

FIRST MERCHANTS CORPORATION CORPORATE GOVERNANCE GUIDELINES

I. Purpose

The Board of Directors (the “Board”) of First Merchants Corporation (the “Company”) has adopted these Corporate Governance Guidelines (the “Guidelines”) to address key areas of corporate governance. Together with the Company’s Articles of Incorporation, Bylaws, Code of Conduct, and Committee Charters, they provide the framework for the Company’s governance. These Guidelines shall be available to the public on the Company’s website.

II. Board of Directors

General. The Board of Directors shall oversee the management of the Company, either directly or through its four (4) standing committees – the Audit Committee, the Nominating and Governance Committee, the Compensation and Human Resources Committee, and the Risk and Credit Policy Committee (together, the “Standing Committees”) to which the Board has expressly delegated certain of its oversight responsibilities. The Board and its Committees shall have access to the Company’s management and outside advisors and shall be empowered to retain independent advisors. The Board shall meet at regular intervals, not less than four (4) times each year, plus an annual retreat. The Board and each of its Standing Committees shall meet in executive session without any member of management present during a portion of each of its regular meetings.

Responsibilities of Directors. A Director’s responsibilities include:

1. Monitoring financial and operating performance toward the objective of maximizing shareholder value.
2. In considering the best interests of the Company, considering the effects of any action on shareholders, employees, suppliers, and customers of the Company, and communities in which offices or other facilities of the Company are located, and any other factors the Director considers pertinent.
3. Monitoring the quality of banking and financial assets.
4. Reviewing and approving major policies.
5. Setting the strategic direction, annually reviewing and approving the Company’s business and strategic plans, including the identification and resolution of strategic issues.
6. Exercising oversight to ensure compliance with all applicable laws and regulations, including those of the Company’s principal regulator(s), the Securities and Exchange Commission and NASDAQ.
7. Ensuring adequacy of the Company’s internal audit function.
8. Overseeing the assessment and management of risk, including credit, liquidity, financial, operational, compliance and reputational risks, and risks associated with cybersecurity.
9. Employing and evaluating the Chief Executive Officer and other members of senior management, and ensuring the maintenance of an effective executive succession plan.

10. Monitoring the effective discharge of the Company's civic and social responsibilities.

In carrying out these responsibilities, each director shall:

1. Participate actively in the discharge of the above-listed Board responsibilities.
2. Review Board and Committee meeting materials in advance and regularly attend and actively participate in Board and Committee meetings.
3. Help the Company grow in its various markets by helping to identify new business opportunities.
4. Acquire and hold shares of the Company's stock in accordance with guidelines established by the Board.
5. Comply with the Company's Code of Conduct, engage in ethical business conduct, and encourage and support good corporate citizenship by the Company.
6. Commit sufficient time to learn the business and operations of the Company and current trends in the financial services industry (include continuing education).

Director Qualification Standards. A majority of the Directors serving on the Board, and all members of the Standing Committees, shall be Directors who qualify as "independent directors" under the NASDAQ Listing Rules and SEC requirements. The members of the Audit Committee and the Compensation and Human Resources Committee shall also meet the additional criteria for audit committee and compensation committee independence, respectively, under the NASDAQ and SEC rules.

No person shall serve as a Director subsequent to the annual shareholder meeting following the end of the calendar year in which he or she attains the age of seventy-three (73) years. The term of a Director shall expire as of the annual meeting following which the Director is no longer eligible to serve on account of this mandatory retirement provision even if fewer than three (3) years have elapsed since the commencement of the Director's term.

The Board and the Nominating and Governance Committee shall consider the following criteria in identifying and evaluating nominees for Director: ethical character; personal and professional reputation; credentials, demonstrated business judgment, recognition and accomplishments in the nominee's field; experience as a current or former chief executive officer or in a comparable leadership position with a public company or other complex business or organization, including an educational, governmental, scientific or other non-profit entity; ability and willingness to devote sufficient time to carry out the Director duties and responsibilities; ability and willingness to acquire and hold shares of the Company's stock in accordance with Board-established guidelines, to assure that the nominee's financial interests are aligned with those of other shareholders; relevant expertise and experience – in particular, financial acumen – and ability and willingness to provide advice and guidance to senior management based on that expertise and experience while working cooperatively with other Directors and management; "independence" (for non-employee Directors), not only as defined in the NASDAQ Listing Rules, but also avoidance of conflicts and appearances of conflicts of interest and ability to objectively appraise management performance, represent shareholder interests, and remain independent of any particular constituency; possession of attributes that contribute to a diverse and complementary Board, with diversity reflecting gender, ethnicity, educational, professional and/or managerial backgrounds and experience, and other relevant considerations; willingness to assist the Company in developing new business; and residence in the Company's market area. For incumbent Directors whose terms

are expiring, the quality of their prior service to the Company shall also be considered, including the nature and extent of their participation in the Company's governance and their contributions of management and financial expertise and experience to the Board and the Company.

