

PIPER-SANDLER FINANCIAL SERVICES CONFERENCE

November 2023

MERCHANTS BANCORP

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This presentation contains financial information determined by methods other than in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Management uses these "non-GAAP" measures in its analysis of our performance. Management believes that these non-GAAP financial measures allow for better comparability with prior periods, as well as with peers in the industry who provide a similar presentation and provides a further understanding of our ongoing operations. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. A reconciliation of the non-GAAP measures used in this presentation to the most directly comparable GAAP measures is provided in the Appendix to this presentation.



MBIN

Exceptional Performance

5-Year Compound Annual Growth Rates (CAGRs)[1] vs. 48 peers[4]

	MBIN	Peer Average[4]	MBIN Ranking[4]
Net Income	38%	9%	#3 Highest
Assets	29%	11%	#1 Highest
Gross Loans[2]	29%	10%	#1 Highest
Deposits	26%	12%	#2 Highest
Earnings Per Common Share	31%	5%	#2 Highest

Operating Efficiency

	MBIN	Peer Average[4]	MBIN Ranking[4]
Efficiency Ratio[6]	30%	46%	#1 Lowest

Stock Price Performance[3]

	MBIN	Bank Index[5]	S&P 500 Index
Total Share Appreciation Since MBIN's IPO	138%	-27%	60%

1 – Net Income and Revenue CAGRs reflect full year 2019 compared to the last 12 months ended September 30, 2023; Assets, Loans and Deposit CAGRs reflect year-end 2019 compared to September 30, 2023; Earnings per Common Share CAGRs reflect the 5 years ended September 30, 2023.
2 – Includes both loans held for investment and loans held for sale.
3 – Prices as of 10/26/23, compared to 10/26/2017, the date of MBIN's initial public offering.
4 - Peer group, identified by S&P Global, includes 48 publicly held US banks and thrifts with assets of $10B to $20B, and excludes results deemed as "not meaningful" or "not available".
5 – Bank Index refers to the NASDAQ Bank Index – source S&P Global.
6 - The efficiency ratio is for the nine months ended September 30, 2023 and represents noninterest expense divided by the sum of net interest income and noninterest income.

Strength & Performance

#1 Top-Performing Bank
2023 ranking of top banks $10-$50 billion in assets

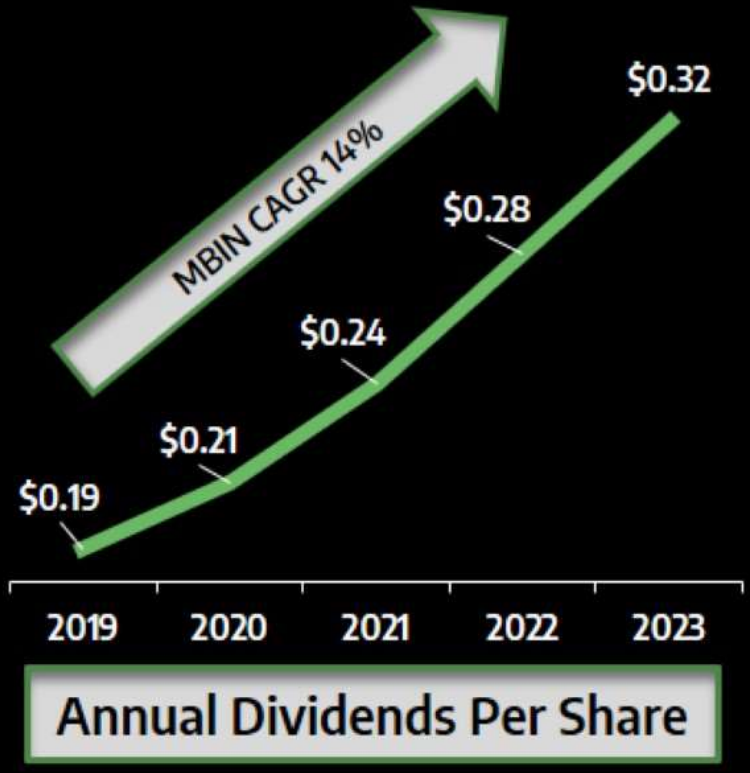
Top-Performing U.S. Public Bank
2023 ranking of U.S. Public Banks with more than $10 billion in assets

