

FIRST MERCHANTS CORPORATION
CODE OF CONDUCT

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CONDUCT**

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First Merchants Corporation Code of Conduct

A. Introduction

The First Merchants Corporation Code of Conduct consists of three parts: (1) a comprehensive code of ethical and legal business conduct (Sections A-I) that applies to all directors, officers and employees of First Merchants Corporation and its affiliates (collectively, the "Company"); (2) a supplemental Code of Ethics for First Merchants Corporation Financial Management (Section J) that applies to the chief executive officer and senior financial officers of First Merchants Corporation, in recognition of their unique responsibilities for assuring proper accounting, financial reporting and internal controls; and (3) reporting and the handling of issues and concerns.

The comprehensive code of ethical and legal business conduct applicable to all of the Company's directors, officers and employees is adopted in accordance with NASDAQ Marketplace Rule 5610; and the supplemental code of ethics applicable to the chief executive officer and senior financial officers is adopted in accordance with Section 406 of the Sarbanes-Oxley Act of 2002 and Securities and Exchange Commission ("SEC") Regulation S-K, Item 406. The text of the Code of Conduct has been posted on the Company's Internet website. The text of the supplemental Code of Ethics for Financial Management has also been posted separately on the website.

The Code of Conduct provides general principles of personal and business conduct that are intended to promote ethical behavior, proper handling of actual or apparent conflicts of interest, full and fair disclosure, and compliance with applicable laws, rules and regulations. It does not cover all conceivable situations but sets forth basic responsibilities for representatives of the Company. It sets forth basic standards of conduct, not necessarily ideal or maximum standards.

The essence of the financial services industry is trust and confidence. Thus, it is imperative that representatives of the Company display, and be perceived by the public as displaying, the highest principles of personal and professional integrity. They must always keep in mind that the standards of behavior and performance the public expects of the Company's directors, officers and employees, and that the Company has pledged to meet, are higher than the general norms for the business world. The Company assumes that its employees, officers and directors will comply with all laws, rules and regulations applicable to the Company and their own personal conduct.

Records and accounting information must be accurate and maintained with reliability and integrity. All employees, officers and directors must respond honestly and candidly when dealing with the Company's independent and internal auditors, regulators and attorneys. Bank management should strive to be cognizant of all applicable laws and regulations and avoid knowingly violating any of them.

Compliance with the Code of Conduct is a condition of employment and for service as a director. Anyone who is aware of a violation or apparent violation by an employee, officer or director should report the same to the appropriate person or persons, which, depending on the nature of the alleged violation and/or the position held by the alleged violator, may be a manager or other executive officer of the Company or a Company affiliate, Director of Human

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Resources, CEO, Chief Risk Officer, Chief Audit Executive, Chair of the Board Audit Committee, and/or the Company's Legal Counsel (which may be either in-house counsel or counsel to the Board of Directors). Failure to report a serious violation of which an employee, officer or director is aware to a proper Company official or representative may itself be a violation of the Code of Conduct, depending on the circumstances. The Company will take such disciplinary or preventive action as is appropriate under the circumstances to address any existing or potential violation that is brought to the attention of the proper authority. No adverse action will be taken against anyone who, in good faith, reports a violation or potential violation of the Code of Conduct.

Any waiver of a provision of the Code of Conduct applicable to directors or executive officers of the Company must be approved by the Board of Directors of First Merchants Corporation. The Company shall disclose such waiver, along with the reasons for the waiver, in a Form 8-K filed with the Securities and Exchange Commission ("SEC") within four (4) business days. With rare exceptions, the Company will not grant or permit such waivers.

The First Merchants Corporation Audit Committee is responsible for ensuring the enforcement of the Code of Conduct and for interpreting its provisions. The Company's Chief Risk Officer is responsible for ongoing compliance by employees, officers and directors with the Code of Conduct and for overseeing training and monitoring compliance of such persons with respect to its provisions; and for these purposes he or she shall report directly to the Chairman of the Audit Committee as well as to the CEO of the Company. A request for an interpretation of any provision of the Code of Conduct may be directed to, the Director of Human Resources or Legal Counsel. A written request for an interpretation may also be submitted to the Chairman of the Audit Committee, setting forth the relevant facts and circumstances. The Audit Committee will respond to such a request, after consulting with the Company's Legal Counsel and/or other outside legal counsel if and to the extent it deems appropriate.

