



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

## Code of Conduct

### Policy Statement of Merchants Bancorp and Its Subsidiaries

MANAGEMENT COMMITTEE APPROVAL	BOARD OF DIRECTORS RATIFIED
	Adopted October 10, 2017
July 18, 2018	August 16, 2018
July 17, 2019	August 15, 2019

## 1. Introduction.

1.1 The Board of Directors of Merchants Bancorp (together with its subsidiaries, the "Company") has adopted this Code of Conduct (the "Code") in order to:

- (a) promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest;
- (b) promote full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission (the "SEC") and in other public communications made by the Company;
- (c) promote compliance with applicable governmental laws, rules and regulations;
- (d) promote the protection of Company assets, including corporate opportunities and confidential information;
- (e) promote fair dealing practices;
- (f) deter wrongdoing; and
- (g) ensure accountability for adherence to the Code.

1.2 All directors, officers and employees are required to be familiar with the Code, comply with its provisions and report any suspected violations as described below in Section 11 (Reporting and Enforcement).

1.3 Because this Code cannot cover every situation or circumstance in which a director, officer, or employee may face in during his or her service of the Company, this Code should be viewed as the baseline of expected behavior. The Code should be used as a resource when questions of legal or ethical appropriateness arise on the job. In all circumstances the Company's directors, officers, and employees are expected to be committed to, and exhibit trust, integrity and ethical behavior and at all times comply with applicable law.

## 2. Honest and Ethical Conduct.

2.1 The Company's policy is to promote high standards of integrity by conducting its affairs honestly and ethically.

- 2.2 Each director, officer and employee must act with integrity and observe the highest ethical standards of business conduct in his or her dealings with the Company's customers, suppliers, partners, service providers, competitors, employees and anyone else with whom he or she has contact in the course of performing his or her job and is prohibited from engaging in any illegal, unfair, unethical practice, including, but not limited to, the following:
- (a) Entering into arrangements with competitors for the purpose of setting or controlling prices, rates, trade practices, or marketing policies or otherwise engaging in restraint of competition;
  - (b) Offering or giving, to any individual, organization, government, political party, or other entity or representative thereof, a bribe, kickback, or similar unlawful remuneration or consideration;
  - (c) Deliberately withholding any knowledge of illegal or unethical practices by an employee or director of the Company;
  - (d) Soliciting or accepting competitive information that such person believes to be confidential that may have been obtained through improper means; or
  - (e) Otherwise taking advantage of anyone through manipulation, intimidation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practices.

### **3. Gifts and Gratuities**

- 3.1 Directors, officers, and employees are prohibited from soliciting for themselves or any third party anything of value or personal benefit in return for any business, service, or confidential information of the Company. Receiving business gifts, including the acceptance of meals and transportation, of nominal value is permissible where customary. Receiving cash or gifts of significant value is strictly prohibited.
- 3.2 Customary business entertainment, including meals or transportation, is proper unless the value, cost, or frequency of the business entertainment is such that it could be interpreted as affecting an otherwise objective business decision. When determining if a gift could be interpreted as affecting an individual's otherwise objective business decision, the position of the individual and whether the individual is or could be in a position to influence the Company's relationship with the third party will be taken into account. If any individual is unsure whether anything of value or personal benefit received, including any

gift, gratuity or entertainment, is appropriate, he or she should discuss the matter promptly with the General Counsel.

- 3.3 Many federal, state and local government entities with which the Company does business have anti-bribery laws under which it is unlawful for any director, officer, or employee to directly or indirectly solicit, demand or accept any gifts or other items of value (including meals and entertainment) intended to influence or reward that person in connection with any aspect of the Company's business.

#### **4. Conflicts of Interest.**

- 4.1 A conflict of interest occurs when an individual's private interest (or the interest of a member of his or her family) interferes, or even appears to interfere, with the interests of the Company as a whole. A conflict of interest can arise when an employee, officer or director (or a member of his or her family) takes actions or has interests that may make it difficult to perform his or her work for the Company objectively and effectively. Conflicts of interest also arise when an employee, officer or director (or a member of his or her family) receives improper personal benefits as a result of his or her position in the Company.
- 4.2 Loans by the Company to, or guarantees by the Company of obligations of, directors, officers, or employees or their family members are of special concern and could constitute improper personal benefits to the recipients of such loans or guarantees, depending on the facts and circumstances.
- 4.3 Whether or not a conflict of interest exists or will exist can be unclear. Conflicts of interest should be avoided unless specifically authorized as described in Section 4.5.
- 4.4 Without limiting the general scope of Section 4, the following relationships and courses of conduct by any officer or employee will be considered to involve a conflict of interest unless they are specifically approved or waived by the Company in accordance with the Code:
  - (a) Concurrent employment by the Company and by another entity or person, if the employment encroaches materially on time or attention that should be devoted to the affairs of the Company.
  - (b) Concurrent employment by the Company and by a current or potential competitor, supplier, or customer of the Company.

