MERCHANTS BANCORP®

NASDAQ: MBIN

November 2019

Sandler O'Neill + Partners, L.P.
2019 East Coast Financial Services Conference

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This presentation contains financial information determined by methods other than in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Management uses these “non-GAAP” measures in its analysis of our performance. Management believes that these non-GAAP financial measures allow for better comparability with prior periods, as well as with peers in the industry who provide a similar presentation, and provide a further understanding of our ongoing operations. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. A reconciliation of the non-GAAP measures used in this presentation to the most directly comparable GAAP measures is provided in the Appendix to this presentation.

Who We Are and What We Do

Three principal business lines offer a balanced and diverse revenue stream that lessens earnings volatility through various economic, credit and interest rate cycles:

1

Multi-Family Mortgage Banking – *20% of net revenues[1]*

- Lender to developers of multi-family residential and healthcare properties specializing in FHA, FNMA, and FHLMC permanent loan products

2

Mortgage Warehousing – *33% of net revenues[1]*

- Warehouse and commercial lender to independent mortgage banks
- Service custodial deposit relationships

3

Banking – *42% of net revenues[1]*

- Traditional community banking in Indiana and Illinois
- Holds multi-family loans in portfolio

1) Net revenues equal to net interest income plus noninterest income, less provision for loan losses for the nine months ended September 30, 2019.

Executive Summary

- ✓ Three principal business lines of Multi-Family Mortgage Banking, Mortgage Warehousing, and Banking offer superior returns through various economic and interest rate cycles
  - Balanced and diverse revenue stream that is expected to reduce earnings volatility
  - Well-positioned to benefit from refinancing wave
  - Complementary business lines provide referral, operating, and funding synergies
- ✓ 30%+ CAGR in Assets, Total Loans, and Deposits since 2015 with better than industry ROA and ROE
- ✓ Low risk, quickly turning assets, combined with an efficient cost structure have resulted in better than industry financial performance
  - Approximately 92% of Merchants Bank's assets reprice in 90 days or less
  - Minimal net charge-offs – 0.03% of average loans for the nine months ended September 30, 2019
- ✓ Expanded capital base has allowed the Company to execute on multiple growth strategies and pursue strategic acquisitions

Financial Highlights

Balance Sheet *(Dollars in thousands)*	December 31, 2018	September 30, 2019
Total Assets	$3,884,163	$6,337,186
Cash and Securities [1]	$845,863	$927,131
Total Loans, net [2]	$2,877,878	$5,240,626
Total Deposits	$3,231,086	$5,499,649
Total Equity	$421,237	$629,439
Tangible Equity / Tangible Assets [3]	10.36%	9.65%

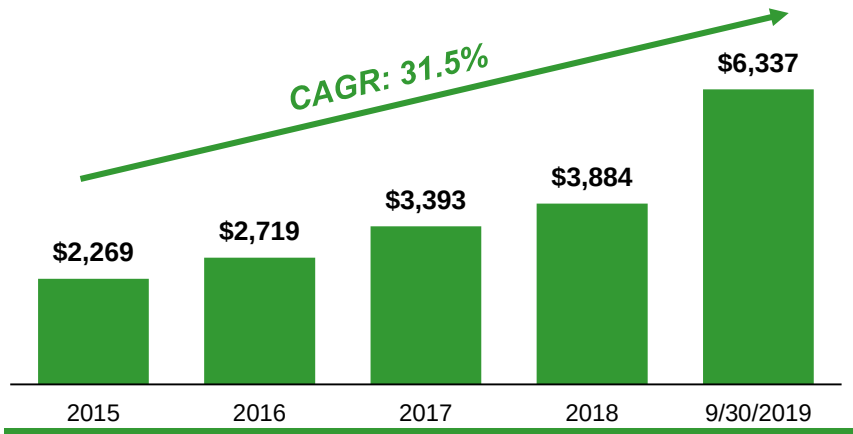
Credit Quality	For the Nine Months Ended	
	September 30, 2018	September 30, 2019
NPLs / Loans Held for Investment	0.12%	0.22%
Allowance / Loans Held for Investment	0.62%	0.50%
Net Charge-offs (Recoveries) / Avg. Total Loans [2]	0.01%	0.03%

Performance Metrics	For the Nine Months Ended	
	September 30, 2018	September 30, 2019
ROAA	1.74%	1.31%
ROATCE [3]	17.52%	14.75%
Noninterest Income / Net Revenue	35.70%	22.77%
Efficiency Ratio [3]	34.50%	40.78%
Net Interest Margin	2.52%	2.45%
Yield on Loans [2]	4.66%	4.70%
Cost of Deposits	1.21%	1.92%

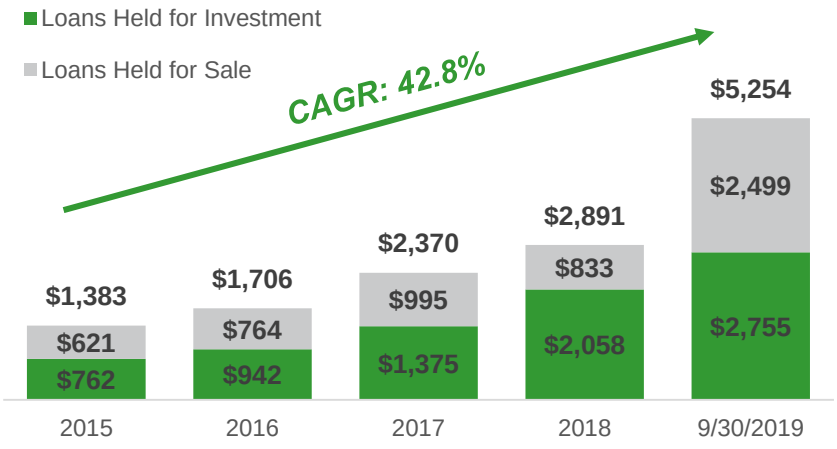
1) Cash and Securities includes cash and cash equivalents, securities purchased under agreements to resell, trading securities, available for sale securities, and FHLB stock.
2) Total Loans include loans held for investment and and loans held for sale.
3) These are non-GAAP measures. See “Reconciliation of Non-GAAP Measures” in the Appendix.

Significant Growth Across Various Cycles

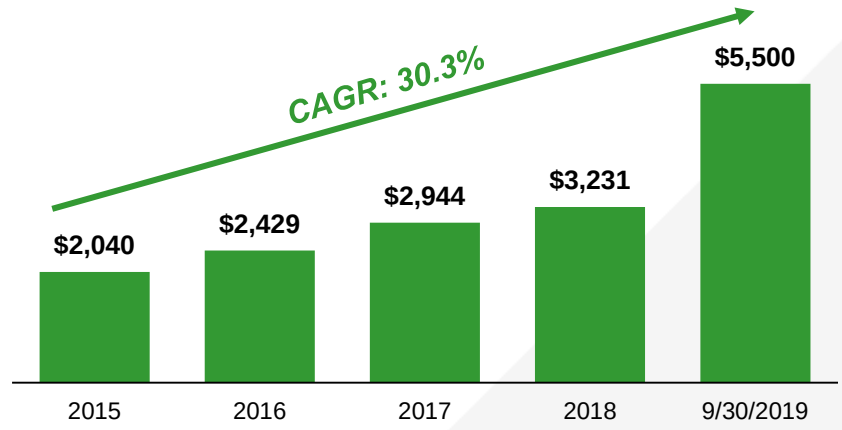
Total Assets ($MM)



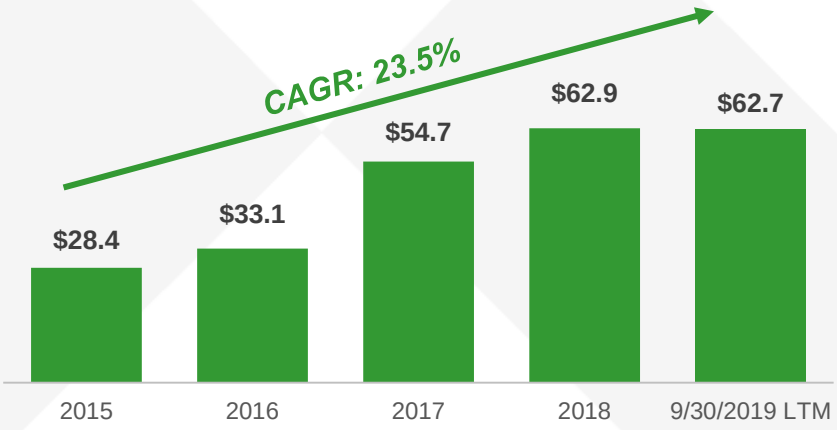
Total Gross Loans ($MM)