The Code of Conduct shall be reviewed at least annually by the Nominating and Governance Committee and the Board of Directors.

B. Confidential Information

1. Customer and Supplier Information

Confidential Information received from or concerning customers and suppliers is to be held in strictest confidence. The very nature of the Company's business is such that employees, officers and directors may have access to a customer's business plans, financial information, forecasts, decisions, problems and other data. This information is to be used solely for business purposes, as an aid to providing knowledgeable service, and must not be used for personal gain. Such information should never be transmitted to anyone outside the Company, including family and associates, or to employees of the Company who do not need to know such information in performing their jobs.

Exceptions to this policy include: (a) routine credit inquiries; (b) disclosures required by legal process or upon advice of the Company's Legal Counsel; and (c) information authorized for release by written approval of a customer or supplier.

Employees may also only access customer accounts when performing an authorized transaction for the customer, when it is necessary to provide a customer with information which

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has requested, or when information regarding the account is required in order to conduct a business transaction.

Directors, officers and employees should take appropriate measures to protect the security of confidential information by ensuring, when leaving the office, that open areas and work spaces are cleared of paperwork, that confidential information is locked in desks or file cabinets and that access to all files containing confidential information is properly controlled. They should also avoid displaying documents in an indiscriminate manner or engaging in inappropriate business conversations in public places, on or off the Company's premises.

Directors, officers and employees who are entrusted with information in a Suspicious Activity Report (SAR) must maintain the confidentiality of the SAR, and they must also avoid informing unauthorized persons of the existence of the SAR.

2. Employee Information

The Company will safeguard the confidential aspects of the relationships between the Company and its employees. Requests for information concerning present or former employees relating to their employment or to matters such as salary verification should be referred to the Human Resources Department. The Credit Department or other office(s) designated under published Company policies and procedures may answer routine credit inquiries about Company employees in response to proper requests for checking account, savings or loan information. This policy applies to both oral and written requests.

3. Inside Information

The use or disclosure of "material inside information" about the Company, defined as information not publicly disseminated but significant enough to possibly materially affect the Company and/or its securities, is not only prohibited, but may be a serious violation of federal or state securities laws. Directors, officers and employees who have a question which involves the use or disclosure of information that has not yet been publicly disseminated should contact the Director of Human Resources, or the Company's Legal Counsel, as appropriate, prior to such use or disclosure.

C. Conflicts of Interest

A conflict of interest occurs when a person's personal interests improperly interfere, or appear to interfere, with the interests of the Company or with the person's judgment in performing his or her responsibilities on behalf of the Company. Employees, officers and directors of the Company must never allow their personal interests to interfere with their objectivity in performing their responsibilities to the Company, and they must never use or attempt to use their position with the Company to obtain any improper financial or other benefit for themselves, their family members, or any other person.

The Company will conduct an appropriate review, in accordance with NASDAQ Marketplace Rule 5630(a), of all related party transactions for potential conflict of interest situations on an ongoing basis. All such transactions must be approved by the First Merchants Corporation Audit Committee. For this purpose, "related party transactions" are transactions involving the Company's directors or executive officers, or members of their immediate family, which must be disclosed pursuant to SEC Regulation S-K, Item 404.

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Employees, officers and directors of the Company should always consider, in advance of taking any action, whether such action might pose an actual or apparent conflict of interest and whether such conflict would prevent them from complying with the principles set forth in the first paragraph of this Section. They should be familiar and strive to comply with both the letter and spirit of applicable federal and state statutes and regulations, Company bylaws, and common law fiduciary principles relating to conflicts of interest. Although it is frequently difficult to determine when an actual or apparent conflict of interest exists; the following sections contain guidelines for proper conduct in some of the situations that may arise from time to time.

1. Dealing with Customers, Suppliers or Competitors in Business Ventures

Employees, officers and directors of the Company should not own, directly or indirectly, a significant financial interest in any business entity that does or seeks to do business with, or is in competition with, the Company unless the interest has been fully disclosed in advance to the Board of Directors and has been determined to not improperly influence any decision that they might be required to make in performing their duties for the Company.

