

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): November 10, 2020

Commission File Number 0-17071

FIRST MERCHANTS CORPORATION

(Exact name of registrant as specified in its charter)

Indiana	35-1544218
(State or other jurisdiction of incorporation)	(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)

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, \$0.125 stated value per share	FRME	Nasdaq Global Select Market

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 7.01 REGULATION FD DISCLOSURE.

The executive officers of First Merchants Corporation intend to use the material filed herewith, in whole or in part, in one or more meetings with investors and analysts. A copy of the investor presentation is attached hereto as Exhibit 99.1.

First Merchants Corporation does not intend for this item 7.01 or Exhibit 99.1 to be treated as "filed" for purposes of the Securities Exchange Act of 1934, as amended, or incorporated into its filings under the Securities Act of 1933, as amended.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Exhibits.

Exhibit 99.1 [First Merchants Corporation Investor Presentation](#)

Exhibit 104 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/ Mark K. Hardwick
Mark K. Hardwick
Executive Vice President,
Chief Financial Officer and Chief Operating Officer

Dated: November 10, 2020

3Q Highlights | 2020



First Merchants Corporation

NASD

First Merchants Corporation | 200 E. Jackson St., P.O. Box 792, Muncie, IN 47305-2814 | 1.765.747.1500



Forward Looking Statement

This presentation contains forward-looking statements made pursuant to the safe-harbor of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements, but not always, be identified by the use of words like “believe”, “continue”, “pattern”, “project”, “intend”, “anticipate”, “expect” and similar expressions or future or conditional verbs 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’ intentions and expectations; statements regarding the First Merchants’ business plan and 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 actual 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 geopolitical instability and uncertainty; the effects of a pandemic or other unforeseeable events; 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 impact on the collectability of loans; fluctuations in market rates of interest; competitive factors in the industry; changes in the banking legislation or regulatory requirements of federal and state governments applicable to bank holding companies and banks like First Merchants’ affiliate bank; availability of earnings and excess capital sufficient for the lawful and prudent declaration of dividends; changes in market, economic, operational, liquidity, credit and interest rates 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 undertake the obligation to update any forward-looking statement, whether written or oral, relating to the information 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 are not required under GAAP, 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.

Company Profile

(as of September 30, 2020)

(in Thous

First Merchants

- First Merchants Bank formed in 1893, celebrating its 127th anniversary
- First Merchants Corporation, organized in 1982, is the largest financial services holding company headquartered in Central Indiana

Financial Highlights

Assets	\$13,737,350
Loans, Net	\$9,120,290
Deposits	\$10,906,153
Tangible Common Equity	\$1,259,161
TCE/TA	9.57%
2020 Net Income – YTD	\$103,465
2020 ROAA – YTD	1.04%
2020 ROATCE - YTD	11.47%
NPAs/Loans + OREO	0.72%

Market Information

Common Shares Outstanding	53,89
Market Cap	1,24
Dividend Yield	4
Price/Tangible Book Value	
Price/LTM EPS	
Price/2020 Est. EPS	

Leadership Team

(Name, title, age)

Michael C. Rechin, President & CEO
Mark K. Hardwick, EVP, COO & CFO
Michael J. Stewart, EVP & Chief Banking Officer
John J. Martin, EVP & Chief Credit Officer
Michele M. Kawiecki, SVP, Director of Finance
Michael B. Joyce, SVP, President PWA
Carrie A. Valek, SVP, Director Consumer Banking

Why Invest in First Merchants?



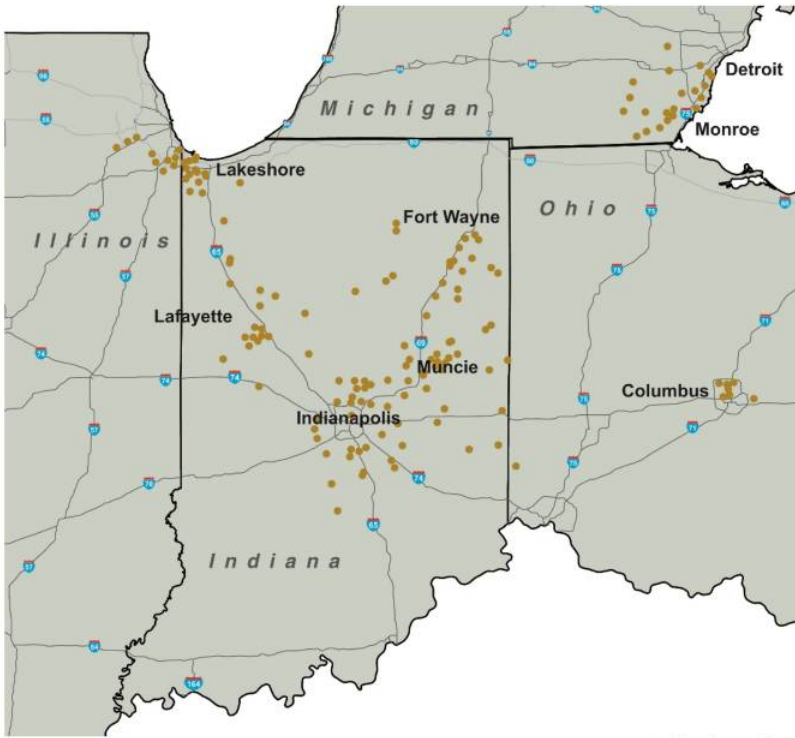
**FIRST MERCHANTS
BANK NAMED BEST
BANK IN INDIANA**



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**First Merchants Bank
Ranked Top 5 in
2018, 2019 and 2021**

Our Franchise



Key Market Profiles		
Loans		Depo
\$1,332M	Columbus	\$ 7
895M	Fort Wayne	1,2
3,103M	Indianapolis	2,1
782M	Lafayette	1,4
1,142M	Lakeshore	1,4
743M	Michigan	1,2
1,250M	Muncie	2,6
\$9,247M	Total	\$10,9

(as of September 30)

Mission Statement

To be the most responsive, knowledgeable and high-performing bank for our clients, teammates and shareholders.

Key FMC Market Share Data

County	Region/Type	Market Position	Market %	\$ Deposits
Delaware County, IN	Muncie (Established)	1	55.84%	\$ 1,591.9
Monroe, MI	Michigan (Established)	1	47.81%	1,047.0
Madison County, IN	Indianapolis (Growth)	1	28.59%	460.0
White County, IN	Lafayette (Established)	1	34.03%	178.8
Wells County, IN	Fort Wayne (Growth)	1	23.84%	126.6
Jay County, IN	Muncie (Established)	1	45.73%	118.9
Union County, IN	Muncie (Established)	1	50.66%	47.1
Tippecanoe County, IN	Lafayette (Established)	2	23.50%	755.8
Henry County, IN	Muncie (Established)	2	35.32%	262.8
Jasper County, IN	Lafayette (Established)	2	31.83%	226.0
Shelby County, IN	Indianapolis (Growth)	2	16.71%	120.0
Randolph County, IN	Muncie (Established)	2	24.69%	84.5
Wabash County, IN	Muncie (Established)	2	14.23%	71.3
Clinton County, IN	Lafayette (Established)	2	11.98%	60.7
Hendricks County, IN	Indianapolis (Growth)	3	11.51%	379.8
Adams County, IN	Muncie (Established)	3	15.31%	121.5
Huntington County, IN	Fort Wayne (Growth)	3	15.93%	111.7
Hamilton County, IN	Indianapolis (Growth)	4	7.04%	1,075.0
Allen County, IN	Fort Wayne (Growth)	4	10.88%	781.0
Johnson County, IN	Indianapolis (Growth)	4	9.94%	287.9
Morgan County, IN	Indianapolis (Growth)	4	12.35%	141.9
Hancock County, IN	Indianapolis (Growth)	4	10.04%	128.3
Carroll County, IN	Lafayette (Established)	4	14.21%	45.8
Miami County, IN	Muncie	4	8.82%	39.5
Fayette County, IN	Muncie	5	9.43%	36.0
Sub Total				\$8,302.9
First Merchants Total				\$10,998.2

FDIC Data June 30, 2020

First Merchants Strategy

*“Service-driven alternative to super-regional bank competitors.
Deliver superior service with presence close to the customer for . . .”*

Commercial Banking

- › Business Banking
- › Commercial & Industrial
- › Agriculture
- › Sponsor Finance
- › Public Finance
- › Healthcare Services
- › Investment Real Estate
- › Treasury Management
- › Merchant Processing Services
- › Asset-Based Lending

Consumer Banking

- › Mortgage Banking

Private Wealth Advisory

- › Private Banking
- › Investment Management
- › Personal Trust
- › Brokerage
- › Retirement



“We specialize in our communities”

First Merchants Strategy

› Commercial Bank Located in Prime Growth Commercial Banking Markets

- › Indianapolis, Indiana
- › Monroe, Michigan
- › Columbus, Ohio
- › Fort Wayne, Indiana
- › Lafayette, Indiana
- › Lakeshore - Northwest Indiana



› Hire the Best Talent Supported with the Finest

- › Sales Management Process
- › Credit and Treasury Services
- › Revenue-Based Incentive System

First Merchants Strategy

› Consumer Retail Bank

› Diverse Locations in Stable Rural and Growth Metro Markets

› Supported by:

› Talented Customer Service Oriented Banking Center and Call Center Professionals

› State-of-the-Art Systems

› Deposit and CRM Systems

› Online Banking System

› Mobile Banking System

› Customer Service and Relationship Growth-Oriented Incentive System

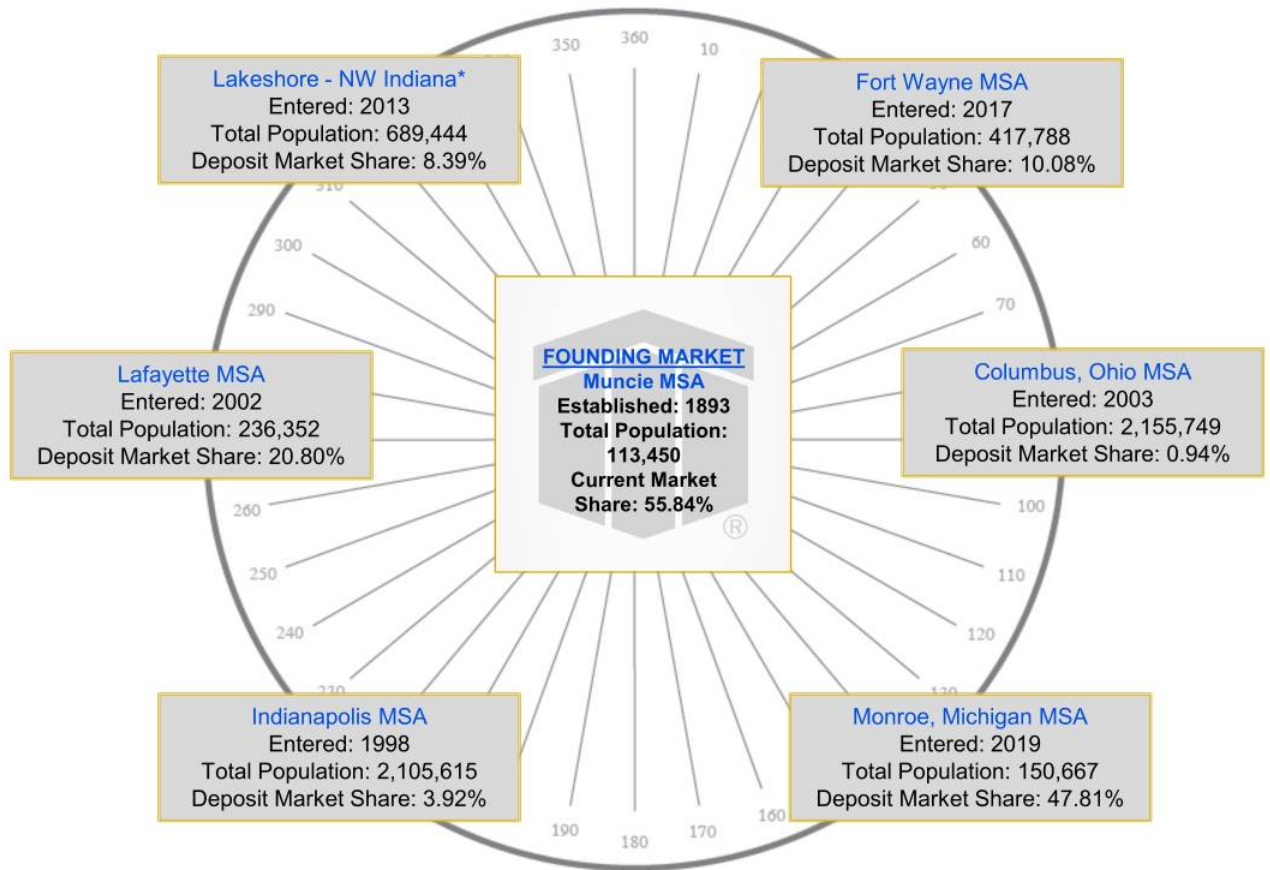


First Merchants Strategy

› Private Wealth Advisors

- › Comprehensive and coordinated approach to personal wealth management
- › Expertise in Investment Management, Private Banking, Fiduciary, Estate and Financial Planning
- › Strengthen commercial relationships with personal services for executives/owners and retirement plan services for companies
- › Partner with consumer bank to offer personal investment advice through First Merchants Investment Services