- **Top Warehouse Lender.** *2023 ranking*
- **Top 10 Correspondent Lender.** *Scotsman Guide 2023 ranking*
- **#2 Multifamily Affordable Housing Lender.** *2023 ranking*
- **Best Regional Bank in the U.S.** *2022 ranking*
- **Superior Rating 14 Consecutive Quarters.** *IDC Financial Publishing rating since 2009*
- **Community Bankers Cup.** *Raymond James 2019*
- **Small-Cap All Stars** *Class of 2023*
- **100 Fastest Growing Companies** *2021 ranking*
- **Top National SBA Lender.** *SBA.gov 2022 ranking*

Consistent Growth in Shareholder Value



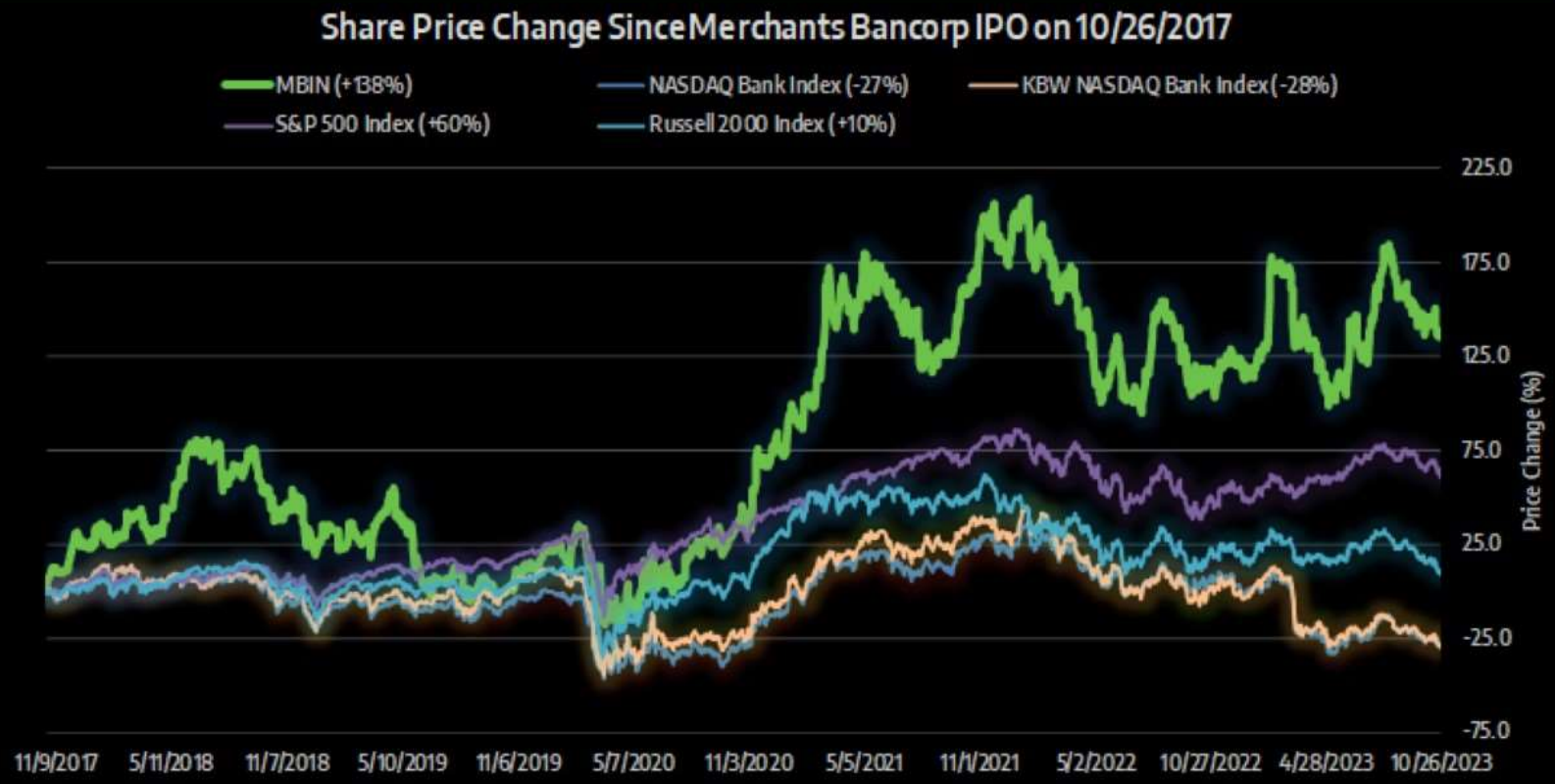
Tangible Book Value Per Share



Annual Dividends Per Share

1 - Peer group, identified by S&P Global, includes 48 publicly held US banks and thrifts with assets of $10B to $20B, and excludes results deemed as "not meaningful" or "not available".

Share Appreciation Outperforms Industry



Source - S&P Global as of October 26, 2023.

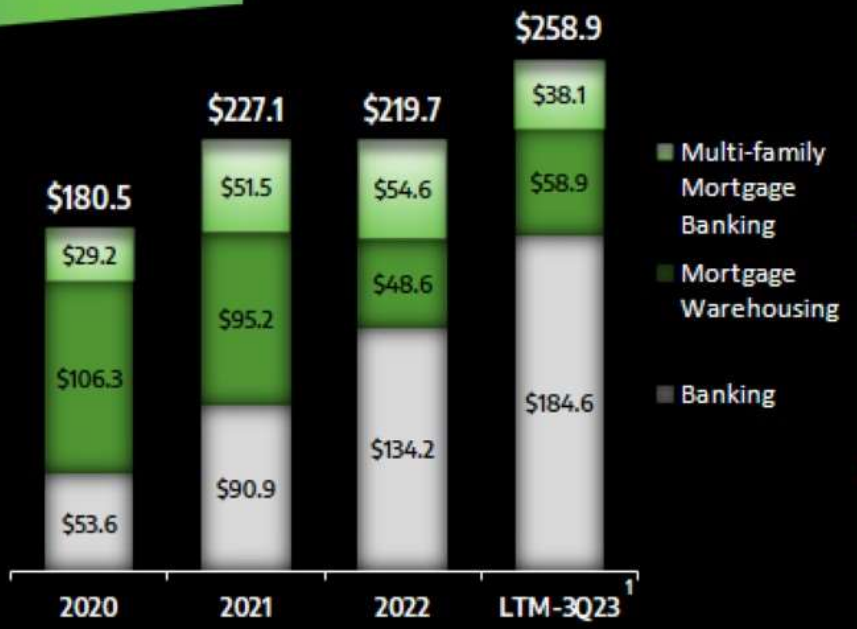
Unique Operating Model



MBIN

- Multiple business lines with growth opportunities in an originate to sell model that generates significant fee income
- Superior profitablity and growth that is less dependent on interest rate cycles than peers
- Maximizing operating efficiency and savings from minimal branch network and higher concentration of variable costs, with more operating leverage than peers
- Liquidity in place to support future growth across the country
- Minimal interest rate risk due to fast-turning, short duration, originate to sell lending model
- Conservative, low risk underwriting to government programs that minimizes loan losses

How We Generate Income



Net Income[1] ($M)

Multifamily – 13% LTM[2] Net Income

Primarily from gain on sale of loans originated according to federal agencies' guidelines such as Ginnie Mae, Freddie Mac, or Fannie Mae, as well as servicing fees on the loans sold or retained. Growing contributions from LIHTC syndication and asset management fees.

