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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2025

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 001-38258

MERCHANTS BANCORP

(Exact name of registrant as specified in its charter)

Indiana	20-5747400
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
410 Monon Blvd. Carmel, Indiana	46032
(Address of principal executive office)	(Zip Code)

(317) 569-7420

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.). Yes No

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, without par value	MBIN	NASDAQ
Depository Shares, each representing a 1/40 th interest in a share of Series C Preferred Stock, without par value	MBINN	NASDAQ
Depository Shares, each representing a 1/40 th interest in a share of Series D Preferred Stock, without par value	MBINM	NASDAQ
Depository Shares, each representing a 1/40 th interest in a share of Series E Preferred Stock, without par value	MBINL	NASDAQ

As of October 31, 2025, the latest practicable date, 45,889,238 shares of the registrant's common stock, without par value, were issued and outstanding.



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Merchants Bancorp

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Glossary of Defined Terms

As used in this report, references to “Merchants” “the Company,” “we,” “our,” “us,” and similar terms refer to the consolidated entity consisting of Merchants Bancorp and its wholly owned subsidiaries. Merchants Bancorp refers solely to the parent holding company, and Merchants Bank refers to Merchants Bancorp’s bank subsidiary, Merchants Bank of Indiana.

The acronyms and abbreviations identified below are used throughout this report, including the Notes to Consolidated Financial Statements

ACL: allowance for credit losses

ACL-Guarantees: allowance for credit losses on guarantees

ACL-Loans: allowance for credit losses-loans

ACL-OBCE: allowance for credit losses-off-balance sheet credit exposures

AFX: American Financial Exchange

Agency: government agency

AOCL: accumulated other comprehensive loss

ARM: adjustable-rate mortgage

ASC: FASB’s Accounting Standards Codification

ASU: FASB Accounting Standards Update

Bank: Merchants Bank of Indiana

CCO: Chief Credit Officer

CDS: credit default swap(s)

CMT: constant maturity rate

CODM: chief operating decision maker

Company: Merchants Bancorp

DFI: Indiana Department of Financial Institutions

ESOP: Employee Stock Ownership Plan

Farmer Mac: Federal Agricultural Mortgage Corporation

Fannie Mae: Federal National Mortgage Association

FASB: Financial Accounting Standards Board

FCB: Federal Farm Credit Bank

FDIC: Federal Deposit Insurance Corporation

Federal Reserve: Board of Governors of the Federal Reserve System

FHA: Federal Housing Authority

FHLB: Federal Home Loan Bank

FMBI: Farmers-Merchants Bank of Illinois, a wholly owned subsidiary of Merchants Bancorp until all branches were sold and the charter collapsed into Merchants Bank in January 2024

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Freddie Mac: Federal Home Loan Mortgage Corporation

GAAP: United States generally accepted accounting principles

Ginnie Mae: Government National Mortgage Association

GSE: government sponsored entities, including Fannie Mae and Freddie Mac

HUD: Department of Housing and Urban Development

LIHTC: low-income housing tax credits

LLC: limited liability companies

MAM: Merchants Asset Management, LLC, a wholly owned subsidiary of Merchants Bancorp

MCC: Merchants Capital Corporation, a wholly owned subsidiary of Merchants Bank

MCI: Merchants Capital Investments, LLC, a wholly owned subsidiary of Merchants Bank

MCS: Merchants Capital Servicing, LLC, a wholly owned subsidiary of Merchants Bank

MOU: Memorandum of Understanding

N/A: not applicable

NASDAQ: NASDAQ Capital Market

REMIC: real estate mortgage investment conduit

ROU: right of use

SBA: Small Business Administration

SEC: Securities and Exchange Commission

SOFR: Secured Overnight Financing Rate

SPE: Special Purpose Entity

Treasury: US Department of Treasury

TLM: troubled loan modification

VIE: variable interest entity

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Part I – Financial Information

Item 1. Financial Statements

Merchants Bancorp
Condensed Consolidated Balance Sheets
September 30, 2025 (Unaudited) and December 31, 2024
(In thousands, except share data)

	September 30, 2025	December 31, 2024*
Assets		
Cash and due from banks	\$ 11,566	\$ 10,989
Interest-earning demand accounts	586,470	465,621
Cash and cash equivalents	598,036	476,610
Securities purchased under agreements to resell	1,529	1,559
Mortgage loans in process of securitization	414,786	428,206
Securities available for sale (\$591,379 and \$635,946 utilizing fair value option, respectively)	885,070	980,050
Securities held to maturity (fair value of \$1,670,306 and \$1,664,674, respectively)	1,670,555	1,664,686
Federal Home Loan Bank (FHLB) stock and other equity securities	217,850	217,804
Loans held for sale (includes \$112,832 and \$78,170 at fair value, respectively)	4,129,329	3,771,510
Loans receivable, net of allowance for credit losses on loans of \$93,330 and \$84,386, respectively	10,515,221	10,354,002
Premises and equipment, net	75,148	58,617
Servicing rights	213,156	189,935
Interest receivable	82,445	83,409
Goodwill	8,014	8,014
Other assets and receivables	543,508	571,330
Total assets	<u>\$ 19,354,647</u>	<u>\$ 18,805,732</u>
Liabilities and Shareholders' Equity		
Liabilities		
Deposits		
Noninterest-bearing	\$ 399,814	\$ 239,005
Interest-bearing	13,534,891	11,680,971
Total deposits	13,934,705	11,919,976
Borrowings	2,902,631	4,386,122
Deferred tax liabilities	28,973	25,289
Other liabilities	262,904	231,035
Total liabilities	<u>17,129,213</u>	<u>16,562,422</u>
Commitments and Contingencies		
Shareholders' Equity		
Common stock, without par value		
Authorized - 75,000,000 shares		
Issued and outstanding - 45,889,238 shares at September 30, 2025 and 45,767,166 shares at December 31, 2024		
	242,371	240,313
Preferred stock, without par value - 5,000,000 total shares authorized		
6% Series B Preferred stock - \$1,000 per share liquidation preference		
Authorized - no shares at September 30, 2025 and 125,000 shares at December 31, 2024		
Issued and outstanding - no shares at September 30, 2025 and 125,000 shares (equivalent to 5,000,000 depository shares) at December 31, 2024		
	—	120,844
6% Series C Preferred stock - \$1,000 per share liquidation preference		
Authorized - 200,000 shares		
Issued and outstanding - 196,181 shares (equivalent to 7,847,233 depository shares)		
	191,084	191,084
8.25% Series D Preferred stock - \$1,000 per share liquidation preference		
Authorized - 300,000 shares		
Issued and outstanding - 142,500 shares (equivalent to 5,700,000 depository shares)		
	137,459	137,459
7.625% Series E Preferred stock - \$1,000 per share liquidation preference		
Authorized - 230,000 shares		
Issued and outstanding - 230,000 shares (equivalent to 9,200,000 depository shares)		
	222,748	222,748
Retained earnings	1,431,983	1,330,995
Accumulated other comprehensive loss	(211)	(133)
Total shareholders' equity	<u>2,225,434</u>	<u>2,243,310</u>
Total liabilities and shareholders' equity	<u>\$ 19,354,647</u>	<u>\$ 18,805,732</u>

*Derived from audited consolidated financial statements

See notes to condensed consolidated financial statements.

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Merchants Bancorp
Condensed Consolidated Statements of Income (Unaudited)
For the Three and Nine Months Ended September 30, 2025 and 2024
(In thousands, except share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Interest Income				
Loans	\$ 254,101	\$ 290,259	\$ 749,022	\$ 846,678
Mortgage loans in process of securitization	5,308	4,062	14,355	8,826
Investment securities:				
Available for sale	11,880	14,855	36,333	44,027
Held to maturity	22,427	22,081	69,951	62,402
FHLB stock and other equity securities (dividends)	4,265	3,128	13,278	5,249
Other	3,798	4,543	10,443	14,192
Total interest income	<u>301,779</u>	<u>338,928</u>	<u>893,382</u>	<u>981,374</u>
Interest Expense				
Deposits	139,744	165,675	395,060	516,348
Short-term borrowings	25,926	31,601	96,271	50,435
Long-term borrowings	8,051	8,831	23,078	26,595
Total interest expense	<u>173,721</u>	<u>206,107</u>	<u>514,409</u>	<u>593,378</u>
Net Interest Income	<u>128,058</u>	<u>132,821</u>	<u>378,973</u>	<u>387,996</u>
Provision for credit losses	29,239	6,898	89,993	21,589
Net Interest Income After Provision for Credit Losses	<u>98,819</u>	<u>125,923</u>	<u>288,980</u>	<u>366,407</u>
Noninterest Income				
Gain on sale of loans	24,671	16,731	59,632	37,255
Loan servicing fees, net	7,986	(1,509)	18,134	28,720
Mortgage warehouse fees	1,736	1,620	5,288	4,126
Losses on sale of investments available for sale (includes \$0, \$0, \$0 and \$(108), respectively, related to accumulated other comprehensive loss reclassifications)	—	—	—	(108)
Syndication and asset management fees	4,864	1,834	17,960	10,370
Other income	3,757	(1,934)	16,173	8,604
Total noninterest income	<u>43,014</u>	<u>16,742</u>	<u>117,187</u>	<u>88,967</u>
Noninterest Expense				
Salaries and employee benefits	44,152	35,218	124,137	93,187
Loan expense	1,263	1,114	3,203	3,063
Occupancy and equipment	2,453	2,231	7,298	6,707
Professional fees	3,371	3,439	9,424	11,094
Deposit insurance expense	9,376	8,981	23,756	19,685
Technology expense	2,608	2,068	7,428	5,781
Credit risk transfer premium expense	4,194	2,079	12,823	4,373
Other expense	9,833	6,188	28,182	16,720
Total noninterest expense	<u>77,250</u>	<u>61,318</u>	<u>216,251</u>	<u>160,610</u>
Income Before Income Taxes	<u>64,583</u>	<u>81,347</u>	<u>189,916</u>	<u>294,764</u>
Provision for income taxes (includes \$0, \$0, \$0 and \$26, respectively, of income tax benefit related to accumulated other comprehensive loss reclassifications)	9,882	20,074	38,995	70,044
Net Income	<u>\$ 54,701</u>	<u>\$ 61,273</u>	<u>\$ 150,921</u>	<u>\$ 224,720</u>
Dividends on preferred stock	(10,265)	(7,757)	(30,796)	(24,181)
Impact of preferred stock redemption	—	—	(5,371)	(1,823)
Net Income Allocated to Common Shareholders	<u>44,436</u>	<u>53,516</u>	<u>114,754</u>	<u>198,716</u>
Basic Earnings Per Share	<u>\$ 0.97</u>	<u>\$ 1.17</u>	<u>\$ 2.50</u>	<u>\$ 4.46</u>
Diluted Earnings Per Share	<u>\$ 0.97</u>	<u>\$ 1.17</u>	<u>\$ 2.50</u>	<u>\$ 4.45</u>
Weighted-Average Shares Outstanding				
Basic	<u>45,887,143</u>	<u>45,759,667</u>	<u>45,865,167</u>	<u>44,549,432</u>
Diluted	<u>45,950,216</u>	<u>45,910,052</u>	<u>45,931,518</u>	<u>44,696,107</u>

See notes to condensed consolidated financial statements.

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Merchants Bancorp
Condensed Consolidated Statements of Comprehensive Income (Unaudited)
For the Three and Nine Months Ended September 30, 2025 and 2024
(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net Income	\$ 54,701	\$ 61,273	\$ 150,921	\$ 224,720
Other Comprehensive Income:				
Net unrealized gains (losses) on investment securities available for sale, net of tax (expense) benefit of \$(11), \$(191), \$25 and \$(784), respectively	36	606	(78)	2,502
Add: Reclassification adjustment for losses included in net income, net of tax benefit of \$0, \$0, \$0 and \$26, respectively	—	—	—	82
Other comprehensive income (loss) for the period	<u>36</u>	<u>606</u>	<u>(78)</u>	<u>2,584</u>
Comprehensive Income	<u>\$ 54,737</u>	<u>\$ 61,879</u>	<u>\$ 150,843</u>	<u>\$ 227,304</u>

See notes to condensed consolidated financial statements.

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Merchants Bancorp
Condensed Consolidated Statement of Shareholders' Equity (Unaudited)
For the Three and Nine Months Ended September 30, 2025 and 2024
(In thousands, except share data)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2025		2024		2025		2024	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Common Stock								
Balance beginning of period	45,885,458	\$ 241,452	45,757,567	\$ 238,492	45,767,166	\$ 240,313	43,242,928	\$ 140,365
Distribution to employee stock ownership plan	-	-	-	-	30,802	1,124	23,414	997
Issuance of common stock, net of \$5.5 million in offering expenses	-	-	-	-	-	-	2,400,000	97,655
Shares issued for stock compensation plans, net of taxes withheld to satisfy tax obligations	3,780	919	6,456	956	91,270	934	97,681	431
Balance end of period	45,889,238	242,371	45,764,023	239,448	45,889,238	242,371	45,764,023	239,448
7% Series A Preferred Stock								
Balance beginning of period	-	-	-	-	-	-	2,081,800	50,221
Redemption of 7% Series A preferred stock	-	-	-	-	-	-	(2,081,800)	(50,221)
Balance at beginning and end of period	-	-	-	-	-	-	-	-
6% Series B Preferred Stock								
Balance beginning of period	-	-	125,000	120,844	125,000	120,844	125,000	120,844
Redemption of 6% Series B preferred stock	-	-	-	-	(125,000)	(120,844)	-	-
Balance at end of period	-	-	125,000	120,844	-	-	125,000	120,844
6% Series C Preferred Stock								
Balance at beginning and end of period	196,181	191,084	196,181	191,084	196,181	191,084	196,181	191,084
8.25% Series D Preferred Stock								
Balance at beginning and end of period	142,500	137,459	142,500	137,459	142,500	137,459	142,500	137,459
7.625% Series E Preferred Stock								
Balance at beginning and end of period	230,000	222,748	-	-	230,000	222,748	-	-
Retained Earnings								
Balance beginning of period	1,392,136	1,200,778	1,330,995	1,063,599	1,392,136	1,200,778	1,330,995	1,063,599
Net income	54,701	61,273	150,921	224,720	54,701	61,273	150,921	224,720
Dividends on 7% Series A preferred stock, \$1.75 per share, annually	-	-	-	(910)	-	-	-	(910)
Dividends on 6% Series B preferred stock, \$60.00 per share, annually	-	(1,875)	-	(5,625)	-	-	-	(5,625)
Dividends on 6% Series C preferred stock, \$60.00 per share, annually	(2,942)	(2,943)	(8,828)	(8,829)	(2,942)	(2,943)	(8,828)	(8,829)
Dividends on 8.25% Series D preferred stock, \$82.50 per share, annually	(2,939)	(2,939)	(8,817)	(8,817)	(2,939)	(2,939)	(8,817)	(8,817)
Dividends on 7.625% Series E preferred stock, \$76.25 per share, annually	(4,384)	-	(13,151)	-	(4,384)	-	(13,151)	-
Dividends on common stock, \$0.40 per share, annually in 2025 and \$0.36 per share, annually in 2024	(4,589)	(4,118)	(13,766)	(12,139)	(4,589)	(4,118)	(13,766)	(12,139)
Impact of 7% Series A preferred stock redemption	-	-	-	(1,823)	-	-	-	(1,823)
Impact of 6% Series B preferred stock redemption	-	-	(4,156)	-	-	(4,156)	-	-
Excise tax on preferred stock redemption	-	-	(1,215)	-	-	(1,215)	-	-
Balance end of period	1,431,983	1,250,176	1,431,983	1,250,176	1,431,983	1,250,176	1,431,983	1,250,176
Accumulated Other Comprehensive Loss								
Balance beginning of period	(247)	(510)	(133)	(2,488)	(247)	(510)	(133)	(2,488)
Other comprehensive (loss) income	36	606	(78)	2,584	36	606	(78)	2,584
Balance end of period	(211)	96	(211)	96	(211)	96	(211)	96
Total shareholders' equity	<u>\$ 2,225,434</u>	<u>\$ 1,939,107</u>	<u>\$ 2,225,434</u>	<u>\$ 1,939,107</u>	<u>\$ 2,225,434</u>	<u>\$ 1,939,107</u>	<u>\$ 2,225,434</u>	<u>\$ 1,939,107</u>

See notes to condensed consolidated financial statements.

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Merchants Bancorp
Condensed Consolidated Statements of Cash Flows (Unaudited)
Nine Months Ended September 30, 2025 and 2024
(In thousands)

	Nine Months Ended September 30,	
	2025	2024
Operating activities:		
Net income	\$ 150,921	\$ 224,720
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	2,305	2,254
Provision for credit losses	89,993	21,589
Loss on sale of securities	—	108
Gain on sale of loans	(59,632)	(37,255)
Proceeds from sales of loans	30,313,269	20,431,500
Loans and participations originated and purchased for sale	(30,418,390)	(21,133,175)
Proceeds from sale of low-income housing tax credits	3,106	53,043
Purchases of low-income housing tax credits for sale	(42,736)	(56,006)
Change in servicing rights for paydowns and fair value adjustments	5,877	(5,573)
Net change in:		
Mortgage loans in process of securitization	13,420	(320,367)
Other assets and receivables	(30,791)	(16,512)
Other liabilities	20,600	7,647
Other	8,709	2,726
Net cash provided by (used in) operating activities	<u>56,651</u>	<u>(825,301)</u>
Investing activities:		
Net change in securities purchased under agreements to resell	30	70
Purchases of securities available for sale	(544,282)	(501,610)
Purchases of securities held to maturity	(259,580)	(155,268)
Purchases of equity securities	—	(30,000)
Purchases of mortgage servicing rights	(12,928)	—
Proceeds from the sale of securities available for sale	—	9,983
Proceeds from calls, maturities and paydowns of securities available for sale	649,948	663,756
Proceeds from calls, maturities and paydowns of securities held to maturity	253,852	139,045
Purchases of loans	(50,071)	(84,963)
Net change in loans receivable	(599,152)	(646,304)
Proceeds from loans held for sale previously classified as loans receivable	386,604	70,431
Purchase of FHLB stock	(46)	(105,866)
Proceeds from sale of FHLB stock	—	394
Purchases of premises and equipment	(17,139)	(12,116)
Purchase of limited partnership interests	(19,604)	(13,009)
Net cash paid on sale of branches	—	(170,594)
Other investing activities	4,012	5,288
Net cash used in investing activities	<u>(208,356)</u>	<u>(830,763)</u>
Financing activities:		
Net change in deposits	1,802,482	(939,738)
Proceeds from borrowings	216,447,587	108,976,878
Repayment of borrowings	(217,921,771)	(106,356,226)
Proceeds from notes payable	—	6,878
Proceeds from issuance of common stock	—	97,655
Payment of credit linked notes	(10,605)	(23,535)
Repurchase of preferred stock	—	(52,044)
Dividends	(44,562)	(36,320)
Net cash provided by financing activities	<u>273,131</u>	<u>1,673,548</u>
Net Change in Cash and Cash Equivalents	<u>121,426</u>	<u>17,484</u>
Cash and Cash Equivalents, Beginning of Period	<u>476,610</u>	<u>584,422</u>
Cash and Cash Equivalents, End of Period	<u>\$ 598,036</u>	<u>\$ 601,906</u>
Supplemental Cash Flows Information:		
Interest paid	\$ 516,161	\$ 582,091
Income taxes paid, net of refunds	47,731	58,763
Reduction in commitment payable for limited partnership interest of LLCs	2,752	—
Liabilities accrued for additions in premises and equipment	1,714	2,436
Liabilities accrued for excise tax on preferred stock repurchase	1,215	—
Change in prepaid assets for preferred stock repurchase	125,000	—

See notes to condensed consolidated financial statements.

Merchants Bancorp
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1: Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Merchants Bancorp, a registered bank holding company (the “Company”) and its wholly owned subsidiaries, Merchants Bank, FMBI (whose branches were sold to unaffiliated third parties and its remaining charter collapsed into Merchants Bank on January 26, 2024), and MAM. Merchants Bank’s primary operating subsidiaries include MCC, MCS, and MCI. All directly and indirectly owned subsidiaries of Merchants Bancorp are collectively referred to as the “Company”.

The accompanying unaudited condensed consolidated balance sheets of the Company as of December 31, 2024, which has been derived from audited consolidated financial statements, and unaudited condensed consolidated financial statements of the Company as of September 30, 2025 and for the three and nine months ended September 30, 2025 and 2024, were prepared in accordance with the instructions for Form 10-Q and Article 10 of Regulation S-X and, therefore, do not include all of the information or footnotes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with GAAP. Accordingly, these unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto of the Company as of and for the year ended December 31, 2024 in its Annual Report on Form 10-K. Reference is made to the accounting policies of the Company described in the Notes to the Financial Statements contained in the Annual Report on Form 10-K.

All adjustments, which are of a normal recurring nature and are in the opinion of management necessary for a fair statement of the results for the periods reported, have been included in the accompanying unaudited condensed consolidated financial statements. All interim amounts have not been audited and the results of operations for the three and nine months ended September 30, 2025, herein are not necessarily indicative of the results of operations to be expected for the entire year.

Principles of Consolidation

The unaudited condensed consolidated financial statements as of and for the period ended September 30, 2025 and 2024 include results from the Company, and its wholly owned subsidiaries, Merchants Bank, FMBI (until its branches were sold and its bank charter merged into Merchants Bank on January 26, 2024), and MAM. Also included are Merchants Bank’s primary operating subsidiaries, MCC, MCS, and MCI, as well as all direct and indirectly owned subsidiaries owned by Merchants Bancorp.

The results of Merchants Foundation, Inc., a nonprofit corporation, are consolidated with the Company’s unaudited condensed consolidated financial statements in all periods presented.

In addition, when the Company makes an equity investment in or has a relationship with an entity for which it holds a variable interest, it is evaluated for consolidation requirements under ASC Topic 810. Accordingly, the Company assesses the entities for potential consolidation as a VIE and would only consolidate those entities for which it is the primary beneficiary. A primary beneficiary is defined as the party that has both the power to direct the activities that most significantly impact the entity, and an interest that could be significant to the entity. To determine if an interest could be significant to the entity, both qualitative and quantitative factors regarding the nature, size and form of the Company’s involvement with the entity are evaluated. Alternatively, under the voting interest model, it would only consolidate those entities for which it has a controlling interest.

The Company holds a variable interest in an investment for which it is the primary beneficiary, and its results have been consolidated in all periods presented. The investment is recorded on the unaudited condensed consolidated balance sheets in other assets and the significant liabilities in borrowings. Additionally, the Company has certain variable interest investments that it was deemed not to be the primary beneficiary of as of September 30, 2025 and December 31, 2024. These VIEs are not consolidated and the equity method or proportional amortization method of accounting has been applied. The Company will analyze whether the primary beneficiary designation has changed through triggering events on a prospective basis. Changes in facts and circumstances occurring since the previous

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primary beneficiary determination will be considered as part of this ongoing assessment. See *Note 8: Variable Interest Entities (VIEs)* for additional information about VIEs.

All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for credit losses on loans and fair values of servicing rights and financial instruments.

Significant Accounting Policies

The significant accounting policies followed by the Company for interim financial reporting are consistent with the accounting policies followed for annual financial reporting. For additional information regarding significant accounting policies, see the Company's 2024 Annual Report on Form 10-K.

Restricted Cash

Included in cash equivalents is an account restricted as collateral for the potential risk of loss on senior credit linked notes issued by the Company in March 2023. The balance of the notes as of September 30, 2025 and December 31, 2024 was \$76.9 million and \$87.6 million, respectively. As of September 30, 2025 and December 31, 2024, there was \$83.8 million and \$33.5 million, respectively, in restricted cash held in a separate account included in the total of interest-earning demand accounts on the unaudited condensed consolidated balance sheets. Also see *Note 10: Borrowings*.

Reclassifications

Certain reclassifications have been made to the 2024 unaudited condensed consolidated financial statements to conform to the unaudited condensed consolidated financial statement presentation as of and for the three and nine months ended September 30, 2025. These reclassifications had no effect on net income.

Other

The Company and its subsidiaries can be parties to various claims and proceedings arising in the normal course of business. Management, after consultation with legal counsel, believes that the contingent liabilities, if any, arising from such proceedings and claims will not be material to the Company's consolidated financial position or results of operations.

Recent Accounting Pronouncements

The Company continually monitors for potential accounting standards updates and SEC releases. The following updates and releases have been deemed to have the most applicability to the Company's financial statements:

FASB ASU 2023-09 - Income Taxes (Topic 740): Improvements to Income Tax Disclosures

In December 2023, the FASB issued an ASU that will require a public business entity's disclosures to include an enhanced tabular tax rate reconciliation. The update will also require all public entities disclose income tax expense

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and taxes paid broken down by federal, state, and foreign with a disaggregation for jurisdictions that exceed 5% of income for taxes paid.

The updates in ASU 2023-09 are effective for annual periods beginning after December 15, 2024. An entity shall apply the ASU on a prospective basis to financial statements for annual periods beginning after the effective date. The Company does not expect it to have a material impact on the Company's financial position or results of operations.

FASB ASU 2024-03 - Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses

In November 2024, the FASB issued an ASU which is intended to provide more detailed information about specified categories of expenses (purchases of inventory, employee compensation, depreciation and amortization) included in certain expense captions presented on the face of our consolidated statements of income.

The updates in ASU 2024-03 are effective for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. An entity may apply the ASU on a prospective basis to financial statements for annual periods beginning after the effective date. The Company is continuing to evaluate the impact of adopting this new guidance.

Note 2: Investment Securities

The amortized cost and approximate fair values, together with gross unrealized gains and losses, of securities available for sale and held to maturity were as follows:

	September 30, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
Securities available for sale:				
Treasury notes	\$ 30,578	\$ 22	\$ —	\$ 30,600
Federal Agencies	259,819	4	296	259,527
Mortgage-backed - Government Agency ⁽²⁾ - multi-family	3,571	—	7	3,564
Mortgage-backed - Non-Agency - residential - fair value option ⁽¹⁾	399,567	—	—	399,567
Mortgage-backed - Agency - residential - fair value option ⁽¹⁾	191,812	—	—	191,812
Total securities available for sale	<u>\$ 885,347</u>	<u>\$ 26</u>	<u>\$ 303</u>	<u>\$ 885,070</u>
Securities held to maturity:				
Mortgage-backed - Non-Agency - multi-family	\$ 460,623	\$ —	\$ 1,154	\$ 459,469
Mortgage-backed - Non-Agency - residential	733,208	1,677	104	734,781
Mortgage-backed - Non-Agency - healthcare	464,997	—	5	464,992
Mortgage-backed - Agency - multi-family	11,727	—	663	11,064
Total securities held to maturity	<u>\$ 1,670,555</u>	<u>\$ 1,677</u>	<u>\$ 1,926</u>	<u>\$ 1,670,306</u>
FHLB and other equity securities ⁽³⁾	<u>\$ 217,850</u>			

(1) Fair value option securities represent securities which the Company has elected to carry at fair value with changes in the fair value recognized in earnings as they occur.

(2) Agency includes government sponsored entities, such as Fannie Mae, Freddie Mac, Ginnie Mae, FHLB and FCB.

(3) The Company reports the carrying value utilizing the measurement alternative election, reflecting any impairments or other adjustments if observable price changes occur for identical or similar investments of the same issuer.

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	December 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(In thousands)				
Securities available for sale:				
Treasury notes	\$ 89,898	\$ 108	\$ —	\$ 90,006
Federal Agencies	253,218	—	282	252,936
Mortgage-backed - Government Agency ⁽²⁾ - multi-family	1,162	—	—	1,162
Mortgage-backed - Non-Agency - residential - fair value option ⁽¹⁾	430,779	—	—	430,779
Mortgage-backed - Agency - residential - fair value option ⁽¹⁾	205,167	—	—	205,167
Total securities available for sale	\$ 980,224	\$ 108	\$ 282	\$ 980,050
Securities held to maturity:				
Mortgage-backed - Non-Agency - multi-family	\$ 592,053	\$ —	\$ 1,162	\$ 590,891
Mortgage-backed - Non-Agency - residential	526,242	1,871	75	528,038
Mortgage-backed - Non-Agency - healthcare	534,538	374	—	534,912
Mortgage-backed - Agency - multi-family	11,853	—	1,020	10,833
Total securities held to maturity	\$ 1,664,686	\$ 2,245	\$ 2,257	\$ 1,664,674
FHLB and other equity securities ⁽³⁾	\$ 217,804			

- (1) Fair value option securities represent securities which the Company has elected to carry at fair value with changes in the fair value recognized in earnings as they occur.
- (2) Agency includes government sponsored entities, such as Fannie Mae, Freddie Mac, Ginnie Mae, FHLB, and FCB.
- (3) The Company reports the carrying value utilizing the measurement alternative election, reflecting any impairments or other adjustments if observable price changes occur for identical or similar investments of the same issuer.

