

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

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

DATE OF REPORT (Date of earliest event reported): April 25, 2024

FIRST MERCHANTS CORPORATION

(Exact name of registrant as specified in its charter)

Indiana (State or other jurisdiction of incorporation)	
001-41342 (Commission File Number)	35-1544218 (IRS Employer Identification No.)

200 East Jackson Street
P.O. Box 792

Muncie, IN 47305-2814

(Address of principal executive offices, including zip code)

(765) 747-1500

(Registrant's telephone number, including area code)

Not Applicable

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

Title of Each Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.125 stated value per share	FRME	The Nasdaq Stock Market LLC
Depository Shares, each representing a 1/100th interest in a share of Non-Cumulative Perpetual Preferred Stock, Series A	FRMEP	The Nasdaq Stock Market LLC

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On April 25, 2024, First Merchants Corporation will conduct a first quarter 2024 earnings conference call and web cast at 11:30 a.m. (ET). A copy of the slide presentation utilized on the conference call is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Exhibits.

Exhibit 99.1
Exhibit 104

[Slide Presentation, utilized on April 25, 2024, during conference call and web cast by First Merchants Corporation](#)
Cover Page Interactive Data File (embedded within the Inline XBRL document)

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 hereunto duly authorized.

First Merchants Corporation
(Registrant)

By: /s/ Michele M. Kawiecki

Michele M. Kawiecki

Executive Vice President, Chief Financial Officer
(Principal Financial and Accounting Officer)

Dated: April 25, 2024

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
Exhibit 99.1	Slide Presentation, utilized on April 25, 2024, during conference call and web cast by First Merchants Corporation
Exhibit 104	Cover Page Interactive Data File (embedded within the Inline XBRL document)



**First Merchants
Corporation**
NASDAQ: FRME

INVESTOR UPDATE
First Quarter 2024

First Merchants Corporation | 200 E. Jackson St., P.O. Box 792, Muncie, IN 47305 | 765.747.1500

Forward Looking Statement

This presentation contains forward-looking statements made pursuant to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements can often, but not always, be identified by the use of words like "believe", "continue", "pattern", "estimate", "project", "intend", "anticipate", "expect" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "might", "can", "may", or similar expressions. These forward-looking statements include, but are not limited to, statements relating to First Merchants' goals, intentions and expectations; statements regarding the First Merchants' business plan and growth strategies; statements regarding the asset quality of First Merchants' loan and investment portfolios; and estimates of First Merchants' risks and future costs and benefits. These forward-looking statements are subject to significant risks, assumptions and uncertainties that may cause results to differ materially from those set forth in forward-looking statements, including, among other things: possible changes in economic and business conditions; the existence or exacerbation of general geopolitical instability and uncertainty; the effects of a pandemic or other unforeseeable event; the ability of First Merchants to integrate recent acquisitions and attract new customers; possible changes in monetary and fiscal policies, and laws and regulations; the effects of easing restrictions on participants in the financial services industry; the cost and other effects of legal and administrative cases; possible changes in the credit worthiness of customers and the possible impairment of collectability of loans; fluctuations in market rates of interest; competitive factors in the banking industry; changes in the banking legislation or regulatory requirements of federal and state agencies applicable to bank holding companies and banks like First Merchants' affiliate bank; continued availability of earnings and excess capital sufficient for the lawful and prudent declaration of dividends; changes in market, economic, operational, liquidity (including the ability to grow and maintain core deposits and retain large, uninsured deposits), credit and interest rate risks associated with the First Merchants' business; and other risks and factors identified in each of First Merchants' filings with the Securities and Exchange Commission. First Merchants undertakes no obligation to update any forward-looking statement, whether written or oral, relating to the matters discussed in this presentation or press release. In addition, the company's past results of operations do not necessarily indicate its anticipated future results.

NON-GAAP FINANCIAL MEASURES

These slides contain non-GAAP financial measures. For purposes of Regulation G, a non-GAAP financial measure is a numerical measure of the registrant's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of income, balance sheet or statement of cash flows (or equivalent statements) of the issuer; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. In this regard, GAAP refers to generally accepted accounting principles in the United States. Pursuant to the requirements of Regulation G, First Merchants Corporation has provided reconciliations within the slides, as necessary, of the non-GAAP financial measure to the most directly comparable GAAP financial measure.



Executive Management Team



FMB:
26 Yrs

Banking:
26 Yrs

Mark Hardwick Chief Executive Officer

Mark K. Hardwick currently serves as the Chief Executive Officer of First Merchants Corporation and First Merchants Bank. Mark joined First Merchants in November of 1997 as Corporate Controller and was promoted to Chief Financial Officer in April of 2002. In 2016, Mark's title expanded to include Chief Operating Officer, overseeing the leadership responsibilities for finance, operations, technology, risk, legal, and facilities for the corporation. Prior to joining First Merchants Corporation, Mark served as a senior accountant with BKD, LLP in Indianapolis. Mark is a graduate of Ball State University with a Master of Business Administration and Bachelor's degree in Accounting. He is also a certified public accountant and a graduate of the Stonier School of Banking.



FMB:
16 Yrs

Banking:
36 Yrs

Mike Stewart President

Mike Stewart currently serves as President for First Merchants Corporation and First Merchants Bank overseeing the Commercial, Private Wealth, and Consumer Lines of Business for the Bank. Mike joined the bank in 2008 as Chief Banking Officer. Prior to joining First Merchants, Mike spent 18 years with National City Bank in various commercial sales and credit roles. Mike has a Master of Business Administration from Butler University and a Bachelor's degree in Finance from Millikin University.



FMB:
16 Yrs

Banking:
34 Yrs

John Martin Chief Credit Officer

John Martin currently serves as Executive Vice President and Chief Credit Officer of First Merchants Corporation overseeing the Commercial, Small Business and Consumer Credit functions, as well as Bank Operations and the Mortgage Line of Business. Prior to joining First Merchants, John spent 18 years with National City Bank in various sales and senior credit roles. John is a graduate of Indiana University where he earned a Bachelor of Arts in Economics. He also holds a Master of Business Administration in Finance from Case Western Reserve University.



FMB:
9 Yrs

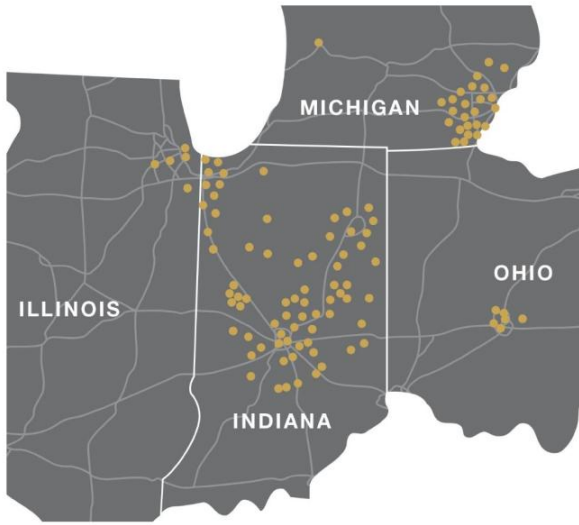
Banking:
21 Yrs

Michele Kawiecki Chief Financial Officer

Michele Kawiecki currently serves as Executive Vice President and Chief Financial Officer for First Merchants Corporation and First Merchants Bank. Michele joined First Merchants in 2015 as Director of Finance. Prior to joining First Merchants, Michele spent 12 years with UMB Financial Corporation in Kansas City, Missouri having served as Senior Vice President of Capital Management and Assistant Treasurer; Director of Corporate Development and the Enterprise Project Management Office; and Chief Risk Officer. Prior to UMB, she worked for PriceWaterhouseCoopers LLP as an Audit Manager. Michele earned both a Master of Science in Accounting and an Executive Master of Business Administration from the University of Missouri-Kansas City and a Bachelor's degree in Accounting from Dakota Wesleyan University.

