

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (Date of earliest event reported): July 31, 2017

Commission File Number 0-17071

FIRST MERCHANTS CORPORATION

(Exact name of registrant as specified in its charter)

| | |
|--|-----------------------------------|
| INDIANA | 35-1544218 |
| (State or other jurisdiction of incorporation) | (IRS Employer Identification No.) |

**200 East Jackson Street
P.O. Box 792
Muncie, IN 47305-2814**

(Address of principal executive offices, including zip code)

(765) 747-1500

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01. Regulation FD Disclosure.

The executive officers of First Merchants Corporation intend to use the material filed herewith, in whole or in part, in one or more meetings with investors and analysts. A copy of the investor presentation is attached hereto as Exhibit 99.1.

First Merchants Corporation does not intend for this Item 7.01 or Exhibit 99.1 to be treated as "filed" for purposes of the Securities Exchange Act of 1934, as amended, or incorporated into its filings under the Securities Act of 1933, as amended.

Item 9.01. Financial Statements and Exhibits.

(d) (99.1) First Merchants Corporation Investor Presentation

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DATE: July 31, 2017

FIRST MERCHANTS CORPORATION

By: /s/ Mark K. Hardwick

Mark K. Hardwick

Executive Vice President,

Chief Financial Officer and Chief Operating Officer



First Merchants Corporation

THE STRENGTH OF BIG THE SERVICE OF SMALL

2nd Quarter 2017



Michael C. Rechin
President
Chief Executive Officer

Mark K. Hardwick
Executive Vice President
Chief Operating Officer
Chief Financial Officer

Michael J. Stewart
Executive Vice President
Chief Banking Officer

John J. Martin
Executive Vice President
Chief Credit Officer

Michele Kawiecki
Senior Vice President
Director of Finance

NASDAQ: FRME

Forward-Looking Statements

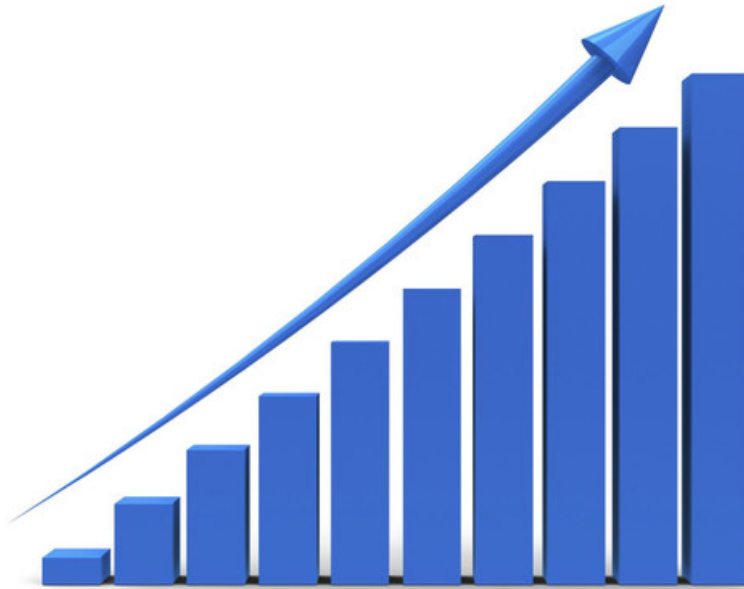
This presentation contains forward-looking statements made pursuant to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements can often, but not always, be identified by the use of words like “believe”, “continue”, “pattern”, “estimate”, “project”, “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 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. 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: 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. First Merchants undertakes no obligation to update any forward-looking statement, whether written or oral, relating to the matters discussed in this presentation or press release. In addition, the company’s past results of operations do not necessarily indicate its anticipated future results.

NON-GAAP FINANCIAL MEASURES

These slides contain non-GAAP financial measures. For purposes of Regulation G, a non-GAAP financial measure is a numerical measure of the registrant’s historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of income, balance sheet or statement of cash flows (or equivalent statements) of the issuer; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. In this regard, GAAP refers to generally accepted accounting principles in the United States. Pursuant to the requirements of Regulation G, First Merchants Corporation has provided reconciliations within the slides, as necessary, of the non-GAAP financial measure to the most directly comparable GAAP financial measure.

Why Invest in First Merchants?

**Top
25**
Regional
Banks
2015
SNL Financial



First Merchants was ranked 21st in the \$5 Billion to \$50 Billion category.



(\$ in Thousands)

Market Information

| | |
|---------------------------|-------------|
| Common Shares Outstanding | 43,153,509 |
| Market Cap | \$1,732,182 |
| Dividend Yield | 1.54% |
| Price/Tangible Book Value | 2.37x |
| Price/LTM EPS | 18.3x |
| Price/2017 Est. EPS | 17.7x |

Financial Highlights

| | |
|------------------------|-------------|
| Assets | \$7,805,029 |
| Loans, Net | \$5,542,673 |
| Deposits | \$6,017,104 |
| Tangible Common Equity | \$725,305 |
| TCE/TA | 9.68% |
| 2017 Net Income – YTD | \$47,329 |
| 2017 ROAA – YTD | 1.28% |
| 2017 ROATCE - YTD | 14.20% |
| NPA/Loans + OREO | 0.70% |

Company Profile (as of 6/30/2017)

First Merchants

- First Merchants Bank, formed in 1893, celebrating its 124th anniversary.
- First Merchants Corporation, organized in 1982, is the largest financial services holding company headquartered in Central Indiana

Leadership Team – First Merchants

Name/Title

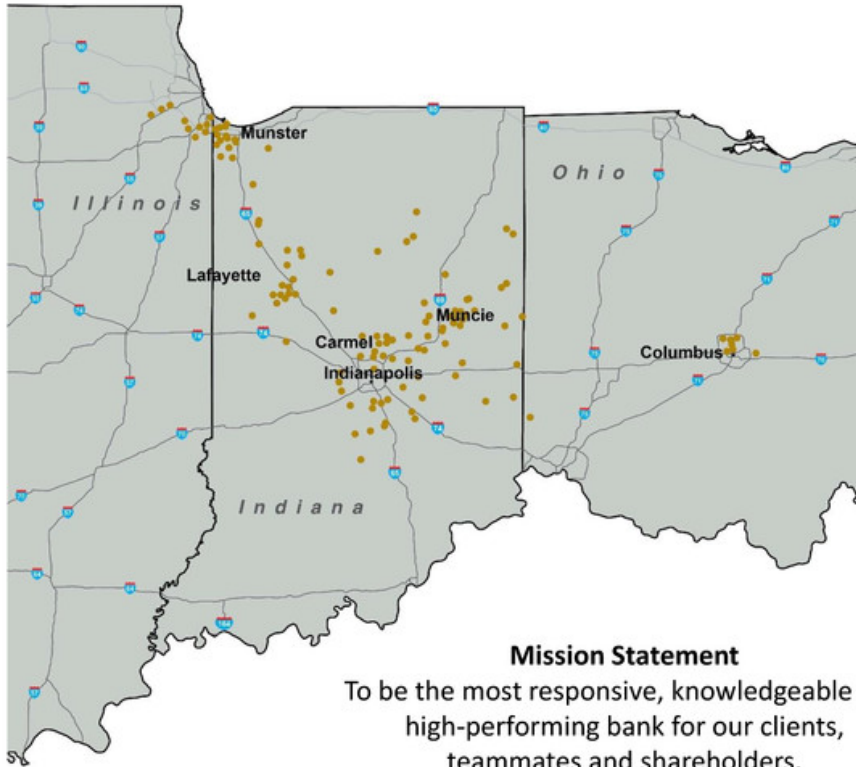
Michael C. Rechin, President & CEO

Mark K. Hardwick, EVP, Chief Operating Officer & Chief Financial Officer

Michael J. Stewart, EVP & Chief Banking Officer

John J. Martin, EVP & Chief Credit Officer

Our Franchise



Key Market Profiles

| Loans | | Deposits |
|----------|--------------|----------|
| \$2,398M | Indianapolis | \$1,630M |
| 939M | Muncie | 1,737M |
| 719M | Munster | 1,036M |
| 560M | Lafayette | 1,005M |
| 997M | Columbus | 609M |
| \$5,613M | Total | \$6,017M |

(as of June 30, 2017)

Mission Statement

To be the most responsive, knowledgeable and high-performing bank for our clients, teammates and shareholders.

| County | Region/Type | Market Position | Market % | \$ Deposits |
|------------------------------|-------------------------|-----------------|----------|--------------------|
| Delaware County, IN | Muncie (Established) | 1 | 46.17% | \$ 893,981 |
| Jasper County, IN | Lafayette (Established) | 1 | 31.26% | 198,089 |
| White County, IN | Lafayette (Established) | 1 | 33.24% | 159,014 |
| Shelby County, IN | Indianapolis (Growth) | 1 | 19.18% | 103,239 |
| Jay County, IN | Muncie (Established) | 1 | 44.32% | 91,506 |
| Union County, IN | Muncie (Established) | 1 | 43.39% | 47,973 |
| Tippecanoe County, IN | Lafayette (Established) | 2 | 20.91% | 510,925 |
| Madison County, IN | Indianapolis (Growth) | 2 | 24.59% | 325,704 |
| Henry County, IN | Muncie (Established) | 2 | 37.87% | 238,625 |
| Wabash County, IN | Muncie (Established) | 2 | 14.87% | 54,790 |
| Hendricks County, IN | Indianapolis (Growth) | 3 | 11.33% | 240,483 |
| Adams County, IN | Muncie (Established) | 3 | 16.69% | 104,959 |
| Randolph County, IN | Muncie (Established) | 3 | 7.61% | 63,409 |
| Clinton County, IN | Lafayette (Established) | 3 | 13.77% | 60,689 |
| Morgan County, IN | Indianapolis (Growth) | 4 | 11.59% | 98,643 |
| Hancock County, IN | Indianapolis (Growth) | 4 | 8.61% | 80,930 |
| Carroll County, IN | Lafayette (Established) | 4 | 10.66% | 32,907 |
| Brown County, IN | Indianapolis (Growth) | 4 | 19.11% | 18,656 |
| Lake County, IN | Lafayette (Established) | 5 | 7.83% | 670,030 |
| Hamilton County, IN | Indianapolis (Growth) | 5 | 6.37% | 522,258 |
| Johnson County, IN | Indianapolis (Growth) | 5 | 7.23% | 142,769 |
| Fayette County, IN | Muncie (Established) | 5 | 8.47% | 26,526 |
| Miami County, IN | Muncie (Established) | 5 | 7.99% | 31,331 |
| Sub Total | | | | \$4,717,436 |
| First Merchants Total | | | | \$5,447,848 |

First Merchants “Whole Bank” Strategy

- Commercial Banking
- Consumer Banking
- Private Wealth Advisors
- Growth Strategy
 - Organic
 - Merger/Acquisition



First Merchants Strategy

➤ Commercial Bank

- Located in Prime Growth Commercial Banking Markets
 - Indianapolis, Indiana
 - Columbus, Ohio
 - Lafayette, Indiana
 - Northwest Indiana
- Hire the Best Talent Supported with the Finest:
 - Sales Management Process
 - Lending and Cash Management Services
 - Revenue-Based Incentive System



First Merchants Strategy

➤ Consumer Retail Bank

- Diversely Located in Stable Rural and Growth Metro Markets
- Supported by:
 - Talented Customer Service Oriented Banking Center and Call Center Professionals
 - State-of-the-Art Deposit and CRM Systems
 - Highly Usable Online Banking System
 - Widely Available Mobile Banking System
 - Customer Service and Relationship Growth-Oriented Incentive System



First Merchants Strategy

“Service-driven alternative to super-regional bank competitors.