Accrued interest on securities available for sale totaled \$4.7 million at September 30, 2025 and \$4.9 million at December 31, 2024, and is excluded from the estimate of credit losses.

Accrued interest on securities held to maturity totaled \$5.6 million at September 30, 2025 and \$5.8 million at December 31, 2024, and is excluded from the estimate of credit losses.

The amortized cost and fair value of securities available for sale at September 30, 2025 and December 31, 2024, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because issuers

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may have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separately.

	September 30, 2025		December 31, 2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In thousands)			
Securities available for sale:				
Within one year	\$ 55,397	\$ 55,422	\$ 89,898	\$ 90,006
After one through five years	235,000	234,705	253,218	252,936
	290,397	290,127	343,116	342,942
Mortgage-backed - Agency - multi-family	3,571	3,564	1,162	1,162
Mortgage-backed - Non-Agency residential - fair value option	399,567	399,567	430,779	430,779
Mortgage-backed - Agency - residential - fair value option	191,812	191,812	205,167	205,167
	\$ 885,347	\$ 885,070	\$ 980,224	\$ 980,050
Securities held to maturity:				
Mortgage-backed - Non-Agency - multi-family	\$ 460,623	\$ 459,469	\$ 592,053	\$ 590,891
Mortgage-backed - Non-Agency - residential	733,208	734,781	526,242	528,038
Mortgage-backed - Non-Agency - healthcare	464,997	464,992	534,538	534,912
Mortgage-backed - Agency - multi-family	11,727	11,064	11,853	10,833
	\$ 1,670,555	\$ 1,670,306	\$ 1,664,686	\$ 1,664,674

During the three and nine months ended September 30, 2025, no securities available for sale were sold. During the three months ended September 30, 2024, no securities available for sale were sold. During the nine months ended September 30, 2024, the Company received proceeds of \$10.0 million and recognized a net loss of \$108,000 from sales of securities available for sale, which consisted of \$10,000 in gains and \$118,000 of losses.

The following tables show the Company's gross unrealized losses and fair value of the Company's investment securities with unrealized losses for which an ACL has not been recorded, aggregated by investment class and length of time that individual securities have been in a continuous unrealized loss position at September 30, 2025 and December 31, 2024:

	September 30, 2025					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In thousands)					
Securities available for sale:						
Federal Agencies	\$ 234,704	\$ 296	\$ —	\$ —	\$ 234,704	\$ 296
Mortgage-backed - Agency	3,564	7	—	—	3,564	7
	\$ 238,268	\$ 303	\$ —	\$ —	\$ 238,268	\$ 303

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	December 31, 2024					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In thousands)					
Securities available for sale:						
Federal Agencies	\$ 252,936	\$ 282	\$ —	\$ —	\$ 252,936	\$ 282

Allowance for Credit Losses

For securities available for sale with an unrealized loss position, the Company evaluates the securities to determine whether the decline in the fair value below the amortized cost basis is due to credit-related factors or noncredit-related factors. Any expected loss that is not credit-related is recognized in accumulated other comprehensive loss, net of tax. Credit-related expected losses are recognized as an ACL for securities available for sale on the balance sheet, limited to the amount by which the amortized cost basis exceeds the fair value, with a corresponding adjustment to earnings. Accrued interest receivable is excluded from the estimate of credit losses. Both the ACL and the adjustment to net income may be reversed if conditions change. However, if the Company expects, or is required, to sell a security available for sale before recovering its amortized cost basis, the entire expected credit loss amount would be recognized in earnings with a corresponding adjustment to the security's amortized cost basis. Because the security's amortized cost basis is adjusted to fair value, there is no ACL in this situation.

In evaluating securities available for sale in unrealized loss positions for credit losses and the criteria regarding its intent or requirement to sell such securities, the Company considers the extent to which fair value is less than amortized cost, whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuers' financial condition, among other factors. Unrealized losses on the Company's investment securities portfolio have not been recognized as an expense because the securities are of high credit quality, and the decline in fair values is attributable to changes in the prevailing interest rate environment since the purchase date. Fair value is expected to recover as securities reach maturity and/or the interest rate environment returns to conditions similar to when these securities were purchased. There were no credit-related factors underlying unrealized losses on available for sale debt securities at September 30, 2025 and December 31, 2024.

Securities held to maturity are primarily comprised of non-Agency mortgage-backed senior securities secured by multi-family, single-family or healthcare properties, and agency mortgage-backed securities secured by multi-family properties. The agency securities held to maturity are Ginnie Mae mortgage-backed securities and backed by the full faith and credit of the U.S. government and have an implicit or explicit government guarantee. Accordingly, no allowance for credit losses has been recorded for these securities.

For non-Agency mortgage-backed senior securities, qualitative factors are evaluated, including the timeliness of principal and interest payments under the contractual terms of the securities, as well as the investment ratings assigned to the securities by third parties and their qualification to be pledged to FHLB as collateral. In the event credit stress in the underlying loans is identified in any single security, risk grades and collateral values are evaluated to determine whether the bank has exposure to credit losses.

The Company has a held to maturity mortgage-backed security with an amortized cost value of \$460.6 million and fair value of \$459.5 million at September 30, 2025, acquired via a mortgage securitization transaction facilitated by the Company, which has experienced delinquencies in some of the underlying loans. As of September 30, 2025, 24% of the portfolio was delinquent. The underlying loans in the securitization have an average loan-to-value ratio of 63%. Additionally, the security is a senior tranche that has credit protection from the first 15.9% of losses. The Company continues to receive timely interest payments on this security, which is current as of September 30, 2025. The Company is not expected to have credit losses based on the loan-to-value of the underlying loans, its credit protection and expected cash flows. However, given the delinquencies on some of the underlying loans, the Company has classified the security

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as Special Mention as of September 30, 2025. All other securities held to maturity were classified as Pass as of September 30, 2025. All securities held to maturity were classified as Pass as of December 31, 2024. No allowance for credit losses were recorded for this, or any other non-agency security, as of September 30, 2025 and December 31, 2024.

Note 3: Mortgage Loans in Process of Securitization

Mortgage loans in process of securitization are recorded at fair value with changes in fair value recorded in earnings. These include multi-family rental real estate loan originations to be sold as Ginnie Mae mortgage-backed securities and Fannie Mae and Freddie Mac participation certificates, all of which are pending settlement under firm investor commitments to purchase the securities, typically occurring within 30 days. The aggregate positive fair value adjustment recorded in mortgage loans in process of securitization was \$3.9 million and \$4.1 million as of September 30, 2025 and December 31, 2024, respectively.

Note 4: Loans and Allowance for Credit Losses on Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at amortized cost at their outstanding principal balances adjusted for unearned income, charge-offs, the ACL-Loans, any unamortized deferred fees or costs on originated loans, and unamortized premiums or discounts on purchased loans.

For loans at amortized cost, interest income is accrued based on the unpaid principal balance.

The Company has made a policy election to exclude accrued interest from the amortized cost basis of loans and reports accrued interest separately from the related loan balance on the unaudited condensed consolidated balance sheets. Accrued interest on loans totaled \$49.5 million and \$51.9 million at September 30, 2025 and December 31, 2024, respectively.

The Company also elected not to measure an allowance for credit losses for accrued interest receivables. The accrual of interest on loans is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Past-due status is based on contractual terms of the loan. Loans may be placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest subsequently collected on these loans is applied to the principal balance until the loan can be returned to an accrual status, which is no less than six months. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

For all loan portfolio segments, the Company charges off loans, or portions thereof, when available information confirms that specific loans are uncollectable based on information that includes, but is not limited to, (1) the deteriorating financial condition of the borrower, (2) declining collateral values, and/or (3) legal action, including bankruptcy, that impairs the borrower's ability to adequately meet its obligations.

For loan modifications, interest income is recognized on an accrual basis at the renegotiated rate if the loan is in compliance with the modified terms.

The Company offers mortgage warehouse repurchase agreements to third parties to fund mortgage loans held for sale from closing until sale to an investor. Under a warehousing arrangement, the Company funds a mortgage loan as secured financing. The warehousing arrangement is secured by the underlying mortgages and a combination of deposits, personal guarantees and advance rates, and may be cross-collateralized with other loans. The Company typically holds the collateral until it is sent under a bailee arrangement instructing the investor to send proceeds to the Company.

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Typical investors are large financial institutions or government agencies. Interest earned from the time of funding to the time of sale is recognized as interest income as accrued. Warehouse fees are accrued as noninterest income.

Loan Portfolio Summary

Loans receivable at September 30, 2025 and December 31, 2024 include:

	September 30, 2025	December 31, 2024
	(In thousands)	
Mortgage warehouse repurchase agreements ⁽⁴⁾	\$ 1,645,884	\$ 1,446,068
Residential real estate ⁽¹⁾	1,008,979	1,322,853
Multi-family financing	4,877,477	4,624,299
Healthcare financing	1,476,046	1,484,483
Commercial and commercial real estate ⁽²⁾⁽³⁾⁽⁴⁾	1,514,445	1,476,211
Agricultural production and real estate	84,824	77,631
Consumer and margin loans	896	6,843
Loans Receivable	10,608,551	10,438,388
Less:		
ACL-Loans	93,330	84,386
Loans Receivable, net	\$ 10,515,221	\$ 10,354,002

- (1) Includes \$0.8 billion and \$1.2 billion of All-in-One[®] first-lien home equity lines of credit at September 30, 2025 and December 31, 2024, respectively.
- (2) Includes \$0.9 billion and \$0.9 billion revolving lines of credit collateralized primarily by single-family mortgage servicing rights as of September 30, 2025 and December 31, 2024, respectively.
- (3) Includes only \$19.6 million and \$18.7 million of non-owner occupied commercial real estate as of September 30, 2025 and December 31, 2024, respectively.
- (4) The warehouse portfolio is exclusively made up of loans to residential and multi-family mortgage bankers that are funding agency-eligible mortgages and commercial loans, which represent all of the Company's loans to non-depository institutions.

Risk characteristics applicable to each segment of the loan portfolio are described as follows.

Mortgage Warehouse Repurchase Agreements (MTG WHRA): Under its warehouse program, the Company provides warehouse financing arrangements to approved mortgage companies for their origination and sale of residential mortgage and multi-family loans. Loans secured by mortgages placed on existing one-to-four family dwellings may be originated or purchased and placed through each mortgage warehouse facility.

As a secured repurchase agreement, collateral pledged to the Company secures each individual mortgage until the mortgage company sells the loan in the secondary market. A traditional secured warehouse facility typically carries a base interest rate of the SOFR, or mortgage note rate, and a margin.

Risk is evident if there is a change in the fair value of mortgage loans originated by mortgage companies in warehouse, the sale of which is the expected source of repayment under a warehouse facility. However, the warehouse customers are required to hedge the change in value of these loans to mitigate the risk, typically through forward sales contracts.

Residential Real Estate Loans (RES RE): Real estate loans are secured primarily by owner-occupied one-to-four family residences. Repayment of residential real estate loans is primarily dependent on the personal income and

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assets of the borrowers. Credit risk for these loans is driven by those factors, as well as the credit rating of the borrowers and property values. In addition to loans originated for sale, and some loans held for investment, included in this segment are All-in-One[®] first-lien HELOC products that integrate a borrower's mortgage and deposit account into a single facility and have typically carried a base interest rate of One-Year CMT, plus a margin. New originations are tied to 30-day SOFR, plus a margin.

Multi-Family Financing (MF FIN): The Company specializes in originating multi-family financing that can be Market Rate or Affordable. The portfolio includes loans for construction, acquisition, refinance, or permanent financing. Loans are typically secured by real estate mortgages, assignment of LIHTCs, and/or equity interest in the underlying properties. All loans are assessed and reviewed at a minimum based on borrower strength/experience, historical property performance, market trends, projected financial performance with regards to intended strategy, and source of repayment. Independent third-party reports are used to ensure legal conformity and support valuations of the assets. Exit strategies and sources of repayment are provided through the secondary market via governmental programs, strategic refinances, LIHTC equity installments, and cashflow from the properties. Repayment of these loans may include refinancing to a permanent loan or sale of the property, as well as successful operation of a business or property and the borrower's cash flows. Credit risk in these loans may be impacted by the creditworthiness of a borrower, property values and the local economy in the related market area. Interest rate risk is mitigated by borrower purchased rate caps, interest reserves, liquidity covenants, and forward commitments from GSEs. These loans are well-collateralized and underwritten to agency guidelines. Loans included in this segment typically carry a base rate of 30-day SOFR that adjusts on a monthly basis, and a margin. The Company focuses on loan classes that are government backed or can be sold in the secondary market.

Healthcare Financing (HC FIN): The healthcare financing portfolio includes customized loan products for independent living, assisted living, memory care and skilled nursing projects. A variety of loan products are available to accommodate rehabilitation, acquisition, and refinancing of healthcare properties. Credit risk in these loans is primarily driven by local demographics and the expertise of the operators of the facilities. Repayment of these loans may include refinancing to a permanent loan or sale of the property, as well as successful operation of a business or property and the borrower's cash flows. These loans are well-collateralized and underwritten to agency guidelines. Loans included in this segment typically carry a base rate of 30-day SOFR that adjusts on a monthly basis, and a margin. The Company focuses on loan classes that are government backed or can be sold in the secondary market.

Commercial Lending and Commercial Real Estate Loans (CML & CRE): The commercial lending and commercial real estate portfolio includes loans to commercial customers for use in financing working capital needs, equipment purchases and expansions, as well as loans to commercial customers to finance land and improvements. It also includes lines of credit collateralized by mortgage servicing rights that are assessed for fair value quarterly at the Company's request. The loans in this category are repaid primarily from the cash flow of a borrower's principal business operation. Credit risk in these loans is driven by creditworthiness of a borrower and the economic conditions that impact the cash flow stability from business operations. SBA loans are included in this category. An immaterial portion of commercial and commercial real estate loans are typically made up of non-owner occupied commercial real estate loans.

Agricultural Production and Real Estate Loans (AG & AGRE): Agricultural production loans are generally comprised of seasonal operating lines of credit to grain farmers to plant and harvest corn and soybeans and term loans to fund the purchase of equipment. The Company also offers long-term financing to purchase agricultural real estate. Specific underwriting standards have been established for agricultural-related loans including the establishment of projections for each operating-year based on industry-developed estimates of farm input costs and expected commodity yields and prices. Operating lines are typically written for one year and secured by the crop and other farm assets as considered necessary. The Company is approved to sell agricultural loans in the secondary market through Farmer Mac and uses this relationship to manage interest rate risk within the portfolio. Agricultural real estate loans included in this segment are typically structured with a one-year ARM, three-year ARM or five-year ARM indexed to CMT and a margin. Agriculture production, livestock, and equipment loans are structured with variable rates that are indexed to prime or fixed for terms not exceeding five years.

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Consumer and Margin Loans (CON & MAR): Consumer loans are those loans secured by household assets. Margin loans are those loans secured by marketable securities. The term and maximum amount for these loans are determined by considering the purpose of the loan, the margin (advance percentage against value) in all collateral, the primary source of repayment, and the borrower's other related cash flow.

ACL-Loans

The ACL-Loans is the Company's estimate of current expected life of loan credit losses. Loans receivable is presented net of the allowance to reflect the principal balance expected to be collected over the contractual term of the loans. This life of loan allowance is established through a provision for credit losses included in net interest income after provision for credit losses as loans are recorded in the unaudited condensed consolidated financial statements. The provision for a reporting period also reflects increases or decreases in the allowance related to changes in credit loss expectations. Actual credit losses are charged against the allowance when management believes the loan balance, or a portion thereof, is uncollectible. Subsequent recoveries, if any, are credited to the allowance.

The ACL-Loans is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans considering relevant available information from internal and external sources, including historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. The allowance also incorporates reasonable and supportable forecasts. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available. The level of the ACL-Loans is believed to be adequate to absorb expected future losses in the loan portfolio as of the measurement date.

The ACL-Loans consists of individually evaluated loans and pooled loan components. The Company's primary portfolio segmentation is by loans with similar risk characteristics. Loans risk graded substandard and worse are individually evaluated for expected credit losses. For individually evaluated loans that are collateral dependent, the Company may use the fair value of the collateral, less estimated costs to sell, as a practical expedient as of the reporting date to determine the carrying amount of an asset and the allowance for credit losses, as applicable. A loan is considered to be collateral dependent when repayment is expected to be provided substantially through the operation or the sale of the collateral when the borrower is experiencing financial difficulty as of the reporting date.

To calculate the ACL-Loans, the portfolio is segmented by loans with similar risk characteristics.

Loan Portfolio Segment	ACL-Loans Methodology
Mortgage warehouse repurchase agreements	Remaining Life Method
Residential real estate loans	Discounted Cash Flow
Multi-family financing	Discounted Cash Flow
Healthcare financing	Discounted Cash Flow
Commercial and commercial real estate	Discounted Cash Flow
Agricultural production and real estate	Remaining Life Method
Consumer and margin loans	Remaining Life Method

Loan characteristics used in determining the segmentation include the underlying collateral, type or purpose of the loan, and expected credit loss patterns. The initial estimation of expected credit losses for each segment is based on historical credit loss experience and management's judgement. Given the Company's modest historical credit loss experience, peer and industry data was incorporated into the measurement. Expected life of loan credit losses are quantified using discounted cash flows and remaining life methodologies.

Model results are supplemented by qualitative adjustments for risk factors relevant in assessing the expected credit losses within the portfolio segments. These adjustments may increase or decrease the estimate of expected credit losses based upon the assessed level of risk for each qualitative factor.

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The models utilized and the applicable qualitative adjustments require assumptions and management judgement that can be subjective in nature. The above measurement approach is also used to estimate the expected credit losses associated with unfunded loan commitments, which also incorporates expected utilization rates.

The following tables present, by loan portfolio segment, the activity in the ACL-Loans for the three and nine months ended September 30, 2025 and 2024:

	Three Months Ended September 30, 2025							TOTAL
	MTG WHRA	RES RE	MF FIN	HC FIN	CML & CRE	AG & AGRE	CON & MAR	
	(In thousands)							
ACL-Loans								
Balance, beginning of period	\$ 4,914	\$ 4,511	\$ 63,471	\$ 6,344	\$ 11,860	\$ 637	\$ 74	\$ 91,811
Provision for credit losses	(479)	220	22,653	6,812	1,836	17	(63)	30,996
Loans charged to the allowance	—	—	(27,630)	—	(1,870)	—	—	(29,500)
Recoveries of loans previously charged-off	—	—	—	—	23	—	—	23
Balance, end of period	<u>\$ 4,435</u>	<u>\$ 4,731</u>	<u>\$ 58,494</u>	<u>\$ 13,156</u>	<u>\$ 11,849</u>	<u>\$ 654</u>	<u>\$ 11</u>	<u>\$ 93,330</u>

	Three Months Ended September 30, 2024							TOTAL
	MTG WHRA	RES RE	MF FIN	HC FIN	CML & CRE	AG & AGRE	CON & MAR	
	(In thousands)							
ACL-Loans								
Balance, beginning of period	\$ 3,616	\$ 6,323	\$ 34,412	\$ 23,522	\$ 12,591	\$ 489	\$ 75	\$ 81,028
Provision for credit losses	(414)	129	12,745	(7,119)	209	13	11	5,574
Loans charged to the allowance	—	—	(1,933)	—	(127)	—	—	(2,060)
Recoveries of loans previously charged-off	—	2	—	—	5	—	—	7
Balance, end of period	<u>\$ 3,202</u>	<u>\$ 6,454</u>	<u>\$ 45,224</u>	<u>\$ 16,403</u>	<u>\$ 12,678</u>	<u>\$ 502</u>	<u>\$ 86</u>	<u>\$ 84,549</u>

The Company recorded a total provision for credit losses of \$29.2 million for the three months ended September 30, 2025. The \$29.2 million total provision for credit losses consisted of \$31.0 million for the ACL-Loans as shown above, net of \$1.8 million for the release on reserves on the ACL-OBCE's.

The Company recorded a total provision for credit losses of \$6.9 million for the three months ended September 30, 2024. The \$6.9 million total provision for credit losses consisted of \$5.6 million for the ACL-Loans as shown above and \$2.1 million for the ACL-OBCE's, net of \$0.7 million for the release of reserves on the ACL-Guarantees, related to a loan securitization.

	Nine Months Ended September 30, 2025							TOTAL
	MTG WHRA	RES RE	MF FIN	HC FIN	CML & CRE	AG & AGRE	CON & MAR	
	(In thousands)							
ACL-Loans								
Balance, beginning of period	\$ 3,816	\$ 5,942	\$ 55,126	\$ 8,562	\$ 10,293	\$ 539	\$ 108	\$ 84,386
Provision for credit losses	619	(1,211)	79,701	12,091	3,745	115	(97)	94,963
Loans charged to the allowance	—	—	(76,333)	(7,497)	(2,240)	—	—	(86,070)
Recoveries of loans previously charged-off	—	—	—	—	51	—	—	51
Balance, end of period	<u>\$ 4,435</u>	<u>\$ 4,731</u>	<u>\$ 58,494</u>	<u>\$ 13,156</u>	<u>\$ 11,849</u>	<u>\$ 654</u>	<u>\$ 11</u>	<u>\$ 93,330</u>

	Nine Months Ended September 30, 2024							TOTAL
	MTG WHRA	RES RE	MF FIN	HC FIN	CML & CRE	AG & AGRE	CON & MAR	
	(In thousands)							
ACL-Loans								
Balance, beginning of period	\$ 2,070	\$ 7,323	\$ 26,874	\$ 22,454	\$ 12,243	\$ 619	\$ 169	\$ 71,752
FMBI's ACL for loans sold	—	(55)	(186)	(2)	(92)	(246)	(12)	(593)
Provision for credit losses	1,132	(829)	23,818	(6,049)	1,674	129	(71)	19,804
Loans charged to the allowance	—	—	(5,282)	—	(1,155)	—	—	(6,437)
Recoveries of loans previously charged-off	—	15	—	—	8	—	—	23
Balance, end of period	<u>\$ 3,202</u>	<u>\$ 6,454</u>	<u>\$ 45,224</u>	<u>\$ 16,403</u>	<u>\$ 12,678</u>	<u>\$ 502</u>	<u>\$ 86</u>	<u>\$ 84,549</u>

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The Company recorded a total provision for credit losses of \$90.0 million for the nine months ended September 30, 2025. The \$90.0 million total provision for credit losses consisted of \$95.0 million for the ACL-Loans as shown above, net of \$4.6 million for the release of reserves on the ACL-OBCE's and \$0.4 million for the release of reserves on the ACL-Guarantees, related to a loan securitization.

The Company recorded a total provision for credit losses of \$21.6 million for the nine months ended September 30, 2024. The \$21.6 million total provision for credit losses consisted of \$19.8 million for the ACL-Loans as shown above, \$3.1 million for the ACL-OBCE's, net of \$0.7 million for the release of reserves on the ACL-Guarantees, related to a loan securitization, and \$0.6 million for the release of FMBI's ACL-Loans for loans sold.

The following table presents, by loan portfolio segment, the activity in the ACL-Loans, for the year-ended December 31, 2024:

	Year Ended December 31, 2024							TOTAL
	MTG WHRA	RES RE	MF FIN	HC FIN	CML & CRE	AG & AGRE	CON & MAR	
	(In thousands)							
ACL-Loans								
Balance, beginning of period	\$ 2,070	\$ 7,323	\$ 26,874	\$ 22,454	\$ 12,243	\$ 619	\$ 169	\$ 71,752
FMBI's ACL for loans sold	—	(55)	(186)	(2)	(92)	(246)	(12)	(593)
Provision for credit losses	1,746	(1,340)	33,674	(10,795)	276	166	(49)	23,678
Loans charged to the allowance	—	—	(5,282)	(3,095)	(2,210)	—	—	(10,587)
Recoveries of loans previously charged-off	—	14	46	—	76	—	—	136
Balance, end of period	<u>\$ 3,816</u>	<u>\$ 5,942</u>	<u>\$ 55,126</u>	<u>\$ 8,562</u>	<u>\$ 10,293</u>	<u>\$ 539</u>	<u>\$ 108</u>	<u>\$ 84,386</u>

The Company recorded a total provision for credit losses of \$24.3 million for the year ended December 31, 2024. The \$24.3 million provision for credit losses consisted of \$23.7 million for the ACL-Loans as shown above, \$2.2 million for the ACL-OBCEs, net of \$1.0 million for the release of reserves on ACL-Guarantees, related to a loan securitization and \$0.6 million for the release of FMBI's ACL-Loans for loans sold.

The table below presents the amortized cost basis and ACL-Loans allocated for collateral dependent loans, which are individually evaluated to determine expected credit losses as of September 30, 2025 and December 31, 2024:

	September 30, 2025				
	Real Estate	Accounts Receivable / Equipment	Other	Total	ACL-Loans Allocation
	(In thousands)				
RES RE	\$ 7,303	\$ —	\$ —	\$ 7,303	\$ 37
MF FIN	307,977	—	—	307,977	25,460
HC FIN	101,363	—	—	101,363	7,017
CML & CRE	8,770	—	883	9,653	685
AG & AGRE	181	4	—	185	2
Total collateral dependent loans	<u>\$ 425,594</u>	<u>\$ 4</u>	<u>\$ 883</u>	<u>\$ 426,481</u>	<u>\$ 33,201</u>

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There were no significant changes to the types of collateral securing the Company's collateral dependent loans compared to December 31, 2024.

	December 31, 2024				
	Real Estate	Accounts Receivable / Equipment	Other	Total	ACL-Loans Allocation
			(In thousands)		
RES RE	\$ 6,153	\$ —	\$ —	\$ 6,153	\$ 31
MF FIN	227,054	—	693	227,747	22,265
HC FIN	73,225	—	—	73,225	2,569
CML & CRE	8,125	1,447	629	10,201	358
AG & AGRE	—	6	—	6	1
Total collateral dependent loans	<u>\$ 314,557</u>	<u>\$ 1,453</u>	<u>\$ 1,322</u>	<u>\$ 317,332</u>	<u>\$ 25,224</u>

Internal Risk Categories

The Company evaluates the loan risk grading system definitions and ACL-Loans methodology on an ongoing basis. In adherence with policy, the Company uses the following internal risk grading categories and definitions for loans:

Pass - Loans that are considered to be of acceptable credit quality, and not classified as Special Mention, Substandard or Doubtful. Also included are loans classified as Watch loans, which represent loans that remain sound and collectible but contain elevated risk that requires management's attention.

Special Mention – Loans classified as Special Mention have potential weaknesses that deserve management's attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date. Special Mention loans are not adversely classified and do not warrant adverse classification. Loans with questions or concerns regarding collateral, adverse market conditions impacting future performance, and declining financial trends would be considered for Special Mention.

Substandard - Loans classified as Substandard are inadequately protected by the current net worth and paying capacity of the borrower or of the collateral pledged, if any. Loans so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected. When a loan in the form of a line of credit is downgraded to Substandard, it is evaluated for credit losses and future draws under the line of credit require the approval of an officer of Senior Credit Officer or above.

