

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, 2023

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 Tuesday April 25, 2023, First Merchants Corporation will conduct a first quarter 2023 earnings conference call and web cast at 10:30 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, 2023, 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, 2023

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
Exhibit 99.1	Slide Presentation, utilized on April 25, 2023, 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 2023

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:
25 Yrs

Banking:
25 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:
15 Yrs

Banking:
35 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:
15 Yrs

Banking:
33 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 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:
8 Yrs

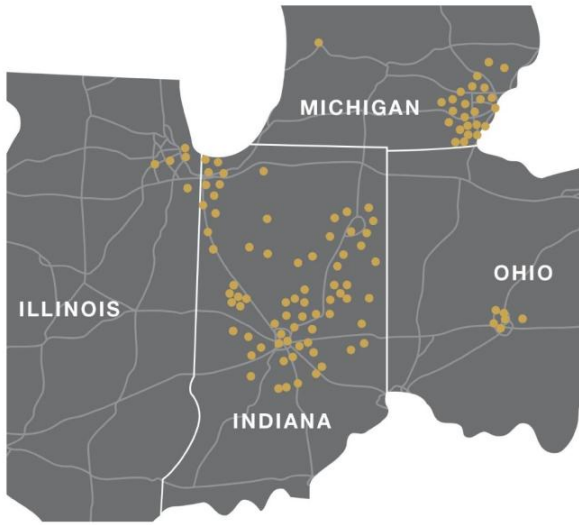
Banking:
20 Yrs

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



121 Banking Centers

 **First Merchants Corporation**
Helping you prosper

Financial Highlights as of 3/31/2023

\$18.2 Billion Total Assets	YTD ROAA: 1.42%
\$12.3 Billion Total Loans	YTD Return on TCE 19.82%
\$14.7 Billion Total Deposits	TCE/TA: 7.75%
\$6.7 Billion Assets Under Advisement*	Market Cap \$2.0B
	Dividend Yield: 3.88%
	Price / Tangible Book: 1.44x
	Price / LTM EPS: 8.3x

*Assets Under Management - \$3.5 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

First Quarter Highlights

Net Income & EPS ¹	ROA (Annualized)	ROE & ROTCE (Annualized)
\$63.6 Million	1.42% ROA	12.21% ROE
\$1.07 Per Share	1.67% PTPP ROA ²	19.82% ROTCE ²

- Balance sheet strength
- Increased deposits and liquidity
- Improved all capital ratios
- Continued loan growth, while increasing new loan yields
- Maintained a low 50's Efficiency Ratio, while managing increasing deposit betas
- Maintained strong credit quality without providing for our allowance for credit losses
- Continued our digital transformation – Q2 and SS&C
- Reported EPS of \$1.07, an increase of 17.6% compared to \$0.91 in Q1 2022
- Focused on driving high performance results to meet the needs of our stakeholders



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

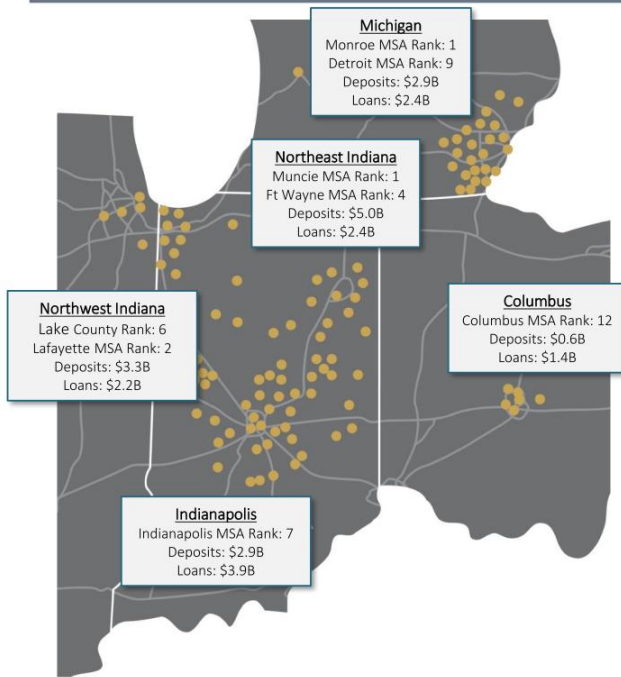
Strengthen commercial relationships with personal services for executives/owners and retirement plan services for companies

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 Public Funds and Consumer includes Private Wealth



Loan Growth Annualized¹

	1Q23 Balance (\$B)	Growth
Commercial	\$9.3	5.6%
Consumer	\$0.8	(4.1)%
Mortgage	\$1.9	23.0%

- Total loan growth = 7.9%
- Commercial growth for the quarter was a blend of C&I growth of 4.8% and IRE growth of 7.5%. The pipeline remains consistent to prior quarter-end levels in both categories.
- The Consumer decline during the quarter represents balance reductions within HELOC and Private Banking portfolios. Overall, this is a small portfolio with average utilization rates decreasing.
- On balance sheet, prime Mortgage growth was attributed to construction and adjustable-rate loans.

Deposit Growth Annualized¹

	1Q23 Balance (\$B)	Growth
Commercial	\$7.4	(0.8)%
Consumer	\$6.2	10.9%

- Total deposit growth = 8.9%
- The small Commercial decline was primarily attributed to strategic investment and debt reduction decisions by clients. Core, transactional accounts remain stable with a few clients choosing the CDARS or ICS program for diversity.
- Consumer sector growth was in response to CD and money market specials beginning in 4Q 22. The core, granular nature of our consumer clients remain stable with increasing new account opening levels during 1Q when compared to the prior 4 qtrs.

First Quarter Financial Results

(SM except per share data)

