MERCHANTS BANK OF INDIANA



Investor Presentation

May 2024

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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 forecast 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"), including tangible common equity, tangible book value per share, tangible common equity to tangible assets, return on average tangible common equity (ROATCE) and efficiency ratio. 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 provides 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 be most directly comparable GAAP measures is provided in the Appendix to this presentation.

Offering Summary

Issuer:	Merchants Bancorp
Ticker / Exchange:	MBIN / Nasdaq
Offering Format:	SEC Registered pursuant to S-3
Base Offering Size:	$100 million (100% primary)
Greenshoe:	$15 million (15% of base offering size, 100% primary)
Use of Proceeds:	General corporate purposes, including growth opportunities
Lock-up:	90 days for the company, certain shareholders, all directors and executive officers
Bookrunner:	Morgan Stanley
Expected Pricing:	Monday, May 13 (post-market close)

Today's Presenters



MICHAEL PETRIE

Chairman

45 years in industry

34 years with company



MICHAEL DUNLAP

President & CEO

32 years in industry

15 years with company



JOHN MACKE

Chief Financial Officer

32 years in industry

7 years with company

Overview of Merchants Bancorp (MBIN)

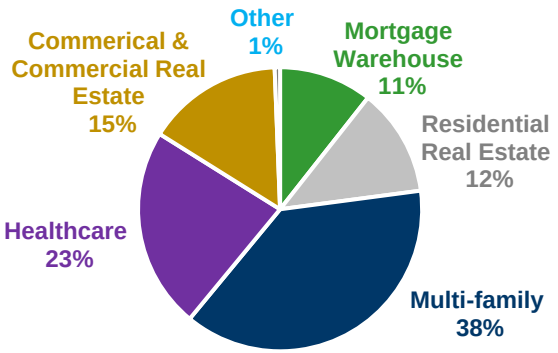
Overview of Merchants

- Merchants Bancorp (MBIN) is a diversified bank holding company headquartered in Carmel, IN
  - $17.8Bn in assets as of 3/31/2024
  - $14.0Bn in deposits as of 3/31/2024
- Operates 6 bank branches located in Carmel, Indianapolis, Lynn, Spartanburg, and Richmond, Indiana
- Key business lines include:
  - Multi-family Mortgage Banking
  - Mortgage Warehouse
  - Banking
- Entrepreneurial management team with significant shareholder alignment; founding families still own ~61% of shares outstanding

Business Summary [2]

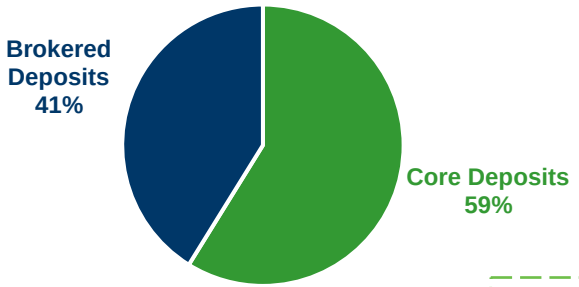
Assets ($Bn)	$17.8
Headquarters	Carmel, IN
Stock Price ($) [2]	$47.44
Market Value ($MM) [2]	$2,057
Price / TBV (x) [2]	1.6x
Price / 2024E EPS (x) [2]	7.2x
Dividend Yield (%) [2]	0.76

Gross Loans HFI Composition (%, 1Q'24) [1]



1Q'24 Loans HFI: $10.8Bn
1Q'24 Loan Yield: 8.11%

Deposit Composition (%, 1Q'24)



1Q'24 Deposits: $14.0Bn
1Q'24 Cost of Deposits: 4.87%

Cost of deposits typically lower than 30-day SOFR of 5.34% as of 3/31/2024

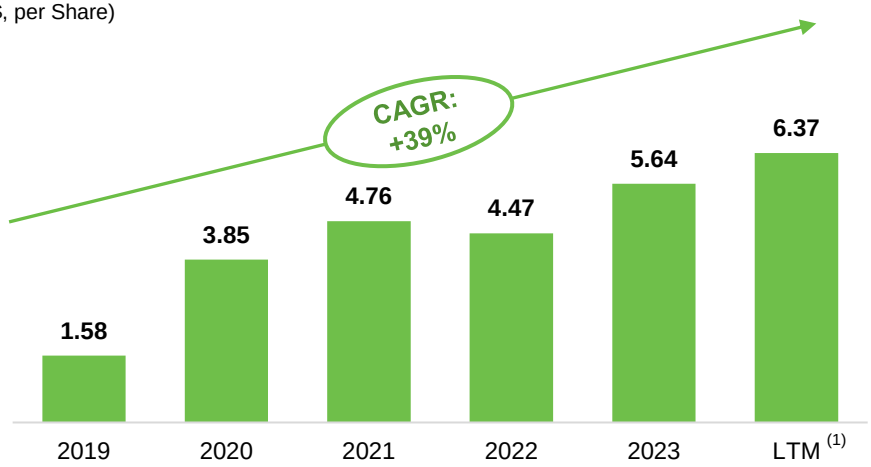
Notes:
1. Totals may not sum to 100% due to rounding
2. Source: S&P Global; market data as of May 10, 2024; EPS estimates based on analysts' consensus estimates

Strong Financial Performance Has Driven Significant Shareholder Value

Historical Performance Since 2019

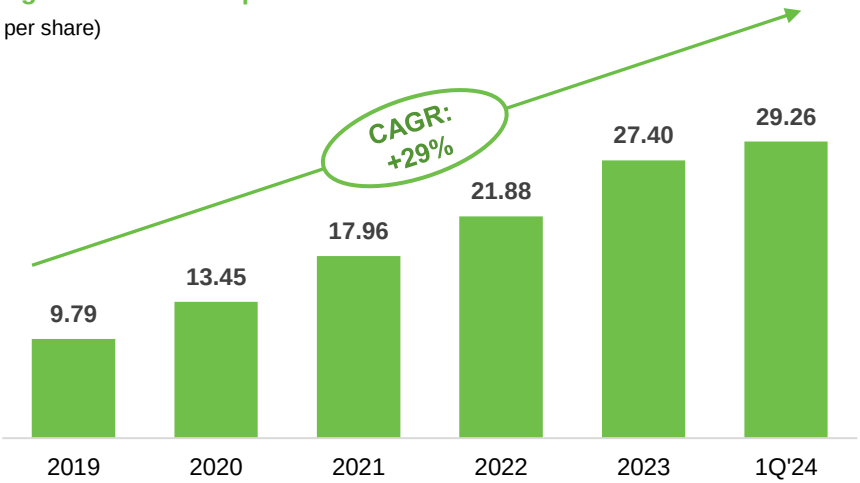
Earnings per Share

($, per Share)



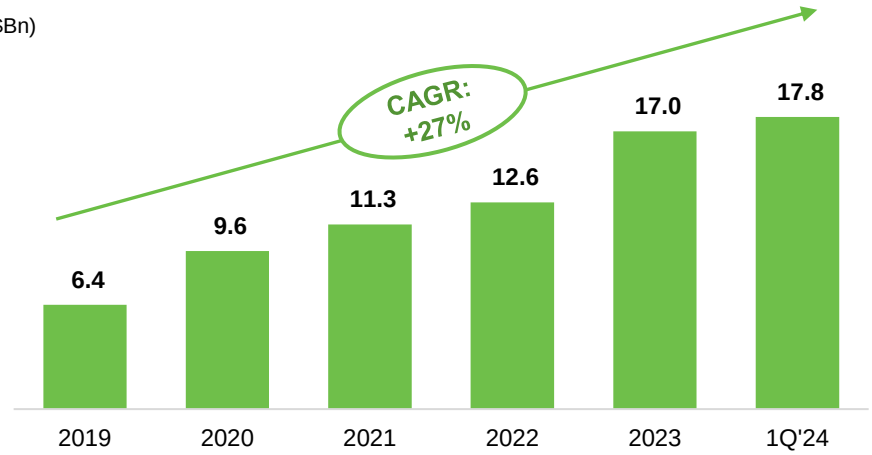
Tangible Book Value per Share (3)

($, per share)



Total Assets

($Bn)



Leverage Ratio (%) (2)	2019	2020	2021	2022	2023	1Q'24
	9.4	8.6	10.4	11.7	10.1	10.5

Stock Price Performance Since IPO (4)

($)



Notes:
1. LTM refers to last twelve months
2. As defined by regulatory agencies; Tier 1 Leverage Ratio defined as the ratio of bank's core equity capital to its average total assets
3. Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures in the Appendix of the presentation
4. Source: S&P Global; market data as of May 10, 2024

Merchants Bancorp: Key Franchise Highlights

1. Superior Profitability & Earnings Growth Profile in Every Interest Rate Environment
2. Unique Originate-to-Sell Model with Differentiated Revenue Streams Reduces Earnings Volatility
3. Highly Efficient Cost Structure, Unique Business Model
4. Diversified, Short Duration Loan Portfolio with Strong Organic Growth
5. Highly Disciplined Credit Culture Driving Superior Asset Quality
6. Growing Deposit Base with Multiple Sources of Funding
7. Efficient Capital Structure Coupled with Low-Risk Balance Sheet with Optimization via Securitizations
8. High-Quality Securities Portfolio with Minimal Mark-to-Market Impact
9. Significant Room for Growth and History of Delivering Industry Leading Returns