Doubtful - Loans classified as Doubtful have all the weaknesses inherent in those classified as Substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

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The following tables present the credit risk profile of the Company's loans receivable portfolio based on internal risk rating category and origination or extension year as of September 30, 2025 and December 31, 2024:

	September 30, 2025							TOTAL
	2025	2024	2023	2022	2021	Prior	Revolving Loans	
	(In thousands)							
MTG WHRA								
Pass	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,645,884	\$ 1,645,884
Total	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,645,884	\$ 1,645,884
RES RE								
Pass	\$ 43,270	\$ 34,729	\$ 26,198	\$ 7,369	\$ 4,969	\$ 21,829	\$ 863,312	\$ 1,001,676
Substandard	—	—	—	22	—	129	7,152	7,303
Total	\$ 43,270	\$ 34,729	\$ 26,198	\$ 7,391	\$ 4,969	\$ 21,958	\$ 870,464	\$ 1,008,979
MF FIN								
Pass	\$ 916,026	\$ 717,584	\$ 294,311	\$ 54,361	\$ 21,178	\$ 8,590	\$ 2,469,270	\$ 4,481,320
Special Mention	26,896	57,566	—	—	—	2,309	1,409	88,180
Substandard	35,425	13,666	140,354	91,203	—	—	27,329	307,977
Total	\$ 978,347	\$ 788,816	\$ 434,665	\$ 145,564	\$ 21,178	\$ 10,899	\$ 2,498,008	\$ 4,877,477
Charge-offs	\$ —	\$ —	\$ 25,069	\$ 47,614	\$ —	\$ 3,650	\$ —	\$ 76,333
HC FIN								
Pass	\$ 768,087	\$ 15,009	\$ 46,263	\$ 63,088	\$ —	\$ —	\$ 421,691	\$ 1,314,138
Special Mention	38,505	16,100	—	—	—	—	5,940	60,545
Substandard	18,057	31,539	25,600	—	20,317	—	5,850	101,363
Total	\$ 824,649	\$ 62,648	\$ 71,863	\$ 63,088	\$ 20,317	\$ —	\$ 433,481	\$ 1,476,046
Charge-offs	\$ —	\$ —	\$ —	\$ —	\$ 5,296	\$ 2,201	\$ —	\$ 7,497
CML & CRE								
Pass	\$ 51,415	\$ 50,462	\$ 45,215	\$ 61,529	\$ 36,070	\$ 31,466	\$ 1,221,732	\$ 1,497,889
Special Mention	3,297	—	827	1,384	1,176	143	76	6,903
Substandard	—	250	226	621	8,533	23	—	9,653
Total	\$ 54,712	\$ 50,712	\$ 46,268	\$ 63,534	\$ 45,779	\$ 31,632	\$ 1,221,808	\$ 1,514,445
Charge-offs	\$ —	\$ 266	\$ 254	\$ 160	\$ 1,560	\$ —	\$ —	\$ 2,240
AG & AGRE								
Pass	\$ 10,929	\$ 15,731	\$ 7,129	\$ 4,581	\$ 2,851	\$ 20,241	\$ 23,088	\$ 84,550
Special Mention	89	—	—	—	—	—	—	89
Substandard	—	—	4	181	—	—	—	185
Total	\$ 11,018	\$ 15,731	\$ 7,133	\$ 4,762	\$ 2,851	\$ 20,241	\$ 23,088	\$ 84,824
CON & MAR								
Pass	\$ 120	\$ 226	\$ 17	\$ 6	\$ 1	\$ —	\$ 526	\$ 896
Total	\$ 120	\$ 226	\$ 17	\$ 6	\$ 1	\$ —	\$ 526	\$ 896
Total Pass	\$ 1,789,847	\$ 833,741	\$ 419,133	\$ 190,934	\$ 65,069	\$ 82,126	\$ 6,645,503	\$ 10,026,353
Total Special Mention	\$ 68,787	\$ 73,666	\$ 827	\$ 1,384	\$ 1,176	\$ 2,452	\$ 7,425	\$ 155,717
Total Substandard	\$ 53,482	\$ 45,455	\$ 166,184	\$ 92,027	\$ 28,850	\$ 152	\$ 40,331	\$ 426,481
Total Loans	\$ 1,912,116	\$ 952,862	\$ 586,144	\$ 284,345	\$ 95,095	\$ 84,730	\$ 6,693,259	\$ 10,608,551
Total Charge-offs	\$ —	\$ 266	\$ 25,323	\$ 47,774	\$ 6,856	\$ 5,851	\$ —	\$ 86,070

The table above excludes two multi-family loans, rated as Special Mention, totaling \$14.4 million and classified as held for sale at September 30, 2025. The Company did not have any material revolving loans converted to term loans that were not re-underwritten at September 30, 2025.

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	December 31, 2024							TOTAL
	2024	2023	2022	2021	2020	Prior	Revolving Loans	
(In thousands)								
MTG WHRA								
Pass	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,446,068	\$ 1,446,068
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,446,068</u>	<u>\$ 1,446,068</u>
RES RE								
Pass	\$ 40,363	\$ 30,750	\$ 8,212	\$ 6,181	\$ 18,712	\$ 6,210	\$ 1,206,272	\$ 1,316,700
Substandard	—	—	22	—	—	203	5,928	6,153
Total	<u>\$ 40,363</u>	<u>\$ 30,750</u>	<u>\$ 8,234</u>	<u>\$ 6,181</u>	<u>\$ 18,712</u>	<u>\$ 6,413</u>	<u>\$ 1,212,200</u>	<u>\$ 1,322,853</u>
MF FIN								
Pass	\$ 1,028,288	\$ 518,320	\$ 419,723	\$ 66,787	\$ 5,460	\$ 10,456	\$ 2,109,707	\$ 4,158,741
Special Mention	88,337	77,700	57,679	—	—	238	13,857	237,811
Substandard	18,884	105,553	76,093	2,550	—	—	24,667	227,747
Total	<u>\$ 1,135,509</u>	<u>\$ 701,573</u>	<u>\$ 553,495</u>	<u>\$ 69,337</u>	<u>\$ 5,460</u>	<u>\$ 10,694</u>	<u>\$ 2,148,231</u>	<u>\$ 4,624,299</u>
Charge-offs	<u>\$ —</u>	<u>\$ 870</u>	<u>\$ 4,412</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,282</u>
HC FIN								
Pass	\$ 460,259	\$ 112,223	\$ 466,393	\$ —	\$ —	\$ —	\$ 234,316	\$ 1,273,191
Special Mention	32,547	—	8,900	—	—	—	96,620	138,067
Substandard	13,961	25,600	—	25,363	—	—	8,301	73,225
Total	<u>\$ 506,767</u>	<u>\$ 137,823</u>	<u>\$ 475,293</u>	<u>\$ 25,363</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 339,237</u>	<u>\$ 1,484,483</u>
Charge-offs	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,095</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,095</u>
CML & CRE								
Pass	\$ 52,323	\$ 45,999	\$ 107,451	\$ 48,903	\$ 16,264	\$ 18,216	\$ 1,172,763	\$ 1,461,919
Special Mention	—	—	2,331	1,633	—	52	75	4,091
Substandard	40	150	110	8,835	—	41	1,025	10,201
Total	<u>\$ 52,363</u>	<u>\$ 46,149</u>	<u>\$ 109,892</u>	<u>\$ 59,371</u>	<u>\$ 16,264</u>	<u>\$ 18,309</u>	<u>\$ 1,173,863</u>	<u>\$ 1,476,211</u>
Charge-offs	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 253</u>	<u>\$ 982</u>	<u>\$ —</u>	<u>\$ 975</u>	<u>\$ —</u>	<u>\$ 2,210</u>
AG & AGRE								
Pass	\$ 17,328	\$ 7,373	\$ 4,676	\$ 3,170	\$ 8,790	\$ 13,705	\$ 22,583	\$ 77,625
Substandard	—	6	—	—	—	—	—	6
Total	<u>\$ 17,328</u>	<u>\$ 7,379</u>	<u>\$ 4,676</u>	<u>\$ 3,170</u>	<u>\$ 8,790</u>	<u>\$ 13,705</u>	<u>\$ 22,583</u>	<u>\$ 77,631</u>
CON & MAR								
Pass	\$ 326	\$ 75	\$ 18	\$ 9	\$ —	\$ 4,151	\$ 2,264	\$ 6,843
Total	<u>\$ 326</u>	<u>\$ 75</u>	<u>\$ 18</u>	<u>\$ 9</u>	<u>\$ —</u>	<u>\$ 4,151</u>	<u>\$ 2,264</u>	<u>\$ 6,843</u>
Total Pass	<u>\$ 1,598,887</u>	<u>\$ 714,740</u>	<u>\$ 1,006,473</u>	<u>\$ 125,050</u>	<u>\$ 49,226</u>	<u>\$ 52,738</u>	<u>\$ 6,193,973</u>	<u>\$ 9,741,087</u>
Total Special Mention	<u>\$ 120,884</u>	<u>\$ 77,700</u>	<u>\$ 68,910</u>	<u>\$ 1,633</u>	<u>\$ —</u>	<u>\$ 290</u>	<u>\$ 110,552</u>	<u>\$ 379,969</u>
Total Substandard	<u>\$ 32,885</u>	<u>\$ 131,309</u>	<u>\$ 76,225</u>	<u>\$ 36,748</u>	<u>\$ —</u>	<u>\$ 244</u>	<u>\$ 39,921</u>	<u>\$ 317,332</u>
Total Loans	<u>\$ 1,752,656</u>	<u>\$ 923,749</u>	<u>\$ 1,151,608</u>	<u>\$ 163,431</u>	<u>\$ 49,226</u>	<u>\$ 53,272</u>	<u>\$ 6,344,446</u>	<u>\$ 10,438,388</u>
Total Charge-offs	<u>\$ —</u>	<u>\$ 870</u>	<u>\$ 4,665</u>	<u>\$ 4,077</u>	<u>\$ —</u>	<u>\$ 975</u>	<u>\$ —</u>	<u>\$ 10,587</u>

The table above excludes one multi-family loan, rated as Special Mention, totaling \$17.4 million and classified as held for sale at December 31, 2024. The Company did not have any material revolving loans converted to term loans that were not re-underwritten at December 31, 2024.

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Delinquent Loans

The following tables present the Company's loan portfolio aging analysis of the recorded investment in loans receivable as of September 30, 2025 and December 31, 2024.

	September 30, 2025				Current	Total Loans
	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total Past Due		
	(Dollars in thousands)					
MTG WHRA	\$ —	\$ —	\$ —	\$ —	\$ 1,645,884	\$ 1,645,884
RES RE	3,006	2,831	3,048	8,885	1,000,094	1,008,979
MF FIN	8,391	11,850	203,870	224,111	4,653,366	4,877,477
HC FIN	21,248	—	67,867	89,115	1,386,931	1,476,046
CML & CRE	—	—	2,434	2,434	1,512,011	1,514,445
AG & AGRE	—	31	4	35	84,789	84,824
CON & MAR	—	—	—	—	896	896
	<u>\$ 32,645</u>	<u>\$ 14,712</u>	<u>\$ 277,223</u>	<u>\$ 324,580</u>	<u>\$ 10,283,971</u>	<u>\$ 10,608,551</u>
	<u>—%</u>	<u>—%</u>	<u>3%</u>	<u>3%</u>	<u>97%</u>	<u>100%</u>

The table above excludes one multi-family loan of \$11.7 million, 30-59 days past due, classified as held for sale that was past due as of September 30, 2025.

	December 31, 2024				Current	Total Loans
	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total Past Due		
	(Dollars in thousands)					
MTG WHRA	\$ —	\$ —	\$ —	\$ —	\$ 1,446,068	\$ 1,446,068
RES RE	1,294	3,797	2,339	7,430	1,315,423	1,322,853
MF FIN	8,497	11,148	201,508	221,153	4,403,146	4,624,299
HC FIN	—	—	59,264	59,264	1,425,219	1,484,483
CML & CRE	596	688	3,047	4,331	1,471,880	1,476,211
AG & AGRE	73	—	12	85	77,546	77,631
CON & MAR	—	—	—	—	6,843	6,843
	<u>\$ 10,460</u>	<u>\$ 15,633</u>	<u>\$ 266,170</u>	<u>\$ 292,263</u>	<u>\$ 10,146,125</u>	<u>\$ 10,438,388</u>
	<u>—%</u>	<u>—%</u>	<u>3%</u>	<u>3%</u>	<u>97%</u>	<u>100%</u>

The table above excludes one multi-family loan of \$30.1 million and two residential real estate loans totaling \$2.1 million, 30-59 days past due, and one residential real estate loan of \$0.1 million, 90+ days past due, classified as held for sale at December 31, 2024.

Nonperforming Loans and Assets

Nonaccrual loans, including modified loans to borrowers experiencing financial difficulty that have not met the six-month minimum performance criterion, are reported as nonperforming loans. For all loan classes, it is the Company's policy to have any modified loans which are on nonaccrual status prior to being modified, remain on nonaccrual status until six months of satisfactory borrower performance, at which time management would consider its return to accrual status. A loan is generally classified as nonaccrual when the Company believes that receipt of principal and interest is doubtful under the terms of the loan agreement. Generally, this is at 90 days or more past due. Interest income of \$0 and \$0.1 million for the three and nine months ended September 30, 2025, respectively, and \$0.1 million

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and \$1.0 million for the three and nine months ended September 30, 2024, respectively, which was collected when a loan paid off and was recognized on nonaccrual financial assets at the time of payoff.

The following table presents the Company's nonperforming loans and nonperforming assets at September 30, 2025 and December 31, 2024.

	September 30, 2025		December 31, 2024	
	Nonaccrual	Total Loans > 90 Days & Accruing	Nonaccrual	Total Loans > 90 Days & Accruing
	(In thousands)			
RES RE	\$ 7,303	\$ —	\$ 6,154	\$ —
MF FIN	211,567	—	201,508	—
HC FIN	60,824	16,100	69,001	—
CML & CRE	2,470	—	3,047	—
AG & AGRE	4	—	6	6
	\$ 282,168	\$ 16,100	\$ 279,716	\$ 6

The Company did not have any loans classified as held for sale on nonaccrual or past due as of September 30, 2025. The table above excludes one residential real estate loan, classified as held for sale, on nonaccrual at December 31, 2024, totaling \$0.1 million.

The Company did not have any nonaccrual loans without an estimated ACL at September 30, 2025 or December 31, 2024.

Modifications to Borrowers Experiencing Financial Difficulty

Occasionally, the Company modifies loans to borrowers in financial difficulty by providing principal forgiveness, term extension, an other-than-insignificant payment delay, or interest rate reduction. In some cases, the Company provides multiple types of modifications on one loan. Typically, one type of modification, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another modification, such as principal forgiveness, may be granted, but is rare.

The following tables present the amortized cost basis of loans at September 30, 2025 and 2024 that were both experiencing financial difficulty and modified during the three and nine months ended September 30, 2025 and 2024, by class and by type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financing receivable is also presented below.

	Three Months Ended September 30, 2025					Nine Months Ended September 30, 2025				
	Payment Delay	Term Extension	Combination - Term Extension and Payment Delay	Total Class of Financing Receivable	% of Total Class of Financing Receivable	Payment Delay	Term Extension	Combination - Term Extension and Payment Delay	Total Class of Financing Receivable	% of Total Class of Financing Receivable
MF FIN	\$ —	\$ 33,453	\$ 7,698	\$ 41,151	1 %	\$ —	\$ 58,695	\$ 40,235	\$ 98,930	2 %
HC FIN	—	37,305	9,057	46,362	3 %	—	37,305	9,057	46,362	3 %
CML & CRE	—	595	—	595	— %	—	595	178	773	— %
Total	\$ —	\$ 71,353	\$ 16,755	\$ 88,108	1 %	\$ —	\$ 96,595	\$ 49,470	\$ 146,065	1 %

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	Three Months Ended September 30, 2024					Nine Months Ended September 30, 2024				
	Payment Delay	Term Extension	Combination - Term Extension and Payment Delay	Total Class of Financing Receivable	% of Total Class of Financing Receivable	Payment Delay	Term Extension	Combination - Term Extension and Payment Delay	Total Class of Financing Receivable	% of Total Class of Financing Receivable
	(In thousands)					(In thousands)				
MF FIN	\$ 4,346	\$ 13,400	\$ —	\$ 17,746	— %	\$ 38,545	\$ 55,853	\$ —	\$ 94,398	2 %
HC FIN	10,114	—	—	10,114	1 %	10,114	4,235	—	14,349	1 %
Total	\$ 14,460	\$ 13,400	\$ —	\$ 27,860	— %	\$ 48,659	\$ 60,088	\$ —	\$ 108,747	1 %

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty. Loans with risk classifications of Pass and Special Mention were part of the pooled loan ACL analysis. Loans classified as Substandard or worse were individually evaluated for credit losses and specific reserves were established, if applicable. During the three and nine months ended September 30, 2025, there were no specific reserves recorded on troubled loan modifications disclosed herein. The Company has committed to lend no additional amounts to the borrowers included in the table below.

Loan Type	Three Months Ended September 30, 2025	
	Term Extension Financial Effect	Combination - Term Extension and Payment Delay Financial Effect
MF FIN	Added a weighted average 11 months.	Term extension and forbearance added a weighted average of 4 months.
HC FIN	Added a weighted average 8 months.	Term extension and forbearance added a weighted average of 14 months.
CML & CRE	Added a weighted average 60 months.	

Loan Type	Nine Months Ended September 30, 2025	
	Term Extension Financial Effect	Combination - Term Extension and Payment Delay Financial Effect
MF FIN	Added a weighted average 10 months.	Term extension and forbearance added a weighted average of 5 months.
HC FIN	Added a weighted average 8 months.	Term extension and forbearance added a weighted average of 14 months.
CML & CRE	Added a weighted average 60 months.	Term extension added a weighted average of 61 months and forbearance added a weighted average of 12 months.

Loan Type	Three Months Ended September 30, 2024	
	Term Extension Financial Effect	Payment Delay Financial Effect
MF FIN	Added a weighted average 4 months.	Forbearance average of 5 months.
HC FIN		Forbearance average of 6 months.

Loan Type	Nine Months Ended September 30, 2024	
	Term Extension Financial Effect	Payment Delay Financial Effect
MF FIN	Added a weighted average 22 months.	Forbearance average of 7 months.
HC FIN	Added a weighted average 12 months.	Forbearance average of 6 months.

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The Company closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The following table presents the performance of such loans that have been modified in the last twelve months as of September 30, 2025:

	<u>Current</u>	<u>30 - 89 Days Past Due</u>	<u>90+ Days Past Due</u>	<u>Total Loans</u>
		(In thousands)		
MF FIN	\$ 98,930	\$ —	\$ —	\$ 98,930
HC FIN	46,362	—	—	46,362
CML & CRE	773	—	—	773
Total	<u>\$ 146,065</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 146,065</u>

During the nine months ended September 30, 2025, there were no payment defaults on loans to borrowers whose loans were modified due to financial difficulties within the previous twelve months.

Foreclosures

There were \$3.0 million in residential loans in the process of foreclosure as of September 30, 2025 and there were \$1.9 million in process of foreclosure as of December 31, 2024.

Significant Loan Sales

On July 31, 2025, the Company completed a \$237.0 million securitization of one multi-family mortgage loan through a Freddie Mac-sponsored Q-Series transaction. The transfer of this loan was accounted for as a sale for financial reporting purposes, in accordance with ASC 860, and a \$300,000 gain on sale was recognized. The Company was retained as the mortgage sub-servicer for Freddie Mac for the single loan. Beyond sub-servicing the loan, the Company's ongoing involvement in this transaction is limited to customary obligations of loan sales, including any material breach in representation. In connection with this transaction, a mortgage servicing right of \$497,000 was established.

Loans Purchased

The Company purchased \$50.1 million and \$85.0 million of loans during the nine months ended September 30, 2025 and 2024, respectively.

Loan Guarantees

The Company issues instruments, in the normal course of business with customers, that are considered financial guarantees. Standby letters of credit guarantees are issued in connection with agreements made by customers to counterparties. Standby letters of credit are contingent upon failure of the customer to perform the terms of the underlying contract. Credit risk associated with the standby letters of credit is essentially the same as that associated with extending loans to customers and is subject to normal credit policies. The terms of these standby letters of credit range from less than one to eight years. These commitments are not recorded in the unaudited condensed consolidated financial statements. The total for these guarantees at September 30, 2025 and December 31, 2024 was \$193.4 million and \$204.7 million, respectively.

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Supplemental Cash Flow Information

Supplemental cash flow information related to loans is presented in the table below.

	Nine Months Ended September 30,	
	2025	2024
	(In thousands)	
Cash Flow Statement		
Supplemental cash flow information:		
Transfer of loans to other real estate owned	\$ —	\$ 90
Investments received in securitization of loans sold	3,583	534,538
Deposits received upon loan origination	189,206	—
Transfer of loans from loans held for sale to loans receivable	18,429	61,500
Transfer of loans from loans receivable to loans held for sale	386,604	604,969

Note 5: Qualified Affordable Housing and Other Tax Credits

The Company invests in LIHTC limited liability partnerships and LLCs. The primary purpose of these investments is to earn an adequate return of capital through the receipt of low-income housing tax credits. Those investments are recorded at cost and then amortized using the proportional amortization method. The investments are included in other assets on the unaudited condensed consolidated balance sheets, with any unfunded commitments included in other liabilities. The investments are amortized as a component of income tax expense.

The Company also has a pool of investments that are held for sale and are accounted for at the lower of cost or market. These investments include projects that are awaiting syndication in LIHTC funds through the Company's MCI subsidiary. The investments are included in other assets on the unaudited condensed consolidated balance sheets.

The Company is the primary beneficiary in one of its joint venture investments, therefore the results of this entity are consolidated and the benefits of the new market fund are recognized through tax credits as a component of income tax expense.

Investment	Accounting Method	September 30, 2025		December 31, 2024	
		Investment	Unfunded Commitments	Investment	Unfunded Commitments
(In thousands)					
LIHTC	Proportional amortization	\$ 184,485	\$ 103,405	\$ 123,574	\$ 93,929
LIHTC ⁽¹⁾	Lower of cost or market	46,882	—	56,533	—
LIHTC subtotal		\$ 231,367	\$ 103,405	\$ 180,107	\$ 93,929
Joint Venture	Consolidated	10,991	—	10,937	—
Total		\$ 242,358	\$ 103,405	\$ 191,044	\$ 93,929

(1) LIHTC projects held for future syndication.

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The following table summarizes the amortization expense and tax credits recognized for the Company's low-income housing investments for the three and nine months ended September 30, 2025 and 2024.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In thousands)		(In thousands)	
Amortization expense	\$ 4,420	\$ 3,406	\$ 11,979	\$ 8,551
Expected tax credits	\$ 4,860	\$ 3,789	\$ 13,229	\$ 10,032

The Company serves as a general partner for several syndicated low-income housing tax credit funds that are owned by one investor, holding 85.00-99.99% of the funds, as a limited partner. The Company, as general partner, provided services during 2025 and prior years, such as formation of the funds and identifying or acquiring tax credit investments, for which it expects to receive fees in the future, up to approximately \$29.7 million. The amount of payments to be received as the general partner is contingent upon achieving certain performance obligations, including the stabilization of the properties and delivery of tax credits to the limited partner in the future, which could extend out until 2043. Due to the long-term nature of the agreement, amounts to be received, and the uncertainty of achieving the performance obligation, variable consideration and revenue recognition has been 100% constrained as of September 30, 2025. Revenue recognition will be continuously evaluated as facts and circumstances evolve. The Company has also advanced these LIHTC funds \$106.5 million as of September 30, 2025 and \$98.8 million as of December 31, 2024 to acquire its LIHTC investment projects, for which it expects repayment over a similar period. These advances have been recorded in other assets on the unaudited condensed consolidated balance sheets.

Supplemental Cash Flow Information

Supplemental cash flow information related to qualified affordable housing investments is presented in the table below.

	Nine Months Ended September 30,	
	2025	2024
	(In thousands)	
Cash Flow Statement		
Supplemental cash flow information:		
Qualified affordable housing investments obtained in exchange for funding commitments	\$ 42,516	\$ —
Deposits received upon reduction of funding commitments	23,040	—
Beneficial interests received in exchange for LIHTC's sold	12,969	—

Note 6: Leases

The Company has operating leases for various locations with terms ranging from one to six years. Some operating leases include options to extend. The extensions were included in the right-of-use asset if the likelihood of extension was reasonably certain. The Company elected not to separate non-lease components from lease components for its operating leases.

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Supplemental balance sheet information related to leases is presented in the table below as of September 30, 2025 and December 31, 2024:

	September 30, 2025	December 31, 2024
	(In thousands)	
Balance Sheet		
Operating lease ROU asset (in other assets)	\$ 6,969	\$ 8,332
Operating lease liability (in other liabilities)	7,797	9,303
Weighted average remaining lease term (years)	3.9	4.6
Weighted average discount rate	3.44%	3.43%

The table below presents the components of lease expenses for the three and nine months ended September 30, 2025 and 2024. Operating lease expenses are included in occupancy and equipment expense on the unaudited condensed consolidated income statement.

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2025	2024	2025	2024
	(In thousands)		(In thousands)	
Statement of Income				
Components of lease expense:				
Operating lease cost	\$ 811	\$ 652	\$ 2,243	\$ 2,021

Supplemental cash flow information related to leases is presented in the tables below.

Maturities of lease liabilities:	September 30, 2025
	(In thousands)
One year or less	\$ 2,323
Year two	2,283
Year three	1,748
Year four	1,212
Year five	558
Thereafter	214
Total future minimum lease payments	8,338
Less: imputed interest	541
Total	\$ 7,797

	Nine Months Ended	
	September 30,	
	2025	2024
	(In thousands)	
Cash Flow Statement		
Supplemental cash flow information:		
Operating cash flows for operating leases	\$ 1,729	\$ 1,881
Change in ROU assets due to lease renegotiation	—	(1,063)
ROU assets obtained in exchange for new operating lease liabilities	—	789

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Note 7: Other Assets and Receivables

The following items are included in other assets and receivables on the consolidated balance sheets.

Joint Ventures

The Company has investments in various joint ventures totaling \$53.0 million and \$42.2 million at September 30, 2025 and December 31, 2024, respectively. These investments are primarily made up of investments in debt funds totaling \$31.4 million and \$31.8 million at September 30, 2025 and December 31, 2024, respectively. The Company was not a primary beneficiary in any of these joint venture investments. Results from the entities are not required to be consolidated and are accounted for under the equity method of accounting. The Company is obligated to make additional investments over the next several years. There was an obligation of \$10.0 million and \$3.8 million reflected in the investment balance and liabilities at September 30, 2025 and December 31, 2024, respectively. See *Note 8: Variable Interest Entities (VIEs)* for additional information about VIE's.

Qualified Affordable Housing

Information regarding qualified affordable housing investments is disclosed elsewhere in *Note 5: Qualified Affordable Housing and Other Tax Credits*.

Freestanding Credit Enhancements

In December 2024, the Company executed a CDS on a reference pool of warehouse loans with an initial principal balance of \$1.2 billion. The initial pool consisted of warehouse participation certificates, classified as loans held for sale, but could include warehouse repurchase agreements, classified as loans receivable. The CDS covers a protected tranche of the first 12.5% of losses on the notional amount. Annual CDS premium payments equal 0.8% of the portfolio notional amount and is recorded as noninterest expense. Merchants will continually replenish maturing or non-renewing loans with substantially similar loans subject to mutual agreement with the CDS seller during a replenishment period, subject to a minimum balance of \$1.2 billion and a maximum balance of \$2.0 billion. The risk transfer agreement has a replenishment period of 36 months but can be extended to a maximum of 48 months.

The CDS is not accounted for as a derivative. A scope exception within ASC 815 for certain financial guarantees is utilized, as recovery payments are contingent on the failure of the debtor to pay their past due obligations, which are preconditions to the guarantee. Accordingly, the CDS has been accounted for as a freestanding credit enhancement and does not offset the Company's estimate of expected credit losses. Therefore, the ACL-loans will continue to be recorded without considering potential recoveries from freestanding credit enhancement contracts. Upon initial execution, there was no CDS recovery asset established because the loans in the pool were participation certificates that were classified as loans held for sale and carry no ACL-loans. When repurchase agreements are in the pool, they are classified as loans receivable, and a CDS recovery asset would be established in other assets, with an equal benefit to CDS recovery income in other noninterest income.

As of September 30, 2025 and December 31, 2024, there were no CDS recovery assets established. The total loan pool balance was \$1.2 billion as of September 30, 2025 and December 31, 2024.

Note 8: Variable Interest Entities

A VIE is a corporation, partnership, limited liability company, or any other legal structure used to conduct activities or hold assets generally that either:

- Does not have equity investors with voting rights that can directly or indirectly make decisions about the entity's activities through those voting rights or similar rights; or

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- Has equity investors that do not provide sufficient equity for the entity to finance its activities without additional subordinated financial support.

The Company has invested in single-family, multi-family, and healthcare debt financing entities, as well as low-income housing syndicated funds that are deemed to be VIEs. The Company also has deemed certain mortgage-backed securitizations (REMIC trusts) as VIEs that were established in conjunction with multi-family and healthcare loan sales and securitization transactions. Accordingly, the entities were assessed for potential consolidation under the VIE model that requires primary beneficiaries to consolidate the entity's results. A primary beneficiary is defined as the party that has both the power to direct the activities that most significantly impact the entity, and an interest that could be significant to the entity. To determine if an interest could be significant to the entity, both qualitative and quantitative factors regarding the nature, size and form of involvement with the entity are evaluated.

At September 30, 2025 the Company determined it was not the primary beneficiary for most of its VIEs, primarily because the Company did not have control or the obligation to absorb losses or the rights to receive benefits from the VIE that could potentially be significant to the VIE. Evaluation and reassessment of VIEs for consolidation is performed on an ongoing basis by management. Any changes in facts and circumstances occurring since the previous primary beneficiary determination will be considered as part of this ongoing reassessment.

The table below reflects the assets of the VIEs, as well as the maximum exposure to loss in connection with unconsolidated VIEs and liabilities for binding, unfunded commitments at September 30, 2025 and December 31, 2024. The Company's maximum exposure to loss associated with its unconsolidated VIEs consists of the capital invested plus any unfunded equity commitments. These investments and unfunded commitments are recorded in other assets and other liabilities, respectively, on the unaudited condensed consolidated balance sheets. Also included in the maximum loss exposure are loans to VIEs that are included in loans receivable. Although the REMIC trusts are not recognized on the balance sheet, the maximum exposure to loss is the carrying value of the securities acquired as part of the securitization transactions.