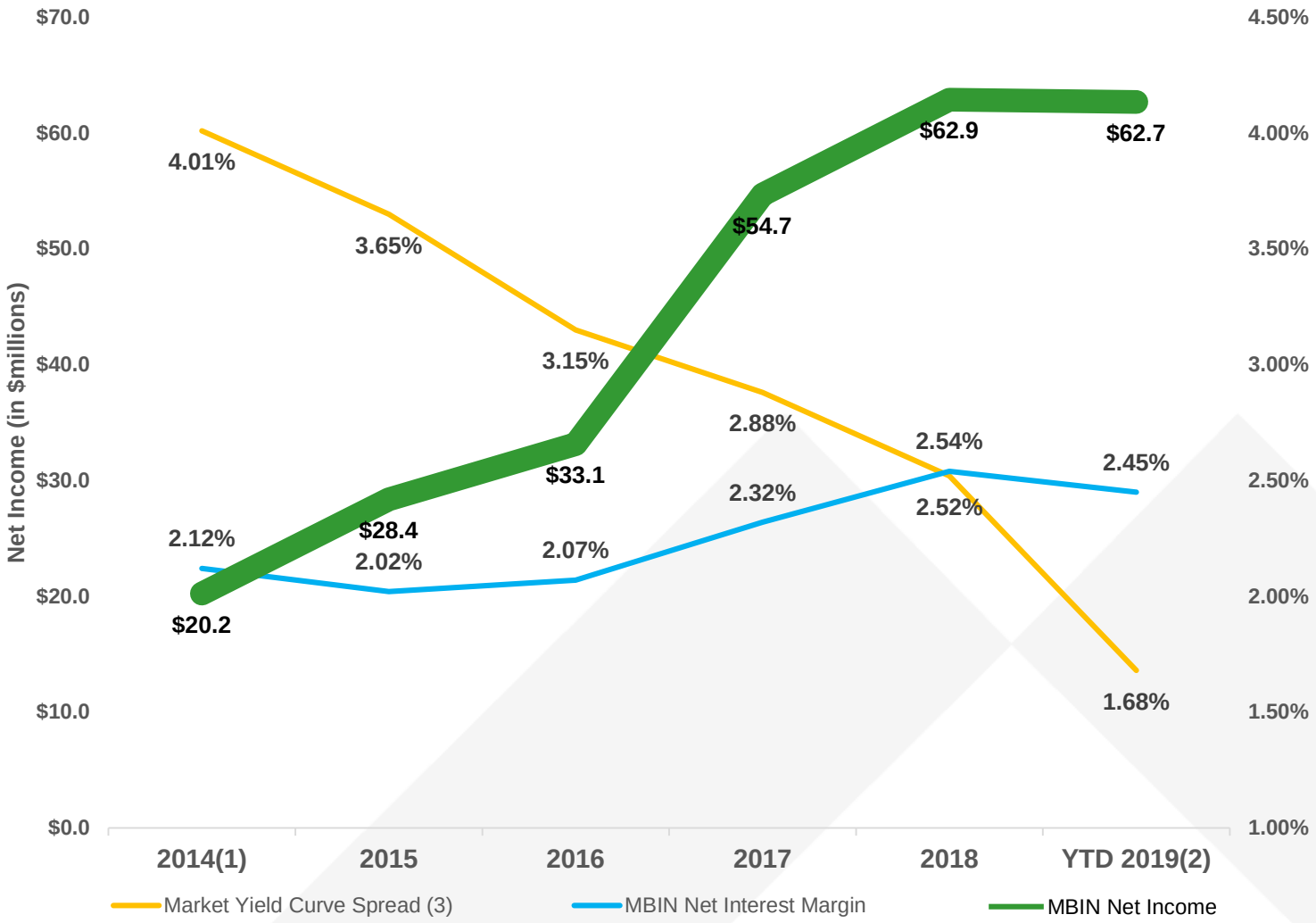
Total Deposits ($MM)



Net Income ($MM)