Nomination Process for Directors. The Nominating and Governance Committee shall be responsible for nominating individuals to serve as Directors, subject to the Board's approval, in accordance with the Company's Bylaws and the qualification standards set forth in these Guidelines. A shareholder may suggest a candidate for consideration by the Nominating and Governance Committee as a director-nominee in accordance with the process described in the Bylaws. Under this process, a suggestion by a shareholder of a director-nominee must include: (a) the name, address and number of the Company's shares owned by the shareholder; (b) the name, address, age and principal occupation of the suggested nominee; and (c) such other information concerning the suggested nominee as the shareholder may wish to submit or the Committee may reasonably request. A suggestion for a director-nominee submitted by a shareholder must be in writing and delivered or mailed to the Secretary of the Company. Suggestions for nominees from shareholders are evaluated in the same manner as other nominees.

Board Leadership Structure. The Board has determined that, in general, the positions of Board Chair and Chief Executive Officer should be filled by two (2) separate individuals. It believes that this leadership structure is preferable because the positions entail different roles and different, but complementary, responsibilities. The Chair provides strategic direction, advice and counsel to the CEO, but the CEO is primarily responsible for the management of the Company's daily operations. This structure is beneficial because it allows the Company to take advantage of the Chair's and the CEO's differing backgrounds, experiences and perspectives. In addition, regular and frequent communication between the Chair and the CEO provides a vehicle for promoting a positive and productive relationship between the Board and the CEO and among the Board, management and the shareholders. It also reduces the potential for conflicts of interest and enhances the oversight of risk. Further, this structure allows the Board to more objectively and effectively carry out its responsibilities involving oversight of the Company's management and, in particular, its responsibility for the selection, retention and compensation of the CEO and other senior executives.

The Board Chair shall be nominated by the Nominating and Governance Committee and elected by the Board.

Board Committees. The Board shall have four (4) standing committees – the Audit Committee, the Nominating and Governance Committee, the Compensation and Human Resources Committee, and the Risk and Credit Policy Committee. Each of the Committees shall have its own written charter, which shall be available to the public on the Company's website. The respective charters shall set forth the Committee's principal functions and responsibilities. The Board may, in its discretion, also appoint other committees to assist in carrying out its responsibilities for overseeing the management of the Company, with such powers and duties as the Board shall provide in the resolution of appointment or other subsequent resolutions and directives.

The membership and Chair of each Standing Committee shall be nominated by the Nominating and Governance Committee, after obtaining the recommendations of the Board

Chair, and elected by the Board. Other committees and their chairs may either be elected by the Board or appointed by the Board Chair.

Director Compensation. Directors who are employees of the Company or a subsidiary of the Company shall not receive separate compensation for their service as a Director. Nonemployee Directors shall be paid an annual retainer for their services, and Directors who are serving as Chairs of the Standing Committees shall receive an additional stipend for their service in that capacity. Directors shall not receive additional compensation for their attendance at Board or Committee meetings.

The Board believes it is in the best interests of the Company and its shareholders that Directors receive a substantial part of their compensation in the form of common stock in the Company, in order to give them a greater stake in the Company's success and more closely align their interests with those of other shareholders. The Equity Compensation Plan for Non-Employee Directors, a shareholder-approved plan, provides that a fraction (one-half (1/2) or more) of the compensation payable to non-employee Directors, as determined by the Board, shall be paid in restricted shares of the Company's common stock. Currently, five-eighths (5/8) of the non-employee Directors' compensation is payable in restricted shares. Directors are also expected to acquire and hold shares of the Company's stock equal in value to at least three (3) times their total annual compensation as a Director. They are expected to meet this guideline as soon as reasonably possible, but in any event within six (6) years after they are first elected to the Board.

The Compensation and Human Resources Committee shall annually review the compensation paid to nonemployee Directors and shall make recommendations to the Board regarding changes, if any, thereto. In doing so, the Committee shall take into consideration the compensation paid to directors of peer and other comparable organizations. The Board shall have final authority for determining the form and amount of Director compensation.

Director Orientation and Continuing Education. The Nominating and Governance Committee shall be responsible for ensuring that new Directors are given an orientation to the Company's businesses and plans, including the roles and responsibilities of the Board and its Committees, as soon as possible following their appointment, and that all Directors regularly receive continuing education that is designed to enhance their knowledge and/or skills and is relevant to the performance of their responsibilities as Directors of the Company.

Senior management shall have primary responsibility for carrying out the orientation of new Directors. The orientation program shall include a strategic overview of business, financial, accounting, risk management, compliance and regulatory issues, and shall acquaint the new Director with the Company's Articles of Incorporation, Bylaws, Code of Conduct, Committee Charters, Corporate Governance Guidelines, and other relevant governance documents.

All Directors are expected and encouraged to participate in continuing education programs in order to maintain the necessary level of expertise to perform their responsibilities as Directors. The Company will make online educational programs available to Directors and will encourage them to attend other continuing education programs. The Company will pay all reasonable expenses related to Director continuing education if approved in advance by the Chairman of the Board.