First Merchants Corporation (NASDAQ: FRME)

Largest financial services holding company headquartered in Central Indiana



116 Banking Centers



Financial Highlights as of 3/31/2024

\$18.3 Billion
Total Assets

\$12.5 Billion
Total Loans

\$14.9 Billion
Total Deposits

\$8.3 Billion
Assets Under Advisement*

YTD ROAA: 1.04%

YTD Return on TCE 13.21%

TCE/TA: 8.32%

Market Cap \$2.0B

Dividend Yield: 3.90%

Price / Tangible Book: 1.39x

Price / LTM EPS: 10.1x

*Assets Under Management - \$3.7 Billion

Moody's a3 Baseline Credit Assessment¹



¹Moody's Credit Opinion – First Merchants Corporation, October 25, 2022, baseline Credit Assessment (BCA) reflects a bank's standalone credit strength

Highlights

First Quarter

Net Income & EPS ¹	ROA (Annualized)	ROE & ROTCE (Annualized)
\$47.5 Million	1.04% ROA	8.47% ROE
\$0.80 Per Share	1.31% PTPP ROA²	13.21% ROTCE²

- Stabilizing net interest margin; with new/renewed loan yields averaging 8.15% for the quarter
- Strong credit quality and a robust allowance for credit losses
- Strong liquidity position; Annualized deposit growth of 1.7% on a linked quarter basis
- Maintained strong capital position with tangible common equity ratio of 8.32%
- Repurchased 888,442 shares totaling ~\$30 million; Redeemed \$40 million of sub debt
- Reported EPS of \$0.80 compared to \$1.07 in 1Q23. Excluding non-core charges, current EPS of \$0.85 ^{1,2}
- Deployed 3 of 4 major tech initiatives; in-branch account opening, consumer online and mobile banking, and Private Wealth platform



¹Net Income and EPS reported on a diluted basis and for common stockholders
²See "Non-GAAP Financial Information" for reconciliation

Business Strategy

Commercial Banking

Full Spectrum of Debt Capital and Treasury Service Offerings Located in Prime Growth Markets

- › Small Business & SBA
- › Middle Market C&I
- › Investment Real Estate
- › Public Finance
- › Sponsor Finance
- › Asset Based Lending
- › Syndications
- › Treasury Management Services
- › Merchant Processing Services

Consumer Banking

Full Spectrum of Consumer Deposit and Lending Offerings Supported by:

- › Talented, Customer Service Oriented Banking Center and Call Center Professionals
- › Competitive Digital Solutions
 - Deposit and CRM
 - Online Banking
 - Mobile Banking
- › Diverse Locations in Stable Rural and Growth Metro Markets

Mortgage Banking

Offering a full suite of mortgage solutions to assist with purchase, construction, renovation, and home finance

- › Strengthen existing Commercial, Consumer and Private Wealth relationships
- › Create new household relationships
- › Support underserved borrowers and neighborhoods
- › Deliver solutions through a personalized, efficient, and scalable model

Private Wealth Advisors

Comprehensive and coordinated approach to personal wealth management

Expertise in:

- › Investment Management
- › Private Banking
- › Fiduciary Estate
- › Financial Planning

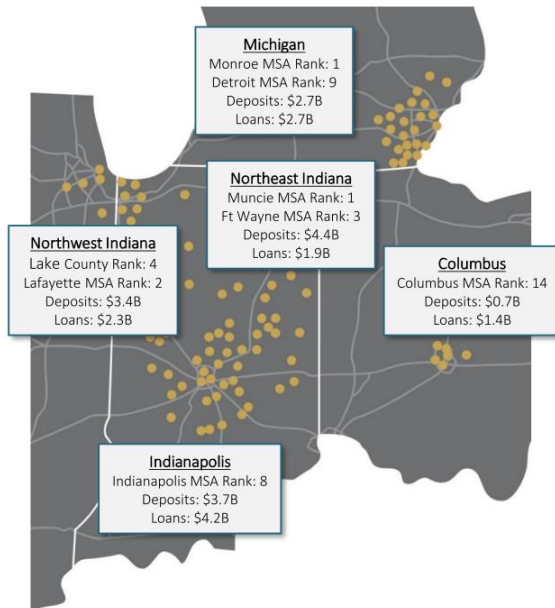
Strengthen commercial relationships with personal services for executives/owners and retirement plan services for companies

Partner with consumer to offer personal investment advice through First Merchants Investment Services



First Merchants Corporation
Helping you prosper

Business Highlights



MSA and County ranking data per FDIC
¹Commercial includes Municipal deposits and Consumer includes Private Wealth and Mortgage



Loan Growth Annualized¹

	1Q24 Balance (\$B)	Growth
Commercial	\$9.4	-0.9%
Consumer	\$2.9	-0.8%
Total Loan Growth QTD		-0.8%

- Following strong Q4 growth of 8%, Commercial balances modestly declined as construction projects reached stabilization and were refinanced into the secondary market.
- C&I sector grew modestly during the quarter.
- Commercial pipeline is strong at quarter end – April shows strong C&I growth.
- Strength in Consumer Small Business and Portfolio Residential Mortgage loans were offset by declines in Private Banking balances.
- Consumer pipeline increased from last quarter end with mortgage showing strong seasonal gains.

Deposit Growth Annualized¹

	1Q24 Balance (\$B)	Growth
Commercial	\$7.3	-3.2%
Consumer	\$6.6	9.9%
Total Deposit Growth QTD		1.7%

- Consumer deposit growth continues in both primary account balances and money markets and CDs with less than one-year maturities.
- Commercial deposit declines came from seasonal working capital fluctuations.
- During the quarter, consumer and commercial depository product sets reduced pricing with expected margin benefits through the remainder of the year.

First Quarter Financial Results

(SM except per share data)