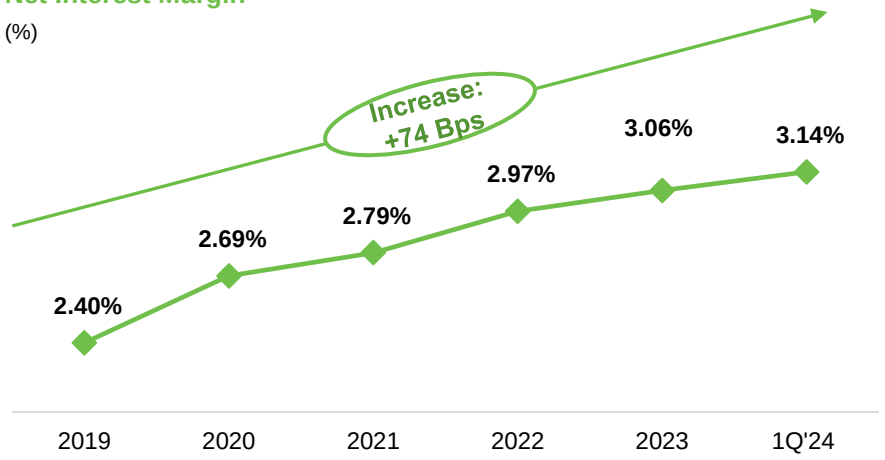
MERCHANTS BANK OF INDIANA

1 Superior Profitability & Earnings Growth Profile in Every Interest Rate Environment

Profitability Has Been Consistently Above Peers

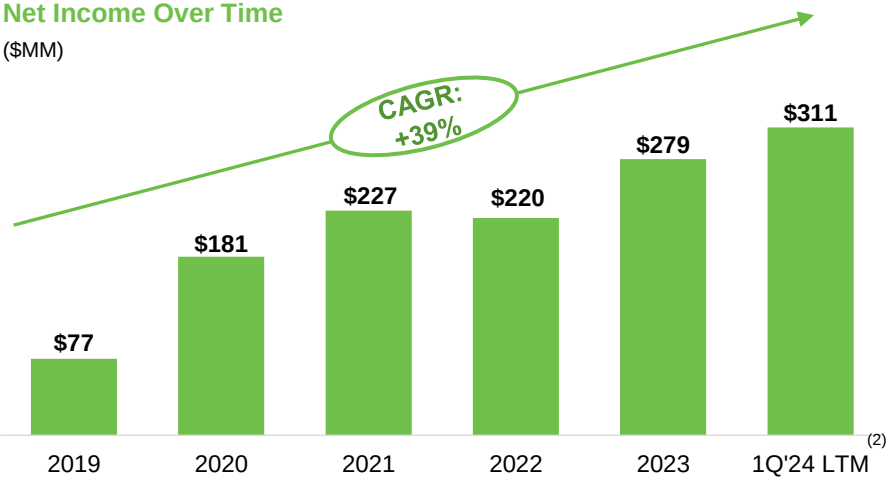
Net Interest Margin

(%)



Net Income Over Time

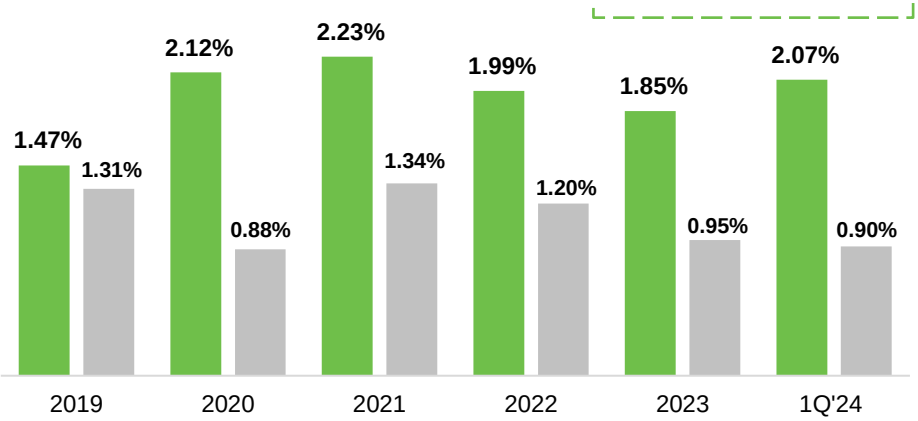
($MM)



Return on Average Assets (1)(3)

(%)

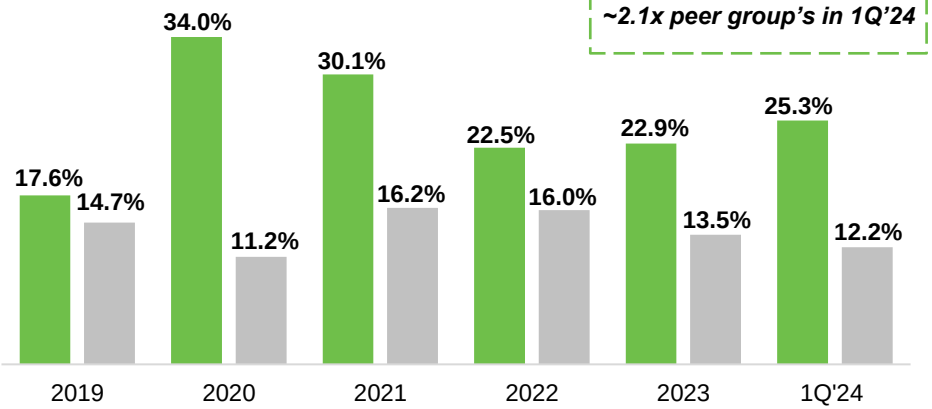
Merchants ROAA is ~2.3x peer group's in 1Q'24



Return on Average Tangible Common Equity (1)(3)

(%)

Merchants ROATCE (3) is ~2.1x peer group's in 1Q'24



MBIN Peer Median

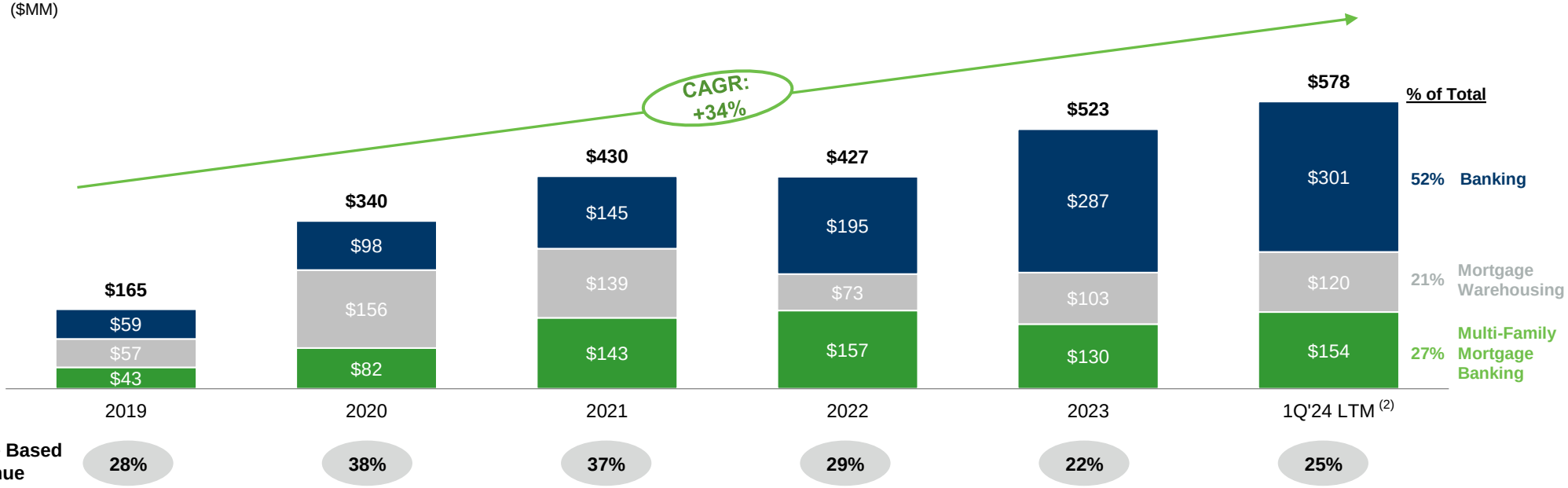
Notes:
1. Peer group source: S&P Global; Includes banks between $10-25Bn in assets that are publicly-traded on a major exchange; excludes announced merger targets. Sample includes 46 banks
2. LTM refers to last twelve months
3. Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures in the Appendix of the presentation

2 Unique Originate-to-Sell Model With Differentiated Revenue Streams

Business Mix Revenue Diversification Reduces Earnings Volatility Through the Full Rate Cycle

Net Revenue by Business Line [1]

($MM)



Multi-Family Mortgage Banking

- Lender to developers of multi-family residential and healthcare properties specializing in FHA, FNMA, and FHLMC Affordable permanent loan products
- Tax credit syndication
- Revenue primarily from gain on sale of loans originated, as well as servicing fees on loans sold or retained

Mortgage Warehousing

- Warehouse and commercial lender to independent mortgage banks
- Service custodial deposit relationships to match fund
- Revenue primarily from interest income and fees earned during the time that agency eligible loans are originated to mortgage bankers and are held for resale within 30 days

