

NASDAQ: MBIN

Raymond James U.S. Bank Conference

September 2020

Disclaimers

This presentation may contain “forward-looking statements” within the meaning of meaning of Section 27A of the Securities Act, Section 21E of the Securities Exchange Act of 1934, as amended, and the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect management's current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as “may,” “might,” “should,” “could,” “predict,” “potential,” “believe,” “expect,” “continue,” “will,” “will likely result,” “anticipate,” “seek,” “estimate,” “intend,” “plan,” “projection,” “goal,” “target,” “outlook,” “aim,” “annualized,” “would” and “outlook,” or the negative version of those words or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about the Company's industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions, estimates and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. Forward-looking statements speak only as of the date they are made and are inherently subject to uncertainties and changes in circumstances, including those described under the heading “Risk Factors” in the Company’s latest Annual Report on Form 10-K, filed with the Securities and Exchange Commission (“SEC”). Forward-looking statements are not guarantees of future performance and should not be relied upon as representing management’s views as of any subsequent date. The Company undertakes no obligation to update forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

This presentation is not an offer to sell securities, nor is it a solicitation of an offer to buy securities in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. Neither the SEC nor any other regulatory body has approved or disapproved of the securities of the Company or passed upon the accuracy or adequacy of this presentation. Any representation to the contrary is a criminal offense. Except as otherwise indicated, this presentation speaks as of the date hereof. The delivery of this presentation shall not, under any circumstances, create any implication there has been no change in the affairs of the Company after the date hereof.

This presentation includes industry and market data that we obtained from periodic industry publications, third-party studies and surveys. Although we believe this industry and market data is reliable as of the date of this presentation, this information could prove to be inaccurate. Industry and market data could be inaccurate because of the method by which sources obtained their data and because information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. In addition, we do not know all of the assumptions regarding general economic conditions or growth that were used in preparing the forecasts from the sources relied upon or cited herein.

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 – *27% of net revenues[1] ($61.6M)*

- Lender to developers of multi-family residential and healthcare properties specializing in FHA, FNMA, and FHLMC Affordable permanent loan products
- Multi-family servicer for banks and other investors

2

Mortgage Warehousing – *43% of net revenues[1] ($98.8M)*

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

3

Banking – *28% of net revenues[1] ($65.5M)*

- Traditional community banking in Indiana and Illinois
- Online and mobile banking outside footprint
- Holds multi-family loans in portfolio pending conversion to permanent loan
- Merchants Mortgage operates correspondent mortgage banking nationally
- Merchants SBA operates in the Midwest

1) Net revenues equal to net interest income plus noninterest income, less provision for loan losses for the last twelve months ended June 30, 2020.

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 extended refinancing wave
  - Complementary business lines provide referral, operating, and funding synergies
- ✓ 34+% CAGR in Assets, Total Loans, and Deposits since 2016 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 94% of Merchants Bank's loans reprice in 90 days or less
  - Minimal net charge-offs – 0.02% of average loans for the full year 2019; 0.00% YTD June 30, 2020
  - Minimal direct exposure to consumer, commercial and other small businesses likely to be negatively impacted by COVID-19
- ✓ 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, 2019	June 30, 2020	Change	
Total Assets	$6,371,928	$9,439,400	48%	
Cash and Securities [1]	$1,093,935	$1,241,506	13%	
Total Loans, net [2]	$5,106,257	$8,011,084	57%	
Total Deposits	$5,478,075	$6,908,628	26%	
Total Equity	$653,728	$708,198	8%	
Tangible Equity / Tangible Assets [3]	9.98%	7.32%	(266)	bps

Credit Quality

	December 31, 2019	June 30, 2020		
NPLs / Loans Held for Investment	0.15%	0.16%	1	bps
Allowance / Loans Held for Investment	0.52%	0.49%	(3)	bps
Net Charge-offs (Recoveries) / Avg. Total Loans [2]	0.02%	0.00%	(2)	bps

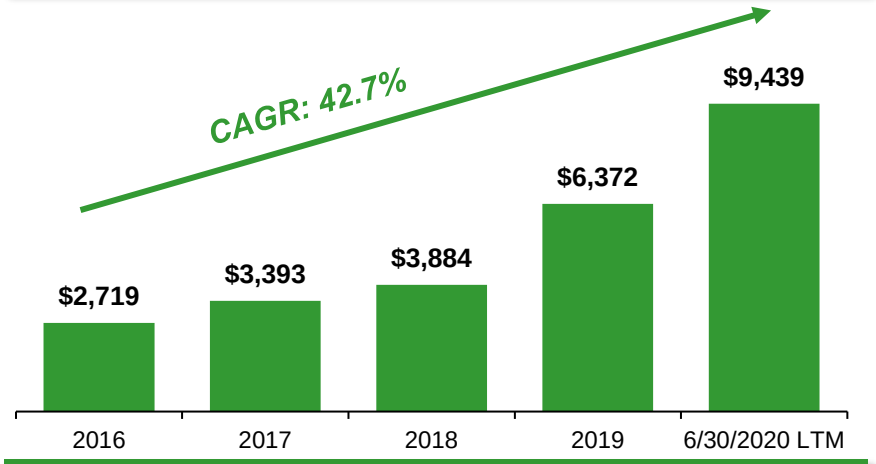
Performance Metrics

	For the Six Months Ended			
	June 30, 2019	June 30, 2020		
ROAA	1.29%	1.72%	43	bps
ROATCE [3]	13.08%	26.08%	1,300	bps
Noninterest Income / Net Revenue	20.88%	35.20%	1,432	bps
Efficiency Ratio [3]	44.15%	31.38%	(1,277)	bps
Net Interest Margin	2.62%	2.41%	(21)	bps
Yield on Loans [2]	4.89%	3.96%	(93)	bps
Cost of Deposits	1.90%	1.12%	(78)	bps
CBLR - Leverage Ratio (Consolidated)	9.4%	7.9%	(150)	bps

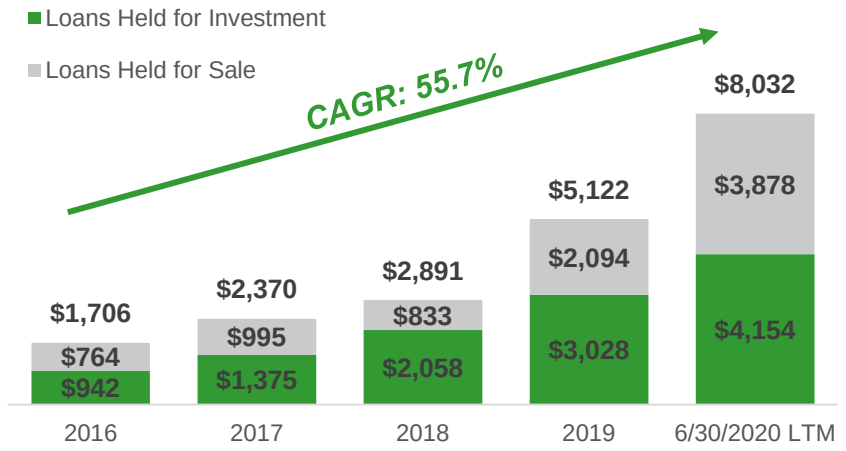
1) Cash and Securities includes cash and cash equivalents, securities purchased under agreements to resell, trading securities, available for sale securities, and FHLB stock.
2) Total Loans include loans held for investment and loans held for sale for the YTD period indicated.
3) These are non-GAAP measures.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