<u>Assets</u>	<u>Investments in VIEs</u>	<u>Loans to VIEs</u>	<u>Securities for VIEs</u>	<u>Maximum Exposure to Loss</u>	<u>Liabilities for VIEs</u>
			(In thousands)		
September 30, 2025					
Low-income housing tax credit investments	\$ 285,317	\$ 331,758	\$ —	\$ 617,075	\$ 93,107
Debt funds	31,416	264,103	—	295,519	—
Mortgage-backed securitizations ⁽¹⁾	—	26,967	1,658,828	1,685,795	—
Total Unconsolidated VIEs	\$ 316,733	\$ 622,828	\$ 1,658,828	\$ 2,598,389	\$ 93,107
December 31, 2024					
Low-income housing tax credit investments	\$ 225,727	\$ 282,584	\$ —	\$ 508,311	\$ 89,956
Debt funds	31,772	109,480	—	141,252	2,752
Mortgage-backed securitizations ⁽¹⁾	—	23,564	1,652,833	1,676,397	—
Total Unconsolidated VIEs	\$ 257,499	\$ 415,628	\$ 1,652,833	\$ 2,325,960	\$ 92,708

(1) Amounts include involvement with securitization SPEs where the Company transferred to and/or service loans for an SPE and hold securities issued by that SPE. Values disclosed in the table above represent the Company's maximum exposure to loss for those securities' holdings.

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Note 9: Deposits

Deposits were comprised of the following at September 30, 2025 and December 31, 2024:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>
	(In thousands)	
Noninterest-bearing deposits		
Core demand deposits	\$ 399,814	\$ 239,005
Interest-bearing deposits		
Demand deposits:		
Core demand deposits	7,681,422	4,319,512
Brokered demand deposits	—	—
Total interest-earning demand deposits	<u>7,681,422</u>	<u>4,319,512</u>
Savings deposits:		
Core savings deposits	3,788,707	3,442,111
Brokered savings deposits	660	859
Total savings deposits	<u>3,789,367</u>	<u>3,442,970</u>
Certificates of deposit:		
Core certificates of deposits	920,689	1,385,270
Brokered certificates of deposits	1,143,413	2,533,219
Total certificates of deposits	<u>2,064,102</u>	<u>3,918,489</u>
Total interest-bearing deposits	<u>13,534,891</u>	<u>11,680,971</u>
Total deposits	<u>\$ 13,934,705</u>	<u>\$ 11,919,976</u>
Total core deposits	<u>\$ 12,790,632</u>	<u>\$ 9,385,898</u>
Total brokered deposits	<u>\$ 1,144,073</u>	<u>\$ 2,534,078</u>
Total deposits	<u>\$ 13,934,705</u>	<u>\$ 11,919,976</u>

Maturities for certificates of deposit are as follows:

	<u>September 30, 2025</u>
	(In thousands)
Due within one year	\$ 2,012,913
Due in one year to two years	42,728
Due in two years to three years	8,461
Due in three years to four years	—
Due in four years to five years	—
Due in five years to six years	—
	<u>\$ 2,064,102</u>

Certificates of deposit of \$250,000 or more totaled \$486.8 million and \$694.8 million at September 30, 2025 and December 31, 2024, respectively.

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Note 10: Borrowings

Borrowings comprised the following at September 30, 2025 and December 31, 2024:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>
	(In thousands)	
Federal Reserve discount window borrowings	\$ —	\$ 50,000
Subordinated debt	71,800	71,800
FHLB advances	2,747,845	4,172,030
Credit linked notes, net of debt discount	75,052	84,358
Other borrowings	7,934	7,934
Total borrowings	<u>\$ 2,902,631</u>	<u>\$ 4,386,122</u>

On September 18, 2025, the Company entered into a new variable-rate debt agreement with the FHLB for an advance that has put and call options. The balance of the advance was \$2.0 billion as of September 30, 2025, and matures on December 17, 2025. The variable interest rate is based on the Federal Funds effective rate, plus 15 basis points, which was 4.24% on September 30, 2025. The FHLB has a put option to cancel the agreement 60 days after the initial execution date and the Company has a call option to cancel the agreement at any time, with one day's notice.

On September 30, 2025, the Company entered into a new variable-rate debt agreement with the FHLB for an advance that has put and call options. The balance of the advance was \$725.0 million as of September 30, 2025, and matures on December 29, 2025. The variable interest rate is based on the Federal Funds effective rate, plus 15 basis points, which was 4.24% on September 30, 2025. The FHLB has a put option to cancel the agreement 60 days after the initial execution date and the Company has a call option to cancel the agreement at any time, with one day's notice.

See the notes to the financial statements contained in the Annual Report on Form 10-K for additional details.

Note 11: Derivative Financial Instruments

The Company uses non-hedging designated, derivative financial instruments to help manage exposure to interest rate risk and the effects that changes in interest rates may have on net income and the fair value of assets and liabilities.

Internal Interest Rate Risk Management

The Company enters into interest rate lock commitments with potential borrowers to fund specific mortgage loans that will be sold into the secondary market and enters into forward contracts for the future delivery of mortgage loans to third party investors. The forward contracts are entered into in order to economically hedge the effect of changes in interest rates resulting from the Company's commitment to fund the loans. Forward contracts and interest rate lock agreements are accounted for as derivatives at fair value with changes in fair value reflected in other income on the unaudited condensed consolidated statements of income.

Interest rate swaps are also used by the Company to reduce the risk that significant increases in interest rates may have on the value of certain fixed-rate loans held for sale and the respective loan payments received from borrowers. All changes in the fair market value of these interest rate swaps and associated loans held for sale have been included in gain on sale of loans. Any difference between the fixed and floating interest rate components of these transactions have also been included in gain on sale.

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The Company entered into a contract containing put options and interest rate floors on securities it acquired from a warehouse customer. These provide protection and offset losses in value of certain securities accounted for under the fair value option. The gain (loss) on the put options is substantially equal and offsetting to the fair market value adjustment of securities available for sale, resulting in an inconsequential net gain or loss in other noninterest income. This helps mitigate interest rate risk and minimizes impacts of market fluctuations on the securities available for sale that the Company elected to account for under the fair value option with changes in fair value reflected in earnings. The Company also entered into interest rate floor contracts with two warehouse loan customers to minimize interest rate risk. All changes in the fair market value of these options and floors have been included in other noninterest income.

Credit Risk Management

In 2024 and 2025, the Company entered into contracts as the buyer of credit protection through credit derivative markets. These contracts were purchased to manage credit risk associated with specific multi-family and healthcare mortgage loans. Under the terms of the contracts, the Company will be compensated for certain credit-related losses on a pools of covered loans. The protection sellers have posted aggregate collateral of \$146.0 million related to their obligations under the contracts. The collateral is not included on the Company's unaudited condensed consolidated balance sheets. There were no gains or losses associated with the credit default swap valuations as of September 30, 2025 and 2024. Any future changes in the fair market value of these instruments will be included in other noninterest expense.

A CDS is considered a derivative, but is not designated as an accounting hedge, and is recorded at fair value, with changes in fair value reflected in noninterest expense on the unaudited condensed consolidated statements of income. The fair value of derivative instruments with a positive fair value are reported in other assets on the unaudited condensed consolidated balance sheets while derivative instruments with a negative fair value are reported in other liabilities on the unaudited condensed consolidated balance sheets.

The following table presents the notional amount and fair value of interest rate locks, forward contracts, interest rate swaps, put options, interest rate floors, and credit derivatives utilized by the Company at September 30, 2025 and December 31, 2024. These tables exclude the fair market value adjustment on loans economically hedged with these derivatives.

	Notional Amount	Balance Sheet Location	Fair Value	
			Asset	Liability
		(In thousands)		
September 30, 2025				
Interest rate lock commitments	\$ 124,490	Other assets/liabilities	\$ 232	\$ 276
Forward contracts	134,685	Other assets/liabilities	249	146
Interest rate swaps	49,634	Other assets/liabilities	2,251	—
Put options	629,868	Other assets	38,489	—
Interest rate floors	1,142,236	Other assets	5,348	—
Credit derivatives	138,797	Other assets/liabilities	—	—
			<u>\$ 46,569</u>	<u>\$ 422</u>

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	<u>Notional Amount</u>	<u>Balance Sheet Location</u>	<u>Fair Value</u>	
			<u>Asset</u>	<u>Liability</u>
(In thousands)				
December 31, 2024				
Interest rate lock commitments	\$ 24,609	Other assets/liabilities	\$ 30	\$ 176
Forward contracts	33,000	Other assets/liabilities	229	1
Interest rate swaps	49,891	Other assets/liabilities	4,199	—
Put options	680,354	Other assets	43,777	—
Interest rate floors	1,228,274	Other assets	4,043	—
Credit derivatives	58,526	Other assets/liabilities	—	—
			<u>\$ 52,278</u>	<u>\$ 177</u>

The following table summarizes the periodic changes in the fair value of the above derivative financial instruments on the unaudited condensed consolidated statements of income for the three and nine months ended September 30, 2025 and 2024.

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
(In thousands)				
Derivative (loss) gain included in gain on sale of loans:				
Interest rate lock commitments	\$ (306)	\$ 47	\$ 102	\$ (46)
Forward contracts (includes pair-off settlements)	(243)	(1,161)	(761)	(782)
Interest rate swaps	(22)	(2,082)	(1,302)	(460)
Net (loss) gain	<u>\$ (571)</u>	<u>\$ (3,196)</u>	<u>\$ (1,961)</u>	<u>\$ (1,288)</u>
Derivative (loss) gain included in other income:				
Put options ⁽¹⁾	(6,565)	(16,078)	(5,288)	(4,998)
Interest rate floors	(770)	(7,693)	1,305	(5,145)
Net (loss) gain	<u>\$ (7,335)</u>	<u>\$ (23,771)</u>	<u>\$ (3,983)</u>	<u>\$ (10,143)</u>

(1) The put option gain (loss) reflects an adjustment to the fair value of the derivative that is substantially equal and offset by an adjustment to the fair value of its related securities available for sale for which the Company elected to account for under the fair value option with changes in fair value reflected in earnings. The combination of these adjustments is designed to result in an inconsequential net gain or loss in other noninterest income.

Derivatives on Behalf of Customers

The Company offers derivative contracts to some customers in connection with their risk management needs. These derivatives include back-to-back interest rate swap, cap, and floor arrangements. The Company manages the risk associated with these contracts by entering into an equal and offsetting derivative with a third-party dealer. These derivatives generally work together as an offsetting, economic interest rate hedge, but the Company does not designate them for hedge accounting treatment. Consequently, changes in fair value of the corresponding derivative financial asset or liability were recorded as either a charge or credit to current earnings during the period in which the changes occurred, typically resulting in no net earnings impact.

The fair values of derivative assets and liabilities related to back-to-back derivatives on behalf of customers with back-to-back interest rate swap, cap or floor arrangements were recorded on the unaudited condensed consolidated balance sheets as follows:

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	<u>Notional Amount</u>	<u>Balance Sheet Location</u>	<u>Fair Value</u>	
			<u>Asset</u>	<u>Liability</u>
		(In thousands)		
September 30, 2025	\$ 1,138,484	Other assets/liabilities	\$ 9,438	\$ 9,438
December 31, 2024	\$ 724,224	Other assets/liabilities	\$ 309	\$ 309

The gross gains and losses on these derivative assets and liabilities were recorded in other noninterest income and other noninterest expense in the unaudited condensed consolidated statements of income as follows:

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	(In thousands)		(In thousands)	
Gross swap gains	\$ 577	\$ 9,211	\$ 9,129	\$ 11,749
Gross swap losses	577	9,211	9,129	11,749
Net swap gains (losses)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The Company pledged \$9.9 million and \$263,000 in collateral to secure its obligations under swap contracts at September 30, 2025 and December 31, 2024, respectively.

Note 12: Disclosures about Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

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Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized on the accompanying unaudited condensed consolidated balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2025 and December 31, 2024:

Assets	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(In thousands)				
September 30, 2025				
Mortgage loans in process of securitization	\$ 414,786	\$ —	\$ 414,786	\$ —
Securities available for sale:				
Treasury notes	30,600	30,600	—	—
Federal Agencies	259,527	—	259,527	—
Mortgage-backed - Agency	3,564	—	3,564	—
Mortgage-backed - Non-Agency residential - fair value option	399,567	—	399,567	—
Mortgage-backed - Agency - fair value option	191,812	—	191,812	—
Loans held for sale	112,832	—	112,832	—
Servicing rights	213,156	—	—	213,156
Derivative assets:				
Interest rate lock commitments	232	—	—	232
Forward contracts	249	—	249	—
Interest rate swaps	2,251	—	2,251	—
Interest rate swaps, caps and floors (back-to-back)	9,438	—	9,438	—
Put options	38,489	—	6,372	32,117
Interest rate floors	5,348	—	—	5,348
Derivative liabilities:				
Interest rate lock commitments	276	—	—	276
Forward contracts	146	—	146	—
Interest rate swaps, caps and floors (back-to-back)	9,438	—	9,438	—
December 31, 2024				
Mortgage loans in process of securitization	\$ 428,206	\$ —	\$ 428,206	\$ —
Securities available for sale:				
Treasury notes	90,006	90,006	—	—
Federal Agencies	252,936	—	252,936	—
Mortgage-backed - Agency	1,162	—	1,162	—
Mortgage-backed - Non-Agency residential - fair value option	430,779	—	430,779	—
Mortgage-backed - Agency - fair value option	205,167	—	205,167	—
Loans held for sale	78,170	—	78,170	—
Servicing rights	189,935	—	—	189,935
Derivative assets:				
Interest rate lock commitments	30	—	—	30
Forward contracts	229	—	229	—
Interest rate swaps	4,199	—	4,199	—
Interest rate swaps, caps and floors (back-to-back)	309	—	309	—
Put options	43,777	—	12,481	31,296
Interest rate floors	4,043	—	—	4,043
Derivative liabilities:				
Interest rate lock commitments	176	—	—	176
Forward contracts	1	—	1	—
Interest rate swaps, caps and floors (back-to-back)	309	—	309	—



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Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized on the accompanying unaudited condensed consolidated balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the nine months ended September 30, 2025 and the year ended December 31, 2024. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

The Company values its assets and liabilities in the principal market where it sells the particular asset or transfers the liability with the greatest volume and level of activity. In the absence of an active market, the value is based on the most advantageous market for the asset or liability.

Mortgage Loans in Process of Securitization, Securities Available for Sale, and Securities with a Fair Value Option Election

Where quoted market prices are available in an active market, securities such as U.S. Treasuries are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy including Federal Agencies, mortgage-backed securities, municipal securities and Federal Housing Administration participation certificates. In certain cases, if Level 1 or Level 2 inputs are not available, securities would be classified within Level 3 of the hierarchy.

Loans Held for Sale

Certain loans held for sale at fair value are saleable into the secondary mortgage markets and their fair values are estimated using observable quoted market or contracted prices, or market price equivalents, which would be used by other market participants. These saleable loans are considered Level 2.

Servicing Rights

Servicing rights do not trade in an active, open market with readily observable prices. Accordingly, fair value is estimated using discounted cash flow models having significant inputs of discount rate, prepayment speed, cost of servicing, interest rates, and default rate. Due to the nature of the valuation inputs, servicing rights are classified within Level 3 of the hierarchy.

The Chief Financial Officer's (CFO) office contracts with an independent pricing specialist to generate fair value estimates on a quarterly basis. The CFO's office challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with GAAP.

Derivative Financial Instruments

Interest rate lock commitments - The Company estimates the fair value of interest rate lock commitments based on the value of the underlying mortgage loan, quoted mortgage-backed security prices, estimates of the fair value of the servicing rights, and an estimate of the probability that the mortgage loan will fund within the terms of the interest rate lock commitment, net of expenses. With respect to its interest rate lock commitments, management determined that a Level 3 classification was most appropriate based on the various significant unobservable inputs utilized in estimating the fair value of its interest rate lock commitments.

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Forward sales commitments - The Company estimates the fair value of forward sales commitments based on market quotes of mortgage-backed security prices for securities similar to the ones used, which are considered Level 2.

Interest rate swaps, caps, and floors (back-to-back) – The Company estimates the fair value of these derivatives made in relation to specific contracts with customers based on prices that are obtained from a third party that uses observable market inputs, thereby supporting a Level 2 classification.

Interest rate swaps – The Company estimates the fair value of interest rate swaps based on prices that are obtained from a third party that uses observable market inputs, thereby supporting a Level 2 classification.

Put options - The fair value of put options is linked to securities available for sale that are accounted for using the fair value option and are classified as either Level 2 or Level 3 on the hierarchy. The put options are classified as Level 2 or Level 3 in the hierarchy, depending upon the magnitude of observable inputs in the valuation of the securities. These valuations are estimated by a third party.

Interest rate floors - The fair value of certain interest rate floors is linked to securities available for sale that are accounted for using the fair value option. Other interest rate floors are linked to loans with warehouse customers. The value of the interest rate floors is based on estimated discounted cash flows that are based on inputs that are not readily observable and, thus, are classified as Level 3 on the hierarchy. These valuations are estimated by a third party.

Credit default swaps – The fair value CDSs is linked to the value of the underlying mortgage loans. The Company estimates the fair value based on estimated discounted cash flows that are derived from inputs, including credit spreads that are not readily observable and, thus, are classified as Level 3 on the hierarchy. These valuations are estimated by a third party.

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Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized on the accompanying unaudited condensed consolidated balance sheets using significant unobservable (Level 3) inputs:

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	(In thousands)		(In thousands)	
Servicing rights				
Balance, beginning of period	\$ 193,037	\$ 178,776	\$ 189,935	\$ 158,457
Purchased servicing	12,858	—	12,928	—
Originated servicing	7,588	7,370	16,170	13,297
Paydowns	(2,450)	(2,090)	(7,504)	(6,729)
Changes in fair value	2,123	(6,729)	1,627	12,302
Balance, end of period	<u>\$ 213,156</u>	<u>\$ 177,327</u>	<u>\$ 213,156</u>	<u>\$ 177,327</u>
Securities available for sale - Mortgage-backed - Non-Agency residential - fair value option				
Balance, beginning of period	\$ —	\$ 462,627	\$ —	\$ 485,500
Paydowns	—	(9,773)	—	(26,643)
Changes in fair value	—	8,660	—	2,657
Balance, end of period	<u>\$ —</u>	<u>\$ 461,514</u>	<u>\$ —</u>	<u>\$ 461,514</u>
Derivative assets - put options				
Balance, beginning of period	\$ 36,210	\$ 24,657	\$ 31,296	\$ 18,654
Changes in fair value	(4,093)	(8,660)	821	(2,657)
Balance, end of period	<u>\$ 32,117</u>	<u>\$ 15,997</u>	<u>\$ 32,117</u>	<u>\$ 15,997</u>
Derivative assets - interest rate floors				
Balance, beginning of period	\$ 6,118	\$ 9,124	\$ 4,043	\$ 6,576
Changes in fair value	(770)	(7,693)	1,305	(5,145)
Balance, end of period	<u>\$ 5,348</u>	<u>\$ 1,431</u>	<u>\$ 5,348</u>	<u>\$ 1,431</u>
Derivative assets - interest rate lock commitments				
Balance, beginning of period	\$ 270	\$ 170	\$ 30	\$ 140
Gain (loss) recognized	(38)	(29)	202	1
Balance, end of period	<u>\$ 232</u>	<u>\$ 141</u>	<u>\$ 232</u>	<u>\$ 141</u>
Derivative liabilities - interest rate lock commitments				
Balance, beginning of period	\$ 8	\$ 127	\$ 176	\$ 4
Gain (loss) recognized	268	(76)	100	47
Balance, end of period	<u>\$ 276</u>	<u>\$ 51</u>	<u>\$ 276</u>	<u>\$ 51</u>

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Nonrecurring Measurements

The following table presents the fair value measurement of assets measured at fair value on a nonrecurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2025 and December 31, 2024.

Assets	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(In thousands)				
September 30, 2025				
Collateral dependent loans	\$ 234,571	\$ —	\$ —	\$ 234,571
Other real estate owned	\$ 4,347	\$ —	\$ —	\$ 4,347
December 31, 2024				
Collateral dependent loans	\$ 59,915	\$ —	\$ —	\$ 59,915
Other real estate owned	\$ 7,313	\$ —	\$ —	\$ 7,313

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a nonrecurring basis and recognized on the accompanying unaudited condensed consolidated balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Collateral Dependent Loans, Net of ACL-Loans

The estimated fair value of collateral dependent loans is based on the appraised fair value of the collateral, less estimated cost to sell. Collateral dependent loans are classified within Level 3 of the fair value hierarchy.

The Company considers the appraisal or evaluation as the starting point for determining fair value and then considers other factors and events in the environment that may affect the fair value. Appraisals of the collateral underlying collateral-dependent loans are obtained when the loan is determined to be classified as substandard, collateral-dependent and subsequently as deemed necessary by the CCO's office. Appraisals and evaluations are reviewed for accuracy and consistency by the CCO's office. Appraisers are selected from the list of approved appraisers maintained by management. The appraised values are reduced by discounts to consider lack of marketability and estimated cost to sell if repayment or satisfaction of the loan is dependent on the sale of the collateral. These discounts and estimates are developed by the CCO's office by comparison to historical results.

Other Real Estate Owned

The estimated fair value of other real estate owned is usually based on the appraised fair value of the collateral or in certain circumstances on sales agreements, and in all cases net of estimated cost to sell. Other real estate owned is classified within Level 3 of the fair value hierarchy.

The Company considers the appraisal or evaluation as the starting point for determining fair value and then considers other factors and events in the environment that may affect the fair value. Appraisals of the collateral underlying other real estate owned are obtained when the loan is in the process of foreclosure and subsequently as deemed necessary by the CCO's office. Appraisals and evaluations are reviewed for accuracy and consistency by the CCO's office. Appraisers are selected from the list of approved appraisers maintained by management. The appraised values are reduced by discounts to consider lack of marketability and estimated costs to sell if repayment or satisfaction of the loan is dependent on the sale of the collateral. These discounts and estimates are developed by the CCO's office by comparison to historical results.

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Unobservable (Level 3) Inputs:

The following table presents quantitative information about unobservable inputs used in recurring and nonrecurring Level 3 fair value measurements other than goodwill.

	Fair Value	Valuation Technique	Unobservable Inputs (In thousands)	Range	Weighted Average
At September 30, 2025:					
Collateral dependent loans	\$ 234,571	Market comparable properties	Marketability discount and costs to sell	0% - 81%	15%
Other real estate owned	\$ 4,347	Market comparable properties	Marketability discount and costs to sell	6%	6%
Servicing rights - Multi-family	\$ 160,934	Discounted cash flow	Discount rate	8% - 15%	9%
			Constant prepayment rate	0% - 100%	8%
			Earnings rate on escrows	3%	3%
Servicing rights - Single-family	\$ 33,281	Discounted cash flow	Discount rate	9% - 12%	9%
			Constant prepayment rate	3% - 100%	8%
Servicing rights - Healthcare	\$ 14,625	Discounted cash flow	Discount rate	10% - 13%	11%
			Constant prepayment rate	1% - 100%	6%
			Earnings rate on escrows	3%	3%
Servicing rights - SBA	\$ 4,316	Discounted cash flow	Discount rate	16%	16%
			Constant prepayment rate	5% - 23%	15%
Derivative assets:					
Interest rate lock commitments	\$ 232	Discounted cash flow	Loan closing rates	54% - 100%	70%
Put options	\$ 32,117	Intrinsic value	Market credit spread	4%	4%
Interest rate floors	\$ 5,348	Discounted cash flow	Discount rate	6% - 7%	7%
Derivative liabilities - interest rate lock commitments	\$ 276	Discounted cash flow	Loan closing rates	54% - 100%	70%
At December 31, 2024:					
Collateral dependent loans	\$ 59,915	Market comparable properties	Marketability discount and costs to sell	0% - 90%	29%
Other real estate owned	\$ 7,313	Market comparable properties	Marketability discount and costs to sell	2% - 8%	5%
Servicing rights - Multi-family	\$ 146,483	Discounted cash flow	Discount rate	8% - 15%	9%
			Constant prepayment rate	0% - 100%	7%
			Earnings rate on escrows	3%	3%
Servicing rights - Single-family	\$ 34,986	Discounted cash flow	Discount rate	10% - 11%	10%
			Constant prepayment rate	6% - 14%	7%
Servicing rights - Healthcare	\$ 4,207	Discounted cash flow	Discount rate	13%	13%
			Constant prepayment rate	1% - 2%	1%
			Earnings rate on escrows	3%	3%
Servicing rights - SBA	\$ 4,259	Discounted cash flow	Discount rate	16%	16%
			Constant prepayment rate	4% - 24%	14%
Derivative assets:					
Interest rate lock commitments	\$ 30	Discounted cash flow	Loan closing rates	71% - 99%	87%
Put options	\$ 31,296	Intrinsic value	Market credit spread	4%	4%
Interest rate floors	\$ 4,043	Discounted cash flow	Discount rate	6% - 8%	7%
Derivative liabilities - interest rate lock commitments	\$ 176	Discounted cash flow	Loan closing rates	71% - 99%	87%

Sensitivity of Significant Unobservable Inputs

The following is a discussion of the sensitivity of significant unobservable inputs, the interrelationships between those inputs and other unobservable inputs used in recurring fair value measurement, and of how those inputs might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement.

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Collateral Dependent Loans and Other Real Estate Owned

The significant unobservable inputs used in the fair value measurement of the Company's collateral dependent loans and other real estate owned is based on liquidation amounts of the underlying collateral using the most recently available appraisals with adjustments made for a marketability discount and costs to sell.

Servicing Rights

The significant unobservable inputs used in the fair value measurement of the Company's servicing rights are discount rates and constant prepayment rates. These two inputs can drive a significant amount of a market participant's valuation of servicing rights. Significant increases (decreases) in the discount rate or assumed constant prepayment rates used to value servicing rights would decrease (increase) the value derived.

Derivative Financial Instruments

The significant unobservable input used in the fair value measurement of certain put options include market credit spreads that can be impacted by market conditions and drive a significant amount of a market participant's valuation of the put option and its related security. The impact of changes to the unobservable inputs for the put option is mitigated by changes to the observable inputs for the related security, which are valued in opposite directions, so as to minimize the financial impact to the Company.

The significant unobservable input used in the fair value measurement of interest rate floor derivatives associated with certain securities available for sale and loans include the discount rate that can have a significant impact on the value of the derivative. Another variable that affects the floor value is the forward interest curve, which is observable, but changes with market conditions as interest rates and future interest rate expectations change.

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Fair Value of Financial Instruments

The following table presents the carrying amount and estimated fair values of the Company's financial instruments not carried at fair value and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2025 and December 31, 2024.

	Carrying Value	Fair Value	Fair Value Measurements Using		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(In thousands)					
September 30, 2025					
Financial assets:					
Cash and cash equivalents	\$ 598,036	\$ 598,036	\$ 598,036	\$ —	\$ —
Securities purchased under agreements to resell	1,529	1,529	—	1,529	—
Securities held to maturity	1,670,555	1,670,306	—	745,845	924,461
FHLB stock and other equity securities	217,850	217,850	—	187,850	30,000
Loans held for sale	4,016,497	4,016,497	—	4,016,497	—
Loans receivable, net	10,515,221	10,441,238	—	—	10,441,238
Interest receivable	82,445	82,445	—	82,445	—
Financial liabilities:					
Deposits	13,934,705	13,936,641	11,870,603	2,066,038	—
Subordinated debt	71,800	71,800	—	71,800	—
FHLB advances	2,747,845	2,737,887	—	2,737,887	—
Other borrowing	7,934	7,934	—	7,934	—
Credit linked notes	75,052	75,051	—	75,051	—
Interest payable	32,724	32,724	—	32,724	—
December 31, 2024					
Financial assets:					
Cash and cash equivalents	\$ 476,610	\$ 476,610	\$ 476,610	\$ —	\$ —
Securities purchased under agreements to resell	1,559	1,559	—	1,559	—
Securities held to maturity	1,664,686	1,664,674	—	538,871	1,125,803
FHLB stock and other equity securities	217,804	217,804	—	187,804	30,000
Loans held for sale	3,693,340	3,693,340	—	3,693,340	—
Loans receivable, net	10,354,002	10,297,439	—	—	10,297,439
Interest receivable	83,409	83,409	—	83,409	—
Financial liabilities:					
Deposits	11,919,976	11,923,961	8,001,487	3,922,474	—
Subordinated debt	71,800	71,800	—	71,800	—
FHLB advances	4,172,030	4,171,843	—	4,171,843	—
Other borrowing	57,934	57,934	—	57,934	—
Credit linked notes	84,358	84,357	—	84,357	—
Interest payable	34,475	34,475	—	34,475	—

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Note 13: Common Stock

Public Offerings of Common Stock:

On May 13, 2024, the Company issued 2,400,000 shares of the Company's common stock, without par value, at a public offering price of \$43.00 per share in an underwritten public offering. The aggregate gross offering proceeds for the shares issued by the Company was \$103.2 million, and after deducting underwriting discounts, commissions, and offering expenses of \$5.5 million paid to third parties, the Company received total net proceeds of \$97.7 million.