Banking

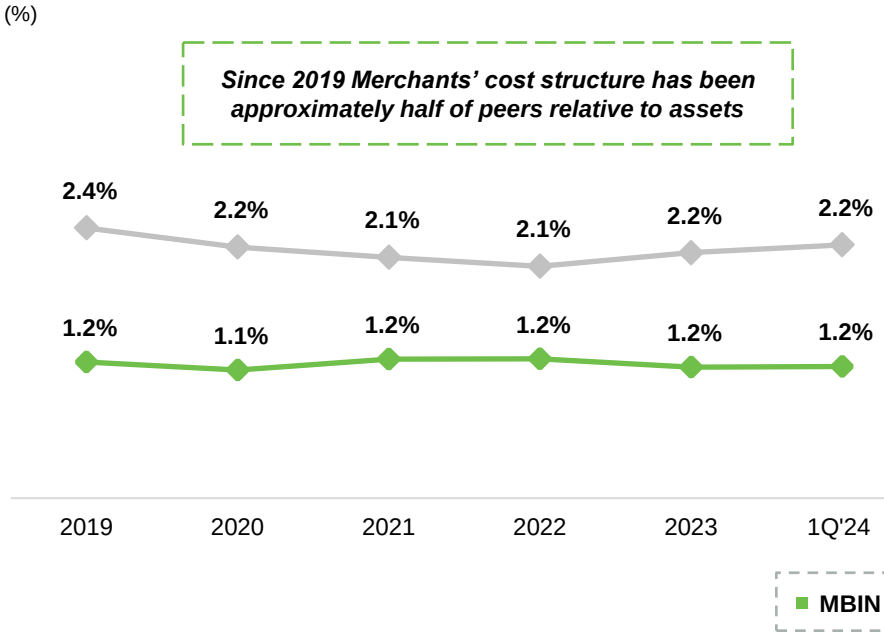
- Holds multi-family loans in portfolio
- Merchants Mortgage operates nationally
- Merchants SBA operates primarily in the Midwest
- Traditional community banking in Indiana
- Revenue primarily from traditional interest income and gain on sale

Notes:
1. Net revenue totals for each period include revenue from "Other" segment; not shown for illustrative purposes
2. LTM refers to last twelve months

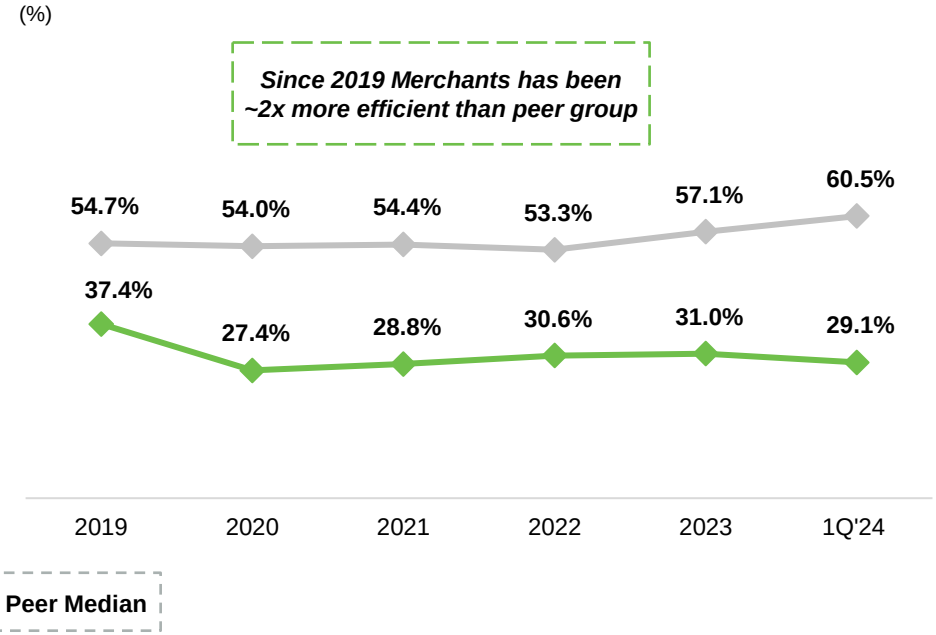
3 Highly Efficient Cost Structure, Unique Business Model

Industry Leading Efficiency Driven by a Branch Light Model

Non-Interest Expense / Average Assets [1]



Efficiency Ratio [1][2]



Unique Business Model Leads to an Industry Leading Expense Profile

- Deep relationships with end customers driving economies-of-scale across business lines
- High concentration of variable costs and diversified business lines driving through the cycle profitability
  - Low-cost structure allows for superior rates to grow core deposits
- Modernized infrastructure and efficient, technology-driven operation with significant operational capacity for growth

Notes:
1. Peer group source: S&P Global; Includes banks between $10-25Bn in assets that are publicly-traded on a major exchange; excludes announced merger targets. Sample includes 46 banks
2. Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures in the Appendix of the presentation

4 Diversified, Short Duration Loan Portfolio with Strong Organic Growth Over Time

Low-Risk Loan Composition Across Niche Products; Risk Transfer Alternatives Increasing Origination & Balance Sheet Capacity

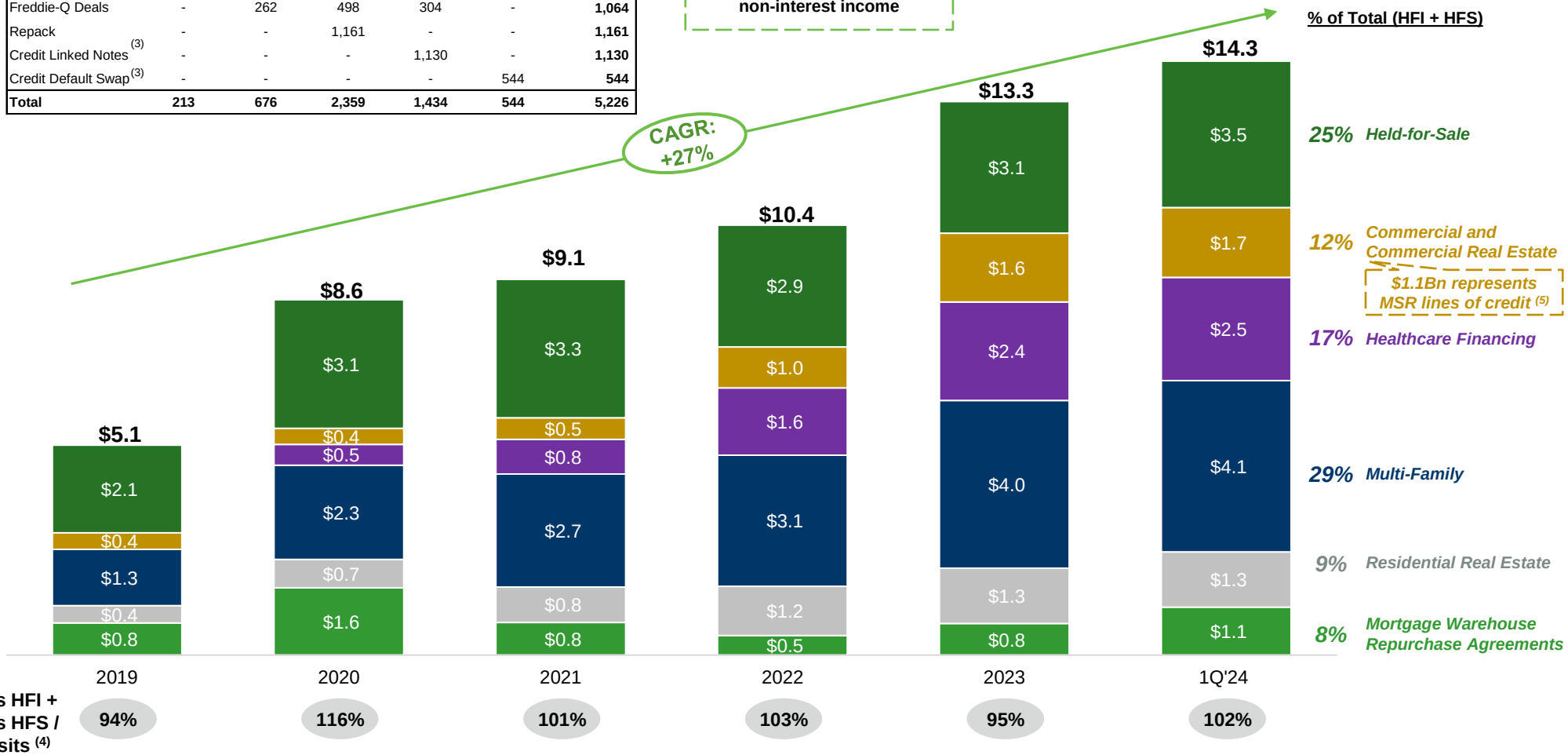
Loan Portfolio Growth Over Time [1]

($Bn)

2020 - 1Q'24 Loan Risk Transfer Activity [2]

($MM)	2020	2021	2022	2023	1Q'24	Total
Debt Funds	213	414	700	-	-	**1,327**
Freddie-Q Deals	-	262	498	304	-	**1,064**
Repack	-	-	1,161	-	-	**1,161**
Credit Linked Notes [3]	-	-	-	1,130	-	**1,130**
Credit Default Swap [3]	-	-	-	-	544	**544**
Total	**213**	**676**	**2,359**	**1,434**	**544**	**5,226**

Loan risk transfer alternatives increase origination capacity and provide avenues to drive non-interest income



Notes:
1. Totals for each bar may not add due to rounding; Consumer & Margin and Agriculture loans not shown for illustrative purposes due to scale
2. UPB of risk transfer transactions included in year of initial launch
3. Loans remain on the balance sheet with a reduced risk weight
4. Reflects gross Loans (Loans Held for Investment and Loans Held for Sale) to deposits
5. Includes revolving lines of credit collateralized primarily by single-family mortgage servicing rights ("MSR"); MSR lines of credit balances were $1.1Bn as of 1Q'24, $1.1Bn as of 2023Y, $497MM as of 2022Y, and $210MM as of 2021Y