Significant Growth Across Various Cycles

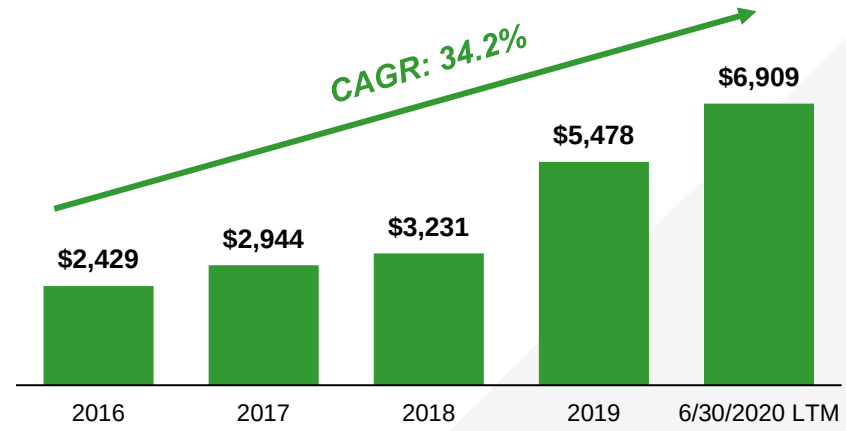
Total Assets ($MM)



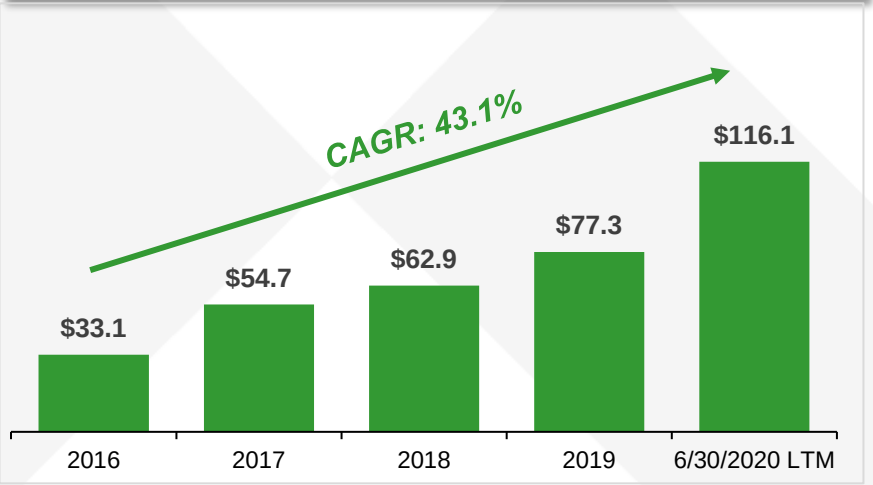
Total Gross Loans ($MM)



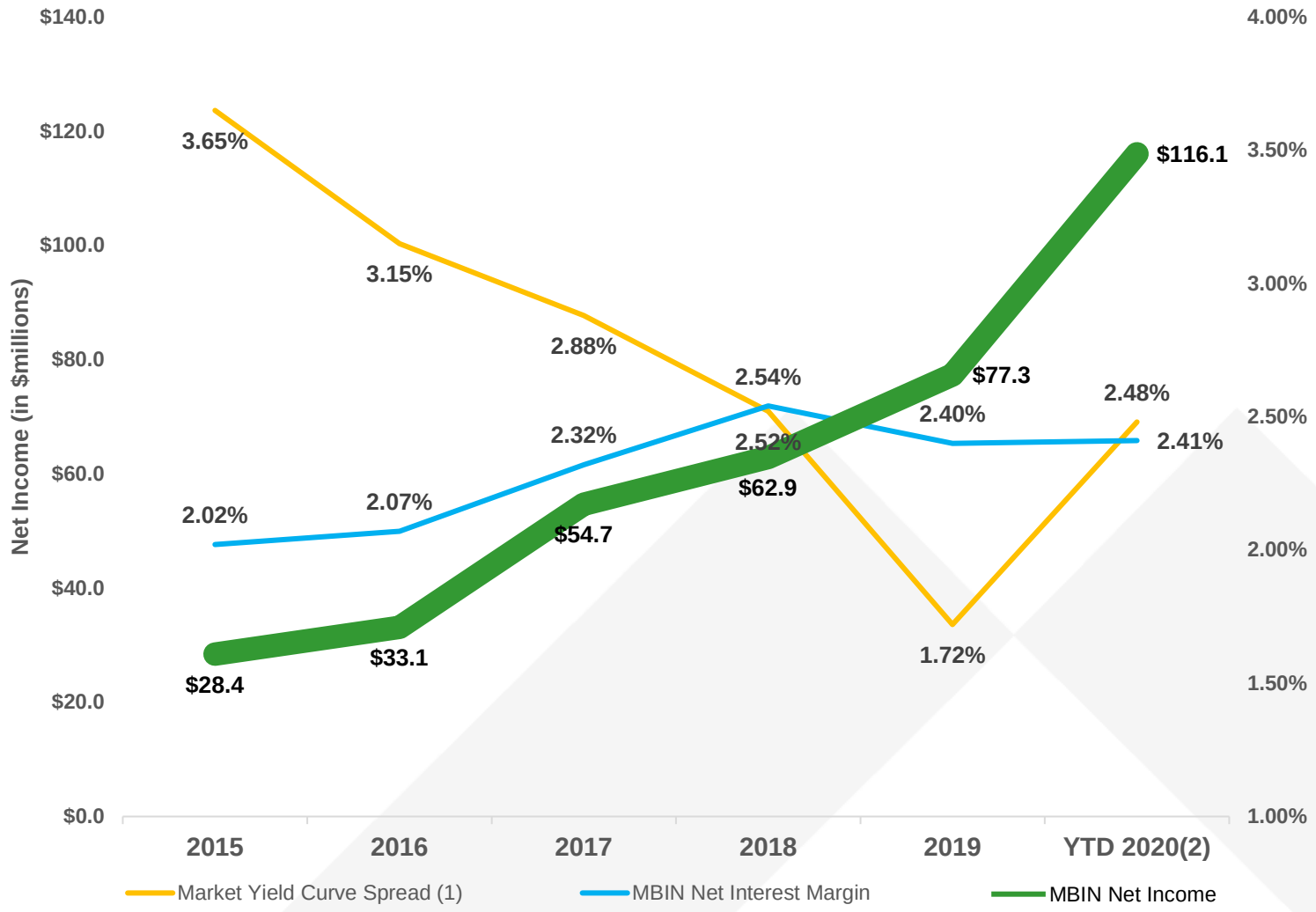
Total Deposits ($MM)



Net Income ($MM)



