather than issuing common stock that would have been dilutive to existing common shareholders or subordinated indebtedness that would not have received Tier 1 capital treatment.

The proposed amendment to the Articles of Incorporation to establish the Preferred Stock will provide the Company with increased flexibility in meeting future capital requirements by providing another type of security in addition to its Common Stock, as it will allow the Company to issue Preferred Stock from time to time with such features as may be determined by the Board of Directors for any proper corporate purpose. Such uses may include, without limitation, issuance for cash as a means of obtaining capital for use by the Company, or issuance as all or part of the consideration to be paid by the Company for acquisitions of other businesses or their assets. The Board of Directors could, among other things, create a series of Preferred Stock that is convertible into common stock on the basis of either a fixed or floating conversion rate.

In response to the COVID-19 pandemic, the United States Congress passed unprecedented legislation aimed at aiding individuals and businesses, particularly small businesses, weather the pandemic. This legislation included the Consolidated Appropriations Act of 2021, pursuant to which Congress authorized the creation of the Emergency Capital Investment Program (“ECIP”) to encourage low- and moderate-income community financial institutions to augment their efforts to support small businesses and consumers in their communities. The United States Treasury (the “Treasury”) has been delegated the authority to oversee the ECIP and establish the terms of the program.

Under the ECIP, the Treasury will provide up to \$9 billion in capital directly to depository institutions that are certified Community Development Financial Institutions (“CDFIs”) or minority depository institutions (“MDIs”) to, among other things, provide loans, grants, and forbearance for small businesses, minority-owned businesses, and consumers, especially in low-income and underserved communities, that may be disproportionately impacted by the economic effects of the COVID-19 pandemic. Under the ECIP, the Treasury has set aside \$2 billion for CDFIs and MDIs with less than \$500 million in assets and an additional \$2 billion for CDFIs and MDIs with less than \$2 billion in assets. To participate in the ECIP, participating institutions are to issue shares of preferred stock to the Treasury.

The Board of Directors has authorized the Company’s management to explore participating in the ECIP, the details of which were released on March 4, 2021. However, to participate in the ECIP, the Company will need to amend its Articles of Incorporation to authorize the Preferred Stock. Under the ECIP, the Treasury will purchase an amount of preferred shares from participating financial institution holding companies with total assets of between \$500 million and \$2 billion in amounts up to 15% of the company’s total assets. These preferred shares will qualify as Tier 1 capital and

will rank senior to the issuing company's common stock. These preferred shares will pay a noncumulative dividend, and no dividends will be payable for the first 24 months following the date the shares are issued. Thereafter, dividends will be payable quarterly in arrears and the dividend rate will be adjusted annually based on the amount of growth in lending to minority, rural, urban low-income and underserved communities and low- to moderate-income borrowers compared to baseline levels. The maximum annual dividend rate on the preferred shares is 2%, though it will be less if the financial institution is able to increase its lending to the borrowers targeted by the ECIP. The preferred shares will be non-voting other than as to (i) any authorization of shares ranking senior to the preferred shares; (ii) any amendments to the rights of the preferred shares; (iii) any merger, exchange, dissolution, or similar transaction which would adversely affect the rights of the holders of the preferred shares; and (iv) as otherwise provided under applicable state law. The preferred shares will have no maturity date but will be redeemable at the option of the company issuing the shares on or after the fifth anniversary of the issuance (or earlier if the shares cease to qualify as Tier 1 capital) subject to the approval of the Federal Reserve Board of Governors or applicable reserve bank. All such redemptions must be made at 100% of the issue price plus accrued but unpaid dividends for the then-current dividend period. All redemptions must be in amounts equal to at least 20% of the number of originally issued shares, or 100% of the then-outstanding shares (if less than 20% of the number of originally issued shares). The Treasury may transfer the preferred shares to a third party so long as it first offers the company issuing the preferred shares a right of first refusal to purchase the shares at a price determined by an independent third party and the Treasury does not transfer more than 25% of the outstanding preferred shares to a single third party without the issuer's consent. Treasury may also, with the permission of the company issuing the preferred shares, transfer or sell the preferred shares for no consideration or *de minimis* consideration to a mission-aligned nonprofit affiliate of the issuer that is an insured community development financial institution.

