

MBT Financial Corporation (NASDAQ: MBTF; Monroe, MI) has agreed to merge with First Merchants Corporation (NASDAQ: FRME; Muncie, IN)

Deal Value: Approximately \$290.9 Million

Sandler O'Neill acted as a financial advisor and rendered a fairness opinion to MBT Financial Corporation in this transaction.

This transaction represents Sandler O'Neill's 198th bank or thrift transaction nationwide since January 1, 2015 representing \$63.9 billion in aggregate transaction value. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions and for a greater aggregate deal value than any other investment bank during that time period.¹

Since January 1, 2014, Sandler O'Neill has advised on 8 bank or thrift transactions in Michigan, representing over \$2.3 billion in aggregate transaction value, more than any other investment bank during that time period.¹

Additionally, since January 1, 2015, Sandler O'Neill has advised on 39 bank or thrift transactions in the Midwest, representing over \$19.7 billion in aggregate transaction value, more than any other investment bank during that time period.¹

First Merchants Corporation (NASDAQ: FRME) and MBT Financial Corporation (NASDAQ: MBTF) today announced they have executed a definitive agreement whereby MBT Financial Corporation will merge with and into First Merchants Corporation in a 100% stock transaction valued at approximately \$290.9 million. Upon completion of the merger, Monroe Bank & Trust, will merge with and into First Merchants Bank.

Headquartered in Monroe, Michigan, MBTF operates 20 banking center locations in the southeastern Michigan area. Since its founding in 1858, MBT Financial Corporation has grown to one of the largest community banks in Michigan. MBTF has total assets of \$1.3 billion, total loans of \$733 million, and total deposits of \$1.1 billion (96% of which are core) and also earned a 1.51% return on average assets and 9.10% return on tangible common equity for the three months ended June 30, 2018. Additionally, as of June 30, 2018, MBTF had approximately \$998 million of deposits in the Monroe, Michigan Metropolitan Statistical Area, ranking it first in deposit market share with approximately 50% of the market.

The merger agreement provides that shareholders of MBTF will have the right to receive 0.2750 shares of First Merchants common stock for each share of MBTF common stock owned. Based on the closing price of First Merchants' common stock on October 9, 2018 of \$45.71 per share, the implied price of MBTF common stock is \$12.57 per share.

The transaction is expected to be completed in the first quarter of 2019, subject to the affirmative vote of MBTF shareholders, regulatory approvals, and other customary conditions. The combined company, doing business as First Merchants Bank, expects to complete its integration during the third quarter of 2019.

Michael C. Rechin, President and Chief Executive Officer of First Merchants, said, "Like First Merchants, Monroe Bank and Trust has a long history and a deep-rooted commitment to community banking and we are excited they have chosen to become the newest member of the First Merchants family. The MBTF franchise opens an entirely new contiguous banking market for us with a high quality and prudently managed 160 year old institution. We believe that our strategy to be a service-driven alternative to our super-regional bank competitors will support the acceleration of Monroe Bank and Trust's current initiatives while furthering our goal of growing as a high-performing company."

Rechin added "We expect this combination to be mutually beneficial to First Merchants and MBTF shareholders. We anticipate earnings per share accretion of approximately 2.7% in 2020 resulting in a tangible book value earnback of 3.3 years."

In First Merchants Bank's newly acquired market, the executive team will include Monroe Bank and Trust President and CEO, H. Douglas Chaffin; Wayne County President and Strategic Director, Scott McKelvey; Chief Lending Manager and Sales Director, Thomas Myers; and Wealth Planning, Advisory and Mentorship Director, Audrey Mistor. Mr. Chaffin will assume the role of Regional President.

Mr. Chaffin stated, "We are excited about the opportunity to become part of the First Merchants family, and believe this partnership will be advantageous for our clients, shareholders and communities. For several years now, our strategic plan has been driven to be the community bank of choice in our marketplace. Our bankers look forward to expanded new product capabilities and lending capacity in continuing to build relationships with our clients as First Merchants. The core values of both companies share a commitment to local decision making, personal service, long-term relationships and community involvement."

Financial Highlights

\$ in millions	FRME	MBTF
Total Assets	\$9,735	\$1,322
Gross Loans (Ex. HFS)	\$7,081	\$741
Total Deposits	\$7,504	\$1,147
Tangible Common Equity	\$867	\$120

Financial data as of June 30, 2018

¹) Majority and Minority transactions; Excludes terminated transactions and self-advisory roles
Source: S&P Global Market Intelligence, Company documents, Press Release

Pro Forma Map



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