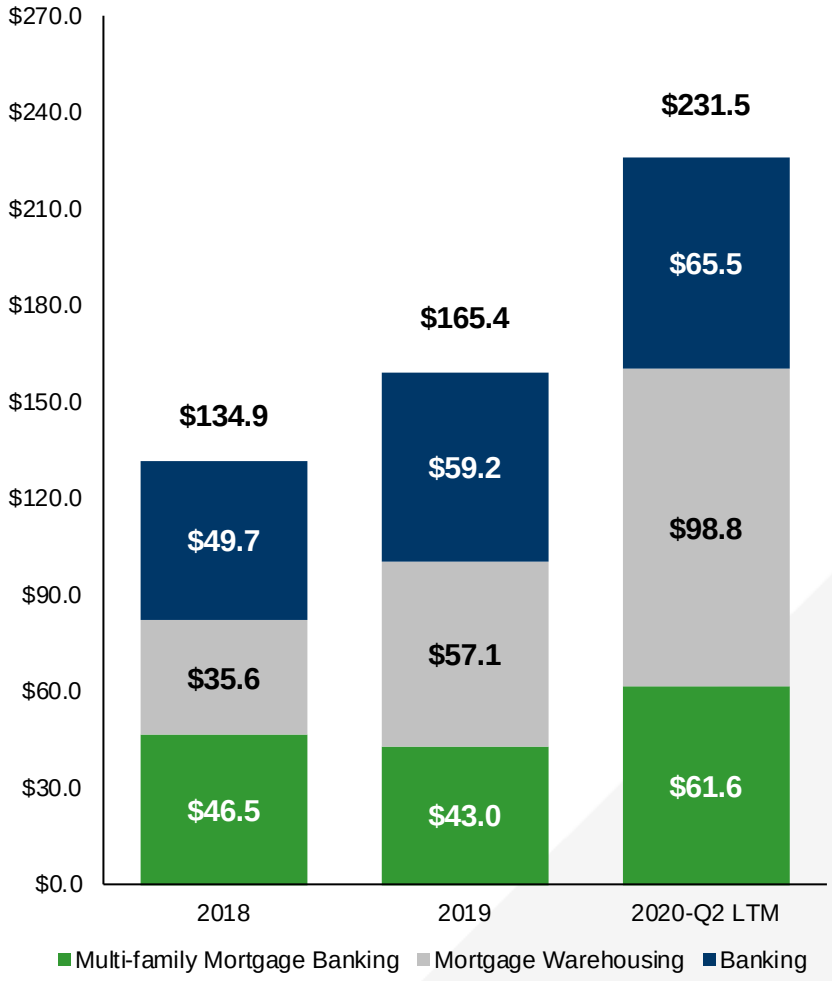
Earnings Correlation to Interest Rates



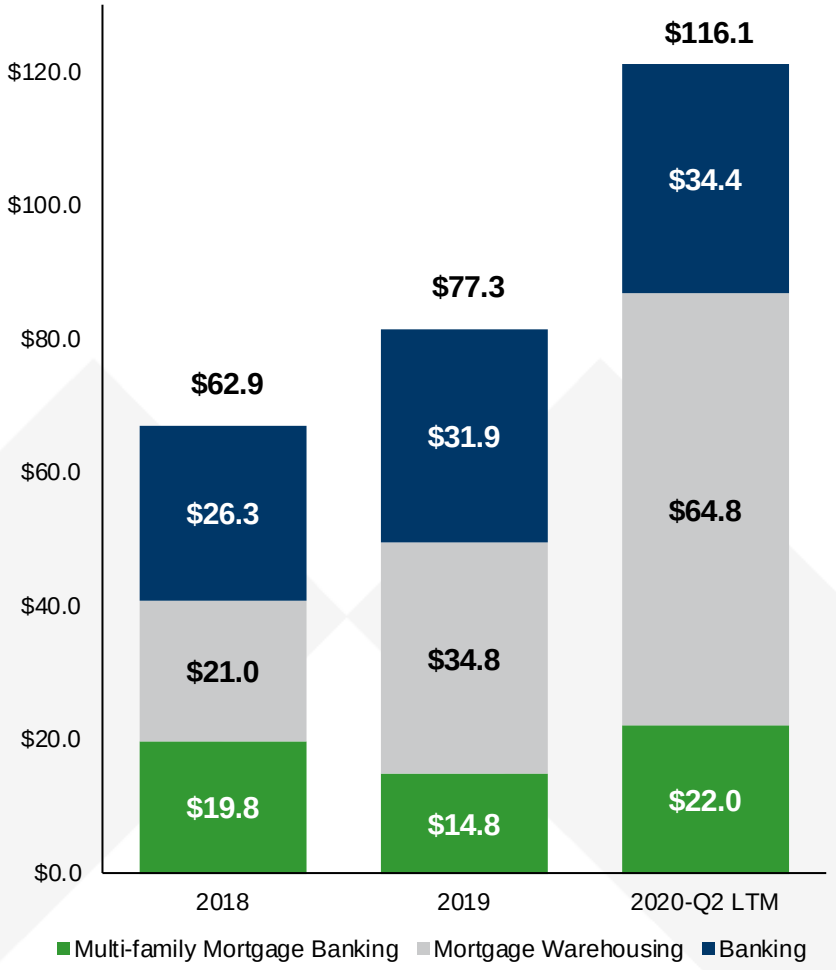
(1) Market yield curve spread reflects the difference between the average 30-year mortgage rate and the average 1-month LIBOR rate.
(2) YTD 2020 Net income represents the last twelve months as of June 30, 2020.

Balanced Business Model

Balance of Net Revenue[1] ($MM)



Balance of Net Income ($MM)

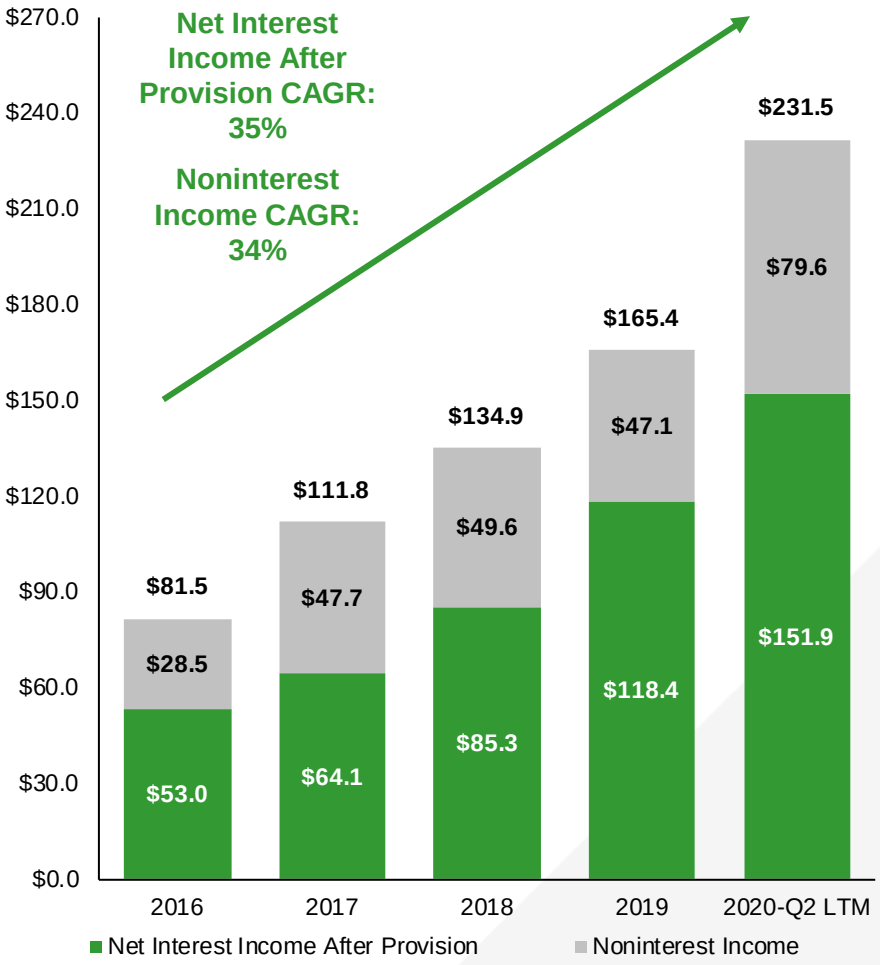


1) Net revenues equal to net interest income plus noninterest income, less provision for loan losses. This is a non-GAAP measure. Please see "Reconciliation of Non-GAAP Measures" in the Appendix.
Note: Sum of the individual segments will not equal total because they are not inclusive of "Other" segment.