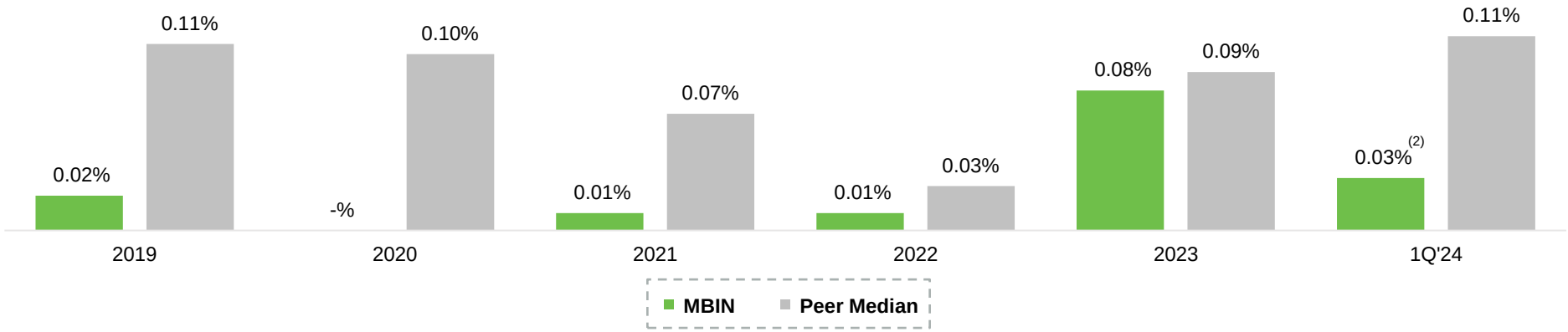
5 Highly Disciplined Credit Culture Driving Superior Asset Quality

Strong Asset Quality

Net Charge-Offs (Recoveries) / Avg. Loans [1][2]

(%)

Since 2019 Merchants NCO's / Avg. Loans have been consistently below peer group levels



Differentiated Risk Management Strategy

- Loans are predominantly underwritten to agency guidelines for take-out, with variable rates or short maturities
- NCOs / Avg. Loans below peer levels
- Substantially all commercial real estate (CRE) loans are owner-occupied; office loans are not offered

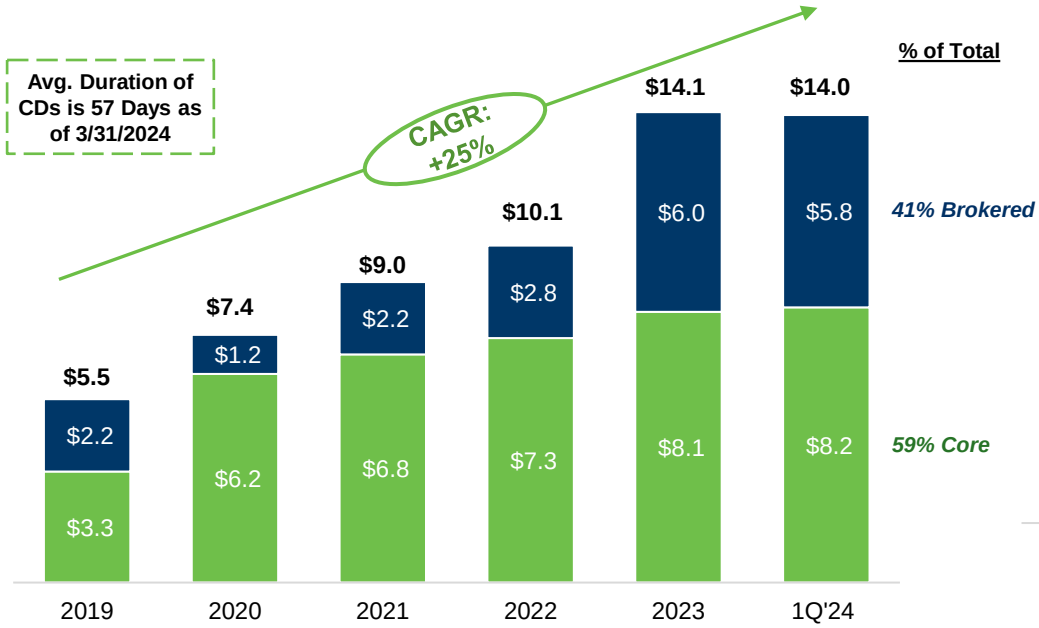
Notes:
1. Peer group source: S&P Global; Includes banks between $10-25Bn in assets that are publicly-traded on a major exchange; excludes announced merger targets. Sample includes 46 banks
2. Annualized based on 1Q;24 results

6 Growing Deposit Base with Multiple Sources of Funding

Deposit Growth Has Supported Loan Growth Over Time; Flexible Funding Options Available

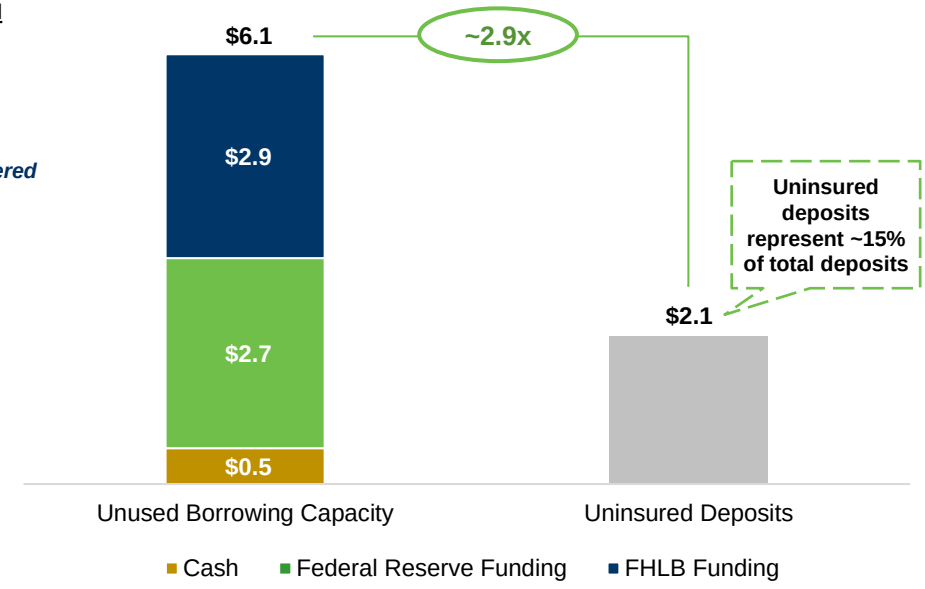
Deposit Growth Over Time

($Bn, End of Period Deposit Balances)



Liquidity Coverage Relative to Uninsured Deposits

($Bn, 1Q'24)



Funding Sources and Options

Core Traditional Bank Deposits

- Core deposits grew 8% YoY, representing 59% of total deposits as of March 31, 2024

Core Custodial Escrow Deposits

- Self-funding mechanism in place
- Warehouse lending custodial deposits generally fund warehouse loans
- Most accounts have 180 days notice to cancel
- Merchants Capital's servicing portfolio provides significant deposits

Brokered Deposits

- Short duration brokered deposits available as needed
- ~$5.8Bn of brokered deposits as of March 31, 2024

FHLB & Federal Reserve

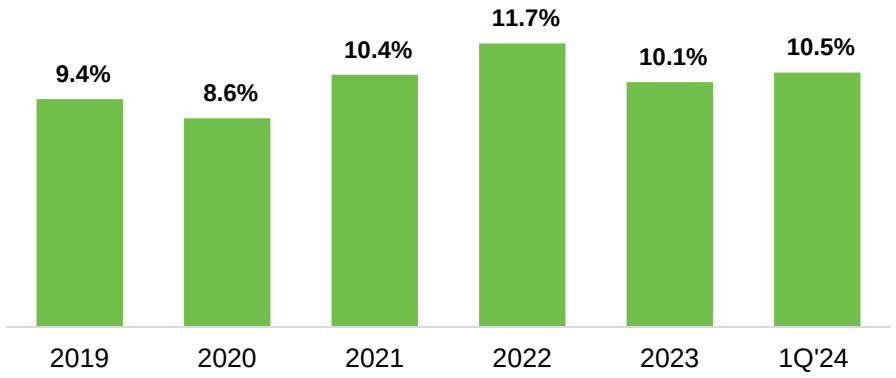
- $5.6Bn unused borrowing capacity with the FHLB and FR discount window as of March 31, 2024
- Federal Reserve Board line can fund 129% of uninsured deposits

7 Efficient Capital Structure Coupled with Low-Risk Balance Sheet

Capital Optimization via Securitizations; Short Duration Balance Sheet with Optimal Asset-Liability Positioning

Tier 1 Leverage Ratio [1]

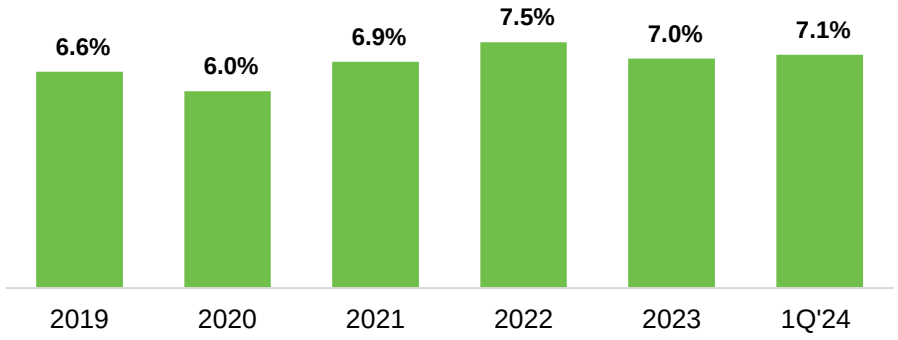
(%)



- Low-risk originate to sell business model
  - Primary focus on funding low-risk loans meeting underwriting standards of government programs
  - Adjustable-rate loans held for investment to hedge interest rate risk and protect net interest margin
- Short duration balance sheet with ~94% of loans repricing within 30 days or less
  - Majority could be sold or securitized within 120 days
- Mortgage warehouse lines fully collateralized by underlying mortgages until sold to an investor
  - Merchants Mortgage is a risk mitigant to Mortgage Warehousing because it provides us with a ready platform to sell the underlying collateral to secure repayment