Organic Growth Opportunities Exists in *All Directions*



*Includes Jasper, Lake and Por

Ranked Best in the Midwest for Business



- › AAA Credit Rating since 2008¹
- › Leading the Nation in Manufacturing Job Growth
- › 1st in Midwest and 5th Nationally for Best State for Doing Business
- › 1st Metro Area for Strong Job Opportunities with Affordable Housing
- › 1st Nationally for Highway Accessibility
- › 1st in the Midwest/8th Nationally for Low Taxes
- › 1st for Quality of Government and Government Administration³
- › 1st for Best Business Regulatory Climate⁴
- › Top 5 Nationally for Cost of Doing Business
- › 2nd in the Nation for Small Business Growth
- › 2nd Nationally for Availability of Skilled Labor
- › 2nd Best City in the Nation for Recent Graduates (Indianapolis)
- › 2nd Nationally for Top States for Business - Infrastructure
- › 2nd Largest Global Fed Ex Air Hub
- › 4th Nationally for Women in Tech and 10th in Overall Tech Job Growth

¹S&P, Moody's & Fitch
²Chief Executive Magazine 2017
³US News & World Reports 2017
⁴Forbes 2017
Unless otherwise noted, source: First Merchants Corporation

Muncie Market

- Located 58 miles northeast of Indianapolis in the east central portion of the state
- Described by several national studies as a typical American community, Delaware County offers the advantages of larger cities without the hassles and costs associated with living in major metropolitan areas.
- Easy access to the top 100 markets in the country, Muncie-Delaware County has a diverse economic landscape
- Ranked #27, Forbes Best Small Places for Business and Careers
- Workforce experienced in life science, advanced manufacturing, 21st century logistics and information technology
- Home to Ball State University

Delaware County, IN*				
Rank		Branches	Deposits	Mkt. Share
1	First Merchants Corporation	9	\$1,591,928	55.84%
2	Northwest Bancshares	7	551,757	19.35%
3	J.P. Morgan Chase	2	299,507	10.51%
4	Old National Bancorp	3	212,255	7.45%
5	Star Financial Group	3	194,039	6.81%
6	Woodforest Financial Group	1	1,464	0.05%
Market Total		25	\$ 2,850,950	

*SNL Financial FDIC Summary of Deposits as of June 30, 2020

Notable Major Employers



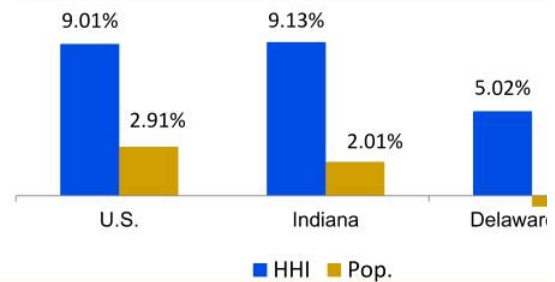
Ball Memorial Hospital & Physicians



ONTARIO SYSTEMS



Projected HHI & Pop. Change 2021-2026



Indianapolis Market

- Indianapolis metropolitan area includes four of the five fastest-growing counties in Indiana and 10 of the 11 fastest-growing cities and towns with populations of at least 5,000*
- The population data released by the U.S. Census Bureau show suburban Hamilton County's population grew 20.2% since 2010
- Indiana's population growth outpaced those of neighboring states Illinois, Kentucky, Michigan and Ohio*
- With 867,125 residents, Indianapolis was the nation's 17th largest city*

Indianapolis-Carmel-Anderson, IN MSA**				
Rank		Branches	Deposits	Mkt. Share
1	JP Morgan Chase	65	\$13,560,163	19.86%
2	PNC Financial Services Group	60	9,711,209	14.23%
3	Fifth Third Bancorp	42	6,585,140	9.65%
4	Huntington Bancshares	40	4,349,026	6.37%
5	Bank of Montreal	35	3,980,376	5.83%
6	Merchants Bancorp	3	3,963,129	5.81%
7	KeyCorp	19	3,915,739	5.74%
8	First Internet Bancorp	1	3,414,357	5.00%
9	Bank of America	6	3,365,633	4.93%
10	First Merchants Corporation	32	2,673,392	3.92%
Market Total		522	\$68,263,881	

*IN.gov

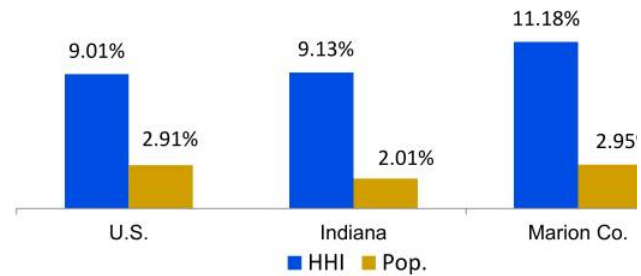
**SNL Financial FDIC Summary of Deposits as of June 30, 2020

***Marion County, IN

Notable Major Employers



Projected HHI & Pop. Change 2021-2026



Lafayette Market

- Ranked #1, MSN Money, Fastest Growing Cities in the State of Indiana
- Ranked #2, Forbes Best Small Places for Business and Careers
- Ranked #2 in Indiana for STEM job density, with 13.6% of the workforce, topping the state's 10.9% & national average of 11.9% (Lafayette up 70.6% since 2001, with 4,850 new jobs)**
- Ranked among 24/7 Wall St., American City Adding the Most Jobs
- Home to Purdue University

Tippecanoe County, IN**				
Rank		Branches	Deposits	Mkt. Share
1	JPMorgan Chase & Co.	5	\$ 1,025,056	31.88%
2	First Merchants Corporation	7	755,800	23.50%
3	Regions Financial Corp	4	300,941	9.36%
4	Old National Bancorp	3	262,068	8.15%
5	Horizon Bancorp	5	224,761	6.99%
6	Huntington Bancshares, Inc.	2	173,477	5.39%
7	First Bancshares	5	122,206	4.39%
8	Fifth Third Bancorp	2	138,888	4.32%
9	1st Source Corp	3	121,133	3.77%
10	First Bancshares	5	117,958	3.67%
Market Total		47	\$ 3,215,806	

*Indianapolis Business Journal

**SNL Financial FDIC Summary of Deposits as of June 30, 2020

Notable Major Employers

oerlikon
fairfield

PURDU
UNIVERSITY



ARCONIC

CAT

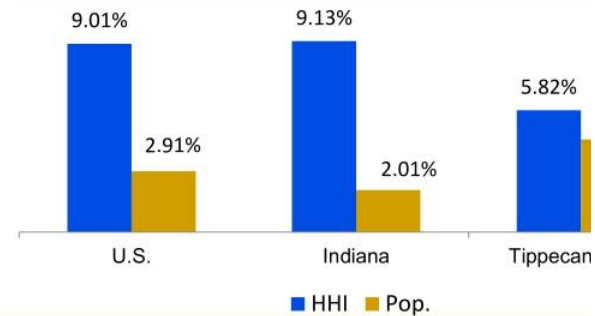


GE Aviation



KR Kirby
Electrical

Projected HHI & Pop. Change 2021-2026



Lakeshore Market

- › Indiana's second-most populous market
- › Benefit from its Chicago proximity
- › Continue to produce finest steels, refine the cleanest fuels and deliver the best products to the Midwest**
- › New investments by world-class companies like BP, Pratt Industries, Alcoa Howmet, Urschel Labs and Monosol**
- › Lakefront being revitalized through the Marquette Plan and assistance of the Regional Development Authority**

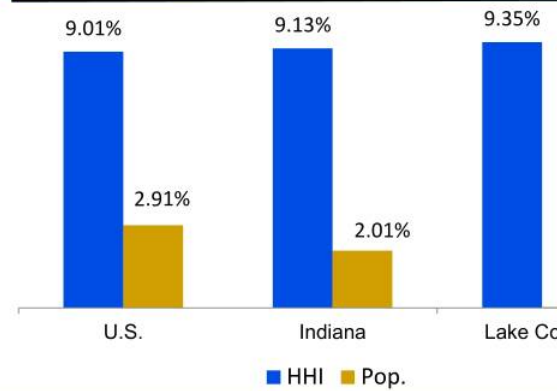
Lake County, IN*				
Rank		Branches	Deposits	Mkt. Share
1	First Bancshares, Inc.	28	\$ 2,717,377	23.46%
2	JPMorgan Chase & Co.	18	2,475,670	21.37%
3	First Midwest Bancorp	14	1,228,806	10.61%
4	First Merchants Corporation	10	1,003,762	8.67%
5	Northwest Indiana Bancorp	15	913,260	7.88%
6	First Financial Bancorp	7	878,896	7.59%
7	Bank of Montreal	13	656,395	5.67%
8	Fifth Third Bancorp	10	586,086	5.06%
9	AMB Financial Corp	5	219,623	1.90%
10	Providence Financial Corp	3	215,721	1.86%
Market Total		141	\$11,582,319	

*SNL Financial FDIC Summary of Deposits as of June 30, 2020
 **www.nwiforum.org/nwi-becoming-an-economic-powerhouse

Notable Major Employers



Projected HHI & Pop. Change 2021-2026



Fort Wayne Market

- 2nd Largest MSA in the State of Indiana
- Diversified economy (manufacturing, health care, retail trade, food services)
- Attractive location for businesses to locate and expand – located between the Chicago, Detroit, Dayton, Toledo and Indianapolis metro areas
- Fort Wayne-Allen County economic engine of the Northeast Indiana region
- #1 place to raise a family (2017, SmartAsset.com)

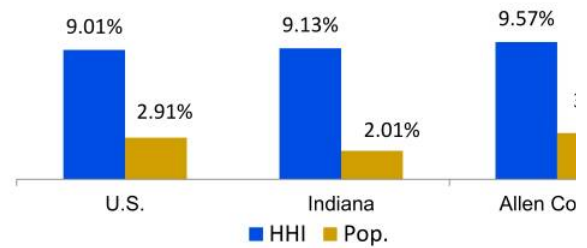
Allen County, IN*				
Rank		Branches	Deposits	Mkt. Share
1	JP Morgan Chase & Co.	12	1,572,235	21.90%
2	Lakeland Financial Corp.	5	1,003,657	13.98%
3	PNC Financial Services Group	11	865,788	12.06%
4	First Merchants Corporation	8	781,024	10.88%
5	Flagstar Bancorp	13	606,304	8.44%
6	STAR Financial Group, Inc.	9	581,112	8.09%
7	1 st Source Corp.	8	415,372	5.79%
8	Old National Bancorp	4	380,767	5.30%
9	Fifth Third Bancorp	7	313,639	4.37%
10	Premier Financial Corp.	3	177,040	2.47%
Market Total		97	\$ 7,179,553	

*SNL Financial FDIC Summary of Deposits as of June 30, 2020

Notable Major Employers



Projected HHI & Pop. Change 2021-2026



Columbus, Ohio Market

- Second-most populous county in Ohio
- Within 600 miles of 60% of All U.S. and Canadian Population
- Ranked 2nd in CNBC's 2010 study of state transportation systems for its infrastructure, vitality, quality roads, and ability to cost-effectively ship goods by land, air, and water**
- Home to Ohio State University

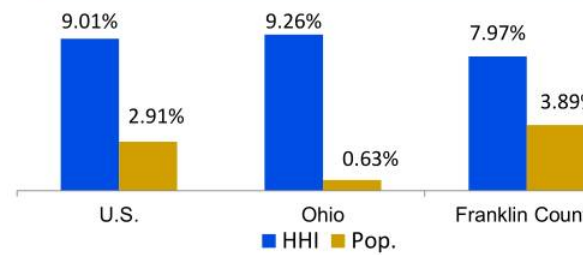
Franklin County, OH*				
Rank		Branches	Deposits	Mkt. Share
1	Huntington Bancshares	56	\$ 26,495,352	38.04%
2	JP Morgan Chares & Co	51	17,758,726	25.49%
3	PNC Financial Services Group	37	6,669,397	9.57%
4	Fifth Third Bancorp	37	5,507,666	7.91%
5	Bank of America Corp.	4	5,081,346	7.29%
6	U.S. Bancorp	27	1,677,381	2.41%
7	KeyCorp	21	1,230,692	1.77%
8	Heartland BancCorp	15	929,926	1.33%
9	First Merchants Corporation	9	787,938	1.13%
10	WesBanco	10	541,034	.78%
Market Total		313	\$ 69,659,835	

*SNL Financial FDIC Summary of Deposits as of June 30, 2020
 **<http://jobs-ohio.com/manufacturing/>

Notable Major Employers



Projected HHI & Pop. Change 2021-2026



Monroe, Michigan Market

- Monroe is located on the western shore of Lake Erie, approximately 14 miles north of Toledo, Ohio and 25 miles south of Detroit
- Michigan is within 500 miles of nearly half the U.S. and Canadian population and commerce centers providing unparalleled access to market
- \$500 Million in trade crosses between Michigan and Canada daily via the Ambassador Bridge, the busiest border crossing in North America
- Michigan's cost of living is 10% below the national average and ranks as the fourth most affordable state in the country

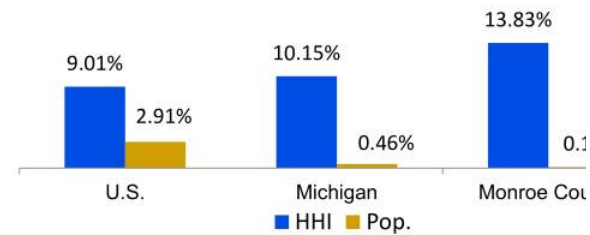
Monroe County, MI*				
Rank		Branches	Deposits	Mkt. Share
1	First Merchants Corporation	15	\$ 1,047,013	47.81%
2	Huntington Bancshares	4	409,409	18.69%
3	Fifth Third Bancorp	3	278,187	12.70%
4	PNC Financial Services Group	2	180,050	8.22%
5	KeyCorp	3	170,438	7.78%
6	Old National Bancorp	1	70,434	3.22%
7	Flagstar Bancorp	1	34,539	1.58%
Market Total		29	\$ 2,190,070	