If the Company was to issue the preferred shares to the Treasury under the ECIP, the Company would be prohibited from paying or declaring dividends on any junior preferred shares, preferred shares with equal ranking, or common shares unless all accrued and unpaid dividends for the then-current dividend period have been declared and paid in full. The Company would also be prohibited from repurchasing or redeeming any junior or *pari passu* preferred shares, or common shares in periods when dividends on the preferred shares are not declared and paid.

In addition, and as described below under "Description of the Preferred Stock – Voting Rights," if the Company fails to pay dividends on the preferred shares for a total of five quarters, whether or not consecutive, the Treasury will have the right, but not the obligation, to appoint an observer on the Board of Directors. This right will end when full dividends have been paid for four consecutive dividend periods. If the Company fails to pay dividends on the preferred shares for a total of six quarters, whether or not consecutive, the Treasury will have the right to elect two directors to the Board of Directors. This right will end when full dividends have been paid for four consecutive dividend periods.

Until the earlier of the redemption of the preferred shares, ten years from the issuance of the preferred shares and the date that Treasury no longer owns any of the preferred shares, the Company will be subject to limitations on executive compensation paid to the Company's senior executive officers. The restrictions on executive compensation under the ECIP include (i) a requirement to ensure that the total compensation paid to senior executive officers is appropriate and not excessive; (ii) a restriction on severance pay for senior executive officers of the Company or its bank subsidiary (the "Bank") if either is in troubled condition; and (iii) a requirement to adopt policies and procedures prohibiting excessive or luxury expenditures.

The Company is currently reviewing its benefit plans and agreements to determine whether any amendments or modifications will be required to comply with the limits on executive compensation established under the ECIP. If any such modifications or amendments are required, the Company and its senior executive officers, if necessary, will modify or amend such plans and agreements prior to the Company's entering into the definitive documentation necessary to consummate the investment. The Company's senior executive officers have indicated that they are prepared to execute any such required amendments or modifications.

While the Company intends to apply to participate in the ECIP, the Company has not yet made its application to the Treasury. The Company can give you no assurance that the Company will ultimately be selected for participation in the program or that, if selected, it will choose to participate. Even if the company decides not to participate in the CDFI ECIP, if Proposal 1 is approved, the amendment to the Articles of Incorporation will become effective. If the Company were to participate, the Company anticipates that the minimum amount of preferred stock issuable would be approximately \$10 million and the maximum amount would be approximately \$112 million, based on the Company's total assets as of the Company's most recent quarterly report. The Company anticipates that it will request that it be allowed to participate at the maximum amount though the ultimate amount that the Company may elect to issue is likely to be less. The Company does not yet know how many shares of preferred stock that it would issue to the Treasury if it does participate, but, if it participates at the maximum level, it believes the total number of preferred shares it would sell to the Treasury would be approximately 112,000. At a participation level of \$10 million, the Company would issue 10,000 shares of preferred stock.

Financial institutions that desire to participate in the program must notify the Treasury by 11:59 pm on July 6, 2021. The Board of Directors, in determining whether to participate in the program if Proposal 1 is approved and the Company is accepted, will consider various factors, including but not limited to the ultimate terms of any preferred stock issuable, the impact of additional capital on the Company's strategic plans, growth opportunities, competitive position and safety and soundness, the impact of preferred stock dividends on earnings available to common shareholders, the restrictions associated with participation in the program, including restrictions on executive compensation and severance payments to senior executive officers and any other matters relevant.

Anti-Takeover Effects of the Proposed Amendment

This proposal will, if approved, supplement and strengthen the Company's existing takeover defenses.