Tangible Common Equity / Tangible Assets [2]

(%)



	2019	2020	2021	2022	2023	1Q'24
Common Equity Tier 1 Ratio (CET1) (%) [3][4]	7.4	-	-	7.7	7.8	8.0

Loan Portfolio Duration

($Bn)

	As of March 31, 2024		
	Balance	Avg. Days to Reprice	% Total
Loan Type			
Mortgage Loans in Process of Securitization	**$ 143**	**~30 Days**	
Total Loans Held for Sale	**$ 3,503**	**~30 Days**	**25%**
Loans HFI			
Multi-Family Financing	$ 4,097	~60 Days	29%
Healthcare Financing	$ 2,465	~30 Days	17%
Commercial and Commercial Real Estate	$ 1,667	~6 Months	12%
Residential Real Estate	$ 1,321	~1 Year	9%
Mortgage Warehouse Repurchase Agreements	$ 1,143	~30 Days	8%
Agricultural Production and Real Estate	$ 66	~3 Years	0%
Consumer and Margin Loans	$ 8	~1 Year	0%
Total Loans HFI	**$ 10,766**	**~90 Days**	**75%**
Total Loans HFI and Loans HFS	**$ 14,269**		**100%**

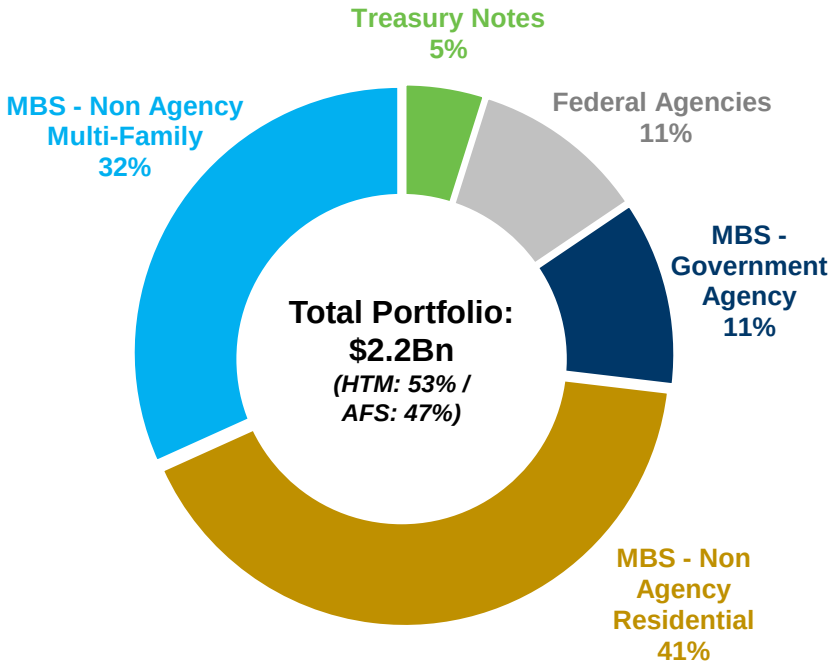
Notes:
1. As defined by regulatory agencies; Tier 1 Leverage Ratio defined as the ratio of bank's core equity capital to its average total assets
2. Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures in the Appendix of the presentation
3. As defined by regulatory agencies; CET1 Ratio defined as the ratio of bank's core equity capital to its risk-weighted assets
4. Merchants utilized the Community Bank Leverage Ratio (CBLR) framework from Q1'20 through Q2'22

8 High-Quality Securities Portfolio with Minimal Mark-to-Market Impact

Comparatively Low Composition of Securities with Minimal AOCL Balance

Total Securities Portfolio Composition

(%, 1Q'24)

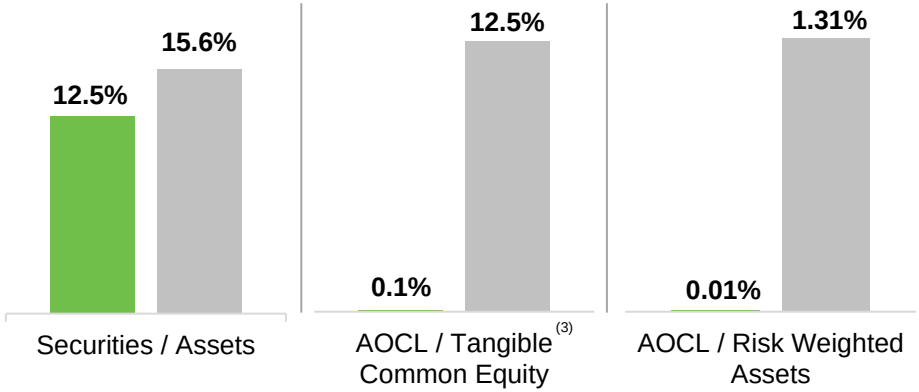


1Q'24 AFS Securities Yield: 5.33%
1Q'24 HTM Securities Yield: 6.90%
1Q'24 Blended Securities Yield: 6.15%

Securities Concentration (1)(2)(3)

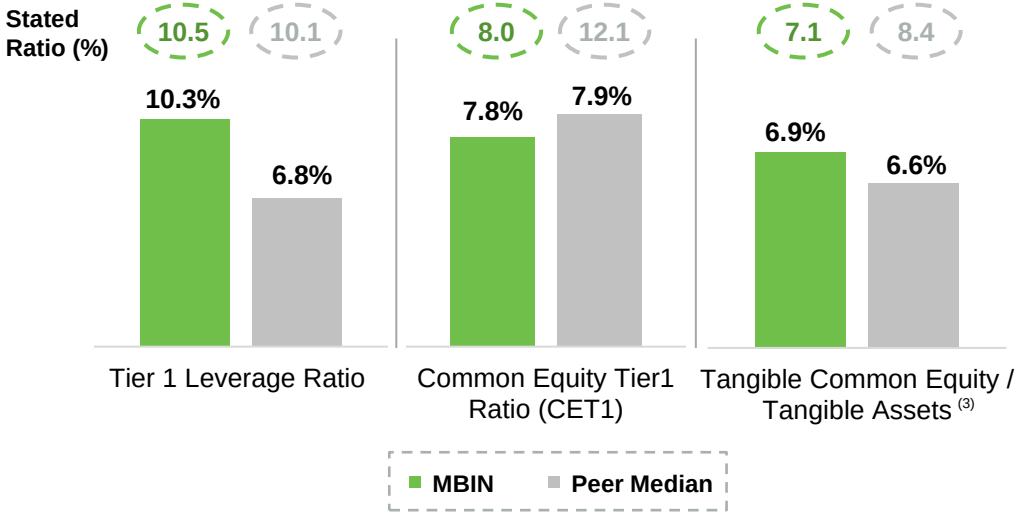
(%, 1Q'24)

Accumulated Other Comprehensive Loss (AOCL)(2) as of 1Q'24: ~$1MM



Mark-to-Market Capital Ratios (1)(2)(3)(4)(5)

(%, Most Recent Quarter Available)



Notes:
1. Peer group source: S&P Global; Includes banks between $10-25Bn in assets that are publicly-traded on a major exchange; excludes announced merger targets. Sample includes 46 banks
2. Accumulated Other Comprehensive Loss (AOCL) reflects unrealized gain / (loss) related to the Available-for-Sale securities portfolio
3. Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures in the Appendix of the presentation
4. MBIN MTM ratios includes AOCL of ~($1.2MM), HTM securities rate A/T FMV adjustment of ~$0.8MM and loan rate A/T FMV adjustment of ~($35MM) for 1Q'24; Peer group MTM ratios reflect median for the group
5. As defined by regulatory agencies; Tier 1 Leverage Ratio defined as the ratio of bank's core equity capital to its average total assets and CET1 Ratio defined as the ratio of bank's core equity capital to its risk-weighted assets