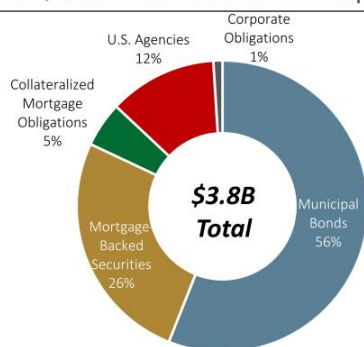
	For the Three Months Ended,					Variance Linked Quarter	% Variance Linked QTR- Annualized	1Q24 Highlights
	3/31/23	6/30/23	9/30/23	12/31/23	3/31/24			
Balance Sheet & Asset Quality								
1. Total Assets	\$18,243.3	\$18,032.3	\$18,078.3	\$18,309.5	\$18,317.8	\$8.3	0.2%	<ul style="list-style-type: none"> ▪ 59.21% Efficiency Ratio, 57.03% excluding non-core expenses¹ ▪ Net interest income, decreased \$3.0 million due to higher funding cost and mix change ▪ Pre-Tax, Pre-Provision (PTPP) Earnings totaled \$60.2 million PTPP ROA was 1.31% and PTPP ROE was 10.75%¹ ▪ 8.32% TCE Ratio ▪ \$25.07 Tangible Book Value per share
2. Total Loans	12,250.9	12,297.5	12,302.4	12,505.0	12,480.7	(24.3)	-0.8%	
3. Investments	4,057.4	3,891.5	3,713.7	3,811.4	3,783.6	(27.8)	-2.9%	
4. Deposits	14,703.3	14,581.2	14,646.6	14,821.5	14,884.6	63.1	1.7%	
5. Total Equity	2,122.4	2,145.6	2,092.6	2,247.7	2,224.8	(22.9)	-4.1%	
6. TCE Ratio	7.72%	7.96%	7.65%	8.40%	8.32%	-0.08%		
7. Total RBC Ratio	13.23	13.48	13.66	13.67	13.34	-0.33		
8. ACL / Loans	1.82	1.80	1.67	1.64	1.64	0.00		
9. NCOs / Avg Loans	0.01	0.06	0.66	0.10	0.07	-0.03		
10. NPAs + 90PD / Assets	0.34	0.43	0.33	0.32	0.38	0.06		
Summary Income Statement								
11. Net Interest Income	\$144.1	\$137.9	\$133.4	\$130.1	\$127.1	(\$3.0)	-2.3%	
12. Provision for Credit Losses	0.0	0.0	2.0	1.5	2.0	0.5		
13. Noninterest Income	25.0	26.3	27.8	26.4	26.6	0.2	0.8%	
14. Noninterest Expense	93.7	92.6	93.8	108.1	96.9	(11.2)	-10.4%	
15. Pre-tax Income	75.4	71.6	65.4	46.9	54.8	7.9	16.8%	
16. Provision for Taxes	11.3	10.7	9.0	4.4	6.8	2.4	54.5%	
17. Net Income	64.1	60.9	56.4	42.5	48.0	5.5	12.9%	
18. Preferred Stock Dividends	0.5	0.5	0.5	0.5	0.5	0.0		
19. Net Income Available to Common Stockholders	63.6	60.4	55.9	42.0	47.5	5.5	13.1%	
20. ROAA	1.42%	1.34%	1.24%	0.92%	1.04%	0.12%		
21. ROAE	12.21	11.29	10.38	7.89	8.47	0.58		
22. ROTCE	19.82	18.04	16.54	12.75	13.21	0.46		
23. Net Interest Margin	3.58	3.39	3.29	3.16	3.10	-0.06		
24. Efficiency Ratio	51.72	52.21	53.91	63.26	59.21	-4.05		
Per Share								
25. Earnings per Diluted Share	\$1.07	\$1.02	\$0.94	\$0.71	\$0.80	\$0.09		
26. Tangible Book Value per Share	22.93	23.34	22.43	25.06	25.07	0.01		
27. Dividend per Share	0.32	0.34	0.34	0.34	0.34	0.00		
28. Dividend Payout Ratio	29.9%	33.3%	36.2%	47.9%	42.5%	-5.4%		



¹See "Non-GAAP Financial Information" for reconciliation

Investment Portfolio Highlights

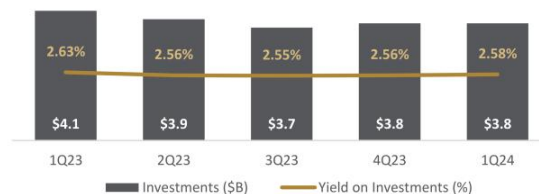
1Q24 Investment Portfolio Composition



Highlights

- Effective duration of 6.3 years
- Cash flow of \$217 million in 2024 / ~2.22% yield
- AA rated municipal bond portfolio
- ~53% of portfolio classified as Held-to-Maturity
- Allowance for Credit Losses for Investments of \$245,000

Yield on Investments (%) / Total Investments (\$B)



Investment Portfolio Gains / Losses

Unrealized Losses

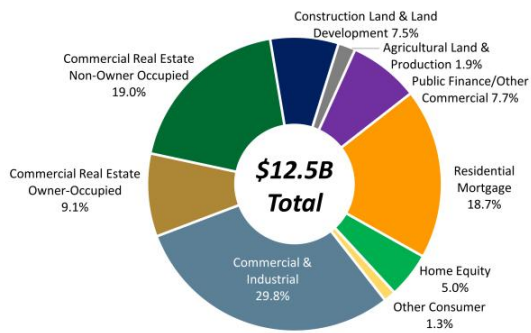
- Net unrealized AFS Loss of \$247.7 million (\$219.7 M prior Q)
- Net unrealized HTM Loss of \$343.2 million (\$314.2 M prior Q)

Realized Gains/Losses

- 1Q 2023 \$1.6 million loss
- 2Q 2023 \$1.4 million loss
- 3Q 2023 \$1.7 million loss
- 4Q 2023 \$2.3 million loss
- 1Q 2024 none

Loan Portfolio Highlights

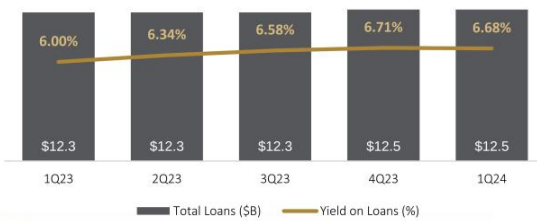
1Q24 Loan Composition



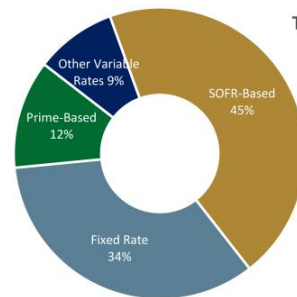
Highlights

- Portfolio composition is ~75% Commercial oriented
- Total loan yield of 6.68%
- New/renewed loan yields averaged 8.15% for the quarter compared to 8.01% in 4Q23

Yield on Loans (%) / Total Loans (\$B)



1Q24 Portfolio by Yield Type

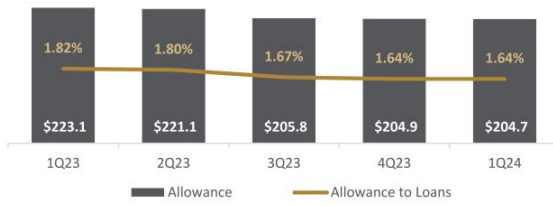


Total loan rate mix as of 1Q24

- \$8.3 billion variable rate
- \$4.2 billion fixed rate

Allowance for Credit Losses - Loans

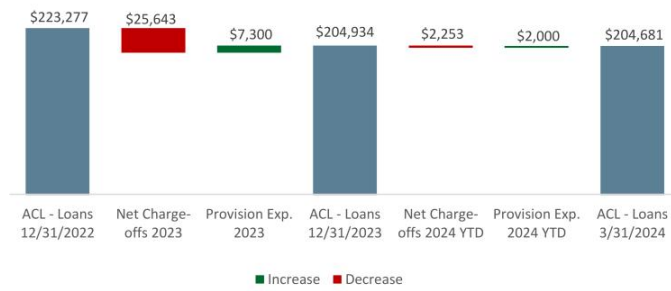
1Q24 Allowance for Credit Losses - Loans



Highlights

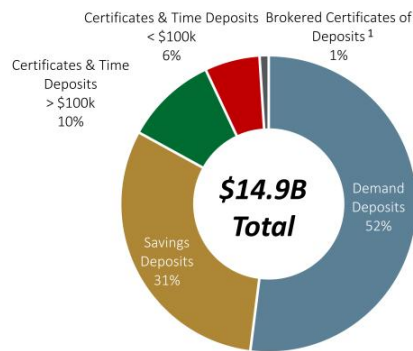
- \$2.0 million Q1 provision expense
- The reserve for unfunded commitments totals \$19.5 million and is recorded in Other Liabilities
- The remaining fair value accretion on acquired loans is \$21.8 million inclusive of credit and interest rate marks