Deliver superior service with presence close to the customer for . . .”

- Retail Banking
- Mortgage Banking
- Commercial Banking
 - Business Banking
 - Commercial & Industrial
 - Agriculture
 - Specialty Finance
 - Healthcare Services
 - Real Estate
 - Cash Management Services
- Private Wealth Advisory (private banking, investment management, personal trust, brokerage, and retirement)

“We specialize in our communities”

How We Deliver



Supported by LOB Strategies



Indianapolis
Higher Growth
Brown, Hamilton, Hancock, Hendricks, Johnson, Madison, Marion, Morgan, Shelby Counties

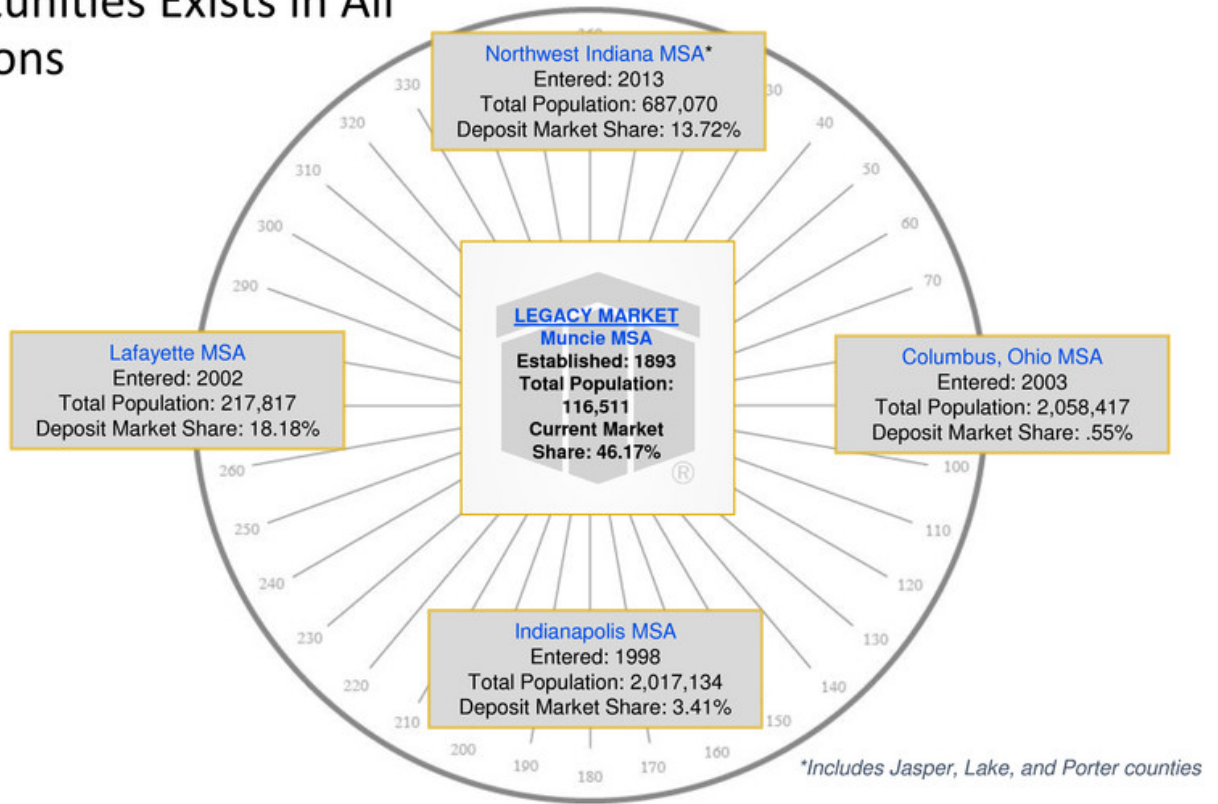
Columbus, OH
Higher Growth
Franklin County, OH

Lafayette
Established
Carroll, Clinton, Jasper, Montgomery, Tippecanoe, White Counties

Muncie
Established
Adams, Delaware, Fayette, Henry, Jay, Miami, Randolph, Union, Wabash, Wayne Counties, IN
Butler, County, OH

Munster
Higher Growth
Lake & Porter, IN
Cook & DuPage, IL

Organic Growth Opportunities Exists in All Directions



Ranked Best in the Midwest for Business*



- AAA Credit Rating**
- 1st in Midwest and 5th Nationally for Best State for Doing Business***
- 1st in the Nation for Small Business Growth
- 1st Nationally for Cost of Doing Business
- 1st Nationally for Highway Accessibility
- 1st in the Midwest/8th Nationally for Low Taxes
- Leading the Nation in Manufacturing Job Growth
- 2nd Nationally for Availability of Skilled Labor
- 2nd Best City in the Nation for Recent Graduates (Indianapolis)
- Home to the 2nd Largest Global Fed Ex Air Hub
- Regulatory Climate Ranks 2nd in the Nation
- 4th Nationally for Cost of Living
- Indiana's 3 Maritime Ports Rank 6th in Waterborne Shipping

*IEDC
**S&P, Moody's & Fitch
***Chief Executive Magazine

Muncie Market

- Located 58 miles northeast of Indianapolis in the east central portion of the state
- Described by several national studies as a typical American community, Delaware County offers the advantages of larger cities without the hassles and costs associated with living in major metropolitan areas.
- Easy access to the top 100 markets in the country, Muncie-Delaware County has a diverse economic landscape
- Ranked #27, Forbes Best Small Places for Business and Careers
- Workforce experienced in life science, advanced manufacturing, 21st century logistics and information technology
- Home to Ball State University

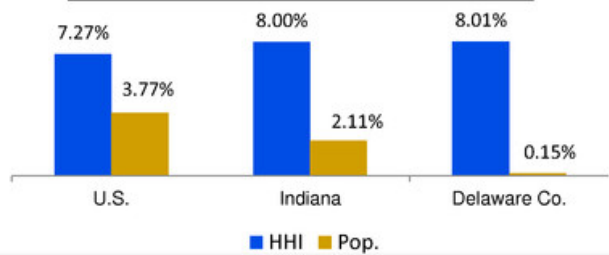
| Delaware County, IN* | | | | |
|----------------------|------------------------------------|-----------|--------------------|------------|
| Rank | | Branches | Deposits | Mkt. Share |
| 1 | First Merchants Corporation | 12 | 893,981 | 46.17% |
| 2 | Mutual First Financial | 9 | 476,957 | 24.63% |
| 3 | J.P. Morgan Chase | 4 | 220,534 | 11.39% |
| 4 | Old National Bancorp | 7 | 206,538 | 10.67% |
| 5 | Star Financial Group | 3 | 136,933 | 7.07% |
| 6 | Woodforest Financial Group | 1 | 1,391 | 0.07% |
| Market Total | | 38 | \$1,936,334 | |

*SNL Financial FDIC Summary of Deposits as of June 30, 2016

Notable Major Employers



Projected HHI & Pop. Change 2017-2022



Indianapolis Market

- Indianapolis metropolitan area includes four of the five fastest-growing counties in Indiana and 10 of the 11 fastest-growing cities and towns with populations of at least 5,000*
- The 2015 population estimates released by the U.S. Census Bureau show suburban Hamilton County's population grew 13% over the last five years*
- Indiana's population has grown 2% since 2010*
- Indiana's population growth outpaced those of neighboring states Illinois, Kentucky, Michigan and Ohio*
- With 862,781 residents, Indianapolis was the nation's 14th largest city*

Hamilton County, IN**

| Rank | | Branches | Deposits | Mkt. Share |
|---------------------|------------------------------------|------------|--------------------|--------------|
| 1 | First Internet Bancorp | 1 | 1,397,573 | 17.05% |
| 2 | JPMorgan Chase & Co. | 15 | 1,339,119 | 16.34% |
| 3 | Merchants Bancorp | 2 | 1,119,000 | 13.65% |
| 4 | PNC Financial Services Group | 12 | 566,061 | 6.91% |
| 5 | First Merchants Corporation | 12 | 522,258 | 6.37% |
| 6 | Lakeland Financial Corp | 3 | 520,349 | 6.35% |
| 7 | Fifth Third Bancorp | 7 | 465,152 | 5.68% |
| 8 | Huntington Bancshares | 12 | 408,965 | 4.99% |
| 9 | Bank of Montreal | 9 | 359,542 | 4.39% |
| 10 | KeyCorp | 7 | 271,393 | 3.31% |
| Market Total | | 117 | \$8,195,095 | |

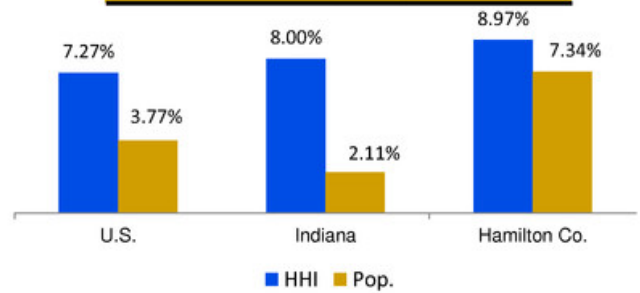
*IBJ.com

**SNL Financial FDIC Summary of Deposits as of June 30, 2016

Notable Major Employers



Projected HHI & Pop. Change 2017-2022



Lafayette Market

- Ranked #1 in Indiana and #8 nationally, Fortune, Best Place for Small Business, based on cost of business, jobs growth, educational achievements
- Ranked #2, Forbes Best Small Places for Business and Careers
- Ranked #2 in Indiana for STEM job density, with 13.6% of the workforce, topping the state's 10.9% & national average of 11.9% (Lafayette up 70.6% since 2001, with 4,850 new jobs)**
- Ranked #17 of 200, New Geography, Best Cities for Manufacturing
- Home to Purdue University

