

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): May 9, 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: **May 9, 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

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

1st Quarter 2017

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



(\$ in Thousands)

Market Information

Common Shares Outstanding	41,047,543
Market Cap	\$ 1,613,989
Dividend Yield	1.48%
Price/Tangible Book Value	2.38x
Price/LTM EPS	18.6x
Price/2017 Est. EPS	17.8x

Financial Highlights

Assets	\$ 7,326,193
Loans, Net	\$ 5,206,684
Deposits	\$ 5,635,309
Tangible Common Equity	\$ 671,382
TCE/TA	9.50%
2017 Net Income – YTD	\$ 23,193
2017 ROAA – YTD	1.29%
2017 ROATCE - YTD	14.38%
NPAs/Loans + OREO	0.70%

Company Profile (as of 3/31/2017)

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

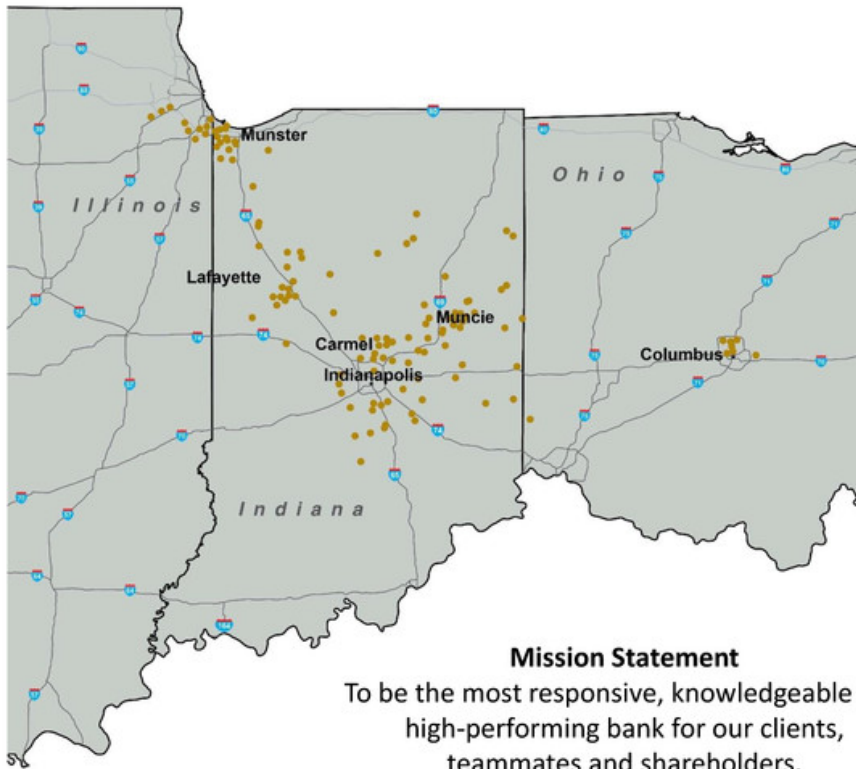
Michael C. Rechin, President & CEO

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
\$2,305M	Indianapolis	\$1,565M
951M	Muncie	1,685M
719M	Munster	1,029M
555M	Lafayette	1,005M
745M	Columbus	351M
\$5,275M	Total	\$5,635M