- (c) Direct or indirect holding of a significant financial interest in any current or potential competitor, supplier, or customer of the Company. The term “financial interest” refers to any form of ownership or amount of ownership of such competitor, supplier, or customer of the Company, regardless of whether such financial interest is voting or non-voting. Generally, an employee’s financial interest in a publicly held company will not be considered “significant” if the employee and the employee’s immediate relatives collectively own less than 1%.
- (d) Direct or indirect acceptance of membership on the board of directors, or similar governing body, of a current or potential competitor, supplier, or customer of the Company.
- (e) Acting as a consultant or advisor to a current or potential competitor of the Company.

4.5 Persons other than directors and executive officers who have questions about a potential conflict of interest or who become aware of an actual or potential conflict should discuss the matter with, and seek a determination and prior authorization or approval from, their supervisor or the General Counsel. A supervisor may not authorize or approve conflict of interest matters or make determinations as to whether a problematic conflict of interest exists without first providing the General Counsel with a written description of the activity and seeking the General Counsel's written approval. If the supervisor is himself involved in the potential or actual conflict, the matter should instead be discussed directly with the General Counsel.

Directors and executive officers must seek determinations and prior authorizations or approvals of potential conflicts of interest exclusively from the Audit Committee of the Board of Directors.

## 5. Compliance.

- 5.1 Employees, officers and directors should comply, both in letter and spirit, with all applicable laws, rules and regulations in the cities, states and countries in which the Company operates.
- 5.2 Although not all employees, officers and directors are expected to necessarily know the specific details of all applicable laws, rules and regulations, it is important to know enough to determine when to seek advice from appropriate

personnel. Questions about compliance should be addressed to the General Counsel.

- 5.3 No director, officer or employee may purchase or sell any Company securities or the securities of other companies, including customers, suppliers, and others, on the basis of material non-public information learned as a result of his or her position at the Company. Information is material if it is reasonably likely to influence or affect an investor's decision to buy, sell, or hold securities of a company.

Additionally, the Company has adopted an Insider Trading Policy to more specifically address, among other topics: (1) those aspects of the securities laws that relate to employees and directors; (2) the restrictions, including permanent and special trading blackout periods applicable to employees and directors when dealing in Company securities; (3) the reporting requirements of certain executive employees and directors when dealing in Company securities; and (4) the guidelines to be followed by employees and directors when they come into possession of material undisclosed information regarding Company and its business prospects.

In addition to the Code, it is expected that all directors, officers, and employees will read, become familiar with and adhere to the Insider Trading Policy.

Any director, officer, or employee that is unsure if and when he or she is permitted to buy or sell Company securities, he or she should discuss the matter promptly with the General Counsel.

## **6. Disclosure.**

- 6.1 The Company's periodic reports and other documents filed with the SEC, including all financial statements and other financial information, must comply with applicable federal securities laws and SEC rules.
- 6.2 Each director, officer and employee who contributes in any way to the preparation or verification of the Company's financial statements and other financial information must ensure that the Company's books, records and accounts are accurately maintained. Each director, officer and employee must cooperate fully with the Company's accounting and internal audit departments, as well as the Company's independent public accountants and counsel.
- 6.3 Each director, officer and employee who is involved in the Company's disclosure process must:

- (a) be familiar with and comply with the Company's disclosure controls and procedures and its internal control over financial reporting; and
- (b) take all necessary steps to ensure that all filings with the SEC and all other public communications about the financial and business condition of the Company provide full, fair, accurate, timely and understandable disclosure.

6.4 Directors, officers, and employees are prohibited from knowingly misrepresenting, or causing others to misrepresent, information about the Company in public disclosures and government filings. In particular, employees shall use their best efforts to:

- (a) Ensure that all transactions are properly recorded and supported by adequate documentation to provide a complete, accurate, and auditable record.
- (b) Provide accurate and complete information to the Company's officers, legal counsel, internal auditors, independent auditors, banking regulators and any other person authorized to receive the information.
- (c) Report to the Chief Financial Officer, Chief Executive Officer or the Audit Committee: (1) any information of which he or she may become aware that affects the disclosures made by the Company in public disclosures or government filings or otherwise; (2) deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data; or (3) any fraud, whether or not material, that involves management or other employees who have a role in the Company's financial reporting, disclosures or internal controls.