Mortgage Warehousing – 21% LTM[2] Net Income

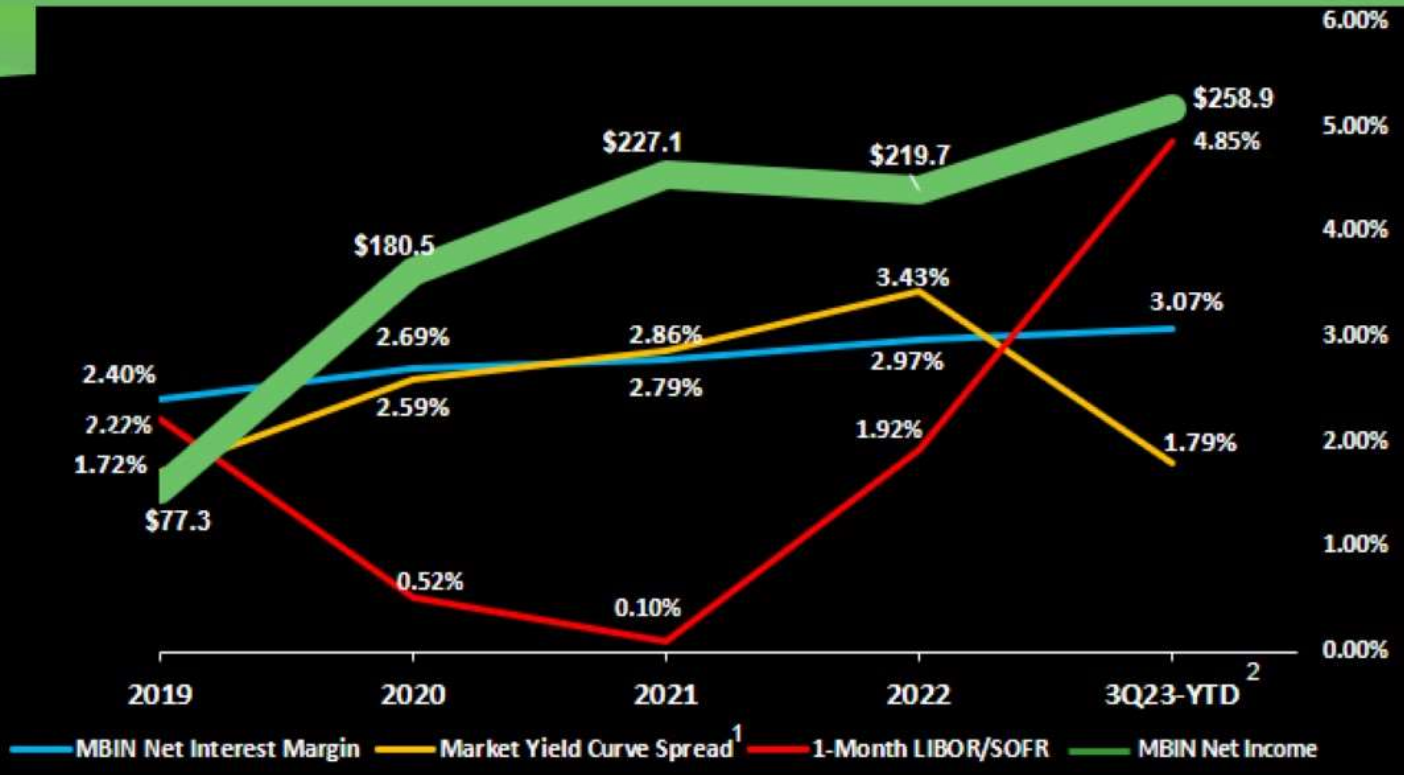
Primarily from interest income and fees earned during the time that loans are originated to mortgage bankers under federal agencies' guidelines and are held for resale within 30 days.

Banking – 66% LTM[2] Net Income

Primarily from traditional interest income on loans originated by the Multi-family segment, but also gain on sale of single-family mortgage and SBA loans as they are packaged and sold in the secondary market.

1 – The sum of the individual segments will not equal total because the "Other" segment is not included.
2 – Refers to the last twelve months ended September 30, 2023, and percentages exclude net income from the "Other" segment.

Consistent NIM and Net Income Growth Across Various Interest Rate Cycles



1 - Market yield curve spread reflects the difference between the average 30-year mortgage (source: http://www.freddiemac.com) and the average 1-month LIBOR/SOFR rate.
2 - YTD 2023 Net income represents the last twelve months as of September 30, 2023.