2. Borrowing from Customers or Suppliers See

"Personal Financial Responsibility"

3. Gifts to Employees, Officers or Directors

The Company expects employees, officers and directors to render efficient and courteous service to its customers at all times without expecting reward other than compensation or fees regularly received for their employment or service to the Company. Accordingly, they shall not solicit, receive or participate in any arrangement leading to the payment of money or anything of value to them, their relatives or friends for past or future business conducted with the Company. To avoid even the appearance of impropriety, it is important that they decline any gifts from present or prospective customers or suppliers if acceptance would raise the slightest doubt of improper influence.

The Federal Bank Bribery Act (18 U.S.C. §215) generally makes it a crime for a person associated with a bank or a bank holding company, including employees, officers, directors, agents and attorneys of the bank or bank holding company, to seek or accept anything of value from any person or entity in connection with any transaction or business of such bank or holding company with which the person is associated. It is a crime for the giver as well as the receiver. The Act cannot be read in a vacuum and must be interpreted and administered accordingly. The Act is intended to prevent a pay-off to bank or bank holding company officials as a *quid pro quo* either to induce a particular transaction or as a "gratuity" on account of a particular transaction. Thus, where a benefit is given or received as a result of a banking transaction, the Act may be violated. However, the Act is not intended to proscribe the receipt of gratuities or favors of reasonable value where it is clear from the circumstances that the customer is not trying to exert influence over the bank or bank holding company official in connection with a transaction, and the gratuity or favor is, in fact, unsolicited. The term "gift" includes, but is not limited to, substantial favors, money, credit, special discounts on goods or money, tickets to entertainment events, trips, hotel expenses, excessive entertainment, and food or beverages. Gifts to immediate family are included in this prohibition.

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Employees, officers and directors may not accept gifts of cash in any amount. However, the Regulatory Safety and Soundness Standards state that it may be appropriate for a bank insider to accept something of value from someone doing or seeking to do business with the bank under some circumstances. Consistent with these Standards, employees, officers and directors are permitted to accept an item if it: (i) is offered based on a family or personal relationship, independent of any Company business; (ii) is available to the general public on the same conditions; or (iii) would be paid for by the Company as a reasonable business expense if not paid for by another party. Common examples of these types of items include a business luncheon or a holiday season gift.

The following items may also be accepted:

1. Meals, gratuities, amenities, or favors based on obvious family or personal relationships.
2. Meals, refreshments, travel arrangements, accommodations, or entertainment of a reasonable value in the course of a meeting or other occasion. The dollar limit on these items is \$250 (\$500 for the Company's CEO and Executive Vice Presidents).
3. Advertising or promotional material of reasonable value, including pens, pencils, note pads, key chains, calendars, and similar items.
4. Discounts or rebates on merchandise or services that are available to other customers under similar circumstances.
5. Gifts of reasonable value related to commonly recognized events or occasions such as a promotion, new job, wedding, retirement, Christmas, or bar or bat mitzvah. The dollar limit on these items is \$250 (\$500 for the Company's CEO and Executive Vice Presidents).
6. Civic, charitable, educational, or religious organizational awards for recognition of service and accomplishment. The dollar limit on these items is \$250 (\$500 for the Company's CEO and Executive Vice Presidents).
7. Loans from other banks or financial institutions, when made on customary terms for the purpose of financing proper and usual activities. Such financial arrangements must not be contingent upon either the Company or the other bank accepting or offering any other service; and compliance with Regulation O must be ensured.
8. Other benefits or items of value, when approved in writing, case-by-case and only if based on a full, written disclosure of all relevant facts and if consistent with the Bank Bribery Act.

Any employee, officer or director who is offered, or who receives, an item of greater value than is authorized under this section must report the item to the Director of Human Resources (HR Director) and obtain pre-approval. In the case of the HR Director, such pre-approval must be obtained from the Company's CEO; in the case of the CEO or a director other than the Company's Board Chairman, such pre-approval must be obtained from the Board Chairman; and, in the case of the Board Chairman, such pre-approval must be obtained either from the Chairman of the Audit Committee or the Chairman of the Nominating and Governance Committee. Pre-approval must be obtained for all such unauthorized items, before they are accepted by the employee, officer or director. The HR Director (or other individual responsible for such pre-approval) will:

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- Perform a review to determine whether compliance with FMB's Code of Conduct and the Bank Bribery Act is maintained;
- Gather and maintain documentation to support the approval;
- If deemed not compliant, inform the employee, officer or director to not accept the item of value; and
- Maintain written reports of such disclosures.

