



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 personnel policies, executive compensation, benefits programs, incentive compensation, and management succession planning, and ensuring the competitiveness thereof.

2. MEMBERSHIP

- a. The Committee shall consist of two (2) or more directors. Each member of the Committee shall 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 shall 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 shall be appointed annually by the Board at the first meeting of the Board after the Company’s annual meeting of shareholders and shall serve until their successors are appointed or until their earlier death, resignation or removal.
- c. Committee members shall 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 shall 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 shall have the following authority and responsibilities:

- a. Develop and maintain an executive compensation policy that creates a direct relationship between pay levels and corporate performance and returns to shareholders. The Committee shall monitor the results of such policy to assure that the compensation payable to the Company’s Executive Officers provides overall competitive pay levels, creates proper incentives to enhance shareholder value, rewards superior performance, is justified by the returns available to shareholders, and does not encourage or promote the taking of unnecessary or excessive risks by the Company’s officers and employees.

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- b. Establish annually subjective and objective criteria to serve as the basis for the Chief Executive Officer's compensation, evaluate the Chief Executive Officer's performance in light of those criteria and determine the Chief Executive Officer's compensation based on that evaluation. In evaluating and determining Chief Executive Officer's 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. The Chief Executive Officer may not be present during voting or deliberations on his or her compensation.
- c. Establish annually subjective and objective criteria to serve as the basis for the other Executive Officers' compensation, evaluate the other Executive Officers' performance in light of those criteria and determine the other Executive Officers' compensation based on that evaluation. In evaluating and determining the other Executive Officers' compensation, the Committee shall consider the results of the most recent Say on Pay Vote. The Committee may consult with the Chief Executive Officer with respect to the compensation of other Executive Officers.
- d. In evaluating the Chief Executive Officer and other Executive Officers' compensation, review and recommend all elements of such compensation, including (i) annual base salary, (ii) annual incentive opportunity, (iii) the long-term incentive opportunity, (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.
- e. Establish and periodically review policies with respect to management perquisites.
- f. From time to time review and make recommendations to the Board regarding the compensation of non-employee directors.
- g. 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.
- h. Approve compensation and benefit plans, which may include amendments to existing plans, cash- and equity-based incentive compensation plans, and non-qualified deferred compensation and retirement plans.
- i. Determine equity compensation awards to employees pursuant to the Company's equity incentive plan(s) now or from time to time in effect and exercise such power and authority as may be permitted or required by such plans.
- j. Oversee the administration of the Company's benefit programs.

- k. Review and discuss with management the Company's Compensation Discussion and Analysis ("CD&A") and the related executive compensation information, 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 the compensation committee report on executive officer compensation required to be included in the Company's proxy statement or annual report on Form 10-K.
- l. 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.
- m. Annually the Chairperson of the Committee shall discuss the Committee's performance with each member of the Committee, and following such discussions the Chairperson shall lead the Committee in evaluation of its performance.
- n. 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 shall have 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 shall be responsible for the appointment, set the compensation, and oversee the work, of any 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 full 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 June 22, 2017