Change in ACL – Loans



Deposit Portfolio Highlights

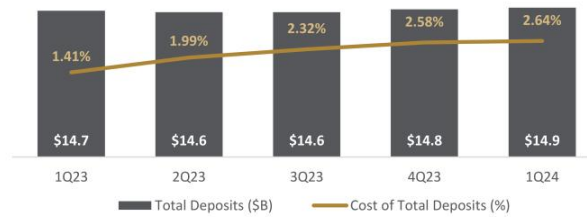
1Q24 Deposit Composition



Highlights

- **Strong core deposit base**
 - 90% core deposits²
 - 16% noninterest bearing
 - 36% yield 5 bps or less
- **Total deposit costs increased to 2.64%**
- **57% cumulative interest-bearing deposit beta, 56% prior quarter**
- **Insured 70.6% / Uninsured 29.4%**
- **Average deposit account balance of \$34,000**

Cost of Total Deposits (%) / Total Deposits (\$B)

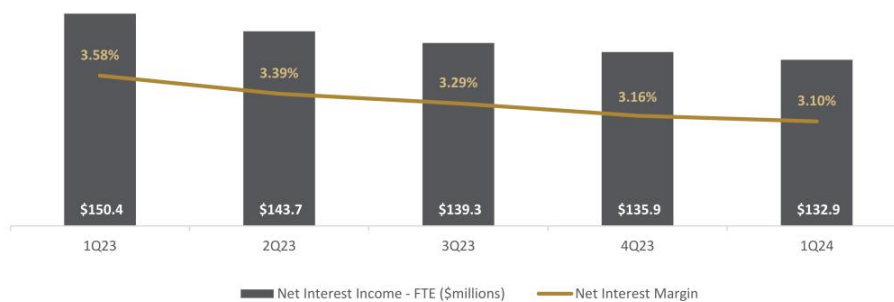


¹Total brokered deposits of \$604 million, which includes brokered CDs of \$80 million
²Defined as total deposits less time deposits > \$100k

Net Interest Margin

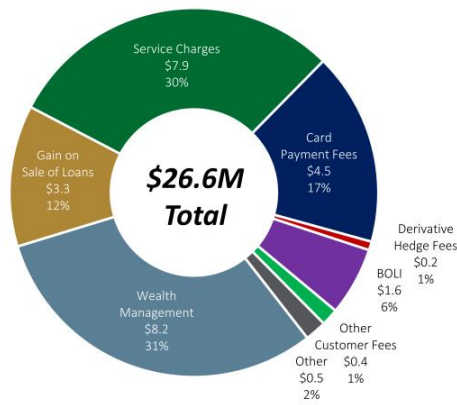
	1Q23	2Q23	3Q23	4Q23	1Q24
1. Net Interest Income - FTE (\$millions)	\$ 150.4	\$ 143.7	\$ 139.3	\$ 135.9	\$ 132.9
2. Fair Value Accretion	\$ 2.4	\$ 2.0	\$ 2.0	\$ 1.7	\$ 1.4
3. Adjusted Net Interest Income - FTE ¹	\$ 148.0	\$ 141.7	\$ 137.3	\$ 134.2	\$ 131.5
4. Tax Equivalent Yield on Earning Assets	5.06%	5.36%	5.55%	5.64%	5.65%
5. Interest Expense/Average Earning Assets	1.48%	1.97%	2.26%	2.48%	2.55%
6. Net Interest Margin	3.58%	3.39%	3.29%	3.16%	3.10%
7. Fair Value Accretion Effect	0.06%	0.05%	0.05%	0.04%	0.03%
8. Adjusted Net Interest Margin ¹	3.52%	3.34%	3.24%	3.12%	3.07%

¹Adjusted for Fair Value Accretion



Noninterest Income Highlights

1Q24 Noninterest Income Detail (\$M)



Highlights

- Customer-related fees totaling \$24.6 million for 1Q24, decreased \$1.2 million from 4Q23 driven by lower gains on the sales of mortgage loans and derivative hedge fees
- Non-customer related fees increased \$1.4 million from prior quarter primarily due to realized losses on sales of securities recorded in the prior quarter

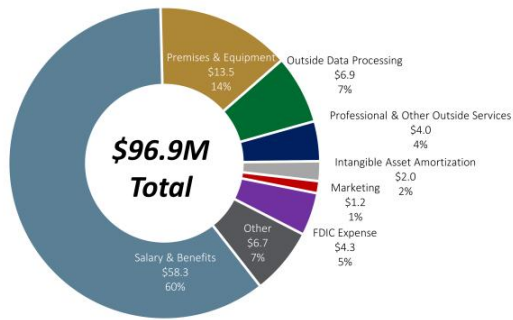
Noninterest Income Trends (\$M)

Fee Income / Revenue



Noninterest Expense Highlights

1Q24 Noninterest Expense Detail

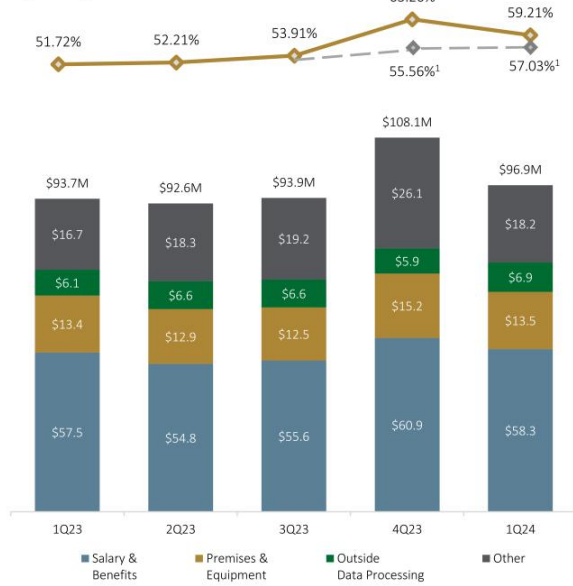


Highlights

- **Decrease from Q4 driven by lower non-core charges and lower marketing spend**
 - 1Q24 non-core charges total \$3.5 million included \$1.1 million from additional FDIC special assessment and \$2.4 million of digital platform conversion costs
 - 4Q23 non-core charges total \$12.7 million included \$4.3 million from the FDIC special assessment, \$6.3 million from early retirement and severance costs, and \$2.1 million from a lease termination

Noninterest Expense Trends (\$M)

Efficiency Ratio



Capital Ratios

Tangible Common Equity Ratio



Highlights

- Quarter over quarter change in capital ratios reflects \$40 million of sub debt redemption and \$30 million of stock buyback
- TCE Ratio including marks on held-to-maturity securities portfolio is 6.88%
- CET1 including net unrealized loss in AOCI on available-for-sale securities is 10.07%

Common Equity Tier 1 Ratio



Total Risk-Based Capital Ratio



Loan Portfolio

Loan Portfolio Trends (\$M)

	1Q23	2Q23	3Q23	4Q23	1Q24
1. C&I - Regional Banking	\$ 2,831	\$ 2,733	\$ 2,662	\$ 2,876	\$ 2,910
2. C&I - Sponsor Finance	674	798	829	795	813
3. CRE Owner Occupied	1,242	1,180	1,154	1,162	1,138
4. Construction/Land/Land Dev.	961	950	1,022	958	942
5. CRE Non-Owner Occupied	2,375	2,380	2,360	2,401	2,368
6. Agricultural	220	230	234	263	234
7. Public Finance/Other Commercial	<u>959</u>	<u>964</u>	<u>967</u>	<u>956</u>	<u>965</u>
8. Total Commercial Loans	9,262	9,235	9,228	9,411	9,370
9. Residential Mortgage	2,195	2,276	2,286	2,304	2,331
10. Home Equity	621	614	609	618	618
11. Other Consumer	<u>173</u>	<u>173</u>	<u>179</u>	<u>172</u>	<u>162</u>
12. Total Resi Mortgage & Consumer	2,989	3,063	3,074	3,094	3,111
13. Total Loans	\$ 12,251	\$ 12,298	\$ 12,302	\$ 12,505	\$ 12,481

1Q24 Highlights

Stable C&I loan demand. Higher rates dampening investment real estate activity.