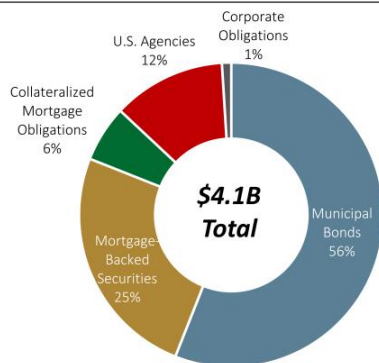
	For the Three Months Ended,					Variance Linked Quarter	% Variance Linked QTR Annualized	1Q23 Highlights
	3/31/22	6/30/22	9/30/22	12/31/22	3/31/23			
Balance Sheet & Asset Quality								
1. Total Assets	\$15,465.3	\$17,780.5	\$17,719.0	\$17,938.3	\$18,178.9	\$240.6	5.4%	<ul style="list-style-type: none"> 51.72% Efficiency Ratio Net interest income, decreased \$4.9 million due to lower day count and higher funding cost and mix change which offset higher earning asset income Pre-Tax, Pre-Provision (PTPP) Earnings totaled \$75.4 million PTPP ROA was 1.67% and PTPP ROE was 14.48%¹ TCE Ratio increased 0.41% to 7.75% Tangible Book Value per share totaled \$22.93, an increase of \$1.48 over prior quarter
2. Total Loans	9,360.2	11,406.5	11,675.4	12,013.0	12,250.9	237.9	7.9%	
3. Investments	4,489.3	4,630.0	4,294.8	4,263.8	4,057.4	(206.4)	-19.4%	
4. Deposits	12,906.0	14,570.9	14,434.8	14,382.7	14,703.3	320.5	8.9%	
5. Total Equity	1,807.6	1,977.6	1,906.7	2,034.8	2,122.4	87.7	17.2%	
6. TCE Ratio	8.31%	7.04%	6.66%	7.34%	7.75%	0.41%		
7. Total RBC Ratio	13.85	12.73	12.84	13.08	13.23%	0.15		
8. ACL / Loans	2.09	1.98	1.94	1.86	1.82	-0.04		
9. NCOs / Avg Loans	-0.03	0.01	-0.01	0.12	0.01	-0.11		
10. NPAs + 90PD / Assets	0.33	0.30	0.29	0.28	0.34	0.06		
Summary Income Statement								
11. Net Interest Income	\$102.3	\$128.7	\$140.3	\$149.0	\$144.1	(\$4.9)	-3.3%	
12. Provision for Loan Losses	0.0	16.8	0.0	0.0	0.0	0.0		
13. Non-interest Income	25.9	28.3	29.6	24.1	25.0	0.9	3.7%	
14. Non-interest Expense	72.3	97.3	96.4	89.7	93.7	4.0	4.5%	
15. Pre-tax Income	55.9	42.9	73.5	83.4	75.4	(8.0)	-9.5%	
16. Provision for Taxes	7.3	3.9	9.8	12.6	11.3	(1.3)	-10.3%	
17. Net Income	48.6	39.0	63.7	70.8	64.1	(6.7)	-9.4%	
18. Preferred Stock Dividends	0.0	0.5	0.5	0.5	0.5	0.0		
19. Net Income Available to Common Stockholders	48.6	38.5	63.3	70.3	63.6	(6.7)	-9.5%	
20. ROAA	1.26%	0.88%	1.43%	1.59%	1.42%	-0.17%		
21. ROAE	10.28	7.62	12.54	14.36	12.21	-2.15		
22. ROTCE	14.99	12.91	20.85	24.21	19.82	-4.39		
23. Net Interest Margin	3.03	3.28	3.55	3.72	3.58	-0.14		
24. Efficiency Ratio	52.79	58.45	53.34	48.60	51.72	3.12		
Per Share								
25. Earnings per Diluted Share	\$0.91	\$0.63	\$1.08	\$1.19	\$1.07	(\$0.12)		
26. Tangible Book Value per Share	23.26	20.45	19.26	21.45	22.93	1.48		
27. Dividend per Share	0.29	0.32	0.32	0.32	0.32	0.00		
28. Dividend Payout Ratio	31.9%	50.8%	29.6%	26.9%	29.9%	3.0%		



¹See "Non-GAAP Financial Information" for reconciliation

Investment Portfolio Highlights

1Q23 Investment Portfolio Composition



Highlights

- Quarterly bond sales of \$213 million
- Effective duration of 6.4 years
- Remaining 2023 cash flow \$220 million / ~2.50% yield
- AA rated municipal bond portfolio
- Allowance for Credit Losses for Investments of \$245,000
- ~50% of portfolio classified as Held-to-Maturity



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



Investment Portfolio Gains / Losses

Unrealized Losses

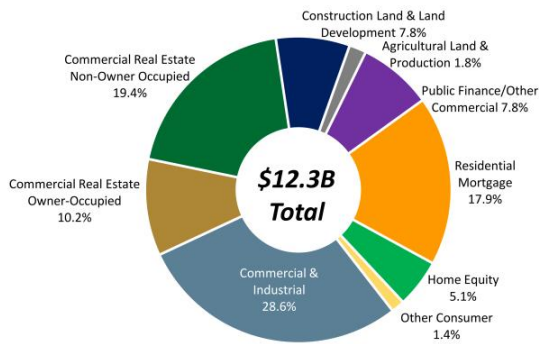
- Net unrealized AFS Loss of \$245.7 million (\$296.7M prior Q)
- Net unrealized HTM Loss of \$328.8 million (\$379.5M prior Q)

Realized Gains/Losses

- 1Q 2022 \$0.6 million gain
- 2Q 2022 \$0.1 million gain
- 3Q 2022 \$0.4 million gain
- 4Q 2022 \$0.1 million gain
- 1Q 2023 \$1.6 million loss

Loan Portfolio Highlights

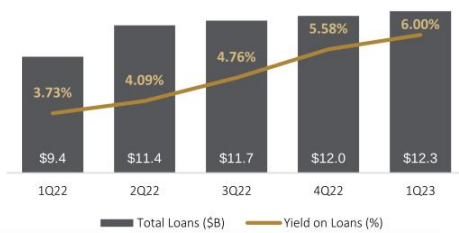
1Q23 Loan Composition



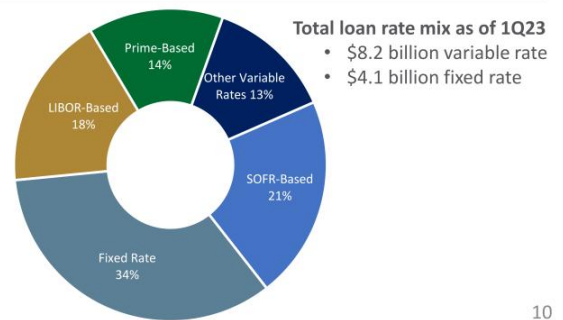
Highlights

- Portfolio composition is ~75% Commercial oriented
- Loan yields remained strong at 6.00%
- New/renewed loan yields averaged 7.08% for the quarter compared to 6.10% in 4Q22
- Acquired Level One loans totaled \$1.6 billion in 2Q22