Tippecanoe County, IN**

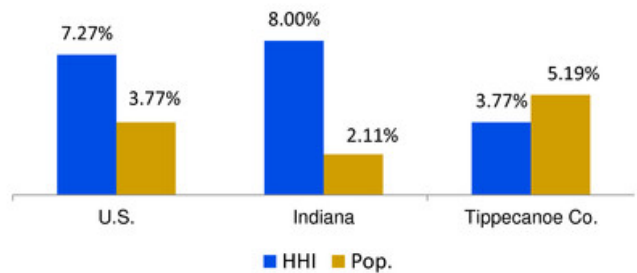
| Rank | | Branches | Deposits | Mkt. Share |
|---------------------|------------------------------------|-----------|---------------------|---------------|
| 1 | JPMorgan Chase & Co. | 6 | \$ 701,835 | 28.72% |
| 2 | First Merchants Corporation | 9 | 510,925 | 20.91% |
| 3 | Regions Financial Corp | 7 | 296,336 | 12.13% |
| 4 | Old National Bancorp | 5 | 257,117 | 10.52% |
| 5 | Lafayette Community Bancorp | 4 | 149,577 | 6.12% |
| 6 | First Bancshares, Inc. | 4 | 125,097 | 5.12% |
| 7 | Huntington Bancshares, Inc. | 4 | 123,337 | 5.05% |
| 8 | Fifth Third Bancorp | 3 | 86,976 | 3.56% |
| 9 | 1 st Source Corp | 3 | 66,711 | 2.73% |
| 10 | Salin Bancshares | 3 | 47,662 | 1.95% |
| Market Total | | 57 | \$ 2,443,556 | |

*SNL Financial FDIC Summary of Deposits as of June 30, 2016
 **Indianapolis Business Journal

Notable Major Employers



Projected HHI & Pop. Change 2017-2022



Northwest Indiana Market

- Indiana's second-most populous market
- Benefit from its Chicago proximity
- Continue to produce finest steels, refine the cleanest fuels and deliver the best products to the Midwest**
- New investments by world-class companies like BP, Pratt Industries, Alcoa Howmet, Urschel Labs and Monosol**
- Lakefront being revitalized through the Marquette Plan and assistance of the Regional Development Authority**

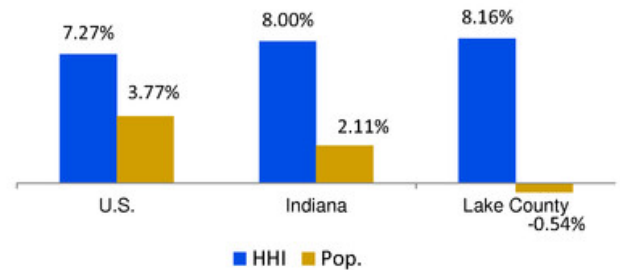
| Lake County, IN* | | | | |
|---------------------|------------------------------------|------------|---------------------|--------------|
| Rank | | Branches | Deposits | Mkt. Share |
| 1 | JPMorgan Chase & Co. | 24 | \$ 1,812,142 | 21.17% |
| 2 | First Bancshares, Inc. | 29 | 1,790,048 | 20.91% |
| 3 | First Midwest Bancorp | 21 | 1,015,796 | 11.87% |
| 4 | Northwest Indiana Bancorp | 15 | 731,032 | 8.54% |
| 5 | First Merchants Corporation | 11 | 670,030 | 7.83% |
| 6 | First Financial Bancorp | 7 | 652,030 | 7.62% |
| 7 | Fifth Third Bancorp | 13 | 499,788 | 5.84% |
| 8 | Bank of Montreal | 15 | 478,887 | 5.59% |
| 9 | PNC Financial Services Group | 4 | 172,235 | 2.01% |
| 10 | AMB Financial Corp | 4 | 172,143 | 2.01% |
| Market Total | | 163 | \$ 8,560,942 | |

*SNL Financial FDIC Summary of Deposits as of June 30, 2016
 **www.nwforum.org/nwi-becoming-an-economic-powerhouse

Notable Major Employers



Projected HHI & Pop. Change 2017-2022



Columbus, Ohio Market

- Second-most populous county in Ohio
- Within 600 miles of 60% of All U.S. and Canadian Population
- Ranked 2nd in CNBC's 2010 study of state transportation systems for its infrastructure, vitality, quality roads, and ability to cost-effectively ship goods by land, air, and water**
- Home to Ohio State University

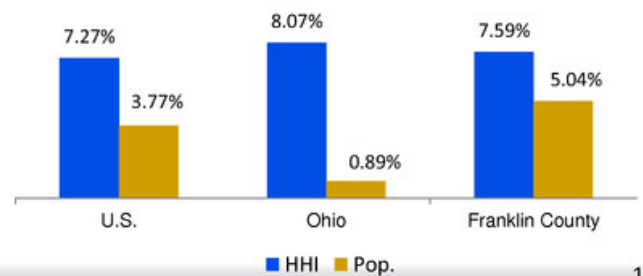
| Franklin County, OH* | | | | |
|----------------------|------------------------------------|------------|----------------------|--------------|
| Rank | | Branches | Deposits | Mkt. Share |
| 1 | Huntington Bancshares | 70 | \$ 19,176,982 | 39.51% |
| 2 | JP Morgan Chares & Co | 49 | 12,524,687 | 25.80% |
| 3 | PNC Financial Services Group | 42 | 5,243,661 | 10.80% |
| 4 | Fifth Third Bancorp | 42 | 4,775,613 | 9.84% |
| 5 | U. S. Bancorp | 34 | 1,282,621 | 2.64% |
| 6 | Key Corp | 21 | 1,171,856 | 2.41% |
| 7 | Wells Fargo & Co | 1 | 802,026 | 1.65% |
| 8 | Heartland BancCorp | 11 | 508,956 | 1.05% |
| 9 | WesBanco Inc. | 10 | 466,849 | .96% |
| 10 | First Financial Bancorp | 6 | 458,581 | .94% |
| 12 | First Merchants Corporation | 7 | 325,171 | 0.67% |
| Market Total | | 330 | \$ 48,539,002 | |

*SNL Financial FDIC Summary of Deposits as of June 30, 2016
 **<http://jobs-ohio.com/manufacturing/>

Notable Major Employers



Projected HHI & Pop. Change 2017-2022



Growth Through Acquisition

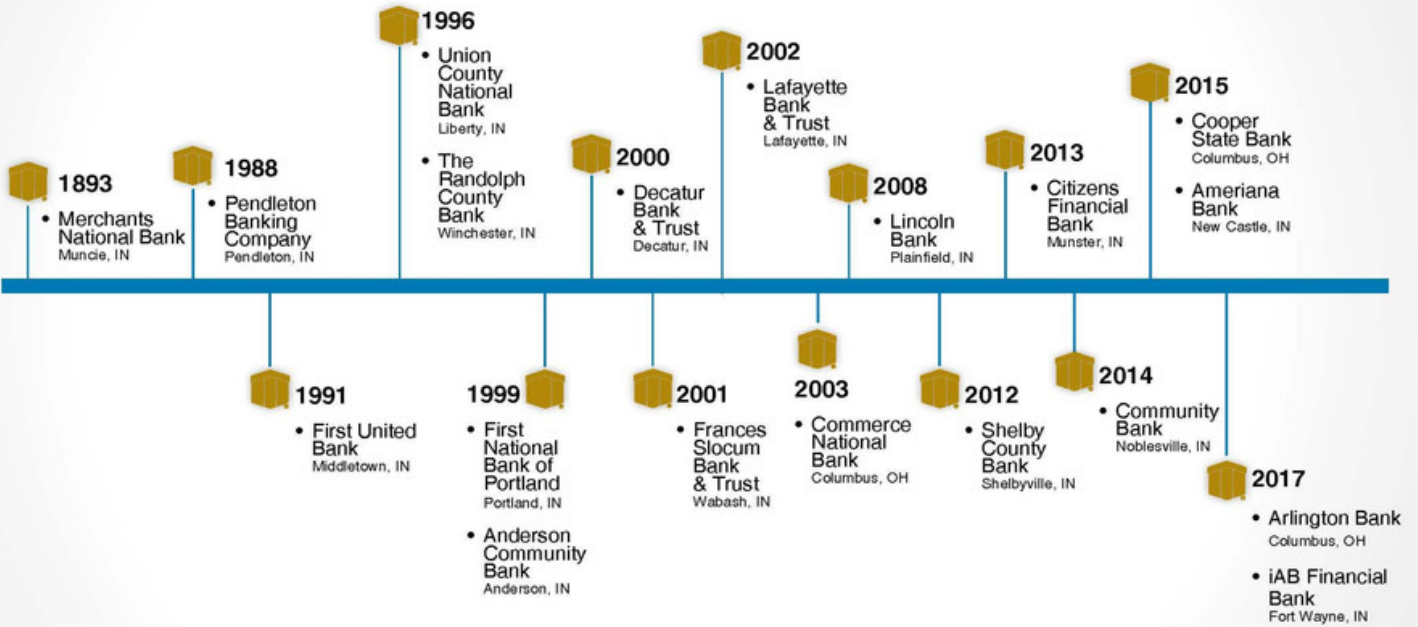
- Experienced Acquirer
- Expand in Current High-Growth Markets
- Extend into Additional High-Growth Markets
- Add to Franchise with Stable Deposit Gathering Markets



FIRST MERCHANTS

ACQUISITION EXPERIENCE

1893-2017



First Merchants Acquisition Process

- Continuous Relationship Building
- Complete and Thorough Due Diligence Process
- Demonstrated Pricing Discipline
- Detailed Project Managed
- Integration Process
- Single Charter Operating Environment
- Scalable Technology and Operations Center

Operational Delivery Highlights

Daleville Operations Facility

- Strategic differentiator in support of growth and scalability
- Operational services execution “hub” focusing on value creation
- Functional focus:

| | |
|--|---|
| <ul style="list-style-type: none"> • Operations | <ul style="list-style-type: none"> • Credit Administration |
| <ul style="list-style-type: none"> • Risk Management | <ul style="list-style-type: none"> • Technology |
| <ul style="list-style-type: none"> • Project Management | <ul style="list-style-type: none"> • Vendor Management |
- Located off interstate, less than an hour north of Indianapolis, IN
- 60,000+ square feet of flexible space