Diversified Revenue Base

Noninterest Income Drives Superior Returns

Balance of Net Revenue[1] ($MM)



2020-Q2 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 June 30, 2020.

Loan Portfolio

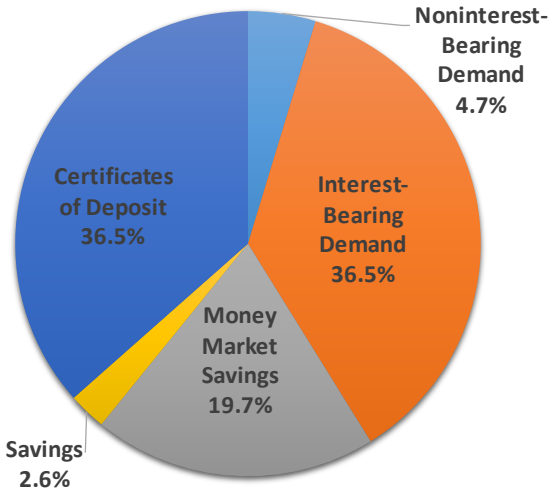
(Dollars in thousands) Loan Type	As of June 30, 2020 Balance	% Total
Total Loans Held for Sale	**$3,877,769**	**48.3%**
Loans Held for Investment		
Mortgage Warehouse Lines of Credit	$1,287,246	16.0%
Residential Real Estate (primarily 1st lien HELOCs)	$471,807	5.9%
Multi-family Real Estate and Healthcare Financing	$1,848,811	23.0%
Commercial & Commercial Real Estate	$432,222	5.4%
Agricultural Production and Real Estate	$99,035	1.2%
Consumer & Margin Loans	$14,691	0.2%
Total Loans Held for Investment	**$4,153,812**	**51.7%**
Total Gross Loans	**$8,031,581**	**100.0%**
Mortgage loans in the process of securitization	**$518,788**	

- ✓ Loans are predominantly agency eligible with variable rates or short maturities
- ✓ Approximately 94% of Merchants Bank's loans reprice in 90 days or less
- ✓ Nonperforming loans to total loans held for investment consistently below 0.25% over the past five years
- ✓ Granted customer requests to defer payments on 52 loans with unpaid balances of $80.6 million, representing 1.0% of loans held for sale and loans held for investment
- ✓ Substantially all commercial real estate (CRE) loans are owner-occupied

Note: Information as of June 30, 2020.

Funding Overview

Deposit Mix[1]



Cost of Deposits[1]: 1.12%

For the Six Months Ended June 30, 2020

	Avg. Balance ($ in thousands)	Percent of Total	Weighted Avg. Rate
Noninterest-Bearing Demand	$303,607	4.7%	0.00%
Interest-Bearing Demand	$2,360,536	36.5%	0.79%
Money Market Savings	$1,272,905	19.7%	1.35%
Savings	$169,850	2.6%	0.10%
Certificates of Deposit	$2,364,237	36.5%	1.55%
Total Deposits	**$6,471,135**	**100.0%**	**1.12%**

Funding Sources

- ✓ Expand custodial escrow relationships
  - In the second quarter of 2020, $2.1B average warehouse deposits funded $4.5B average loans and trading securities
- ✓ Supplement funding with short duration brokered deposits as needed
  - $2.4B of brokered deposits at June 30, 2020 (34% of deposits)
- ✓ FHLB and FRB lines of unused capacity of $1.9B as of June 30, 2020
  - Increases with growth in balance sheet
  - Increased over prior year despite balance sheet growth

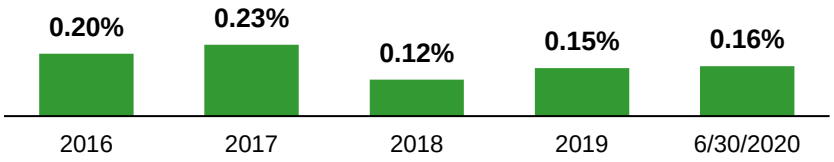
1) Deposit balances and related costs are based on average deposits for the six months ended June 30, 2020.

Funding Strategy

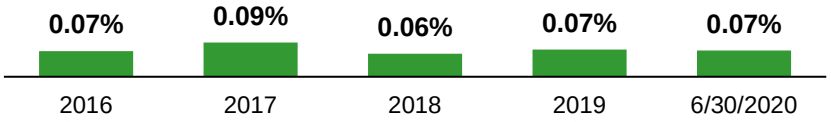
- ✓ Make use of lines at the Federal Home Loan Bank and Federal Reserve, with less use of brokered deposits, to lower interest expense
- ✓ Grow multi-family custodial deposits from Merchants Capital Corp. originations and subservicing relationships
- ✓ Expand custodial escrow relationships from warehouse customers
- ✓ Expand use of reciprocal deposits with FDIC insurance
- ✓ Low cost platform allows for highly competitive deposit rates offered in footprint and mobile/online support out of footprint
- ✓ 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