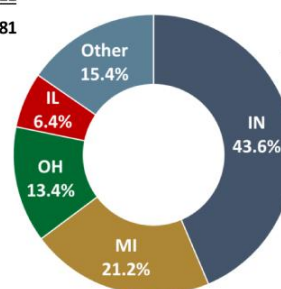
- C&I up \$52.1 million
- CRE NOO & Construction down \$48.4 million

Year Over Year Highlights

Loan growth of \$346.4 million or 2.8%¹

- **Balanced commercial loan growth - \$224.2 million¹**
 - C&I – Regional Banking - \$195.6 million¹
 - C&I - Sponsor Finance - \$139.2 million
 - Public Finance - \$5.6 million
- **Total Resi Mtg & Cons. - \$122.2 million**
 - Mortgage growth of \$136.2 million, primarily from portfolio ARM strategy

Geography



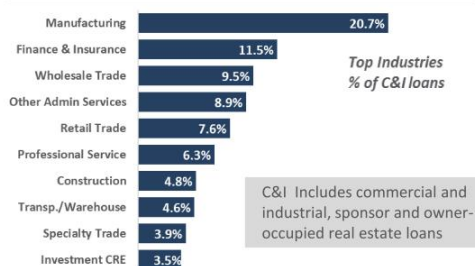
84.6% of borrowers within four state Midwest geography

¹Adjusted for the sale of non-relational, term loan B loans of \$116.6 million during the 2nd quarter of 2023.

Loan Portfolio Insights

Commercial

C&I



- Line utilization 1Q24 42.0% from 41.3% 4Q23
- Shared National Credits:
 - \$755.3 million to 62 Borrowers, \$12.2 million average balance.
 - Top borrowers in manufacturing, real estate, finance and insurance industries.
- \$60.0 million of SBA guaranteed loans

C&I - Sponsor Finance

- \$812.6 million to 86 companies, top borrowers in comm transportation equipment, finance and insurance, manufacturing, and packaging services industries.
- Senior Debt/Adj. EBITDA < 3.0X ~ 79%
- Total Debt/Adj. EBITDA < 4.0X ~ 81%
- FCCR > 1.50X ~ 68%
- ~2.3% Classified (as a % of portfolio)

Construction Finance

- \$150.8 million Resi Real Estate Construction
- \$791.0 million CRE Construction & Land

(\$M)	Balance	Commit.	Constr/Land	% CRE
Multi-Family	\$482	\$776		61.0%
Industrial	\$81	\$96		10.3%
Self Storage	\$63	\$83		8.0%
Office-Medical	\$20	\$23		2.6%
Office-General	\$3	\$23		0.4%

Mortgage & Consumer

Home Equity / Other Consumer

- > 96% of \$674.0 million in consumer loans had a credit score exceeding 669 at origination¹

Residential Mortgage

- \$251.7 million residential mortgage secured, related to commercial loan relationships
- \$2.0 billion residential mortgage loans
 - > 91% of \$1.8 billion in residential portfolio loans had a credit score at origination exceeding 669²

¹Excludes ~14% of loans where origination data is unavailable

²Excludes ~13% of residential loans where origination data is unavailable

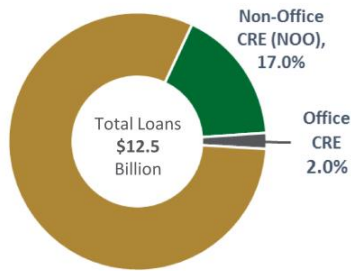
Loan Portfolio Insights (continued)

Commercial Real Estate (Non-Owner Occupied) (\$M)

	Multi-Family	Industrial	Retail	Warehouse / Storage	Office	Hotel	Other	Total CRE (NOO)
Balance:	\$698.9	\$393.9	\$339.8	\$248.0	\$247.5	\$136.7	\$303.6	\$2,368.4
Commitment:	\$729.2	\$409.7	\$344.8	\$254.9	\$253.6	\$136.7	\$309.4	\$2,438.3
# of loans:	468	494	305	97	207	29	108	1708
% of Total Loans:	5.6%	3.2%	2.7%	2.0%	2.0%	1.1%	2.4%	19.0%
Average Loan Balance:	\$1.5	\$0.8	\$1.1	\$2.6	\$1.2	\$4.7	\$2.8	\$1.4
Top 10 - Avg. Loan Com:	\$18.1	\$9.1	\$8.6	\$14.4	\$10.5	\$11.2	\$17.9	\$23.8

Office (Non-Owner Occupied) (\$M)

Office % Total Loans



Office Type

General Office	\$118.5
Medical	\$70.9
Mixed	\$19.3
Government	\$19.2
Other	\$19.5

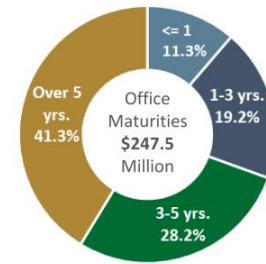
Office Tenant Classification

Multi Tenant	\$149.8
Single Tenant	\$97.7

Office Geographic

Michigan	\$92.0
Indiana	\$64.2
Ohio	\$27.5
Oklahoma	\$24.9
Illinois	\$21.9
Other	\$17.0

Office - Maturities



- Top 10 loans are 42% of total office with WALTV of ~59% at origination
- Largest NOO Office \$24.9 million, medical office, 39% LTV
- 2nd largest \$18.4 million, 40% owner occupied

Asset Quality

Asset Quality Trends (\$M)

	1Q23	2Q23	3Q23	4Q23	1Q24
1. Non-Accrual Loans	\$ 46.6	\$ 69.2	\$ 53.1	\$ 53.6	\$ 62.5
2. Other Real Estate	7.8	7.7	6.5	4.8	4.9
3. 90PD Loans	7.0	0.4	0.1	0.2	2.8
4. NPAs + 90PD	\$ 61.4	\$ 77.3	\$ 59.7	\$ 58.6	\$ 70.2
5. NPAs + 90PD/Loans and ORE	0.50%	0.63%	0.49%	0.47%	0.56%
6. Classified Loans	\$ 250.5	\$ 257.0	\$ 232.2	\$ 242.8	\$ 279.4
7. Classified Loans/Loans	2.04%	2.09%	1.89%	1.94%	2.24%
8. Net Charge-offs (QTD)	\$ 0.2	\$ 1.9	\$ 20.4	\$ 3.1	\$ 2.3
9. QTD NCO/Avg. Loans (Annualized)	0.01%	0.06%	0.66%	0.10%	0.07%

Highlights

- **Largest Non-Accruals:**
 - Hospitality (new)
 - Nursing
 - Other Comm/Industrial Machinery
- **NPAs + 90PD increased 9 bps to 0.56% of loans and ORE**
- **Classified Loans 2.24% of loans**
- **Q1 Net Charge-offs of \$2.3 million**
 - 7 basis points of average loans (annualized)