9 Significant Growth Opportunities

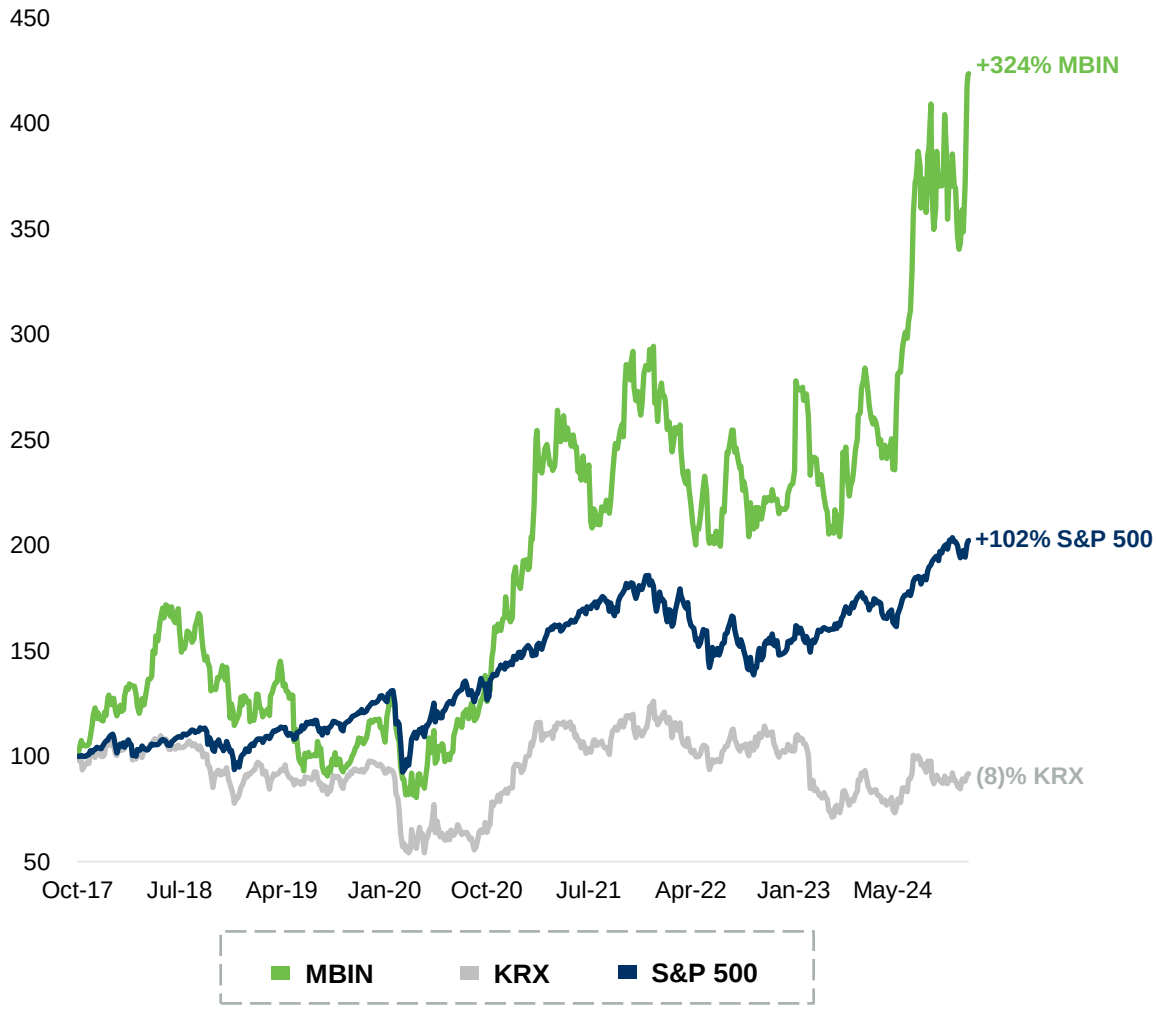
History of Delivering Industry Leading Performance and Shareholder Returns

Key Future Growth Drivers

- ✓ Sales growth in all segments through existing and new markets, new sales hires
- ✓ Future reductions in interest rates promote higher production and noninterest income from diverse sources
- ✓ Continue to develop Capital Markets unit to continually de-risk balance sheet via securitizations, debt funds, and other structures that generate ongoing non-interest income and provide capacity to originate new loans
- ✓ Deploy technologies to enhance efficiencies, including deposit gathering systems
- ✓ Effectively manage capital deployment to maximize returns

Historical Price Performance

Indexed to 100 (%)



Source: S&P Global; market data as of May 10, 2024

APPENDIX

Additional Materials



History of Merchants Bank of Indiana

Merchants History Driven by a Strong Underlying Culture and Commitment to Firm Values

1990

- PR Mortgage is **founded by Michael Petrie and Randall Rogers** in August 1990

2002

- **Acquired Greensfork Township State Bank** in March 2002 ($7MM in total assets)

2009

- **Rebranded to " Merchants Bank of Indiana"** in April 2009
- **Launched Mortgage Warehouse** business line
- **Acquired Symphony Bancorp** in January 2009 ($55MM in total assets)

2014

- **Started providing consumer mortgages**

2017

- **Completed $115MM IPO** in October 2017
- **Acquired RICHMAC Funding**, LLC in August 2017

2018

- **Acquired Joy State Bank** in January 2018 ($43MM in total assets)
- **Acquired Famers-Merchants** of Paxton in October 2018 ($110MM in total assets)
- **Acquired Assets of NattyMac** in December 2018

2019

- **Expanded SBA lending** in Indiana
- **Opened new corporate HQ** in Carmel, Indiana
- Completed **$52MM Preferred Offering** in March 2019
- Completed **$125MM Preferred Offering** in August 2019

2021

- Completed **$150MM Preferred Offering** in March 2021
- **Completed $262MM of Freddie Mac Sponsored Q Series securitizations** in May 2021

2022

- Completed **$130MM Preferred Offering** in September 2022
- Completed **Private Securitization of $1.2Bn Multifamily Loans** in September 2022
- **Completed ~$498MM of Freddie Mac-sponsored Q-Series securitization** in May/November 2022

2023

- Issued and Sold **$158MM Senior Credit Linked Notes linked to $1Bn pool of healthcare loans** in March 2023
- Completed a **$304MM securitization** of 11 multi-family mortgage loans through a Freddie Mac-sponsored Q-Series transaction

2024

- **Merchants Capital Surpasses $1.4B in LIHTC Equity Raised Since Inception**, with Back-to-Back Closings of $160MM Multi-investor Fund and $270MM in Proprietary Funds
- **Sold Branches of Farmers-Merchants Bank of Illinois** to Bank of Pontiac and CBI Bank & Trust in January 2024



Recent Awards and Accolades

AMERICAN BANKER

#1 Top-Performing Bank

2022 ranking of top banks
$10–$50 billion in assets

S&P Global Market Intelligence

Top-Performing U.S. Public Bank

#1 in 2022 and #10 in 2023 ranking of U.S public
Banks with more than $10 billion in assets