*SNL Financial FDIC Summary of Deposits as of June 30, 2020

Notable Major Employers



Projected HHI & Pop. Change 2021-2026

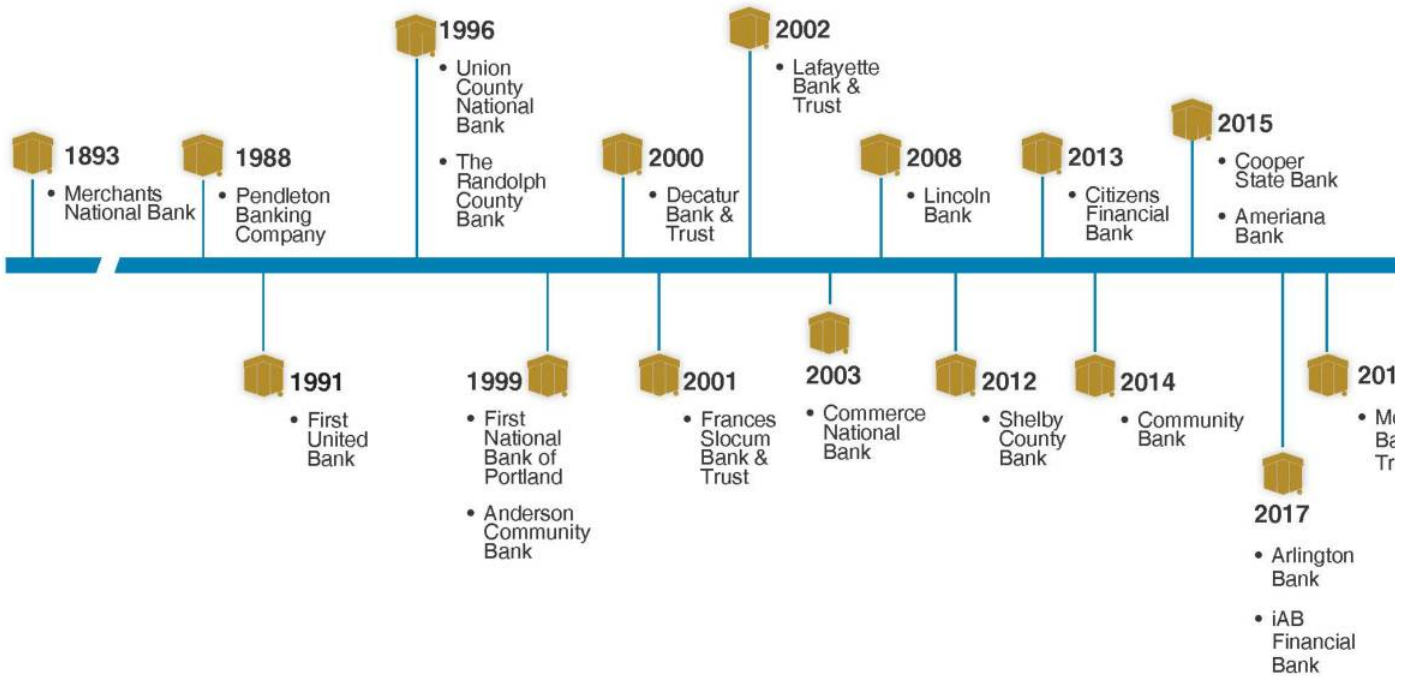


Growth Through Acquisition

2020

- › Experienced Acquirer
- › Expand in Current High-Growth Markets
- › Extend into Additional High-Growth Markets
- › Add to Franchise with Stable Deposit Gathering Markets

Acquisition Experience



Acquisition Process

- › Continuous Relationship Building
- › Complete and Thorough Due Diligence Process
- › Demonstrated Pricing Discipline
- › Detailed Project Management
- › Integration Process
- › Scalable Technology and Operations Center
- › Achieve Announced Financial Return Targets



Operational Delivery Highlights

- › Strategic differentiator in support of growth and scalability
- › Operational services execution “hub” focusing on value creation
- › Functional focus:
 - Operations
 - Technology
 - Vendor Management
 - Project Management
 - Risk Management
 - Credit Administration
- › Located on the interstate less than 30 minutes north of Indianapolis
- › 130,000+ square feet of flexible space



Strategic Vendor Partners



Operational Delivery Highlights

Customer, Digital Channel & Transaction Activity

Total Households: 208,176

Online Banking/Digital Channel

- Consumer: 97K Users
- 1.1M logins monthly
- 16K bill pay users
- 91K bill payment transactions monthly (\$33M)
- Mobile: 72K Users
- 22.35 average logins per user, per month
- 22K mobile deposits per month
- Business: 14K Users
 - 196K logins monthly
 - 6.22% use ACH/Wire/Positive Pay
- Total ATMS: 164 + 25,000 MoneyPass ATMs

Treasury Management Annual Volume

- Automated Clearing House (ACH)
 - # Originated: 3.3M Items (\$13.3B)
 - # Received: 20.6M Items (\$38.8B)
- Domestic Wires
 - # Originated: 57K Items (\$20B)
 - # Received: 62K Items (\$28B)
- International Wires
 - # Originated: 1K Items (\$10.3M)
 - # Received: 67 Items (\$5.6M)

Total Debit Cards

- 205K active cards
- 3.8M monthly card swipes
- \$162M in monthly volume

Commercial Remote Deposit Capture

- 864 businesses using solution
- 197K deposits annually
- 2.2M items deposited annually
- \$5.6B in total deposits

3rd Quarter 2020 Highlights

Earnings

- Earnings Per Share of \$.67; Net Income of \$36.2 Million; ROA 1.06%
- Pre-Tax Pre-Provision Income of \$54.4 Million
- PTPP ROA 1.59%; PTPP ROE 11.88%
- Core Net Interest Margin Stabilized on a Linked Quarter Basis

Assets

- Total Assets of \$13.7 Billion; Grew by 11.5% over 3Q 2019
- Total Loans of \$9.2 Billion; Grew by \$940 Million over 3Q 2019

Deposits

- Total Deposits of \$10.9 Billion; Grew by \$1.1 Billion over 3Q 2019
- Deposit Costs Declined by 61 bps from 4Q 2019 to 36 bps

Capital

- Tangible Common Equity to Assets of 9.57%, an increase of 26 bps
- \$23.48 TBV Per Share; 10.4% Increase over 3Q 2019
- a3 Baseline Credit Assessment from Moody's Investor Service¹

¹Moody's Credit Opinion – First Merchants Corporation, September 29, 2020, Baseline credit assessment reflects a bank's stand alone credit strengt

3rd Quarter 2020 Highlights cont.

Asset Quality

- Allowance & Fair Value Marks totaling 1.65% of Loans
- \$12.5 Million Provision; Allowance increased by 57.3% over 3Q 2019

Liquidity

- Ample liquidity with Loan to Deposit Ratio of 84.8%
- Loan to Asset Ratio of 67.3%
- Cash and Investment Security levels remain strong at \$3.4 Billion

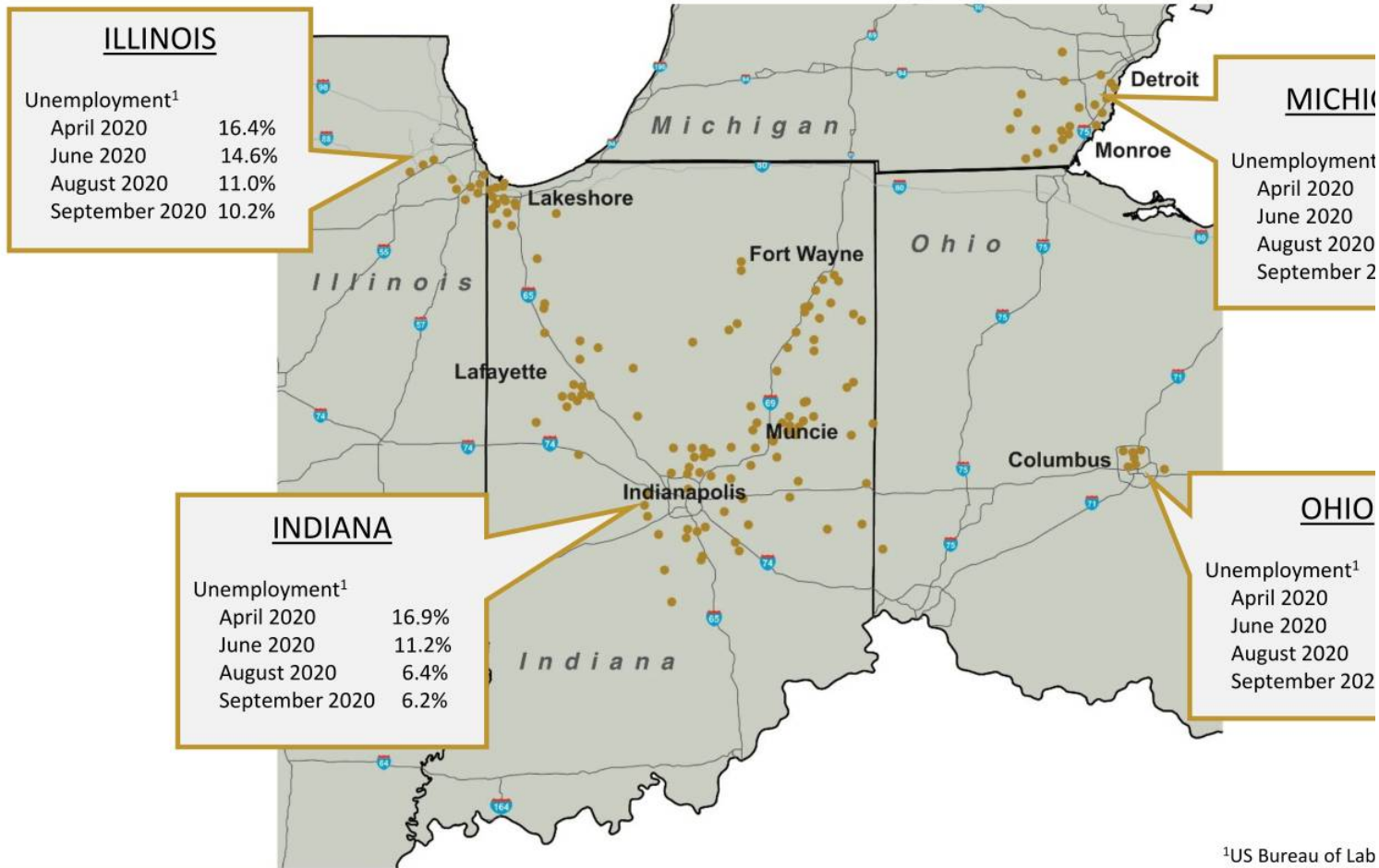
COVID-19 Loan Modifications

- \$176 Million in Loan modifications or 2% of the total portfolio in deferral
- Robust process for 2nd request modifications
- Residual Covid Modifications concentrated in hospitality industry receiving focused at

CARES Act

- SBA Paycheck Protection Program institution with more than 5,000 applications and greater than \$900 Million funded to businesses (FMB is, and has been, a preferred SBA Lender)
- Started to accept and file applications for forgiveness

Our Franchise



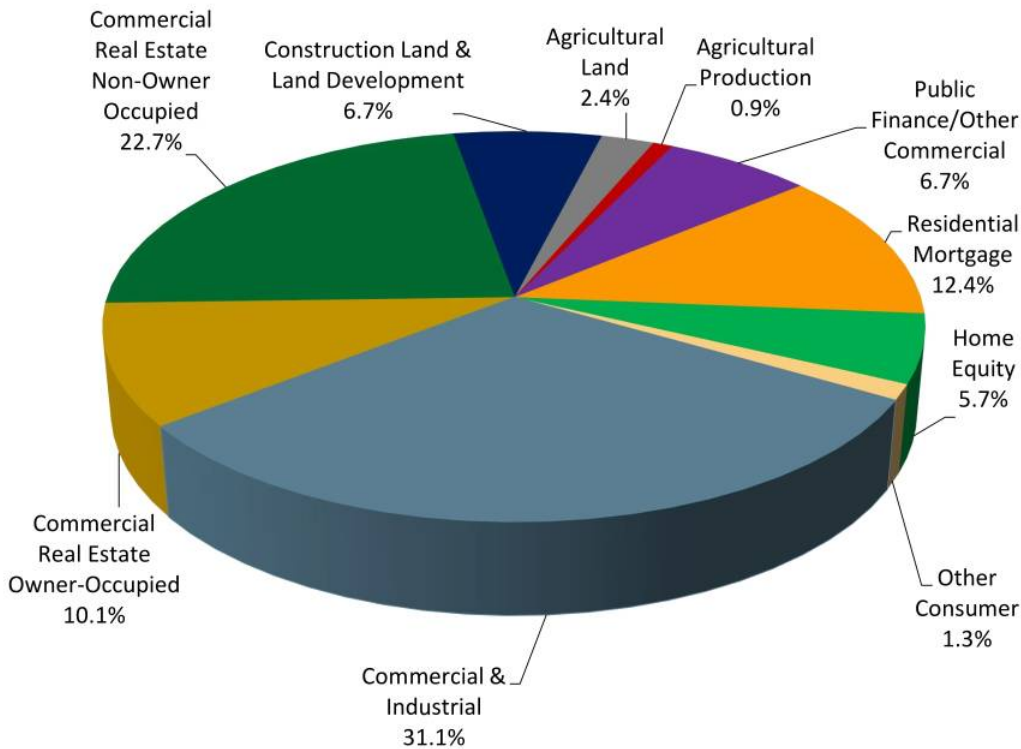
Total Assets

(\$ in Millions)	<u>2018</u>	<u>2019</u>	<u>Q1-'20</u>	<u>Q2-'20</u>	<u>Q3-'20</u>
1. Investments	\$1,633	\$2,596	\$2,698	\$2,789	\$2,930
2. Loans	7,229	8,468	8,612	9,299 ¹	9,240
3. Allowance	(81)	(80)	(99)	(121)	(127)
4. Goodwill & Intangibles	470	579	577	576	570
5. BOLI	225	288	290	291	290
6. Cash & Other	<u>409</u>	<u>606</u>	<u>616</u>	<u>985</u>	<u>810</u>
7. Total Assets	<u>\$9,885</u>	<u>\$12,457</u>	<u>\$12,694</u>	<u>\$13,819</u>	<u>\$13,730</u>