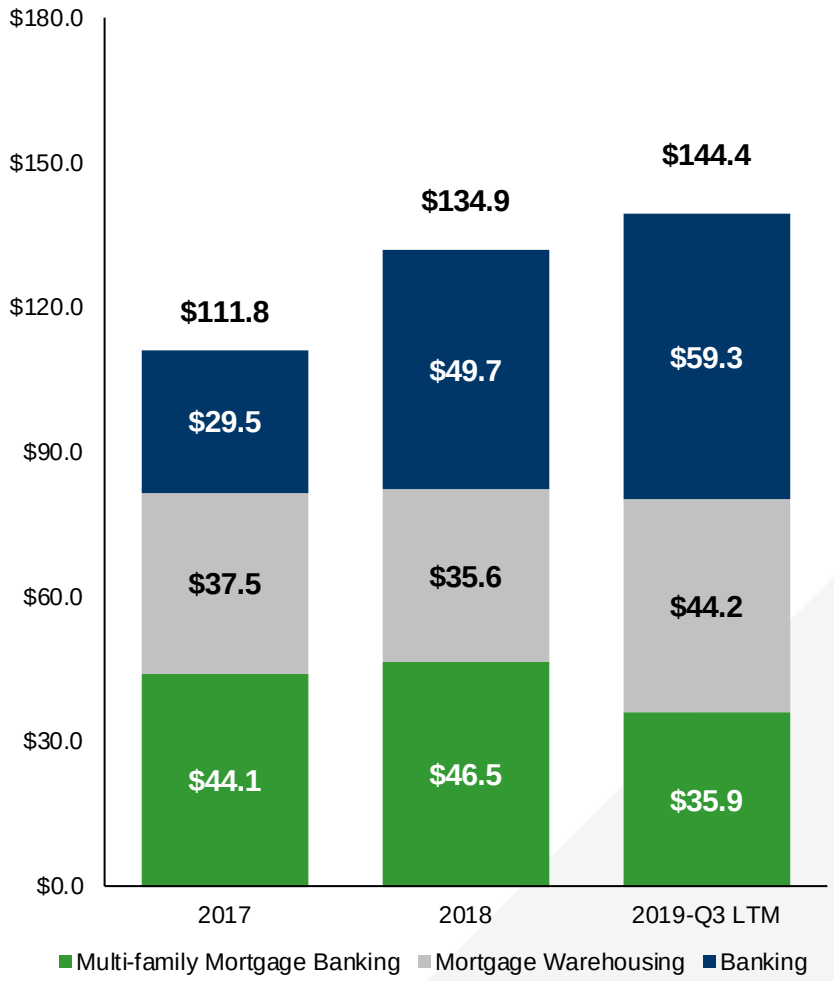
Earnings Correlation to Interest Rates



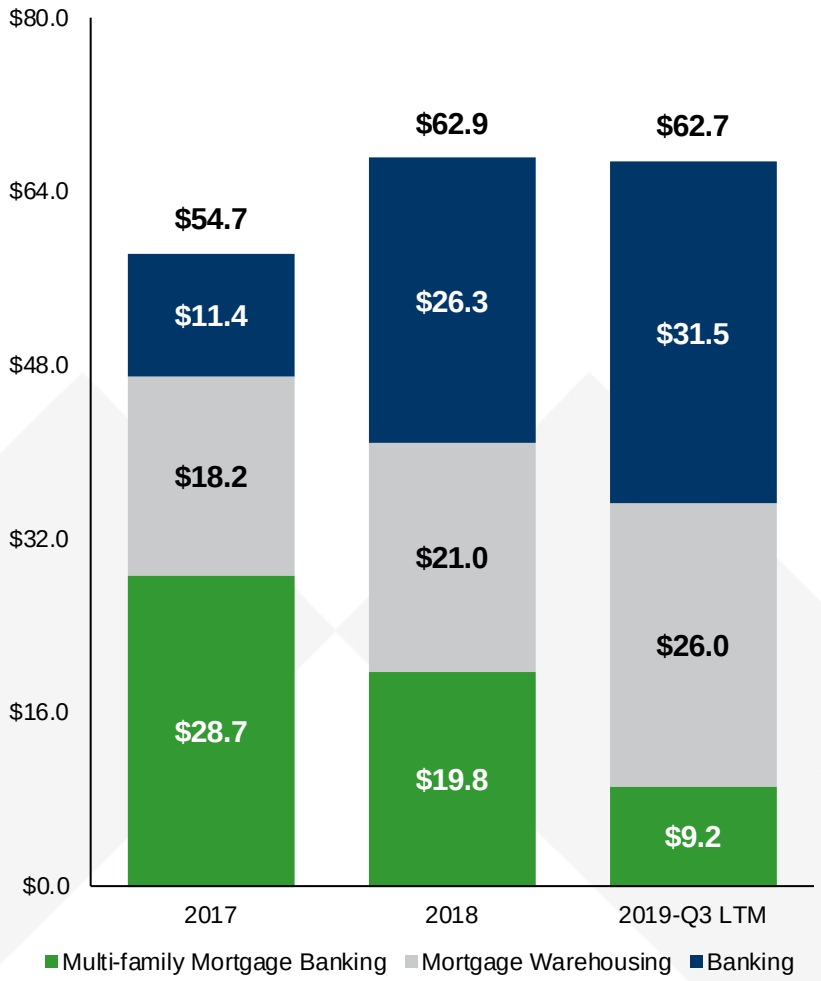
(1) 2014 Net income is on a proforma basis to adjust for the company's conversion from an S-Corporation to a C-Corporation. Reconciliations are available in the 2018 Form 10-K.
(2) YTD 2019 Net income represents the last twelve months as of September 30, 2019.
(3) Market yield curve spread reflects the difference between the average 30-year mortgage rate and the average 1-month LIBOR rate.

Balanced Business Model

Balance of Net Revenue[1] ($MM)



Balance of Net Income ($MM)

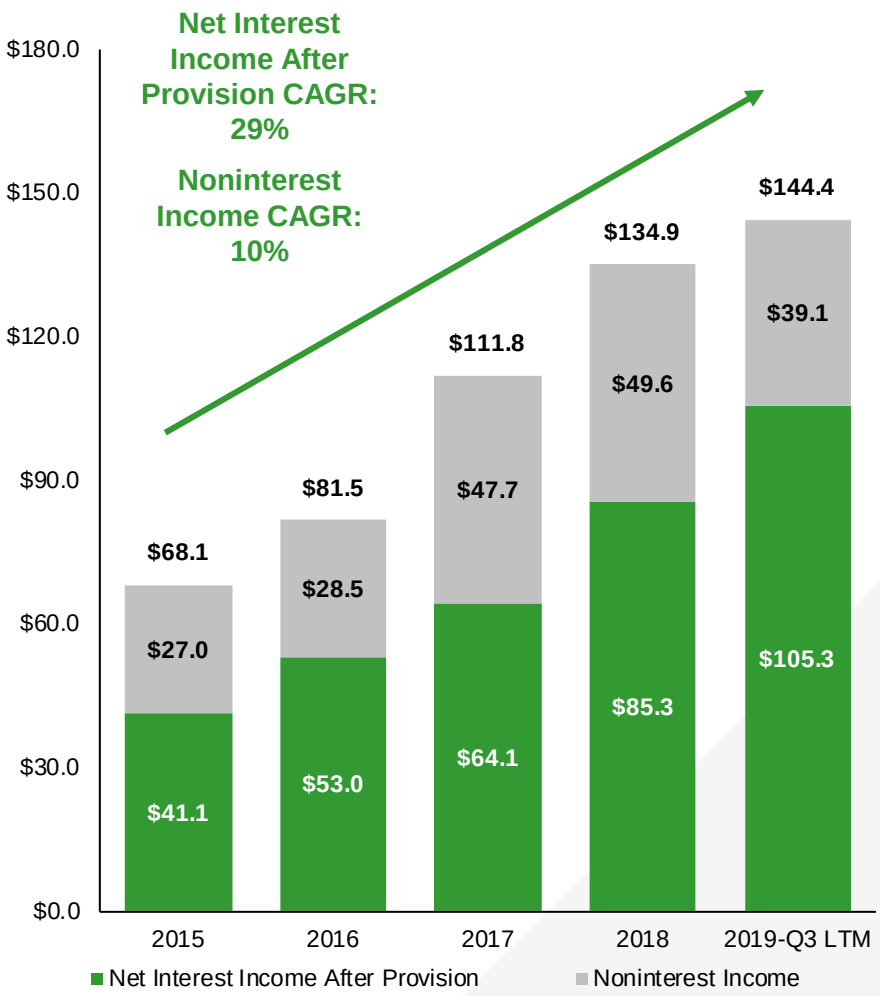


1) Net revenues equal to net interest income plus noninterest income, less provision for loan losses. This is a non-GAAP measure. Please see "Reconciliation of Non-GAAP Measures" in the Appendix.
Note: Sum of the individual segments will not equal total because they are not inclusive of "Other" segment.

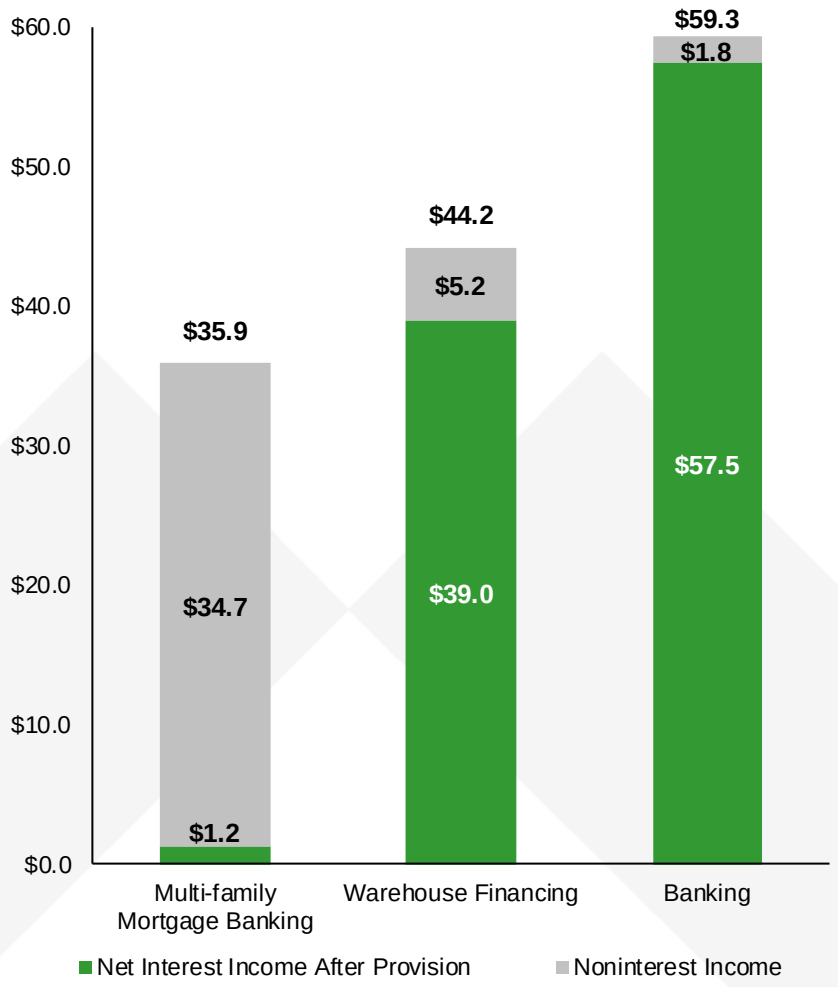
Diversified Revenue Base

Noninterest Income Drives Superior Returns

Balance of Net Revenue[1] ($MM)



2019-Q3 LTM Balance of Net Revenue[1] ($MM)



1) Net revenues equal to net interest income plus noninterest income, less provision for loan losses. This is a non-GAAP measure. Please see "Reconciliation of Non-GAAP Measures" in the Appendix.
Note: Financial information as of September 30, 2019.