#3 Warehouse Lender.
Inside Mortgage Finance 2023 ranking

Top 10 Correspondent Lender.
Scotsman Guide 2023 ranking

AFFORDABLE HOUSING FINANCE

#2 Multifamily Fannie/Freddie Affordable Housing Lender
2023 ranking

BankDirector

Best Regional Bank in the U.S.
2022 ranking

IDC

Superior Rating 14 Consecutive Quarters.
IDC Financial Publishing since 2009

RAYMOND JAMES

Community Bankers Cup.
Raymond James 2019

PIPER | SANDLER

Small-Cap All Stars
Class of 2023

FORTUNE

100 Fastest Growing Companies
2023 ranking

FINANCIAL SERVICES INDUSTRY
TOP WORK PLACES 2023

SBA

Top National SBA Lender.
SBA.gov 2022 ranking

Overview of the Management Team

Experienced Leadership with Strong Industry Experience



MICHAEL PETRIE
Chairman

45 years in industry
34 years with company



RANDALL ROGERS
Vice Chairman

55 years in industry
34 years with company



MICHAEL DUNLAP
President & CEO

32 years in industry
15 years with company



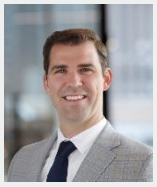
JOHN MACKE
EVP & CFO

32 years in industry
7 years with company



SCOTT EVANS
Market President & COO

35 years in industry
20 years with company



MICHAEL DURY
President & CEO, Merchants Capital

17 years in industry
17 years with company



JERRY F. KOORS
President, Merchants Mortgage

32 years in industry
10 years with company



VICKIE VANDIVIER
EVP, Investment Officer

38 years in industry
21 years with company



ROBERT BURTNER
EVP, Chief Credit Officer

12 years in industry
5 years with company



CHERYL LIKENS
EVP, Chief Risk Officer

30 years in industry
3 years with company



TERRY OZNICK
EVP, General Counsel

15 years in industry
9 years with company



KEVIN LANGFORD
EVP, Chief Administrative Officer

33 years in industry
8 years with company



MARTIN SCHROETER
EVP, Warehouse Lending

35 years in industry
5 years with company



PHIL DAUBENMIRE
EVP, Investment Real Estate

19 years in industry
19 years with company



ARIANA MEISER
Market President

14 years in industry
7 years with company

Overview of the Board of Directors

Strong Governance Structure

Name / Role	Age	Director Since	Committee Chair	Biography
Michael Petrie, ***Chairman of the Board***	70	2006		Mr. Petrie has served as Chairman and Chief Executive Officer of the Company since October 2006 and has also served as Chairman of Merchants Bank since March 2002. From March 2002 through December 2019, Mr. Petrie served as Chief Executive Officer of Merchants Bank, and served as President of the Company's subsidiary Merchants Capital Corp from when it was founded in August 1990 until January 2018. In 2005, Petrie served as Chairman of the Mortgage Banker's Association Board of Directors.
Randall Rogers ***Vice Chairman of the Board***	78	2006		Mr. Rogers has served as a director of the Company and the Vice Chairman of Merchants Bank since October 2006 and March 2002, respectively, and Vice Chairman of the Company since January 1, 2018. Prior to January 1, 2018, Mr. Rogers also served as President and Chief Operating Officer of the Company and Chairman of Merchants Capital since it was founded in August 1990.
Michael Dunlap	58	2014		Mr. Dunlap has served as a director of the Company since May 2014. Mr. Dunlap became President and Chief Operating Officer of the Company in January 2018 and became Chief Executive Officer of Merchants Bank in January 2020. Prior to becoming Chief Executive Officer of Merchants Bank, Mr. Dunlap had been President and Co-Chief Operating Officer since May 2014. Mr. Dunlap has over 30 years of mortgage banking experience and joined Merchants Bank as Sr. VP of Mortgage Banking in 2009.
Scott Evans	59	2006		Mr. Evans has served as a director of the Company and President of the Lynn/Richmond market and Chief Operating Officer of Merchants Bank since 2004 and was Chairman of the Board of Directors of our Illinois bank subsidiary, Farmers-Merchants Bank of Illinois, from 2017 until its sale in 2024. Mr. Evans has over 34 years of community banking and related experience.
Sue Anne Gilroy	75	2017		Ms. Gilroy has served as a director of the Company since June 2017. Ms. Gilroy served as Executive Director and Vice President of Development for the St. Vincent Foundation, Indianapolis, Indiana from 2005 until 2019. Ms. Gilroy has held a number of offices in public service and served as Indiana's first female Secretary of State from 1994 - 2002. In addition, Ms. Gilroy also serves on the boards of directors of the University of Indianapolis and as trustee of the Endowment Fund Board of Tabernacle Presbyterian Church.
Andrew Juster	71	2019	Audit Committee	Mr. Juster has served as a director of the Company since May 2019. From 1989 through 2018, Mr. Juster was employed by Simon Property Group, Inc., a global leader in the ownership of premier shopping, dining, entertainment and mixed-use destinations, an S&P 100 company, and one of largest publicly traded real estate investment trusts in the United States. He served as EVP and CFO of Simon Properties from 2015 - 2018, and held roles as Executive Vice President and Treasurer from 2008 - 2014.
Patrick O'Brien	66	2013	Compensation Committee	Mr. O'Brien has served as a director of the Company since November 2013. Since 1990, Mr. O'Brien has been President of O'Brien Toyota, a Toyota dealership serving the Indianapolis, Indiana area. Mr. O'Brien is also the owner and managing member of K&P Property Development, LLC, a real estate holding company, and co-owner and managing member of Pinheads, a family entertainment center in Fishers, Indiana.
Anne Sellers	63	2017	Nominating / Corporate Governance Committee	Ms. Sellers has served as a director of the Company since June 2017. Ms. Sellers is an audio/visual technology consultant and, from 2006 through 2019, Ms. Sellers served as Managing Principal and majority owner of Sensory Technologies, LLC, an Indianapolis-based company that specializes in audiovisual integration technologies, including videoconferencing system design, web streaming, and sound / acoustic design.
Tamika Catchings	44	2022		Ms. Catchings has served as a director of the Company since May 2022. From 2001 to 2016, Ms. Catchings played for the Indiana Fever, Indianapolis's WNBA team. Ms. Catchings is a 4-time Olympic gold medalist, 10-time WNBA All-Star, 5-time Defensive Player of the Year, and a WNBA Champion. Additionally, Ms. Catchings is known for her off-court professionalism and was a 3-time recipient of the Kim Perrot Sportsmanship award. From 2017 - 2022, served as VP of Basketball Operations + General Manager of the Indiana Fever.
Thomas Dinwiddie	76	2022		Mr. Dinwiddie has served as a director of the Company since May 2022. Mr. Dinwiddie is a partner at the law firm of Dinsmore & Shohl, LLP. Mr. Dinwiddie has been a director of Merchants Bank since 2002. Additionally, Mr. Dinwiddie has represented the Indiana Mortgage Bankers Association for more than 40 years and was the first recipient of their Distinguished Service Award.
David Shane	76	2013	Risk Committee	Mr. Shane has served as a director of the Company since November 2013. Mr. Shane previously served as Vice-President and Executive Vice-President (from 1997 to 2006) and President and Chief Executive Officer and member of the board of managers (from 2007 until his retirement in 2013) of LDI Ltd., LLC, an Indianapolis-based diversified holding company that focuses on funding and operating middle-market companies.

Financial Position: Key Highlights

Strong Financial Performance

	As of March 31,	As of December 31,			
	2024	2023	2022	2021	Change Since 2021[2]
Key Items ($MM)					
Total Assets	17,823	16,953	12,615	11,279	58%
Loans HFI	10,766	10,200	7,471	5,783	86%
Loans HFS	3,503	3,145	2,911	3,303	6%
Total Deposits	13,976	14,061	10,071	8,983	56%
Tangible Common Equity	1,269	1,185	943	776	64%
Net Income (LTM) [1]	311	279	220	227	37%[3]
Profitability (%)					
ROAA	2.07%	1.85%	1.99%	2.23%	(16 bps)
ROATCE	25.34%	22.92%	22.50%	30.10%	(476 bps)
Net Interest Margin	3.14%	3.06%	2.97%	2.79%	35 bps
Fee-based Revenue / Total Revenue	25%	22%	29%	37%	n/m
Efficiency Ratio	29.1%	31.0%	30.6%	28.8%	33 bps
Yield on Loans and Loans HFS	8.11%	7.73%	4.85%	3.45%	466 bps
Cost of Deposits	4.87%	4.55%	1.65%	0.34%	453 bps
Balance Sheet and Capital Ratios (%)					
Loans and Loans HFS / Deposits	102.1%	94.9%	103.1%	101.2%	90 bps
TCE / TA	7.1%	7.0%	7.5%	6.9%	20 bps
CET1 Ratio	8.0%	7.8%	7.7%	n/a[4]	n/a[4]
Total Capital Ratio	11.7%	11.6%	12.2%	n/a[4]	n/a[4]
Asset Quality (%)					
Non-accrual Loans / Loans and Loans HFS	0.55%	0.55%	0.26%	0.01%	54 bps
NPAs / Assets	0.74%	0.48%	0.21%	0.01%	73 bps
Reserves / Loans	0.70%	0.70%	0.59%	0.54%	16 bps
NCOs / Avg Loans	0.03%[5]	0.08%	0.01%	0.01%	2 bps

Notes:
1. LTM refers to last twelve months
2. May not reconcile to difference based on 3/31/2024 and 12/31/2021 data presented on the slide due to rounding
3. Based on change compared to 1Q'24; change in Net Income based on LTM information
4. Merchants utilized the Community Bank Leverage Ratio (CBLR) framework from Q1'20 through Q2'22
5. Annualized based on 1Q'24 results

Financial Position: Balance Sheet (1)

($MM, unless otherwise stated)	As of March 31, 2024	As of December 31, 2023	2022	2021
Assets				
Cash and Cash Equivalents	509	584	226	1,033
Securities Purchased Under Agreements to Resell	3	3	3	6
Mortgage Loans In Process Of Securitization	143	111	154	569
Securities Available for Sale	1,061	1,114	323	311
Securities Held To Maturity	1,175	1,204	1,119	-
Federal Home Loan Bank (FHLB) Stock	64	49	39	30
Loans Held for Sale	3,503	3,145	2,911	3,303
Loans Receivable, Net Of Allowance for Credit Losses on Loans	10,691	10,128	7,427	5,751
Premises and Equipment, Net	42	42	35	31
Servicing Rights	172	158	146	110
Interest Receivable	90	91	56	24
Goodwill	8	16	16	16
Intangible Assets, Net	0	1	1	2
Other Assets and Receivables	360	306	157	93
Total Assets	**17,823**	**16,953**	**12,615**	**11,279**
Liabilities And Equity				
Total Deposits	13,976	14,061	10,071	8,983
Borrowings	1,836	964	930	1,034
Deferred Tax Liabilities	44	20	20	19
Other Liabilities	191	206	134	87
Total Liabilities	**16,046**	**15,251**	**11,155**	**10,123**
Common Equity	140	140	138	138
Preferred Equity	500	500	500	362
Retained Earnings	1,138	1,064	833	657
Accumulated Other Comprehensive Loss	(1)	(2)	(11)	(1)
Total Shareholders' Equity	**1,776**	**1,701**	**1,460**	**1,155**
Total Liabilities And Shareholders' Equity	**17,823**	**16,953**	**12,615**	**11,279**

- **Only ~$1MM of AOCL**
- **Short duration AFS securities portfolio (less than 8 months average)**

Notes:
1. Totals and sub-totals may not foot due to rounding

Financial Position: Income Statement (1)

($MM, unless otherwise stated)	Quarter Ended March 31, 2024	Year Ended December 31, 2023	2022	2021
Income Statement				
Interest Income	314	1,078	481	312
Interest Expense	187	630	162	34
Net Interest Income	**127**	**448**	**319**	**278**
Provision for Credit Losses	5	40	17	5
NII After Provision for Credit Losses	**122**	**408**	**301**	**273**
Gain on Sale of Loans	9	48	64	111
Loan Servicing Fees, Net	19	26	30	16
Other Income	13	41	32	30
Non-Interest Income	**41**	**115**	**126**	**157**
Net Revenue	**163**	**523**	**427**	**430**
Salaries and Employee Benefits	30	108	89	86
Professional Fees	4	13	9	5
Other Expenses	15	54	38	34
Non-Interest Expense	**49**	**175**	**136**	**125**
Pre-Tax Income	**114**	**348**	**291**	**305**
Provision for Income Taxes	27	69	71	78
Net Income	**87**	**279**	**220**	**227**

Upside Potential As Interest Rates Fall

Notes:
1. Totals and sub-totals may not foot due to rounding

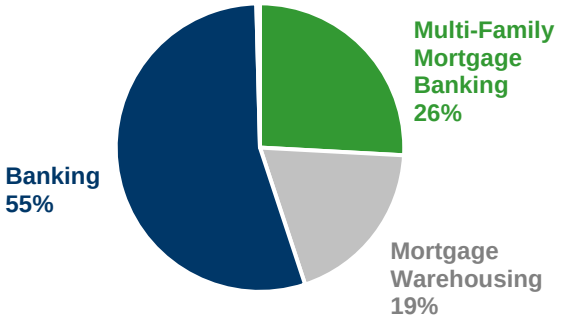
Business Segments: Financial Overview

Merchants Operates a Balanced Mix of Businesses

($MM, unless otherwise stated)	Quarter Ended March 31, 2024 Multi-Family Mortgage Banking	Mortgage Warehousing	Banking	Other	Total
Consolidated Financials [1]					
Interest Income	2	85	224	3	314
Interest Expense	0	56	132	(1)	187
Net Interest Income	**2**	**29**	**93**	**4**	**127**
Provision for Loan Losses	0	1	4	0	5
NII After Provision for Credit Losses	**2**	**28**	**89**	**4**	**122**
Non-Interest Income	40	3	0	(3)	41
Net Revenue [2]	**42**	**31**	**89**	**1**	**163**
Net Revenue Contribution	26%	19%	55%	0%	100%
Noninterest Expense	20	5	16	9	49
Income Before Income Taxes	**23**	**26**	**74**	**(8)**	**114**
Income Taxes	6	6	17	(2)	27
Net Income	**17**	**20**	**56**	**(6)**	**87**
Net Income Contribution	19%	23%	65%	(7%)	100%
Total Assets	**416**	**5,369**	**11,760**	**277**	**17,823**