Note 14: Preferred Stock

Public Offerings of Preferred Stock:

Series A Preferred Stock – On March 28, 2019, the Company issued 2,000,000 shares of 7.00% Fixed-to-Floating Rate Series A Non-Cumulative Perpetual Preferred Stock, without par value, and with a liquidation preference of \$25 per share. The aggregate gross offering proceeds for the shares issued by the Company was \$50.0 million, and after deducting underwriting discounts and commissions and offering expenses of approximately \$1.7 million paid to third parties, the Company received total net proceeds of \$48.3 million. On April 12, 2019, the Company issued an additional 81,800 shares of Series A Preferred Stock to the underwriters related to their exercise of an option to purchase additional shares under the associated underwriting agreement, resulting in an additional \$2.0 million in net proceeds, after deducting \$41,000 in underwriting discounts.

The Company redeemed all outstanding shares of the Series A Preferred Stock on April 1, 2024 at a price equal to the liquidation preference of \$25 per share, or \$52.0 million, using cash on hand.

The \$1.8 million expenses associated with the original issuance, which were capitalized in 2019, were recognized through retained earnings upon redemption, thus reducing net income available to common shareholders.

Series B Preferred Stock – On August 19, 2019, the Company issued 5,000,000 depositary shares, each representing a 1/40th interest in a share of its 6.00% Fixed-to-Floating Rate Series B Non-Cumulative Perpetual Preferred Stock, without par value, and with a liquidation preference of \$1,000 per share (equivalent to \$25 per depositary share). The aggregate gross offering proceeds for the shares issued by the Company was \$125.0 million, and after deducting underwriting discounts and commissions and offering expenses of approximately \$4.2 million paid to third parties, the Company received total net proceeds of \$120.8 million.

The Company redeemed all outstanding shares of the Series B Preferred Stock on January 2, 2025, at a price equal to the liquidation preference of \$1,000 per share (equivalent to \$25 per depositary share), or \$125.0 million. The cash to redeem the shares was delivered to the Company's transfer agent on December 31, 2024, resulting in a prepaid asset reported in other assets that was reversed upon redemption. As of the redemption date, the Series B Preferred Stock did not have any accrued, but unpaid dividends.

The \$4.2 million expenses associated with the original issuance, which were capitalized in 2019, were recognized through retained earnings upon redemption, thus reducing net income available to common shareholders. Similarly, the redemption resulted in an excise tax of \$1.2 million that will not be payable until 2025 taxes are due in 2026, and any future issuance of shares until one year after the redemption can offset the amount of excise tax that will be paid.

Series C Preferred Stock – On March 23, 2021, the Company issued 6,000,000 depositary shares, each representing a 1/40th interest in a share of its 6.00% Fixed-to-Floating Rate Series C Non-Cumulative Perpetual Preferred Stock, without par value, and with a liquidation preference of \$1,000 per share (equivalent to \$25 per

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depository share). The aggregate gross offering proceeds for the shares issued by the Company was \$150.0 million, and after deducting underwriting discounts and commissions and offering expenses of approximately \$5.1 million paid to third parties, the Company received total net proceeds of \$144.9 million.

On May 6, 2021 the Company completed a private offering of 46,181 shares (1,847,233 depository shares), which were also issued at a price of \$25 per depository share. The total capital raised from the private offering was \$46.2 million, net of \$23,000 in expenses.

The Series C Preferred Stock has no voting rights with respect to matters that generally require the approval of common shareholders. Dividends on the Series C Preferred Stock, to the extent declared by the Company's board, are payable quarterly. The Company may redeem the Series C Preferred Stock, in whole or in part, at its option, on any dividend payment date on or after April 1, 2026, subject to the approval of the appropriate federal banking agency, at the liquidation preference, plus any declared and unpaid dividends (without regard to any undeclared dividends) to, but excluding, the date of redemption.

Series D Preferred Stock – On September 27, 2022, the Company issued 5,200,000 depository shares, each representing a 1/40th interest in a share of its 8.25% Fixed Rate Reset Series D Non-Cumulative Perpetual Preferred Stock, without par value, and with a liquidation preference of \$1,000 per share (equivalent to \$25 per depository share). The aggregate gross offering proceeds for the shares issued by the Company was \$130.0 million, and after deducting underwriting discounts and commissions and offering expenses of approximately \$4.6 million paid to third parties, the Company received total net proceeds of \$125.4 million. On September 30, 2022, the Company issued an additional 500,000 depository shares of Series D Preferred Stock to the underwriters related to their exercise of an option to purchase additional shares under the associated underwriting agreement, resulting in an additional \$12.1 million in net proceeds, after deducting \$0.4 million in underwriting discounts.

The Series D Preferred Stock has no voting rights with respect to matters that generally require the approval of common shareholders. Dividends on the Series D Preferred Stock, to the extent declared by the Company's board, are payable quarterly. The Company may redeem the Series D Preferred Stock, in whole or in part, at its option, on any dividend payment date on or after October 1, 2027, subject to the approval of the appropriate federal banking agency, at the liquidation preference, plus any declared and unpaid dividends (without regard to any undeclared dividends) to, but excluding, the date of redemption.

Series E Preferred Stock – On November 25, 2024, the Company issued 9,200,000 depository shares, each representing a 1/40th interest in a share of its 7.625% Fixed Rate Reset Series E Non-Cumulative Perpetual Preferred Stock, without par value, and with a liquidation preference of \$1,000 per share (equivalent to \$25 per depository share). The aggregate gross offering proceeds for the shares issued by the Company was \$230.0 million, and after deducting underwriting discounts and commissions and offering expenses of approximately \$7.3 million paid to third parties, the Company received total net proceeds of \$222.7 million.

The Series E Preferred Stock has no voting rights with respect to matters that generally require the approval of common shareholders. Dividends on the Series E Preferred Stock, to the extent declared by the Company's board, are payable quarterly. The Company may redeem the Series E Preferred Stock, in whole or in part, at its option, on any dividend payment date on or after January 1, 2030, subject to the approval of the appropriate federal banking agency, at the liquidation preference, plus any declared and unpaid dividends (without regard to any undeclared dividends) to, but excluding, the date of redemption.

Merchants Bancorp
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 15: Share-Based Payment Plans

Equity-based incentive awards for Company officers are currently issued pursuant to the 2017 Equity Incentive Plan. The Company issued 0 and 3,446 shares during the three months ended September 30, 2025 and 2024, respectively. The Company issued 80,875 and 88,658 shares during the nine months ended September 30, 2025 and 2024, respectively.

The Compensation Committee of the Board of Directors also approved a plan for non-executive directors to receive a portion of their annual retainer fees in the form of shares of common stock. As of January 1, 2024, they are to receive a portion of their annual fees, issued quarterly, in the form of restricted common stock equal to \$70,000 per member, rounded up to the nearest whole share. Accordingly, there were 3,780 and 3,010 shares, issued to non-executive directors during the three months ended September 30, 2025 and 2024, respectively and there were 10,395 and 9,023 shares, issued to non-executive directors during the nine months ended September 30, 2025 and 2024, respectively.

The Company also established an ESOP to provide shares of stock for all employees who meet certain requirements. There was no contribution to the ESOP during the three months ended September 30, 2025 and 2024. Expenses recognized for the contribution to the ESOP totaled \$376,000 and \$270,000 for the three months ended September 30, 2025 and 2024, respectively and totaled \$1.1 million and \$843,000 for the nine months ended September 30, 2025 and 2024, respectively. The Company contributed 30,802 shares and 23,414 shares to the ESOP for the nine months ended September 30, 2025 and 2024, respectively.

Note 16: Earnings Per Share

Earnings per share were computed as follows for the three and nine months ended September 30, 2025 and 2024:

	Three Months Ended September 30,					
	2025			2024		
	Net Income	Weighted- Average Shares	Per Share Amount	Net Income	Weighted- Average Shares	Per Share Amount
	(In thousands, except share data)					
Net income	\$ 54,701			\$ 61,273		
Dividends on preferred stock	(10,265)			(7,757)		
Net income allocated to common shareholders	<u>\$ 44,436</u>			<u>\$ 53,516</u>		
Basic earnings per share		45,887,143	\$ 0.97		45,759,667	\$ 1.17
Effect of dilutive securities-restricted stock awards		63,073			150,385	
Diluted earnings per share		<u>45,950,216</u>	<u>\$ 0.97</u>		<u>45,910,052</u>	<u>\$ 1.17</u>
	Nine Months Ended September 30,					
	2025			2024		
	Net Income	Weighted- Average Shares	Per Share Amount	Net Income	Weighted- Average Shares	Per Share Amount
	(In thousands, except share data)					
Net income	\$ 150,921			\$ 224,720		
Dividends on preferred stock	(30,796)			(24,181)		
Impact of preferred stock redemption	(5,371)			(1,823)		
Net income allocated to common shareholders	<u>\$ 114,754</u>			<u>\$ 198,716</u>		
Basic earnings per share		45,865,167	\$ 2.50		44,549,432	\$ 4.46
Effect of dilutive securities-restricted stock awards		66,351			146,675	
Diluted earnings per share		<u>45,931,518</u>	<u>\$ 2.50</u>		<u>44,696,107</u>	<u>\$ 4.45</u>

Merchants Bancorp
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 17: Segment Information

The Company's three reportable business segments are defined as Multi-family Mortgage Banking, Mortgage Warehousing, and Banking. The reportable business segments are consistent with the internal reporting and evaluation of the principal lines of business of the Company. The Multi-family Mortgage Banking segment originates and services government sponsored mortgages for multi-family and healthcare facilities. It is also a fully integrated syndicator of low-income housing tax credit and debt funds. The Mortgage Warehousing segment funds agency eligible residential loans from the date of origination or purchase, until the date of sale in the secondary market, as well as commercial loans to non-depository financial institutions. The Banking segment provides a wide range of financial products and services to consumers and businesses, including retail banking, commercial lending, agricultural lending, retail and correspondent residential mortgage banking, and SBA lending. The Other segment includes general and administrative expenses that provide services to all segments; internal funds transfer pricing offsets resulting from allocations to/from the other segments, certain elimination entries and investments in qualified affordable housing limited partnerships or LLCs and certain debt funds. All operations are domestic.

The Company's segments diversify the net income of Merchants Bank and provide synergies across the segments. Strategic opportunities come from MCC and MCS, where loans are funded by the Banking segment and the Banking segment provides Ginnie Mae custodial services to MCC and MCS. Low-income tax credit syndication and debt fund offerings complement the lending activities of new and existing multi-family mortgage customers. The securities available for sale and held to maturity funded by MCC custodial deposits or purchases of securitized loans originated by MCC are pledged to the FHLB to provide advance capacity during periods of high residential loan volume for Mortgage Warehousing. Mortgage Warehousing provides leads to Correspondent Lending in the Banking segment. Retail and commercial customers provide cross selling opportunities within the Banking segment. Merchants Mortgage is a risk mitigant to Mortgage Warehousing because it provides us with a ready platform to sell or refinance the underlying collateral to secure repayment. These and other synergies form a part of our strategic plan.

The reportable business segments are strategic business units that offer distinct, but complimentary, products and services. Due to the specialized nature of each segment and different resource requirements, they are managed separately.

The Company's CODM is the president and chief operating officer. The CODM evaluates performance for all reportable segments based on net interest income, noninterest income, noninterest expense, and net income (loss). The CODM uses the above-mentioned metrics along with total assets in deciding how to allocate capital as well as human and financial resources among the segments. Major decisions are also made with input from segment leadership, the Board of Directors, and various management committees, as appropriate.

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The tables below present selected business segment financial information for the three and nine months ended September 30, 2025 and 2024.

	Multi-family Mortgage Banking	Mortgage Warehousing	Banking	Other	Total
	(In thousands)				
Three Months Ended September 30, 2025					
Interest income	\$ 1,122	\$ 109,538	\$ 187,464	\$ 3,655	\$ 301,779
Interest expense	20	73,778	100,742	(819)	173,721
Net interest income	1,102	35,760	86,722	4,474	128,058
Provision for credit losses	(5)	1,343	27,901	—	29,239
Net interest income after provision for credit losses	1,107	34,417	58,821	4,474	98,819
Noninterest income	45,257	523	775	(3,541)	43,014
Noninterest expense	30,962	7,398	25,425	13,465	77,250
Income (loss) before income taxes	15,402	27,542	34,171	(12,532)	64,583
Income taxes	3,326	3,978	4,620	(2,042)	9,882
Net income (loss)	\$ 12,076	\$ 23,564	\$ 29,551	\$ (10,490)	\$ 54,701
Total assets	\$ 513,039	\$ 6,993,817	\$ 11,522,375	\$ 325,416	\$ 19,354,647

Significant non-cash items:

Included in other noninterest income:					
Servicing rights fair value adjustments	\$ 2,517	\$ —	\$ (394)	\$ —	\$ 2,123
Derivative fair value adjustments	—	(770)	—	—	(770)

	Multi-family Mortgage Banking	Mortgage Warehousing	Banking	Other	Total
	(In thousands)				
Three Months Ended September 30, 2024					
Interest income	\$ 1,159	\$ 103,770	\$ 229,586	\$ 4,413	\$ 338,928
Interest expense	20	70,727	136,158	(798)	206,107
Net interest income	1,139	33,043	93,428	5,211	132,821
Provision for credit losses	(741)	(709)	8,348	—	6,898
Net interest income after provision for credit losses	1,880	33,752	85,080	5,211	125,923
Noninterest income	35,439	(6,073)	(8,916)	(3,708)	16,742
Noninterest expense	25,747	6,591	16,964	12,016	61,318
Income (loss) before income taxes	11,572	21,088	59,200	(10,513)	81,347
Income taxes	3,504	5,148	14,217	(2,795)	20,074
Net income (loss)	\$ 8,068	\$ 15,940	\$ 44,983	\$ (7,718)	\$ 61,273
Total assets	\$ 453,281	\$ 5,842,489	\$ 12,035,581	\$ 321,625	\$ 18,652,976

Significant non-cash items:

Included in other noninterest income:					
Servicing rights fair value adjustments	\$ (5,122)	\$ —	\$ (1,607)	\$ —	\$ (6,729)
Derivative fair value adjustments	—	(7,693)	—	—	(7,693)

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Notes to Condensed Consolidated Financial Statements
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	Multi-family Mortgage Banking	Mortgage Warehousing	Banking <small>(In thousands)</small>	Other	Total
Nine Months Ended September 30, 2025					
Interest income	\$ 3,440	\$ 296,425	\$ 582,050	\$ 11,467	\$ 893,382
Interest expense	60	199,266	317,496	(2,413)	514,409
Net interest income	3,380	97,159	264,554	13,880	378,973
Provision for credit losses	(398)	2,702	87,689	—	89,993
Net interest income after provision for credit losses	3,778	94,457	176,865	13,880	288,980
Noninterest income	118,905	6,603	2,991	(11,312)	117,187
Noninterest expense	89,091	23,814	66,098	37,248	216,251
Income (loss) before income taxes	33,592	77,246	113,758	(34,680)	189,916
Income taxes	8,834	15,298	22,526	(7,663)	38,995
Net income (loss)	\$ 24,758	\$ 61,948	\$ 91,232	\$ (27,017)	\$ 150,921
Total assets	\$ 513,039	\$ 6,993,817	\$ 11,522,375	\$ 325,416	\$ 19,354,647

Significant non-cash items:

Included in other noninterest income:					
Servicing rights fair value adjustments	\$ 3,711	\$ —	\$ (2,084)	\$ —	\$ 1,627
Derivative fair value adjustments	—	1,305	—	—	1,305

	Multi-family Mortgage Banking	Mortgage Warehousing	Banking <small>(In thousands)</small>	Other	Total
Nine Months Ended September 30, 2024					
Interest income	\$ 4,040	\$ 289,835	\$ 676,659	\$ 10,840	\$ 981,374
Interest expense	60	195,051	400,623	(2,356)	593,378
Net interest income	3,980	94,784	276,036	13,196	387,996
Provision for credit losses	(741)	1,226	21,104	—	21,589
Net interest income after provision for credit losses	4,721	93,558	254,932	13,196	366,407
Noninterest income	107,889	(1,010)	(7,293)	(10,619)	88,967
Noninterest expense	65,969	16,063	47,527	31,051	160,610
Income (loss) before income taxes	46,641	76,485	200,112	(28,474)	294,764
Income taxes	12,927	18,085	46,326	(7,294)	70,044
Net income (loss)	\$ 33,714	\$ 58,400	\$ 153,786	\$ (21,180)	\$ 224,720
Total assets	\$ 453,281	\$ 5,842,489	\$ 12,035,581	\$ 321,625	\$ 18,652,976

Significant non-cash items:

Included in other noninterest income:					
Servicing rights fair value adjustments	\$ 12,575	\$ —	\$ (273)	\$ —	\$ 12,302
Derivative fair value adjustments	—	(5,145)	—	—	(5,145)

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Note 18: Regulatory Matters

The Company and Merchants Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by federal and state banking regulators that, if undertaken, could have a direct material effect on the Company's unaudited condensed consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and Merchants Bank must meet specific capital guidelines that involve quantitative measures of the Company's and Merchants Bank's assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company's and Merchants Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, and other factors. Furthermore, the Company's and Merchants Bank's regulators could require adjustments to regulatory capital not reflected in these unaudited condensed consolidated financial statements.

Quantitative measures established by regulation to ensure capital adequacy require the Company and Merchants Bank to maintain minimum amounts and ratios (set forth in the table below). Management believes, as of September 30, 2025 and December 31, 2024, that the Company and Merchants Bank met all capital adequacy requirements. For additional information regarding dividend restrictions, see the Company's 2024 Annual Report on Form 10-K.

As of September 30, 2025 and December 31, 2024, the most recent notifications from the Federal Reserve categorized the Company as well capitalized and most recent notifications from the FDIC categorized Merchants Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the Company's or Merchants Bank's category.

The Company's and Merchants Bank's actual capital amounts and ratios are presented in the following tables.

	<u>Actual</u>		<u>Minimum Amount to be Well Capitalized with Basel III Buffer⁽¹⁾</u>		<u>Minimum Amount To Be Well Capitalized⁽¹⁾</u>	
	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>
(Dollars in thousands)						
September 30, 2025						
Total capital ⁽¹⁾ (to risk-weighted assets)						
Company	\$ 2,320,759	13.6 %	\$ 1,788,780	10.5 %	\$ —	N/A %
Merchants Bank	2,274,675	13.4 %	1,787,525	10.5 %	1,702,405	10.0 %
Tier I capital ⁽¹⁾ (to risk-weighted assets)						
Company	2,216,963	13.0 %	1,448,060	8.5 %	—	N/A %
Merchants Bank	2,170,879	12.8 %	1,447,044	8.5 %	1,361,924	8.0 %
Common Equity Tier I capital ⁽¹⁾ (to risk-weighted assets)						
Company	1,665,673	9.8 %	1,192,520	7.0 %	—	N/A %
Merchants Bank	2,170,879	12.8 %	1,191,683	7.0 %	1,106,563	6.5 %
Tier I capital ⁽¹⁾ (to average assets)						
Company	2,216,963	11.8 %	940,224	5.0 %	—	N/A %
Merchants Bank	2,170,879	11.6 %	937,309	5.0 %	937,309	5.0 %

(1) As defined by regulatory agencies.

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	Actual		Minimum Amount to be Well Capitalized with Basel III Buffer ⁽¹⁾		Minimum Amount To Be Well Capitalized ⁽¹⁾	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Dollars in thousands)						
December 31, 2024						
Total capital ⁽¹⁾ (to risk-weighted assets)						
Company	\$ 2,334,479	13.9 %	\$ 1,767,835	10.5 %	\$ —	N/A %
Merchants Bank	2,165,193	12.9 %	1,763,982	10.5 %	1,679,983	10.0 %
Tier I capital ⁽¹⁾ (to risk-weighted assets)						
Company	2,234,658	13.3 %	1,431,105	8.5 %	—	N/A %
Merchants Bank	2,065,372	12.3 %	1,427,985	8.5 %	1,343,986	8.0 %
Common Equity Tier I capital ⁽¹⁾ (to risk-weighted assets)						
Company	1,562,524	9.3 %	1,178,557	7.0 %	—	N/A %
Merchants Bank	2,065,372	12.3 %	1,175,988	7.0 %	1,091,989	6.5 %
Tier I capital ⁽¹⁾ (to average assets)						
Company	2,234,658	12.1 %	925,180	5.0 %	—	N/A %
Merchants Bank	2,065,372	11.2 %	922,006	5.0 %	922,006	5.0 %

(1) As defined by regulatory agencies.

Memorandum of Understanding

On June 30, 2025, the Bank entered into a confidential MOU with the FDIC and DFI. While the contents of the MOU are confidential under DFI and FDIC regulations, certain provisions, with the authorization of the DFI and FDIC, are summarized below. The MOU is an informal administrative agreement among the Bank, FDIC, and DFI pursuant to which the Bank has agreed to take various actions and enhance specific areas of the Bank's operations. In particular, the Bank has agreed to maintain certain capital thresholds, manage asset concentrations, and implement certain plans regarding the Bank's operations and strategy to mitigate risk of certain assets, which it has already implemented. As of September 30, 2025, and as of each of the reporting periods beginning on or after December 31, 2024, the Bank's capital exceeded the levels agreed to in the MOU and the Bank was within the asset concentration limits agreed to in the MOU. The MOU will remain in effect until modified or terminated by the FDIC and DFI.

The Company's principal source of funds for dividend payments to shareholders is dividends received from the Bank. Banking statutes and regulations limit the maximum amount of dividends that a bank may pay without requesting prior approval of regulatory agencies. Under Indiana law, the Bank may not pay a dividend if such dividend would be greater than retained net income (as defined) for the current year plus those for the previous two years. Additionally, under the MOU, if the Bank's capital ratios fall below the minimums agreed to, the Bank may not pay dividends without the FDIC and DFI's prior consent.

Management does not expect the actions called for by these regulatory actions to have a material adverse impact on the Company's financial performance or the Bank's ongoing day-to-day operations, although they may have the effect of limiting or delaying the Company's or the Bank's ability or plans to expand.

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Forward-Looking Statements

Certain statements in this Form 10-Q, including, but not limited to, statements within Management's Discussion and Analysis of Financial Condition and Results of Operations, are "forward-looking statements" within the meaning of the rules and regulations of the SEC. These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as "may," "might," "should," "could," "predict," "potential," "believe," "expect," "continue," "will," "anticipate," "seek," "estimate," "intend," "plan," "projection," "goal," "target," "outlook," "aim," "would," "annualized," and "outlook," or the negative version of those words or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions, estimates and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements.

A number of important factors could cause our actual results to differ materially from those indicated in these forward-looking statements, including those factors identified in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2024 or "Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-Q or the following:

- business and economic conditions, particularly those affecting the financial services industry and our primary market areas;
- our ability to successfully manage our credit risk and the sufficiency of our allowance for loan loss;
- factors that can impact the performance of our loan portfolio, including real estate values and liquidity in our primary market areas, the financial health of our commercial borrowers and the success of construction projects that we finance, including any loans acquired in acquisition transactions;
- liquidity issues, including fluctuations in the fair value and liquidity of the securities we hold for sale and our ability to raise additional capital, if necessary;
- compliance with governmental and regulatory requirements relating to banking, consumer protection, securities, and tax matters;
- our ability to maintain licenses required in connection with residential and multi-family mortgage origination, sale, and servicing operations;
- our ability to identify and address cyber-security risks, fraud, and systems errors;
- our ability to effectively execute our strategic plan and manage our growth;
- changes in our senior management team and our ability to attract, motivate, and retain qualified personnel;
- governmental monetary and fiscal policies, and changes in market interest rates;
- effects of competition from a wide variety of local, regional, national, and other providers of financial, investment and insurance services;
- the impact of any claims or legal actions to which we may be subject, including any effect on our reputation; and

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- changes in federal tax law or policy.

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this Form 10-Q. Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation to update or review any forward-looking statement, whether as a result of new information, future developments, or otherwise.

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Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Management’s discussion and analysis of the financial condition at September 30, 2025 and results of operations for the three and nine months ended September 30, 2025 and 2024, is intended to assist in understanding the financial condition and results of operations of the Company. The information contained in this section should be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto, appearing in Part I, Item 1 of this Form 10-Q.

The words “the Company,” “we,” “our” and “us” refer to Merchants Bancorp and its consolidated subsidiaries, unless we indicate otherwise.

Financial Highlights for the Three Months Ended September 30, 2025

- Net income of \$54.7 million decreased \$6.6 million, or 11%, compared to the three months ended September 30, 2024.
- Diluted earnings per share of \$0.97 decreased 17% compared to the three months ended September 30, 2024.
- Tangible book value per common share of \$36.31 increased 12% compared to \$32.38 for the three months ended September 30, 2024. See *Non-GAAP Financial Measures* section at the end of Item 2.
- As of September 30, 2025, the Company had \$5.9 billion in unused borrowing capacity with the Federal Home Loan Bank and the Federal Reserve Discount window based on available collateral, an increase of 37%, compared to \$4.3 billion at December 31, 2024.
- Total assets of \$19.4 billion increased 1% compared to June 30, 2025 and \$548.9 million, or 3%, compared to December 31, 2024.
- Loans receivable of \$10.5 billion, net of allowance for credit losses on loans, increased \$83.1 million, or 1%, compared to June 30, 2025, and increased \$161.2 million, or 2%, compared to December 31, 2024.
- Core deposits of \$12.8 billion increased \$1.4 billion, or 12%, compared to June 30, 2025 and increased \$3.4 billion, or 36%, compared to December 31, 2024. Core deposits now represent 92% of total deposits, reaching the highest level the Company has reported since March 2022.
- Brokered deposits of \$1.1 billion decreased \$110.4 million, or 9%, compared to June 30, 2025 and decreased \$1.4 billion, or 55%, compared to December 31, 2024.
- As of September 30, 2025, approximately 96% of loans reprice within three months, which reduces the risk of market rate increases.
- Net interest margin was 2.82% compared to 2.99% for the three months ended September 30, 2024.
- Efficiency ratio was 45.16% compared to 41.00% for the three months ended September 30, 2024.
- On September 17, 2025, the Company executed a credit default swap on a \$557.1 million pool of healthcare mortgage loans, to provide credit protection for the loan pool and reduce risk-based capital requirements.
- The volume of warehouse loans funded during the three months ended September 30, 2025 amounted to \$17.4 billion, an increase of \$4.3 billion, or 33%, compared to the three months ended September 30, 2024. This compared to the 20% industry increase in single-family residential loan volumes for the three months ended

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September 30, 2025 compared to the same period in 2024, according to an estimate of industry volume by the Mortgage Bankers Association.

- The total volume of loans originated and acquired through our multi-family business was \$2.0 billion, an increase of \$218.8 million, or 12%, compared to \$1.8 billion for the three months ended September 30, 2024. It includes construction loans coupled with agreements for future permanent loan refinancing, as well as bridge loans housed in our Banking segment, while borrowers await conversion to permanent financing. It also includes loans originated and acquired for sale in the secondary market.

Business Overview

We are a diversified bank holding company headquartered in Carmel, Indiana and registered under the Bank Holding Company Act of 1956, as amended. We currently operate in multiple business segments, including Multi-family Mortgage Banking that offers multi-family housing and healthcare facility financing and servicing, as well as syndicated low-income housing tax credit and debt funds; Mortgage Warehousing that offers mortgage warehouse financing, commercial loans, and deposit services; and Banking that offers portfolio lending for multi-family and healthcare facility loans, retail and correspondent residential mortgage banking, agricultural lending, SBA lending, and traditional community banking.

Our business consists of funding low risk multi-family, residential, and SBA loans meeting underwriting standards of government programs under an originate to sell model, and retaining adjustable-rate loans as held for investment to reduce interest rate risk. The gain on sale of these loans and servicing fees contribute to noninterest income. The funding source is primarily from mortgage custodial, municipal, retail, commercial and brokered deposits, as well as short-term borrowing. We believe that the combination of net interest income and noninterest income from the sale of low risk profile assets results in lower than industry charge-offs and a lower expense base, which serves to maximize net income and provide higher than industry shareholder return.