Warehouse Overview

Ranked as #3 Largest Warehouse Lender by commitment's – *Inside Mortgage Finance 2023 Ranking*



- Warehouse and commercial lender to independent residential and multi-family mortgage bankers
- Full product offering - warehouse lines to fund loans, lines of credit collateralized by mortgage servicing rights, and operating lines of credit
  - Customers fund their loans under warehouse agreements, use lines of credit, and provide deposits from their servicing operations
  - Having relationships on both sides of balance sheet enhances retention and reduces liquidity risk
- Customers nationwide and many of the top 10 mortgage banks in the US.
- Highly efficient business in 3 locations with less than 50 FTEs and funded volumes of $111B in 2020, $78B in 2021, $33B in 2022, and $25B for the 9 months ended 9/30/23
- Warehouse segment produced 17% of Merchants total net revenues[1] – LTM 9/30/23
- Operating lines of credit collateralized by mortgage servicing rights leads to growth opportunities in loans and corporate/custodial deposits
- Growth opportunities in all product lines, multi-family, e-Notes, and refinancing cycles

1 - Net revenues includes net interest income after allowance for credit losses plus noninterest income for the last twelve months ended September 30, 2023.

Merchants Capital Overview

#2 Affordable Housing Lender – *Affordable Housing Finance 2022 National Ranking*
Top 10 Correspondent Lender – *Scotsman Guide 2023 Ranking*



- Nationally ranked lender to developers of multi-family residential and healthcare properties, specializing in government agency (FHA, Fannie Mae, and Freddie Mac) permanent loan products that are typically sold as mortgage-backed securities within 30 days; Utilize an originate to sell model, with short durations
- Differentiated focus on need-based healthcare and the Affordable/Workforce Housing niche, not luxury
- Offer customers the ability to pair affordable debt with tax credit equity through Merchants Capital Investments, a nationally ranked, fully integrated tax credit equity syndicator began in 2020 that has closed over $1B in equity
- Multi-family segment produced 26% of Merchants total net revenues[1] – LTM 9/30/23
- Originated or acquired loans totaling $7B in 2021, $9B in 2022, and $4B for the 9 months ended 9/30/23
- As of September 30, 2023, its servicing portfolio for banks and investors was $24B+
- Current staffing is well-positioned for future growth with strong pipeline. Significant opportunities in declining interest rate environment

1- Net revenues includes net interest income after allowance for credit losses plus noninterest income for the last twelve months ended September 30, 2023.

Banking Overview

National Top SBA Lender – SBA.gov 2022 Ranking

Banking segment produced 56% of Merchants total net revenues[1] – LTM 9/30/23

1 - Bridge Loans/Multi-family Securitizations

- Nationally ranked lender to developers of multi-family residential and healthcare properties, offering bridge loan products underwritten to government agencies' guidelines (FHA, Fannie Mae, and Freddie Mac)
- All loans underwritten to federal agency guidelines to assure conversion to Merchants Capital permanent financing
- Loans held in portfolio until securitized, paid-off, or converted to permanent financing
- Holds loans comprised of multi-family and healthcare bridge loans originated by Merchants Capital. Participations are used as a source of liquidity
- Capital Markets team provides Merchants with debt funds and other avenues to securitize or de-risk Merchants' balance sheet
  - Securitizations free up capital, providing capacity to originate more loans
  - Provides avenues for continuous noninterest income – gain on sale of loans, asset management and loan servicing fees

1 - Net revenues includes net interest income after allowance for credit losses plus noninterest income for the last twelve months ended September 30, 2023.