If employees, officers or directors have any questions whether a particular personal benefit might be considered inappropriate or whether it falls within one of the above categories, they should consult with the HR Director.

Circumstances surrounding a gift may be such that rejection or return of the gift would cause embarrassment or would potentially damage friendly relationships between a customer or supplier and the Company. In that case, the employee should report the gift and its estimated value to the HR Director.

Employees may not accept a devise of property or an interest in property from a customer or supplier of the Company (other than a relative or a person who has never dealt with the employee as a representative of the Company) under a will, trust, or other estate planning instrument at any time. The fact that the employee did not know of the bequest does not justify an exception.

D. Public Communications

1. Regulatory Disclosures and Public Comments

Employees, officers and directors of the Company shall strive to ensure that all reports, documents and other information that the Company files with or submits to the SEC and in other public communications made by the Company are accurate, complete, timely and fair, in accordance with applicable disclosure standards, including standards of materiality where appropriate. Employees, officers and directors shall not knowingly misrepresent, or cause others to misrepresent, material facts about the Company to others, including, without limitation, the Company's independent auditors and governmental regulators or other governmental officials.

Employees, officers and directors who are requested to make a public statement or comment on a law, regulation or other matter related to or affecting the Company should first submit a copy of the statement to the CEO (or in the case of a director, to the Chairman of the Board of Directors) for approval. Company letterhead shall not be used in commenting on any law, regulation or matter that only relates to or affects the employee, officer or director personally and not the Company.

2. Media Inquiries

Only the Director of Marketing, members of executive management or, in appropriate cases, the Chairman of the Board of Directors, should initiate or respond to contacts with the media on behalf of the Company. Any media inquiries should be directed to the Company's Marketing Department and employees should only respond to media inquiries after being cleared by the Company's Marketing Department or a member of executive management. In the event of a robbery, disturbance or other emergencies, all communications should be referred to the

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appropriate bank security officer, the Director of Marketing or a member of executive management.

E. Lending Practices

1. Granting of Preferential Rates

The lending services of the Company's affiliate banks are available to equitably serve the legitimate and deserving credit needs of customers. All loans should be based solely upon a borrower's credit worthiness and overall relationship with the Company. Preferential rates shall not be granted to any employee, officer or director in violation of Company policy. If questions arise concerning lending services, consult the loan policy manual or a senior loan officer.

2. Prohibited Lending Practices

The following lending practices are prohibited either by law or Company policy. For purposes of this section, the term "lending officer" refers to any Company employee who has lending authority. A lending officer:

- a. Shall not extend credit to a customer if any of the proceeds are to be given or loaned to the lending officer, or to pay a debt owed to the lending officer or members of his or her immediate family.
- b. Shall not extend credit to a customer to enable the customer to purchase real estate or personal property from the lending officer, unless prior written approval is obtained from a Regional Chief Credit Officer.
- c. Shall not extend credit to a relative of the lending officer, whether by blood or marriage, or to an individual residing in the lending officer's household.
- d. Shall not extend credit to a company in which the lending officer has an interest as a director, officer or partner, or an ownership interest exceeding five percent (5%), or in which a relative of the lending officer, whether by blood or marriage, has such an interest.
- e. Shall not loan his or her personal funds, or the personal funds of other employees, to a customer or supplier of the Company where the lending officer or other employee has any responsibility for the Company's relationship with such customer or supplier.

F. Political Contributions

1. Prohibitions

It is unlawful for the Company to make contributions or expenditures in connection with any election. Federal and state laws prohibit the Company from contributing corporate funds or property in support of a political party or candidate for public office. In addition to cash payments, this prohibition applies to contributions of meeting rooms, food, beverages, and reimbursement of expenses to third parties or anything of value for the purpose of influencing any election.

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2. Personal Political Contributions

The policy of the Company regarding corporate political contributions is not intended to discourage employees, officers and directors from making personal contributions to candidates or political parties of their choice. The Company does not and will not exert pressure, either direct or indirect, that infringes on their right to decide to whom personal political contributions will be made.

G. Outside Activities

1. Community Service

The Company recognizes its responsibilities to the communities, states and nation in which it operates and whose citizens it serves. The Company considers itself socially responsible and responsive. It recognizes that it cannot thrive unless the communities in which it operates thrive, nor can it exist without public support. The Company endeavors to strengthen these communities, states and nation, and the free enterprise system, by encouraging its employees, officers and directors to become involved in charitable, civic and community causes and organizations and by making appropriate financial and other contributions to these causes and organizations.