Nonperforming Assets

Nonperforming Assets Roll Forward (\$M)

	1Q23	2Q23	3Q23	4Q23	1Q24
1. Beginning Balance NPAs + 90PD	\$50.7	\$61.4	\$77.3	\$59.7	\$58.6
<u>Non-Accrual</u>					
2. Add: New Non-Accruals	15.4	33.2	7.5	10.3	17.7
3. Less: To Accrual or Payoff	(8.6)	(8.3)	(2.5)	(6.1)	(5.6)
4. Less: To OREO	(1.4)	-	(0.2)	-	-
5. Less: Charge-offs	<u>(1.1)</u>	<u>(2.3)</u>	<u>(20.9)</u>	<u>(3.7)</u>	<u>(3.2)</u>
6. Non-Accrual Loans Change	4.3	22.6	(16.1)	0.5	8.9
<u>Other Real Estate Owned (ORE)</u>					
7. Add: New ORE Properties	1.4	-	0.2	-	0.1
8. Less: ORE Sold	(0.1)	(0.1)	(1.4)	(0.6)	-
9. Less: ORE Losses (write-downs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1.1)</u>	<u>-</u>
10. ORE Change	1.3	(0.1)	(1.2)	(1.7)	0.1
11. 90PD Change	5.3	(6.6)	(0.3)	0.1	2.6
12. Renegotiated Loans Change	<u>(0.2)</u>	<u>-</u>	<u>0.0</u>	<u>-</u>	<u>-</u>
13. NPAs + 90PD Change	<u>10.7</u>	<u>15.9</u>	<u>(17.6)</u>	<u>(1.1)</u>	<u>11.6</u>
14. Ending Balance NPAs + 90PD	\$61.4	\$77.3	\$59.7	\$58.6	\$70.2

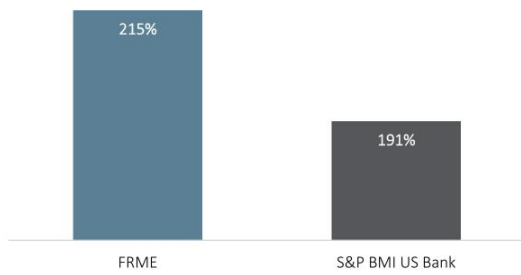
1Q24 Highlights

Non-Accrual Migration:

- \$11.6 million increase in NPAs and 90+ days past due
- \$17.7 million in new Non-Accruals
- \$5.6 million to Accrual or Payoff

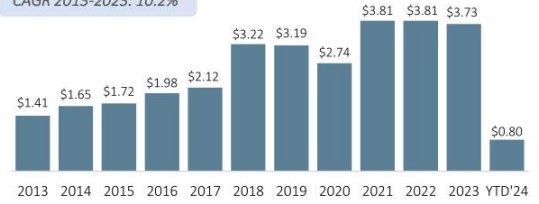
Track Record of Shareholder Value

10-Year Total Return (2013-2023)



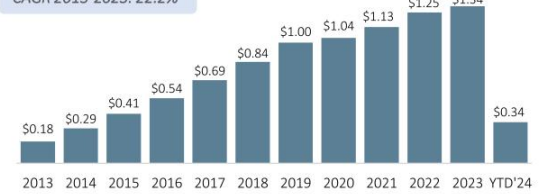
Earnings per Share

CAGR 2013-2023: 10.2%



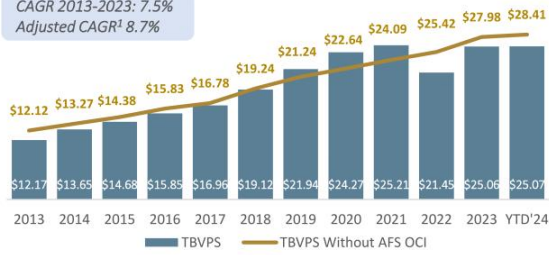
Dividends per Share

CAGR 2013-2023: 22.2%



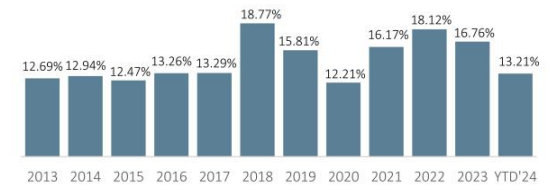
Tangible Book Value per Share

CAGR 2013-2023: 7.5%
Adjusted CAGR¹ 8.7%



¹Tangible book value per share excluding unrealized gain/loss in available for sale securities.

Return on Tangible Common Equity

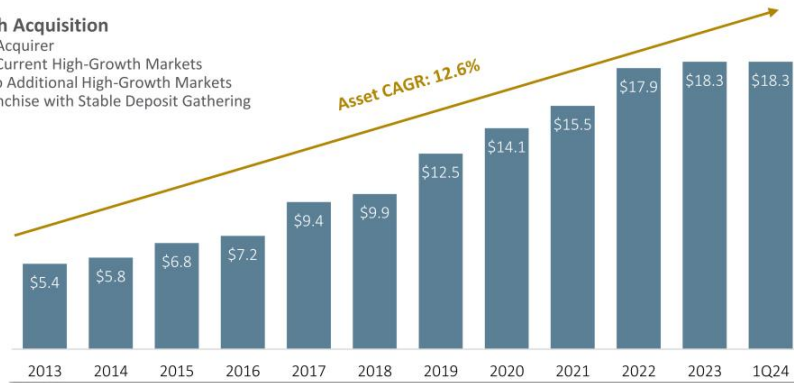


History of Organic and Whole Bank Acquisition Growth

Total Assets (\$B)

Growth Through Acquisition

- ✓ Experienced Acquirer
- ✓ Expanded in Current High-Growth Markets
- ✓ Extended into Additional High-Growth Markets
- ✓ Added to Franchise with Stable Deposit Gathering Markets



 **First Merchants Corporation**
Helping you prosper

Vision for the Future

- Our Vision:** *To enhance the financial wellness of the diverse communities we serve.*
- Our Mission:** *To be the most attentive, knowledgeable, and high-performing bank for our clients, teammates, and shareholders.*
- Our Team:** *We are a collection of dynamic colleagues with diverse experiences and perspectives who share a passion for positively impacting lives. We are genuinely committed to attracting and engaging teammates of diverse backgrounds. We believe in the power of inclusion and belonging.*
-

- Strategic Imperatives:**
- Drive engagement through inclusivity, teamwork, performance management, career development, rewards, and work-life balance
 - Produce organic growth across all lines of business and markets through focused, data-driven, industry-leading client acquisition, expansion, and retention activities
 - Continued investment in the digitization of our delivery channels to simplify the client experience
 - Maintain top-quartile financial results supported by industry-leading governance, risk, and compliance practices to ensure long-term sustainability
 - Continue to leverage our core competency in acquisitions to enhance growth, efficiency, and high performance
 - Cultivate a high-quality shareholder base that values our stakeholder-centric business model

APPENDIX

Non-GAAP

ADJUSTED NET INCOME AND DILUTED EARNINGS PER COMMON SHARE

	1Q23	2Q23	3Q23	4Q23	1Q24
(Dollars in Thousands, Except Per Share Amounts)					
Net Income Available to Common Stockholders - GAAP	\$ 63,610	\$ 60,393	\$ 55,898	\$ 42,010	\$ 47,472
Adjustments:					
PPP loan income	(25)	(9)	(8)	(7)	-
Non-core expenses ^{1,2}	-	-	-	12,682	3,481
Tax on adjustments	6	2	2	(3,088)	(848)
Adjusted Net Income Available to Common Stockholders - NON-GAAP	\$ 63,591	\$ 60,386	\$ 55,892	\$ 51,597	\$ 50,105
Average Diluted Common Shares Outstanding	59,441	59,448	59,503	59,556	59,273
Diluted Earnings Per Common Share - GAAP	\$ 1.07	\$ 1.02	\$ 0.94	\$ 0.71	\$ 0.80
Adjustments:					
PPP loan income	-	-	-	-	-
Non-core expenses ^{1,2}	-	-	-	0.21	0.06
Tax on adjustments	-	-	-	(0.05)	(0.01)
Adjusted Diluted Earnings Per Common Share - NON-GAAP	\$ 1.07	\$ 1.02	\$ 0.94	\$ 0.87	\$ 0.85

¹Non-core expenses in 4Q23 included \$4.3 million from the FDIC special assessment, \$6.3 million from early retirement and severance costs, and \$2.1 million from a lease termination.