The issuance of preferred stock with voting rights could, under certain circumstances, have the effect of delaying or preventing a change of control of the Company by increasing the number of outstanding shares entitled to vote and by increasing the number of votes required to approve a change of control of the Company. Shares of voting or convertible Preferred Stock could be issued, or rights to purchase such shares could be issued, to make it more difficult to obtain control of the Company by means of a tender offer, proxy contest, merger or otherwise. The ability of the Board of Directors to issue such additional shares of Preferred Stock, with the rights and preferences it deems advisable, could discourage potential acquirors, and could therefore deprive shareholders of benefits they might otherwise obtain from an attempt to acquire ownership or control of the Company, such as selling their shares at a premium over market price. Moreover, the issuance of such additional shares to persons friendly to the Board of Directors could make it more difficult to remove incumbent directors from office in the event such change was to be deemed advisable by the shareholders.

While the proposed amendment to the Company's Articles of Incorporation to authorize the Preferred Stock may have anti-takeover consequences, the Board of Directors believes that the benefits it would confer on the Company outweigh any disadvantages. In addition to the ability to participate in the ECIP to support potential future growth, to finance purchases and secure capital, the Company would gain a degree of protection from hostile takeovers that might be contrary to the interests of the Company and the shareholders. The Board of Directors believes it is in the best interest of the Company and the shareholders to encourage potential acquirers to negotiate directly with the Board of Directors rather than taking unilateral action. Only when empowered to negotiate on behalf of the Company can the board have the best possible opportunity to secure the terms that best serve the interests of the Company and all the shareholders.

Although the Company believes that the material provisions of the amendment to the Articles of Incorporation to authorize preferred stock are set forth above, reference should be made to the text of the amendment, a copy of which is attached to this proxy statement as [Appendix A](#).

Vote Required

The Board of Directors has approved adoption of this proposal and recommends a vote "FOR" approval of this proposal. Approval of the proposal requires the affirmative vote of a majority of the total votes entitled to be cast at the Special Meeting at which a quorum is present.

PROPOSAL 2 – AMENDMENT TO THE COMPANY'S ARTICLES OF INCORPORATION TO MODIFY THE PREEMPTIVE RIGHTS PROVISIONS SET FORTH THEREIN

Description of the Proposal

Upon approval by the Company's shareholders, this proposal would amend the Company's Articles of Incorporation to modify the terms of Article TENTH of the Articles of Incorporation to limit the application of the preemptive rights provision contained therein to future issuances of Common Stock, with certain exceptions being retained, and not other shares of the Company's capital stock, including, if Proposal 1 is approved, the shares of Preferred Stock.

The preemptive rights provisions of the Articles of Incorporation permit a holder of the Company's Common Stock to purchase that shareholder's *pro rata* share of any shares of capital stock issued by the Company. These provisions permit holders of the Company's common stock to maintain their percentage ownership interest in the Company and avoid having their interest in the Company diluted by future issuances.

With the addition of the Preferred Stock to the Company's authorized capital stock if Proposal 1 is approved, the Board of Directors believes it is appropriate to amend the terms of Article TENTH to exclude from the application of its provisions future issuance of the Preferred Stock, including the preferred shares that would be issued to the Treasury in connection with the Company's proposed participation in the ECIP. Accordingly, if Proposal 1 is approved and the Company consummates an issuance of the preferred shares under the ECIP, that issuance will not, if Proposal 2 is approved, trigger the preemptive rights provision's application to that transaction. As such, if the Company issues the preferred shares to the Treasury in the ECIP, holders of the Company's common stock will not have the right to buy any such preferred shares or additional shares of the Company's Common Stock.

If Proposal 2 is approved by the Company's shareholders, the modifications will have no effect on the Company's shareholders' rights to purchase additional shares of Common Stock of the Company if the Company was to issue additional shares of Common Stock, other than in connection with a stock dividend, in the future. The exception for stock dividends is included in Article TENTH currently and that exception will remain if the amendment to Article TENTH is approved by the shareholders at the Special Meeting.

Although the Company believes that the material provisions of the amendment to the Articles of Incorporation to modify the preemptive rights provision are set forth above, reference should be made to the text of the amendment, a copy of which is attached to this proxy statement as Appendix B.