Loan Portfolio

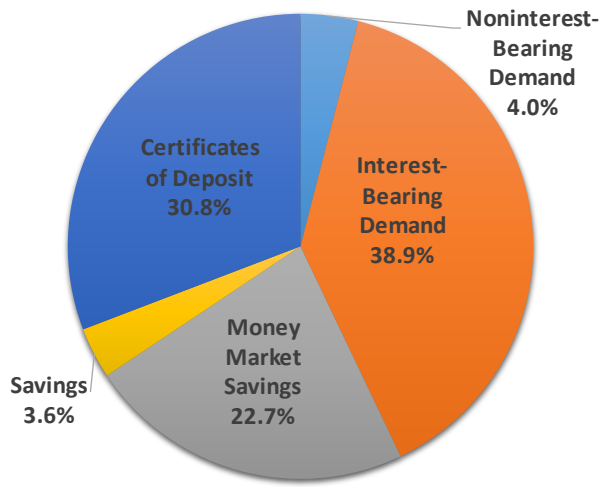
(Dollars in thousands) Loan Type	As of September 30, 2019 Balance	% Total
Total Loans Held for Sale	**$2,498,538**	**47.6%**
Loans Held for Investment		
Mortgage Warehouse Lines of Credit	$796,344	15.2%
Residential Real Estate	$410,550	7.8%
Multi-family Real Estate and Healthcare Financing	$1,145,646	21.8%
Commercial & Commercial Real Estate	$297,788	5.7%
Agricultural Production and Real Estate	$85,737	1.6%
Consumer & Margin Loans	$19,728	0.3%
Total Loans Held for Investment	**$2,755,793**	**52.4%**
Total Gross Loans	**$5,254,331**	**100.0%**
Trading Securities	**$227,914**	

- ✓ Loans are predominantly agency eligible with variable rates or short maturities
- ✓ Approximately 92% of Merchants Bank's assets reprice in 90 days or less
- ✓ Nonperforming loans to total loans held for investment consistently below 0.25% over the past five years

Note: Financial information as of September 30, 2019.

Funding Overview

Deposit Mix[1]



Cost of Deposits[1]: 1.92%

For the Nine Months Ended September 30, 2019:

	Avg. Balance ($mm)	Percent of Total	Weighted Avg. Rate
Noninterest-Bearing Demand	$166,238	4.0%	0.00%
Interest-Bearing Demand	$1,617,221	38.9%	1.92%
Money Market Savings	$943,420	22.7%	1.93%
Savings	$148,137	3.6%	0.22%
Certificates of Deposit	$1,280,303	30.8%	2.35%
Total Deposits	**$4,155,319**	**100.0%**	**1.92%**

Funding Sources

- ✓ Expand custodial escrow relationships
  - In the third quarter of 2019, $1.5B average warehouse deposits funded $3.0B average loans and trading securities
- ✓ Supplement funding with short duration brokered deposits as needed
  - $2.3B of brokered deposits at September 30, 2019 (41% of deposits)
- ✓ FHLB line unused capacity of $634.6MM as of September 30, 2019
  - Increases with growth in balance sheet

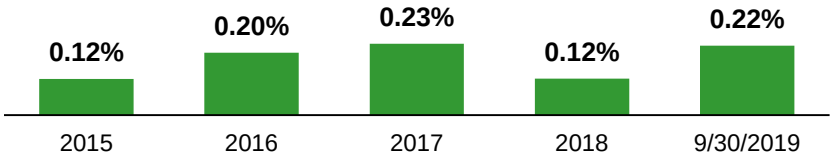
1) Deposit balances and related costs are based on average deposits for the nine months ended September 30, 2019.

Funding Strategy

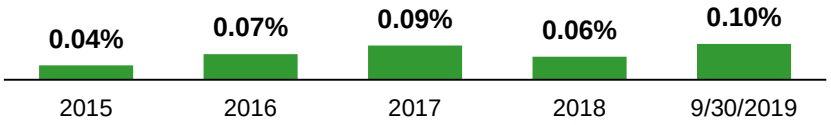
- ✓ Grow multi-family custodial deposits from Merchants Capital Corp. originations and subservicing relationships
- ✓ Expand custodial escrow relationships from warehouse customers
- ✓ Expand use of reciprocal deposits with FDIC insurance
- ✓ Low cost platform allows for highly competitive deposit rates offered in footprint and online
- ✓ Deposit campaigns running for recent acquisitions
- ✓ Expand network of brokered deposit dealers
- ✓ Seek additional acquisitions with low loan to deposit ratios