Critical Accounting Policies and Estimates

The preparation of our unaudited condensed consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses. These estimates are based upon historical experience and on various other assumptions that management believes are reasonable under the current circumstances. These estimates form the basis for making judgments about the carrying value of certain assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The estimates and judgments that management believes have the most effect on its reported financial position and results of operations are set forth within “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024. There have been no significant changes in critical accounting policies or the assumptions and judgments utilized in applying these policies since those reported for the year ended December 31, 2024.

Financial Condition

As of September 30, 2025, we had approximately \$19.4 billion in total assets, \$13.9 billion in deposits and \$2.2 billion in total shareholders’ equity. Total assets as of September 30, 2025 included \$10.5 billion of loans receivable, net of ACL-Loans, and \$4.1 billion of loans held for sale. There were also \$1.7 billion in securities classified as held to maturity. We had \$885.1 million in securities available for sale, the majority of which were acquired from a warehouse customer, and others are match funded with related custodial deposits or required to collateralize our credit linked notes. There are some restrictions on the types of securities we hold, particularly for those that are funded by certain multi-family custodial deposits where we set the cost of deposits based on the yield of the related security. Additionally, we

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had \$598.0 million of cash and cash equivalents, other assets of \$543.5 million, which primarily related to low-income housing tax credits, and \$414.8 million of mortgage loans in process of securitization that represent pre-sold multi-family rental real estate loan originations in primarily Ginnie Mae, Fannie Mae, and Freddie Mac mortgage-backed securities pending settlements that typically occur within 30 days. Servicing rights at September 30, 2025 were \$213.2 million based on the fair value of the loan servicing, which primarily includes Ginnie Mae multi-family servicing rights with 10-year call protection.

Comparison of Financial Condition at September 30, 2025 and December 31, 2024

Total Assets. Total assets of \$19.4 billion at September 30, 2025 increased \$548.9 million, or 3%, compared to \$18.8 billion at December 31, 2024. The increase was due primarily to growth in loans held for sale and in the warehouse and multi-family loan portfolios, which were partially offset by lower balances in the residential loan portfolio. The warehouse portfolio is exclusively made up of loans to residential and multi-family mortgage bankers that are funding agency-eligible mortgages and commercial loans, which represent all of the Company's loans to non-depository institutions.

Cash and Cash Equivalents. Cash and cash equivalents of \$598.0 million at September 30, 2025 increased \$121.4 million, or 25%, compared to \$476.6 million at December 31, 2024. Included in cash equivalents was \$83.8 million in restricted cash associated with senior credit linked notes described in *Note 1: Basis of Presentation* in this Form 10-Q and *Note 10: Borrowings* and the Company's 2024 Annual Report on Form 10-K.

Mortgage Loans in Process of Securitization. Mortgage loans in process of securitization of \$414.8 million at September 30, 2025 decreased \$13.4 million, or 3%, compared to \$428.2 million at December 31, 2024. These represent loans that our banking subsidiary, Merchants Bank, has originated or funded and are held in the loan portfolio pending settlement, primarily into Ginnie Mae, Fannie Mae, and Freddie Mac mortgage-backed securities with a firm investor commitment to purchase the securities.

Securities Available for Sale. Securities available for sale of \$885.1 million at September 30, 2025 decreased \$95.0 million, or 10%, compared to \$980.1 million at December 31, 2024. The decrease in securities available for sale was primarily due to \$642.8 million in calls, maturities, repayments and other adjustments, partially offset by purchases of \$547.9 million during the period.

Included in securities available for sale were \$591.4 million and \$635.9 million of investments at September 30, 2025 and December 31, 2024, respectively, for which a fair value option was elected. Fair value option securities represent securities which the Company has elected to carry at fair value and are separately identified on the unaudited condensed consolidated balance sheets with changes in the fair value recognized in earnings as they occur.

As of September 30, 2025, AOCL of \$0.2 million, related to securities available for sale, increased \$0.1 million, or 59%, compared to accumulated losses of \$0.1 million at December 31, 2024. The \$0.2 million of AOCL as of September 30, 2025 represented 0.01% of total equity and 0.02% of total securities available for sale, reflecting our interest rate risk policy of maintaining short duration on assets and liabilities.

Securities Held to Maturity. Securities held to maturity of \$1.7 billion at September 30, 2025 increased \$5.9 million compared to December 31, 2024. The increase was due to purchases net of repayments and amortization during the period.

Loans Held for Sale. Loans held for sale of \$4.1 billion at September 30, 2025 increased \$357.8 million, or 9%, compared to \$3.8 billion at December 31, 2024. The increase in loans held for sale was due primarily to an increase in warehouse participations, as we experienced higher volume. Loans held for sale are comprised primarily of single-family residential real estate loan participations that meet Fannie Mae, Freddie Mac, or Ginnie Mae eligibility. It also includes some multi-family loans that are expected to be sold or securitized in the future.

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Loans Receivable, Net. Loans receivable, net of ACL-Loans, of \$10.5 billion at September 30, 2025, increased \$161.2 million, or 2%, compared to \$10.4 billion at December 31, 2024. The increase in net loans was comprised primarily of:

- an increase of \$253.2 million, or 5%, in multi-family financing loans, which totaled \$4.9 billion at September 30, 2025, reflecting higher origination volume for construction and other loans generated through multi-family segment that will remain on our balance sheet until they convert to permanent financing or are otherwise paid off over an average of one to three years.
- an increase of \$199.8 million, or 14%, in mortgage warehouse repurchase agreements, which totaled \$1.6 billion at September 30, 2025, reflecting higher loan volume from increased sales efforts and market exits or reductions by competitors.
- a decrease of \$313.9 million, or 24%, in residential real estate loans, which totaled \$1.0 billion at September 30, 2025, primarily due to loan sales.

As of September 30, 2025, approximately 96% of total loans reprice within three months, which reduces the risk of market rate increases.

The Company is a nationwide lender, especially in our largest portfolios of multi-family and healthcare financing. The table below provides loan receivable data for these two portfolios, including the five highest geographic concentrations.

September 30, 2025					
State	Multi-family		State	Healthcare	
	Amount	% of Total		Amount	% of Total
	(Dollars in thousands)			(Dollars in thousands)	
Indiana	\$ 1,289,240	26 %	Michigan	\$ 255,817	17 %
New York	670,847	14 %	Ohio	217,053	15 %
Texas	265,672	6 %	Texas	215,216	14 %
Ohio	252,768	5 %	Indiana	142,070	10 %
Georgia	238,967	5 %	South Carolina	102,500	7 %
Other states ⁽¹⁾	2,159,983	44 %	Other states ⁽¹⁾	543,390	37 %
Total	\$ 4,877,477	100 %	Total	\$ 1,476,046	100 %

(1) No state included in the “Other states” group has an individual percentage more than the next highest concentration percentage for the specific portfolio of loans.

December 31, 2024					
State	Multi-family		State	Healthcare	
	Amount	% of Total		Amount	% of Total
	(Dollars in thousands)			(Dollars in thousands)	
Indiana	\$ 1,446,658	31 %	Michigan	\$ 395,867	27 %
New York	482,873	10 %	Ohio	314,475	21 %
Ohio	274,738	6 %	South Carolina	102,500	7 %
California	215,134	5 %	Indiana	102,338	7 %
Texas	185,133	4 %	New Jersey	89,793	6 %
Other states ⁽¹⁾	2,019,763	44 %	Other states ⁽¹⁾	479,510	32 %
Total	\$ 4,624,299	100 %	Total	\$ 1,484,483	100 %

(1) No state included in the “Other states” group has an individual percentage more than the next highest concentration percentage for the specific portfolio of loans.

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ACL-Loans. The ACL-Loans of \$93.3 million at September 30, 2025 increased \$8.9 million, or 11%, compared to \$84.4 million at December 31, 2024. The increase compared to December 31, 2024 was driven by \$95.0 million in provision expense that was partially offset by \$86.1 million in charge-offs, primarily related to the multi-family portfolio. These changes were primarily associated with declines on multi-family property values, after receiving new appraisals, and the ongoing investigation of borrowers involved in mortgage fraud or suspected fraud. Additionally, the increases were attributable to certain types of subordinated loans that the Company no longer offers to borrowers. These underperforming loans have been largely identified and evaluated for potential losses that have either been included in the provision for credit losses as specific reserves or charged off.

Goodwill. Goodwill of \$8.0 million at September 30, 2025 was unchanged compared to December 31, 2024.

Servicing Rights. Servicing rights of \$213.2 million at September 30, 2025 increased 12%, compared to December 31, 2024. The increase during the nine months ended September 30, 2025, was primarily due to originated and purchased servicing of \$29.1 million and a positive fair market value adjustment of \$1.6 million partially offset by paydowns of \$7.5 million. The \$1.6 million positive fair market value adjustment reflected a positive adjustment of \$3.7 million for multi-family mortgages and a negative adjustment of \$2.1 million for single-family mortgages and SBA loans during the nine months ended September 30, 2025.

Servicing rights are recognized in connection with sales of loans when we retain servicing of the sold loans. The servicing rights are recorded and carried at fair value based on the expected future cash flows. The fair value increase recorded during the nine months ended September 30, 2025 was driven by higher escrow earnings rates in multi-family servicing, which was partially offset by lower interest rates that impacted single-family servicing. The value of servicing rights generally increases in rising interest rate environments and declines in falling interest rate environments due to expected prepayments.

Other Assets and Receivables. Other assets and receivables of \$543.5 million at September 30, 2025 decreased \$27.8 million, or 5%, compared to \$571.3 million at December 31, 2024. The decrease was primarily due to a \$125.0 million prepaid asset at December 31, 2024 that was released for the January 2, 2025 redemption of Series B Preferred Stock, partially offset by the increase in low income housing tax credits.

Deposits. Deposits of \$13.9 billion at September 30, 2025 increased \$2.0 billion, or 17%, compared to \$11.9 billion at December 31, 2024. The increase was primarily due to an increase of \$3.5 billion in demand deposits and \$346.4 million in savings deposits, partially offset by a decrease of \$1.9 billion in certificates of deposit. As of September 30, 2025, approximately 83% of the total deposits repriced within three months.

Core deposits increased by \$3.4 billion, or 36%, to \$12.8 billion at September 30, 2025 compared to \$9.4 billion at December 31, 2024. Core deposits represented 92% of total deposits at September 30, 2025 compared to 79% of total deposits at December 31, 2024. The increases were attributable primarily to growth in custodial deposits from warehouse customers as well as strategic initiatives focused on delivering innovative liquidity solutions in expanded markets.

We have decreased our use of brokered deposits by 55%, which totaled \$1.1 billion at September 30, 2025 compared to \$2.5 billion at December 31, 2024. Brokered deposits represented 8% of total deposits at September 30, 2025 compared to 21% of total deposits at December 31, 2024. As of September 30, 2025, brokered certificates of deposit had a weighted average remaining duration of 49 days.

Compared to December 31, 2024, interest-bearing deposits increased \$1.9 billion, or 16%, to \$13.5 billion at September 30, 2025, and noninterest-bearing deposits increased \$160.8 million, or 67%, to \$399.8 million at September 30, 2025.

Uninsured deposits totaled approximately \$3.7 billion as of September 30, 2025, representing 27% of total Bank deposits. Since 2018, the Company has offered its customers an opportunity to insure balances in excess of

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\$250,000 through our insured cash sweep program that extends FDIC protection up to \$100 million. The balance of deposits in this program was \$1.4 billion and \$1.6 billion as of September 30, 2025 and December 31, 2024, respectively.

Borrowings. Borrowings of \$2.9 billion at September 30, 2025 decreased \$1.5 billion, or 34%, compared to \$4.4 billion at December 31, 2024. The decrease was primarily due to a reduction of \$1.4 billion in FHLB advances in addition to the increase in core deposits available. The Company primarily utilizes borrowing facilities from the FHLB, the Federal Reserve's discount window, and AFX, using the most cost-effective options available. See *Note 10: Borrowings* for further information.

The Company continues to have significant borrowing capacity based on available collateral. As of September 30, 2025, unused lines of credit totaled \$5.9 billion, an increase of 37%, compared to \$4.3 billion at December 31, 2024. The Company's ratio of total collateralized borrowing capacity to total assets was 45% at September 30, 2025 compared to 46% at December 31, 2024.

Other Liabilities. Other Liabilities of \$262.9 million increased \$31.9 million, or 14%, compared to \$231.0 million at December 31, 2024 largely due to increased funding commitments for equity investments and joint ventures.

Total Shareholders' Equity. Total shareholders' equity of \$2.2 billion at September 30, 2025, decreased \$17.9 million, or 1%, compared to December 31, 2024. The decrease resulted primarily from the redemption of 6% Series B Preferred Stock for \$125.0 million and dividends paid on common and preferred shares of \$44.6 million during the period, which were partially offset by net income of \$150.9 million. See *Note 14: Preferred Stock* for more details on the Series B redemption.

Asset Quality

Loans are underwritten to strict Freddie Mac, Fannie Mae, HUD, or other Agency guidelines. We continually strive to strengthen our various levels of credit and risk management.

The allowance for credit losses on loans of \$93.3 million, as of September 30, 2025, increased by \$8.9 million, or 11%, compared to \$84.4 million as of December 31, 2024. The \$8.9 million increase compared to December 31, 2024 driven by \$95.0 million in provision expense that was partially offset by \$86.1 million in charge-offs, primarily related to the multi-family portfolio. These changes were primarily associated with declines on multi-family property values, after receiving new appraisals, and the ongoing investigation of borrowers involved in mortgage fraud or suspected fraud. Additionally, the increases were attributable to certain types of subordinated loans that the Company no longer offers to borrowers. These underperforming loans have been largely identified and evaluated for potential losses that have either been included in the provision for credit losses as specific reserves or charged off.

During the three months ended September 30, 2025 there were \$29.5 million of charge-offs for nine relationships, primarily in the multi-family loan portfolio, and \$23,000 in recoveries, compared to \$2.1 million of charge-offs and \$7,000 recoveries for the three months ended September 30, 2024.

For the nine months ended September 30, 2025, there were \$86.1 million of charge-offs and \$51,000 of recoveries, compared to \$6.4 million of charge-offs and \$23,000 of recoveries for the nine months ended September 30, 2024.

Loans receivable classified as Special Mention totaled \$155.7 million at September 30, 2025, declined \$224.3 million, or 59%, compared to \$380.0 million at December 31, 2024 and declined by \$195.7 million, or 56%, compared to \$351.4 million at September 30, 2024. These declines reinforce the view that the frequency of migration to criticized status would subside, driven by favorable market conditions and the Company's efforts with proactive portfolio management.

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Loans receivable classified as Substandard totaled \$426.5 million at September 30, 2025, compared to \$317.3 million as of December 31, 2024 and \$287.8 million at September 30, 2024.

As of September 30, 2025, all Substandard loans have been evaluated for impairment and these loans have specific reserves of \$31.1 million, of which \$0.3 million was added during the three months ended September 30, 2025, net of charge-offs. The Company believes that the remaining loans are well collateralized.

Total nonperforming loans (nonaccrual and greater than 90 days past due but still accruing) were \$298.3 million, or 2.81%, of total loans receivable at September 30, 2025, compared to \$279.7 million, or 2.68%, of total loans at December 31, 2024 and \$210.9 million, or 2.04%, at September 30, 2024. After six months of consecutive loan performance, the loans are placed back on accrual status.

Total loans receivable greater than 30 days past due were \$324.6 million at September 30, 2025, \$292.3 million at December 31, 2024, and \$257.5 million at September 30, 2024. Of the \$324.6 million in delinquent loans, \$45.7 million are partially protected under credit risk transfer transactions.

The increase in non-performing loans was primarily attributable to one multi-family relationship that was partially offset by charge-offs. This relationship drove the increase in total delinquent loans.

As a percentage of nonperforming loans, the ACL-Loans was 31% at September 30, 2025 compared to 30% at December 31, 2024 and 40% at September 30, 2024. The change compared to September 30, 2024, was primarily due to an increase in nonperforming loans.

The Company has been making additional efforts to reduce its credit risk through loan sale and securitization activities since 2019. Since 2023, the Company has strategically executed several credit protection arrangements through a credit linked note and credit default swaps. At their inception, these credit protection arrangements addressed \$4.2 billion in loans to reduce risk of losses, with coverage ranging from 13-15% of the unpaid principal balances for each arrangement. Despite having credit protection on these loans, the Company also continues to carry an allowance for credit losses on loans held for investment. As of September 30, 2025, the balance of loans subject to credit protection arrangements was \$2.4 billion, compared to \$2.3 billion as of December 31, 2024. For additional information see *Note 11: Derivative Financial Instruments* and the Company's 2024 Annual Report on Form 10-K.

The percentage of commercial real estate loans as a percentage of total Tier I risk-based capital, including the ACL-Loans, has declined from 348% to 328% from December 31, 2024 to September 30, 2025, respectively.

Comparison of Operating Results for the Three Months Ended September 30, 2025 and 2024

General. Net income of \$54.7 million for the three months ended September 30, 2025 decreased by \$6.6 million, or 11%, compared to the three months ended September 30, 2024, reflecting a \$27.1 million, or 22%, decrease in net interest income after provision for credit losses, reflecting higher provision expenses. This decline was nearly offset by a \$26.3 million, or 157%, increase in noninterest income, driven by growth in gains on loan sales and loan servicing fees. Results also reflected a \$15.9 million, or 26%, increase in noninterest expense, largely attributable to higher salaries and employee benefits, and a \$10.2 million, or 51%, decrease in the provision for income taxes, which reflect benefits from the utilization of tax credits and lower pre-tax income. Noninterest income included a positive fair market value adjustment of \$2.1 million to servicing rights and a negative fair market value adjustment of \$770,000 to derivatives, which compared to negative fair market value adjustments of \$6.7 million to servicing rights and \$7.7 million to derivatives, in the three months ended September 30, 2024.

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The following table presents, for the periods indicated, information about (i) average balances, the total dollar amount of interest income from interest-earning assets and the resultant average yields; (ii) average balances, the total dollar amount of interest expense on interest-bearing liabilities and the resultant average rates; (iii) net interest income; (iv) the interest rate spread; and (v) the net interest margin. Yields have been calculated on a pre-tax basis. Nonaccrual loans are included in loans and loans held for sale.

	Three Months Ended September 30,					
	2025			2024		
	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
	(Dollars in thousands)					
Assets:						
Interest-earning deposits, and other interest or dividends	\$ 556,894	\$ 8,063	5.74 %	\$ 484,712	\$ 7,671	6.30 %
Securities available for sale	923,603	11,880	5.10 %	1,011,146	14,855	5.84 %
Securities held to maturity	1,510,857	22,427	5.89 %	1,288,466	22,081	6.82 %
Mortgage loans in process of securitization	395,388	5,308	5.33 %	308,362	4,062	5.24 %
Loans and loans held for sale	14,654,535	254,101	6.88 %	14,603,750	290,259	7.91 %
Total interest-earning assets	18,041,277	301,779	6.64 %	17,696,436	338,928	7.62 %
Allowance for credit losses on loans	(105,347)			(81,178)		
Noninterest-earning assets	877,235			696,135		
Total assets	<u>\$ 18,813,165</u>			<u>\$ 18,311,393</u>		
Liabilities/Shareholders' Equity:						
Interest-bearing checking	\$ 7,451,868	\$ 75,415	4.02 %	\$ 5,297,908	\$ 62,603	4.70 %
Savings deposits	145,086	5	0.01 %	145,305	17	0.05 %
Money market	3,661,645	38,542	4.18 %	2,816,906	33,858	4.78 %
Certificates of deposit	2,238,401	25,782	4.57 %	5,032,159	69,197	5.47 %
Total interest-bearing deposits	13,497,000	139,744	4.11 %	13,292,278	165,675	4.96 %
Borrowings	2,476,365	33,977	5.44 %	2,518,405	40,432	6.39 %
Total interest-bearing liabilities	15,973,365	173,721	4.31 %	15,810,683	206,107	5.19 %
Noninterest-bearing deposits	392,569			327,930		
Noninterest-bearing liabilities	225,554			231,754		
Total liabilities	16,591,488			16,370,367		
Shareholders' equity	2,221,677			1,941,026		
Total liabilities and shareholders' equity	<u>\$ 18,813,165</u>			<u>\$ 18,311,393</u>		
Net interest income		<u>\$ 128,058</u>			<u>\$ 132,821</u>	
Interest rate spread			<u>2.33 %</u>			<u>2.43 %</u>
Net interest-earning assets	<u>\$ 2,067,912</u>			<u>\$ 1,885,753</u>		
Net interest margin			<u>2.82 %</u>			<u>2.99 %</u>
Average interest-earning assets to average interest-bearing liabilities			<u>112.95 %</u>			<u>111.93 %</u>

Increases and decreases in interest income and interest expense result from changes in average balances (volume) of interest-earning assets and interest-bearing liabilities, as well as changes in weighted average interest rates. The following table sets forth the effects of changing rates and volumes on our net interest income during the periods shown. Information is provided with respect to (i) effects on interest income attributable to changes in volume (changes in volume multiplied by prior rate) and (ii) effects on interest income attributable to changes in rate (changes in rate multiplied by prior volume). Yields have been calculated on a pre-tax basis.

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The following table summarizes the increases and decreases in interest income and interest expense resulting from changes in average balances (volume) and changes in average interest rates:

	Three Months Ended September 30, 2025 compared to September 30, 2024		
	Increase (Decrease)		
	Due to		Total
Volume	Rate (In thousands)		
Interest income			
Interest-earning deposits, and other interest or dividends	\$ 1,142	\$ (750)	\$ 392
Securities available for sale	(1,286)	(1,689)	(2,975)
Securities held to maturity	3,811	(3,465)	346
Mortgage loans in process of securitization	1,146	100	1,246
Loans and loans held for sale	1,009	(37,167)	(36,158)
Total interest income	5,822	(42,971)	(37,149)
Interest expense			
Deposits			
Interest-bearing checking	25,452	(12,640)	12,812
Savings deposits	—	(12)	(12)
Money market deposits	10,153	(5,469)	4,684
Certificates of deposit	(38,417)	(4,998)	(43,415)
Total Deposits	(2,812)	(23,119)	(25,931)
Borrowings	(675)	(5,780)	(6,455)
Total interest expense	(3,487)	(28,899)	(32,386)
Net interest income	\$ 9,309	\$ (14,072)	\$ (4,763)

Net Interest Income. Net interest income of \$128.1 million for the three months ended September 30, 2025 decreased \$4.8 million, compared with the three months ended September 30, 2024. The decrease reflected lower interest income partially offset by lower interest expense on deposits and borrowings.

The interest rate spread of 2.33% for the three months ended September 30, 2025 decreased 10 basis points compared to 2.43% for the three months ended September 30, 2024. Our net interest margin decreased 17 basis points, to 2.82% for the three months ended September 30, 2025 compared to 2.99% for the three months ended September 30, 2024. The margin was negatively impacted by a significant shift in business mix, as highly profitable but lower-margin loans held for sale balances, consisting of primarily warehouse loans, grew by \$321.1 million, or 8%, and warehouse repurchase agreements grew by \$432.5 million, or 36%, while other higher-margin loans receivable balances, such as the healthcare financing portfolio, contracted by a net of \$170.3 million.

Interest Income. Interest income of \$301.8 million for the three months ended September 30, 2025 decreased \$37.1 million, or 11%, compared with \$338.9 million for the three months ended September 30, 2024. The decrease primarily reflected lower average yields on loans and loans held for sale, primarily in the warehouse portfolio.

Interest income of \$254.1 million on loans and loans held for sale for the three months ended September 30, 2025, decreased \$36.2 million, or 12%, compared to \$290.3 million for the three months ended September 30, 2024. The average loan balance of \$14.7 billion for the three months ended September 30, 2025 increased \$50.8 million compared to \$14.6 billion for the three months ended September 30, 2024. The average yield on loans and loans held for sale decreased 103 basis points, to 6.88% for the three months ended September 30, 2025, compared to 7.91% for the three months ended September 30, 2024.

Interest income of \$11.9 million on securities available for sale for the three months ended September 30, 2025, decreased \$3.0 million, or 20%, compared to \$14.9 million for the three months ended September 30, 2024. The average balance of \$923.6 million decreased \$87.5 million, or 9%, compared to \$1.0 billion for the three months ended

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September 30, 2024. The average yield decreased 74 basis points, to 5.10% for the three months ended September 30, 2025, compared to 5.84% for the three months ended September 30, 2024.

Interest income of \$5.3 million on mortgage loans in process of securitization for the three months ended September 30, 2025, increased \$1.2 million, or 31%, compared to \$4.1 million for the three months ended September 30, 2024. The average balance of \$395.4 million increased \$87.0 million, or 28%, compared to \$308.4 million for the three months ended September 30, 2024. The average yield increased 9 basis points, to 5.33% for the three months ended September 30, 2025, compared to 5.24% for the three months ended September 30, 2024. The increase in average balance was primarily due to a higher origination volume of loans pending settlement for sale on the secondary market.

Interest income of \$8.1 million on interest-earning deposits, and other interest or dividends for the three months ended September 30, 2025, increased \$0.4 million, or 5%, compared to \$7.7 million for the three months ended September 30, 2024. The average balance of \$556.9 million increased \$72.2 million, or 15%, compared to \$484.7 million for the three months ended September 30, 2024. The average yield decreased 56 basis points, to 5.74% for the three months ended September 30, 2025, compared to 6.30% for the three months ended September 30, 2024.

Interest Expense. Total interest expense of \$173.7 million for the three months ended September 30, 2025, decreased \$32.4 million, or 16%, compared to \$206.1 million for the three months ended September 30, 2024. The decrease reflected lower average balances at lower average rates on certificates of deposit, which were partially offset by higher average balances at lower average rates on interest-bearing checking accounts.

Interest expense on deposits of \$139.7 million decreased \$25.9 million, or 16%, for the three months ended September 30, 2025, compared to the three months ended September 30, 2024.

Interest expense of \$25.8 million on certificates of deposit for the three months ended September 30, 2025, decreased \$43.4 million, or 63%, compared to \$69.2 million for the three months ended September 30, 2024. The decrease reflected lower average balances at lower rates. The average balance of \$2.2 billion for the three months ended September 30, 2025, decreased \$2.8 billion or 56%, compared to \$5.0 billion for the three months ended September 30, 2024. The average interest rate decreased 90 basis points, to 4.57%, for the three months ended September 30, 2025, compared to 5.47% for three months ended September 30, 2024.

Interest expense of \$75.4 million on interest-bearing checking accounts for the three months ended September 30, 2025, increased \$12.8 million, or 20%, compared to \$62.6 million for the three months ended September 30, 2024. The increase reflected higher average balances at lower rates. The average balance of \$7.5 billion for the three months ended September 30, 2025, increased \$2.2 billion, or 41%, compared to \$5.3 billion for the three months ended September 30, 2024. The average interest rate decreased 68 basis points to 4.02% for the three months ended September 30, 2025, compared to 4.70% for three months ended September 30, 2024.

Interest expense of \$34.0 million on borrowings for the three months ended September 30, 2025, decreased \$6.5 million, or 16%, compared to the three months ended September 30, 2024. The decrease was primarily due to lower average rates on lower average FHLB borrowings. The average interest rate decreased 95 basis points to 5.44% for the three months ended September 30, 2025, compared to 6.39% for the three months ended September 30, 2024.

Included in interest expense on borrowings, our warehouse structured financing agreements provide for an additional interest payment for a portion of the earnings generated from the interest-earning assets. As a result, the cost of borrowings increased from a base rate of 5.14% and 6.18%, to an effective rate of 5.44% and 6.39% for the three months ended September 30, 2025 and 2024, respectively.

Provision for Credit Losses. We recorded a provision for credit losses of \$29.2 million for the three months ended September 30, 2025, an increase of \$22.3 million, or 324%, over the three months ended September 30, 2024. The increases in provision expenses and charge-offs were primarily associated with declines on multi-family property values,

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after receiving new appraisals, and the ongoing investigation of borrowers involved in mortgage fraud or suspected fraud. The increases were also attributable to certain types of subordinated loans that the Company no longer offers to borrowers. The underperforming loans have been largely identified and evaluated for potential losses that have either been included in the provision for credit losses as specific reserves or charged off.

The \$29.2 million provision for credit losses consisted of \$31.0 million for the ACL-Loans, net of a release of \$1.8 million for the ACL-OBCE's.

The ACL-Loans was \$93.3 million, or 0.88% of total loans, at September 30, 2025, compared to \$84.4 million, or 0.81% of total loans, at December 31, 2024, and \$84.5 million, or 0.82%, at September 30, 2024. The increase compared to December 31, 2024 was driven by a \$95.0 million in provision expense, primarily related to the multi-family portfolio, which was offset by \$86.1 million in charge-offs. The increase compared to September 30, 2024 was primarily related an increase in provision expense for loans in the multi-family portfolio, which were partially offset by charge-offs. Additional details are provided in the Asset Quality portion of the *Comparison of Financial Condition* at September 30, 2025 and December 31, 2024 and in *Note 4: Loans and Allowance for Credit Losses on Loans*.