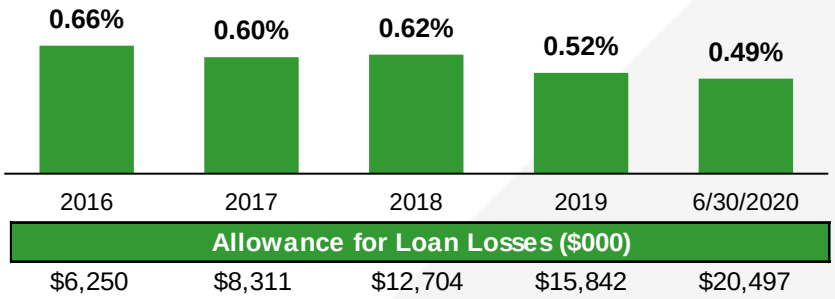


Nonperforming Loans / Total Assets

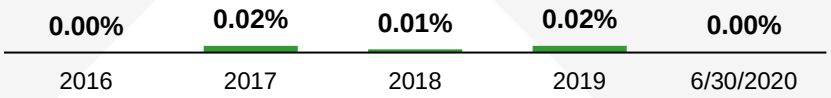


Reserves / Loans Held For Investment

ALLL/NPLs as of 6/30/20: 307%

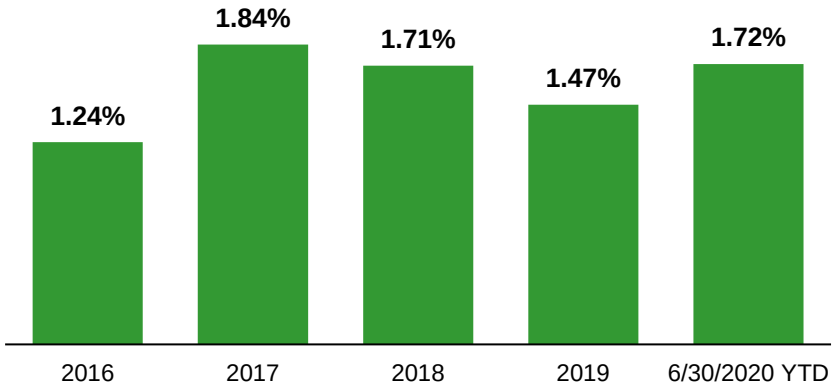


Net Charge-Offs (Recoveries) / Average Loans

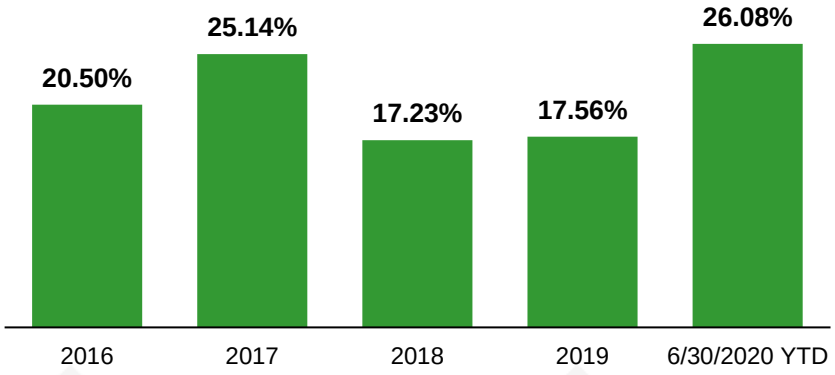


Track Record of Strong Profitability

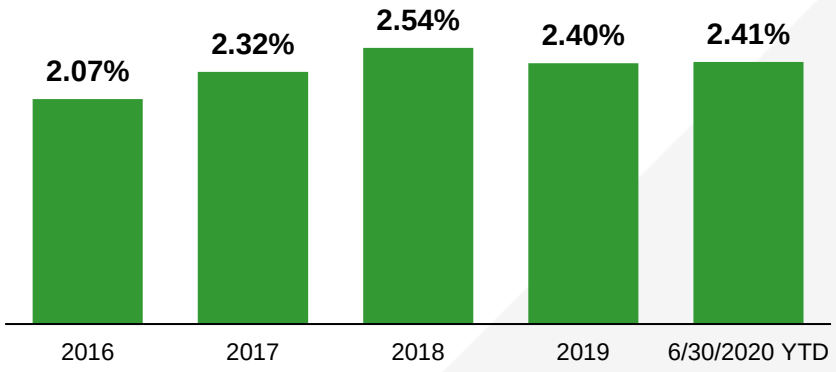
Return on Average Assets



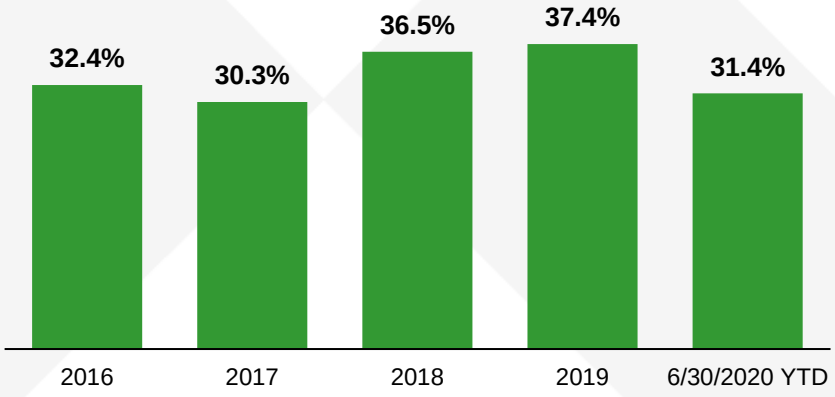
Return on Average TCE



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
41 Years in Industry
29 Years with Company



RANDALL ROGERS
Vice Chairman
50 Years in Industry
29 Years with Company



MICHAEL DUNLAP
President and Director
27 Years in Industry
10 Years with Company



JOHN MACKE
Chief Financial Officer
27 Years in Industry
3 Years with Company



SCOTT EVANS
President/Co-COO MBI
30 Years in Industry
15 Years with Company



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



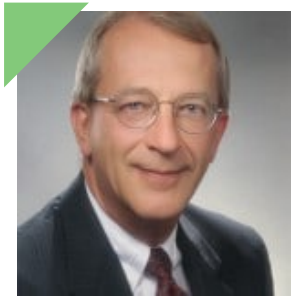
SUSAN DEHNER KUCER
President, Indianapolis Market
37 Years in Industry
4 Years with Company



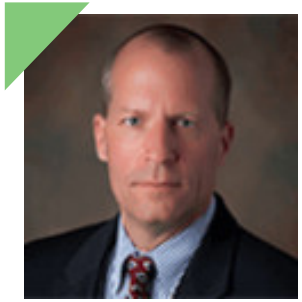
JERRY F. KOORS
President, Merchants Mortgage
28 Years in Industry
6 Years with Company



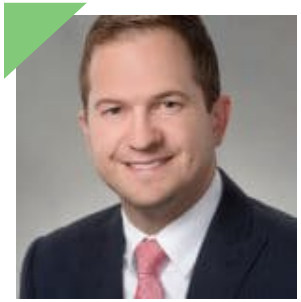
EXPERIENCED EXECUTIVE MANAGEMENT



Richard Belser
SVP, Chief Credit Officer
45 Years in Industry
13 Years with Company



Martin Schroeter
Warehouse Lending
36 Years in Industry
1 Year with Company



Terry Oznick
SVP, Chief Legal Counsel
10 Years in Industry
5 Years with Company



Kevin Langford
SVP, Chief Administrative Officer
29 Years in Industry
3 Years with Company

Merchants Bancorp – Selected History

MERCHANTS BANCORP

2019	Completed $52M Preferred Offering in March 2019 Completed $125M Preferred Offering in August 2019
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
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

RAYMOND JAMES

BEST PLACES TO WORK IN INDIANA 2020 2019 2018 2017 2016

INDIANAPOLIS BUSINESS JOURNAL FAST25 2017 FASTEST-GROWING COMPANIES

#1 PERFORMING BANK IN INDIANA, #2 NATIONALLY

Recognized as the #1 Performing Bank in Indiana for 5 consecutive years by S&P Global Market Intelligence, #2 Nationally. Rankings for banks with $3B to $10B in assets.

RAYMOND JAMES COMMUNITY BANKERS CUP

For the second year in a row, Merchants Bank was awarded the 2019 Community Bankers Cup, rewarding community banks that build long-term shareholder value.