(as of March 31, 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

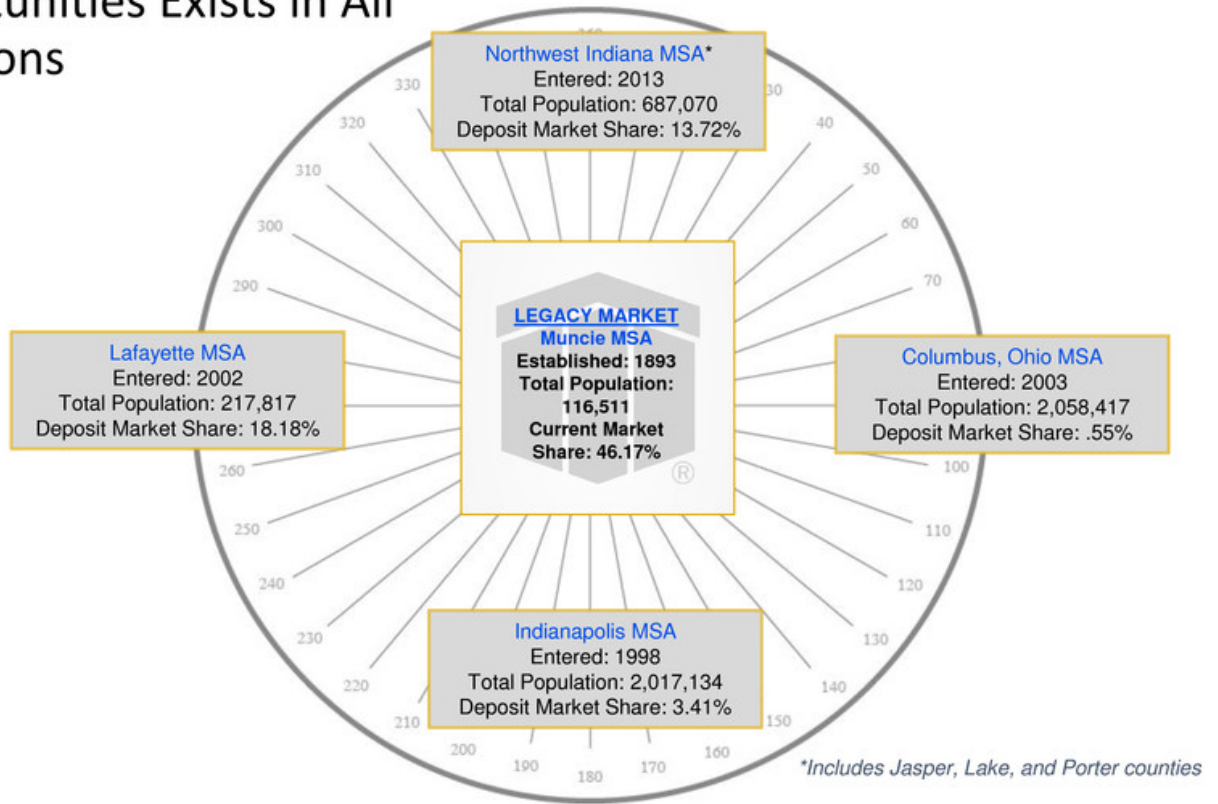
Adams, Delaware, Fayette, Henry, Jay, Miami, Randolph, Union, Wabash, Wayne Counties, IN
Butler, County, OH

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 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
- 8th Best State for Business



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

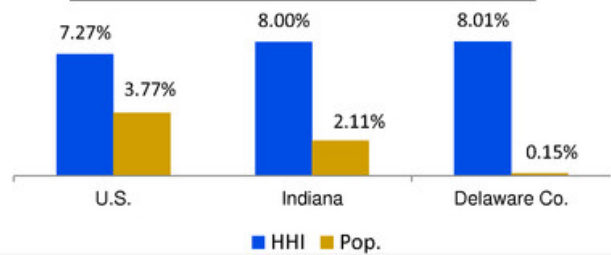
Delaware County, IN*				
Rank		Branches	Deposits	Mkt. Share
1	First Merchants Corporation	12	893,981	46.17%
2	Mutual First Financial	9	476,957	24.63%
3	J.P. Morgan Chase	4	220,534	11.39%
4	Old National Bancorp	7	206,538	10.67%
5	Star Financial Group	3	136,933	7.07%
6	Woodforest Financial Group	1	1,391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

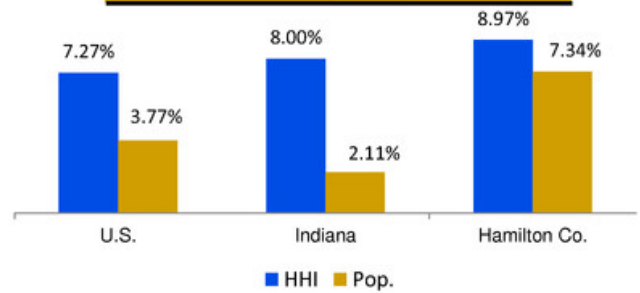
*IBJ.com

**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**

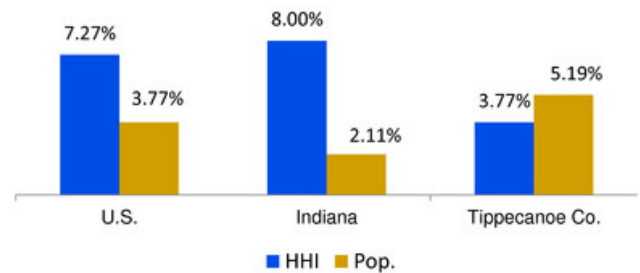
Rank		Branches	Deposits	Mkt. Share
1	JPMorgan Chase & Co.	6	\$ 701,835	28.72%
2	First Merchants Corporation	9	510,925	20.91%
3	Regions Financial Corp	7	296,336	12.13%
4	Old National Bancorp	5	257,117	10.52%
5	Lafayette Community Bancorp	4	149,577	6.12%
6	First Bancshares, Inc.	4	125,097	5.12%
7	Huntington 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**