²Non-core expenses in 1Q24 included \$1.1 million from the FDIC special assessment and \$2.4 million from digital platform conversion costs.



Non-GAAP

PRE-TAX, PRE-PROVISION ("PTPP") EARNINGS, AS ADJUSTED

(Dollars in Thousands, Except Per Share Amounts)

	1Q23	2Q23	3Q23	4Q23	1Q24
Net Interest Income (GAAP)	\$ 144,119	\$ 137,835	\$ 133,383	\$ 130,064	\$ 127,063
Other Income (GAAP)	24,997	26,319	27,842	26,443	26,638
Total Revenue	169,116	164,154	161,225	156,507	153,701
Less: Other Expenses (GAAP)	(93,720)	(92,593)	(93,854)	(108,103)	(96,935)
Add: Non-core Expenses ^{1,2} (non-GAAP)	-	-	-	12,682	3,481
Pre-Tax, Pre-Provision Earnings (non-GAAP)	\$ 75,396	\$ 71,561	\$ 67,371	\$ 61,086	\$ 60,247
Average Assets (GAAP)	\$ 18,022,195	\$ 18,170,649	\$ 18,152,239	\$ 18,397,200	\$ 18,430,521
Average Equity (GAAP)	\$ 2,083,125	\$ 2,139,877	\$ 2,154,232	\$ 2,130,993	\$ 2,242,139
PTPP/Average Assets (PTPP ROA)	1.67%	1.58%	1.48%	1.33%	1.31%
PTPP/Average Equity (PTPP ROE)	14.48%	13.38%	12.51%	11.47%	10.75%

¹Non-core expenses in 4Q23 included \$4.3 million from the FDIC special assessment, \$6.3 million from early retirement and severance costs, and \$2.1 million from a lease termination.

²Non-core expenses in 1Q24 included \$1.1 million from the FDIC special assessment and \$2.4 million from digital platform conversion costs.



¹Non-core expenses include one-time charges consisting of \$4.3 million from the FDIC special assessment, \$6.3 million from early retirement and severance costs, and \$2.1 million from a lease termination.

Non-GAAP

EFFICIENCY RATIO (dollars in thousands):

	1Q23	2Q23	3Q23	4Q23	1Q24
EFFICIENCY RATIO (dollars in thousands):					
Non Interest Expense (GAAP)	\$ 93,720	\$ 92,593	\$ 93,854	\$ 108,103	\$ 96,935
Less: Intangible Asset Amortization	(2,197)	(2,182)	(2,182)	(2,182)	(1,957)
Less: OREO and Foreclosure Expenses	18	(916)	(677)	(1,743)	(534)
Adjusted Non Interest Expense (non-GAAP)	91,541	89,495	90,995	104,178	94,444
Net Interest Income (GAAP)	144,119	137,835	133,383	130,063	127,063
Plus: Fully Taxable Equivalent Adjustment	6,321	5,858	5,911	5,853	5,795
Net Interest Income on a Fully Taxable Equivalent Basis (non-GAAP)	150,440	143,693	139,294	135,916	132,858
Non Interest Income (GAAP)	24,997	26,319	27,842	26,444	26,638
Less: Investment Securities (Gains) Losses	1,571	1,392	1,650	2,317	2
Adjusted Non Interest Income (non-GAAP)	26,568	27,711	29,492	28,761	26,640
Adjusted Revenue (non-GAAP)	177,008	171,404	168,786	164,677	159,498
Efficiency Ratio (non-GAAP)	51.72%	52.21%	53.91%	63.26%	59.21%
Adjusted Non Interest Expense (non-GAAP)	91,541	89,495	90,995	104,178	94,444
Non-core expenses ^{1,2}	-	-	-	(12,682)	(3,481)
Adjusted Non Interest Expense Excluding Non-Core Expenses (non-GAAP)	91,541	89,495	90,995	91,496	90,963
Efficiency Ratio Excluding Non-Core Expenses (non-GAAP)	51.72%	52.21%	53.91%	55.56%	57.03%

¹Non-core expenses in 4Q23 included \$4.3 million from the FDIC special assessment, \$6.3 million from early retirement and severance costs, and \$2.1 million from a lease termination.

²Non-core expenses in 1Q24 included \$1.1 million from the FDIC special assessment and \$2.4 million from digital platform conversion costs.

Non-GAAP

CAPITAL RATIOS (dollars in thousands):

	1Q23	2Q23	3Q23	4Q23	1Q24
Total Risk-Based Capital Ratio (dollars in thousands)					
Total Stockholders' Equity (GAAP)	2,122,448	2,145,565	2,092,644	2,247,713	2,224,803
Adjust for Accumulated Other Comprehensive (Income) Loss ¹	198,914	217,964	307,270	175,970	198,029
Less: Preferred Stock	(25,125)	(25,125)	(25,125)	(25,125)	(25,125)
Add: Qualifying Capital Securities	25,000	25,000	25,000	25,000	25,000
Less: Tier 1 Capital Deductions	-	-	-	-	-
Less: Disallowed Goodwill and Intangible Assets	(736,429)	(734,666)	(732,903)	(731,315)	(729,734)
Less: Disallowed Deferred Tax Assets	(351)	(258)	(192)	(131)	(340)
Add: Modified CECL Transition Amount	11,514	11,514	11,514	11,514	-
Total Tier 1 Capital (Regulatory)	\$ 1,595,971	\$ 1,639,994	\$ 1,678,208	\$ 1,703,626	\$ 1,692,633
Qualifying Subordinated Debentures	143,118	143,132	143,147	132,174	98,176
Allowance for Loan Losses includible in Tier 2 Capital	182,308	183,106	184,046	185,324	185,639
Total Risk-Based Capital (Regulatory)	\$ 1,921,397	\$ 1,966,232	\$ 2,005,401	\$ 2,021,124	\$ 1,976,448
Net Risk-Weighted Assets (Regulatory)	\$ 14,524,959	\$ 14,590,561	\$ 14,683,329	\$ 14,787,474	\$ 14,818,838
Total Risk-Based Capital Ratio (Regulatory)	13.23%	13.48%	13.66%	13.67%	13.34%
Common Equity Tier 1 Capital Ratio					
Total Tier 1 Capital (Regulatory)	\$ 1,595,971	\$ 1,639,994	\$ 1,678,208	\$ 1,703,626	\$ 1,692,633
Less: Qualified Capital Securities	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
Add: Additional Tier 1 Capital Deductions	-	-	-	-	-
Common Equity Tier 1 Capital (Regulatory)	\$ 1,570,971	\$ 1,614,994	\$ 1,653,208	\$ 1,678,626	\$ 1,667,633
Net Risk-Weighted Assets (Regulatory)	\$ 14,524,959	\$ 14,590,561	\$ 14,683,329	\$ 14,787,474	\$ 14,818,838
Common Equity Tier 1 Capital Ratio (Regulatory)	10.82%	11.07%	11.26%	11.35%	11.25%

¹ Includes net unrealized gains or losses on securities available for sale, net gains or losses on cash flow hedges, and amounts resulting from the application of the applicable accounting guidance for defined benefit and other postretirement plans.