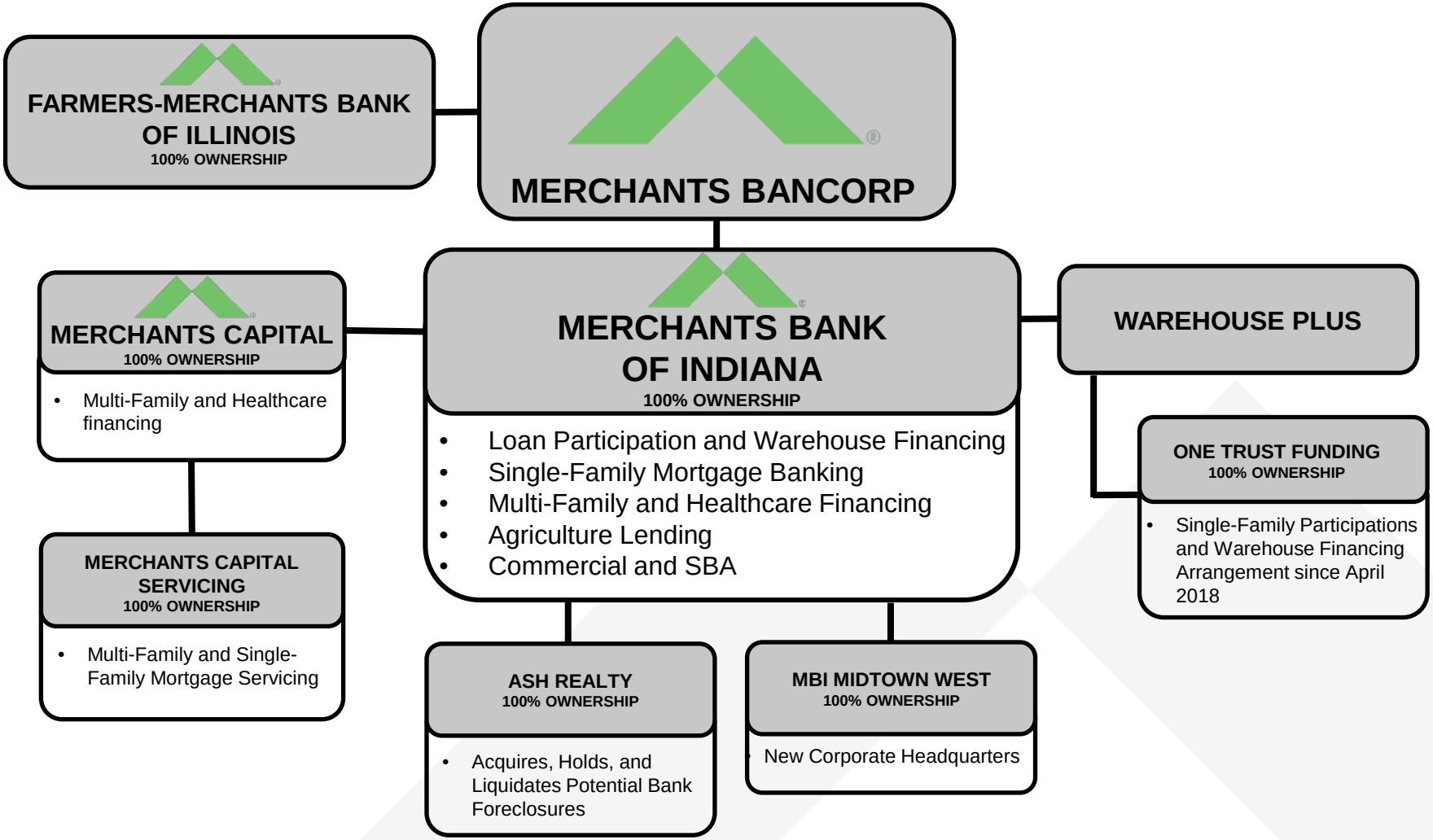
"BEST PLACES TO WORK" RECOGNITION

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.

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.

Organizational Structure



Multi-Family Mortgage Banking

27% Net Revenue Contribution – LTM 6/30/20

- ✓ 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 $2.6B in 2018 and $2.3B in 2019
- ✓ As of June 30, 2020, Merchants Capital servicing portfolio for banks and investors was $14.2B, including $4.7B for sub-servicing and $2.3B for Merchants Bank

Mortgage Warehousing

43% of Net Revenue Contribution – LTM 6/30/20

- ✓ Merchants Bank saw an opportunity to start its warehouse lending business in 2009 and has grown to fund $46.2B in 2019 and $45.4B through June 30, 2020
- ✓ Offer multi-family and single-family warehouse lines of credit, as well as 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; supplemented with line of credit and short-term brokered deposits, based on dollar amounts and timing
- ✓ Merchants Bank builds credit risk management throughout its warehouse lending process and has had minimal credit losses since inception
- ✓ 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
  - Increasing volumes due to COVID pandemic
- ✓ Acquired NattyMac platform on December 31, 2018
- ✓ Sales strategy initiated post-IPO, increasing market share

Banking

28% of Net Revenue Contribution – LTM 6/30/20

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

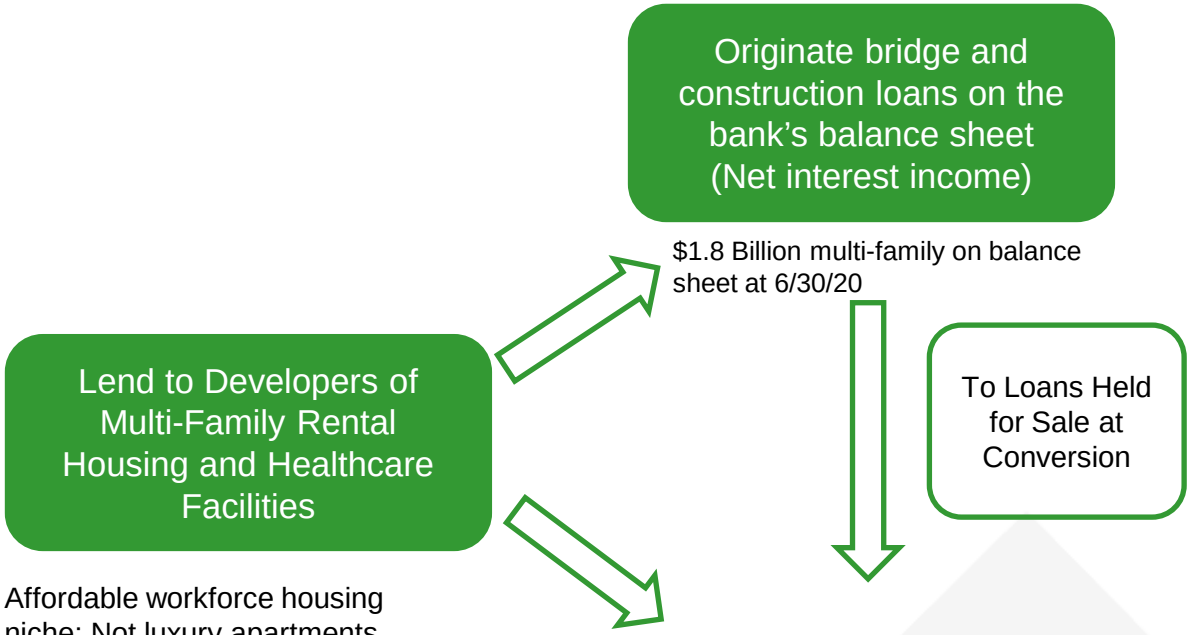
2) **MBI-Richmond** is located in East Central Indiana and primarily provides agricultural loans within its market area. Low credit risk profile has resulted in less than $25,000 in credit losses in our agricultural loan portfolio since December 31, 2002
   - MBI-Richmond is the warehouse lender for 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 an agency approved seller servicer by FNMA, FHLMC, FHA, USDA, and GNMA, as well as an approved seller to the FHLB's of Indianapolis and Chicago
   - Staffed for growth and operates in both the Retail and Correspondent mortgage channels
   - 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 sell mortgage loans 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
- 2018 Production = $2.6 Billion
- 2019 Production = $2.3 Billion