Anti-Takeover Effects of the Proposed Amendment

If Proposal 2 is approved it is not expected to have any effect on the Company's anti-takeover defenses as the preemptive rights provisions of the existing Articles of Incorporation are being retained, except in connection with the issuance of shares of the Company's capital stock other than the Common Stock.

Vote Required

The Board of Directors has approved adoption of this proposal and recommends a vote "FOR" approval of this proposal. Approval of this proposal requires the affirmative vote of a majority of the total votes entitled to be cast at the Special Meeting at which a quorum is present.

DESCRIPTION OF THE PREFERRED STOCK

General

The proposed amendment to the Company's Articles of Incorporation to create blank check preferred stock would grant the Board of Directors the authority to issue 250,000 shares of Preferred Stock without further shareholder approval. The Preferred Stock would be issuable in one or more series, from time to time, with each such series to consist of such number of shares and to have such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, as shall be stated in the articles of amendment to the Articles of Incorporation providing for the issuance of such series adopted by the Board of Directors.

Emergency Capital Investment Program

The following is a brief description of the terms of the preferred shares (the "Shares") that the Company may issue to the Treasury through the ECIP, the only shares of Preferred Stock that the Company contemplates issuing in the proximate future. This description is based upon information currently available to the Company concerning the terms of the ECIP and does not purport to be complete in all respects. The final terms of the Shares will be approved by the Company's Board of Directors, or an authorized committee thereof, and will be reflected in a subsequent amendment to the Company's Articles of Incorporation that will be adopted without shareholder approval.

General

Under the Company's Charter, as proposed to be amended by Proposal 1, the Company will have authority to issue up to 250,000 shares of Preferred Stock. Pending approval of Proposal 1 and the approval of the Treasury, the Company anticipates issuing between 10,000 and 112,000 Shares for an aggregate purchase price of between \$10 million and \$112 million pursuant to the ECIP based on the Company's total assets as of March 31, 2021. Subject to limitations on use of

proceeds that may be specified by the Treasury, the Company intends to use the proceeds of the issuance of the Shares for general corporate purposes. When issued, the Shares will be validly issued, fully paid and nonassessable. Holders of the Shares will be entitled to receive cash dividends beginning after the second anniversary of the issue date for the Shares when, as and if declared out of assets legally available for payment in respect of the Shares by the Company's Board of Directors or a duly authorized committee of the Board of Directors in their sole discretion. Dividends will not be cumulative, which means that if dividends for a particular dividend period are not paid, these dividends will not accumulate and will never be paid.

Prior to the issuance of the Shares, if Proposal 1 is approved the Company will have filed Articles of Amendment to the Company's Articles of Incorporation with respect to the Shares with the Secretary of State of Mississippi. When issued, the Shares will have a fixed liquidation preference of \$1,000 per share. If the Company liquidates, dissolves or winds up its affairs, holders of the Shares will be entitled to receive, out of the Company's assets that are available for distribution to shareholders, an amount per Share equal to the liquidation preference per Share plus any accrued but unpaid dividends to the date of payment of the liquidation preference.

Ranking

With respect to the payment of dividends and the amounts to be paid upon liquidation, the Shares will rank:

- senior to the Company's Common Stock and all other equity securities designated as ranking junior to the Shares; and
- at least equally with all other equity securities designated as ranking on parity with the Shares as to payment of dividends or the amounts to be paid upon liquidation, as applicable.

For as long as any Shares remain outstanding, unless dividends with respect to the last completed dividend period have been paid in full and are fully paid:

- no dividend whatsoever may be paid or declared on the Company's Common Stock or other junior stock or other equity securities designated as ranking *pari passu* with the Shares as to payment of dividends, other than, in the case of shares ranking *pari passu* with the Shares, dividends paid on a *pro rata* basis with the Shares;
- no common stock or other junior stock or stock ranking *pari passu* with the Shares may be purchased, redeemed or otherwise acquired for consideration by the Company.