Highly Disciplined Credit Culture

Nonperforming Loans / Loans Held For Investment

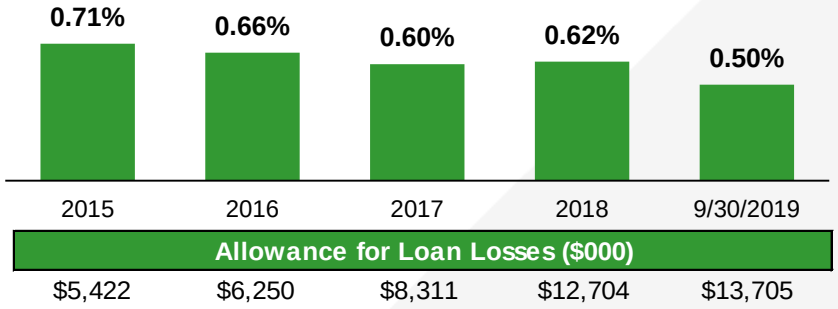


Nonperforming Loans / Total Assets



Reserves / Loans Held For Investment

ALLL/NPLs as of 9/30/19: 223%

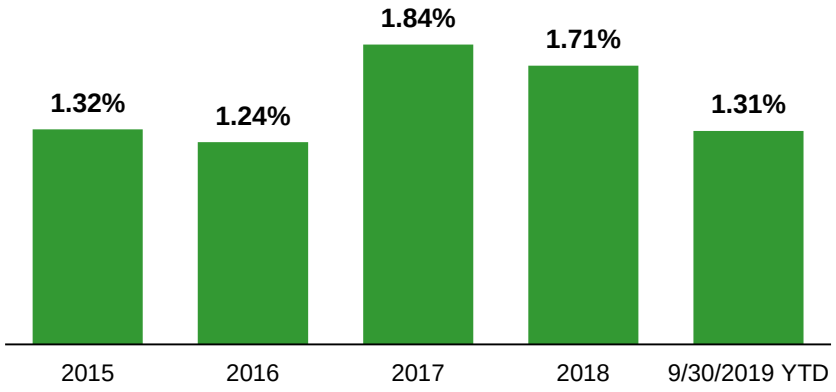


Net Charge-Offs (Recoveries) / Average Loans

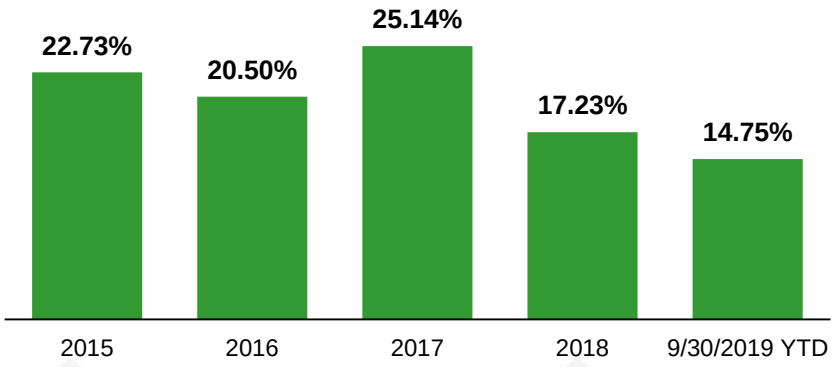


Track Record of Strong Profitability

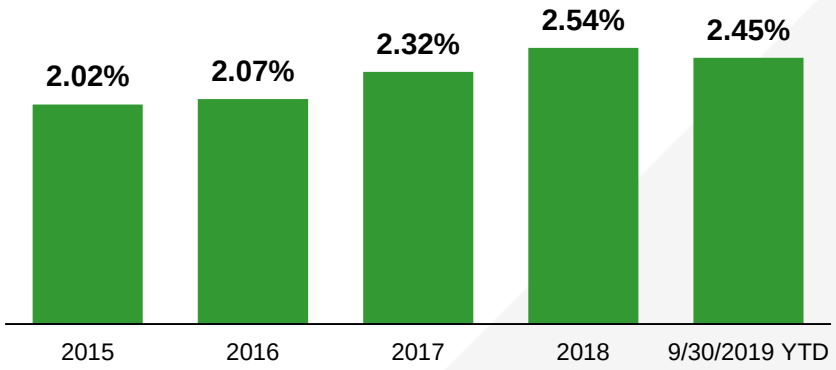
Return on Average Assets



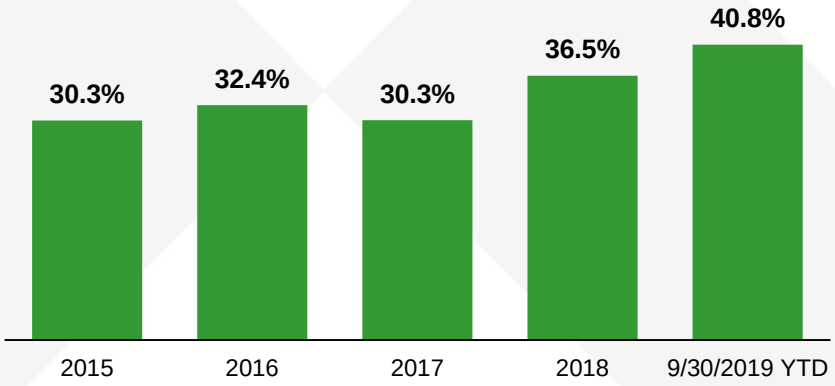
Return on Average TCE



Net Interest Margin



Efficiency Ratio(1)



1) The efficiency ratio represents noninterest expense divided by the sum of net interest income and noninterest income. This is a non-GAAP measure. Please see "Reconciliation of Non-GAAP Measures" in the Appendix.

Appendix



EXPERIENCED EXECUTIVE MANAGEMENT



MICHAEL PETRIE
Chairman & CEO
40 Years in Industry
28 Years with Company



RANDALL ROGERS
Vice Chairman
49 Years in Industry
28 Years with Company



MICHAEL DUNLAP
President and Director
26 Years in Industry
9 Years with Company



JOHN MACKE
Chief Financial Officer
26 Years in Industry
2 Years with Company



SCOTT EVANS
President/Co-COO MBI
29 Years in Industry
14 Years with Company



MICHAEL DURY
President, Merchants Capital
11 Years in Industry
11 Years with Company



SUSAN DEHNER KUCER
President, Indianapolis Market
36 Years in Industry
3 Years with Company



JERRY F. KOORS
President, Merchants Mortgage
27 Years in Industry
5 Years with Company

Merchants Bancorp – Selected History

MERCHANTS BANCORP

2018	Acquisition of the Assets of NattyMac, LLC Acquisition Farmers-Merchants of Paxton ($110M in total assets) Acquisition of Joy State Bank in January 2018 ($43M in total assets)
2017	Merchants Bancorp completed $115M IPO in October 2017 Acquisition of RICHMAC Funding, LLC. in August 2017
2014	Establishment of NattyMac Funding, Inc.
2009	Bank changes name to “Merchants Bank of Indiana” in April 2009 and launches mortgage warehouse business line
2009	Acquisition of Symphony Bancorp in January 2009 ($55M in total assets)
2002	Acquisition of Greensfork Township State Bank in March 2002 ($7MM in total assets)
1990	PR Mortgage is founded by Michael Petrie and Randall Rogers in August 1990

Recent Company Awards/Accolades

S&P Global Market Intelligence

#1 PERFORMING BANK IN INDIANA, #6 NATIONALLY

Recognized as the #1 Performing Bank in Indiana for 4 consecutive years by S&P Global Market Intelligence, #6 Nationally. Rankings for banks with $3B to $10B in assets.

RAYMOND JAMES

RAYMOND JAMES COMMUNITY BANKERS CUP

In March 2019, Merchants Bank was awarded the 2018 Community Bankers Cup, rewarding community banks that build long-term shareholder value.

INDIANAPOLIS BUSINESS JOURNAL FAST25 2017 FASTEST-GROWING COMPANIES

IBJ FAST 25 RECIPIENT

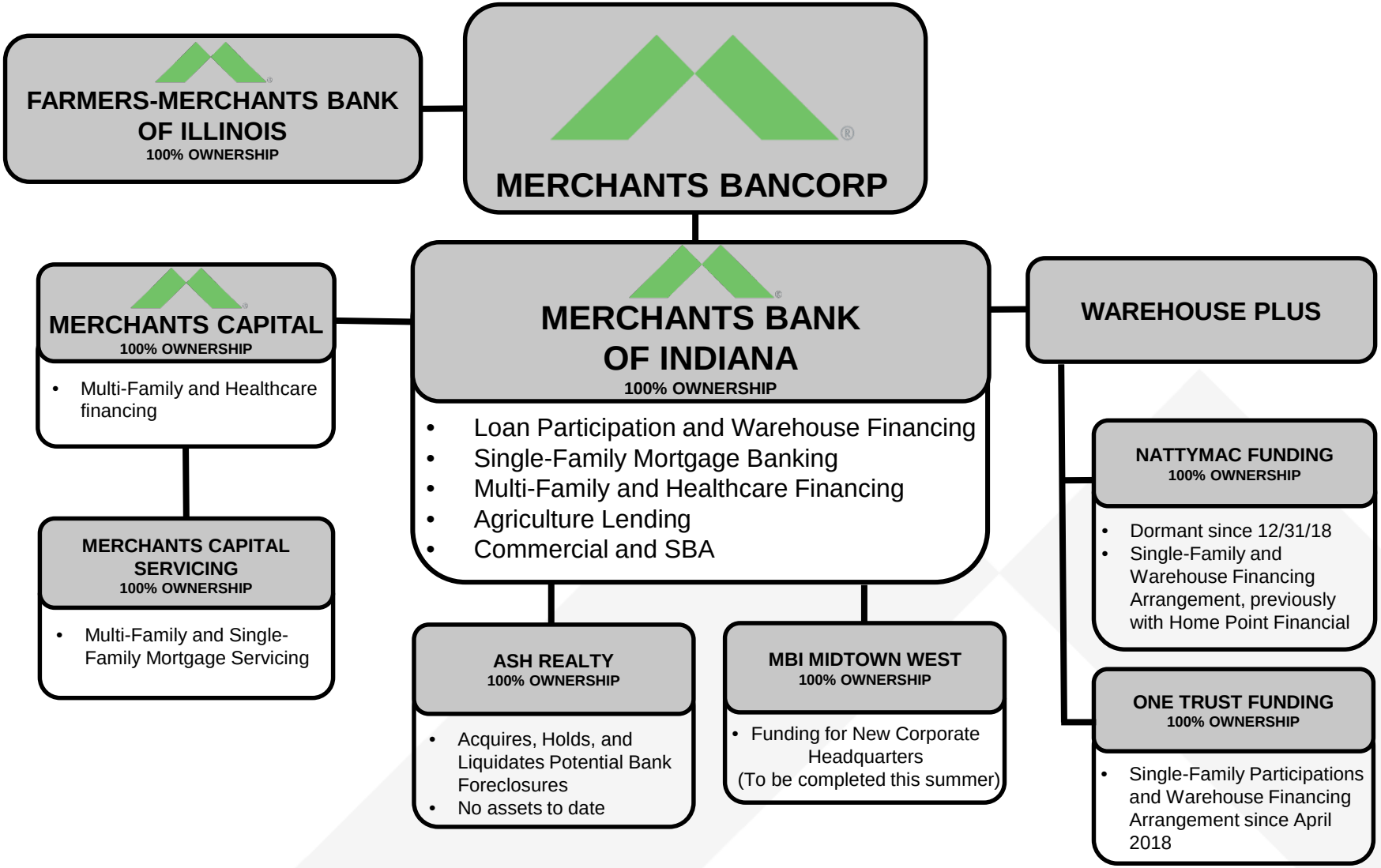
In 2017, the Indianapolis Business Journal (IBJ) ranked Merchants Bank as the 21st fastest growing company in the Indianapolis area with 70% revenue growth from fiscal year 2014 through 2017.

BEST PLACES TO WORK IN INDIANA 2018 2017 2016 2019

"BEST PLACES TO WORK" RECOGNITION

Merchants Bank has proudly been named one of the Best Places to Work in Indiana by the Indiana Chamber of Commerce's Best Places to Work Program every year since 2016.