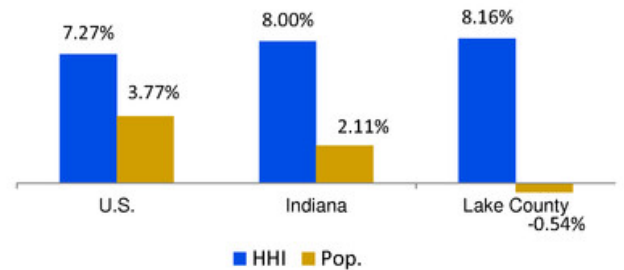
Lake County, IN*				
Rank		Branches	Deposits	Mkt. Share
1	JPMorgan Chase & Co.	24	\$ 1,812,142	21.17%
2	First Bancshares, Inc.	29	1,790,048	20.91%
3	First Midwest Bancorp	21	1,015,796	11.87%
4	Northwest Indiana Bancorp	15	731,032	8.54%
5	First Merchants Corporation	11	670,030	7.83%
6	First Financial 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

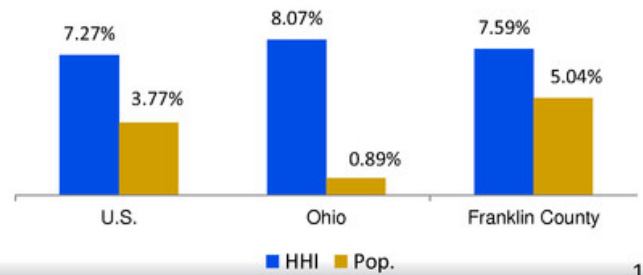
Franklin County, OH*				
Rank		Branches	Deposits	Mkt. Share
1	Huntington Bancshares	70	\$ 19,176,982	39.51%
2	JP Morgan Chares & Co	49	12,524,687	25.80%
3	PNC Financial Services Group	42	5,243,661	10.80%
4	Fifth Third Bancorp	42	4,775,613	9.84%
5	U. S. Bancorp	34	1,282,621	2.64%
6	Key Corp	21	1,171,856	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

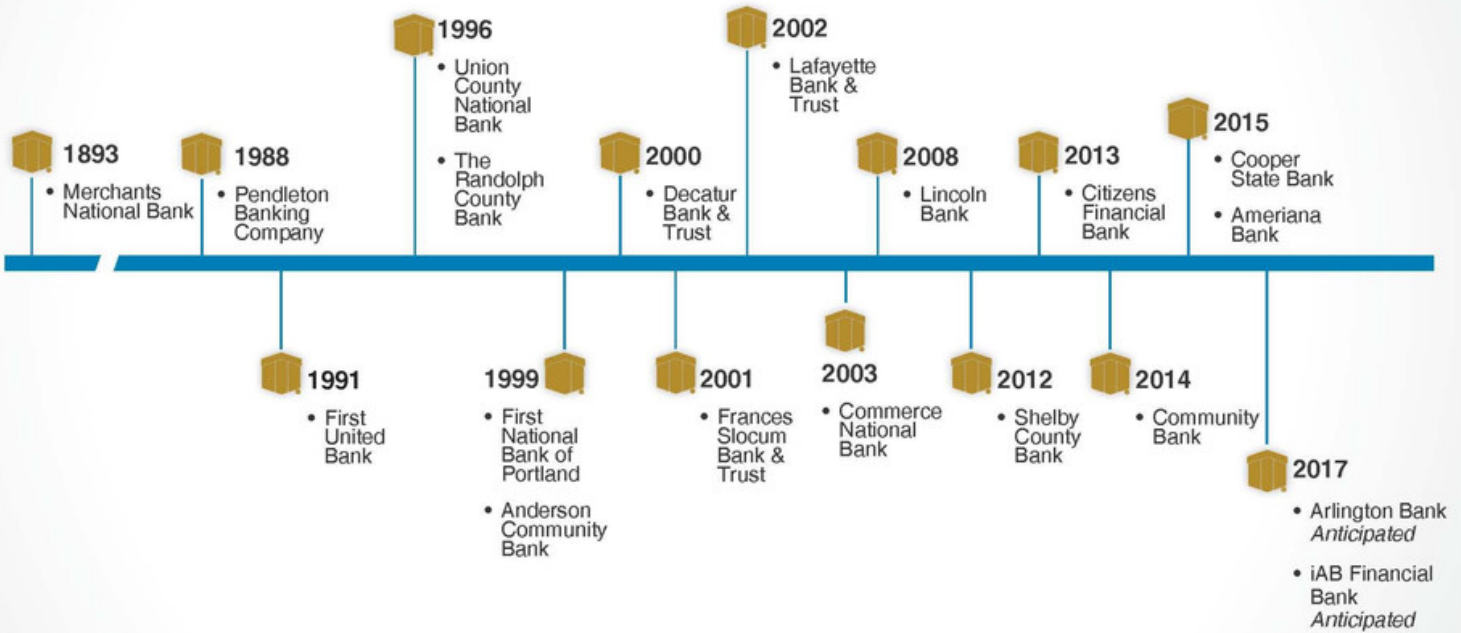
- Experienced Acquirer
- Expand in Current High-Growth Markets
- Extend into Additional High-Growth Markets
- Add to Franchise with Stable Deposit Gathering Markets