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

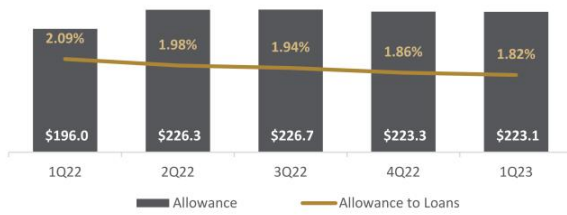


1Q23 Portfolio by Yield Type



Allowance for Credit Losses - Loans

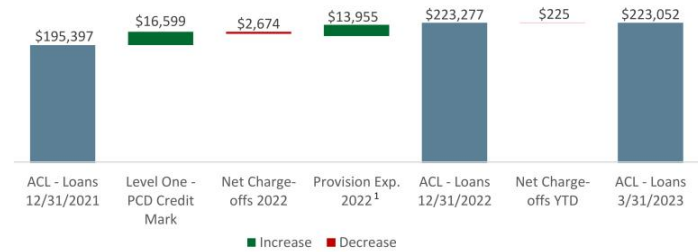
1Q23 Allowance for Credit Losses - Loans



Highlights

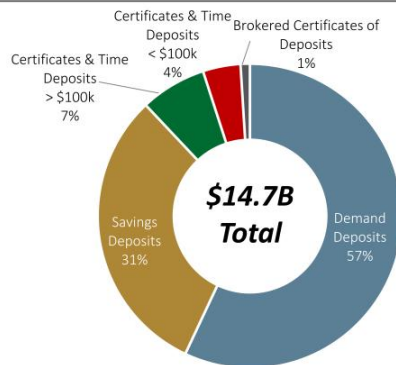
- No Q1 provision expense
- The reserve for unfunded commitments totals \$23.3 million and is recorded in Other Liabilities
- The remaining fair value accretion on acquired loans is \$28.9 million

Change in ACL – Loans



Deposit Portfolio Highlights

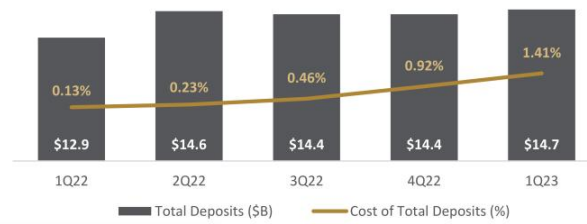
1Q23 Deposit Composition



Highlights

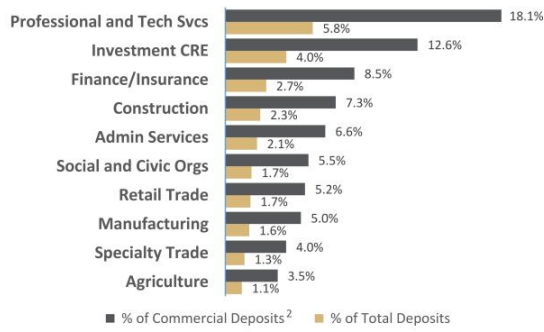
- **Strong core deposit base**
 - 92% core deposits¹
 - 20% non-interest bearing
 - 47% yield 5 bps or less
- **Total deposit costs increased to 1.41%**
 - Up 49 bps from 4Q22
- **1.60% total deposit costs, 2.01% interest bearing deposit costs for March**
- **37% cumulative interest bearing deposit beta, 29% prior quarter**
- **Acquired Level One deposits totaled \$1.9 billion in 2Q22**

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



Deposit and Funding Insights

Commercial Deposit Diversification



Average Deposit Account Balance

Consumer	\$16,000
Commercial ²	\$90,000
Private Wealth	\$201,000
Total Deposits	\$35,000

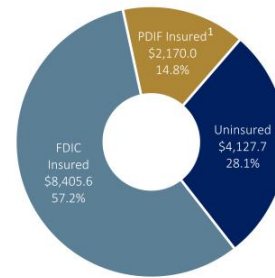
¹Indiana Public Deposit Insurance Fund

²Commercial excluding Public deposits of \$2.7B

³Unpledged marketable securities are shown at market value

⁴Brokered deposits availability capped per internal policy and unsecured lines of credit

Low Uninsured Deposit Levels (\$M)



Available Liquidity (\$M)

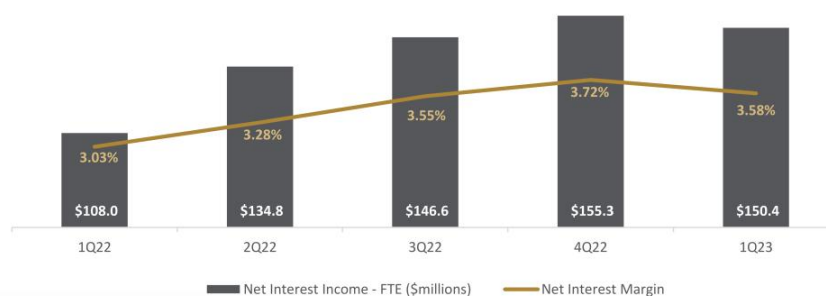
On Balance Sheet:	
Cash and Equivalents	\$478.5
Unpledged Marketable Securities ³	\$2,035.7
Total On-Balance Sheet	\$2,514.2

Available Sources of Liquidity:	
Discount Window Unused Capacity	\$1,256.1
Federal Home Loan Bank Unused Capacity	\$320.6
Unsecured Borrowings Unused Capacity ⁴	\$1,153.5
Total Available Liquidity	\$2,730.2

Net Interest Margin

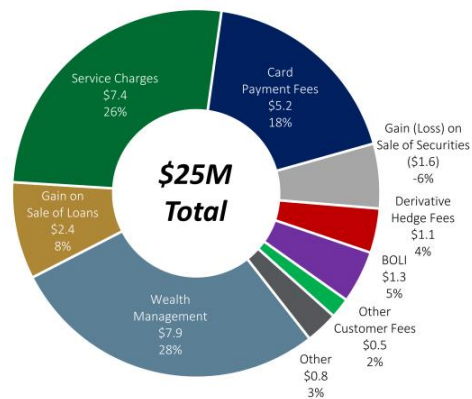
	1Q22	2Q22	3Q22	4Q22	1Q23
1. Net Interest Income - FTE (\$millions)	\$ 108.0	\$ 134.8	\$ 146.6	\$ 155.3	\$ 150.4
2. Fair Value Accretion	\$ 1.0	\$ 3.2	\$ 3.2	\$ 2.7	\$ 2.4
3. PPP Loan Income	\$ 1.9	\$ 0.9	\$ 0.3	\$ 0.1	\$ -
4. Adjusted Net Interest Income - FTE ¹	\$ 105.1	\$ 130.7	\$ 143.1	\$ 152.5	\$ 148.0
5. Tax Equivalent Yield on Earning Assets	3.23%	3.58%	4.11%	4.73%	5.06%
6. Interest Expense/Average Earning Assets	0.20%	0.30%	0.56%	1.01%	1.48%
7. Net Interest Margin	3.03%	3.28%	3.55%	3.72%	3.58%
8. Fair Value Accretion Effect	0.03%	0.08%	0.08%	0.07%	0.06%
9. Impact of PPP Loans	0.03%	0.01%	0.00%	0.00%	0.00%
10. Adjusted Net Interest Margin ¹	2.97%	3.19%	3.47%	3.65%	3.52%