2. Fiduciary Appointments

Employees of the Company shall not accept an appointment as a personal representative, executor, trustee, administrator, guardian or other fiduciary, either as a sole or co-fiduciary, unless the appointment is as trustee of a trust established by the employee or a member of the employee's immediate family (husband, wife, parent, grandparent, child or grandchild) for the benefit of the employee and/or a member of the employee's immediate family. Any exception other than the one stated in the previous sentence must be approved by the President of Private Wealth Advisors before the employee accepts the appointment and must be based on a close family or personal relationship and justified to the Company's satisfaction by special circumstances. A request for such approval must be in writing and must be accompanied by a brief description of the special circumstances justifying the exception. The decision of the President of Private Wealth Advisors will be final. A request by the President of Private Wealth Advisors should be made to his or her immediate supervisor, whose decision will be final.

3. Political Activities

Employees, officers and directors are encouraged to take an active part in supporting their political party and their individual candidates, such as by serving as a volunteer, an active party worker, an appointed official, or an elected official. Employees whose participation will require time away from the Company must obtain prior approval from the Director of Human Resources.

In all cases, individuals who are seeking elective office or participating in political activities do so as an individual and not as a representative of the Company. To prevent any impression of sponsorship or endorsement by the Company, they must not use the Company's name or its address in campaign materials or in collecting funds. The Company shall not be identified in any advertisements or literature except as may be appropriate in biographical information.

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4. Outside Employment and Board Service

The Company recognizes that there may be times when employees will want to obtain outside employment or serve on boards of directors. Any such employment or service must be secondary to their position with the Company and must not interfere with their work or responsibilities with the Company or involve improper diversion of Company resources.

An employee who wishes to obtain outside employment must notify his or her manager in advance and submit a statement to the Human Resources Department describing the intended new employment and the anticipated number of hours and location of the work. Should this job affect the employee's work performance or attendance, the manager in consultation with the Human Resources Department will take appropriate action.

An employee who wishes to serve on a for-profit board must have the prior approval of the CEO of the Company; provided, however, if the employee wishing to serve is the CEO of the Company, such approval must come from the Company's Board Chairman instead. Service as a director of a family business or corporation must be reported but will generally be approved.

An employee who wishes to serve on a not-for-profit board shall disclose his or her intention to do so to the CEO of the Company; provided; however, if the employee wishing to serve is the CEO of the Company, such disclosure shall be made to the Company's Board Chairman instead. Service on a not-for-profit board does not require prior approval; however, the CEO or Board Chairman may affirmatively deny permission for an employee to do so under circumstances involving potential material harm to the interests of the Company.

H. Personal Financial Responsibility

I. General

It is important that employees, officers and directors of financial services organizations properly manage their personal finances and use credit intelligently. Imprudent personal financial management and its consequent hardships often affect job performance and may even tempt individuals in positions of trust to violate their fiduciary obligations to the Company and/or its customers. Employees who are having financial problems should consult with their manager or the Director of Human Resources or his or her delegate. Directors and CEO of the Company who are having financial problems should consult with the Company's Board Chairman or the Chairman of the Company's Audit Committee.

In order to preserve any perception of impropriety, employees cannot process or authorize transactions, of any nature within their personal accounts or any account in which they have an interest.

2. Borrowing from other Financial Institutions

Borrowing from other financial institutions, including correspondent banks, is permitted as long as the loan is obtained on substantially the same rates, terms and conditions as the financial institution offers to other customers of similar credit worthiness.

3. Borrowing from Customers or Suppliers

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Employees are not permitted to borrow from customers or suppliers except those that engage in lending in the usual course of their business. Even then, borrowing must only be on terms offered to others in similar circumstances, without special treatment as to interest rates, repayment terms, security or other provisions. This prohibition does not preclude borrowing from individuals related to an employee by blood or marriage.