Organizational Structure



Multi-Family Mortgage Banking

20% Net Revenue Contribution – YTD 9/30/19

- ✓ Merchants Capital is engaged in multi-family mortgage banking, specializing in originating and servicing loans for rental housing and healthcare facility financing
  - Differentiated focus on the affordable and workforce housing niche, not luxury housing
- ✓ Originates FHA, Fannie Mae, and Freddie Mac Affordable loans that are sold as mortgage backed securities within approximately 30 days of origination. The loans are sold and servicing rights are retained allowing for gain on sale income plus servicing fees over the life of the loan
  - Other originations include bridge and construction financing that are referred to the Banking segment, which ultimately converts to permanent agency loans and future gain on sale
  - Expanded capital base has allowed for growth of bridge and construction loan portfolio
- ✓ Because of its focus on credit quality and strict underwriting, since 1990, Merchants has had only one FHA loan claim
  - Also facilitates strong conversion rate of bridge and construction loans to permanent agency mortgages
- ✓ Merchants Capital originated and acquired $1.7B in 2017 and $2.6B in 2018
- ✓ As of September 30, 2019, Merchants Capital servicing portfolio for banks and investors was $11.2B, including $1.6B for Merchants Bank

Mortgage Warehousing

33% of Net Revenue Contribution – YTD 9/30/19

- ✓ Merchants Bank saw an opportunity to start its warehouse lending business in 2009 and has grown to fund $23.4B in 2018 and another $29.9B through September 30, 2019
- ✓ Offer both warehouse lines of credit and participation agreements at the loan level based off note rate
- ✓ Lines of credit collateralized by mortgage servicing rights lead to growth opportunities in loans and corporate and custodial deposits
- ✓ Match-funded with customers' custodial deposits
- ✓ Merchants Bank builds credit risk management throughout its warehouse lending process and has had minimal credit losses since inception
- ✓ Warehouse Plus model has been replicated to provide a return to shareholders using mortgage banker's capital
- ✓ Innovative e-Note platform is in operation today at the beginning of industry adoption curve
  - Allows a fully electronic mortgage to turn quickly and generate higher ROE
- ✓ Acquired NattyMac platform on December 31, 2018
- ✓ Sales strategy initiated post-IPO, increasing market share

Banking

MERCHANTS BANK OF INDIANA

42% of Net Revenue Contribution – YTD 9/30/19

1) **MBI-Indianapolis** serves the Indianapolis market as a community bank and provides funding arrangements for the multi-family mortgage banking segment. It also generates SBA and C&I loans
   - Holds loans comprised of multi-family construction and bridge loans referred by Merchants Capital, C&I loans, SBA loans, residential mortgage loans and consumer loans. Participations are used as a source of liquidity.
   - Expanded lending limit from new capital allows Merchants to compete for larger local clients
   - Additional capital will allow MBI to retain assets currently sold off in participation agreements

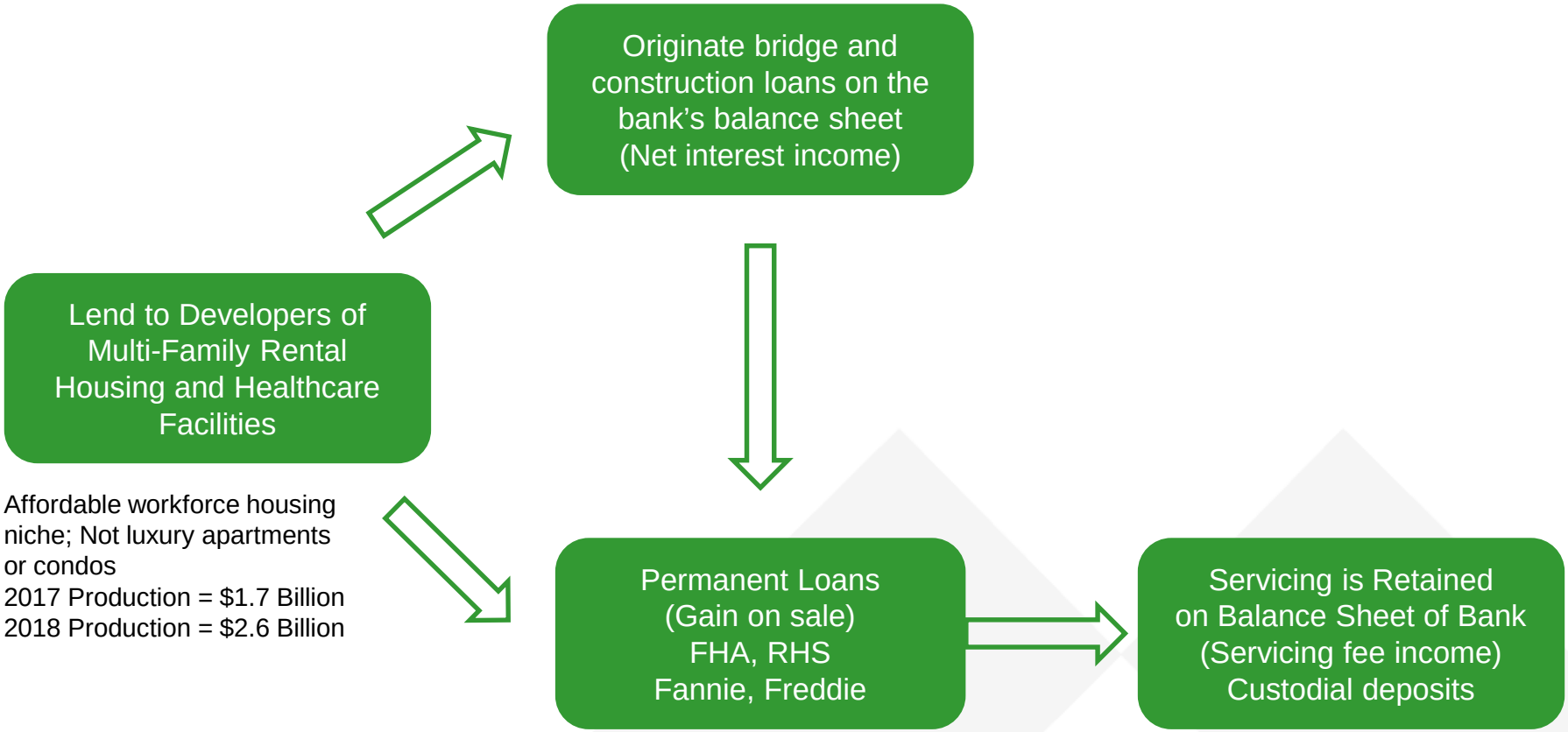
2) **MBI-Lynn** is located in East Central Indiana and primarily provides agricultural loans within its market area. Low credit risk profile has resulted in less than $25,000 in credit losses in our agricultural loan portfolio since December 31, 2002
   - MBI-Lynn is the warehouse lender for Merchants Capital permanent agency loans
   - FSA guarantee is used to mitigate credit risk on agricultural loans

3) **Merchants Mortgage** is a full service retail and correspondent single-family mortgage origination and servicing platform that was started in February 2013
   - Offers agency eligible and jumbo fixed and hybrid adjustable rate mortgages for purchase or refinancing
   - Company is staffed for growth and received agency approvals (FNMA, FHLMC, FHA, USDA) in 2017
   - Expanded capital base will allow correspondent channel to grow in coordination with warehouse lending

4) **Merchants Bancorp acquired Farmers-Merchants Bank of Illinois (formerly Joy State Bank)** on January 1, 2018, and **Farmers-Merchants National Bank of Paxton** on October 1, 2018 (by merging with and into Joy State Bank). These acquisitions will expand the Company's footprint into Illinois
   - Operates under a separate charter and provides access to the Federal Home Loan Bank of Chicago and affordable lending programs

Merchants Capital

Multi-Family Mortgage Banking



- Affordable workforce housing niche; Not luxury apartments or condos
- 2017 Production = $1.7 Billion
- 2018 Production = $2.6 Billion

- Servicing Portfolio = $11.2 Billion (including $1.6B for Merchants Bank)