¹Adjusted for Fair Value Accretion and PPP Loan Income



Non-Interest Income Highlights

1Q23 Non-Interest Income Detail (\$M)

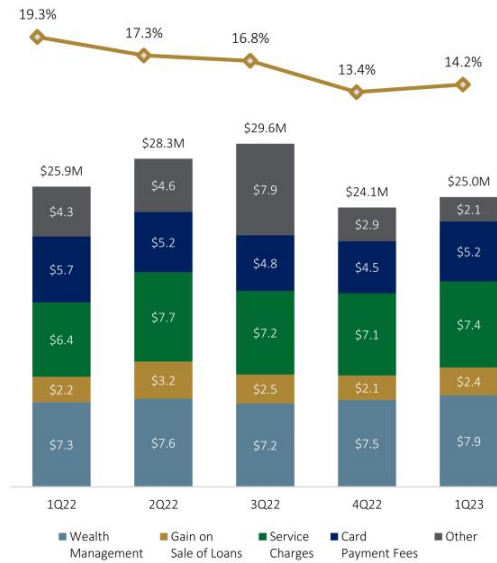


Highlights

- Customer-related fees totaling \$24.5 million for 1Q23, increased \$2.6 million from 4Q22 driven by higher card payment fees and derivative hedge fees
- Losses of \$1.6 million recognized on the sale of \$213 million of available-for-sale securities

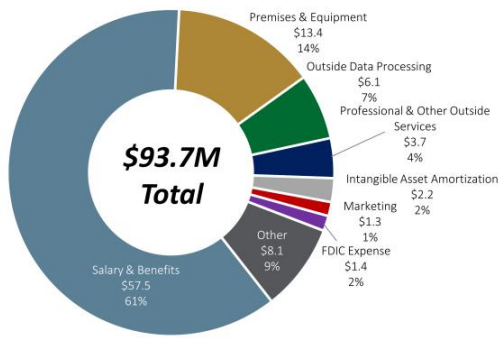
Non-Interest Income Trends (\$M)

Fee Income / Revenue



Non-Interest Expense Highlights

1Q23 Non-Interest Expense Detail

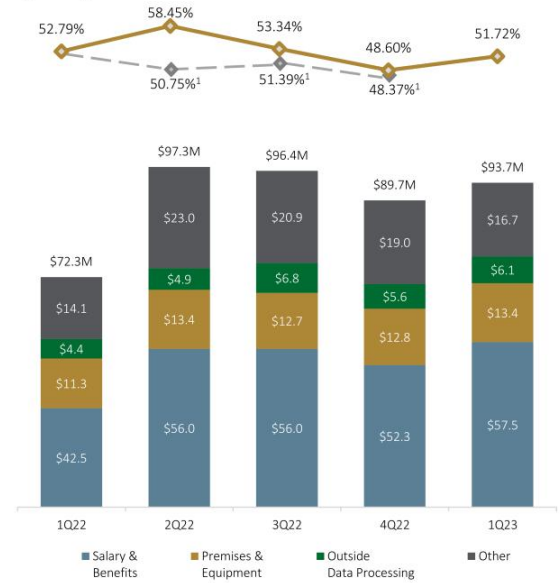


Highlights

- Annual Q1 benefit plan expense of \$1.3 million
- FDIC assessment decreased \$900,000 reflecting impact of one-time FDIC credits of \$2.0 million
- Other variances reflect reduced marketing costs due to timing of campaigns, as well as one-time gains on sales of property reflected in Q4 of \$700,000

Non-Interest Expense Trends (\$M)

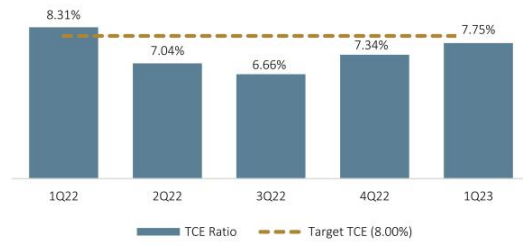
Efficiency Ratio



¹2Q22, 3Q22, and 4Q22 Efficiency Ratio excluding acquisition costs, see "Non-GAAP Financial Information" for reconciliation

Capital Ratios

Tangible Common Equity Ratio



Highlights

- TCE Ratio including marks on held-to-maturity securities portfolio is 6.36%
- CET1 including net unrealized loss in AOCI on available-for-sale securities is 9.61%

Common Equity Tier 1 Ratio



Total Risk-Based Capital Ratio



Loan Portfolio

Loan Portfolio Trends (\$M)

	1Q22	2Q22	3Q22	4Q22	1Q23
1. Commercial & Industrial	\$ 2,283	\$ 2,681	\$ 2,703	\$ 2,827	\$ 2,831
2. Sponsor Finance	546	619	630	612	674
3. CRE Owner Occupied	972	1,262	1,266	1,244	1,242
4. Construction/Land/Land Dev.	553	746	829	836	961
5. CRE Non-Owner Occupied	2,073	2,423	2,299	2,407	2,375
6. Agricultural	209	215	222	242	220
7. Public Finance/Other Commercial	<u>833</u>	<u>894</u>	<u>915</u>	<u>933</u>	<u>959</u>
8. Total Commercial Loans	7,469	8,840	8,864	9,101	9,262
9. Residential Mortgage	1,230	1,823	2,014	2,103	2,195
10. Home Equity	513	586	622	631	621
11. Other Consumer	<u>148</u>	<u>157</u>	<u>175</u>	<u>178</u>	<u>173</u>
12. Total Resi Mortgage & Consumer	1,891	2,566	2,811	2,912	2,989
13. Total Loans	\$9,360	\$11,406	\$11,675	\$12,013	\$12,251

¹ Annualized

² Excluding \$1.6 billion of loans acquired from Level One and change in PPP loans where applicable

1Q23 Highlights

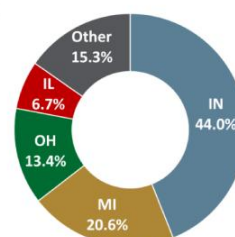
Loan growth of \$238 million or 7.9%¹

- Construction growth - \$125 million
- Residential ARM growth - \$92 million

Year Over Year Highlights²

Balanced organic loan growth of \$1.3B or 14.4%

- Balanced commercial loan growth - \$713 million
 - C&I - \$258 million
 - CRE /Constr/Land/Land Dev. - \$198 million
- Total Resi Mtg & Cons. - \$629 million
 - Portfolio ARM residential mortgage strategy resulting in growth of \$541 million