4. Taking Advantage of a Business Opportunity that Rightfully Belongs to the Company

Employees, officers and directors must not take personal advantage of an opportunity that rightfully belongs to the Company. Whenever the Company has been actively soliciting a business opportunity or has been offered such an opportunity, or whenever the funds, facilities, personnel or other resources of the Company have been used in pursuing an opportunity, that opportunity belongs to the Company and shall not be diverted to the personal benefit of any employee, officer or director. Examples of improperly taking advantage of a Company opportunity may include, without limitation:

- a. Selling or improperly disclosing information to which a person has access because of his or her position.
- b. Acquiring a property interest when the Company is known to be interested in purchasing or leasing the property interest in question.
- c. Receiving a commission, fee or other payment on a transaction that would otherwise accrue to the Company.
- d. Diverting business from the Company or encouraging employees to leave their employment with the Company.
- e. Otherwise improperly profiting, either directly or indirectly, to the detriment of the Company.

5. Corporate Property Services

Employees are not permitted to act as a principal for either themselves or their close family members in the supply of goods, property or services to the Company. Using the services of other Company employees or other Company resources during working hours for personal purposes is also prohibited.

6. Employee Purchase of Company Assets

It is improper for employees to purchase, directly or indirectly, any Company assets other than at public sale. Any such transaction is likely to subject the Company to criticism and, depending on the circumstances, may even result in liability, even if entered into innocently. Company assets, including repossessed loan collateral, will not be sold to employees or members of their immediate family except at public sale. This policy also extends to "friends" who purchase an asset from the Company and then resell it to an employee or member of his or her immediate family. Upon approval of the executive officer responsible for the Company's or an affiliate's physical properties, items of Company equipment or other property that are of nominal value may be sold to employees when the return to the Company or affiliate will equal or exceed that from other methods of disposal.

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7. Purchase of Property Held by the Company as a Fiduciary

Property held by the Company as a fiduciary shall not be sold or transferred, by loan or otherwise, to the Company or any of its directors, officers or employees, or to any other individual or organization with whom there exists a connection or interest that might adversely affect the Company's exercise of sound judgment or the financial interests of the Company or any beneficial owner of the property in selling or transferring such property; provided, however, an exception may be made where (a) expressly authorized by the instrument creating the fiduciary relationship or by court order, or (b) such sale or transfer is made in accordance with applicable laws and with the prior approval of the Company's Legal Counsel or the First Merchants Corporation Audit Committee.

It is also improper for an employee to become a tenant of any real estate managed by Private Wealth Advisors.

8. Handling of Personal Accounts

All employees, officers and directors shall handle their personal checking accounts satisfactorily, avoiding overdrafts and avoiding the use of facilities at other financial institutions to disguise potential overdrafts. The use of two or more financial institutions to disguise overdrafts, sometimes referred to as "kiting", is both a violation of this Code and a violation of the law.

I. Personal Trading and Investments

While it is not the intent of the Company to unduly limit employees, officers and directors in their personal trading and investments, transactions must be avoided that would involve or appear to involve a conflict of interest between the individual and the Company or between the Company and any customer. Trading on inside or confidential information is also prohibited. This policy covers transactions for the personal account of the employee, officer or director, as well as members of his or her immediate family and close relatives, whether by blood or marriage.

Investment situations that might involve a conflict of interest are many, varied and not subject to simple listing. Anyone who has any uncertainty about a situation should consult the Company's Legal Counsel or the Director of Human Resources.

1. Investment in Securities of a Customer, Supplier, or Competitor

Employees should generally avoid investing in securities of a customer, supplier, borrower or competitor of the Company, except for publicly held companies where the securities have a broad market. Participation in a business venture with such parties should be considered the same as investing in their securities for these purposes. Such investment may affect an employee's judgment or decisions made on behalf of the Company.

2. Securities Trading

Employees are expressly prohibited from buying or selling investment securities through the Company unless they establish their own account or a fiduciary account, following normal procedures. The commission charged shall be as stated in the published fee schedule for

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employees of the Company. This section is not applicable to the securities of First Merchants Corporation, which may be purchased through employee benefit programs in which the employee is eligible to participate.

3. Non-public and/or Material Inside Information

Non-public or material inside information provided by customers, suppliers and others in the normal course of business is confidential and must be held inviolate. Such information must never be used as a basis for personal investment decisions. Anyone who has uncertainty about the information should consult the Company's Legal Counsel.

4. Preferential Treatment

Employees must never use commissions paid in the sale of securities for the Company's customers to obtain special concessions from brokerage firms. Employees shall not accept preferential treatment in the form of an allocation of "hot" new issues or any other securities which become available prior to a public offering or that are or may become in such demand that the broker, investment banker, issuer, or other seller of the securities might expect to receive favorable treatment in return for making such allocation.