Noninterest Income.

	Three Months Ended September 30,			
	2025	2024	Change Amount	Change %
	(Dollars in thousands)			
Noninterest income:				
Gain on sale of loans	\$ 24,671	\$ 16,731	\$ 7,940	47%
Loan servicing fees, net	7,986	(1,509)	9,495	(629)%
Mortgage warehouse fees	1,736	1,620	116	7%
Syndication and asset management fees	4,864	1,834	3,030	165%
Other income	3,757	(1,934)	5,691	(294)%
Total noninterest income	\$ 43,014	\$ 16,742	\$ 26,272	157%

Noninterest income of \$43.0 million for the three months ended September 30, 2025 increased \$26.3 million, or 157%, compared to \$16.7 million for the three months ended September 30, 2024. The increase was primarily due to a \$9.5 million, or 629%, increase in loan servicing fees, a \$7.9 million, or 47%, increase in gain on sale of loans, a \$5.7 million, or 294%, increase in other income, and a \$3.0 million, or 165%, increase in syndication and asset management fees.

Loan servicing fees included a \$2.1 million positive fair market value adjustment to servicing rights for the three months ended September 30, 2025, compared to a \$6.7 million negative fair market value adjustment to servicing rights for the three months ended September 30, 2024.

The \$7.9 million, or 47%, increase in gain on sale of loans resulted from higher volume in the multi-family loan portfolio, including a securitization through a Freddie Mac sponsored Q-Series transaction.

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A summary of the gain on sale of loans for the three months ended September 30, 2025 and 2024 is below:

	Gain on Sale of Loans			
	Three Months Ended September 30,			
	2025	2024	Change Amount	Change %
	(Dollars in thousands)			
Loan Type:				
Multi-family	\$ 22,458	\$ 15,302	\$ 7,156	47%
Single-family	775	690	85	12%
SBA	1,438	739	699	95%
Total	\$ 24,671	\$ 16,731	\$ 7,940	47%

Other noninterest income of \$3.8 million for the three months ended September 30, 2025 increased 294%, compared to the three months ended September 30, 2024. Other noninterest income included a \$770,000 negative adjustment to the fair value of floor derivatives for the three months ended September 30, 2025 compared to a \$7.7 million negative fair value adjustment for the three months ended September 30, 2024. The floor derivatives are associated with arrangements whereby there is a guaranteed minimum interest rate the Company will receive on certain assets bearing variable interest rates. The change in value was driven largely by the change in market interest rates during the period. Also included in other noninterest income were changes in fair value on certain securities available for sale that the Company elected to account for under the fair value option, with changes in fair value reflected in earnings. The Company also has put options associated with these securities that provide protection against any change in value. By design, the fair value adjustments of the securities and the put options should be substantially equal and offsetting. For the three months ended September 30, 2025 there was a \$6.6 million positive fair value adjustment on the securities that were offset by a \$6.6 million negative fair value adjustment on the put options, hence having no net gain or loss recognized. Also see *Note 2: Investment Securities*, *Note 11: Derivative Financial Instruments*, and *Note 12: Disclosures about Fair Value of Assets and Liabilities*.

Syndication and asset management fees of \$4.9 million for the three months ended September 30, 2025, increased \$3.0 million, or 165%, compared to the three months ended September 30, 2024. The increase was attributable to an increase in the amount of projects and funds managed in combination with new equity raises by our LIHTC syndication platform during the three months ended September 30, 2025 than the prior year.

Noninterest Expense.

	Three Months Ended September 30,			
	2025	2024	Change Amount	Change %
	(Dollars in thousands)			
Noninterest expense:				
Salaries and employee benefits	\$ 44,152	\$ 35,218	\$ 8,934	25%
Loan expense	1,263	1,114	149	13%
Occupancy and equipment	2,453	2,231	222	10%
Professional fees	3,371	3,439	(68)	(2)%
Deposit insurance expense	9,376	8,981	395	4%
Technology expense	2,608	2,068	540	26%
Credit risk transfer premium expense	4,194	2,079	2,115	102%
Other expense	9,833	6,188	3,645	59%
Total noninterest expense	\$ 77,250	\$ 61,318	\$ 15,932	26%

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Noninterest expense of \$77.3 million for the three months ended September 30, 2025 increased \$15.9 million, or 26%, compared to the three months ended September 30, 2024. The increase was primarily due to a \$8.9 million, or 25%, increase in salaries and employee benefits that primarily reflected higher commissions on higher production volume and noninterest income, as well as \$2.0 million for expenses associated with the addition of production staff, which is expected to be accretive to earnings, while continuing to elevate production, gain on sale, and expenses in future quarters. Also contributing to the higher expenses during the quarter was a \$3.8 million increase in other expenses primarily associated with taxes, insurance, property expenses, and legal fees for collateral preservation of nonperforming loans and a \$2.1 million increase in credit risk transfer premium expense associated credit default swaps.

The efficiency ratio was at 45.16% for the three months ended September 30, 2025, compared with 41.00% for the three months ended September 30, 2024. The \$10.0 million in total expenses associated with credit default swap premiums, the collateral preservation of nonperforming loans, and the addition of production staff had a negative 584 basis point impact on the efficiency ratio for the three months ended September 30, 2025.

Income Taxes. Income tax expense of \$9.9 million for the three months ended September 30, 2025 decreased \$10.2 million, or 51%, compared to the three months ended September 30, 2024, reflecting benefits from the utilization of tax credits and lower pretax income. The effective tax rate was 15.3% for the three months ended September 30, 2025 and 24.7% for the three months ended September 30, 2024.

Comparison of Operating Results for the Nine Months Ended September 30, 2025 and 2024

General. Net income of \$150.9 million for the nine months ended September 30, 2025 decreased \$73.8 million, or 33%, compared to the nine months ended September 30, 2024. The decrease was primarily due to a \$68.4 million increase in the provision for credit losses, a \$55.6 million increase in noninterest expense, and a \$9.0 million decrease in net interest income, partially offset by a \$31.0 million decrease in the provision for income taxes and a \$28.2 million increase in noninterest income.

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The following table presents, for the periods indicated, information about (i) average balances, the total dollar amount of interest income from interest-earning assets and the resultant average yields; (ii) average balances, the total dollar amount of interest expense on interest-bearing liabilities and the resultant average rates; (iii) net interest income; (iv) the interest rate spread; and (v) the net interest margin. Yields have been calculated on a pre-tax basis. Nonaccrual loans are included in loans and loans held for sale.

	Nine Months Ended September 30,					
	2025			2024		
	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
	(Dollars in thousands)					
Assets:						
Interest-earning deposits, and other interest or dividends	\$ 535,944	\$ 23,721	5.92 %	\$ 423,327	\$ 19,441	6.13 %
Securities available for sale	946,481	36,333	5.13 %	1,045,092	44,027	5.63 %
Securities held to maturity	1,575,095	69,951	5.94 %	1,215,357	62,402	6.86 %
Mortgage loans in process of securitization	350,338	14,355	5.48 %	227,283	8,826	5.19 %
Loans and loans held for sale	14,413,936	749,022	6.95 %	14,150,287	846,678	7.99 %
Total interest-earning assets	<u>17,821,794</u>	<u>893,382</u>	6.70 %	<u>17,061,346</u>	<u>981,374</u>	7.68 %
Allowance for credit losses on loans	(94,374)			(76,410)		
Noninterest-earning assets	819,521			657,068		
Total assets	<u>\$ 18,546,941</u>			<u>\$ 17,642,004</u>		
Liabilities/Shareholders' Equity:						
Interest-bearing checking	\$ 6,253,519	\$ 186,869	4.00 %	\$ 5,101,859	\$ 181,419	4.75 %
Savings deposits	145,531	28	0.03 %	164,074	255	0.21 %
Money market	3,472,609	108,185	4.17 %	2,807,575	100,708	4.79 %
Certificates of deposit	2,895,164	99,978	4.62 %	5,751,613	233,966	5.43 %
Total interest-bearing deposits	<u>12,766,823</u>	<u>395,060</u>	4.14 %	<u>13,825,121</u>	<u>516,348</u>	4.99 %
Borrowings	3,016,375	119,349	5.29 %	1,426,146	77,030	7.21 %
Total interest-bearing liabilities	<u>15,783,198</u>	<u>514,409</u>	4.36 %	<u>15,251,267</u>	<u>593,378</u>	5.20 %
Noninterest-bearing deposits	354,705			330,440		
Noninterest-bearing liabilities	214,252			222,115		
Total liabilities	<u>16,352,155</u>			<u>15,803,822</u>		
Shareholders' equity	2,194,786			1,838,182		
Total liabilities and shareholders' equity	<u>\$ 18,546,941</u>			<u>\$ 17,642,004</u>		
Net interest income		<u>\$ 378,973</u>			<u>\$ 387,996</u>	
Interest rate spread			<u>2.34 %</u>			<u>2.48 %</u>
Net interest-earning assets	<u>\$ 2,038,596</u>			<u>\$ 1,810,079</u>		
Net interest margin			<u>2.84 %</u>			<u>3.04 %</u>
Average interest-earning assets to average interest-bearing liabilities			<u>112.92 %</u>			<u>111.87 %</u>

Increases and decreases in interest income and interest expense result from changes in average balances (volume) of interest-earning assets and interest-bearing liabilities, as well as changes in weighted average interest rates. The following table sets forth the effects of changing rates and volumes on our net interest income during the periods shown. Information is provided with respect to (i) effects on interest income attributable to changes in volume (changes in volume multiplied by prior rate) and (ii) effects on interest income attributable to changes in rate (changes in rate multiplied by prior volume). Yields have been calculated on a pre-tax basis.

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The following table summarizes the increases and decreases in interest income and interest expense resulting from changes in average balances (volume) and changes in average interest rates:

	Nine Months Ended September 30, 2025 compared to September 30, 2024		
	Increase (Decrease)		
	Due to		
	Volume	Rate	Total
	(In thousands)		
Interest income			
Interest-earning deposits, and other interest or dividends	\$ 5,172	\$ (892)	\$ 4,280
Securities available for sale	(4,154)	(3,540)	(7,694)
Securities held to maturity	18,471	(10,922)	7,549
Mortgage loans in process of securitization	4,779	750	5,529
Loans and loans held for sale	15,775	(113,431)	(97,656)
Total interest income	40,043	(128,035)	(87,992)
Interest expense			
Deposits			
Interest-bearing checking	40,952	(35,502)	5,450
Savings deposits	(29)	(198)	(227)
Money market deposits	23,855	(16,378)	7,477
Certificates of deposit	(116,196)	(17,792)	(133,988)
Total Deposits	(51,418)	(69,870)	(121,288)
Borrowings	85,893	(43,574)	42,319
Total interest expense	34,475	(113,444)	(78,969)
Net interest income	\$ 5,568	\$ (14,591)	\$ (9,023)

Net Interest Income. Net interest income of \$379.0 million for the nine months ended September 30, 2025 decreased \$9.0 million, or 2%, compared to \$388.0 million for the nine months ended September 30, 2024. The decrease reflected lower interest income, primarily on loans and loans held for sale, and higher interest expense on borrowings partially offset by lower interest expense on deposits.

The interest rate spread of 2.34% for the nine months ended September 30, 2025, decreased 14 basis points compared to 2.48% for the nine months ended September 30, 2024. Our net interest margin decreased 20 basis points, to 2.84% for the nine months ended September 30, 2025 from 3.04% for the nine months ended September 30, 2024. The margin was negatively impacted by a significant shift in business mix, as highly profitable but lower-margin loans held for sale balances, consisting of primarily warehouse loans, grew by \$357.8 million, or 9%, and warehouse repurchase agreements grew by \$199.8 million, or 14%, while other higher-margin loans receivable balances, such as the healthcare financing portfolio, contracted by a net of \$29.7 million.

Interest Income. Interest income of \$893.4 million for the nine months ended September 30, 2025 decreased \$88.0 million, or 9%, compared to \$981.4 million for the nine months ended September 30, 2024. This decrease was primarily attributable to lower average yields on higher average balances on loans and loans held for sale.

Interest income of \$749.0 million on loans and loans held for sale for the nine months ended September 30, 2025, decreased \$97.7 million, or 12%, compared to \$846.7 million for the nine months ended September 30, 2024. The average loan balance during the nine months ended September 30, 2025 increased \$263.6 million, or 2%, to \$14.4 billion compared to \$14.2 billion for the nine months ended September 30, 2024, and the average yield on loans decreased 104 basis points, to 6.95% for the nine months ended September 30, 2025, compared to 7.99% for the nine months ended September 30, 2024.

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Interest income of \$36.3 million on securities available for sale for the nine months ended September 30, 2025, decreased \$7.7 million, or 17%, compared to \$44.0 million for the nine months ended September 30, 2024. The average balance of securities available for sale decreased \$98.6 million, or 9%, to \$946.5 million compared to \$1.0 billion for the nine months ended September 30, 2024, and the average yield decreased 50 basis points, to 5.13% for the for the nine months ended September 30, 2025, compared to 5.63% for the nine months ended September 30, 2024.

Interest income of \$70.0 million on securities held to maturity for the nine months ended September 30, 2025, increased \$7.5 million, or 12%, compared to the nine months ended September 30, 2024. The average balance of securities held to maturity for the nine months ended September 30, 2025 increased \$359.7 million, or 30%, to \$1.6 billion compared to \$1.2 billion for the nine months ended September 30, 2024. The average yield on securities held to maturity decreased 92 basis points, to 5.94%, for the nine months ended September 30, 2025, reflecting lower variable rates, compared to 6.86% for the nine months ended September 30, 2024.

Interest income of \$14.4 million on mortgage loans in process of securitization for the nine months ended September 30, 2025, increased \$5.5 million, or 63%, compared to \$8.8 million for the nine months ended September 30, 2024. The average balance of \$350.3 million increased \$123.1 million, or 54%, compared to the nine months ended September 30, 2024. The average yield increased 29 basis points, to 5.48% for the nine months ended September 30, 2025, compared to 5.19% for the nine months ended September 30, 2024. The increase in average balance was primarily due to higher origination volume of loans pending settlement for sale on the secondary market.

Interest income of \$23.7 million on interest-earning deposits, and other interest or dividends for the nine months ended September 30, 2025, increased \$4.3 million, or 22%, compared to \$19.4 million for the nine months ended September 30, 2024. The average balance of interest-earning deposits and other increased \$112.6 million, or 27%, to \$535.9 million for the nine months ended September 30, 2025, from \$423.3 million for the nine months ended September 30, 2024, and the average yield decreased 21 basis points, to 5.92%, for the nine months ended September 30, 2025, compared to 6.13% for the nine months ended September 30, 2024.

Interest Expense. Total interest expense of \$514.4 million for the nine months ended September 30, 2025 decreased \$79.0 million, or 13%, compared to \$593.4 million for the nine months ended September 30, 2024. The lower interest expense reflects a shift towards borrowings that have become a more cost-effective option than utilizing brokered certificates of deposit, in addition to growth in lower-cost, interest-bearing checking accounts.

Interest expense on deposits of \$395.1 million for the nine months ended September 30, 2025 decreased \$121.3 million, or 23%, compared to the nine months ended September 30, 2024. The decrease was primarily due to lower average balances and lower average rates for certificate of deposit accounts and higher average balances at lower average rates on interest-bearing checking and money market accounts.

Interest expense of \$100.0 million on certificates of deposit for the nine months ended September 30, 2025, decreased \$134.0 million, or 57%, compared to \$234.0 million for the nine months ended September 30, 2024. The average balance of certificate of deposit accounts was \$2.9 billion for the nine months ended September 30, 2025, a decrease of \$2.9 billion, or 50%, compared to \$5.8 billion for the nine months ended September 30, 2024. The average rate on certificate of deposit accounts was 4.62% for the nine months ended September 30, 2025, which was a 81 basis point decrease compared to 5.43% for the nine months ended September 30, 2024.

Interest expense of \$108.2 million on money market accounts for the nine months ended September 30, 2025, increased \$7.5 million, or 7%, compared to \$100.7 million for the nine months ended September 30, 2024. The average balance of money market accounts of \$3.5 billion for the nine months ended September 30, 2025 increased \$665.0 million, or 24%, compared to \$2.8 billion for the nine months ended September 30, 2024. The average rate on money market accounts was 4.17% for the nine months ended September 30, 2025, which was a 62 basis point decrease compared to 4.79% for the nine months ended September 30, 2024.

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Interest expense of \$186.9 million on interest-bearing checking accounts for the nine months ended September 30, 2025, increased \$5.5 million, or 3%, compared to \$181.4 million for the nine months ended September 30, 2024. The average balance of interest-bearing checking accounts of \$6.3 billion for the nine months ended September 30, 2025 increased \$1.2 billion, or 23%, compared to \$5.1 billion for the nine months ended September 30, 2024. The average rate on interest-bearing checking accounts was 4.00% for the nine months ended September 30, 2025, which was an 75 basis point decrease compared to 4.75% for the nine months ended September 30, 2024.

Interest expense of \$119.3 million on borrowings for the nine months ended September 30, 2025, increased \$42.3 million, or 55%, compared to \$77.0 million for the nine months ended September 30, 2024. The increase was primarily due to a \$1.6 billion, or 112%, increase in average balances, partially offset by a decrease of 192 basis points in the average rate of borrowings, to 5.29% compared to 7.21% for the nine months ended September 30, 2024.

Included in interest expense on borrowings, our warehouse structured financing agreements provide for an additional interest payment for a portion of the earnings generated from the interest-earning assets. As a result, the cost of borrowings increased from a base rate of 5.04% and 6.89%, to an effective rate of 5.29% and 7.21% for the nine months ended September 30, 2025 and 2024, respectively.

Provision for Credit Losses. We recorded a provision for credit losses of \$90.0 million for the nine months ended September 30, 2025, an increase of \$68.4 million, or 317%, compared to \$21.6 million for the nine months ended September 30, 2024. The increases in provision expenses and charge-offs compared to both periods were primarily associated with declines on multi-family property values, after receiving new appraisals, and the ongoing investigation of borrowers involved in mortgage fraud or suspected fraud. The increases were also attributable to certain types of underperforming loans that the Company no longer offers to borrowers. The subordinated loans have been largely identified and evaluated for potential losses that have either been included in the provision for credit losses as specific reserves or charged off.

The \$90.0 million provision for credit losses consisted of \$95.0 million for the ACL-Loans, net of a release of \$4.6 million for the ACL-OBCE's and \$0.4 million for the release of reserves on the ACL-Guarantees, related to a loan securitization.

The ACL-Loans was \$93.3 million, or 0.88% of total loans, at September 30, 2025, compared to \$84.4 million, or 0.81% of total loans, at December 31, 2024, and \$84.5 million, or 0.82%, at September 30, 2024. The increase compared to December 31, 2024 was driven by a \$95.0 million in provision expense, primarily related to the multi-family portfolio, which was offset by \$86.1 million in charge-offs. The increase compared to September 30, 2024 was primarily related an increase in provision expense for loans in the multi-family portfolio, which were partially offset by charge-offs. Additional details are provided in the Asset Quality portion of the *Comparison of Financial Condition* at September 30, 2025 and December 31, 2024 and in *Note 4: Loans and Allowance for Credit Losses on Loans*.

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Noninterest Income.

	Nine Months Ended September 30,			
	2025	2024	Change Amount	Change %
	(Dollars in thousands)			
Noninterest income:				
Gain on sale of loans	\$ 59,632	\$ 37,255	\$ 22,377	60%
Loan servicing fees, net	18,134	28,720	(10,586)	(37)%
Mortgage warehouse fees	5,288	4,126	1,162	28%
Loss on sale of investments available for sale	-	(108)	108	(100)%
Syndication and asset management fees	17,960	10,370	7,590	73%
Other income	16,173	8,604	7,569	88%
Total noninterest income	\$ 117,187	\$ 88,967	\$ 28,220	32%

Noninterest income of \$117.2 million for the nine months ended September 30, 2025 increased \$28.2 million, or 32%, compared to the nine months ended September 30, 2024. The increase was primarily due to a \$22.4 million, or 60%, increase in gain on sale of loans, a \$7.6 million, or 73%, increase in syndication and asset management fees, and a \$7.6 million, or 88%, increase in other noninterest income, partially offset by a decrease of \$10.6 million, or 37% in loan servicing fees compared to the nine months ended September 30, 2024.

The \$22.4 million, or 60%, increase in gain on sale of loans resulted from higher volume in the multi-family loan portfolio.

A summary of the gain on sale of loans for the nine months ended September 30, 2025 and 2024 is below:

	Gain on Sale of Loans			
	Nine Months Ended September 30,			
	2025	2024	Change Amount	Change %
	(Dollars in thousands)			
Loan Type:				
Multi-family	\$ 52,398	\$ 32,808	\$ 19,590	60%
Single-family	3,409	1,494	1,915	128%
Small Business Association (SBA)	3,825	2,953	872	30%
Total	\$ 59,632	\$ 37,255	\$ 22,377	60%

Syndication and asset management fees of \$18.0 million for the nine months ended September 30, 2025, increased \$7.6 million, or 73%, compared to \$10.4 million for the nine months ended September 30, 2024. The increase was attributable to an increase in the amount of projects and funds managed in combination with new equity raises by our LIHTC syndication platform during the nine months ended September 30, 2025 than the prior year.

Other noninterest income of \$16.2 million for the nine months ended September 30, 2025 increased \$7.6 million, or 88%, compared to \$8.6 million for the nine months ended September 30, 2024. Other noninterest income included a \$1.3 million positive fair value adjustment to the floor derivatives for the nine months ended September 30, 2025 compared to a \$5.1 million negative fair value adjustment for the nine months ended September 30, 2024. The floor derivatives are associated with arrangements whereby there is a guaranteed minimum interest rate the Company will receive on certain assets bearing variable interest rates. The change in value was driven largely by the change in market interest rates during the period. Also included in other noninterest income were changes in fair value on certain securities available for sale that the Company elected to account for under the fair value option, with changes in fair value reflected in earnings. The Company also has put options associated with these securities that provide protection against any change in value. By design, the fair value adjustments of the securities and the put options

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should be substantially equal and offsetting. For the nine months ended September 30, 2025 there was a \$5.3 million positive fair value adjustment on the securities that were offset by a \$5.3 million negative fair value adjustment on the put options, hence having no net gain or loss recognized. Also see *Note 2: Investment Securities*, *Note 11: Derivative Financial Instruments*, and *Note 12: Disclosures about Fair Value of Assets and Liabilities*.

Loan servicing fees included a \$1.6 million positive fair market value adjustment to servicing rights for the nine months ended September 30, 2025, compared to a \$12.3 million positive fair market value adjustment to servicing rights for the nine months ended September 30, 2024.

Noninterest Expense.

	Nine Months Ended September 30,			
	2025	2024	Change Amount	Change %
	(Dollars in thousands)			
Noninterest expense:				
Salaries and employee benefits	\$ 124,137	\$ 93,187	\$ 30,950	33%
Loan expense	3,203	3,063	140	5%
Occupancy and equipment	7,298	6,707	591	9%
Professional fees	9,424	11,094	(1,670)	(15)%
Deposit insurance expense	23,756	19,685	4,071	21%
Technology expense	7,428	5,781	1,647	28%
Credit risk transfer premium expense	12,823	4,373	8,450	193%
Other expense	28,182	16,720	11,462	69%
Total noninterest expense	<u>\$ 216,251</u>	<u>\$ 160,610</u>	<u>\$ 55,641</u>	35%

Noninterest expense of \$216.3 million for the nine months ended September 30, 2025 increased \$55.6 million, or 35%, compared to the nine months ended September 30, 2024. The increase was due primarily to a \$31.0 million, or 33%, increase in salaries and employee benefits to support business growth, including \$10.2 million for expenses associated with the addition of production staff, which is expected to be accretive to earnings, while continuing to elevate production, gain on sale, and expenses in future quarters as well. A significant contributor to the increased expenses during the period was a \$11.5 million rise in other expenses, primarily related to taxes, insurance, receiver expenses, and legal fees tied to preserving collateral for nonperforming loans. Additionally, noninterest expenses rose due to a \$8.5 million increase in credit risk transfer premium expenses, stemming from several credit default swap transactions executed since March 2024. Deposit insurance expenses also grew by \$4.1 million, or 21%, driven by a rise in underperforming assets and overall asset growth.

The efficiency ratio was at 43.58% for the nine months ended September 30, 2025, compared with 33.67% for the nine months ended September 30, 2024. The \$33.2 million in total expenses associated with credit default swap premiums, the collateral preservation of nonperforming loans, and the addition of production staff had a negative 669 basis point impact on the efficiency ratio for the nine months ended September 30, 2025.

Income Taxes. Income tax expense of \$39.0 million for the nine months ended September 30, 2025 decreased \$31.0 million, or 44%, compared to \$70.0 million for the nine months ended September 30, 2024. The decrease was primarily due to a 36% lower pre-tax income during the nine months ended September 30, 2025. Also contributing to the reduction were benefits from the utilization of tax credits. The effective tax rate was 20.5% for the nine months ended September 30, 2025 and 23.8% for the nine months ended September 30, 2024.

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Our Segments

We operate in three primary segments: Multi-family Mortgage Banking, Mortgage Warehousing, and Banking. The reportable segments are consistent with the internal reporting and evaluation of the principal lines of business of the Company.

The Multi-family Mortgage Banking segment originates and services government sponsored mortgages for multi-family and healthcare facilities through Merchants Capital. Merchants Capital is also a fully integrated syndicator of low-income housing tax credit and debt funds. As one of the top ranked agency affordable lenders in the nation, our licenses with Fannie Mae, Freddie Mac, and FHA, coupled with our bank financing products, provide sponsors with custom beginning-to-end financing solutions that adapt to an ever-changing market. We are also one of the largest Ginnie Mae servicers in the country based on aggregate loan principal value. As of September 30, 2025 the Company's total servicing portfolio had an unpaid principal balance of \$32.0 billion, primarily managed in the Multi-family Mortgage Banking segment. Included in this amount was an unpaid principal balance of loans serviced for others of \$20.5 billion, an unpaid principal balance of loans sub-serviced for others of \$3.4 billion, and other servicing balances of \$0.8 billion at September 30, 2025. These loans are not included in the accompanying balance sheets. The Company also manages \$7.3 billion of loans for customers that have loans on the balance sheet at September 30, 2025. The servicing portfolio primarily consists of Ginnie Mae, Fannie Mae, and Freddie Mac loans and is a significant source of our noninterest income and deposits.

Our Mortgage Warehousing segment funds agency eligible loans for non-depository financial institutions from the date of origination or purchase until the date of sale to an investor, which typically takes less than 30 days and is a significant source of our net interest income, loans, and deposits. Mortgage Warehousing has grown to fund over \$33.0 billion in 2023, \$45.6 billion in 2024, and \$45.6 billion for the nine months ended September 30, 2025. Mortgage Warehousing also provides commercial loans and collects deposits related to the mortgage escrow accounts of its customers.

The Banking segment includes retail banking, commercial lending, agricultural lending, retail and correspondent residential mortgage banking, and SBA lending. Banking operates primarily in Indiana, except for correspondent mortgage banking which, like Multi-family Mortgage Banking and Mortgage Warehousing, is a national business. The Banking segment has a well-diversified customer and borrower base and has experienced significant growth over the past three years.

Our segment financial information was compiled utilizing the policies described in *Note 17: Segment Information*, included elsewhere in this report. As a result, reported segments and the financial information of the reported segments are not necessarily comparable with similar information reported by other financial institutions. Furthermore, changes, if any, in management structure or allocation methodologies and procedures may result in future changes to previously reported segment financial data. Transactions between segments consist primarily of borrowed funds and overhead expense sharing. Intersegment interest expense is allocated to the Mortgage Warehousing and Banking segments based on Merchants Bank's cost of funds. The provision for credit losses is allocated based on information included in our ACL-Loans analysis and specific loan data for each segment.

Our segments diversify the net income of Merchants Bank and provide synergies across the segments. Strategic opportunities come from MCC and MCS, where loans are funded by the Banking segment and the Banking segment provides Ginnie Mae custodial services to MCC and MCS. Low-income tax credit syndication and debt fund offerings complement the lending activities of new and existing multi-family mortgage customers. The securities available for sale and held to maturity funded by MCC custodial deposits or purchases of securitized loans originated by MCC are pledged to FHLB to provide advance capacity during periods of high residential loan volume for Mortgage Warehousing. Mortgage Warehousing provides leads to Correspondent Lending in the Banking segment. Retail and commercial customers provide cross selling opportunities within the Banking segment. Merchants Mortgage is a risk mitigant to Mortgage Warehousing because it provides us with a ready platform to sell the underlying collateral to secure repayment. These and other synergies form a part of our strategic plan.