- Servicing Portfolio = $14.2 Billion (including $4.7B sub-servicing and $2.3 for Merchants Bank)

2020 Segment Reporting

Income Statement by Segment for the Last Twelve Months Ended June 30, 2020 ($000)					
(Dollars in thousands) **Last Twelve Months June 30, 2020**	Multi-Family Mortgage Banking	Mortgage Warehousing	Banking	Other	Total
Total Interest Income	1,343	137,970	110,880	1,988	252,181
Total Interest Expense	-	51,627	47,674	(6,952)	92,349
Net Interest Income	**1,343**	**86,343**	**63,206**	**8,940**	**159,832**
Provision for loan losses	-	1,278	6,651	-	7,929
Net Interest Income After Provision For Loan Losses	**1,343**	**85,065**	**56,555**	**8,940**	**151,903**
Total Noninterest Income	60,262	13,686	8,985	(3,288)	79,645
Total Noninterest Expense	31,068	12,811	20,541	12,513	76,933
Income Before Income Taxes	**30,537**	**85,940**	**44,999**	**(6,861)**	**154,615**
Income Taxes	8,529	21,177	10,560	(1,716)	38,550
Net Income	**$22,008**	**$64,763**	**$34,439**	**($5,145)**	**$116,065**
Total Net Revenue	***$61,605***	***$98,751***	***$65,540***	***$5,652***	***$231,548***
Percentage of Net Revenue	***26.6%***	***42.6%***	***28.3%***	***2.4%***	***100.0%***
Percentage of Net Income	***19.0%***	***55.8%***	***29.7%***	***-4.4%***	***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 last twelve months ended June 30, 2020.

Historical Financial Performance

(Dollars in thousands, except per share amounts)	At or for the Year Ended December 31,				At or for the Six Months Ended June 30,	
	2016	2017	2018	2019	2019	2020
Balance Sheet Data						
Total Assets	$ 2,718,512	$ 3,393,133	$ 3,884,163	$ 6,371,928	$ 5,287,390	$ 9,439,400
Loans held for investment, gross	941,796	1,374,660	2,058,127	3,028,310	2,360,510	4,153,812
Loans held for sale	764,503	995,319	832,455	2,093,789	1,918,118	3,877,769
Deposits	2,428,621	2,943,561	3,231,086	5,478,075	4,655,990	6,908,628
Total shareholder's equity	206,288	367,474	421,237	653,728	515,013	708,198
Tangible common equity (non-GAAP)	164,184	320,479	358,637	421,438	381,196	476,669
Income Statement Data						
Net Interest Income	$ 53,971	$ 66,597	$ 89,971	$ 122,298	$ 52,053	$ 89,587
Provision for loan losses	960	2,472	4,629	3,940	754	4,743
Noninterest income	28,504	47,680	49,585	47,089	13,534	46,090
Noninterest expense	26,720	34,644	50,900	63,313	28,955	42,575
Income before Taxes	**54,795**	**77,161**	**84,027**	**102,134**	**35,878**	**88,359**
Provision for income taxes	21,668	22,477	21,153	24,805	8,869	22,614
Net income	**$ 33,127**	**$ 54,684**	**$ 62,874**	**$ 77,329**	**$ 27,009**	**$ 65,745**
Per Share Data (Common Stock)						
Diluted earnings per share	$ 1.47	$ 2.28	$ 2.07	$ 2.37	$ 0.85	$ 2.03
Tangible Book Value (non-GAAP)	$ 7.78	$ 11.17	$ 12.50	$ 14.68	$ 13.28	$ 16.58
Performance Metrics						
Return on average assets	1.24%	1.84%	1.71%	1.47%	1.29%	1.72%
Return on average tangible common equity	20.50%	25.14%	17.23%	17.56%	13.08%	26.08%
Net interest margin	2.07%	2.32%	2.54%	2.40%	2.62%	2.41%
Efficiency ratio (non-GAAP)	32.4%	30.3%	36.5%	37.4%	44.1%	31.4%

Reconciliation of Non-GAAP Measures

(Dollars in thousands, except per share amounts)	At or for the Year Ended December 31,				At or for the Six Months Ended June 30,	
	2016	2017	2018	2019	2019	2020
Non-GAAP Reconciliation: Net Income						
Net income as reported per GAAP	$ 33,127	$ 54,684	$ 62,874	$ 77,329	$ 27,009	$ 65,745
Less: preferred stock dividends	2,002	3,330	3,330	9,216	2,576	7,237
Net income available to common shareholders	**$ 31,125**	**$ 51,354**	**$ 59,544**	**$ 68,113**	**$ 24,433**	**$ 58,508**
Non-GAAP Reconciliation: Tangible Common Equity to Tangible Assets						
Tangible common shareholders' equity						
Shareholders' equity per GAAP	$ 206,288	$ 367,474	$ 421,237	$ 653,728	$ 515,013	$ 708,198
Less: goodwill & intangibles	(523)	(5,414)	(21,019)	(19,644)	(20,141)	(18,883)
Tangible shareholders' equity	**205,765**	**362,060**	**400,218**	**634,084**	**494,872**	**689,315**
Less: preferred stock	(41,581)	(41,581)	(41,581)	(212,646)	(113,676)	(212,646)
Tangible common shareholders' equity	**$ 164,184**	**$ 320,479**	**$ 358,637**	**$ 421,438**	**$ 381,196**	**$ 476,669**
Tangible assets						
Assets per GAAP	$ 2,718,512	$ 3,393,133	$ 3,884,163	$ 6,371,928	$ 5,287,390	$ 9,439,400
Less: goodwill & intangibles	(523)	(5,414)	(21,019)	(19,644)	(20,141)	(18,883)
Tangible assets[1]	**$ 2,717,989**	**$ 3,387,719**	**$ 3,863,144**	**$ 6,352,284**	**$ 5,267,249**	**$ 9,420,517**
Tangible common equity to tangible assets	6.0%	9.5%	9.3%	6.6%	7.2%	5.1%
Tangible equity to tangible assets	7.6%	10.7%	10.4%	10.0%	9.4%	7.3%
Non-GAAP Reconciliation: Efficiency Ratio						
Net interest income (before provision for loan losses)	$ 53,971	$ 66,597	$ 89,971	$ 122,298	$ 52,053	$ 89,587
Noninterest income	28,504	47,680	49,585	47,089	13,534	46,090
Noninterest expense	26,720	34,644	50,900	63,313	28,955	42,575
Efficiency ratio[2]	32.4%	30.3%	36.5%	37.4%	44.1%	31.4%

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.