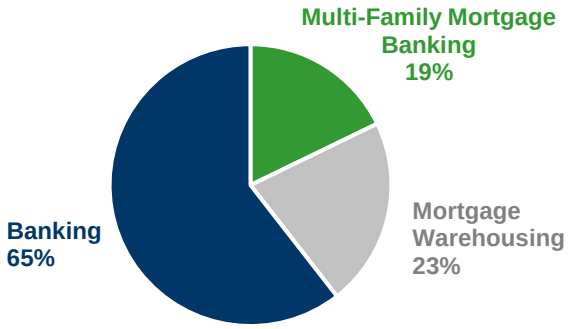
Net Revenue by Business Line [2][3]

(%)



Net Income by Business Line [4]

(%)



Source: Company Filings

Notes:

1. Totals and sub-totals may not foot due to rounding
2. Net revenues equal to net interest income plus noninterest income, less provision for loan losses
3. Total may not add to 100% due to rounding
4. Total does not add to 100% since "Other Revenue" is excluded from pie

Business Segments: Merchants Capital Overview

- ✓ Multi-family segment produced 26% of Merchants total net revenues (1) in 1Q'24
- ✓ Nationally ranked lender to developers of multi-family residential and healthcare properties, specializing in government agency (FHA, Fannie Mae, and Freddie Mac) permanent loan products that are typically sold as mortgage-backed securities within 30 days; Utilize an originate to sell model, with short durations
- ✓ Differentiated focus on need-based healthcare and the Affordable/Workforce Housing niche, not luxury
- ✓ Offer customers the ability to pair affordable debt with tax credit equity through Merchants Capital Investments, a nationally ranked, fully integrated tax credit equity syndicator began in 2020 that has closed $1.4Bn in equity
- ✓ Originated or acquired loans totalled $7Bn in 2021, $9Bn in 2022, and $6Bn in 2023
- ✓ As of March 31, 2024, its servicing portfolio, including those serviced for banks and investors, was $26Bn
- ✓ Current staffing is well-positioned for future growth with strong pipeline
- ✓ Significant opportunities in declining interest rate environment

AFFORDABLE HOUSING FINANCE

#2 Multifamily Fannie and Freddie Affordable Housing Lender
2023 ranking

Top 10 Correspondent Lender.
Scotsman Guide
2023 ranking

Notes:
1. Net revenues includes net interest income after allowance for credit losses plus noninterest income; percentage is inclusive of "Other Revenue" segment

Business Segments: Warehouse Overview

#3 Warehouse Lender.
Inside Mortgage Finance 2023 ranking

- ✓ Warehouse segment produced 19% of Merchants total net revenues in 1Q'24 (1)
- ✓ Merchants Bank saw an opportunity to start its warehouse lending business in 2009 and has grown to fund volumes of $111Bn in 2020, $78Bn in 2021, $33Bn in 2022, and $33Bn in 2023
  - Segment grew market share in 2023 despite industry decline
- ✓ Growth opportunities in all product lines, multi-family, and refinancing cycles
- ✓ Highly efficient business in three locations with less than 40 FTEs
- ✓ Warehouse and commercial lender to independent residential and multi-family mortgage bankers
- ✓ Full product offering - warehouse lines to fund loans, lines of credit collateralized by mortgage servicing rights, and operating lines of credit
  - Customers fund their loans under warehouse agreements, use lines of credit, and provide deposits from their servicing operations
  - Having relationships on both sides of balance sheet enhances retention and reduces liquidity risk
- ✓ Customers nationwide and many of the top 10 mortgage banks in the US
- ✓ Operating lines of credit collateralized by mortgage servicing rights leads to growth opportunities in loans and corporate/custodial deposits

Notes:
1. Net revenues includes net interest income after allowance for credit losses plus noninterest income; percentage is inclusive of "Other Revenue" segment

Business Segments: Banking Overview (1 of 2)

Generated 55% of Total Net Revenues in 1Q'24 (1)

SBA

Top National SBA Lender.
SBA 2022 ranking

1 Bridge Loans / Multi-family Securitizations

- ✓ Nationally ranked lender to developers of multi-family residential and healthcare properties, offering bridge loan products underwritten to government agencies' guidelines (FHA, Fannie Mae, and Freddie Mac)
- ✓ All loans underwritten to federal agency guidelines for ultimate conversion to Merchants Capital permanent financing
- ✓ Loans held in portfolio until securitized, paid-off, or converted to permanent financing
- ✓ Holds loans comprised of multi-family and healthcare bridge loans originated by Merchants Capital. Participations are used as a source of liquidity
- ✓ Capital Markets team provides Merchants with debt funds and other avenues to securitize or de-risk Merchants' balance sheet
  - Conducted a series of Freddie Mac-sponsored Q-Series, Credit Linked Notes, and private loan securitization transactions
  - Securitizations free up capital, providing capacity to originate more loans
  - Provides avenues for continuous noninterest income - gain on sale of loans, asset management and loan servicing fees

Notes:
1. Net revenues includes net interest income after allowance for credit losses plus noninterest income; percentage is inclusive of "Other Revenue" segment

Business Segments: Banking Overview (2 of 2)

Generated 55% of Total Net Revenues in 1Q'24 (1)

SBA

Top National SBA Lender.
SBA 2022 ranking

2 Merchants Mortgage

- ✓ Full-service retail and correspondent single-family mortgage origination and servicing platform since it began in 2013
- ✓ Profitable every year across all interest rate cycles
- ✓ Authorized agency for Fannie Mae, Freddie Mac, FHA, and USDA since 2017
- ✓ Offers attractive product portfolio, including All-in-One© first-lien HELOC mortgages to high-net-worth borrowers
  - Floating rate mortgages that are swept daily against checking account
  - AIO securitizations lead to lower risk, higher return

3 Traditional Banking

- ✓ Traditional community banking covering Indianapolis metro, and Richmond, IN
- ✓ Offers Business Banking and C&I Lending; minimal consumer loans or investment in CRE
- ✓ National footprint; Regional SBA lending
- ✓ Competitive service through online and mobile
- ✓ Branch light model allows for higher cost of deposits

Notes:
1. Net revenues includes net interest income after allowance for credit losses plus noninterest income; percentage is inclusive of "Other Revenue" segment

Non-GAAP Reconciliation (1)

(Dollars in thousands)	At March 31, 2024	At December 31, 2023	2022	2021	2020	2019
Net income as reported per GAAP	$ 87,054	$ 279,234	$ 219,721	$ 227,104	$ 180,533	$ 77,329
Less: preferred stock dividends	(8,667)	(34,670)	(25,983)	(20,873)	(14,473)	(9,216)
Net income available to common shareholders	$ 78,387	$ 244,564	$ 193,738	$ 206,231	$ 166,060	$ 68,113
Efficiency ratio (based on all GAAP metrics)						
Noninterest expense	$ 48,912	$ 174,601	$ 136,050	$ 125,385	$ 96,424	$ 63,313
Net interest income (before provision for credit losses)	127,056	448,071	318,551	277,994	224,146	122,298
Noninterest income	40,874	114,668	125,936	157,333	127,473	47,089
Total revenues for efficiency ratio	$ 167,930	$ 562,739	$ 444,487	$ 435,327	$ 351,619	$ 169,387
Efficiency ratio	**29.13%**	**31.03%**	**30.61%**	**28.80%**	**27.42%**	**37.38%**
Tangible common shareholders' equity:						
Shareholders' equity per GAAP	$ 1,776,468	$ 1,701,084	$ 1,459,739	$ 1,155,409	$ 810,621	$ 653,728
Less: goodwill & intangibles	(8,163)	(16,587)	(17,031)	(17,552)	(18,128)	(19,644)
Tangible shareholders' equity	1,768,305	1,684,497	1,442,708	1,137,857	792,493	634,084
Less: preferred stock	(499,608)	(499,608)	(499,608)	(362,149)	(212,646)	(212,646)
Tangible common shareholders' equity	**$ 1,268,697**	**$ 1,184,889**	**$ 943,100**	**$ 775,708**	**$ 579,847**	**$ 421,438**
Average tangible common shareholders' equity:						
Average shareholders' equity per GAAP	$ 1,747,660	$ 1,583,485	$ 1,276,443	$ 1,028,834	$ 719,630	$ 537,946
Less: average goodwill & intangibles	(10,494)	(16,801)	(17,293)	(17,841)	(18,899)	(20,243)
Less: average preferred stock	(499,608)	(499,608)	(398,182)	(325,904)	(212,646)	(129,881)
Average tangible common shareholders' equity	$ 1,237,558	$ 1,067,076	$ 860,968	$ 685,089	$ 488,085	$ 387,822
Tangible assets:						
Assets per GAAP	$ 17,822,576	$ 16,952,516	$ 12,615,227	$ 11,278,638	$ 9,645,375	$ 6,371,928
Less: goodwill & intangibles	(8,163)	(16,587)	(17,031)	(17,552)	(18,128)	(19,644)
Tangible assets	$ 17,814,413	$ 16,935,929	$ 12,598,196	$ 11,261,086	$ 9,627,247	$ 6,352,284
Ending Common Shares	43,354,718	43,242,928	43,113,127	43,180,079	43,120,625	43,059,657
Tangible book value per common share	**$ 29.26**	**$ 27.40**	**$ 21.88**	**$ 17.96**	**$ 13.45**	**$ 9.79**
Return on average tangible common equity	**25.34%**	**22.92%**	**22.50%**	**30.10%**	**34.02%**	**17.56%**
Tangible common equity to tangible assets	**7.1%**	**7.0%**	**7.5%**	**6.9%**	**6.0%**	**6.6%**

Notes:
1. Totals and sub-totals may not foot due to rounding