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The Other segment presented below, in *Note 17: Segment Information*, and elsewhere in this report includes general and administrative expenses for provision of services to all segments, internal funds transfer pricing offsets resulting from allocations to or from the other segments, certain elimination entries, and investments in low-income housing tax credit limited partnerships or LLC.

For the three months ended September 30, 2025 and 2024, we had total net income of \$54.7 million and \$61.3 million, respectively. For the nine months ended September 30, 2025 and 2024, we had total net income of \$150.9 million and \$224.7 million, respectively. Net income for our three segments for the respective periods was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In thousands)			
Multi-family Mortgage Banking	\$ 12,076	\$ 8,068	\$ 24,758	\$ 33,714
Mortgage Warehousing	23,564	15,940	61,948	58,400
Banking	29,551	44,983	91,232	153,786
Other	(10,490)	(7,718)	(27,017)	(21,180)
Total	<u>\$ 54,701</u>	<u>\$ 61,273</u>	<u>\$ 150,921</u>	<u>\$ 224,720</u>

Multi-family Mortgage Banking.

Comparison of results for the three months ended September 30, 2025 and 2024:

The Multi-family Mortgage Banking segment reported net income of \$12.1 million for the three months ended September 30, 2025, an increase of \$4.0 million, or 50%, compared to the three months ended September 30, 2024. The increase in net income was primarily due to a \$6.9 million increase in loan servicing fees, a \$3.0 million increase in syndication and asset management fees, partially offset by an increase of \$5.2 million in noninterest expense that included \$2.0 million associated with the addition of production staff, who are expected to elevate production, gain on sale, and expenses in future quarters as well.

Loan servicing fees included a \$2.5 million positive fair market value adjustment to servicing rights for the three months ended September 30, 2025 compared to a \$5.1 million negative fair market value adjustment for the three months ended September 30, 2024.

The total volume of loans originated and acquired through our Multi-family business increased by \$218.8 million, or 12%, to \$2.0 billion, for the three months ended September 30, 2025, compared to \$1.8 billion for the three months ended September 30, 2024. It includes construction loans coupled with agreements for future permanent loan refinancing, as well as bridge loans housed in our Banking segment, while borrowers await conversion to permanent financing. It also includes loans originated and acquired for sale in the secondary market.

Comparison of results for the nine months ended September 30, 2025 and 2024:

The Multi-family Mortgage Banking segment reported net income of \$24.8 million for the nine months ended September 30, 2025, a decrease of \$9.0 million or 27%, from the \$33.7 million of net income reported for the nine months ended September 30, 2024. The decrease in net income was primarily due to a \$23.1 million increase in noninterest expense that included \$10.2 million associated with the addition of production staff, who are expected to elevate production, gain on sale, and expenses in future quarters also, as well as a \$8.4 million decrease in loan servicing fees. These were partially offset by increases of \$8.6 million in gain on sale of loans and \$8.6 million in syndication and asset management fees.

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Loan servicing fees for the nine months ended September 30, 2025 included a positive fair market value adjustment of \$3.7 million on servicing rights, compared to a positive fair market value adjustment of \$12.6 million for the nine months ended September 30, 2024.

The volume of loans originated and acquired through our Multi-family business increased by \$609.3 million, or 16%, to \$4.4 billion, for the nine months ended September 30, 2025, compared to \$3.8 billion for the nine months ended September 30, 2024. It includes construction loans coupled with agreements for future permanent loan refinancing, as well as bridge loans housed in our Banking segment, while borrowers await conversion to permanent financing. It also includes loans originated and acquired for sale in the secondary market.

Mortgage Warehousing.

Comparison of results for the three months ended September 30, 2025 and 2024:

The Mortgage Warehousing segment reported net income of \$23.6 million for the three months ended September 30, 2025, an increase of 48%, compared to \$15.9 million for the three months ended September 30, 2024. The increase in net income reflected an increase in other noninterest income partially offset by an increase in noninterest expense related to premiums for credit risk transfers, and an increase in provision for credit losses.

Noninterest income included a \$770,000 negative fair market value adjustment to derivatives for the three months ended September 30, 2025, compared to a \$7.7 million negative fair market value adjustment to derivatives for the three months ended September 30, 2024.

The volume of loans funded during the three months ended September 30, 2025 amounted to \$17.4 billion, an increase of \$4.3 billion, or 33%, compared to the three months ended September 30, 2024. This compared to the 20% industry increase in single-family residential loan volumes for the three months ended September 30, 2025 compared to the same period in 2024, according to an estimate of industry volume by the Mortgage Bankers Association.

Comparison of results for the nine months ended September 30, 2025 and 2024:

The Mortgage Warehousing segment reported net income for the nine months ended September 30, 2025 of \$61.9 million, an increase of \$3.5 million, or 6%, compared to \$58.4 million for the nine months ended September 30, 2024. The increase in net income primarily reflects an increase in other noninterest income and net interest income. The increase was further supported by a reduction in provision for income taxes, attributable to \$1.8 million associated with benefits from the utilization of tax credits. These increases were partially offset by noninterest expense reflecting premiums related to credit risk transfers.

Noninterest income included a \$1.3 million positive fair market value adjustment to derivatives for the nine months ended September 30, 2025, compared to a \$5.1 million negative fair market value adjustment to derivatives for the nine months ended September 30, 2024.

The volume of loans funded during the nine months ended September 30, 2025 amounted to \$45.6 billion, an increase of \$13.6 billion, or 42%, compared to the nine months ended September 30, 2024. This compared to the 20% industry increase in single-family residential loan volumes for the nine months ended September 30, 2025 compared to the same period in 2024, according to an estimate of industry volume by the Mortgage Bankers Association.

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Banking.

Comparison of results for the three months ended September 30, 2025 and 2024:

The Banking segment reported net income of \$29.6 million for the three months ended September 30, 2025, decrease of \$15.4 million, or 34%, compared to \$45.0 million for the three months ended September 30, 2024. The decrease in net income was primarily due to the increase in provision for credit losses.

Noninterest income for the three months ended September 30, 2025 included a \$394,000 negative fair market value adjustment on servicing rights, compared to a \$1.6 million negative fair market value adjustment for the three months ended September 30, 2024.

Comparison of results for the nine months ended September 30, 2025 and 2024:

The Banking segment reported net income of \$91.2 million for the nine months ended September 30, 2025, a decrease of \$62.6 million, or 41%, compared to \$153.8 million for the nine months ended September 30, 2024. The decrease in net income was primarily due to the increase in provision for credit losses.

Noninterest income for the nine months ended September 30, 2025 included a negative fair market value adjustment of \$2.1 million on servicing rights, compared to a negative fair market value adjustment of \$273,000 for the nine months ended September 30, 2024.

The Bank has established a limit with respect to its commercial real estate loans whereby it will not increase its commercial real estate portfolio at any time during a calendar year by more than 10% from the balance at its prior calendar year-end.

Liquidity and Capital Resources

Liquidity.

Our primary sources of funds are business and consumer deposits, escrow and custodial deposits, borrowings, brokered deposits, principal and interest payments on loans, interest on investment securities, and proceeds from sale of loans. While maturities and scheduled amortization of loans are predictable sources of funds, deposit flows and mortgage prepayments are greatly influenced by market interest rates, economic conditions, and competition.

At September 30, 2025, based on pledged collateral, we had \$5.9 billion in available unused borrowing capacity with the FHLB and the Federal Reserve discount window, an increase of 37%, compared to \$4.3 billion at December 31, 2024. While the amounts available fluctuate daily, we also had available capacity lines through our membership in the AFX. This liquidity enhances the Company's ability to effectively manage interest expense and asset levels in the future.

The Company's most liquid assets are in cash, short-term investments, including interest-earning demand deposits, mortgage loans in process of securitization, loans held for sale, and warehouse lines of credit included in loans receivable. Taken together with its unused borrowing capacity of \$5.9 billion described above, these totaled \$12.6 billion, or 65%, of its \$19.4 billion total assets at September 30, 2025. The levels of these assets are dependent on our operating, financing, lending, and investing activities during any given period.

The Company's investment portfolio has minimal levels of unrealized losses and management does not anticipate a need to sell securities for liquidity purposes at a loss. As of September 30, 2025, AOCL of \$0.2 million, related to securities available for sale increased \$0.1 million, or 59%, compared to AOCL of \$0.1 million as of December 31, 2024. The \$0.2 million of AOCL as of September 30, 2025 represented 0.01% of total equity and 0.02%

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of total securities available for sale, reflecting our interest rate risk policy of maintaining short duration on assets and liabilities.

Our cash flows are comprised of three primary classifications: cash flows from operating activities, investing activities, and financing activities. Net cash provided by (used in) operating activities was \$56.7 million and \$(825.3) million for the nine months ended September 30, 2025 and 2024, respectively. Net cash used in investing activities, which consists primarily of net change in loans receivable and purchases, sales and maturities of investment securities and loans, was \$208.4 million and \$830.8 million for the nine months ended September 30, 2025 and 2024, respectively. Net cash provided by financing activities, which is comprised primarily of net change in borrowings and deposits was \$273.1 million and \$1.7 billion for the nine months ended September 30, 2025 and 2024, respectively. Most variability within our cash flows comes from loan growth and sale activity. As discussed in detail throughout this section and *Capital Resources*, the Company has numerous funding sources to cover volatility in cash flows for operating and financing needs through our cash, investments, borrowing capacity, deposit base and capital resources.

Certificates of deposit that are scheduled to mature in less than one year from September 30, 2025 totaled \$2.0 billion, or 98%, of total certificates of deposit. Of the \$2.0 billion in total, there were \$869.5 million classified as core deposits. Management expects that a substantial portion of the maturing core certificates of deposit will be renewed. However, if a substantial portion of these deposits is not retained, we may decide to utilize FHLB advances, the Federal Reserve discount window, brokered deposits, or raise interest rates on deposits to attract new accounts, which may result in higher levels of interest expense.

Off-Balance Sheet Arrangements.

In the normal course of operations, we engage in a variety of financial transactions that, in accordance with GAAP, are not recorded in our unaudited condensed consolidated financial statements. These transactions involve, to varying degrees, elements of credit, interest rate and liquidity risk. Such transactions are used primarily to manage customers' requests for funding and take the form of loan commitments, lines of credit and standby letters of credit.

At September 30, 2025, we had \$3.8 billion in outstanding commitments to extend credit that are subject to credit risk and \$3.7 billion outstanding commitments subject to certain performance criteria and cancellation by the Company, including loans pending closing, unfunded construction draws, and unfunded lines of warehouse credit. We anticipate that we will have sufficient funds available to meet our current loan origination commitments. Additionally, the Company's business model is designed to continuously sell a significant portion of its loans, which provides flexibility in managing its liquidity.

Capital Resources.

The access to and cost of funding new business initiatives, the ability to engage in expanded business activities, the ability to pay dividends, the level of deposit insurance costs and the level and nature of regulatory oversight depend, in part, on our capital position. The Company filed a shelf registration statement on Form S-3 with the SEC on May 23, 2025, which was declared effective on June 4, 2025, under which we can issue up to \$500 million aggregate offering amount of registered securities to finance our growth objectives. The Company has demonstrated its ability to raise capital or utilize securitization transactions to free up capital as needed.

The assessment of capital adequacy depends on a number of factors, including asset quality, liquidity, earnings performance, changing competitive conditions and economic forces. We seek to maintain a strong capital base to support our growth and expansion activities, to provide stability to our current operations and to promote public confidence in our Company.

Shareholders' Equity. Total shareholders' equity was \$2.2 billion as of September 30, 2025. The \$17.9 million or 1%, decrease compared to December 31, 2024 resulted primarily from the redemption of 6% Series B Preferred Stock for \$125.0 million and dividends paid on common and preferred shares of \$44.6 million during the period, which were

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partially offset by net income of \$150.9 million. See *Note 14: Preferred Stock* for more details on the Series B redemption.

Preferred Stock/Dividends.

7% Series A Preferred Stock. The Company redeemed all outstanding shares of the Series A Preferred Stock on April 1, 2024 for \$52 million at a price equal to the liquidation preference of \$25.00 per share, using cash on hand.

6% Series B Preferred Stock. The Company redeemed all outstanding shares of the Series B Preferred Stock on January 2, 2025, at a price equal to the liquidation preference of \$1,000 per share (equivalent to \$25 per depositary share), or \$125.0 million. The \$4.2 million expenses associated with the original issuance, which were capitalized in 2019, were recognized through retained earnings upon redemption, thus reducing net income available to common shareholders. Similarly, the redemption resulted in an excise tax of \$1.2 million that will not be payable until 2025 taxes are due in 2026, and any future issuance of shares until one year after the redemption can offset the amount of excise tax that will be paid.

Cash to redeem the shares was delivered to the Company's transfer agent on December 31, 2024, resulting in a prepaid asset reported in other assets. As of the redemption date, the Series B Preferred Stock did not have any accrued, but unpaid dividends.

6% Series C Preferred Stock. Dividends on the Series C Preferred Stock, to the extent declared by the Company's board, are payable quarterly. The Company may redeem the Series C Preferred Stock, in whole or in part, at our option, on any dividend payment date on or after April 1, 2026, subject to the approval of the appropriate federal banking agency, at the liquidation preference, plus any declared and unpaid dividends (without regard to any undeclared dividends) to, but excluding, the date of redemption.

8.25% Series D Preferred Stock. Dividends on the Series D Preferred Stock, to the extent declared by the Company's board, are payable quarterly. The Company may redeem the Series D Preferred Stock, in whole or in part, at our option, on any dividend payment date on or after October 1, 2027, subject to the approval of the appropriate federal banking agency, at the liquidation preference, plus any declared and unpaid dividends (without regard to any undeclared dividends) to, but excluding, the date of redemption. If the Series D Preferred Stock remains outstanding on October 1, 2027, its dividend rate would reset to the 5-year Treasury rate, plus 4.34% and would remain at that level for an additional 5 years.

7.625% Series E Preferred Stock. On November 25, 2024, the Company issued 9,200,000 depositary shares, each representing a 1/40th interest in a share of its 7.625% Fixed Rate Reset Series E Non-Cumulative Perpetual Preferred Stock, without par value, and with a liquidation preference of \$1,000 per share (equivalent to \$25 per depositary share). The aggregate gross offering proceeds for the shares issued by the Company was \$230.0 million, and after deducting underwriting discounts and commissions and offering expenses of approximately \$7.3 million paid to third parties, the Company received total net proceeds of \$222.7 million.

The Series E Preferred Stock have no voting rights with respect to matters that generally require the approval of our common shareholders. Dividends on the Series E Preferred Stock, to the extent declared by the Company's board, are payable quarterly. The Company may redeem the Series E Preferred Stock, in whole or in part, at its option, on any dividend payment date on or after January 1, 2030, subject to the approval of the appropriate federal banking agency, at the liquidation preference, plus any declared and unpaid dividends (without regard to any undeclared dividends) to, but excluding, the date of redemption.

Dividends declared to preferred shareholders for the nine months ended September 30, 2025, totaled \$30.8 million. For more information, see *Note 14: Preferred Stock*.

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Common Shares/Dividends. As of September 30, 2025, the Company had 45,889,238 common shares issued and outstanding. The Board declared a quarterly dividend of \$0.10 per share for the first three quarters of 2025.

Capital Adequacy.

The following tables present the Company's capital ratios at September 30, 2025 and December 31, 2024:

	Actual		Minimum Amount to be Well Capitalized with Basel III Buffer ⁽¹⁾		Minimum Amount To Be Well Capitalized ⁽¹⁾	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
September 30, 2025						
Total capital ⁽¹⁾ (to risk-weighted assets)						
Company	\$ 2,320,759	13.6 %	\$ 1,788,780	10.5 %	\$ —	N/A %
Merchants Bank	2,274,675	13.4 %	1,787,525	10.5 %	1,702,405	10.0 %
Tier I capital ⁽¹⁾ (to risk-weighted assets)						
Company	2,216,963	13.0 %	1,448,060	8.5 %	—	N/A %
Merchants Bank	2,170,879	12.8 %	1,447,044	8.5 %	1,361,924	8.0 %
Common Equity Tier I capital ⁽¹⁾ (to risk-weighted assets)						
Company	1,665,673	9.8 %	1,192,520	7.0 %	—	N/A %
Merchants Bank	2,170,879	12.8 %	1,191,683	7.0 %	1,106,563	6.5 %
Tier I capital ⁽¹⁾ (to average assets)						
Company	2,216,963	11.8 %	940,224	5.0 %	—	N/A %
Merchants Bank	2,170,879	11.6 %	937,309	5.0 %	937,309	5.0 %

(1) As defined by regulatory agencies.

	Actual		Minimum Amount to be Well Capitalized with Basel III Buffer ⁽¹⁾		Minimum Amount To Be Well Capitalized ⁽¹⁾	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2024						
Total capital ⁽¹⁾ (to risk-weighted assets)						
Company	\$ 2,334,479	13.9 %	\$ 1,767,835	10.5 %	\$ —	N/A %
Merchants Bank	2,165,193	12.9 %	1,763,982	10.5 %	1,679,983	10.0 %
Tier I capital ⁽¹⁾ (to risk-weighted assets)						
Company	2,234,658	13.3 %	1,431,105	8.5 %	—	N/A %
Merchants Bank	2,065,372	12.3 %	1,427,985	8.5 %	1,343,986	8.0 %
Common Equity Tier I capital ⁽¹⁾ (to risk-weighted assets)						
Company	1,562,524	9.3 %	1,178,557	7.0 %	—	N/A %
Merchants Bank	2,065,372	12.3 %	1,175,988	7.0 %	1,091,989	6.5 %
Tier I capital ⁽¹⁾ (to average assets)						
Company	2,234,658	12.1 %	925,180	5.0 %	—	N/A %
Merchants Bank	2,065,372	11.2 %	922,006	5.0 %	922,006	5.0 %

(1) As defined by regulatory agencies.

Quantitative measures established by regulation to ensure capital adequacy require the Company and Merchants Bank to maintain minimum amounts and ratios (set forth in the table above). Management believes, as of

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September 30, 2025 and December 31, 2024, that the Company and Merchants Bank met all capital adequacy requirements to which they were subject. For additional information regarding dividend restrictions, see the Company's 2024 Annual Report on Form 10-K.

As of September 30, 2025 and December 31, 2024, the most recent notifications from the Federal Reserve categorized the Company as well capitalized and most recent notifications from the FDIC categorized Merchants Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the Company's or Merchants Bank's category and as of September 30, 2025, the Bank's capital exceeded the levels agreed to in the MOU.

Additionally, the Bank has established a minimum leverage ratio of 9.0% and a minimum total capital ratio of 12.5%.

The Company's principal source of funds for dividend payments to shareholders is dividends received from the Bank. Banking statutes and regulations limit the maximum amount of dividends that a bank may pay without requesting prior approval of regulatory agencies. Under Indiana law, the Bank may not pay a dividend if such dividend would be greater than retained net income (as defined) for the current year plus those for the previous two years. Additionally, under the MOU, if the Bank's capital ratios fall below the minimums described above, the Bank may not pay dividends without the FDIC and DFI's prior consent.

Quantitative and Qualitative Disclosures About Market Risk

Market Risk. Market risk represents the risk of loss due to changes in market values of assets and liabilities. We incur market risk in the normal course of business through exposures to market interest rates, equity prices, and credit spreads. We have identified two primary sources of market risk: interest rate risk and price risk related to market demand.

Interest Rate Risk

Overview. Interest rate risk is the risk to earnings and value arising from changes in market interest rates. Interest rate risk arises from timing differences in the repricings and maturities of interest-earning assets and interest-bearing liabilities (reprice risk), changes in the expected maturities of assets and liabilities arising from embedded options, such as borrowers' ability to prepay residential mortgage loans at any time and depositors' ability to redeem certificates of deposit before maturity (option risk), changes in the shape of the yield curve where interest rates increase or decrease in a nonparallel fashion (yield curve risk), and changes in spread relationships between different yield curves, such as U.S. Treasuries or SOFR.

Our business consists of funding low risk multi-family, residential, SBA loans, and warehouse repurchase agreements, meeting underwriting standards of government programs under an originate to sell model, and retaining adjustable-rate loans as held for investment to reduce interest rate risk.

Our Asset-Liability Committee, or ALCO, is a management committee that manages our interest rate risk within policy limits established by our board of directors. In general, we seek to minimize the impact of changing interest rates on net interest income and the economic values of assets and liabilities. Our ALCO meets quarterly, at a minimum, to monitor the level of interest rate risk sensitivity to ensure compliance with the board of directors' approved risk limits. Additionally, the Risk Committee of our Board meets quarterly, in conjunction with Board meetings, to assess risks associated with interest rate sensitivity.

Interest rate risk management is an active process that encompasses monitoring loan and deposit flows complemented by investment and funding activities. Effective management of interest rate risk begins with understanding the dynamic characteristics of assets and liabilities and determining the appropriate interest rate risk posture given business forecasts, management objectives, market expectations, and policy constraints.

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An asset sensitive position refers to a balance sheet position in which an increase in short-term interest rates is expected to generate higher net interest income, as rates earned on our interest-earning assets would reprice upward more quickly than rates paid on our interest-bearing liabilities, thus expanding our net interest margin. Conversely, a liability sensitive position refers to a balance sheet position in which an increase in short-term interest rates is expected to generate lower net interest income, as rates paid on our interest-bearing liabilities would reprice upward more quickly than rates earned on our interest-earning assets, thus compressing our net interest margin.

Income Simulation and Economic Value Analysis. Interest rate risk measurement is calculated and reported to the ALCO at least quarterly. The information reported includes period-end results and identifies any policy limits exceeded, along with an assessment of the policy limit breach and the action plan and timeline for resolution, mitigation, or assumption of the risk.

We use two approaches to model interest rate risk: Net Interest Income at Risk (NII at Risk) and Economic Value of Equity (“EVE”). Under NII at Risk, net interest income is modeled utilizing various assumptions for assets, liabilities, and derivatives and excludes non-interest income. EVE measures the period end market value of assets minus the market value of liabilities and the change in this value as rates change. EVE is a period end measurement.

We report NII at Risk to isolate the change in income related solely to interest-earning assets and interest-bearing liabilities. The NII at Risk results reflect the analysis used quarterly by management. It models gradual -200, -100, +100 and +200 basis point parallel shifts in market interest rates, implied by the forward yield curve over the next one-year period.

The following table presents NII at Risk for Merchants Bank as of September 30, 2025 and December 31, 2024.

	Net Interest Income Sensitivity Twelve Months Forward			
	- 200	- 100	+ 100	+ 200
September 30, 2025:				
Dollar change	\$ (85,985)	\$ (43,544)	\$ 44,510	\$ 89,216
Percent change	(15.3)%	(7.7)%	7.9 %	15.8 %
December 31, 2024:				
Dollar change	\$ (63,859)	\$ (34,202)	\$ 34,088	\$ 68,263
Percent change	(12.2)%	(6.5)%	6.5 %	13.1 %

Our interest rate risk management policy objective is to limit the change in our net interest income to 20% for a +/- 100 basis point move in interest rates, and 30% for a +/- 200 basis point move in rates. At September 30, 2025 we estimated that we were within policy limits set by our board of directors for the -200, -100, +100, and +200 basis point scenarios.

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The EVE results for Merchants Bank included in the following table reflect the analysis used quarterly by management. It models immediate -200, -100, +100 and +200 basis point parallel shifts in market interest rates.

	Economic Value of Equity Sensitivity (Shock)			
	Immediate Change in Rates			
	- 200	- 100	+ 100	+ 200
	(Dollars in thousands)			
September 30, 2025:				
Dollar change	\$ 48,147	\$ 32,031	\$ 3,128	\$ 5,998
Percent change	2.3 %	1.5 %	0.1 %	0.3 %
December 31, 2024:				
Dollar change	\$ 12,188	\$ 14,762	\$ (1,118)	\$ (2,990)
Percent change	0.6 %	0.7 %	(0.1)%	(0.1)%

Our interest rate risk management policy objective is to limit the change in our EVE to 15% for a +/- 100 basis point move in interest rates, and 20% for a +/- 200 basis point move in rates. We are within policy limits set by our board of directors for the -200, -100, +100 and +200 basis point scenarios. The EVE reported at September 30, 2025 projects that as interest rates increase (decrease) immediately, the economic value of equity position will be expected to decrease (increase). When interest rates rise, fixed rate assets generally lose economic value; the longer the duration, the greater the value lost. The opposite is true when interest rates fall.

Non-GAAP Financial Measures

The Company's accounting and reporting policies conform to GAAP and general practices within the banking industry. As a supplement to GAAP, the Company provides non-GAAP performance results, which the Company believes are useful because they assist users of the financial information in assessing the Company's operating performance. Where non-GAAP financial measures are used, the comparable GAAP financial measure, as well as the reconciliation to the comparable GAAP financial measure, can be found in the following table.

Although intended to enhance understanding of the Company's business and performance, these non-GAAP financial measures should not be considered an alternative to GAAP. In addition, these non-GAAP financial measures may differ from those used by other financial institutions to assess their business and performance.

	September 30,	
	2025	2024
	(Dollars in thousands)	
Total equity	\$ 2,225,434	\$ 1,939,107
Less: goodwill and intangibles	(8,056)	(8,079)
Less: preferred stock	(551,291)	(449,387)
Tangible common shareholders' equity	\$ 1,666,087	\$ 1,481,641
Assets	\$ 19,354,647	\$ 18,652,976
Less: goodwill and intangibles	(8,056)	(8,079)
Tangible assets	\$ 19,346,591	\$ 18,644,897
Ending common shares	45,889,238	45,764,023
Tangible book value per common share	\$ 36.31	\$ 32.38

Merchants Bancorp

ITEM 3 Quantitative and Qualitative Disclosures About Market Risk

The information required under this item is included as part of “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Form 10-Q under the headings “Liquidity and Capital Resources” and “Interest Rate Risk.”

ITEM 4 Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Form 10-Q. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2025, the Company’s disclosure controls and procedures were effective.

(b) Changes in internal control.

There have been no changes in the Company's internal control over financial reporting during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

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**Merchants Bancorp
Part II
Other Information**

ITEM 1. Legal Proceedings

None.

ITEM 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in the “Risk Factors” section included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

None.

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ITEM 6. Exhibits

Exhibit Number	Description
3.1	<u>Second Amended and Restated Articles of Incorporation of Merchants Bancorp. (incorporated by reference to Exhibit 3.1 of Form 8-K, filed on May 24, 2022).</u>
3.2	<u>Articles of Amendment to the Second Amended and Restated Articles of Incorporation dated September 27, 2022 designating the 8.25% Fixed Rate Reset Series D Non-Cumulative Perpetual Preferred Stock (incorporated by reference to Exhibit 3.2 of Form 8-A filed on September 27, 2022).</u>
3.3	<u>Articles of Amendment to the Second Amended and Restated Articles of Incorporation dated November 25, 2024 designating the 7.625% Fixed Rate Series E Non-Cumulative Perpetual Preferred Stock (incorporated by reference to Exhibit 3.2 of Form 8-A filed on November 25, 2024).</u>
3.4	<u>Second Amended and Restated By-Laws of Merchants Bancorp (incorporated by reference to Exhibit 3.1 of Form 8-K, filed on November 20, 2017).</u>
31.1	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32	<u>Written Statement of Chief Executive Officer and Chief Financial Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File – The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

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**Merchants Bancorp
SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Merchants Bancorp

Date: November 7, 2025

By: /s/ Michael F. Petrie

Michael F. Petrie
Chairman & Chief Executive Officer

Date: November 7, 2025

By: /s/ Sean A. Sievers

Sean A. Sievers
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael F. Petrie, the Chief Executive Officer of Merchants Bancorp, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Merchants Bancorp;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 7, 2025
Date

/s/ Michael F. Petrie
Michael F. Petrie
Chief Executive Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Sean A. Sievers, the Principal Financial Officer of Merchants Bancorp, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Merchants Bancorp;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 7, 2025

Date

/s/ Sean A. Sievers

Sean A. Sievers

Principal Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Michael F. Petrie, Chief Executive Officer, and Sean A. Sievers, Principal Financial Officer, of Merchants Bancorp (the "Registrant"), each hereby certify, in their capacity as an officer of the Registrant that he has reviewed the quarterly report of the Registrant on Form 10-Q for the quarter ended September 30, 2025 (the "Report"), and that to the best of his knowledge:

- (1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

November 7, 2025
Date

/s/ Michael F. Petrie
Michael F. Petrie
Chief Executive Officer

November 7, 2025
Date

/s/ Sean A. Sievers
Sean A. Sievers
Principal Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Registrant and will be retained by the Registrant and furnished to the SEC or its staff upon request.