Banking Overview *(continued)*

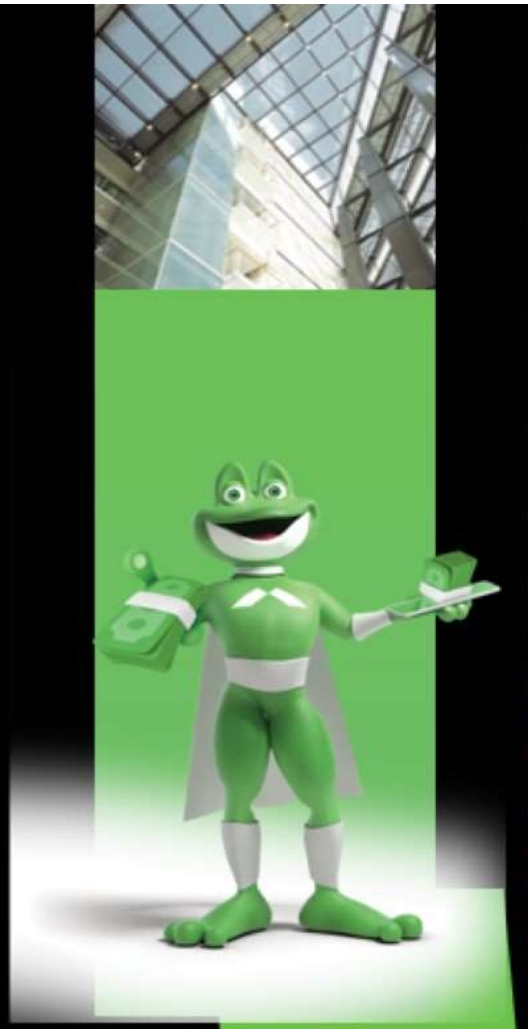
National Top SBA Lender – SBA.gov 2022 Ranking

2 - Merchants Mortgage

- Full-service retail and correspondent single-family mortgage origination and servicing platform since it began in 2013
- Profitable every year across all interest rate cycles
- Authorized agency for Fannie Mae, Freddie Mac, FHA, and USDA since 2017
- Offers attractive product portfolio, including All-in-One© first-lien HELOC mortgages to high-net-worth borrowers
  - Floating rate mortgages that are swept daily against checking account
  - AIO Balance was $1.2B at 9/30/23, up 15% YTD; high FICO scores; no charge-offs since offerings began in 2014
  - AIO securitizations lead to lower risk, higher return

3 - Traditional Banking

- Traditional community banking – Indianapolis metro; Richmond, IN. Business banking, C&I lending; Minimal consumer loans or investment in commercial real estate.
- National footprint - SBA lending; online and mobile



Financial Highlights

Balance Sheet Growth

(Dollars in millions)

	September 30, 2022	December 31, 2022	September 30, 2023
Total Assets	$11,979	$12,615	$16,495
Total Loans [1], net	$9,764	$10,337	$13,388
Total Deposits	$10,319	$10,071	$13,007
Total Equity	$1,413	$1,460	$1,633
Tangible Equity / Tangible Assets [2]	11.67%	11.45%	9.81%

Liquidity

(Dollars in billions)

	September 30, 2022	December 31, 2022	September 30, 2023
Available Capacity Based on Collateral	$2.8	$3.1	$5.4

Credit Quality - Low Risk

	September 30, 2022 - YTD	December 31, 2022 - YTD	September 30, 2023 - YTD
Nonperforming Loans / Loans Held for Investment	0.38%	0.36%	0.60%
Allowance / Loans Held for Investment	0.56%	0.59%	0.67%
Net Charge-offs (Recoveries) / Avg. Total Loans [1]	0.01%	0.01%	0.08%

Performance Metrics - Highly Profitable

	September 30, 2022 - YTD	September 30, 2023 - YTD	Peer Average
Net Income Per Common Share	$3.36	$4.06	
ROAA	2.05%	1.85%	1.02%
ROATCE [2]	23.08%	22.61%	13.15%
Noninterest Income / Net Revenue [3]	32.66%	21.65%	17.99%
Efficiency Ratio [2]	30.34%	30.21%	46.45%

1 - Total Loans include loans held for investment and loans held for sale for the YTD period indicated.
2 - These are non-GAAP measures.
3 – Net Revenue includes interest income less interest expenses and the provision for credit losses.
4- Peer group, identified by S&P Global, includes 48 publicly held US banks and thrifts with assets of $10B to $20B, and excludes results deemed as "not meaningful" or "not available".

Growth Opportunities

- Sales growth in all segments through existing and new markets, new sales hires
- Future reductions in interest rates promote higher production and noninterest income from diverse sources
- Continue to develop Capital Markets unit to continually de-risk balance sheet via securitizations, debt funds, and other structures that generate ongoing non-interest income and provide capacity to originate new loans
- Deploy technology to enhance efficiencies, incl. deposit gathering systems
- Effectively manage capital deployment to maximize returns



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