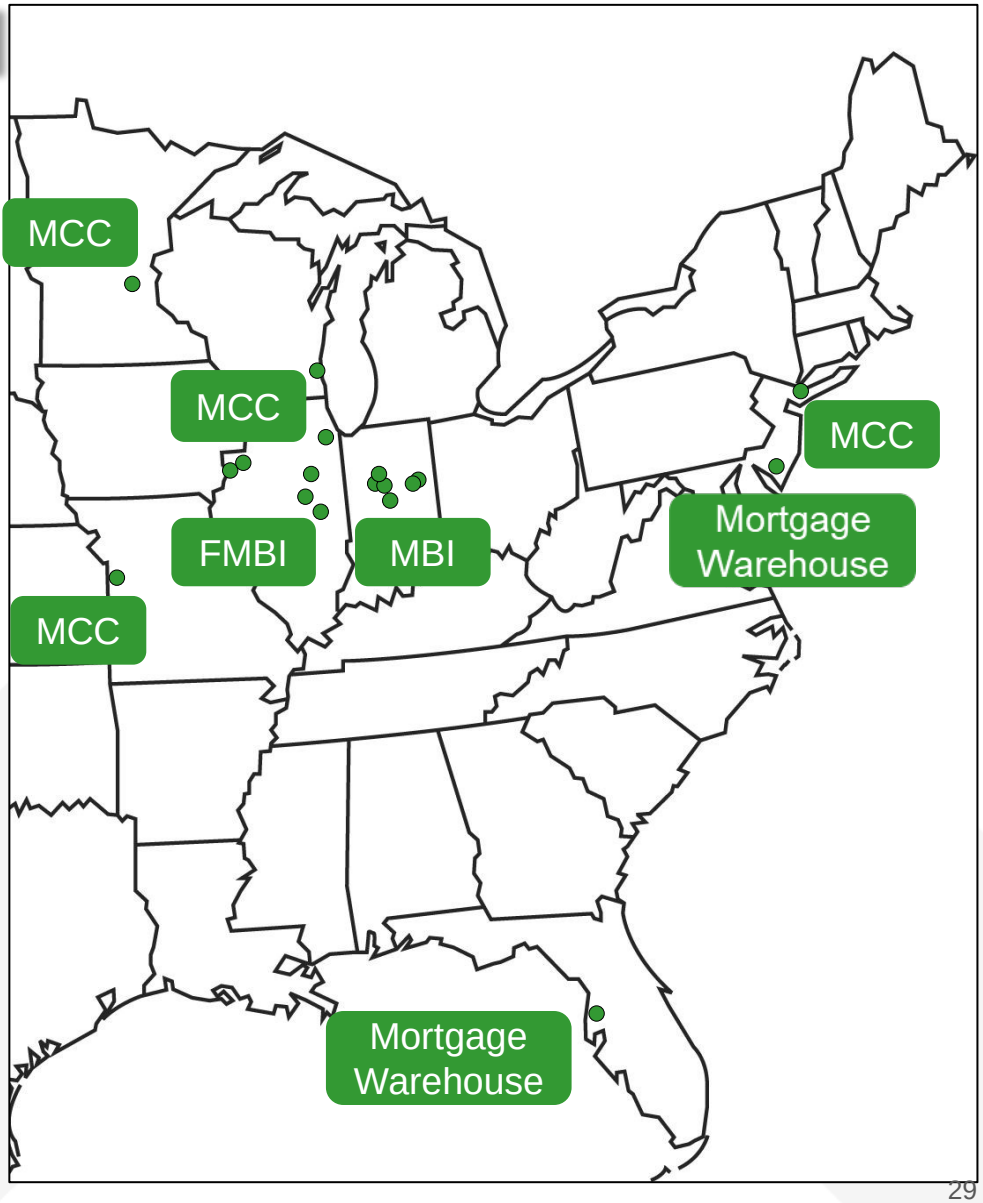
Reconciliation of Non-GAAP Measures

(Dollars in thousands, except per share amounts)	At or for the Year Ended December 31,				At or for the Six Months Ended June 30,	
	2016	2017	2018	2019	2019	2020
Non-GAAP Reconciliation: Return on Average Tangible Common Equity						
Average shareholders' equity per GAAP	$ 177,370	$ 248,515	$ 396,350	$ 537,946	$ 462,694	$ 680,651
Less: average goodwill & intangibles	(523)	(2,662)	(9,265)	(20,243)	(20,688)	(19,283)
Less: average preferred stock	(25,038)	(41,581)	(41,581)	(129,881)	(68,287)	(212,646)
Average tangible common shareholders' equity	**151,809**	**204,272**	**345,504**	**387,822**	**373,719**	**448,722**
Return on average tangible common equity	**20.50%**	**25.14%**	**17.23%**	**17.56%**	**13.08%**	**26.08%**
Non-GAAP Reconciliation: Tangible Book Value Per Share						
Tangible common shareholders' equity						
Shareholders' equity per GAAP	$ 206,288	$ 367,474	$ 421,237	$ 653,728	$ 515,013	$ 708,198
Less: goodwill & intangibles	(523)	(5,414)	(21,019)	(19,644)	(20,141)	(18,883)
Tangible shareholders' equity	**205,765**	**362,060**	**400,218**	**634,084**	**494,872**	**689,315**
Less: preferred stock	(41,581)	(41,581)	(41,581)	(212,646)	(113,676)	(212,646)
Tangible common shareholders' equity	**$ 164,184**	**$ 320,479**	**$ 358,637**	**$ 421,438**	**$ 381,196**	**$ 476,669**
Shares outstanding at period end	21,111,200	28,685,167	28,694,036	28,706,438	28,706,438	28,745,614
Tangible Book Value (non-GAAP)	**$ 7.78**	**$ 11.17**	**$ 12.50**	**$ 14.68**	**$ 13.28**	**$ 16.58**
Non-GAAP Reconciliation: Net Revenue						
Net interest income	$ 53,971	$ 66,597	$ 89,971	$ 122,298	$ 52,053	$ 89,587
Plus: noninterest income	28,504	47,680	49,585	47,089	13,534	46,090
Less: provision for loan losses	960	2,472	4,629	3,940	754	4,743
Net revenue	**$ 81,515**	**$ 111,805**	**$ 134,927**	**$ 165,447**	**$ 64,833**	**$ 130,934**

Facilities Footprint

Facilities

Principal Executive Office, MCC, MCS, Warehouse Lending and Branch: (Completed in 2019)
410 Monon Blvd., Carmel, Indiana 46032
Other Central Indiana Branches:
3737 East 96th Street, Indianapolis, Indiana 46240
11590 N. Meridian Street, Suite 120 (Merchants Mortgage), Carmel, Indiana 46032
Richmond, Indiana Branches:
701 East Main Street, Richmond, Indiana 47374
7375 South US Highway 27, Lynn, Indiana 47355
6880 South Arba Pike, Lynn, Indiana 47355
MCC Offices: (Added 2018 and 2019)
777 Third Avenue,19th Floor New York, New York 10022
255 East Kellogg Blvd., Suite 103, St. Paul, Minnesota 55101
131 S. Dearborn Street, Suite 2170, Chicago, Illinois 60603
Milwaukee, Wisconsin
Kansas City, Missouri
FMBI Branches: (Added 2018 and 2019)
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
Warehouse Offices: (Added 2018 and 2019)
14255 49th Street North, Bldg #1, Clearwater, Florida 33762
2000 Midlantic Drive, Suite 301, Mt. Laurel, NJ 08054



Investment Highlights

- ✓ ***Strong profitability driven by an integrated platform and diverse revenue stream***
  - History of strong performance: ROAA of 1.72% and ROATCE[1] of 26.08% for the six months months ended June 30, 2020
  - 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 volume of multi-family loans originated and acquired for sale in the secondary market increased by $741.9M, to $992.7M during the first six months 2020, as compared to the prior year period
  - 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 1.12% for the six months ended June 30, 2020
  - 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.