## **7. Protection and Proper Use of Company Assets.**

- 7.1 All directors, officers and employees should protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability and are prohibited.
- 7.2 All Company assets should be used only for legitimate business purposes, though incidental personal use is permitted. Any suspected incident of fraud or theft should be reported for investigation immediately.

7.3 The obligation to protect Company assets includes the Company's proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business and marketing plans, engineering and manufacturing ideas, designs, databases, records and any non-public financial data or reports. Unauthorized use or distribution of this information is prohibited and could also be illegal and result in civil or criminal penalties.

## **8. Corporate Opportunities.**

All directors, officers and employees owe a duty to the Company to advance its interests when the opportunity arises. Directors, officers and employees are prohibited from taking for themselves personally (or for the benefit of friends or family members) opportunities that are discovered through the use of Company assets, property, information or position. Directors, officers and employees may not use Company assets, property, information or position for personal gain (including gain of friends or family members). In addition, no director, officer or employee may compete with the Company.

## **9. Confidentiality.**

Directors, officers and employees should maintain the confidentiality of information entrusted to them by the Company or by its customers, suppliers or partners, except when disclosure is expressly authorized or is required or permitted by law. Confidential information includes all non-public information (regardless of its source) that might be of use to the Company's competitors or harmful to the Company or its customers, suppliers or partners if disclosed.

## **10. Fair Dealing.**

Each director, officer and employee must deal fairly with the Company's customers, suppliers, partners, service providers, competitors, employees and anyone else with whom he or she has contact in the course of performing his or her job. No director, officer or employee may take unfair advantage of anyone through manipulation, concealment, abuse or privileged information, misrepresentation of facts or any other unfair dealing practice.

## **11. Reporting and Enforcement.**

11.1 Reporting and Investigation of Violations.



- (a) Actions prohibited by this Code involving directors or executive officers must be reported to the Audit Committee of the Board of Directors.
- (b) Actions prohibited by this Code involving anyone other than a director or executive officer must be reported to the reporting person's supervisor or the General Counsel.
- (c) After receiving a report of an alleged prohibited action, the Audit Committee, the relevant supervisor or the General Counsel, as applicable, must promptly take all appropriate actions necessary to investigate.
- (d) All directors, officers and employees are expected to cooperate in any internal investigation of misconduct.

### 11.2 Enforcement.

- (a) The Company must ensure prompt and consistent action against violations of this Code.
- (b) If, after investigating a report of an alleged prohibited action by a director or executive officer, the Audit Committee determines that a violation of this Code has occurred, the Audit Committee will report such determination to the Board of Directors.
- (c) If, after investigating a report of an alleged prohibited action by any other person, the relevant supervisor or the General Counsel determines that a violation of this Code has occurred, the supervisor or the General Counsel will report such determination to the Chief Executive Officer.
- (d) Upon receipt of a determination that there has been a violation of this Code, the Board of Directors or Chief Executive Officer will take such preventative or disciplinary action as it deems appropriate, including, but not limited to, reassignment, demotion, dismissal and, in the event of criminal conduct or other serious violations of the law, notification of appropriate governmental authorities.

### 11.3 Waivers.

- (a) Each of the Board of Directors (in the case of a violation by a director or executive officer) and Chief Executive Officer (in the case of a

violation by any other person) may, in its discretion, waive any violation of this Code.

- (b) Any waiver for a director or an executive officer shall be disclosed as required by SEC and NASDAQ rules.

#### 11.4 Prohibition on Retaliation.

A person making a good-faith report of a known or suspected violation of the Code or applicable law will not be subject to intimidation or retaliation. In addition, individuals may have certain rights in connection with reporting legal, compliance, ethical or other issues to regulatory, administrative or other governmental or self-regulatory bodies. Nothing in this Code is intended to limit those rights or any protections that may be applicable in connection with reporting potential violations. Any attempt at reprisal against the reporting person will result in disciplinary action, possibly including termination.

## 12. Consequences.

The Company's commitment to honest and ethical conduct and compliance with applicable laws is very serious and important to the organization. No director, officer, or employee may directly or indirectly use a third party to engage in any activity that is prohibited by or contrary to this Code or applicable law. The penalties for violating certain sections of this Code can be severe and may include monetary damages, governmental sanctions and/or civil and criminal actions against the Company or a director, officer, or employee. Consequently, the Company may take any disciplinary or preventive action deemed appropriate to address existing or potential violations of the Code or applicable law, up to and including termination of service to the Company.