¹ Includes SBA Paycheck Protection Program loans of \$883 million in Q2 and \$901 million in Q3

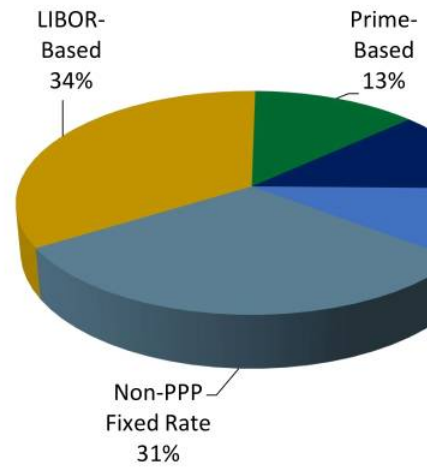
Loan Yield and Detail

(as of September 30, 2020)



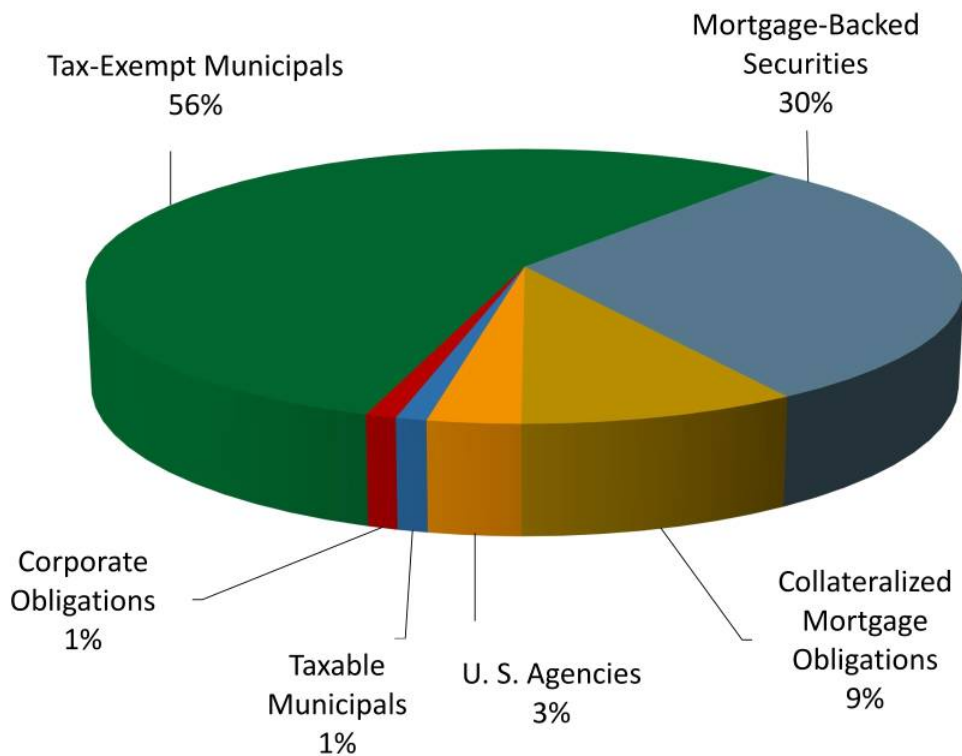
QTD Yield	=	3.9
YTD Yield	=	4.2
Total Loans	=	\$9.2 Bill

Variable	=	\$5.5 Bill
Fixed	=	\$3.7 Bill



Investment Portfolio

(as of September 30, 2020)



- › \$2.9 Billion Portfolio
- › Modified duration of 4.9 year
- › Tax equivalent yield of 2.94%
- › Net unrealized gain of \$141.5
- › Realized gains on Investment

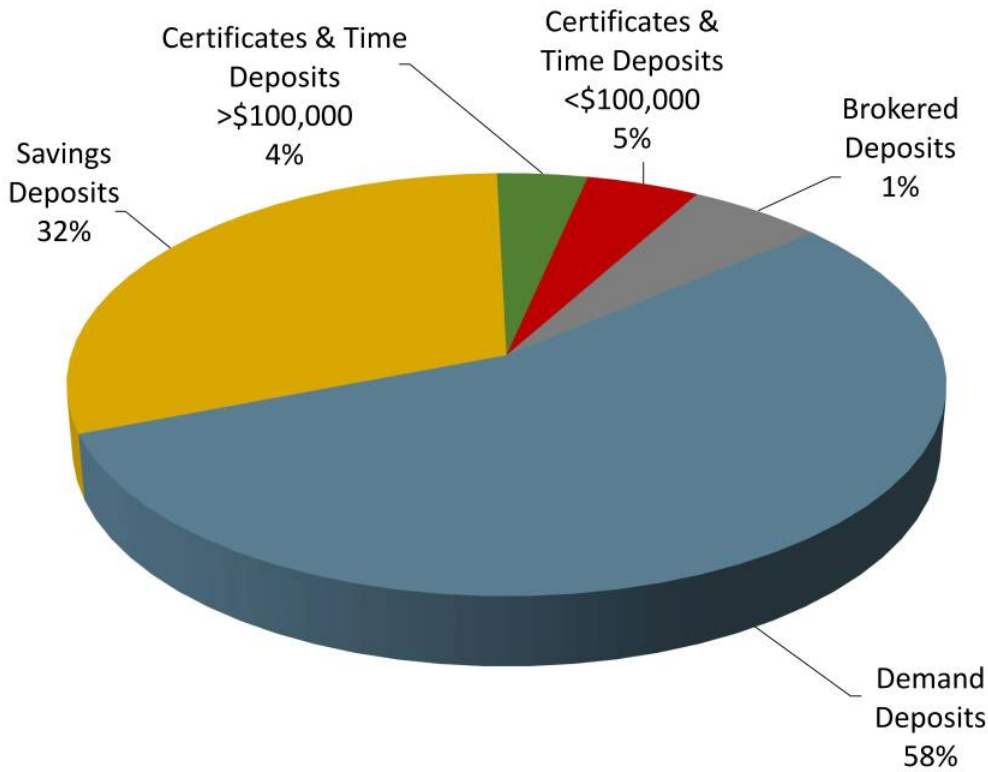
1Q 2020	\$4.6 Milli
2Q 2020	\$3.1 Milli
3Q 2020	\$1.8 Milli

Total Liabilities and Capital

(\$ in Millions)	<u>2018</u>	<u>2019</u>	<u>Q1-'20</u>	<u>Q2-'20</u>	<u>Q3-'20</u>
1. Customer Non-Maturity Deposits	\$6,268	\$8,147	\$8,256	\$9,567	\$9,719
2. Customer Time Deposits	1,241	1,478	1,411	1,276	1,040
3. Brokered Deposits	<u>246</u>	<u>215</u>	<u>203</u>	<u>123</u>	<u>123</u>
Total Deposits	7,755	9,840	9,870	10,966	10,882
4. Borrowings	538	599	716	754	600
5. Other Liabilities	51	98	206	177	200
6. Hybrid Capital	133	134	124	113	113
7. Common Equity	<u>1,408</u>	<u>1,786</u>	<u>1,778</u>	<u>1,809</u>	<u>1,809</u>
8. Total Liabilities and Capital	<u>\$9,885</u>	<u>\$12,457</u>	<u>\$12,694</u>	<u>\$13,819</u>	<u>\$13,717</u>

Deposit Detail

(as of September 30, 2020)

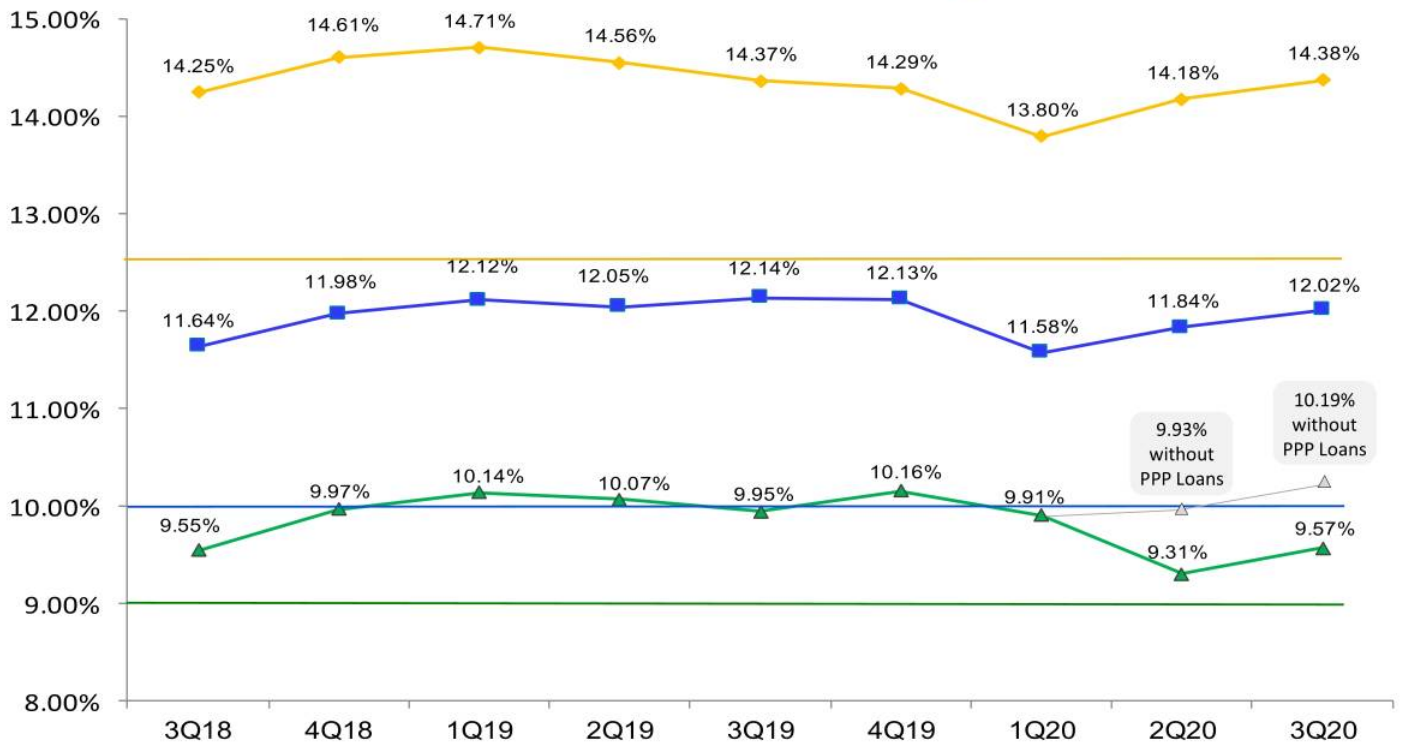


QTD Cost = 0.3
YTD Cost = 0.5
Total Deposits = \$10.9 Bil

4Q 2020 CD maturities tot
\$348 Million with average
of 1.67%

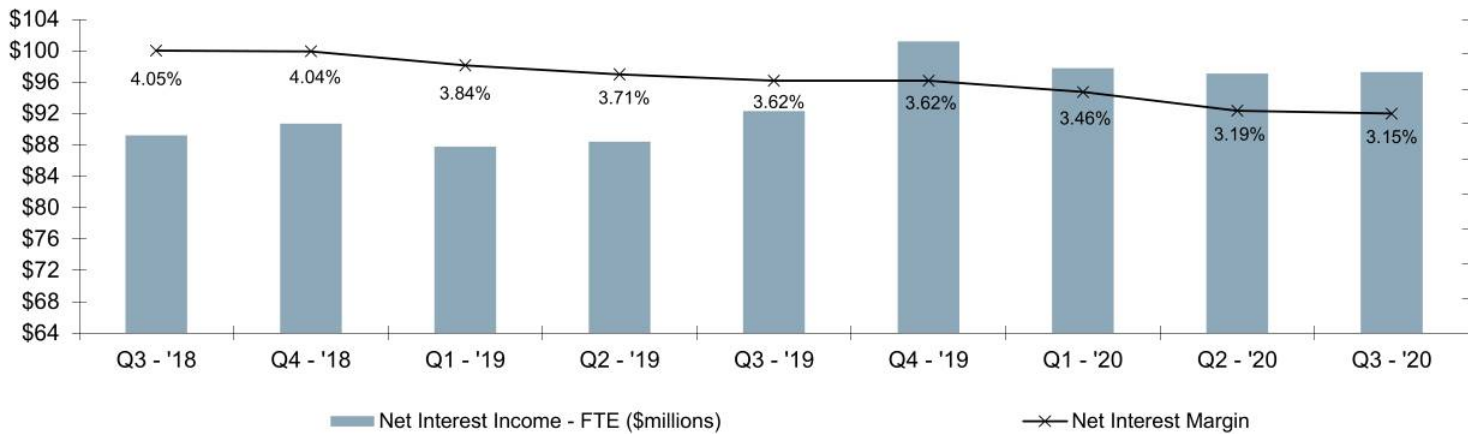
Capital Ratios

- ◆ Total Risk-Based Capital Ratio (Target = 12.50%)
- Common Equity Tier 1 Capital Ratio (Target = 10.00%)
- ▲ Tangible Common Equity Ratio (TCE) (Target = 9.00%)