Strategic Vendor Partners



Operational Delivery Highlights

Customer, Digital Channel & Transaction Activity

| | |
|--|---|
| ➤ Retail Households: 145K | |
| ➤ Online Banking/Digital Channel <ul style="list-style-type: none"> • Consumer: 66K Users • 970K logins monthly • 12K bill pay users • 80K payments monthly | ➤ Cash Management Annual Volume <ul style="list-style-type: none"> • Automated Clearing House (ACH) <ul style="list-style-type: none"> • # Originated: 2M Items (\$7B) • # Received: 13M Items (\$20B) |
| <ul style="list-style-type: none"> • Mobile: 30K Users • 23 average logins per month • 8K mobile deposits per month | <ul style="list-style-type: none"> • Domestic Wires <ul style="list-style-type: none"> • # Originated: 37K Items (\$11.2B) • # Received: 37K Items (\$18.2B) |
| <ul style="list-style-type: none"> • Business: 9.9K Users <ul style="list-style-type: none"> • 13% use ACH/Wire/Positive Pay | <ul style="list-style-type: none"> • International Wires <ul style="list-style-type: none"> • # Originated: 1K Items (\$43.67M) • # Received: 243 Items (\$4.4M) |
| <ul style="list-style-type: none"> • Total ATMS: 124 | |
| ➤ Total Debit Cards <ul style="list-style-type: none"> • 146K active cards • 2.5M monthly card swipes • \$100M in monthly volume | ➤ Commercial Remote Deposit Capture <ul style="list-style-type: none"> • 498 businesses using solution • 135K deposits annually • 1.6M items deposited annually • \$3.1B in total deposits |

2nd Quarter 2017 Financial Highlights

- Earnings Per Share of \$.57, a 16.3% Increase over 2Q2016
- \$24.1 Million of Net Income, a 20.6% Increase over 2Q2016
- Total Assets of \$7.8 Billion Grew by 13.0% over 2Q2016
- Organic Loan Growth of \$114 Million, an 8.6% Annualized Growth Rate
- Organic Deposit Growth of \$129 Million, a 9.2% Annualized Growth Rate

2nd Quarter 2017 Performance Highlights

- 1.28% Return on Average Assets
- 9.82% Return on Average Equity
- \$16.97 Tangible Book Value Per Share, a 9.3% Increase over 2Q2016
- 53.61% Efficiency Ratio
- Completed Acquisition of The Arlington Bank on May 19, 2017
- Completed Acquisition of Independent Alliance Banks, Inc. on July 14, 2017

Total Assets

| | <u>2015</u> | <u>2016</u> | <u>Q1-'17</u> | <u>Q2-'17</u> |
|------------------------|----------------|----------------|----------------|----------------|
| 1. Investments | \$1,277 | \$1,305 | \$1,327 | \$1,343 |
| 2. Loans Held for Sale | 10 | 3 | 1 | 4 |
| 3. Loans | 4,694 | 5,140 | 5,275 | 5,613 |
| 4. Allowance | (62) | (66) | (68) | (70) |
| 5. CDI & Goodwill | 260 | 259 | 258 | 310 |
| 6. BOLI | 201 | 202 | 203 | 200 |
| 7. Other | <u>381</u> | <u>369</u> | <u>330</u> | <u>405</u> |
| 8. Total Assets | <u>\$6,761</u> | <u>\$7,212</u> | <u>\$7,326</u> | <u>\$7,805</u> |

Annualized Asset Growth
6.7%
16.4%*

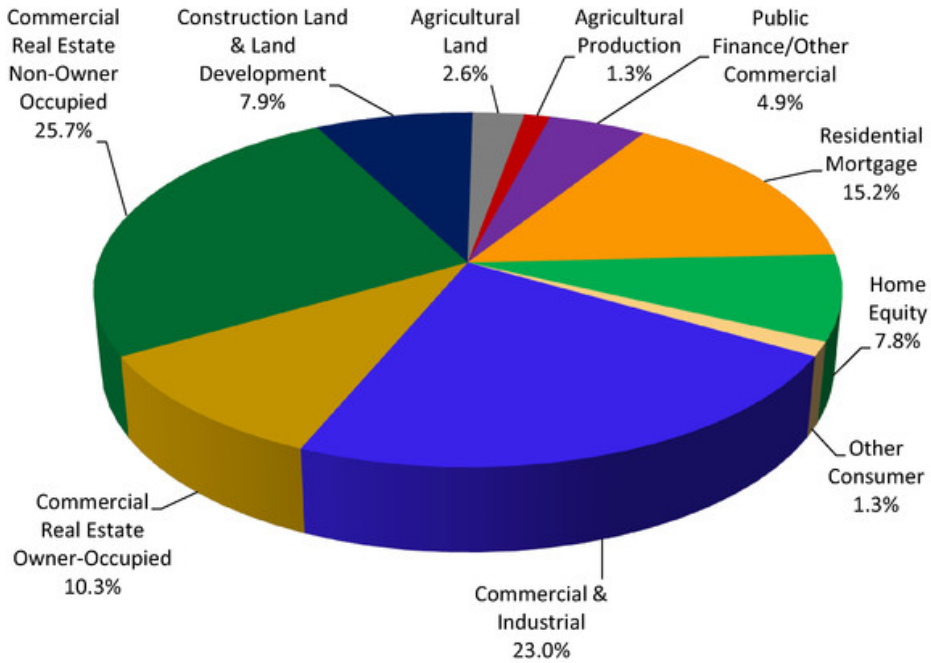
*Annualized from 12.31.2016

26

Loan and Yield Detail

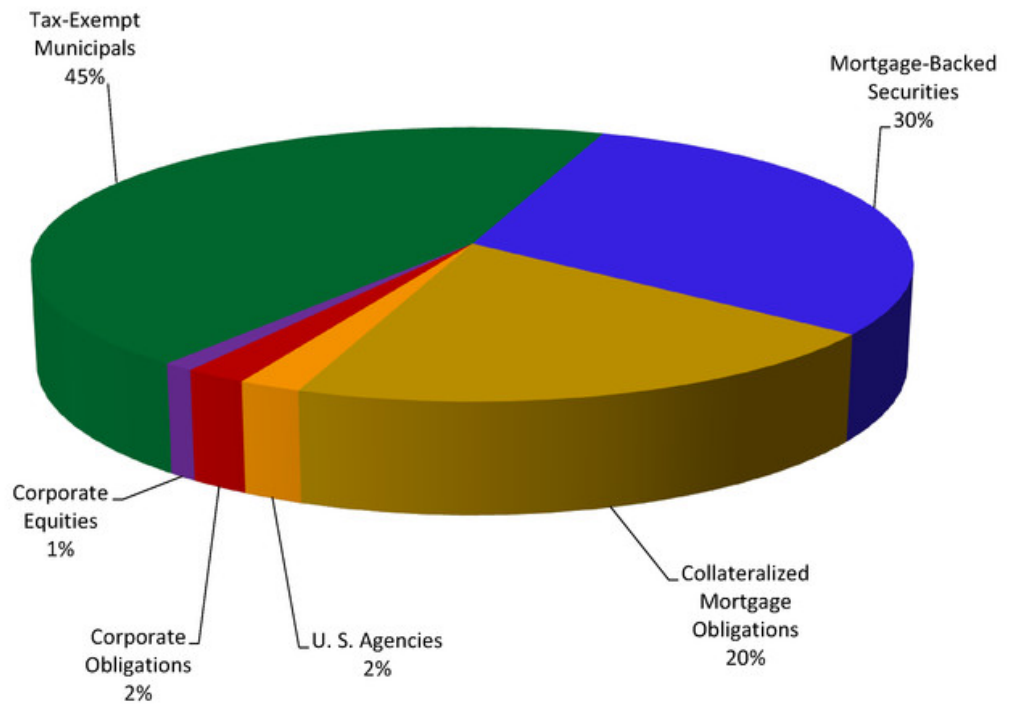
(as of 6/30/2017)

QTD Yield = 4.65%
 YTD Yield = 4.64%
 Total Loans = \$5.6 Billion



Investment Portfolio

(as of 6/30/2017)



- \$1.3 Billion Portfolio
- Modified duration of 4.7 years
- Tax equivalent yield of 3.85%
- Net unrealized gain of \$35.2 Million

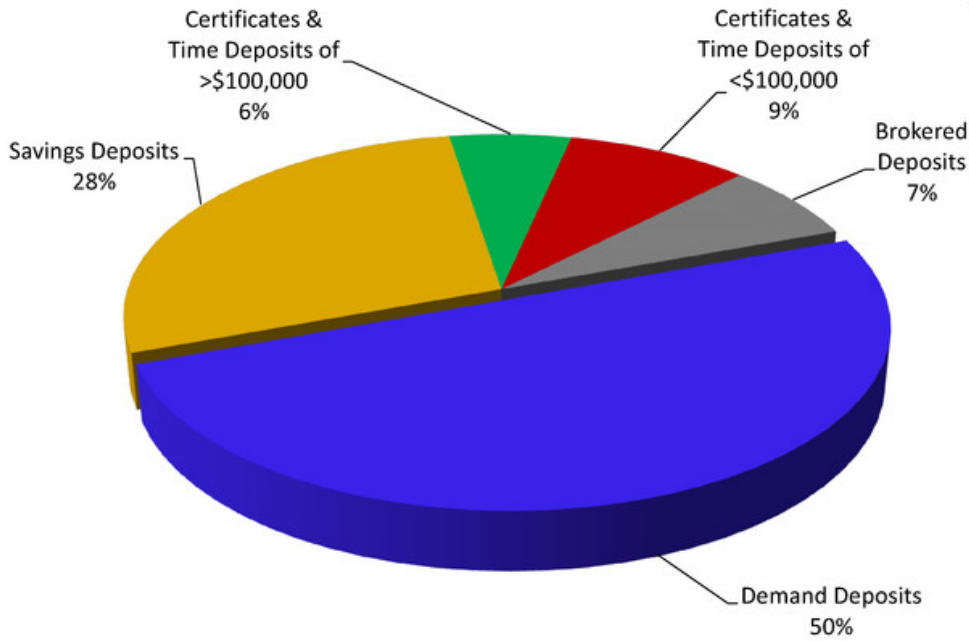
Total Liabilities and Capital

| (\$ in Millions) | <u>2015</u> | <u>2016</u> | <u>Q1-'17</u> | <u>Q2-'17</u> |
|-----------------------------------|----------------|----------------|----------------|----------------|
| 1. Customer Non-Maturity Deposits | \$4,096 | \$4,428 | \$4,426 | \$4,724 |
| 2. Customer Time Deposits | 880 | 747 | 789 | 875 |
| 3. Brokered Deposits | 314 | 381 | 420 | 418 |
| 4. Borrowings | 446 | 572 | 587 | 581 |
| 5. Other Liabilities | 51 | 60 | 53 | 49 |
| 6. Hybrid Capital | 123 | 122 | 122 | 123 |
| 7. Common Equity | <u>851</u> | <u>902</u> | <u>929</u> | <u>1,035</u> |
| 8. Total Liabilities and Capital | <u>\$6,761</u> | <u>\$7,212</u> | <u>\$7,326</u> | <u>\$7,805</u> |