Non-GAAP

TANGIBLE COMMON EQUITY RATIO (dollars in thousands):

	1Q23	2Q23	3Q23	4Q23	1Q24
Tangible Common Equity Ratio (dollars in thousands)					
Total Stockholders' Equity (GAAP)	\$ 2,122,448	\$ 2,145,565	\$ 2,092,644	\$ 2,247,713	\$ 2,224,803
Less: Preferred Stock	(25,125)	(25,125)	(25,125)	(25,125)	(25,125)
Less: Intangible Assets	(745,647)	(743,465)	(741,283)	(739,101)	(737,144)
Tangible Common Equity (non-GAAP)	\$ 1,351,676	\$ 1,376,975	\$ 1,326,236	\$ 1,483,487	\$ 1,462,534
Total Assets (GAAP)	\$ 18,243,330	\$ 18,032,256	\$ 18,078,263	\$ 18,405,887	\$ 18,317,803
Less: Intangible Assets	(745,647)	(743,465)	(741,283)	(739,101)	(737,144)
Tangible Assets (non-GAAP)	\$ 17,497,683	\$ 17,288,791	\$ 17,336,980	\$ 17,666,786	\$ 17,580,659
Tangible Common Equity Ratio (non-GAAP)	7.72%	7.96%	7.65%	8.40%	8.32%

TANGIBLE COMMON EQUITY PER SHARE (dollars in thousands):

	4Q13	4Q14	4Q15	4Q16	4Q17	4Q18	4Q19	4Q20
Tangible Common Equity Per Share								
Total Stockholders' Equity (GAAP)	\$ 634,923	\$ 726,827	\$ 850,509	\$ 901,657	\$ 1,303,463	\$ 1,408,260	\$ 1,786,437	\$ 1,875,645
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(202,767)	(218,755)	(259,764)	(258,866)	(476,503)	(469,784)	(578,881)	(572,893)
Tax Benefit	4,973	6,085	6,278	5,930	6,788	5,017	7,257	5,989
Tangible Common Equity, Net of Tax (non-GAAP)	\$ 437,004	\$ 514,032	\$ 596,898	\$ 648,596	\$ 833,623	\$ 943,368	\$ 1,214,688	\$ 1,308,616
Common Shares Outstanding	35,921,761	37,669,948	40,664,258	40,912,697	49,158,238	49,349,800	55,368,482	53,922,359
Tangible Common Equity per Share (non-GAAP)	\$ 12.17	\$ 13.65	\$ 14.68	\$ 15.85	\$ 16.96	\$ 19.12	\$ 21.94	\$ 24.27

	4Q21	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Tangible Common Equity Per Share							
Total Stockholders' Equity (GAAP)	\$ 1,912,571	\$ 2,034,770	\$ 2,122,448	\$ 2,145,565	\$ 2,092,644	\$ 2,247,713	\$ 2,224,803
Less: Preferred Stock	(125)	(25,125)	(25,125)	(25,125)	(25,125)	(25,125)	(25,125)
Less: Intangible Assets	(570,860)	(747,844)	(745,647)	(743,465)	(741,283)	(739,101)	(737,144)
Tax Benefit	4,875	7,702	7,231	6,760	6,290	5,819	5,398
Tangible Common Equity, Net of Tax (non-GAAP)	\$ 1,346,461	\$ 1,269,503	\$ 1,358,907	\$ 1,383,735	\$ 1,332,526	\$ 1,489,306	\$ 1,467,932
Common Shares Outstanding	53,410,411	59,170,583	59,257,051	59,297,148	59,398,022	59,424,122	58,564,819
Tangible Common Equity per Share (non-GAAP)	\$ 25.21	\$ 21.45	\$ 22.93	\$ 23.34	\$ 22.43	\$ 25.06	\$ 25.07



Non-GAAP

RETURN ON TANGIBLE COMMON EQUITY (dollars in thousands):

	2013	2014	2015	2016	2017	2018	2019	2020
Return on Tangible Common Equity								
Total Average Stockholders' Equity (GAAP)	\$ 540,255	\$ 675,295	\$ 753,724	\$ 884,664	\$ 1,110,524	\$ 1,343,861	\$ 1,569,615	\$ 1,825,135
Less: Average Preferred Stock	(47,537)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Less: Average Intangible Assets, Net of Tax	(153,519)	(199,354)	(215,281)	(254,332)	(360,005)	(467,421)	(499,622)	(569,377)
Average Tangible Common Equity, Net of Tax (non-GAAP)	\$ 339,199	\$ 475,816	\$ 538,318	\$ 630,207	\$ 750,394	\$ 876,315	\$ 1,069,868	\$ 1,255,633
Net Income Available to Common Stockholders (GAAP)	\$ 42,150	\$ 60,162	\$ 65,384	\$ 81,051	\$ 96,070	\$ 159,139	\$ 164,460	\$ 148,600
Plus: Intangible Asset Amortization, Net of Tax	892	1,395	1,720	2,542	3,670	5,307	4,736	4,730
Tangible Net Income (non-GAAP)	\$ 43,042	\$ 61,557	\$ 67,104	\$ 83,593	\$ 99,740	\$ 164,446	\$ 169,196	\$ 153,330
Return on Tangible Common Equity (non-GAAP)	12.69%	12.94%	12.47%	13.26%	13.29%	18.77%	15.81%	12.21%

	2021	2022	1Q23	2Q23	3Q23	4Q23	2023	1Q24
Return on Tangible Common Equity								
Total Average Stockholders' Equity (GAAP)	\$ 1,866,632	\$ 1,972,445	\$ 2,083,125	\$ 2,139,877	\$ 2,154,232	\$ 2,130,993	\$ 2,127,262	\$ 2,242,139
Less: Average Preferred Stock	(125)	(18,875)	(25,125)	(25,125)	(25,125)	(25,125)	(25,125)	(25,125)
Less: Average Intangible Assets, Net of Tax	(567,512)	(699,803)	(739,190)	(737,489)	(735,787)	(734,007)	(736,601)	(732,432)
Average Tangible Common Equity, Net of Tax (non-GAAP)	\$ 1,298,995	\$ 1,253,767	\$ 1,318,810	\$ 1,377,263	\$ 1,393,320	\$ 1,371,861	\$ 1,365,536	\$ 1,484,582
Net Income Available to Common Stockholders (GAAP)	\$ 205,531	\$ 220,683	\$ 63,610	\$ 60,393	\$ 55,898	\$ 42,010	\$ 221,911	\$ 47,472
Plus: Intangible Asset Amortization, Net of Tax	4,540	6,537	1,734	1,724	1,724	1,724	6,906	1,546
Tangible Net Income (non-GAAP)	\$ 210,071	\$ 227,220	\$ 65,344	\$ 62,117	\$ 57,622	\$ 43,734	\$ 228,817	\$ 49,018
Return on Tangible Common Equity (non-GAAP)	16.17%	18.12%	19.82%	18.04%	16.54%	12.75%	16.76%	13.21%