Net Interest Margin

	Q3 - '18	Q4 - '18	Q1 - '19	Q2 - '19	Q3 - '19	Q4 - '19	Q1 - '20	Q2 - '20	Q3 - '20
Net Interest Income - FTE (\$millions)	\$ 89.2	\$ 90.7	\$ 87.8	\$ 88.4	\$ 92.3	\$ 101.2	\$ 97.8	\$ 97.1	\$ 97.1
Fair Value Accretion	\$ 3.2	\$ 3.9	\$ 2.3	\$ 2.2	\$ 2.5	\$ 5.0	\$ 3.5	\$ 3.7	\$ 3.7
Tax Equivalent Yield on Earning Assets	4.88%	4.97%	4.89%	4.86%	4.77%	4.63%	4.38%	3.72%	3.58%
Interest Expense/Average Earning Assets	0.83%	0.93%	1.05%	1.15%	1.15%	1.01%	0.92%	0.53%	0.43%
Net Interest Margin	4.05%	4.04%	3.84%	3.71%	3.62%	3.62%	3.46%	3.19%	3.15%
Fair Value Accretion Effect	0.15%	0.17%	0.09%	0.09%	0.10%	0.18%	0.12%	0.12%	0.10%



Non-Interest Income

(\$ in Millions)	<u>2018</u>	<u>2019</u>	<u>Q1-'20</u>	<u>Q2-'20</u>	<u>Q3-</u>
1. Service Charges on Deposit Accounts	\$ 21.0	\$23.0	\$ 6.0	\$ 4.3	\$
2. Wealth Management Fees	14.9	17.6	6.0	5.6	
3. Card Payment Fees	18.0	20.2	5.9	6.1	
4. Gains on Sales of Mortgage Loans	7.0	7.9	3.4	3.7	
5. Derivative Hedge Fees	2.5	5.4	1.9	1.1	
6. Other Customer Fees	<u>1.9</u>	<u>1.7</u>	<u>0.4</u>	<u>0.3</u>	
Total Customer Related Fees	65.3	75.8	23.6	21.1	2
7. Cash Surrender Value of Life Ins	4.2	4.5	1.4	1.3	
8. Gains on Sales of Securities	4.3	4.4	4.6	3.1	
9. Other	<u>2.7</u>	<u>2.0</u>	<u>0.2</u>	<u>1.0</u>	
10. Total Non-Interest Income	<u>\$76.5</u>	<u>\$86.7</u>	<u>\$29.8</u>	<u>\$26.5</u>	<u>\$2</u>

Non-Interest Expense

(\$ in Millions)	<u>2018</u>	<u>2019</u>	<u>Q1-'20</u>	<u>Q2-'20</u>	<u>Q3-'20</u>
1. Salary & Benefits	\$131.7	\$144.0	\$39.2	\$35.7	\$39.2
2. Premises & Equipment	32.7	35.8	10.2	9.9	10.2
3. Intangible Asset Amortization	6.7	6.0	1.5	1.5	1.5
4. Professional & Other Outside Services	8.2	15.4	2.3	1.6	2.3
5. OREO/Credit-Related Expense	1.5	2.4	0.5	0.7	0.5
6. FDIC Expense	2.9	0.7	1.5	1.5	1.5
7. Outside Data Processing	13.2	16.5	4.2	2.6	3.1
8. Marketing	4.7	6.7	1.4	2.1	1.4
9. Other	<u>18.4</u>	<u>19.3</u>	<u>5.3</u>	<u>4.4</u>	<u>3.1</u>
10. Total Non-Interest Expense	<u>\$220.0</u>	<u>\$246.8</u> ¹	<u>\$66.1</u>	<u>\$60.0</u>	<u>\$64.1</u>

¹Includes acquisition-related expenses of \$13.7 million

²Includes COVID related cleaning and PPE expenses of \$618,000 QTD and 1.1 million YTD

Earnings

(\$ in Millions)	<u>2018</u>	<u>2019</u>	<u>Q1-'20</u>	<u>Q2-'20</u>	<u>Q3-'20</u>
1. Net Interest Income	\$ 338.8	\$356.7	\$93.9	\$93.0	\$93.0
2. Provision for Loan Losses	<u>(7.2)</u>	<u>(2.8)</u>	<u>(19.8)</u>	<u>(21.9)</u>	<u>(12.0)</u>
3. Net Interest Income after Provision	331.6	353.9	74.1	71.1	81.0
4. Non-Interest Income	76.5	86.7	29.8	26.5	26.5
5. Non-Interest Expense	<u>(220.0)</u>	<u>(246.8)</u>	<u>(66.1)</u>	<u>(60.0)</u>	<u>(64.0)</u>
6. Income Before Income Taxes	188.1	193.8	37.8	37.6	40.5
7. Income Tax Expense	<u>(29.0)</u>	<u>(29.3)</u>	<u>(3.5)</u>	<u>(4.6)</u>	<u>(5.0)</u>
8. Net Income Avail. for Distribution	<u>\$ 159.1</u>	<u>\$164.5</u>	<u>\$34.3</u>	<u>\$33.0</u>	<u>\$35.5</u>
9. EPS	\$ 3.22	\$ 3.19¹	\$0.62	\$0.62	\$0.62
10. Efficiency Ratio	50.21%	52.73%²	52.17%	47.95%	51.4%

¹Acquisition-related expenses reduced EPS by \$0.21

²Acquisition-related expenses increased the Efficiency Ratio by 3.04%

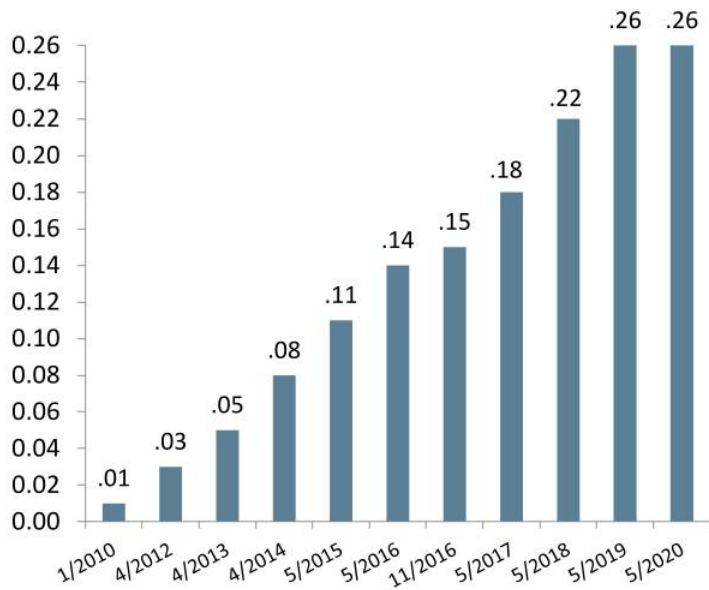
Per Share Results

<u>2019</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Tot</u>
1. Earnings Per Share	\$.78	\$.83 ¹	\$.71 ¹	\$.87 ¹	\$ 3.1
2. Dividends	\$.22	\$.26	\$.26	\$.26	\$ 1.0
3. Dividend Payout Ratio	28.2%	31.3%	36.6%	29.9%	31.4
4. Tangible Book Value	\$20.07	\$21.01	\$21.26	\$21.94	
<u>2020</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Tot</u>
1. Earnings Per Share	\$.62	\$.62	\$.67	–	\$ 1.9
2. Dividends	\$.26	\$.26	\$.26	–	\$.7
3. Dividend Payout Ratio	41.9%	41.9%	38.8%	–	40.8
4. Tangible Book Value	\$22.46	\$23.04	\$23.48	–	

¹Acquisition-related expenses reduced EPS by \$0.01 in Q2; \$0.17 in Q3; \$0.03 in Q4; and \$0.21 for full-year 2019

Dividends and Tangible Book Value

Quarterly Dividends



4.49% Forward Dividend Yield

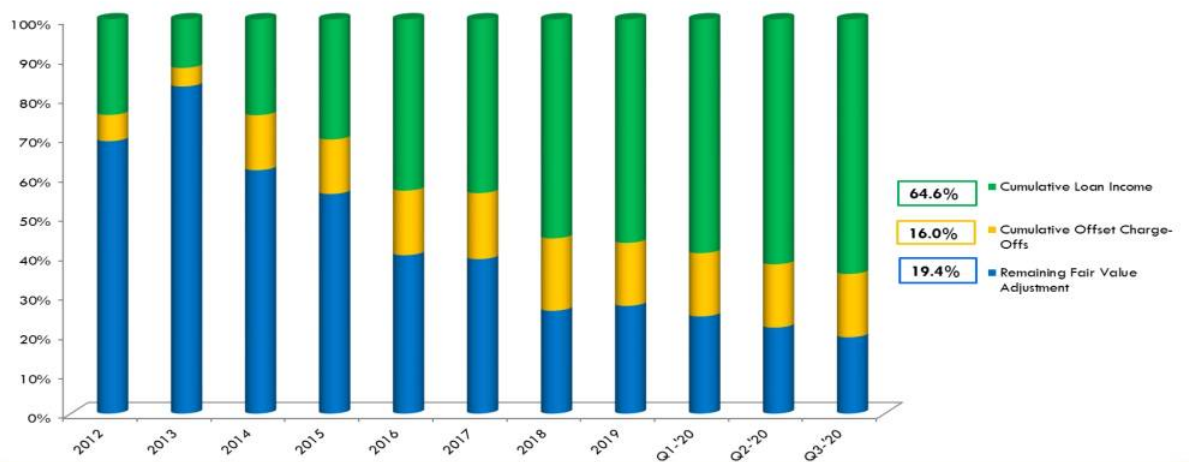
Tangible Book Value



Compound Annual Growth Rate of 10.07%

ALLL and Fair Value Summary

	<u>Q3-'19</u>	<u>Q4-'19</u>	<u>Q1-'20</u>	<u>Q2-'20</u>	<u>Q3-'20</u>
1. Beginning Allowance for Loan Losses (ALLL)	\$ 81.3	\$ 80.6	\$ 80.3	\$ 99.5	\$ 121.1
2. Less: Net Charge-offs (Recoveries)	1.3	0.8	0.6	0.2	6.9
3. Add: Provision Expense	<u>0.6</u>	<u>0.5</u>	<u>19.8</u>	<u>21.9</u>	<u>12.5</u>
4. Ending Allowance for Loan Losses (ALLL)	\$ 80.6	\$ 80.3	\$ 99.5	\$ 121.1	\$ 126.7
5. Specific Reserves	\$ 2.3	\$ 0.7	\$ 0.6	\$ 13.0	\$ 9.1
6. ALLL/Non-Accrual Loans	354.5%	503.4%	635.5%	241.7%	223.3%
7. ALLL/Non-Purchased Loans	1.16%	1.11%	1.33%	1.46%	1.52%
8. ALLL/Loans	0.97%	0.95%	1.15%	1.30%	1.37%
9. Fair Value Adjustment (FVA)	\$ 41.3	\$ 36.6	\$ 33.1	\$ 29.3	\$ 26.0
10. Total ALLL plus FVA	121.9	116.9	132.5	150.4	152.7
11. Purchased Loans plus FVA	1,410.3	1,271.2	1,155.1	1,039.4	940.4
12. FVA/Purchased Loans plus FVA	2.93%	2.88%	2.86%	2.82%	2.76%

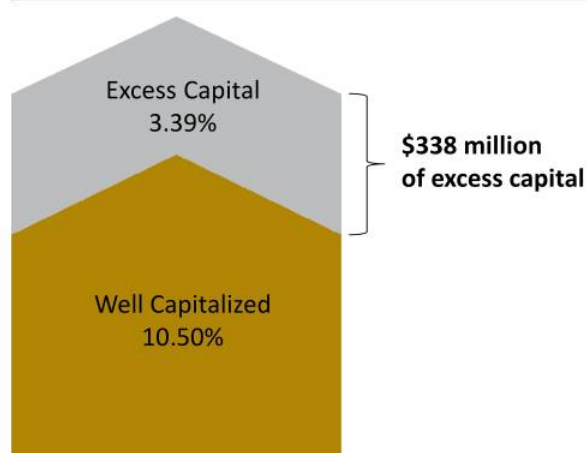


Loan Loss Coverage & Capital Strength

	ALLL	ALLL/Loans	ALLL/Loans - PPP Loan
Allowance for Loan Losses - 6/30/20	\$121.1	1.30%	1.44%
Q3-'20 increase in ALLL	\$ 5.6		
Allowance for Loan Losses - 9/30/20	\$126.7	1.37%	1.52%
CECL Day 1 Adoption Impact*	\$ 52.2		
Allowance for Loan Losses with CECL Day 1 Impact	\$178.9	1.93%	2.14%

*CECL has not been adopted and is included for illustrative purposes only. The impact assumes retrospective measurement back to January 1, 2020 and reflects the range disclosed in the 12/31/19 Form 10-K. Adoption impact would also include \$18.5 million in reserve for unfunded commitments recorded in Other Liabilities.

