

STANDING IN THE GAP

COMMUNITY BENEFITS AGREEMENT 2020

For over 125 years, First Merchants has served as a bridge for our neighbors and their communities and businesses, connecting them to the resources needed to reach their financial goals. Moving forward, we are expanding on that mission with a commitment to support financially challenged families and populations. We are Standing in the Gap for them with an ambitious five-year plan to invest \$1.4 billion in the communities we serve across the Midwest. Through this initiative, we aim to increase mortgage lending, small business lending, community development, philanthropic efforts and access to our banking centers for clients of all backgrounds.

Building on our company history of philanthropy and community development, we are proud to outline the ways First Merchants will continue to invest in individuals, families and businesses. Together, we can create solutions that allow communities to flourish.

INVESTMENT TYPE	AMOUNT
Mortgage Lending to LMI Borrowers and Communities	\$398M
Small Business Lending in LMI and Rural Communities	\$423M
Community Development Lending & Investments	\$580M
Philanthropy and Community Engagement	\$3.4M
Branch Distribution and Access	\$10M
TOTAL	\$1.4B



MORTGAGE LENDING

In an effort to connect the distance between our neighbors and their dream of home ownership or improvement, First Merchants is proud to fund \$398 million over five years in home purchase and home improvement mortgage lending. Prioritizing low- and moderate-income families in Ohio, Indiana, Michigan and the Chicagoland area, we'll offer assistance by using a combination of government programs, down payment assistance programs, home improvement grants, first-time homebuyer assistance and small dollar loans.

By leveraging our existing partnerships with local nonprofits, government entities, real estate brokers, advisory councils and other community organizations, we will develop programs that best suit each community through ongoing feedback. We will also expand our financial wellness programs and increase the number of community lending officers in underserved regions. We have already contributed funds to the creation of a HUD-certified program and fair housing center to increase our number of qualified loan applications.

SMALL BUSINESS LENDING

By expanding the reach of our lending, we'll bring the possibility of small business success within the grasp of a wider range of entrepreneurs. Over the next five years, First Merchants plans to increase small business lending through the Community Reinvestment Act by 8% and lending to low- and moderate-income populations by 34%.

To achieve this goal, we will work with organizations in the community to meet lending needs, including Small Business Administration micro-lenders and the Community Development Financial Institutions Fund. We will focus on partnering with nonprofits supporting small businesses owned by women, people of color, Hispanic individuals and people age 63 and older. Each banking center will have the resources and personnel necessary to help small businesses succeed.

COMMUNITY DEVELOPMENT LENDING & INVESTMENT

Every community has a goal for improvement, an ambitious purpose always visible on the horizon. We'll foster community efforts to reach those objectives with a focus on extension of credit to provide affordable housing, economic development, revitalization and additional services for low- and moderate-income individuals. We will dedicate resources to organizations offering alternatives to payday lending. We have added a dedicated commercial relationship manager to our staff to coordinate qualifying tax credit, Low-Income Housing Tax Credit and other Community Reinvestment Act real estate opportunities. We also have a commercial banker fully focused on public finance opportunities and lending for municipalities, school corporations and economic development bonds.

Addressing the needs of each individual community, our portfolio of investments will consist of qualifying municipal bonds, mortgage-backed securities, market investments, grants, tax credits and Qualified Small Business Investment Corporations.

PHILANTHROPY & COMMUNITY ENGAGEMENT

In all our communities, existing organizations are already working to span the divide for those in need. As part of our new plan, we'll expand our support for these philanthropic causes, designating 42% of our grants and sponsorships to Community Reinvestment Act-eligible organizations, especially those supporting low- and moderate-income communities. First Merchants will also designate resources toward organizations offering capacity building, workforce training and assistance for older adults. We will continue to support community activities and sponsorships while investing in affordable housing, economic development and neighborhood redevelopment.

Our philanthropic efforts are deeply ingrained in our organization's history. On an institutional level, we encourage our employees to take part in philanthropic efforts by providing eight hours of paid time off for community service and an opportunity to join us in supporting United Way through its annual campaign. We also encourage our employees to join boards and community organizations that share our mission of community development.

BRANCH DISTRIBUTION & ACCESS

Since 1893, we've consistently expanded our banking network, connecting new communities and neighbors with financial tools to help them thrive. That growth will continue as First Merchants is committing \$10 million over five years to open five new banking centers and/or loan production offices. We are expanding access to our services by adding new banking centers in Marion County, Ind.; Lake County, Ind.; Franklin County, Ohio; and Wayne County, Mich. First Merchants is planning two Marion County locations, expected to open in 2020.

Our banking centers will reflect the communities they serve. With the addition of these banking centers, First Merchants will be able to offer additional jobs to the community and expand the diversity of our workforce, from entry level to management.

VISIT [FIRSTMERCHANTS.COM/COMMUNITY](https://www.firstmerchants.com/community) FOR DETAILS