Subject to the foregoing, such dividends (payable in cash, stock or otherwise) as may be determined by the Company's Board of Directors (or a duly authorized committee of the Board of Directors) may be declared and paid on the Company's common stock and any other stock ranking *pari passu* with or junior to the Shares from time to time out of any funds legally available for such payment, and the Shares shall not be entitled to participate in any such dividend.

Dividends

Holders of the Shares, in preference to the holders of the Company's Common Stock and of any other shares of the Company's stock ranking junior to the Shares as to payment of dividends, will be entitled to receive, only when, as and if declared by the Company's Board of Directors or a duly authorized committee of the board, out of assets legally available for payment, cash dividends. No dividends on the Shares will accrue or be due for the first 24 months following the issuance of the Shares. Thereafter, dividends will be payable quarterly in arrears at a rate of not more than 2% *per annum*, though the rate will be lower if the level of lending to minority, rural, and urban low income and other under-served communities and low-to-moderate income borrowers is increased over baseline levels. Dividends, when payable, will be paid quarterly in arrears on the 15th day of March, June, September and December of each year with the dividend period commencing two years after the issuance date of the Shares, with respect to the Dividend Period, or portion thereof and ending on the day preceding the respective Dividend Payment Date. A "Dividend Period" means each period commencing on (and including) a Dividend Payment Date and continuing to (but not including) the next succeeding Dividend Payment Date, except that the first Dividend Period for the initial issuance of Shares will commence upon the second anniversary of the original issuance date of the Shares. Dividends will be paid to holders of record on the respective date fixed for that purpose by the Company's Board of Directors or a committee thereof in advance of payment of each particular dividend.

The Company is subject to various general regulatory policies and requirements relating to the payment of dividends, including requirements to maintain adequate capital above regulatory minimums. The Federal Reserve is authorized to determine, under certain circumstances relating to the financial condition of a bank holding company, such

as the Company, that the payment of dividends would be an unsafe or unsound practice and to prohibit payment thereof. In addition, the Company is subject to Mississippi state laws and the Bank is subject to the terms and regulations of the FDIC and the Mississippi Department of Banking and Consumer Finance relating to these laws and payment of dividends by the Bank.

Conversion Rights

The Shares will not be convertible into shares of any other class or series of the Company's stock.

Redemption

The Shares may not be redeemed until on or after the fifth anniversary of the issuance date of the Shares, but may be redeemed earlier in the event of loss of Tier 1 regulatory capital treatment. Redemptions will be at a cash redemption price of \$1,000 per Share, plus any accrued and unpaid dividends for the then-current dividend period. All redemptions of the Shares must be in amounts equal to at least 20% of the number of originally issued Shares, or 100% of the then-outstanding Shares (if less than 20% of the number of originally issued Shares). Holders of Shares will have no right to require the redemption or repurchase of the Shares. Any redemption of the Shares is subject to prior approval of the Federal Reserve Board or applicable reserve bank.

Liquidation Rights

In the event that the Company voluntarily or involuntarily liquidates, dissolves or winds up its affairs, holders of the Shares will be entitled to receive an amount per Share (the "Total Liquidation Amount") equal to the fixed liquidation preference of \$1,000 per Share, plus any accrued and unpaid dividends to the date of payment of the Total Liquidation Amount. Holders of the Shares will be entitled to receive the Total Liquidation Amount out of the Company's assets that are available for distribution to shareholders, after payment or provision for payment of the Company's debts and other liabilities but before any distribution of assets is made to holders of the Company's Common Stock or any other shares ranking, as to that distribution, junior to the Shares.

If the Company's assets are not sufficient to pay the Total Liquidation Amount in full to all holders of Shares and all holders of any shares of the Company's stock ranking as to any such distribution *pari passu* with the Shares, the amounts paid to the holders of Shares and to such other shares will be paid *pro rata* in accordance with the respective Total Liquidation Amount for those holders. If the Total Liquidation Amount per Share has been paid in full to all holders of Shares and the liquidation preference of any other shares ranking on parity with the Shares has been paid in full, the holders of the Company's Common Stock or any other shares ranking, as to such distribution, junior to the Shares will be entitled to receive all of the Company's remaining assets according to their respective rights and preferences.