5. Securities Transactions by Private Wealth Advisors and Investment Personnel

Private Wealth and investment personnel, because of their responsibilities with respect to fiduciary accounts, are subject to further restrictions and guidelines relating to investments. Specifically, any Private Wealth and investment personnel involved in securing approval for trades and/or actually trading on behalf of a fiduciary account must always place the fiduciary account before his or her own personal investments. Other restrictions and guidelines concerning securities trading policies and procedures are covered in the Private Wealth Advisors and Investment Policy Manual.

6. Investment in First Merchants Corporation Securities

Directors, officers and employees of the Company shall not execute personal transactions in First Merchants Corporation securities if they possess material inside information that has not been disclosed to the public.

J. Code of Ethics for First Merchants Corporation Financial Management

This Code of Ethics for First Merchants Corporation Financial Management is adopted pursuant to Section 406 of the Sarbanes-Oxley Act of 2002 and Securities and Exchange Commission ("SEC") Regulation S-K, Item 406, which states that issuers shall disclose whether they have adopted a code of ethics that applies to their principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Although part of the Code of Conduct of First Merchants Corporation (the "Company"), this Code of Ethics applies specifically and separately to the following officers of the Company: the Chief Executive Officer, the Chief Operating Officer and Chief Financial Officer, the Chief Banking Officer, Director of Finance, the Corporate Controller, and the Corporate Treasurer (collectively, the "Senior Financial Officers").

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The Senior Financial Officers shall always act with integrity and engage in honest and ethical conduct. In addition to the policies set forth elsewhere in the Code of Conduct, the Senior Financial Officers have the following obligations:

1. The Senior Financial Officers must never allow their personal interests to interfere with their objectivity in performing their responsibilities to the Company; and they must never use or attempt to use their position with the Company to obtain any improper personal financial or other benefit for themselves, for their family members, or for any other person. They should determine in advance of taking any action whether such action poses a conflict of interest and whether such conflict would prevent them from complying with the above principles. A "conflict of interest" occurs when a person's personal interests improperly interferes with the interests of the Company. Any actual or apparent conflict of interest involving a Senior Financial Officer shall be reported immediately to the Company's Legal Counsel (which may be either in-house counsel or counsel to the Board of Directors), who shall promptly report the matter to the Chairman of the Audit Committee. Legal Counsel and the Chairman of the Audit Committee shall ensure that appropriate actions are taken to provide for the ethical handling of any actual or apparent conflict of interest reported to them.
2. The Senior Financial Officers shall strive to ensure that all reports and documents that the Company files with, or submits to, the SEC and in other public communications made by the Company contain full, fair, accurate, timely and understandable disclosures, in accordance with applicable disclosure standards, including standards of materiality, where appropriate. Accordingly, they shall not knowingly misrepresent, or cause others to misrepresent, material facts about the Company to others, including, without limitation, the Company's independent auditors and governmental regulators or other governmental officials. Within their areas of responsibility, they shall properly review and critically analyze proposed disclosures for accuracy and completeness. In addition, they shall promptly bring to the attention of the Company's Legal Counsel any material information of which they become aware that affects the disclosures made by the Company in its public filings or other public communications. Legal Counsel shall, in turn, promptly report the situation to the Chairman of the Audit Committee.
3. It is the Company's policy to comply with all applicable governmental laws, rules and regulations; and all Senior Financial Officers must adhere to this policy. Activity which would be criminally or civilly actionable shall also be deemed to be a violation of this policy. For example, the anti-fraud provisions of the federal securities laws make it unlawful for a person to trade securities on the basis of material, non-public information. Such illegal insider trading would also constitute a violation of this policy. Anyone who is uncertain about the interpretation or applicability of a law, rule or regulation should consult with the Company's Legal Counsel before taking action.
4. A Senior Financial Officer who becomes aware of an existing or potential violation of this Code of Ethics shall promptly notify the Company's Legal Counsel, who shall promptly inform the Chairman of the Audit Committee of the situation. A Senior Financial Officer's failure to report a violation of which he or she has knowledge is itself a violation of the Code. The Company will take such disciplinary or preventive action as is appropriate under the circumstances to address any such existing or potential violation that is brought to its attention. No adverse action shall be taken against anyone who, in good faith, reports a violation or potential violation of this Code of Ethics.

