



First Merchants Corporation Completes its Merger with Independent Alliance Banks, Inc.

July 17, 2017

First Merchants Corporation (NASDAQ: FRME) ("First Merchants") successfully completed its previously announced merger with Independent Alliance Banks, Inc. (OTCQX: IALB) ("IAB") of Fort Wayne, Indiana on July 14, 2017. In connection with the merger, iAB Financial Bank has merged with and into First Merchants Bank. The combined First Merchants Bank now has 122 banking centers in Illinois, Indiana and Ohio and approximately \$8.7 billion in assets,

\$6.2 billion in loans, \$6.7 billion in deposits, and total shareholders' equity of \$1.1 billion. The full integration of IAB under the First Merchants brand is expected to be completed during the 4th quarter of 2017.

Shareholders of IAB will receive 1.6530 shares of First Merchants Corporation common stock for each share of IAB common stock held. On November 21, 2016, First Merchants purchased 495,112 shares or 12.1% of IAB's outstanding common stock for \$19.8 million. Based on the closing price of First Merchants' common stock on July 14, 2017, the transaction value for the remaining shares is approximately \$238.9 million. The former shareholders of IAB will receive information shortly on how to complete the exchange of their IAB stock.

Michael C. Rechin, First Merchants Corporation's Chief Executive Officer stated, "We are pleased that this merger received overwhelming approval by Independent Alliance Banks, Inc.'s shareholders. We are fortunate to have found such an outstanding partner and team to join with in the Fort Wayne area, one of the fastest growing cities in Indiana. iAB Financial Bank clients will now have access to expanded product and service options along with the additional capital resources and lending capacity that First Merchants provides. The merger will add sixteen locations in the "Summit City" area, making banking more convenient for our clients. With the legal aspects of the merger behind us, we can exclusively focus our attention on taking care of our clients."

Michael C. Marhenke, Chief Executive Officer and President of Independent Alliance Banks, Inc., stated, "We look forward to being a part of First Merchants and working with Mike Rechin and his team to bring the best of both organizations to the Fort Wayne market. We have a deep-rooted commitment to community banking by providing personalized financial service solutions for our clients in the Fort Wayne market."

William H. Thatcher, Independent Alliance Banks, Inc.'s Chief Operating Officer added, "We are excited about becoming part of the First Merchants family, and believe this partnership benefits our clients, shareholders and communities. Our clients will now have access to a broader network and expanded products and services, while still enjoying community banking service delivered by people they know and trust. Our associates and management team have been driven to be the bank of choice in Fort Wayne and our bankers look forward to taking advantage of new product capabilities and continuing to build momentum with our clients as First Merchants Bank. The core values of both companies share a commitment to local decision making, personal service, long-term relationships and community involvement." Mr. Thatcher assumes the role of Regional President with First Merchants Bank, working to insure a seamless transition and achieving the growth goals set for the Fort Wayne region.

About First Merchants Corporation

First Merchants Corporation is a financial holding company headquartered in Muncie, Indiana. The Corporation is comprised of First Merchants Bank, which also operates Lafayette Bank & Trust, The Arlington Bank, and First Merchants Private Wealth Advisors as divisions of First Merchants Bank

First Merchants Corporation's common stock is traded on the NASDAQ Global Select Market System under the symbol FRME. Quotations are carried in daily newspapers and can be found on the company's Internet web page (<http://www.firstmerchants.com>).

Forward Looking Statement

This press release contains forward-looking statements made pursuant to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements can often, but not always, be identified by the use of words like "believe", "continue", "pattern", "estimate", "project", "intend", "anticipate", "expect" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "might", "can", "may", or similar expressions. These forward-looking statements include, but are not limited to, statements relating to the expected timing and benefits of the merger (the "Merger") between First Merchants Corporation ("First Merchants") and Independent Alliance Banks, Inc., including future financial and operating results, cost savings, enhanced revenues, and accretion/dilution to reported earnings that may be realized from the Merger, as well as other statements of expectations regarding the Merger, and other statements of First Merchants' goals, intentions and expectations; statements regarding the First Merchants' business plan and growth strategies; statements regarding the asset quality of First Merchants' loan and investment portfolios; and estimates of First Merchants' risks and future costs and benefits, whether with respect to the Merger or otherwise. These forward-looking statements are subject to significant risks, assumptions and uncertainties that may cause results to differ materially from those set forth in forward-looking statements, including, among other things: the risk that the businesses of First Merchants and Independent Alliance Banks, Inc. will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; expected revenue synergies and cost savings from the Merger may not be fully realized or realized within the expected time frame; revenues following the Merger may be lower than expected; customer and employee relationships and business operations may be disrupted by the Merger; and the ability to complete the Merger on the expected timeframe; possible changes in economic and business conditions; the existence or exacerbation of general geopolitical instability and uncertainty; the ability of First Merchants to integrate recent acquisitions and attract new customers; possible changes in monetary and fiscal policies, and laws and regulations; the effects of easing restrictions on participants in the financial services industry; the cost and other effects of legal and administrative cases; possible changes in the credit worthiness of customers and the possible impairment of collectability of loans; fluctuations in market rates of interest; competitive factors in the banking industry; changes in the banking legislation or regulatory requirements of federal and state agencies applicable to bank holding companies and banks like First Merchants' affiliate bank; continued availability of earnings and excess capital sufficient for the lawful and prudent declaration of dividends; changes in market, economic, operational, liquidity, credit and interest rate risks

associated with the First Merchants' business; and other risks and factors identified in each of First Merchants' filings with the Securities and Exchange Commission. Neither First Merchants nor Independent Alliance Banks, Inc. undertake any obligation to update any forward-looking statement, whether written or oral, relating to the matters discussed in this presentation or press release. In addition, First Merchants' and Independent Alliance Banks, Inc.'s past results of operations do not necessarily indicate either of their anticipated future results.

First Merchants Corporation

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Source: First Merchants Corporation