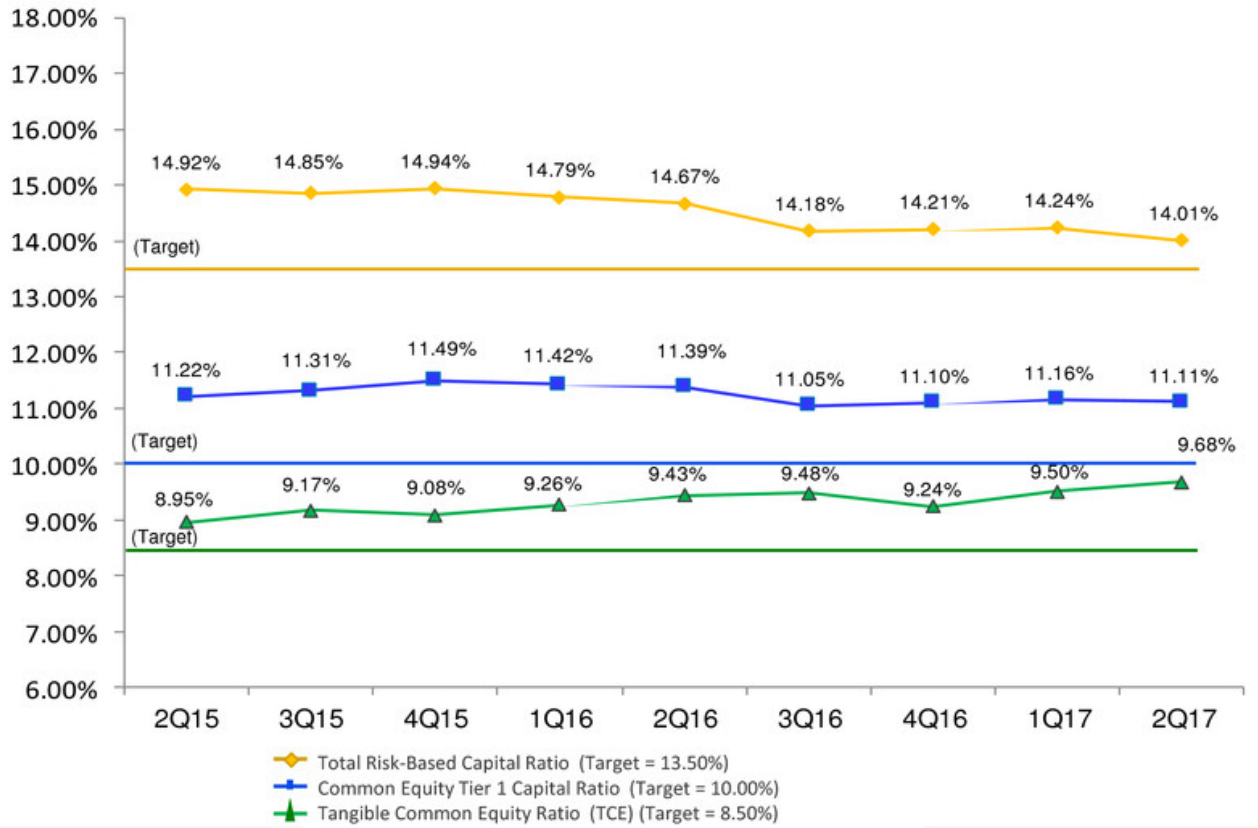
Deposit Detail

(as of 6/30/2017)

| | | |
|----------|---|---------------|
| QTD Cost | = | .45% |
| YTD Cost | = | .42% |
| Total | = | \$6.0 Billion |

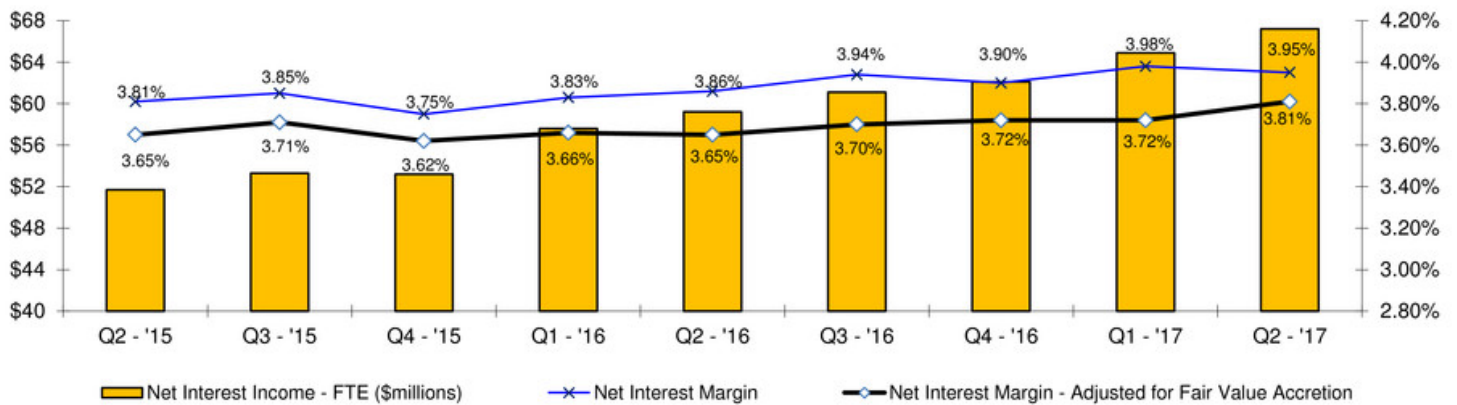


Capital Ratios



Net Interest Margin

| | Q2 - '15 | Q3 - '15 | Q4 - '15 | Q1 - '16 | Q2 - '16 | Q3 - '16 | Q4 - '16 | Q1 - '17 | Q2 - '17 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Net Interest Income - FTE (\$millions) | \$ 51.7 | \$ 53.3 | \$ 53.2 | \$ 57.6 | \$ 59.2 | \$ 61.1 | \$ 62.1 | \$ 64.9 | \$ 67.2 |
| Fair Value Accretion | \$ 2.2 | \$ 2.0 | \$ 1.9 | \$ 2.5 | \$ 3.2 | \$ 3.8 | \$ 2.9 | \$ 4.3 | \$ 2.3 |
| Tax Equivalent Yield on Earning Assets | 4.26% | 4.30% | 4.20% | 4.28% | 4.30% | 4.37% | 4.32% | 4.42% | 4.44% |
| Cost of Supporting Liabilities | 0.45% | 0.45% | 0.45% | 0.45% | 0.44% | 0.43% | 0.42% | 0.44% | 0.49% |
| Net Interest Margin | 3.81% | 3.85% | 3.75% | 3.83% | 3.86% | 3.94% | 3.90% | 3.98% | 3.95% |



Non-Interest Income

| (\$ in Millions) | <u>2015</u> | <u>2016</u> | <u>Q1-'17</u> | <u>Q2-'17</u> |
|---|---------------|---------------|---------------|---------------|
| 1. Service Charges on Deposit Accounts | \$16.2 | \$17.8 | \$ 4.2 | \$ 4.4 |
| 2. Wealth Management Fees | 11.3 | 12.6 | 3.4 | 3.4 |
| 3. Insurance Commission Income | 4.1 | — | — | — |
| 4. Card Payment Fees | 13.4 | 15.0 | 3.7 | 4.2 |
| 5. Cash Surrender Value of Life Ins | 2.9 | 4.3 | 0.9 | 3.0 |
| 6. Gains on Sales Mortgage Loans | 6.5 | 7.1 | 1.3 | 1.6 |
| 7. Securities Gains/Losses | 2.7 | 3.4 | 0.6 | 0.6 |
| 8. Gain on Sale of Insurance Subsidiary | 8.3 | — | — | — |
| 9. Gain on Cancellation of Trust Preferred Debt | 1.3 | — | — | — |
| 10. Other | <u>3.1</u> | <u>5.0</u> | <u>0.8</u> | <u>1.2</u> |
| 11. Total | <u>\$69.8</u> | <u>\$65.2</u> | <u>\$14.9</u> | <u>\$18.4</u> |

Non-Interest Expense

| (\$ in Millions) | <u>2015</u> | <u>2016</u> | <u>Q1-'17</u> | <u>Q2-'17</u> |
|--|----------------|----------------|---------------|---------------|
| 1. Salary & Benefits | \$101.9 | \$102.6 | \$ 25.7 | \$ 27.1 |
| 2. Premises & Equipment | 25.5 | 29.5 | 7.0 | 6.9 |
| 3. Core Deposit Intangible | 2.8 | 3.9 | 0.9 | 1.0 |
| 4. Professional & Other Outside Services | 9.9 | 6.5 | 1.7 | 3.3 |
| 5. OREO/Credit-Related Expense | 3.9 | 2.9 | 0.5 | 0.7 |
| 6. FDIC Expense | 3.7 | 3.0 | 0.6 | 0.6 |
| 7. Outside Data Processing | 7.1 | 9.2 | 2.6 | 3.1 |
| 8. Marketing | 3.5 | 3.0 | 0.6 | 0.8 |
| 9. Other | <u>16.5</u> | <u>16.7</u> | <u>3.5</u> | <u>3.8</u> |
| 10. Non-Interest Expense | <u>\$174.8</u> | <u>\$177.3</u> | <u>\$43.1</u> | <u>\$47.3</u> |