For purposes of the liquidation rights, neither the sale, conveyance, exchange or transfer of all or substantially all of the Company's property and assets, nor the consolidation or merger by the Company with or into any other corporation or by another corporation with or into the Company will constitute a liquidation, dissolution or winding up of the Company's affairs.

Voting Rights

Except as indicated below or otherwise required by law, holders of the Shares will not have any voting rights.

If, and whenever, the dividends on the Shares have not been declared and paid for an aggregate of at least five Dividend Periods (whether or not consecutive), the Treasury shall have the right, but not the obligation, to appoint an observer to the Board of Directors. If, and whenever, dividends on the Shares have not been declared and paid for an aggregate of at least six dividend periods (whether or not consecutive) the Treasury will have the right to elect two directors to the Board of Directors.

Whenever all dividends on the Shares have been paid in full for four consecutive quarters, the right of the holders of the Shares to appoint an observer to the Board of Directors or to elect the two directors will cease.

The Shares will be non-voting other than as to (i) any authorization of shares ranking senior to the Shares; (ii) any amendments to the rights of the Shares; (iii) any merger, exchange, dissolution, or similar transaction which would adversely affect the rights of the holders of the Shares; and (iv) as otherwise provided under applicable Mississippi law.

Regulatory Capital Treatment

The Company expects the Shares to qualify as Tier I capital under the Federal Reserve's risk-based capital guidelines applicable to bank holding companies.

Transferability

The Treasury may transfer the Shares to a third party so long as it first offers the Company a right of first refusal to purchase the Shares at a price determined by an independent third party and Treasury does not transfer more than 25% of the outstanding Shares to a single third party without the Company's consent. Treasury may also, with the permission of the Company, transfer or sell the Shares for no consideration or *de minimis* consideration to a mission-aligned nonprofit affiliate of the Company that is an insured community development financial institution.

PROPOSAL 3 – ADJOURNMENT OF THE SPECIAL MEETING

General

The Special Meeting may be adjourned to another time or place, if necessary or appropriate, to permit, among other things, further solicitation of proxies if necessary to obtain additional votes in favor of one or both of Proposal 1 and Proposal 2.

If, at the Special Meeting, the number of shares of Common Stock present or represented and voting in favor of either of Proposal 1 or Proposal 2 is insufficient to approve such proposal, the Company intends to move to adjourn the Special Meeting in order to solicit additional proxies for the approval and adoption of Proposal 1 and Proposal 2, as applicable. Additionally, in the absence of a quorum, the Special Meeting may also be adjourned from time to time by a vote of a majority of the votes cast on the motion to adjourn.

Vote Required

The Board of Directors has approved adoption of this proposal and recommends a vote "FOR" this adjournment proposal. This proposal will be approved if the number of votes cast in favor of the proposal exceed the number of votes cast against the proposal.

OTHER MATTERS

As of the date of this document, the Company's board of directors is not aware of any other matters that will be presented for consideration at the Special Meeting. If any other matters come before either of the Special Meeting or any adjournments or postponements of the Special Meeting and are voted upon, the enclosed proxy will confer discretionary authority on the individuals named as proxies to vote the shares represented by the proxy as to any other matters. The individuals named as proxies intend to vote in accordance with their best judgment as to any other matters.

BY ORDER OF THE BOARD OF DIRECTORS



Royce Cumbest
Chairman of the Board

Pascagoula, Mississippi
June 11, 2021

Appendix A

**ARTICLES OF AMENDMENT
TO THE ARTICLES OF INCORPORATION
OF
MERCHANTS & MARINE BANCORP, INC.**

In accordance with the provisions of Section 79-4-10.06 of the Mississippi Business Corporation Act, the undersigned corporation adopts the following Articles of Amendment (the "Articles of Amendment") to its Articles of Incorporation (the "Articles of Incorporation"):

1. Name of Corporation. The name of the Corporation is Merchants & Marine Bancorp, Inc.
2. Article SIXTH of the Articles of Incorporation is hereby deleted in its entirety and replaced with the following:

"SIXTH. The maximum number of shares which the Corporation shall have the authority to issue is:

(a) Five million (5,000,000) shares of Common Stock, \$2.50 par value per share (the "Common Stock"). Each share of Common Stock shall be entitled to one vote.