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5. Compliance with this Code of Ethics is a condition of employment, and any violations thereof may result in disciplinary action, up to and including discharge.

In any circumstance where the Company's Legal Counsel is involved in the matter giving rise to a violation or potential violation of this Code of Ethics, the required internal reporting or notification shall instead be made directly to the Chairman of the Audit Committee.

The Audit Committee is responsible for applying this Code of Ethics to specific situations and has the authority to interpret this Code in any particular situation. Anyone desiring an interpretation of a provision of the Code of Ethics may consult with the Company's Legal Counsel and/or submit a written request for an interpretation to the Audit Committee, setting forth the relevant facts and circumstances. The Audit Committee shall respond to any such written request as it deems appropriate. In so doing, it may consult with the Company's Legal Counsel and/or other outside legal counsel.

The SEC requires public disclosure of any waiver from, or amendment to, a provision of this Code of Ethics. The Company expects full compliance with this Code and, with rare exceptions, will not grant or permit waivers from its requirements. Anyone requesting a waiver from a provision of the Code of Ethics shall submit the request to the Audit Committee, which shall, in consultation with the Company's Legal Counsel and/or other outside legal counsel, determine whether the request should be granted.

The Chairman of the Audit Committee shall inform the Board of Directors of any violation of this Code of Ethics that is reported to the Committee and of any waiver from the Code's provisions that is approved by the Committee.

K. Reporting Concerns and Issues

3. Reporting

Even if uncertain that an action is a violation, a person has an obligation to report it. The reported action will be investigated and appropriate measures will be taken as necessary. Regardless of the reporting method, confidentiality will be maintained to the fullest extent possible in accordance with the applicable law and without putting the Corporation at risk. This is not intended to allow knowingly false allegations of unethical behavior to be made against another employee; any such use of the procedures by employees, officers or directors will not be tolerated and may result in disciplinary action.

Potential Code of Conduct concerns or violations must be reported to the Manager of Fraud Prevention, Chief Risk Officer, Director of Human Resources, Director of Human Resources Shared Services, Chief Audit Executive or Chairman of the Audit Committee.

Serious concerns and sensitive issues relating to financial reporting, unethical or illegal conduct, or other matters covered by the Ethics and Integrity Policy should be reported in one of the following ways:

1. **Toll Free Ethics Hotline:** (877) 472-2110 (USA & Canada English speaking)
(800) 216-1288 (North America Spanish speaking)
2. **Third-party Web Service:** Report site
<http://www.lighthouse-services.com/incident/incident.php>

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Username: firstmerchants (all one word)

Password: first

Homepage site: <http://www.lighthouse-services.com>
click on submit a report

Username: firstmerchants (all one word)

Password: first

3. **Third-party E-mail Service:** reports@lighthouse-services.com
"First Merchants" should be named in the message
4. **Internal Audit:** An employee who does not require anonymity may also report a concern on conduct or matters covered by this Policy to the Director of Internal Audit or Senior Manager, Internal Audit.

Employment-related concerns should continue to be reported through normal channels as outlined in the Employee Handbook.

4. How Reported Concerns/Issues will be Handled

A report of a violation, potential violation, or other misconduct made using any of the channels provided in this Policy will be reviewed and investigated. The reported incident will be provided to the Internal Case Team for appropriate action. The action taken upon receipt of a report will depend on the nature of the concern presented.

Initial Inquiries

Initial inquiries will be made by a member of the Internal Case Team to determine whether an investigation is appropriate, and if appropriate the form that it should take. Some concerns may be resolved by agreed-upon action without the need for an investigation.

Investigations

Appropriate resources will be made available to conduct the investigation. When an investigation is undertaken, it may be conducted internally or by an external third-party as determined appropriate. The Chairman of the Audit Committee and the Director of Internal Audit are responsible for the investigation. Confidentiality will be maintained to the extent possible while assuring a proper and complete review of the concern raised by the report.

Reporting Person's Role

The amount of contact between the person reporting the concern and the party doing the investigating will depend on: (i) the nature of the conduct or matter reported, (ii) the clarity of the information provided, and (iii) whether the reporting person remains accessible for follow-up on information obtained during the investigation. Further information may be sought from the reporting person at any time during the investigation.

Follow-up With Reporting Person

A person reporting a concern or issue will be given the opportunity to receive a follow-up response on the concern raised.

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