Earnings

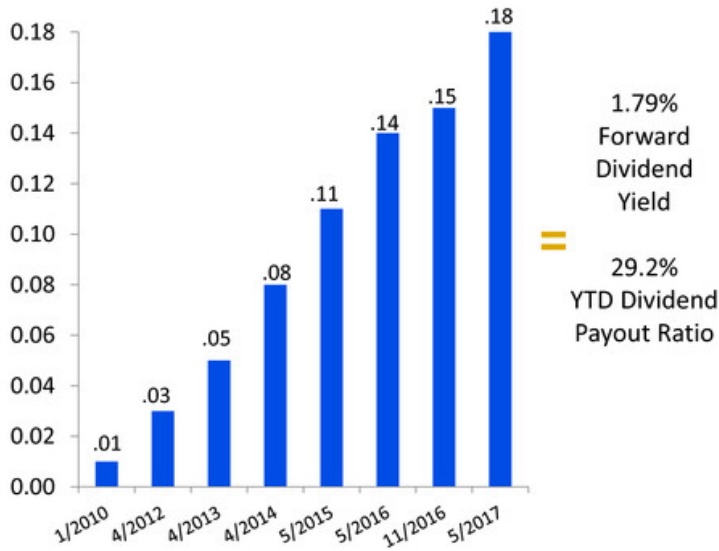
| (\$ in Millions) | <u>2015</u> | <u>2016</u> | <u>Q1-'17</u> | <u>Q2-'17</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| 1. Net Interest Income | \$196.4 | \$226.5 | \$ 61.0 | \$ 63.1 |
| 2. Provision for Loan Losses | <u>(0.4)</u> | <u>(5.7)</u> | <u>(2.4)</u> | <u>(2.9)</u> |
| 3. Net Interest Income after Provision | 196.0 | 220.8 | 58.6 | 60.2 |
| 4. Non-Interest Income | 69.8 | 65.2 | 14.9 | 18.4 |
| 5. Non-Interest Expense | <u>(174.8)</u> | <u>(177.3)</u> | <u>(43.1)</u> | <u>(47.3)</u> |
| 6. Income before Income Taxes | 91.0 | 108.7 | 30.4 | 31.3 |
| 7. Income Tax Expense | <u>(25.6)</u> | <u>(27.6)</u> | <u>(7.2)</u> | <u>(7.2)</u> |
| 8. Net Income Avail. for Distribution | <u>\$ 65.4</u> | <u>\$ 81.1</u> | <u>\$ 23.2</u> | <u>\$ 24.1</u> |
| 9. EPS | \$ 1.72 | \$ 1.98 | \$ 0.56 | \$ 0.57 |
| 10. Efficiency Ratio | 61.19% | 56.51% | 52.61% | 53.61% |

Per Share Results

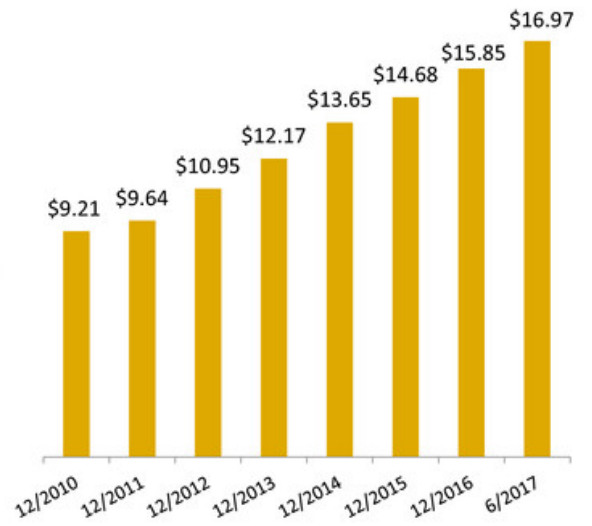
| <u>2016</u> | <u>Q1</u> | <u>Q2</u> | <u>Q3</u> | <u>Q4</u> | <u>Total</u> |
|------------------------|-----------|-----------|-----------|-----------|--------------|
| 1. Earnings Per Share | \$.43 | \$.49 | \$.51 | \$.55 | \$ 1.98 |
| 2. Dividends | \$.11 | \$.14 | \$.14 | \$.15 | \$.54 |
| 3. Tangible Book Value | \$15.02 | \$15.53 | \$15.86 | \$15.85 | |
| <u>2017</u> | <u>Q1</u> | <u>Q2</u> | <u>Q3</u> | <u>Q4</u> | <u>Total</u> |
| 1. Earnings Per Share | \$.56 | \$.57 | – | – | \$ 1.13 |
| 2. Dividends | \$.15 | .18 | – | – | \$.33 |
| 3. Tangible Book Value | \$16.49 | \$16.97 | – | – | |

Dividends and Tangible Book Value

Quarterly Dividends



Tangible Book Value



Asset Quality Summary

(\$ in Millions)

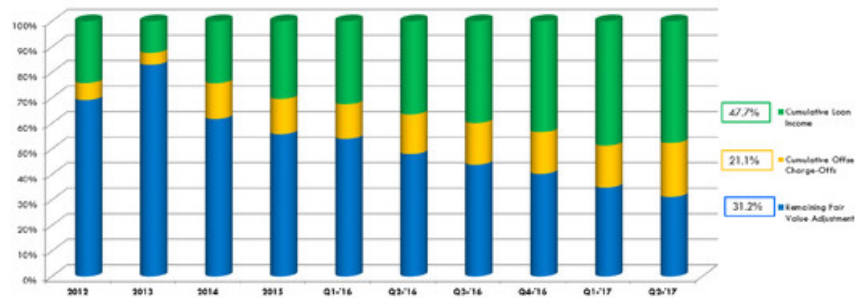
| | 2015 | 2016 | Q1-'17 | FMB | | | Change Linked Quarter | | |
|---|-----------------|-----------------|-----------------|---------------------|---------------|-----------------|-----------------------|------------------|----------------|
| | | | | Q2-'17 ¹ | Arlington | Q2-'17 | \$ ¹ | \$ | % |
| 1. Non-Accrual Loans | \$ 31.4 | \$ 30.0 | \$ 27.9 | \$ 26.1 | \$ 1.3 | \$ 27.4 | \$ (1.8) | \$ (0.5) | (1.8%) |
| 2. Other Real Estate | 17.3 | 9.0 | 8.3 | 11.9 | - | 11.9 | 3.6 | 3.6 | 43.4% |
| 3. Renegotiated Loans | 1.9 | 4.7 | 0.9 | 0.4 | - | 0.4 | (0.5) | (0.5) | (55.6%) |
| 4. 90+ Days Delinquent Loans | 0.9 | 0.1 | 0.1 | 0.2 | 0.4 | 0.6 | 0.1 | 0.5 | 500.0% |
| 5. Total NPAs & 90+ Days Delinquent | \$ 51.5 | \$ 43.8 | \$ 37.2 | \$ 38.6 | \$ 1.7 | \$ 40.3 | \$ 1.4 | \$ 3.1 | 8.3% |
| 6. Total NPAs & 90+ Days/Loans & ORE | 1.1% | 0.9% | 0.7% | 0.7% | 0.8% | 0.7% | | | |
| 7. Classified Assets | \$ 171.8 | \$ 174.1 | \$ 173.9 | \$ 143.3 | \$ 5.5 | \$ 148.8 | \$ (30.6) | \$ (25.1) | (14.4%) |
| 8. Criticized Assets (includes Classified) | \$ 275.0 | \$ 292.6 | \$ 304.3 | \$ 244.0 | \$ 5.5 | \$ 249.5 | \$ (60.3) | \$ (54.8) | (18.0%) |

¹ Excludes acquired Arlington Bank loans

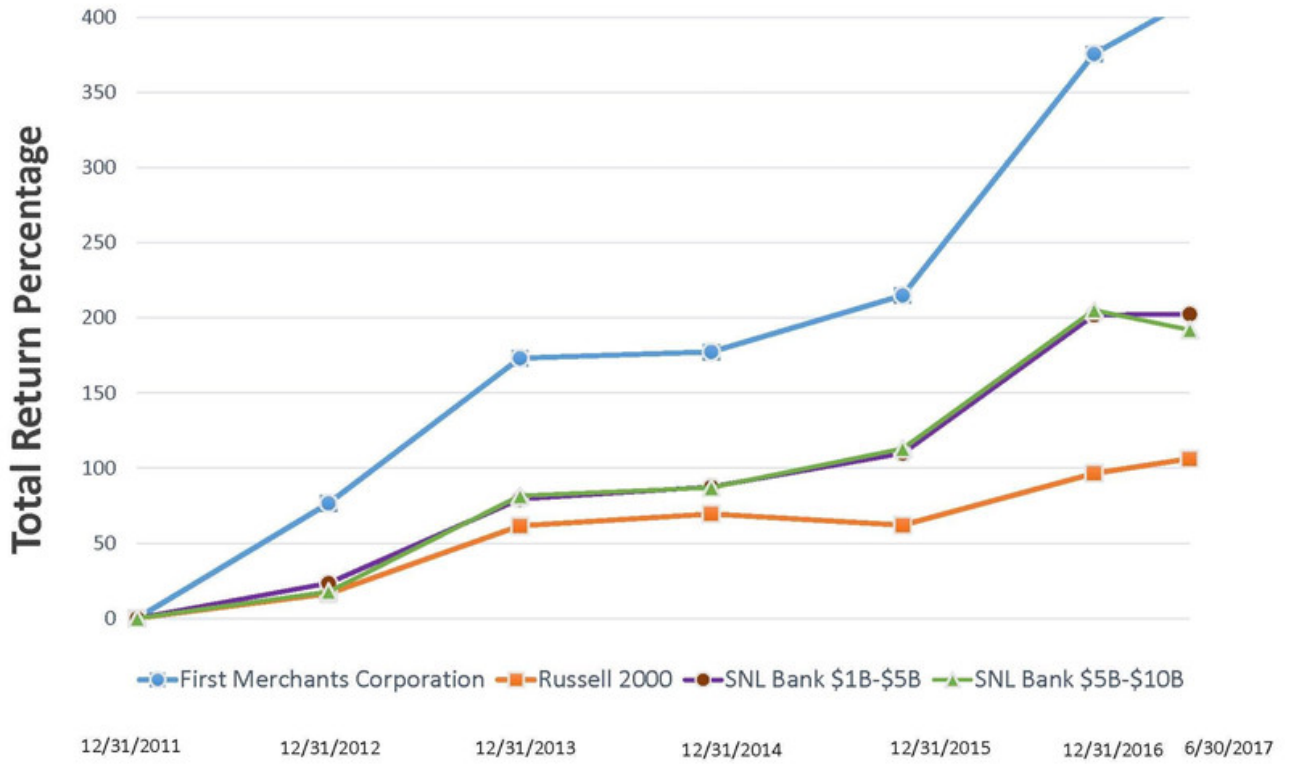
ALLL and Fair Value Summary

| (\$ in Millions) | <u>Q3-'16</u> | <u>Q4-'16</u> | <u>Q1-'17</u> | <u>Q2-'17</u> |
|--|---------------|---------------|---------------|---------------|
| 1. Beginning Allowance for Loan Losses (ALLL) | \$ 62.2 | \$ 63.5 | \$ 66.0 | \$ 68.2 |
| 2. Net Charge-offs (Recoveries) | 0.6 | (0.1) | 0.2 | 0.6 |
| 3. Provision Expense | <u>1.9</u> | <u>2.4</u> | <u>2.4</u> | <u>2.9</u> |
| 4. Ending Allowance for Loan Losses (ALLL) | 63.5 | 66.0 | 68.2 | 70.5 |
| 5. Fair Value Adjustment (FVA) | <u>37.9</u> | <u>34.9</u> | <u>30.6</u> | <u>29.7</u> |
| 6. Total ALLL plus FVA | 101.4 | 100.9 | 98.8 | 100.2 |
| 7. Purchased Loans plus FVA | 771.6 | 700.4 | 639.3 | 792.6 |
| 8. Specific Reserves | 1.6 | 0.9 | 1.2 | 1.2 |
| 9. ALLL/Non-Accrual Loans | 186.1% | 220.1% | 244.4% | 257.7% |
| 10. ALLL/Non-Purchased Loans | 1.50% | 1.47% | 1.46% | 1.45% |
| 11. ALLL/Loans | 1.28% | 1.28% | 1.29% | 1.25% |
| 12. ALLL & FVA/Total Loan Balances plus FVA ¹ | 2.02% | 1.95% | 1.86% | 1.77% |

¹ Management uses this Non-GAAP measure to demonstrate coverage and credit risk



Total Return Performance



FMC Strategy and Tactics Overview

Looking Forward . . .