(b) Two hundred fifty thousand (250,000) shares of Preferred Stock, no par value per share (the "Preferred Stock"). The Board of Directors is authorized, without shareholder approval, subject to limitations prescribed by law and the provisions of this Article, to provide for the issuance of the shares of Preferred Stock in series, and by filing articles of amendment pursuant to the applicable law of the State of Mississippi to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences, and relative rights of the shares of each such series and the qualifications, or restrictions thereof. The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

(i) The number of shares constituting that series and the distinctive designation of that series;

(ii) The dividend rate on the shares of that series, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payments of dividends on shares of that series;

(iii) Whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

(iv) Whether that series shall have conversion privileges, and, if so, the terms and conditions of such conversion, including provisions for adjustment of the conversion rate in such events as the Board of Directors shall determine;

(v) Whether or not the shares of that series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption rates;

(vi) Whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund;

(vii) The rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, and the relative rights of priority, if any, of payment of shares of that series; and

(viii) Any other relative rights, preferences and limitations of that series."

3. Except as amended by these Articles of Amendment, the Articles of Incorporation of the Corporation shall remain in full force and effect.

4. Adoption. These Articles of Amendment were duly adopted by the Board of Directors of the Corporation in accordance with the requirements of the Mississippi Business Corporation Act and the Articles of Incorporation on June 1, 2021, and by the shareholders of the Corporation in accordance with the requirements of the Mississippi Business Corporation Act and the Articles of Incorporation on June __, 2021.

5. Effective Date. These Articles of Amendment will be effective when filed with the Secretary of State of the State of Mississippi.

Date: June __, 2021

MERCHANTS & MARINE BANCORP, INC.

Name: Clayton Legear
Title: President and Chief Executive Officer

Appendix B

**ARTICLES OF AMENDMENT
TO THE ARTICLES OF INCORPORATION
OF
MERCHANTS & MARINE BANCORP, INC.**

In accordance with the provisions of Section 79-4-10.06 of the Mississippi Business Corporation Act, the undersigned corporation adopts the following Articles of Amendment (the "Articles of Amendment") to its Articles of Incorporation (the "Articles of Incorporation"):

1. Name of Corporation. The name of the Corporation is Merchants & Marine Bancorp, Inc.
2. Article TENTH of the Articles of Incorporation is hereby deleted in its entirety and replaced with the following:

“TENTH: In case of any issuance of Common Stock other than by way of a stock dividend, the new shares of Common Stock to be issued shall be offered for subscription to the holders of record of all shares of Common Stock at the time outstanding, in proportion to the number of shares of Common Stock held by them respectively, by mailing, first-class, postage prepaid, to such holders, at their respective addresses as shown on the books of the Corporation, transferable subscription warrants exercisable at any time on or before thirty days from the date of such mailing. If at the expiration of such subscription rights any of the new shares of Common Stock have not been subscribed for, such unsubscribed new shares of Common Stock may be issued and sold at such price, not less than the par value thereof, to such persons and on such terms as the Board of Directors may determine.”

3. Except as amended by these Articles of Amendment, the Articles of Incorporation of the Corporation shall remain in full force and effect.
4. Adoption. These Articles of Amendment were duly adopted by the Board of the Corporation in accordance with the requirements of the Mississippi Business Corporation Act and the Articles of Incorporation on June 1, 2021, and by the shareholders of the Corporation in accordance with the requirements of the Mississippi Business Corporation Act and the Articles of Incorporation on June __, 2021.
5. Effective Date. These Articles of Amendment will be effective when filed with the Secretary of State of the State of Mississippi.

Date: June __, 2021

MERCHANTS & MARINE BANCORP, INC.

Name: Clayton Legear
Title: President and Chief Executive Officer