Geography

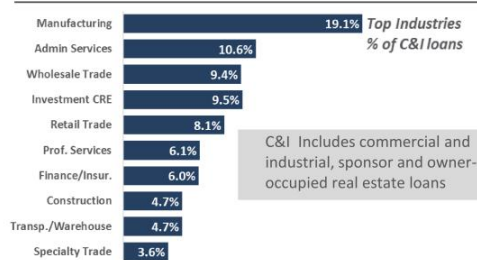
84.7% of borrowers within four state Midwest geography



Loan Portfolio Insights

Commercial

C & I



C&I Includes commercial and industrial, sponsor and owner-occupied real estate loans

- Line utilization Q1'23 of 41.6% compared to the previous four quarters of 41.0%, 40.2%, 44.5% and 44.4% (Q1'22). Line commitments increased \$126 million
- \$782 million in Shared National Credits
- \$0 dollars in operating leases
- \$66.7 million of SBA guaranteed loans

C&I - Sponsor Finance

- \$673 million to 76 companies
- Senior Debt/Adj. EBITDA < 3.0X ~ 68%
- Total Debt/Adj. EBITDA < 4.0X ~ 84%
- FCCR > 1.50X ~ 74%
- ~ 3.5% Classified

Construction Finance

- \$160 million Residential Real Estate Construction
- \$800 million Commercial Real Estate Construction & Land % CRE

(\$M)	Balance	Commit.	Constr/Land
Multi-Family	\$514	\$811	64.2%
Industrial	90	142	11.2%
Self Storage	69	84	8.6%
Office - Medical	13	21	1.6%
Office - General	7	8	0.9%

Mortgage & Consumer

Home Equity / Other Consumer

- > 95% of \$609 million in consumer loans had a credit score exceeding 669 at origination
(excludes ~23% of loans where origination data is unavailable)

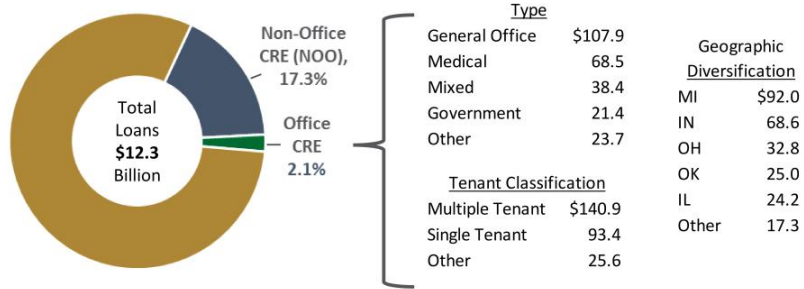
Residential Mortgage

- \$271 million of residential mortgage secured, related to commercial loan relationships
- \$1.9 billion residential mortgage loans
 - > 91% of \$1.8 billion in residential portfolio loans had a credit score at origination exceeding 669
(excludes ~8% of residential loans where origination data is unavailable)

Loan Portfolio Insights (continued)

Commercial Real Estate (Non-owner occupied) (\$M)

	Multi-Family	Industrial	Retail	Office	Ware-house/ Storage	Hotel	Other	Total CRE (NOO)
Balance:	\$732.1	\$396.0	\$385.2	\$259.9	\$231.6	\$146.9	\$223.7	\$2,375.4
Commitment:	\$784.7	\$411.8	\$391.6	\$268.0	\$236.5	\$147.4	\$271.1	\$2,511.1
# of loans:	497	512	339	229	101	31	118	1,827
% of Total Loans:	6.0%	3.2%	3.1%	2.1%	1.9%	1.2%	1.8%	19.4%
Average Loan Balance:	\$1.5	\$0.8	\$1.1	\$1.1	\$2.3	\$4.7	\$1.9	\$1.3
Top 10 - Avg. Loan Com:	\$18.7	\$9.9	\$9.6	\$11.2	\$12.8	\$11.8	\$15.3	\$21.9



Asset Quality

Asset Quality Trends (\$M)

	1Q22	2Q22	3Q22	4Q22	1Q23
1. Non-Accrual Loans	\$ 42.7	\$ 46.0	\$ 43.5	\$ 42.3	\$ 46.6
2. Other Real Estate	6.3	6.5	6.5	6.5	7.8
3. 90PD Loans	2.1	0.6	0.7	1.7	7.0
4. Renegotiated Loans	0.1	0.2	0.2	0.2	-
5. NPAs + 90PD	\$ 51.2	\$ 53.3	\$ 50.9	\$ 50.7	\$ 61.4
6. NPAs + 90PD/Loans and ORE	0.55%	0.47%	0.44%	0.42%	0.50%
7. Classified Loans	\$ 102.3	\$ 192.1	\$ 207.1	\$ 215.2	\$ 250.5
8. Classified Loans/Loans	1.09%	1.68%	1.77%	1.79%	2.04%
9. Net Charge-offs (QTD)	\$ (0.6)	\$ 0.3	\$ (0.4)	\$ 3.4	\$ 0.2
10. QTD NCO/Avg. Loans (Annualized)	-0.03%	0.01%	-0.01%	0.12%	0.01%

Highlights

Strong and Stable Asset Quality

- NPAs + 90PD increased to 0.50% of loans and ORE
 - Down from 0.55% 1Q22
- Classified Loans/Loans remain below pre-pandemic levels
- Q1 Net Charge-offs of \$0.2 million
 - 0.01% of average loans (annualized)
 - Gross charge-offs of \$1.1 million with recoveries of \$0.9 million

Non-Performing Assets

Non-Performing Assets Roll Forward (\$M)

	1Q22	2Q22	3Q22	4Q22	1Q23
1. Beginning Balance NPAs + 90PD	\$44.9	\$51.2	\$53.3	\$50.9	\$50.7
<u>Non-Accrual</u>					
2. Add: New Non-Accruals	4.4	13.1	9.0	7.3	15.4
3. Less: To Accrual/ Payoff/Renegotiated	(4.3)	(8.9)	(10.7)	(4.8)	(8.6)
4. Less: To OREO	-	0.5	0.1	0.1	(1.4)
5. Less: Charge-offs	<u>(0.5)</u>	<u>(1.4)</u>	<u>(0.9)</u>	<u>(3.8)</u>	<u>(1.1)</u>
6. Non-Accrual Loans Change	(0.4)	3.3	(2.5)	(1.2)	4.3
<u>Other Real Estate Owned (ORE)</u>					
7. Add: New ORE Properties	5.8	0.5	0.1	0.1	1.4
8. Less: ORE Sold	-	(0.2)	(0.1)	(0.1)	(0.1)
9. Less: ORE Losses (write-downs)	<u>-</u>	<u>(0.1)</u>	<u>-</u>	<u>-</u>	<u>-</u>
10. ORE Change	5.8	0.2	-	-	1.3
11. 90PD Change	1.1	(1.5)	0.1	1.0	5.3
12. Renegotiated Loans Change	<u>(0.2)</u>	<u>0.1</u>	<u>-</u>	<u>-</u>	<u>(0.2)</u>
13. NPAs + 90PD Change	6.3	2.1	(2.4)	(0.2)	10.7
14. Ending Balance NPAs + 90PD	\$51.2	\$53.3	\$50.9	\$50.7	\$61.4