2019 Segment Reporting

Income Statement by Segment for the Nine Months Ended September 30, 2019 ($000)					
(Dollars in thousands) Sept 30, 2019	Multi-Family Mortgage Banking	Mortgage Warehousing	Banking	Other	Total
Total Interest Income	1,000	67,276	78,439	1,481	148,196
Total Interest Expense	-	35,281	32,929	(4,691)	63,519
Net Interest Income	**1,000**	**31,995**	**45,510**	**6,172**	**84,677**
Provision for loan losses	-	875	1,072	-	1,947
Net Interest Income After Provision For Loan Losses	**1,000**	**31,120**	**44,438**	**6,172**	**82,730**
Total Noninterest Income	20,868	4,593	1,015	(2,090)	24,386
Total Noninterest Expense	15,392	7,955	12,690	8,440	44,477
Income Before Income Taxes	**6,476**	**27,758**	**32,763**	**(4,358)**	**62,639**
Income Taxes	1,930	6,682	7,937	(1,178)	15,371
Net Income	**$4,546**	**$21,076**	**$24,826**	**($3,180)**	**$47,268**
Total Assets	**$169,283**	**$3,529,267**	**$2,596,313**	**$42,323**	**$6,337,186**
Total Net Revenue	***$21,868***	***$35,713***	***$45,453***	***$4,082***	***$107,116***
Percentage of Net Revenue	***20.4%***	***33.3%***	***42.4%***	***3.8%***	***100.0%***
Percentage of Net Income	***9.6%***	***44.6%***	***52.5%***	***-6.7%***	***100.0%***

✓ ***Merchants Bancorp has three reportable segments:***

- Multi-Family Mortgage Banking
- Mortgage Warehousing
- Banking

✓ ***Multi-Family Mortgage Banking:***
Originates and services predominantly government sponsored mortgages for multi-family and healthcare facilities

✓ ***Mortgage Warehousing:***
Funds agency eligible residential loans from origination, or purchase, to sale in the secondary market, as well as commercial loans to non-depository financial institutions

✓ ***Banking:***
Provides a wide range of financial products and services to consumers and businesses, including commercial, commercial real estate, mortgage and other consumer loan products; letters of credit; and various types of deposit products

Note: Net revenues equal to net interest income plus noninterest income, less provision for loan losses for the nine months ended September 30, 2019.

Historical Financial Performance

(Dollars in thousands, except per share amounts)	At or for the Year Ended December 31,				At or for the Nine Months Ended September 30,	
	2015	2016	2017	2018	2018	2019
Balance Sheet Data						
Total Assets	$ 2,269,442	$ 2,718,512	$ 3,393,133	$ 3,884,163	$ 3,806,949	$ 6,337,186
Loans held for investment, gross	762,212	941,796	1,374,660	2,058,127	1,917,102	2,755,793
Loans held for sale	620,583	764,503	995,319	832,455	1,004,402	2,498,538
Deposits	2,039,520	2,428,621	2,943,561	3,231,086	3,302,369	5,499,649
Total shareholder's equity	148,200	206,288	367,474	421,237	407,346	629,439
Tangible common equity (non-GAAP)	137,677	164,184	320,479	358,637	358,700	396,994
Income Statement Data						
Net Interest Income	$ 42,055	$ 53,971	$ 66,597	$ 89,971	$ 65,796	$ 84,677
Provision for loan losses	960	960	2,472	4,629	3,021	1,947
Noninterest income	27,008	28,504	47,680	49,585	34,850	24,386
Noninterest expense	20,922	26,720	34,644	50,900	34,719	44,477
Income before Taxes	**47,181**	**54,795**	**77,161**	**84,027**	**62,906**	**62,639**
Provision for income taxes	18,798	21,668	22,477	21,153	15,454	15,371
Net income	**$ 28,383**	**$ 33,127**	**$ 54,684**	**$ 62,874**	**$ 47,452**	**$ 47,268**
Per Share Data (Common Stock)						
Diluted earnings per share	$ 1.35	$ 1.47	$ 2.28	$ 2.07	$ 1.57	$ 1.45
Tangible Book Value (non-GAAP)	$ 6.52	$ 7.78	$ 11.17	$ 12.50	$ 12.50	$ 13.83
Performance Metrics						
Return on average assets	1.32%	1.24%	1.84%	1.71%	1.74%	1.31%
Return on average tangible common equity (non-GAAP)	22.73%	20.50%	25.14%	17.23%	17.52%	14.75%
Net interest margin	2.02%	2.07%	2.32%	2.54%	2.52%	2.45%
Efficiency ratio (non-GAAP)	30.3%	32.4%	30.3%	36.5%	34.5%	40.8%

Reconciliation of Non-GAAP Measures

(Dollars in thousands, except per share amounts)	At or for the Year Ended December 31,				At or for the Nine Months Ended September 30,	
	2015	2016	2017	2018	2018	2019
Non-GAAP Reconciliation: Net Income						
Net income as reported per GAAP	$ 28,383	$ 33,127	$ 54,684	$ 62,874	$ 47,452	$ 47,268
Less preferred stock dividends	-	2,002	3,330	3,330	2,498	5,598
Net income available to common shareholders	**$ 28,383**	**$ 31,125**	**$ 51,354**	**$ 59,544**	**$ 44,954**	**$ 41,670**
Non-GAAP Reconciliation: Tangible Common Equity to Tangible Assets						
Tangible common shareholders' equity						
Shareholders' equity per GAAP	$ 148,200	$ 206,288	$ 367,474	$ 421,237	$ 407,346	$ 629,439
Less: goodwill & intangibles	(523)	(523)	(5,414)	(21,019)	(7,065)	(19,756)
Tangible shareholders' equity	**147,677**	**205,765**	**362,060**	**400,218**	**400,281**	**609,683**
Less: preferred stock	(10,000)	(41,581)	(41,581)	(41,581)	(41,581)	(212,689)
Tangible common shareholders' equity	**$ 137,677**	**$ 164,184**	**$ 320,479**	**$ 358,637**	**$ 358,700**	**$ 396,994**
Tangible assets						
Assets per GAAP	$ 2,269,442	$ 2,718,512	$ 3,393,133	$ 3,884,163	$ 3,806,949	$ 6,337,186
Less: goodwill & intangibles	(523)	(523)	(5,414)	(21,019)	(7,065)	(19,756)
Tangible assets	**$ 2,268,919**	**$ 2,717,989**	**$ 3,387,719**	**$ 3,863,144**	**$ 3,799,884**	**$ 6,317,430**
Tangible common equity to tangible assets	6.1%	6.0%	9.5%	9.3%	9.4%	6.3%
Tangible equity to tangible assets	6.5%	7.6%	10.7%	10.4%	10.5%	9.7%
Non-GAAP Reconciliation: Efficiency Ratio						
Net interest income (before provision for loan losses)	$ 42,055	$ 53,971	$ 66,597	$ 89,971	$ 65,796	$ 84,677
Noninterest income	27,008	28,504	47,680	49,585	34,850	24,386
Noninterest expense	20,922	26,720	34,644	50,900	34,719	44,477
Efficiency ratio[2]	30.3%	32.4%	30.3%	36.5%	34.5%	40.8%

1) Tangible assets represents consolidated assets less goodwill and intangibles in each period.
2) The efficiency ratio represents noninterest expense divided by the sum of net interest income and noninterest income.

Reconciliation of Non-GAAP Measures

(Dollars in thousands, except per share amounts)	At or for the Year Ended December 31,				At or for the Nine Months Ended September 30,	
	2015	2016	2017	2018	2018	2019
Non-GAAP Reconciliation: Return on Average Tangible Common Equity						
Average shareholders' equity per GAAP	$ 125,463	$ 177,370	$ 248,515	$ 396,350	$ 389,760	$ 498,091
Less: average goodwill & intangibles	(523)	(523)	(2,662)	(9,265)	(6,961)	(20,458)
Less: average preferred stock	(55)	(25,038)	(41,581)	(41,581)	(41,581)	(101,979)
Average tangible common shareholders' equity	**124,885**	**151,809**	**204,272**	**345,504**	**341,218**	**375,654**
Return on average tangible common equity	**22.73%**	**20.50%**	**25.14%**	**17.23%**	**17.52%**	**14.75%**
Non-GAAP Reconciliation: Tangible Book Value Per Share						
Tangible common shareholders' equity						
Shareholders' equity per GAAP	$ 148,200	$ 206,288	$ 367,474	$ 421,237	$ 407,346	$ 629,439
Less: goodwill & intangibles	(523)	(523)	(5,414)	(21,019)	(7,065)	(19,756)
Tangible shareholders' equity	**147,677**	**205,765**	**362,060**	**400,218**	**400,281**	**609,683**
Less: preferred stock	(10,000)	(41,581)	(41,581)	(41,581)	(41,581)	(212,689)
Tangible common shareholders' equity	**$ 137,677**	**$ 164,184**	**$ 320,479**	**$ 358,637**	**$ 358,700**	**$ 396,994**
Shares outstanding at period end	21,111,200	21,111,200	28,685,167	28,694,036	28,694,036	28,706,438
Tangible Book Value (non-GAAP)	**$ 6.52**	**$ 7.78**	**$ 11.17**	**$ 12.50**	**$ 12.50**	**$ 13.83**
Non-GAAP Reconciliation: Net Revenue						
Net interest income	$ 42,055	$ 53,971	$ 66,597	$ 89,971	$ 65,796	$ 84,677
Plus: noninterest income	27,008	28,504	47,680	49,585	34,850	24,386
Less: provision for loan losses	960	960	2,472	4,629	3,021	1,947
Net revenue	**$ 68,103**	**$ 81,515**	**$ 111,805**	**$ 134,927**	**$ 97,625**	**$ 107,116**