- Drive to gain the synergies and market expansion the Arlington Bank and Independent Alliance Bank acquisitions offer.
- Win in all our Markets in all Businesses; Lending, Deposit Gathering, Payments, and Private Wealth Management; be the service-driven alternative to super-regional bank competitors
- Continue Implementation of Workflow Technologies and Automation Agents for Back-Office Efficiency and Operating Leverage
- Expand Specialty Finance Business in Asset Based Lending, Sponsor Finance, and Public Finance
- Persistently Focus on Banking Center Optimization in Alignment with Digital Channels Migration
- Prepare to Successfully Cross the \$10 Billion Asset Level

“Responsive, Knowledgeable, High-Performing”

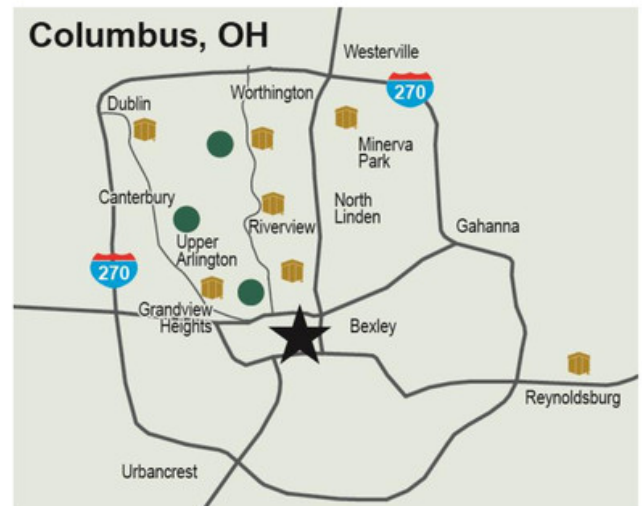
41

Recent Acquisition Announcements



The Arlington Bank Summary

- Acquisition Completed on May 19, 2017
- Headquartered in Columbus, Ohio
- Founded in 1998
- Balance Sheet as of May 19, 2017
 - \$232 Million in Loans
 - \$253 Million in Deposits
- 3rd Quarter 2017 Integration



The Arlington Bank Transaction Rationale

Strategic Opportunity

- Columbus Ohio Market Expansion
 - Adds Three, Full-Service Banking Centers to our Seven; Creating a Columbus Banking Presence with Nearly \$1 Billion in Loans
 - Banking Centers Average More than \$80 Million in Deposits Per Location of which 92% are Core
 - Improves First Merchants' Deposit Market Position from #12 to #8
 - Columbus is One of the Fastest Growing Cities in the Midwest
 - Arlington Bank is the 9th Largest Originator of Residential Mortgages in the Columbus, Ohio Area
-

Financially Attractive

- Accretive to EPS During 2017
 - Tangible Book Value Earn-Back in Three Years
 - Significant Operating Efficiencies – Approximately 35% in Cost Savings
-

Attractive Risk Profile

- Cultural Fit, Retention of Key Management Members
- Due Diligence Process Completed
- Experienced Acquirer, Core Competency in Integration Processes

Independent Alliance Banks, Inc. Summary

- Acquisition Completed on July 14, 2017
- Headquartered in Fort Wayne, Indiana
- Founded in 2005 in a combination of two 70-year old companies; Grabill Bank and MarkleBank
- Balance Sheet as of June 30, 2017
 - \$1,089 Million in Assets
 - \$754 Million in Loans
 - \$863 Million in Deposits
- 4th Quarter 2017 Integration



*as of February 16, 2017

Independent Alliance Banks, Inc. Transaction Rationale

Strategic Opportunity

- Contiguous Market Expansion
 - Significant Entry into Fort Wayne MSA, Indiana's 2nd Largest MSA, with \$646 Million in Deposits and #5 Market Share Position
 - #1 Market Share in Wells County with Two County Seat Locations
- Market Opportunity
 - Leverage Successful First Merchants Model into Northeast Indiana Markets
 - Diverse Loan Portfolio with Significant Opportunities to Expand
 - Bridge to Significant Markets in North Western Ohio and Southern Michigan

Financially Attractive

- Strong and Growing Core Earnings, Acquisition Accretive to EPS by 2% in 2017 and 5% annually thereafter
- Tangible Book Value Earn Back of 3.75 Years
- Significant and Stable Core Deposits, 91% of Deposits
- Maintains a Healthy Capital Position

Attractive Risk Profile

- Comprehensive Due Diligence Process Completed
- Cultural Fit and Retention of Key Management Members including Mike Marhenke and Will Thatcher in Leadership Roles
- Experienced Acquirer, Core Competency in Integration Processes

Why Invest in First Merchants?

- Performance Ranked Best among Indiana Banks by Bank Director Magazine
- Attractive and Growing Earnings Stream
- 2nd Largest Indiana Bank with an Energized and Experienced Management Team
- Attractive Long-Term Deposit Market Shares
- Commercial Presence that Creates a Client Preference
- State-of-the-Art Technology and Operations Center
- Successful Acquisition and Integration Track Record
- Focused on Providing Sustainable Shareholder Value



Research Coverage



KEEFE, BRUYETTE & WOODS
Specialists in Financial Services

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Contact Information

First Merchants Corporation common stock is traded on the NASDAQ Global Select Market under the symbol FRME.

Additional information can be found at

www.FIRSTMERCHANTS.com

Investor inquiries:

David L. Ortega

Investor Relations

Telephone: 765.378.8937

dortega@firstmerchants.com





First Merchants Corporation

THE STRENGTH OF BIG THE SERVICE OF SMALL

Appendix



NASDAQ: FRME

FIRST MERCHANTS CORPORATION | 200 E. Jackson St., P.O. Box 792, Muncie, IN 47305-2814 | 1.785.747.1500

Appendix – Non-GAAP Reconciliation

CAPITAL RATIOS (dollars in thousands):

| | 2Q15 | 3Q15 | 4Q15 | 1Q16 | 2Q16 | 3Q16 | 4Q16 | 1Q17 | 2Q17 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Risk-Based Capital Ratio | | | | | | | | | |
| Total Stockholders' Equity (GAAP) | 749,955 | 766,984 | 850,509 | 867,263 | 887,550 | 900,865 | 901,657 | 929,470 | 1,035,116 |
| Adjust for Accumulated Other Comprehensive (Income) Loss ^a | 6,490 | 3,614 | 1,362 | (2,066) | (7,035) | (3,924) | 13,581 | 3,722 | (1,384) |
| Less: Preferred Stock | (125) | (125) | (125) | (125) | (125) | (125) | (125) | (125) | (125) |
| Add: Qualifying Capital Securities | 56,827 | 51,827 | 55,776 | 55,236 | 55,296 | 55,355 | 55,415 | 55,474 | 55,534 |
| Less: Tier 1 Capital Deductions | (2,371) | (3,418) | (2,516) | (1,999) | (1,828) | (1,440) | (376) | (80) | (166) |
| Less: Disallowed Goodwill and Intangible Assets | (208,980) | (208,749) | (247,006) | (250,367) | (249,932) | (249,541) | (249,104) | (250,493) | (300,307) |
| Less: Disallowed Deferred Tax Assets | (1,581) | (1,144) | (1,677) | (2,998) | (2,743) | (2,161) | (564) | (320) | (665) |
| Total Tier 1 Capital (Regulatory) | \$ 600,215 | \$ 608,989 | \$ 656,323 | \$ 664,944 | \$ 681,183 | \$ 699,029 | \$ 720,484 | \$ 737,648 | \$ 788,003 |
| Qualifying Subordinated Debentures | 65,000 | 65,000 | 65,000 | 65,000 | 65,000 | 65,000 | 65,000 | 65,000 | 65,000 |
| Allowance for Loan Losses includible in Tier 2 Capital | 60,865 | 62,012 | 62,453 | 62,086 | 62,186 | 63,456 | 66,037 | 68,225 | 70,471 |
| Total Risk-Based Capital (Regulatory) | \$ 726,080 | \$ 736,001 | \$ 783,776 | \$ 792,030 | \$ 808,369 | \$ 827,485 | \$ 851,521 | \$ 870,873 | \$ 923,474 |
| Net Risk-Weighted Assets (Regulatory) | \$ 4,865,157 | \$ 4,956,737 | \$ 5,247,617 | \$ 5,355,827 | \$ 5,511,557 | \$ 5,836,806 | \$ 5,993,381 | \$ 6,114,112 | \$ 6,592,710 |
| Total Risk-Based Capital Ratio (Regulatory) | 14.92% | 14.85% | 14.94% | 14.79% | 14.67% | 14.18% | 14.21% | 14.24% | 14.01% |
| Common Equity Tier 1 Capital Ratio | | | | | | | | | |
| Total Tier 1 Capital (Regulatory) | \$ 600,215 | \$ 608,989 | \$ 656,323 | \$ 664,944 | \$ 681,183 | \$ 699,029 | \$ 720,484 | \$ 737,648 | \$ 788,003 |
| Less: Qualified Capital Securities | (56,827) | (51,827) | (55,776) | (55,236) | (55,296) | (55,355) | (55,415) | (55,474) | (55,534) |
| Add: Additional Tier 1 Capital Deductions | 2,371 | 3,418 | 2,516 | 1,999 | 1,828 | 1,440 | 376 | 80 | 166 |
| Less: Preferred Stock | | | | | | | | | |
| Common Equity Tier 1 Capital (Regulatory) | \$ 545,759 | \$ 560,580 | \$ 603,063 | \$ 611,707 | \$ 627,715 | \$ 645,114 | \$ 665,445 | \$ 682,254 | \$ 732,635 |
| Net Risk-Weighted Assets (Regulatory) | \$ 4,865,157 | \$ 4,956,737 | \$ 5,247,617 | \$ 5,355,827 | \$ 5,511,557 | \$ 5,836,806 | \$ 5,993,381 | \$ 6,114,112 | \$ 6,592,710 |
| Common Equity Tier 1 Capital Ratio (Regulatory) | 11.22% | 11.31% | 11.49% | 11.42% | 11.39% | 11.05% | 11.10% | 11.16% | 11.11% |

^a Includes net unrealized gains or losses on securities available for sale, net gains or losses on cash flow hedges, and amounts resulting from the application of the applicable accounting guidance for defined benefit and other postretirement plans.