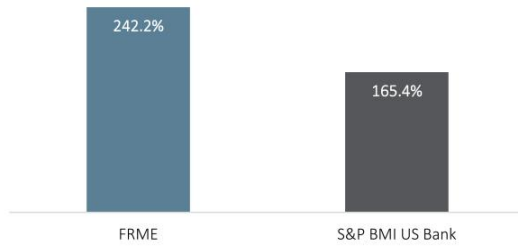
Highlights

Strong and Stable Asset Quality

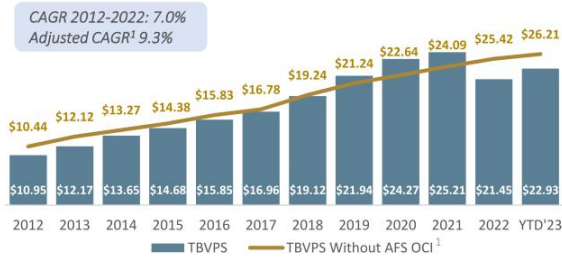
- Non-accrual loans net increase of \$4.3 million
 - \$15.4 million new non-accrual migration
 - ↳ Top industries - machinery wholesaler, medical labs, plumbing/heating contractor and lessors of real estate
 - \$8.6 million paid off or otherwise resolved
 - ↳ Largest \$4.7 million senior living payoff
- Top three non-accrual relationships total \$18.5 million
 - Senior Living
 - Industrial Machinery and Equipment
 - Medical Office

Track Record of Shareholder Value

10-Year Total Return (2012-2022)



Tangible Book Value per Share



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



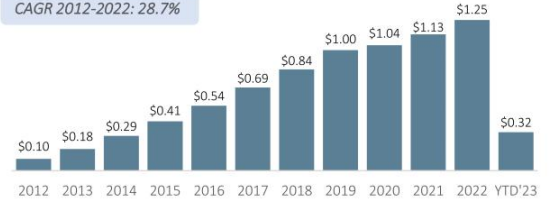
Earnings per Share

CAGR 2012-2022: 10.5%

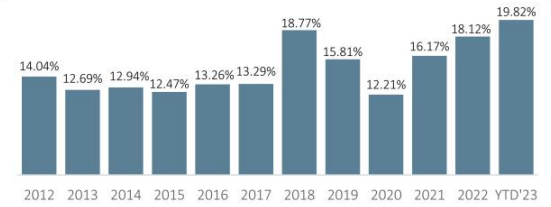


Dividends per Share

CAGR 2012-2022: 28.7%



Return on Tangible Common Equity

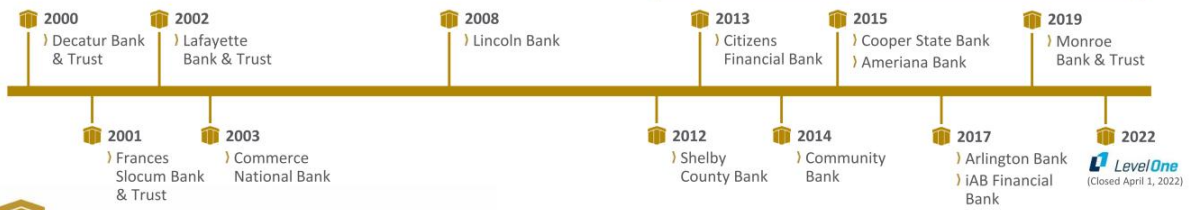
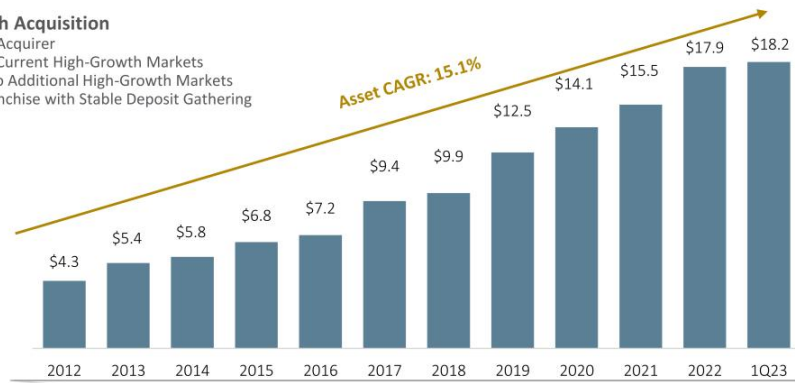


History of Organic and Whole Bank Acquisition Growth

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 responsive, 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:

- Lead a brand-focused cultural transformation 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
- Invest in the digital transformation 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 environmental, social, and governance initiatives inspired by our stakeholder-centric business model

APPENDIX

Non-GAAP

CAPITAL RATIOS (dollars in thousands):