Total Risk Based Capital Ratio with CECL Adoption
13.89% (Stated – 14.38%)



Post-CECL allowance + excess capital provides over \$500 million in reserves without considering future earnings or remaining fair value marks of \$26 million

Loan Portfolio

Portfolio Trending – Q3-'20

(\$ in Millions)	2018	2019	Q1-'20	Q2-'20	Q3-'20	Change
						Linked Qua
						\$
1. Commercial & Industrial	\$ 1,498	\$ 1,802	\$ 1,858	\$ 2,576	\$ 2,539	\$ (37)
2. Sponsor Finance	233	312	345	326	340	14
3. CRE Owner Occupied	725	910	921	915	928	13
4. Construction, Land and Land Development	546	787	644	640	622	(18)
5. CRE Non-Owner Occupied	1,861	1,899	2,114	2,098	2,099	1
6. Agricultural Production	92	94	87	94	83	(11)
7. Agricultural Land	242	240	229	223	218	(5)
8. Public Finance/Other Commercial	433	547	587	625	616	(9)
9. Total Commercial Loans	5,630	6,591	6,785	7,497	7,445	(52)
10. Residential Mortgage	970	1,149	1,127	1,146	1,147	1
11. Home Equity	528	589	570	532	527	(5)
12. Other Consumer	101	139	130	124	128	4
13. Total Residential Mortgage and Consumer Loans	1,599	1,877	1,827	1,802	1,802	0
14. Total Loans	\$ 7,229	\$ 8,468	\$ 8,612	\$ 9,299	\$ 9,247	\$ (52)

¹As a % of Risk Based Capital

CRE Loan Concentration

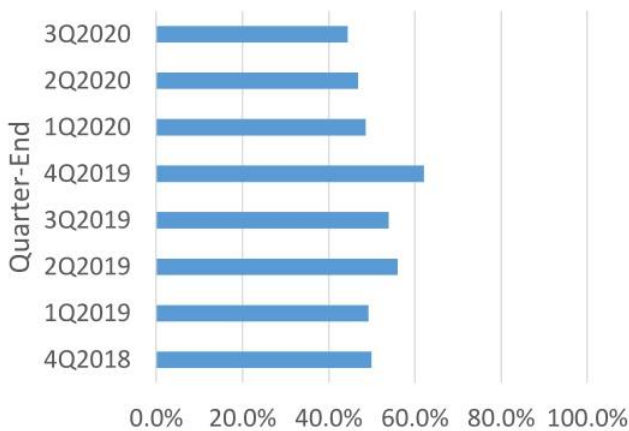
First Merchants Results in Relation to FDIC Guidelines

FDIC GUIDELINES TO IDENTIFY INSTITUTIONS POTENTIALLY EXPOSED TO CRE RISK:

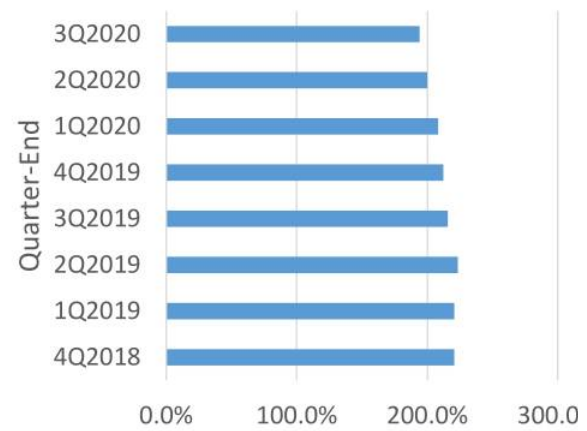
Guideline 1: Total loans for construction, land development, and other land representing 100% more of total capital

Guideline 2: Total CRE loans representing 300% or more of total capital AND a CRE portfolio that increased 50% or more during the prior 36 months

Guideline #1

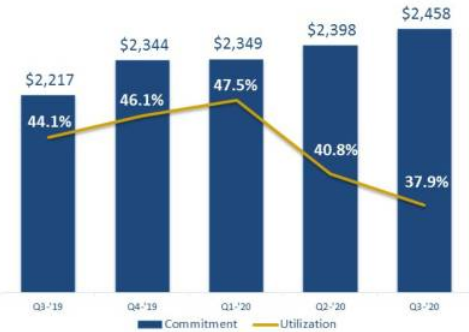


Guideline #2



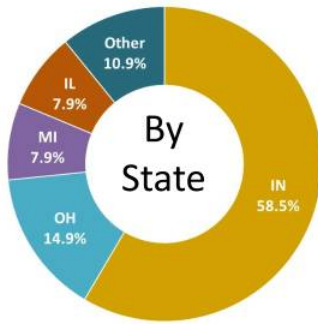
Loan Portfolio

C & I Line Utilization



- Commitments up \$60MM in Q3; \$109MM YTD
- C & I utilization declined in Q3 reducing balances by \$46 MM; \$185MM YTD

Geography



COVID-19 Modifications¹ by Loan Type

\$176 million, 1.9% of loans, have COVID-19 Mod in Def

(\$ in Millions)

	\$ 1st Mod	\$ 2nd Mod	In Def \$
Commercial & Industrial	\$ 150	\$ 12	\$ 2
Sponsor Finance	6	6	0
CRE Owner Occupied	246	5	11
Construction & Land Development	30	1	0
CRE Non-Owner Occupied	456	80	11
Agriculture	1	1	0
Residential Mortgage	80	11	0
Home Equity	7	-	0
Other Consumer	3	-	0
Total Loans	\$ 979	\$ 116	\$ 17

¹ 1st Mod refers to loans with 1 Covid Mod. 2nd Mod refers to loans with a 2nd Mod.
² In Deferral is where the last extended payment due date is Q3 or in future.

COVID-19 Loan Modifications by Industry

Loan Balances by Industry

(\$ in Millions)

Segments based on NAICS Code	Q3 - '20	% of Total Loans	1st Mod	2nd Mod	In Deferral Q3	
					\$	#
Manufacturing	\$ 795	8.6%	\$ 67	\$ 5	\$ 12	10
Public Administration	556	6.0%	2	-	-	-
Other Administrative Services	382	4.1%	27	4	2	6
Agriculture	361	3.9%	1	1	1	3
Wholesale Trade	321	3.5%	34	4	9	9
Retail Trade	302	3.3%	50	-	1	3
Senior Living	290	3.1%	2	14	-	-
Construction	238	2.6%	8	-	-	1
Professional Service	233	2.5%	10	-	3	3
Hotels	198	2.1%	118	52	92	15
Medical	187	2.0%	27	-	-	-
Finance & Insurance	182	2.0%	1	-	-	-
Specialty Trade	170	1.8%	4	-	-	2
Restaurant & Food Services	150	1.6%	39	-	-	2
Other Service	148	1.6%	18	2	2	5
Transportation & Warehouse	147	1.6%	14	-	1	3
Religious Organizations	111	1.2%	10	-	-	3
Dental	104	1.1%	58	-	-	3
Private Banking/Private Household	92	1.0%	4	-	1	2
Mining & Utilities	44	0.5%	-	-	-	-
Veterinary	29	0.4%	6	-	-	-
Total Commercial Portfolio by NAICS	5,040	54.5%	500	82	124	70
Lessors of Real Estate NAICS	2,405	26.0%	389	23	44	28
Mortgage and Consumer Loans	1,802	19.5%	90	11	8	81
Total Loans	9,247	100.0%	\$ 979	\$ 116	\$ 176	179

Balance / Covid Mod In Deferral



Residential Mortgage & Consumer

Residential Mortgage and Consumer Modifications – Q3-'20

(\$ in Millions)

	Q3 - '20	% Total Loans	1st Mod	2nd Mod	In Deferral Q3	
					\$	#
Residential Mortgage	\$ 1,147	12.4%	\$ 80	\$ 11	\$ 7	50
Home Equity	527	5.7%	7	-	1	11
Other Consumer	128	1.4%	3	-	-	20
Total	\$ 1,802	19.5%	\$ 90	\$ 11	\$ 8	81

Residential Mortgage Gain On Sale

- › Gain On Sale up 56.8% over Q2 to \$5.8 million
- › Offering extended locks with minimal impact on gain sale economics
- › Taking 15 year fixed rate fully salable on balance sheet at yield favorable to comparable MBS
- › Placing 7/1 and 10/1 jumbo mortgages on balance sheet.

Sponsor and Leveraged Lending

Sponsor Finance

- › 44 Borrowers, \$340 million outstanding
- › Private Equity Firms in the Midwest and Southeast acquiring companies with less than \$10 million in EBITDA.
- › Senior Secured, Amortizing Term Loans and Revolving Lines of Credit

Leveraged Loans

- › 64 Borrowers, \$485 million outstanding
- › Borrowers where:
 - Greater than 3X Senior Funded Debt/EBITDA
 - Greater than 4X Total Funded Debt/EBITDA

Sponsor and Total Leveraged Balances Q3 – '20

(\$ in Millions)

	Q3 '20	% of Total Loans	Other C&I ¹	Leveraged				
				Leveraged	% of Total Loans	1st Mod	2nd Mod	In Defer \$
Sponsor Finance C&I	\$ 340	3.7%	\$ 99	\$ 241	2.6%	\$ 6	\$ 6	\$ 6
Regional Commercial C&I	2,282	24.7%	2,160	122	1.3%	4	4	4
Shared National Credits	257	2.8%	135	122	1.3%	-	-	-
Total Sponsor, C&I and SNC	\$ 2,879	31.1%	\$ 2,394	\$ 485	5.2%	\$ 10	\$ 10	\$ 10

¹ Total balances with borrowers not meeting leveraged definition

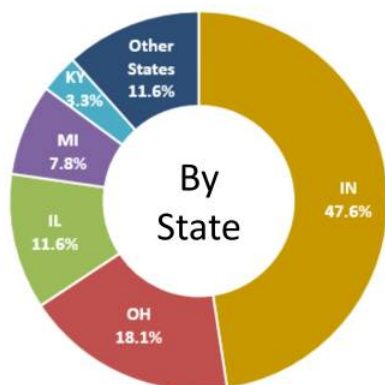
Investment Real Estate

IRE Portfolio – Q3-'20

(\$ in Millions)

Investment Real Estate	Q3 - '20	% of Total Loans	Average Loan Size	1st Mod	2nd Mod	In Deferral Q3	
						\$	#
Multi-family	\$ 719	7.8%	\$ 1.4	\$102	\$ 3	\$ 8	6
Commercial Real Estate	<u>1,380</u>	<u>14.9%</u>	1.1	<u>354</u>	<u>77</u>	<u>107</u>	<u>30</u>
	\$ 2,099	22.7%	\$ 1.2	\$456	\$ 80	\$115	36

Loans by Geography



Loans by Top Metros

Metro Areas	Q3 '20	% Total Inv. RE	1st Mod	2nd Mod	In Def \$
Indianapolis, IN	\$ 351	16.7%	\$ 77	\$ 3	\$ 10
Chicago, IL	187	8.9%	48	0	2
Columbus, OH	185	8.8%	15	24	0
Lafayette, IN	162	7.7%	23	1	4
Northwest Indiana	152	7.2%	23	2	2
Fort Wayne, IN	134	6.4%	41	0	19
Detroit, MI	79	3.8%	41	2	3

COVID-19 Sensitive Industries

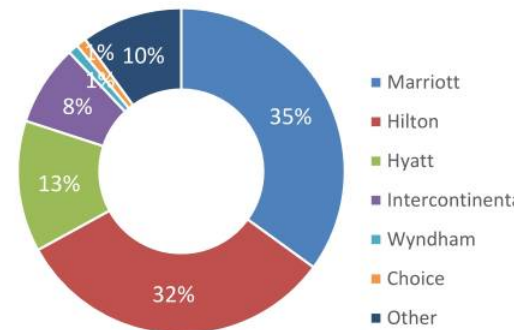
Hospitality

(\$ in Millions)	% Total		# Loans	Average loan size	1st Mod	2nd Mod	In Deferra \$
	Q3 '20	Loans					
Hospitality (includes hotel/motel and other accomodations)	\$ 198	2.1%	145	\$ 1.4	\$118	\$ 52	\$ 92

Highlights

- › Hotels: 109 loans to 72 borrowers totaling \$186 million
 - Includes 46 PPP loans totaling \$4 million where 19 borrowers are PPP loan only
- › Loan stage (\$):
 - 80% stabilized, 14% stabilizing, 4% construction, and 2% PPP
- › 26 loans totaling \$172 million with a balance \geq \$1 million
 - Weighted Average (WA) Loan to Value of ~55%
 - WA occupancy of ~46% (24 hotels reporting)
 - WA breakeven occupancy of ~56% (18 hotels reporting)

Hotel Brands



COVID-19 Sensitive Industries

Retail

(\$ in Millions)

	<u>Q3 '20</u>	<u>% Total Loans</u>	<u># Loans</u>	<u>Average loan size</u>	<u>1st Mod</u>	<u>2nd Mod</u>	<u>In Deferral Q3</u>	<u>Q3</u>
							<u>\$</u>	<u>#</u>
Retail - real estate secured	\$ 451	4.9%	719	\$ 0.6	\$183	\$ 5	\$ 17	1
Retail Trade	142	1.5%	1,426	0.1	4	-	-	-
Total	\$ 593	6.4%	2,145	\$ 0.3	\$187	\$ 5	\$ 17	1

› RE secured includes:

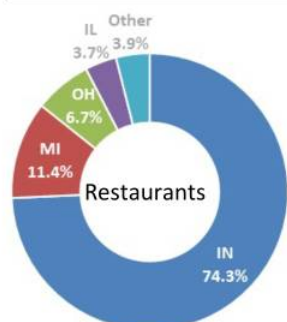
- \$246 million lessors of retail RE
- \$48 million automotive dealerships
- \$25 million tire and automotive parts retailers
- \$42 million gas stations
- \$90 million other retail RE for businesses in 65 different industries such as furniture stores, grocery stores, and building materials.

