



Merchants Bancorp  
11555 N. Meridian Street, Suite 400  
Carmel, IN 46032

# Board of Directors

## Compensation Committee Charter

## 1. PURPOSE

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Merchants Bancorp (the “Company”) is responsible for overseeing executive compensation and management succession plans, and personnel policies, benefits programs, and incentive compensation as they relate to executive officers, and ensuring the competitiveness thereof.

## 2. MEMBERSHIP

- a. The Committee must consist of two (2) or more directors. Each member of the Committee must be independent in accordance with the requirements of Rule 10A-3 of the Securities Exchange Act of 1934 and the NASDAQ Rules. All Committee members must also be “non-employee directors” as defined by Rule 16b-3 under the Securities Exchange Act of 1934 and “outside directors” as defined by Section 162(m) of the Internal Revenue Code.
- b. The members of the Committee will be appointed annually by the Board at the first meeting of the Board after the Company’s annual meeting of shareholders to serve until their successors are appointed or until their earlier death, resignation or removal.
- c. Committee members will serve at the pleasure of the Board and may be removed, with or without cause, by a majority vote of the directors present at a meeting of the Board. Any Committee member may resign by giving written notice to the Chairman of the Board or the Secretary of the Company. Unless the notice specifies a later time, such resignation will become effective upon receipt by the Chairman of the Board or the Secretary of the Company. If the resignation of an Committee member is effective at a later time, the Board may appoint a successor to take office when the resignation becomes effective.

## 3. DUTIES AND RESPONSIBILITIES

The Committee has the following authority and responsibilities:

- a. Oversee the compensation of the Company’s executive officers and promote a direct relationship between compensation, Company performance, and returns to shareholders, including that overall compensation is: competitive, a proper incentive to enhance shareholder value, justified by the returns available to shareholders, and does not encourage or promote the taking of unnecessary or excessive risks.
- b. The Committee shall periodically establish and review the performance goals and objectives relevant to the compensation of the Chief Executive Officer and other executive officers of the Company. On an annual basis the Committee shall evaluate the

performance of the Chief Executive Officer and other executive officers considering such goals and objectives.

- c. After such evaluation, the Committee shall determine and approve the compensation of the Chief Executive Officer and recommend to the Board the compensation of all other executive officers, including: (i) annual base salary, (ii) annual or short-term incentive opportunities, (iii) long-term incentive opportunities, (iv) employment agreements, severance arrangements, and change in control agreements/provisions, in each case as, when and if, and (v) any special or supplemental benefits or perquisites. No executive officer may be present during the Committee's voting or deliberations regarding such executive officer's compensation. However, an executive officer may be present during the Committee's voting or deliberations regarding any other executive officer's compensation.
- d. In determining compensation, the Committee shall consider the results of the most recent stockholder advisory vote on executive compensation ("Say on Pay Vote") required by Section 14A of the Exchange Act, and may consider the Company's performance and relative shareowner return, the compensation of the executive officers at comparable companies, the awards given to the executive officers in past years, and such other factors as the Committee deems relevant. Further, the Committee may consult with and consider the Chief Executive Officer's recommendations and evaluations of each other executive officer's performance, the Company's overall performance and comparable compensation paid to similarly-situated executives at comparable companies.
- e. From time to time review and make recommendations to the Board regarding the compensation of non-employee directors.
- f. In consultation with the Chief Executive Officer, review the talent development and executive succession planning process within the Company to ensure it is effectively managed and that high potential individuals are identified so that there is a sufficient pool of qualified internal candidates to fill senior leadership positions and to identify opportunities, performance gaps and next steps as part of the Company's executive succession planning and development process, all of which shall be reviewed with the Committee.
- g. The Committee shall review and make recommendations to the Board regarding incentive compensation plans for executive officers and equity-based compensation plans for the Company, including qualified, non-qualified deferred compensation, and retirement plans, and any amendments thereto. Any awards to executive officers under such plans must be adopted, approved, and/or ratified by the Committee.
- h. Review and discuss with management the Company's Compensation Discussion and Analysis ("CD&A") and the related executive compensation information (to the extent the Company is required to provide CD&A or disclose any related executive

compensation information under the Exchange Act or any SEC regulations), recommend that the CD&A and the related executive compensation information be included in the Company's annual report on Form 10-K and proxy statement, and produce any compensation committee report on executive officer compensation required to be included in the Company's proxy statement or annual report on Form 10-K.

- i. Review and recommend to the Board for approval the frequency with which the Company will conduct Say on Pay Votes, taking into account the results of the most recent stockholder advisory vote on frequency of Say on Pay Votes, and review and approve the proposals regarding the Say on Pay Vote and the frequency of the Say on Pay Vote to be included in the Company's proxy statement.
- j. Annually review the Committee's own performance.
- k. Perform any other activities consistent with this Charter, the Company's By-Laws, and applicable laws and regulations as the Committee or the Board deems appropriate.

#### **4. OUTSIDE ADVISORS**

The Committee has the authority, in its sole discretion, to select, retain, and obtain the advice and assistance of independent outside counsel, any compensation consultant, and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee is responsible for the appointment, compensation, and oversight of any such outside counsel, compensation consultant, or other advisor. The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to any such outside counsel, compensation consultant, or other advisor.

The Committee may select or receive advice from any such outside counsel, compensation consultant, or other advisor only after taking into consideration all factors relevant to that person's independence from management, including the following:

- a. the provision of other services to the Company by the person that employs such outside counsel, compensation consultant, or other advisor;
- b. the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs such outside counsel, compensation consultant, or other advisor;
- c. the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
- d. any business or personal relationship of such outside counsel, compensation consultant, or other advisor with a member of the compensation committee;

- e. any stock of the Company owned by such outside counsel, compensation consultant, or other advisor; and
- f. any business or personal relationship of such outside counsel, compensation consultant, other advisor, or the person employing such outside counsel, compensation consultant, or other advisor with an executive officer of the Company.

### **5. STRUCTURE AND OPERATIONS**

- a. Unless a Chairperson is elected by a majority vote of the Board, the members of the Committee shall designate a Chairperson by majority vote of the full Committee membership. The Chairperson shall preside at all meetings of the Committee and, in consultation with other members of the Committee, set the frequency, length, and agenda of each meeting.
- b. The Committee shall meet no less than once per year, at such times and places as it deems necessary to fulfill its responsibilities. Written minutes shall be kept for all meetings. The Committee shall report regularly to the Board on its discussions and actions, including any significant issues or concerns that arise at its meetings, and shall make recommendations to the Board as appropriate.
- c. The Committee may request any officer or employee of the Company or its subsidiaries, outside counsel, any compensation consultant, or any other advisor to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee.
- d. The Committee shall review this Charter at least annually and recommend any proposed changes to the Board for approval.

### **6. DELEGATION OF AUTHORITY**

The Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion.

Adopted November 14, 2018