	1Q22	2Q22	3Q22	4Q22	1Q23
Total Risk-Based Capital Ratio (dollars in thousands)					
Total Stockholders' Equity (GAAP)	1,807,633	1,977,641	1,906,666	2,034,770	2,122,448
Adjust for Accumulated Other Comprehensive (Income) Loss ¹	84,392	198,556	314,089	239,151	198,914
Less: Preferred Stock	(125)	(25,125)	(25,125)	(25,125)	(25,125)
Add: Qualifying Capital Securities	46,665	25,000	25,000	25,000	25,000
Less: Tier 1 Capital Deductions	-	-	-	-	-
Less: Disallowed Goodwill and Intangible Assets	(562,887)	(743,285)	(740,780)	(738,206)	(736,429)
Less: Disallowed Deferred Tax Assets	(374)	(1,554)	(1,267)	(337)	(351)
Add: Modified CECL Transition Amount	23,028	23,028	23,028	23,028	11,514
Total Tier 1 Capital (Regulatory)	\$ 1,398,332	\$ 1,454,261	\$ 1,501,611	\$ 1,558,281	\$ 1,595,971
Qualifying Subordinated Debentures	65,000	143,074	143,089	143,103	143,118
Allowance for Loan Losses Includible in Tier 2 Capital	146,247	175,059	178,490	180,870	182,308
Total Risk-Based Capital (Regulatory)	\$ 1,609,579	\$ 1,772,394	\$ 1,823,190	\$ 1,882,254	\$ 1,921,397
Net Risk-Weighted Assets (Regulatory)	\$ 11,618,250	\$ 13,918,947	\$ 14,196,430	\$ 14,392,671	\$ 14,524,959
Total Risk-Based Capital Ratio (Regulatory)	13.85%	12.73%	12.84%	13.08%	13.23%
Common Equity Tier 1 Capital Ratio					
Total Tier 1 Capital (Regulatory)	\$ 1,398,332	\$ 1,454,261	\$ 1,501,611	\$ 1,558,281	\$ 1,595,971
Less: Qualified Capital Securities	(46,665)	(25,000)	(25,000)	(25,000)	(25,000)
Add: Additional Tier 1 Capital Deductions	-	-	-	-	-
Common Equity Tier 1 Capital (Regulatory)	\$ 1,351,667	\$ 1,429,261	\$ 1,476,611	\$ 1,533,281	\$ 1,570,971
Net Risk-Weighted Assets (Regulatory)	\$ 11,618,250	\$ 13,918,947	\$ 14,196,430	\$ 14,392,671	\$ 14,524,959
Common Equity Tier 1 Capital Ratio (Regulatory)	11.63%	10.27%	10.40%	10.65%	10.82%

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 the defined benefit and other postretirement plans.

Non-GAAP

TANGIBLE COMMON EQUITY RATIO (dollars in thousands):

	1Q22	2Q22	3Q22	4Q22	1Q23
Tangible Common Equity Ratio (dollars in thousands)					
Total Stockholders' Equity (GAAP)	\$ 1,807,633	\$ 1,977,641	\$ 1,906,666	\$ 2,034,770	\$ 2,122,448
Less: Preferred Stock	(125)	(25,125)	(25,125)	(25,125)	(25,125)
Less: Intangible Assets	(569,494)	(753,649)	(750,713)	(747,844)	(745,647)
Tangible Common Equity (non-GAAP)	\$ 1,238,014	\$ 1,198,867	\$ 1,130,828	\$ 1,261,801	\$ 1,351,676
Total Assets (GAAP)	\$ 15,465,258	\$ 17,780,492	\$ 17,718,985	\$ 17,938,306	\$ 18,178,908
Less: Intangible Assets	(569,494)	(753,649)	(750,713)	(747,844)	(745,647)
Tangible Assets (non-GAAP)	\$ 14,895,764	\$ 17,026,843	\$ 16,968,272	\$ 17,190,462	\$ 17,433,261
Tangible Common Equity Ratio (non-GAAP)	8.31%	7.04%	6.66%	7.34%	7.75%

TANGIBLE COMMON EQUITY PER SHARE (dollars in thousands):

	4Q12	4Q13	4Q14	4Q15	4Q16	4Q17	4Q18	4Q19
Tangible Common Equity Per Share								
Total Stockholders' Equity (GAAP)	\$ 552,236	\$ 634,923	\$ 726,827	\$ 850,509	\$ 901,657	\$ 1,303,463	\$ 1,408,260	\$ 1,786,437
Less: Preferred Stock	(90,908)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(149,529)	(202,767)	(218,755)	(259,764)	(258,866)	(476,503)	(469,784)	(578,881)
Tax Benefit	2,249	4,973	6,085	6,278	5,930	6,788	5,017	7,257
Tangible Common Equity, Net of Tax (non-GAAP)	\$ 314,048	\$ 437,004	\$ 514,032	\$ 596,898	\$ 648,596	\$ 833,623	\$ 943,368	\$ 1,214,688
Common Shares Outstanding	28,692,616	35,921,761	37,669,948	40,664,258	40,912,697	49,158,238	49,349,800	55,368,482
Tangible Common Equity per Share (non-GAAP)	\$ 10.95	\$ 12.17	\$ 13.65	\$ 14.68	\$ 15.85	\$ 16.96	\$ 19.12	\$ 21.94

TANGIBLE COMMON EQUITY PER SHARE (dollars in thousands):

	4Q20	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23
Tangible Common Equity Per Share							
Total Stockholders' Equity (GAAP)	\$ 1,875,645	\$ 1,912,571	\$ 1,807,633	\$ 1,977,641	\$ 1,906,666	\$ 2,034,770	\$ 2,122,448
Less: Preferred Stock	(125)	(125)	(125)	(25,125)	(25,125)	(25,125)	(25,125)
Less: Intangible Assets	(572,893)	(570,860)	(569,494)	(753,649)	(750,713)	(747,844)	(745,647)
Tax Benefit	5,989	4,875	4,615	8,692	8,197	7,702	7,231
Tangible Common Equity, Net of Tax (non-GAAP)	\$ 1,308,616	\$ 1,346,461	\$ 1,242,629	\$ 1,207,559	\$ 1,139,025	\$ 1,269,503	\$ 1,358,907
Common Shares Outstanding	53,922,359	53,410,411	53,424,823	59,059,866	59,145,414	59,170,583	59,257,051
Tangible Common Equity per Share (non-GAAP)	\$ 24.27	\$ 25.21	\$ 23.26	\$ 20.45	\$ 19.26	\$ 21.45	\$ 22.93



Non-GAAP

ADJUSTED EPS EXCLUDING PAYCHECK PROTECTION PROGRAM ("PPP") AND ACQUISITION-RELATED EXPENSES

	1Q22	2Q22	3Q22	4Q22	1Q23
(Dollars in Thousands, Except Per Share Amounts)					
Net Income Available to Common Stockholders - GAAP	\$ 48,586	\$ 38,522	\$ 63,283	\$ 70,292	\$ 63,610
Adjustments:					
PPP loan income	(1,884)	(891)	(323)	(109)	(25)
Acquisition-related expenses	152	12,549	3,417	413	-
Acquisition-related provision expense	-	16,755	-	-	-
Tax on adjustment	425	(6,967)	(759)	(75)	6
Adjusted Net Income Available to Common Stockholders - NON-GAAP	\$ 47,279	\$ 59,968	\$ 65,618	\$ 70,521	\$ 63,591
Average Diluted Common Shares Outstanding	53,616	59,308	59,339	59,384	59,441
Diluted Earnings Per Common Share - GAAP	\$ 0.91	\$ 0.63	\$ 1.08	\$ 1.19	\$ 1.07
Adjustments:					
PPP loan income	(0.04)	(0.01)	-	(0.01)	-
Acquisition-related expenses	-	0.22	0.05	0.01	-
Acquisition-related provision expense	-	0.30	-	-	-
Tax on adjustment	0.01	(0.13)	(0.01)	-	-
Adjusted Diluted Earnings Per Common Share - NON-GAAP	\$ 0.88	\$ 1.01	\$ 1.12	\$ 1.19	\$ 1.07