› Retail trade includes:

- \$61 million in automotive dealers
- \$14 million in automotive parts
- \$16 million in building material dealers
- \$5 million in grocery stores
- \$5 million jewelry, luggage and leather goods stores
- \$4 million lawn and garden equipment
- \$4 million in book and music

COVID-19 Sensitive Industries

Restaurants and Food Service

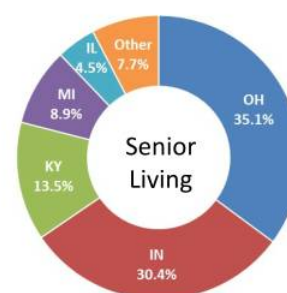


(\$ in Millions)

Real Estate Secured
Non Real Estate Secured
Total

Q3 '20	% Total Loans	# Loans	Average Loan Size	1st Mod	2nd Mod	In Deferral
\$ 103	1.1%	231	\$ 0.4	\$ 46	\$ 1	\$ 3
94	1.0%	579	0.2	9	-	1
\$ 197	2.1%	810	\$ 0.2	\$ 55	\$ 1	\$ 4

Senior Living



(\$ In Millions)

Skilled Nursing Facilities
Assisted Living Facilities & other
Total

Q3 '20	% Total Loans	# Loans	Average Loan Size	1st Mod	2nd Mod	In Deferral
\$ 166	1.8%	28	\$ 5.9	\$ -	\$ -	\$ -
125	1.4%	44	2.8	2	14	-
\$ 291	3.2%	72	\$ 4.0	\$ 2	\$ 14	\$ -

Asset Quality Summary

Asset Quality – Q3-'20

(\$ in Millions)	2018	2019	Q1-'20	Q2-'20	Q3-'20	Change Linked Qual	
						\$	
1. Non-Accrual Loans	\$ 26.1	\$ 16.0	\$ 15.6	\$ 50.1	\$ 56.7	\$ 6.6	1
2. Other Real Estate	2.2	7.5	8.0	7.4	7.0	(0.4)	(
3. Renegotiated Loans	1.1	0.8	0.7	1.1	2.7	1.6	14
4. 90+ Days Delinquent Loans	1.9	0.1	0.3	5.0	1.3	(3.7)	(7
5. Total NPAs & 90+ Days Delinquent	\$ 31.3	\$ 24.4	\$ 24.6	\$ 63.6	\$ 67.7	\$ 4.1	
6. Total NPAs & 90+ Days/Loans & ORE	0.4%	0.3%	0.3%	0.7%	0.7%		
7. Classified Loans	\$167.4	\$200.1	\$207.0	\$239.6	\$252.8	\$ 13.2	
8. Classified Loans/Total Loans	2.3%	2.4%	2.4%	2.6%	2.7%		

Non-Performing Asset Reconciliation

(\$ in Millions)

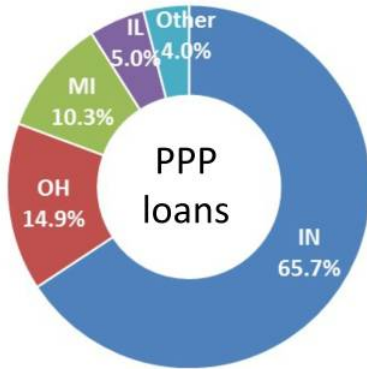
	<u>Q4-'19</u>	<u>Q1-'20</u>	<u>Q2-'20</u>	<u>Q3-'20</u>
1. Beginning Balance NPAs & 90+ Days Delinquent	\$ 30.5	\$ 24.4	\$ 24.6	\$ 63.6
<u>Non-Accrual</u>				
2. Add: New Non-Accruals	2.3	2.8	35.6	20.8
3. Less: To Accrual/Payoff/Renegotiated	(6.9)	(1.2)	(0.6)	(6.8)
4. Less: To OREO	(0.8)	(0.7)	-	-
5. Less: Charge-offs	<u>(1.3)</u>	<u>(1.3)</u>	<u>(0.5)</u>	<u>(7.4)</u>
6. Increase / (Decrease): Non-Accrual Loans	(6.7)	(0.4)	34.5	6.6
<u>Other Real Estate Owned (ORE)</u>				
7. Add: New ORE Properties	0.8	0.7	-	-
8. Less: ORE Sold	(0.3)	(0.2)	(0.3)	(0.3)
9. Less: ORE Losses (write-downs)	<u>(0.1)</u>	<u>-</u>	<u>(0.3)</u>	<u>(0.1)</u>
10. Increase / (Decrease): ORE	0.4	0.5	(0.6)	(0.4)
11. Increase / (Decrease): 90+ Days Delinquent	-	0.2	4.7	(3.7)
12. Increase / (Decrease): Renegotiated Loans	<u>0.2</u>	<u>(0.1)</u>	<u>0.4</u>	<u>1.6</u>
13. Total NPAs & 90+ Days Delinquent Change	<u>(6.1)</u>	<u>0.2</u>	<u>39.0</u>	<u>4.1</u>
14. Ending Balance NPAs & 90+ Days Delinquent	\$ 24.4	\$ 24.6	\$ 63.6	\$ 67.7

Payroll Protection Loans

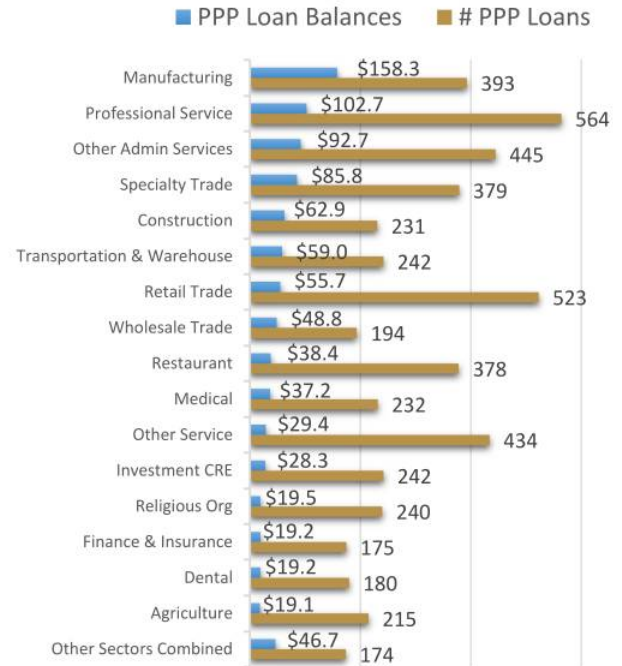
Payroll Protection Summary

- \$922.9 million in loans to 5,241 borrowers
- \$30.2 million in fees on PPP loans, \$3.8 amortized this quarter and \$23.5 million remaining
- 2,682 loans \leq \$50,000 total \$54 million
- Accepting and filing applications for forgiveness

Geographic



Payroll Protection Distribution



Credit Response to COVID-19

Loan Portfolio

- Proactively engaging customers to chart path forward
- Maintaining existing underwriting standards while recognizing the impact of pandemic
- Opportunistic portfolio growth to well positioned borrowers

Asset Quality

- Beginning credit cycle with stronger credit profile and enhanced processes
- Net Charge-offs of \$6.9 million or .30% of average loans (annualized), .11% YTD
- Focus remains on deferrals in Hospitality portfolio and Senior Living workouts

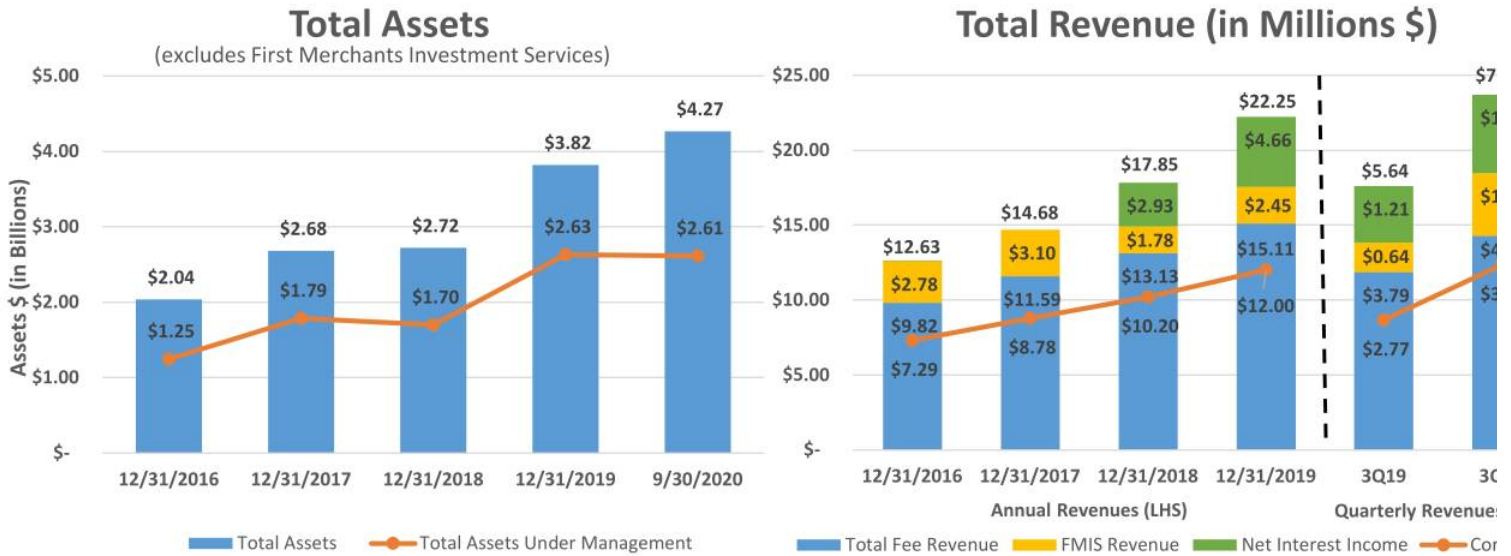
Approach

- Retained 100% of PPP loans with forgiveness processing underway
- \$94 million, 154 applications, filed for forgiveness as of October 26, 2020
- Quarterly portfolio reviews on targeted asset classes (Hospitality and Senior)
- Experienced workout staff with special asset process in tact from last recession

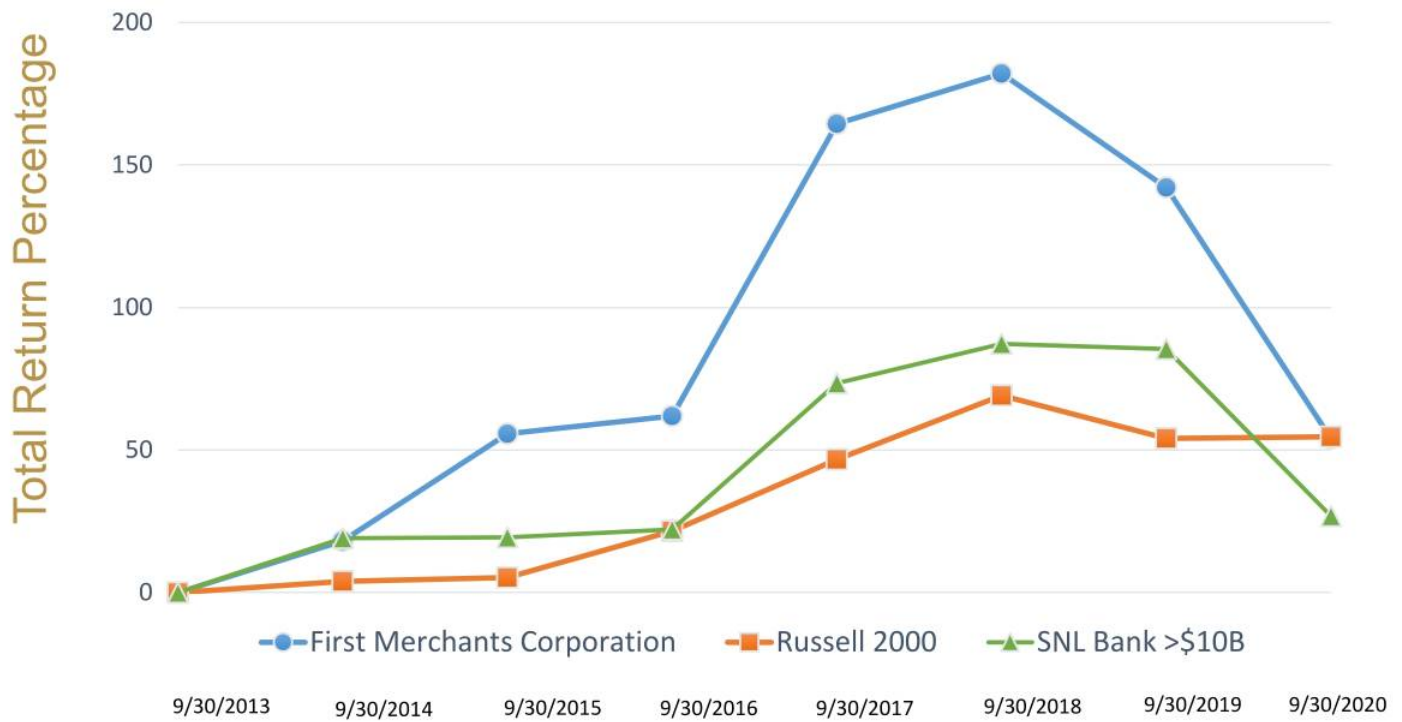
Private Wealth Advisors

Delivers broad advisory capabilities and expertise through local, engaged and empowered leaders

- › AUM levels flat due to market volatility
- › New business development rebounded in Q3 and pipelines are strong – decision timelines have been elongated due to market volatility and the pending US elections
- › Private Banking business has seen a resumption of loan growth following reset of personal balance sheets in Q2
- › Strong client asset retention and expansion
- › FMIS business improving on strengthened partnership with Consumer Bank and continued move to a recurring revenue model from transactional model



Total Return Performance



First Merchants... Well positioned for the future...