Appendix – Non-GAAP Reconciliation

TANGIBLE COMMON EQUITY RATIO (dollars in thousands):

| | 2Q15 | 3Q15 | 4Q15 | 1Q16 | 2Q16 | 3Q16 | 4Q16 | 1Q17 | 2Q17 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total Stockholders' Equity (GAAP) | \$ 749,955 | \$ 766,984 | \$ 850,509 | \$ 867,263 | \$ 887,550 | \$ 900,865 | \$ 901,657 | \$ 929,470 | \$ 1,035,116 |
| Less: Preferred Stock | (125) | (125) | (125) | (125) | (125) | (125) | (125) | (125) | (125) |
| Less: Intangible Assets | (220,196) | (219,503) | (259,764) | (261,799) | (260,822) | (259,844) | (258,866) | (257,963) | (309,686) |
| Tangible Common Equity (non-GAAP) | \$ 529,634 | \$ 547,356 | \$ 590,620 | \$ 605,339 | \$ 626,603 | \$ 640,896 | \$ 642,666 | \$ 671,382 | \$ 725,305 |
| Total Assets (GAAP) | \$ 6,140,308 | \$ 6,189,797 | \$ 6,761,003 | \$ 6,798,539 | \$ 6,906,418 | \$ 7,022,352 | \$ 7,211,611 | \$ 7,326,193 | \$ 7,805,029 |
| Less: Intangibles Assets | (220,196) | (219,503) | (259,764) | (261,799) | (260,822) | (259,844) | (258,866) | (257,963) | (309,686) |
| Tangible Assets (non-GAAP) | \$ 5,920,112 | \$ 5,970,294 | \$ 6,501,239 | \$ 6,536,740 | \$ 6,645,596 | \$ 6,762,508 | \$ 6,952,745 | \$ 7,068,230 | \$ 7,495,343 |
| Tangible Common Equity Ratio (non-GAAP) | 8.95% | 9.17% | 9.08% | 9.26% | 9.43% | 9.48% | 9.24% | 9.50% | 9.68% |

TANGIBLE COMMON EQUITY PER SHARE (dollars in thousands):

| | 4Q10 | 4Q11 | 4Q12 | 4Q13 | 4Q14 | 4Q15 | 1Q16 | 2Q16 | 3Q16 | 4Q16 | 1Q17 | 2Q17 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total Stockholders' Equity (GAAP) | \$ 454,408 | \$ 514,467 | \$ 552,236 | \$ 634,923 | \$ 726,827 | \$ 850,509 | \$ 867,263 | \$ 887,550 | \$ 900,865 | \$ 901,657 | \$ 929,470 | \$ 1,035,116 |
| Less: Preferred Stock | (67,880) | (90,783) | (90,908) | (125) | (125) | (125) | (125) | (125) | (125) | (125) | (125) | (125) |
| Less: Intangible Assets | (154,019) | (150,471) | (149,529) | (202,767) | (218,755) | (259,764) | (261,799) | (260,822) | (259,844) | (258,866) | (257,963) | (309,686) |
| Tax Benefit | 2,907 | 2,224 | 2,249 | 4,973 | 6,085 | 6,278 | 6,753 | 6,453 | 6,204 | 5,930 | 5,659 | 6,941 |
| Tangible Common Equity, Net of Tax (non-GAAP) | \$ 235,416 | \$ 275,437 | \$ 314,048 | \$ 437,004 | \$ 514,032 | \$ 596,898 | \$ 612,092 | \$ 633,056 | \$ 647,100 | \$ 648,596 | \$ 677,041 | \$ 732,246 |
| Shares Outstanding | 25,574,251 | 28,559,707 | 28,692,616 | 35,921,761 | 37,669,948 | 40,664,258 | 40,749,340 | 40,772,896 | 40,799,025 | 40,912,697 | 41,047,543 | 43,153,509 |
| Tangible Common Equity per Share (non-GAAP) | \$ 9.21 | \$ 9.64 | \$ 10.95 | \$ 12.17 | \$ 13.65 | \$ 14.68 | \$ 15.02 | \$ 15.53 | \$ 15.86 | \$ 15.85 | \$ 16.49 | \$ 16.97 |

Appendix – Non-GAAP Reconciliation

EFFICIENCY RATIO (dollars in thousands):

| | 2015 | 2016 | 1Q17 | 2Q17 |
|--|---------------|---------------|---------------|---------------|
| Non Interest Expense (GAAP) | \$ 174,806 | \$ 177,359 | \$ 43,099 | \$ 47,316 |
| Less: Core Deposit Intangible Amortization | (2,835) | (3,910) | (903) | (991) |
| Less: OREO and Foreclosure Expenses | (3,956) | (2,877) | (531) | (731) |
| Adjusted Non Interest Expense (non-GAAP) | 168,015 | 170,572 | 41,665 | 45,594 |
| Net Interest Income (GAAP) | 196,404 | 226,473 | 60,999 | 63,100 |
| Plus: Fully Taxable Equivalent Adjustment | 10,975 | 13,541 | 3,950 | 4,083 |
| Net Interest Income on a Fully Taxable Equivalent Basis (non-GAAP) | 207,379 | 240,014 | 64,949 | 67,183 |
| Non Interest Income (GAAP) | 69,868 | 65,203 | 14,846 | 18,434 |
| Less: Investment Securities Gains (Losses) | (2,670) | (3,389) | (598) | (567) |
| Adjusted Non Interest Income (non-GAAP) | 67,198 | 61,814 | 14,248 | 17,867 |
| Adjusted Revenue (non-GAAP) | 274,577 | 301,828 | 79,197 | 85,050 |
| Efficiency Ratio (non-GAAP) | 61.19% | 56.51% | 52.61% | 53.61% |

FORWARD DIVIDEND YIELD

| | 2Q17 |
|---|--------------|
| Most recent quarter's dividend per share | \$ 0.18 |
| Most recent quarter's dividend per share - Annualized | \$ 0.72 |
| Stock Price at 6/30/17 | \$ 40.14 |
| Forward Dividend Yield | 1.79% |

DIVIDEND PAYOUT RATIO

| | 2017 YTD |
|------------------------------------|--------------|
| Dividends per share | \$ 0.33 |
| Earnings Per Share | \$ 1.13 |
| Dividend Payout Ratio - YTD | 29.2% |

Appendix – Non-GAAP Reconciliation

CONSTRUCTION AND INVESTMENT REAL ESTATE CONCENTRATIONS (dollars in thousands):

| | 2015 | 2016 | 1Q17 | 2Q17 |
|---|--------------|--------------|--------------|--------------|
| Total Risk-Based Capital (Subsidiary Bank Only) | | | | |
| Total Stockholders' Equity (GAAP) | \$ 927,774 | \$ 973,641 | \$ 993,130 | \$ 1,099,762 |
| Adjust for Accumulated Other Comprehensive (Income) Loss ¹ | (579) | 9,701 | 8,226 | 3,830 |
| Less: Preferred Stock | (125) | (125) | (125) | (125) |
| Less: Tier 1 Capital Deductions | (1,903) | - | - | - |
| Less: Disallowed Goodwill and Intangible Assets | (246,558) | (248,656) | (250,047) | (299,859) |
| Less: Disallowed Deferred Tax Assets | (1,269) | - | - | - |
| Total Tier 1 Capital (Regulatory) | 677,340 | 734,561 | 751,184 | 803,608 |
| Allowance for Loan Losses includible in Tier 2 Capital | 62,453 | 66,037 | 68,225 | 70,471 |
| Total Risk-Based Capital (Regulatory) | \$ 739,793 | \$ 800,598 | \$ 819,409 | \$ 874,079 |
| Construction, Land and Land Development Loans | \$ 366,704 | \$ 418,703 | \$ 336,931 | \$ 442,389 |
| Concentration as a % of the Bank's Risk-Based Capital | 50% | 52% | 41% | 51% |
| Construction, Land and Land Development Loans | \$ 366,704 | \$ 418,703 | \$ 336,931 | \$ 442,389 |
| Investment Real Estate Loans | 1,090,573 | 1,272,415 | 1,423,792 | 1,443,576 |
| Total Construction and Investment RE Loans | \$ 1,457,277 | \$ 1,691,118 | \$ 1,760,723 | \$ 1,885,965 |
| Concentration as a % of the Bank's Risk-Based Capital | 197% | 211% | 215% | 216% |

¹ Includes net unrealized gains or losses on securities available for sale, net gains or losses on cash flow hedges, and amounts resulting from the application of the applicable accounting guidance for defined benefit and other postretirement plans.

ALLOWANCE AS A PERCENTAGE OF NON-PURCHASED LOANS (dollars in thousands):

| | 3Q16 | 4Q16 | 1Q17 | 2Q17 |
|---|--------------|--------------|--------------|--------------|
| Loans Held for Sale (GAAP) | \$ 1,482 | \$ 2,929 | \$ 1,262 | \$ 4,036 |
| Loans (GAAP) | 4,973,844 | 5,139,645 | 5,274,909 | 5,613,144 |
| Total Loans | 4,975,326 | 5,142,574 | 5,276,171 | 5,617,180 |
| Less: Purchased Loans | (733,715) | (665,417) | (608,724) | (762,893) |
| Non-Purchased Loans (non-GAAP) | \$ 4,241,611 | \$ 4,477,157 | \$ 4,667,447 | \$ 4,854,287 |
| Allowance for Loan Losses (GAAP) | \$ 63,456 | \$ 66,037 | \$ 68,225 | \$ 70,471 |
| Fair Value Adjustment (FVA) (GAAP) | 37,898 | 34,936 | 30,623 | 29,664 |
| Allowance plus FVA (non-GAAP) | \$ 101,354 | \$ 100,973 | \$ 98,848 | \$ 100,135 |
| Total Loans | \$ 4,975,326 | \$ 5,142,574 | \$ 5,276,171 | \$ 5,617,180 |
| Fair Value Adjustment (FVA) (GAAP) | 37,898 | 34,936 | 30,623 | 29,664 |
| Total Loans plus FVA (non-GAAP) | \$ 5,013,224 | \$ 5,177,510 | \$ 5,306,794 | \$ 5,646,844 |
| Allowance as a Percentage of Non-Purchased Loans (non-GAAP) | 1.50% | 1.47% | 1.46% | 1.45% |
| Allowance plus FVA as a Percentage of Total Loans plus FVA (non-GAAP) | 2.02% | 1.95% | 1.86% | 1.77% |