PRE-TAX, PRE-PROVISION ("PTPP") EARNINGS EXCLUDING ACQUISITION-RELATED EXPENSES

	1Q22	2Q22	3Q22	4Q22	1Q23
(Dollars in Thousands, Except Per Share Amounts)					
Net Interest Income (GAAP)	\$ 102,280	\$ 128,661	\$ 140,307	\$ 148,956	\$ 144,119
Other Income (GAAP)	25,897	28,277	29,616	24,151	24,997
Total Revenue	128,177	156,938	169,923	173,107	169,116
Less: Other Expenses (GAAP)	(72,325)	(97,313)	(96,378)	(89,699)	(93,720)
Add: Acquisition-Related Expenses (GAAP)	152	12,549	3,417	413	-
Pre-Tax, Pre-Provision Earnings (non-GAAP)	\$ 56,004	\$ 72,174	\$ 76,962	\$ 83,821	\$ 75,396
Average Assets (GAAP)	\$ 15,464,605	\$ 17,778,221	\$ 17,770,623	\$ 17,834,468	\$ 18,022,195
Average Equity (GAAP)	\$ 1,891,223	\$ 2,021,123	\$ 2,018,156	\$ 1,958,041	\$ 2,083,125
Average Diluted Common Shares	53,616	59,308	59,339	59,384	59,441
PTPP/Average Assets (PTPP ROA)	1.45%	1.62%	1.73%	1.88%	1.67%
PTPP/Average Equity (PTPP ROE)	11.85%	14.28%	15.25%	17.12%	14.48%
PTPP/Average Diluted Common Shares	\$ 1.04	\$ 1.22	\$ 1.30	\$ 1.41	\$ 1.27



Non-GAAP

EFFICIENCY RATIO (dollars in thousands):

	1Q22	2Q22	3Q22	4Q22	1Q23
EFFICIENCY RATIO (dollars in thousands):					
Non Interest Expense (GAAP)	\$ 72,325	\$ 97,313	\$ 96,378	\$ 89,699	\$ 93,720
Less: Intangible Asset Amortization	(1,366)	(2,303)	(2,303)	(2,303)	(2,197)
Less: OREO and Foreclosure Expenses	(564)	266	(328)	(197)	18
Adjusted Non Interest Expense (non-GAAP)	70,395	95,276	93,747	87,199	91,541
Net Interest Income (GAAP)	102,280	128,661	140,306	148,956	144,119
Plus: Fully Taxable Equivalent Adjustment	5,736	6,168	6,316	6,370	6,321
Net Interest Income on a Fully Taxable Equivalent Basis (non-GAAP)	108,016	134,829	146,622	155,326	150,440
Non Interest Income (GAAP)	25,897	28,277	29,617	24,150	24,997
Less: Investment Securities Gains (Losses)	(566)	(90)	(481)	(57)	1,571
Adjusted Non Interest Income (non-GAAP)	25,331	28,187	29,136	24,093	26,568
Adjusted Revenue (non-GAAP)	133,347	163,016	175,758	179,419	177,008
Efficiency Ratio (non-GAAP)	52.79%	58.45%	53.34%	48.60%	51.72%

Non-GAAP

RETURN ON TANGIBLE COMMON EQUITY (dollars in thousands):

	2012	2013	2014	2015	2016	2017	2018	2019
Return on Tangible Common Equity								
Total Average Stockholders' Equity (GAAP)	\$ 535,506	\$ 540,255	\$ 675,295	\$ 753,724	\$ 884,664	\$ 1,110,524	\$ 1,343,861	\$ 1,569,615
Less: Average Preferred Stock	(90,908)	(47,537)	(125)	(125)	(125)	(125)	(125)	(125)
Less: Average Intangible Assets, Net of Tax	(147,889)	(153,519)	(199,354)	(215,281)	(254,332)	(360,005)	(467,421)	(499,622)
Average Tangible Common Equity, Net of Tax (non-GAAP)	\$ 296,709	\$ 339,199	\$ 475,816	\$ 538,318	\$ 630,207	\$ 750,394	\$ 876,315	\$ 1,069,868
Net Income Available to Common Stockholders (GAAP)	\$ 40,583	\$ 42,150	\$ 60,162	\$ 65,384	\$ 81,051	\$ 96,070	\$ 159,139	\$ 164,460
Plus: Intangible Asset Amortization, Net of Tax	1,081	892	1,395	1,720	2,542	3,670	5,307	4,736
Tangible Net Income (non-GAAP)	\$ 41,664	\$ 43,042	\$ 61,557	\$ 67,104	\$ 83,593	\$ 99,740	\$ 164,446	\$ 169,196
Return on Tangible Common Equity (non-GAAP)	14.04%	12.69%	12.94%	12.47%	13.26%	13.29%	18.77%	15.81%

RETURN ON TANGIBLE COMMON EQUITY (dollars in thousands):

	2020	2021	1Q22	2Q22	3Q22	4Q22	2022 YTD	1Q23
Return on Tangible Common Equity								
Total Average Stockholders' Equity (GAAP)	\$ 1,825,135	\$ 1,866,632	\$ 1,891,223	\$ 2,021,123	\$ 2,018,156	\$ 1,958,041	\$ 1,972,445	\$ 2,083,125
Less: Average Preferred Stock	(125)	(125)	(125)	(25,125)	(25,125)	(25,125)	(18,875)	(25,125)
Less: Average Intangible Assets, Net of Tax	(569,377)	(567,512)	(565,476)	(745,614)	(744,069)	(741,632)	(699,803)	(739,190)
Average Tangible Common Equity, Net of Tax (non-GAAP)	\$ 1,255,633	\$ 1,298,995	\$ 1,325,622	\$ 1,250,384	\$ 1,248,962	\$ 1,191,284	\$ 1,253,767	\$ 1,318,810
Net Income Available to Common Stockholders (GAAP)	\$ 148,600	\$ 205,531	\$ 48,586	\$ 38,521	\$ 63,283	\$ 70,292	\$ 220,683	\$ 63,610
Plus: Intangible Asset Amortization, Net of Tax	4,730	4,540	1,079	1,820	1,819	1,819	6,537	1,734
Tangible Net Income (non-GAAP)	\$ 153,330	\$ 210,071	\$ 49,665	\$ 40,341	\$ 65,102	\$ 72,111	\$ 227,220	\$ 65,344
Return on Tangible Common Equity (non-GAAP)	12.21%	16.17%	14.99%	12.91%	20.85%	24.21%	18.12%	19.82%