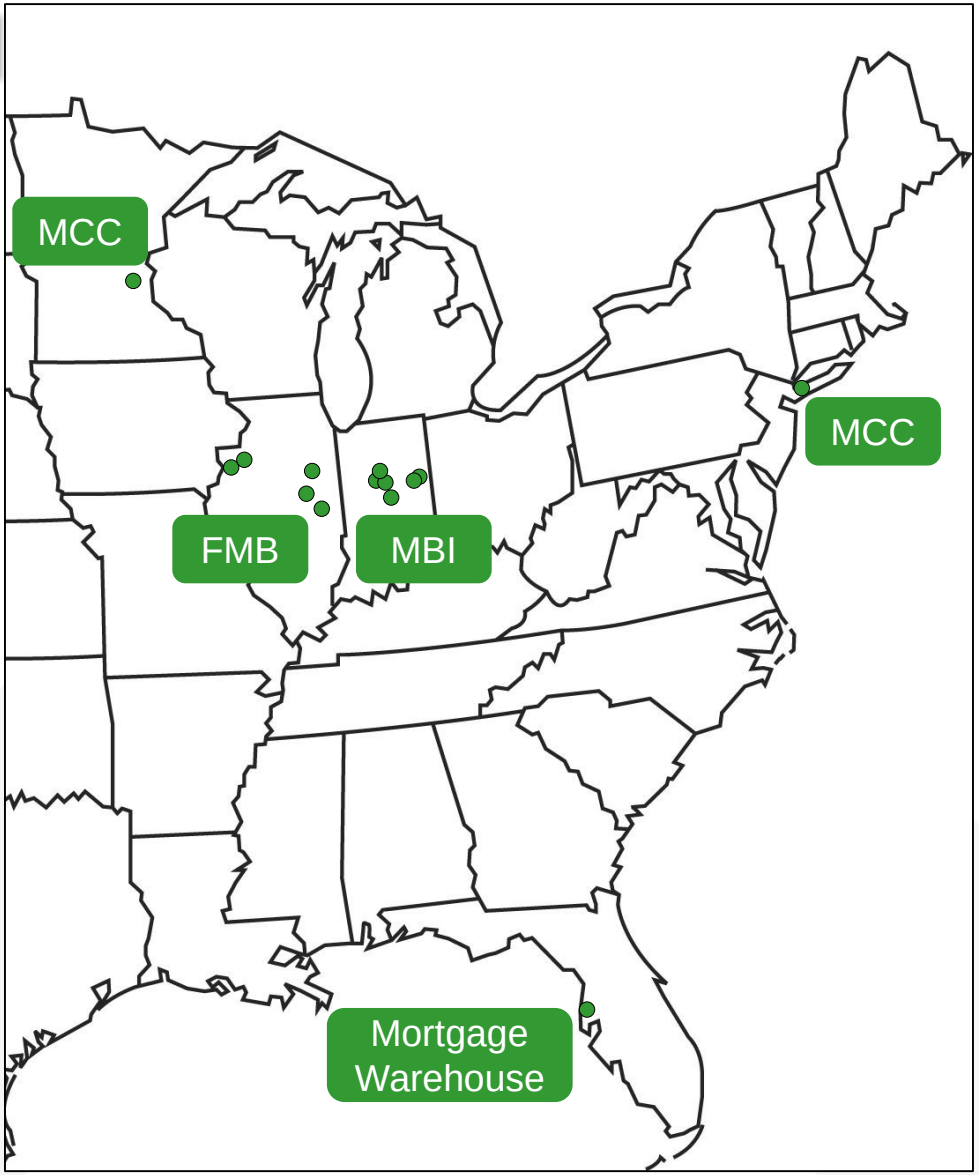
Capital Ratios

($000's)	Actual 12/31/2018	Actual 9/30/2019
Regulatory Capital		
Common Equity Tier 1 Capital	339,369	383,602
Additional Tier 1 Capital	$41,581	$212,688
Tier 1 Capital	$380,950	$596,290
Tier 2 Capital	$12,704	$13,705
Total Capital	$393,654	$609,995
Total Assets for Regulatory Ratios		
Risk-Weighted Assets	$3,198,550	$5,632,367
Total Assets For Leverage Ratio	$3,802,018	$5,977,391
Capital Ratios		
Leverage Ratio	10.0%	10.0%
CET1 Capital Ratio	10.6%	6.8%
Tier 1 Ratio	11.9%	10.6%
Total Capital Ratio	12.3%	10.8%

Facilities Footprint

Facilities

Address
Principal Executive Office, MCS and Warehouse Lending:
11555 North Meridian Street, Suites 400, 500, 520 and 560 Carmel, Indiana 46032
Central Indiana Branches:
3737 East 96th Street Indianapolis, Indiana 46240
11590 North Meridian Street, Suite 120 (Merchants Mortgage) Carmel, Indiana 46032
Lynn, Indiana Branches:
7375 South US Highway 27 Lynn, Indiana 47355
6880 South Arba Pike Lynn, Indiana 47355
Land and Building in Process for New Headquarters: (Added 2018)
4th Street SW and 4th Avenue SW Carmel, Indiana 46032
MCC Offices: (Added August 17, 2018)
800 Third Avenue, Suite 350 New York, New York 10022
255 East Kellogg Blvd., Suite 103 St. Paul, Minnesota 55101
FMBI Offices: (Added January 2, 2018)
101 W. Main Street, Joy, Illinois 61260
412 Main Street, New Boston, Illinois 61272
101 North Taft Street, Paxton, Illinois 60957
100 East Main Street, Melvin, Illinois 60952
116 South Pine Street, Piper City, Illinois 60959
Clearwater, Florida Offices: (Added December 31, 2018)
14255 49th Street North, Bldg #1, Clearwater, Florida 33762



Investment Highlights

- ✓ ***Strong profitability driven by an integrated platform and diverse revenue stream***
  - History of strong performance ROAA of 1.31% and ROATCE[1] of 14.75% for the nine months ended September 30, 2019
  - Diverse earnings model via three primary business lines that each have a history of profitability and growth, including through periods of overall market decline
- ✓ ***Experienced management team with a long-term track record of performance and industry involvement***
  - Management has an average of 30+ years of experience in financial services
  - Five members of the management team have been with the Company for 10+ years
- ✓ ***Strong credit culture originating lower risk assets as evidenced by low loan loss experience***
- ✓ ***Diverse and stable source of revenue from primary business lines within mortgage banking business are complementary***
  - Single and multi-family businesses provide a natural hedge to mortgage banking business
  - Originating loans and mortgage servicing businesses provide a natural hedge against interest rates
  - The annual volume of multi-family loans originated and acquired for sale in the secondary market increased 34% during the year ended December 31, 2018, as compared to the prior year
  - Customers benefit from Merchants being a one-stop-shop with attractive products and services to meet multiple, unique needs
- ✓ ***Stable source of funds driven by synergies between operating segments***
  - Cost of total deposits of 1.92% for the nine months ended September 30, 2019
  - Mortgage custodial deposits will grow with the multi-family servicing portfolio, which will, in turn, increase net interest margin in the securities portfolio
- ✓ ***Community banking structure and specialty lending businesses complement one another and create operating and revenue synergies***

1) This is a non-GAAP measure. Please see “Reconciliation of Non-GAAP Measures” in the Appendix.