Board Self-assessments. The Nominating and Governance Committee shall be responsible for carrying out periodic self-assessments of the performance of the Board and its Standing Committees. To encourage candid evaluations and feedback from individual Directors, the Committee's self-assessment process shall be designed to afford anonymity to the Directors' responses to the extent possible.

Change of Position. A Director who experiences a change in affiliation or position of principal employment shall promptly submit a letter of resignation as a Director to the Board Chair. The resignation shall be considered by the Nominating and Governance Committee, which shall make a recommendation to the full Board as to whether the resignation should be accepted. The full Board, excluding the resigning Director, shall make the final determination as to whether to accept the Director's resignation.

Shareholder Communications with Board. Shareholders may communicate with the Board by e-mail at bod@firstmerchants.com. All such e-mails shall be automatically forwarded to the Chair of the Nominating and Governance Committee, who shall arrange for such communications to be relayed to the other Directors.

III. Management

Chief Executive Officer. The Board shall appoint the Chief Executive Officer, who shall report to the Board and its Committees. The CEO, subject to the control of the Board, shall have overall responsibility for the affairs of the Company, including responsibility for developing and attaining major Company goals and implementing policies approved by the Board. In general, the CEO shall perform the duties and exercise the powers incident to the office of CEO and all such other duties and powers as, from time to time, may be assigned by the Board, all as set forth in the Company's Bylaws.

Evaluation of Senior Management. The Board, acting through the Compensation and Human Resources Committee, shall be responsible for annually evaluating the performance of and approving the compensation and benefits to be paid to the CEO of the Company. The CEO, together with the Committee, shall annually evaluate the performance of and approve the compensation and benefits to be paid to the Company's other executive officers and senior management employees, as well as the CEOs and Regional Presidents of its subsidiaries.

Succession Planning. The CEO and the Senior Vice President and Director of Human Resources are responsible for the development and implementation of the Company's succession planning and management development program, which shall identify candidates to replace key executive officers and managers of the Company and its subsidiaries. The Board and the CEO shall review this program on an annual basis, including the succession plan for the CEO and other critical positions in the event of a retirement or an emergency situation, including an unanticipated vacancy due to death, disability or voluntary or involuntary termination.

Ownership and Retention of Company Stock by Senior Management. The Board believes it is in the best interests of the Company and its shareholders that senior management employees own and retain a significant number of shares of common stock in the Company, in order to give them a greater stake in the Company's success and more closely align their interests with those of other shareholders. Under the Long-Term Equity Incentive Plan, a

shareholder-approved plan, the Compensation and Human Resources Committee shall annually award shares of restricted stock to these employees, as determined by the Committee. Executive officers shall be obligated to hold at least twenty-five percent (25%) of the “net” shares awarded to them under this Plan (number of shares awarded less number of shares surrendered to pay withheld taxes) until the date of their death, retirement or other termination of employment, or the date of a change of control. Further, these employees are expected to acquire and hold shares of the Company’s common stock equal in value to at least one hundred percent (100%) of their then current annual salary within six (6) years after commencing participation in the Plan.

IV. Ethical Business Conduct

Code of Conduct. The Company’s Directors, officers and employees shall comply with the Company’s Code of Conduct, engage in ethical business conduct, and encourage and support good corporate citizenship by the Company. The Code of Conduct is a comprehensive code of ethical and legal business conduct, adopted by the Company in accordance with NASDAQ Rules and reflecting good business practices. The Code of Conduct also includes a supplemental Code of Ethics for the Company’s Financial Management, adopted by the Company as provided under the Sarbanes-Oxley Act. It applies to the Company’s CEO and senior financial officers. The Audit Committee is responsible for ensuring enforcement of the Code of Conduct.

Ethics and Integrity Policy. The Company’s Ethics and Integrity Policy, adopted to promote compliance with the Sarbanes-Oxley and Dodd-Frank Acts, provides avenues for Directors, officers, employees and shareholders to raise concerns about conduct and matters relating to any questionable accounting, internal controls, or auditing issues that could have financial ramifications for the Company or violate applicable statutes, regulations, or Company policies. The Policy provides assurance to persons raising concerns that they will be protected from retaliation, reprisals, or victimization for reporting in good faith. Concerns may be reported anonymously through a hotline, web and email service that is administered by an independent third-party. The Audit Committee Chair and the Director of Internal Audit are responsible for overseeing investigations of concerns raised under the Policy.

Policy on Recovery of Erroneously Awarded Compensation. As provided under the Dodd-Frank Act, the Company shall recover any excess incentive-based compensation paid to an executive officer under the Company’s Senior Management Incentive Compensation Program on the basis of a materially inaccurate financial statement or other materially inaccurate performance metric criteria. The Compensation and Human Resources Committee is responsible for ensuring enforcement of the Policy.