

FIRST MERCHANTS CORPORATION FACT SHEET



FIRST MERCHANTS CORPORATION ANNOUNCES FIRST QUARTER 2020 EARNINGS PER SHARE

FIRST QUARTER 2020

First Quarter 2020 Earnings

First Merchants Corporation (NASDAQ - FRME) has reported first quarter 2020 net income of \$34.3 million compared to \$38.8 million during the same period in 2019. Earnings per share for the period totaled \$.62 per share compared to the first quarter of 2019 result of \$.78 per share.

Total assets equaled \$12.7 billion as of quarter-end and loans totaled \$8.6 billion. The Corporation's loan portfolio increased by \$1.3 billion, or 17.9 percent, during the past twelve months. Total deposits equaled \$9.9 billion as of quarter-end and increased by \$1.8 billion, or 22.6 percent over the same period in 2019. Of the increases, our acquisition of Monroe Bank & Trust ("MBT"), which closed on September 1, 2019, accounted for \$733 million of loan growth and \$1.1 billion of deposit growth. The resulting loan-to-deposit ratio of 87.2 percent and loan-to-asset ratio of 67.8 percent provides for fortress balance sheet levels of liquidity.

Michael C. Rechin, President and Chief Executive Officer, stated, "It's humbling to lead an organization that has such a positive impact on our communities. The resiliency of our employees and our customers is a testament to the strength of the human spirit. The transformation of our business to remote work, drive-up consumer business and serving our customers through the processing of loan modifications and Paycheck Protection Program loans in the thousands is spectacular." Rechin also added, "Our profitability levels were negatively impacted by margin compression and provision for loan losses; however, the strength of our fee income businesses provided a positive contribution to earnings. We believe our pre-tax, pre-provision earnings remain best-in-class."

First Quarter 2020 Highlights

- Earnings Per Share of \$.62; Net Income of \$34.3 Million; ROA 1.09%
- Total Assets of \$12.7 Billion; Grew by 24.3% over 1Q 2019
- Organic Loan & Deposit Growth of 7.9% and 8.9%, respectively, over 1Q 2019
- \$19.8 Million Provision; Allowance increased by 22.9% over 1Q 2019
- Tangible Common Equity to Assets of 9.91%; Allowance & Fair Value Marks totaling 1.54% of Loans
- \$22.46 TBV Per Share, 11.9% Increase over 1Q 2019

Analyst Comments

Keefe, Bruyette & Woods, April 2020

While the upcoming months are likely to be volatile and contain many unknowns, we can take some comfort in the fact that FRME is operating from a position of strength. A strong balance sheet (10% TCE ratio; 87% loan/deposits), conservative credit culture (28bps of NPAs/ loans & OREO; 5-yr average annual NCO ratio of 3bps) and healthy PTPP income (1.8% for 1Q20 and expected to be around 2% for 2020), all help position the bank to absorb headwinds which it may face over the coming quarters.

Armed with healthy capital with around a 10% TCE ratio, FRME continues to be well positioned to increase its profitability profile through the combination of mid- to upper-single-digit organic loan growth and strategic M&A opportunities. FRME remains favorably positioned for rising interest rates and continued expense control and modest credit leverage should also support ongoing earnings growth.

Raymond James, February 2020

We reiterate our Outperform rating on FRME shares following its release of 1Q financial results. We reduced EPS estimates as we added credit losses and additional reserves for the economic downturn. However, it will enter the downturn from a position of strength with strong capital and underwriting standards. As a result of strong profitability metrics, a strong credit culture and strong capital levels, we believe shares should widen the premium P/TBV multiple to peers.

Janney, February 2020

A significant reserve build for the COVID-19 pandemic masked an otherwise solid quarter highlighted by solid growth in both loans and core deposits, higher fee income, and continued strength in credit quality. Expenses ticked higher though presumably some of this stemmed from higher commission income on better fees. Core NIM compression was a headwind driven by lower rates.

Credit quality remained strong with low levels of NPAs and NCOs. Reserve coverage increased to 1.16% of loans from 0.95% last quarter. FRME opted to defer the implementation of CECL with the loan loss provision calculated under the incurred loss method and driven by qualitative factors for economic conditions.

2020 First Quarter Statistics

Asset Size	\$12.7 billion
Deposits	\$ 9.9 billion
Loans	\$ 8.6 billion
Private Wealth	\$ 3.5 billion
Customers	272,895
Banking Centers	128
ATMs	163
NASDAQ Symbol	FRME

Capital Position

	FMC 2020 1Q	"Well- Capitalized" Requirements
Total Risk-Based Capital Ratio	13.80%	10%
Tier 1 Risk-Based Capital Ratio	12.15%	6%
Leverage Ratio	10.10%	5%
TCE/TCA	9.91%	N/A

At a Glance

As the largest financial holding company based in Central Indiana, First Merchants delivers superior service to clients in 27 Indiana counties as well as two counties each in Illinois, Ohio and Michigan for:

- Commercial Banking
- Personal Banking
- Private Wealth Advisors



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