Looking Forward...

- › Succession Planning Yields Continuity and Growth
 - › Mark Hardwick – Chief Executive Officer
 - › Mike Stewart - President
 - › Michele Kawiecki – Chief Financial Officer
- › Industry Leading Performance
 - › Return on Assets and Efficiency Ratios
 - › Pre-Tax Pre-Provision Earnings strength of \$54.4 Million
- › Capital Preservation and Strength
 - › TCE of 10.19% excluding effect of PPP Loans
 - › Diversified loan portfolio, long-term consistent asset quality and underwriting
 - › Allowance for Loan Losses & Fair Value Marks total approximately 1.65% of loans
- › Initiatives
 - › Corporate Social Responsibility investment fortifies our communities staying power
 - › Accelerate our delivery channel change

“Compelling value proposition”

Why Invest in First Merchants?

- › High Performance Financial Metrics
- › Attractive Long-Term Deposit Market Shares
- › Commercial Presence that Creates a Client Preference
- › Successful Acquisition and Integration Track Record
- › Focused on Providing Sustainable Shareholder Value



FIRST MERCHANTS
BANK NAMED BEST
BANK IN INDIANA



First Merchants Bank
Ranked Top 5 in
2018, 2019 and 2020



Research Coverage

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KEEFE, BRUYETTE & WOOL
Specialists in Financial Services

A Stifel Company

H HOVDE
GROUP

Stephens

Janney

RAYMOND JAM

 First Merchants Corporation



First Merchants Corporation common stock is traded on the NASDAQ Global Select Market under the symbol FRME

Additional information can be found at
www.firstmerchants.com

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Appendix

Appendix – Non-GAAP Reconciliation

CAPITAL RATIOS (dollars in thousands):

	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
Total Risk-Based Capital Ratio								
Total Stockholders' Equity (GAAP)	1,361,426	1,408,260	1,455,848	1,501,636	1,749,012	1,786,437	1,777,960	1,809,095
Adjust for Accumulated Other Comprehensive (Income) Loss ¹	35,409	21,422	1,595	(14,602)	(25,648)	(27,874)	(53,656)	(63,845)
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Add: Qualifying Capital Securities	66,086	66,141	66,197	66,252	66,308	66,363	56,419	46,248
Less: Tier 1 Capital Deductions	-	-	-	-	-	-	-	-
Less: Disallowed Goodwill and Intangible Assets	(464,658)	(463,525)	(462,202)	(460,885)	(570,098)	(569,468)	(568,442)	(567,246)
Less: Disallowed Deferred Tax Assets	(1,111)	-	(4,037)	(2,587)	(3,460)	-	-	-
Total Tier 1 Capital (Regulatory)	\$ 997,027	\$ 1,032,173	\$ 1,057,276	\$ 1,089,689	\$ 1,215,989	\$ 1,255,333	\$ 1,212,156	\$ 1,224,127
Qualifying Subordinated Debentures	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Allowance for Loan Losses includible in Tier 2 Capital	78,406	80,552	80,902	81,274	80,571	80,284	99,454	121,119
Total Risk-Based Capital (Regulatory)	\$ 1,140,433	\$ 1,177,725	\$ 1,203,178	\$ 1,235,963	\$ 1,361,560	\$ 1,400,617	\$ 1,376,610	\$ 1,410,246
Net Risk-Weighted Assets (Regulatory)	\$ 8,001,191	\$ 8,060,882	\$ 8,176,677	\$ 8,491,188	\$ 9,474,126	\$ 9,799,329	\$ 9,978,462	\$ 9,946,087
Total Risk-Based Capital Ratio (Regulatory)	14.25%	14.61%	14.71%	14.56%	14.37%	14.29%	13.80%	14.18%
Common Equity Tier 1 Capital Ratio								
Total Tier 1 Capital (Regulatory)	\$ 997,027	\$ 1,032,173	\$ 1,057,276	\$ 1,089,689	\$ 1,215,989	\$ 1,255,333	\$ 1,212,156	\$ 1,224,127
Less: Qualified Capital Securities	(66,086)	(66,141)	(66,197)	(66,252)	(66,308)	(66,363)	(56,419)	(46,248)
Add: Additional Tier 1 Capital Deductions	-	-	-	-	-	-	-	-
Common Equity Tier 1 Capital (Regulatory)	\$ 930,941	\$ 966,032	\$ 991,079	\$ 1,023,437	\$ 1,149,681	\$ 1,188,970	\$ 1,155,737	\$ 1,177,879
Net Risk-Weighted Assets (Regulatory)	\$ 8,001,191	\$ 8,060,882	\$ 8,176,677	\$ 8,491,188	\$ 9,474,126	\$ 9,799,329	\$ 9,978,462	\$ 9,946,087
Common Equity Tier 1 Capital Ratio (Regulatory)	11.64%	11.98%	12.12%	12.05%	12.14%	12.13%	11.58%	11.84%

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.

Appendix – Non-GAAP Reconciliation

TANGIBLE COMMON EQUITY RATIO (dollars in thousands):

	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
Total Stockholders' Equity (GAAP)	\$ 1,361,426	\$ 1,408,260	\$ 1,455,848	\$ 1,501,636	\$ 1,749,012	\$ 1,786,437	\$ 1,777,960	\$ 1,809,095
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(471,409)	(469,784)	(468,256)	(466,736)	(579,751)	(578,881)	(577,366)	(575,855)
Tangible Common Equity (non-GAAP)	\$ 889,892	\$ 938,351	\$ 987,467	\$ 1,034,775	\$ 1,169,136	\$ 1,207,431	\$ 1,200,469	\$ 1,233,115
Total Assets (GAAP)	\$ 9,787,282	\$ 9,884,716	\$ 10,210,925	\$ 10,737,857	\$ 12,325,061	\$ 12,457,254	\$ 12,693,518	\$ 13,819,378
Less: Intangible Assets	(471,409)	(469,784)	(468,256)	(466,736)	(579,751)	(578,881)	(577,366)	(575,855)
Tangible Assets (non-GAAP)	\$ 9,315,873	\$ 9,414,932	\$ 9,742,669	\$ 10,271,121	\$ 11,745,310	\$ 11,878,373	\$ 12,116,152	\$ 13,243,523
Tangible Common Equity Ratio (non-GAAP)	9.55%	9.97%	10.14%	10.07%	9.95%	10.16%	9.91%	9.31%

TANGIBLE COMMON EQUITY PER SHARE (dollars in thousands):

	4Q10	4Q11	4Q12	4Q13	4Q14	4Q15	4Q16
Total Stockholders' Equity (GAAP)	\$ 454,408	\$ 514,467	\$ 552,236	\$ 634,923	\$ 726,827	\$ 850,509	\$ 901,657
Less: Preferred Stock	(67,880)	(90,783)	(90,908)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(154,019)	(150,471)	(149,529)	(202,767)	(218,755)	(259,764)	(258,866)
Tax Benefit	2,907	2,224	2,249	4,973	6,085	6,278	5,930
Tangible Common Equity, Net of Tax (non-GAAP)	\$ 235,416	\$ 275,437	\$ 314,048	\$ 437,004	\$ 514,032	\$ 596,898	\$ 648,596
Shares Outstanding	25,574,251	28,559,707	28,692,616	35,921,761	37,669,948	40,664,258	40,912,697
Tangible Common Equity per Share (non-GAAP)	\$ 9.21	\$ 9.64	\$ 10.95	\$ 12.17	\$ 13.65	\$ 14.68	\$ 15.85

	4Q17	1Q18	2Q18	3Q18	3Q19	3Q20
Total Stockholders' Equity (GAAP)	\$ 1,303,463	\$ 1,313,073	\$ 1,340,328	\$ 1,361,426	\$ 1,749,012	\$ 1,833,656
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(476,503)	(474,777)	(473,059)	(471,409)	(579,751)	(574,369)
Tax Benefit	6,788	6,043	5,690	5,351	7,627	6,292
Tangible Common Equity, Net of Tax (non-GAAP)	\$ 833,623	\$ 844,214	\$ 872,834	\$ 895,243	\$ 1,176,763	\$ 1,265,454
Shares Outstanding	49,158,238	49,243,096	49,280,188	49,304,542	55,345,672	53,891,733
Tangible Common Equity per Share (non-GAAP)	\$ 16.96	\$ 17.14	\$ 17.71	\$ 18.16	\$ 21.26	\$ 23.48

Appendix – Non-GAAP Reconciliation

EFFICIENCY RATIO (dollars in thousands):

	2018	2019	1Q20	2Q20	3Q20
Non Interest Expense (GAAP)	\$ 219,951	\$ 246,763	\$ 66,171	\$ 59,989	\$ 64,709
Less: Intangible Asset Amortization	(6,719)	(5,994)	(1,514)	(1,511)	(1,486)
Less: OREO and Foreclosure Expenses	(1,470)	(2,428)	(505)	(684)	(717)
Adjusted Non Interest Expense (non-GAAP)	211,762	238,341	64,152	57,794	62,506
Net Interest Income (GAAP)	338,857	356,660	93,877	93,018	92,921
Plus: Fully Taxable Equivalent Adjustment	10,732	13,085	3,894	4,088	4,340
Net Interest Income on a Fully Taxable Equivalent Basis (non-GAAP)	349,589	369,745	97,771	97,106	97,261
Non Interest Income (GAAP)	76,459	86,688	29,799	26,481	26,163
Less: Investment Securities Gains (Losses)	(4,269)	(4,415)	(4,612)	(3,068)	(1,817)
Adjusted Non Interest Income (non-GAAP)	72,190	82,273	25,187	23,413	24,346
Adjusted Revenue (non-GAAP)	421,779	452,018	122,958	120,519	121,607
Efficiency Ratio (non-GAAP)	50.21%	52.73%	52.17%	47.95%	51.40%

FORWARD DIVIDEND YIELD

	3Q20
Most recent quarter's dividend per share	\$ 0.26
Most recent quarter's dividend per share - Annualized	\$ 1.04
Stock Price at 9/30/20	\$ 23.16
Forward Dividend Yield	4.49%

Appendix – Non-GAAP Reconciliation

CONSTRUCTION AND INVESTMENT REAL ESTATE CONCENTRATIONS (dollars in thousands):

	2018	2019	1Q20	2Q20	3Q20
Total Risk-Based Capital (Subsidiary Bank Only)					
Total Stockholders' Equity (GAAP)	\$ 1,456,220	\$ 1,787,006	\$ 1,850,513	\$ 1,882,807	\$ 1,908,858
Adjust for Accumulated Other Comprehensive (Income) Loss ¹	19,031	(30,495)	(56,807)	(66,941)	(68,423)
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)
Less: Tier 1 Capital Deductions	-	-	-	-	-
Less: Disallowed Goodwill and Intangible Assets	(463,076)	(569,021)	(567,994)	(566,799)	(565,624)
Less: Disallowed Deferred Tax Assets	-	-	-	-	-
Total Tier 1 Capital (Regulatory)	1,012,050	1,187,365	1,225,587	1,248,942	1,274,686
Allowance for Loan Losses includible in Tier 2 Capital	80,552	80,284	99,454	121,119	125,428
Total Risk-Based Capital (Regulatory)	\$ 1,092,602	\$ 1,267,649	\$ 1,325,041	\$ 1,370,061	\$ 1,400,114
Construction, Land and Land Development Loans	\$ 545,729	\$ 787,568	\$ 643,674	\$ 640,560	\$ 622,084
Concentration as a % of the Bank's Risk-Based Capital	50%	62%	49%	47%	44%
Construction, Land and Land Development Loans	\$ 545,729	\$ 787,568	\$ 643,674	\$ 640,560	\$ 622,084
Investment Real Estate Loans	1,865,544	1,902,692	2,118,148	2,097,767	2,098,589
Total Construction and Investment RE Loans	\$ 2,411,273	\$ 2,690,260	\$ 2,761,822	\$ 2,738,327	\$ 2,720,673
Concentration as a % of the Bank's Risk-Based Capital	221%	212%	208%	200%	194%

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.