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

1st Quarter 2017 Highlights

- Earnings Per Share of \$.56, a 30.2% Increase over 1Q2016
- \$23.2 Million of Net Income, a 31.1% Increase over 1Q2016
- Total Assets of \$7.3 Billion Grew Organically by 7.8% over 1Q2016
- 1.29% Return on Average Assets; 10.15% Return on Average Equity
- 52.61% Efficiency Ratio

Definitive Agreements Announced

- The Arlington Bank on January 25, 2017
- Independent Alliance Banks, Inc. on February 17, 2017

Total Assets

	<u>2015</u>	<u>2016</u>	<u>Q1-'16</u>	<u>Q1-'17</u>
1. Investments	\$1,277	\$1,305	\$1,271	\$1,327
2. Loans Held for Sale	10	3	4	1
3. Loans	4,694	5,140	4,710	5,275
4. Allowance	(62)	(66)	(62)	(68)
5. CD&I & Goodwill	260	259	262	258
6. BOLI	201	202	201	203
7. Other	<u>381</u>	<u>369</u>	<u>413</u>	<u>330</u>
8. Total Assets	<u>\$6,761</u>	<u>\$7,212</u>	<u>\$6,799</u>	<u>\$7,326</u>
Annualized Asset Growth		6.7%		6.3%*

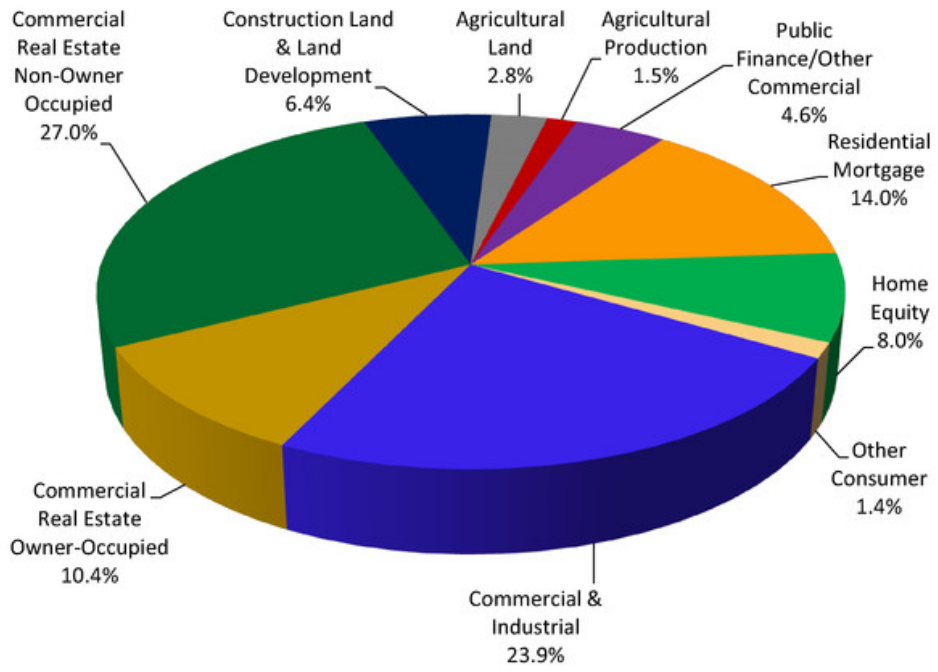
*Annualized from 12.31.2016

Loan and Yield Detail

(as of 3/31/2017)

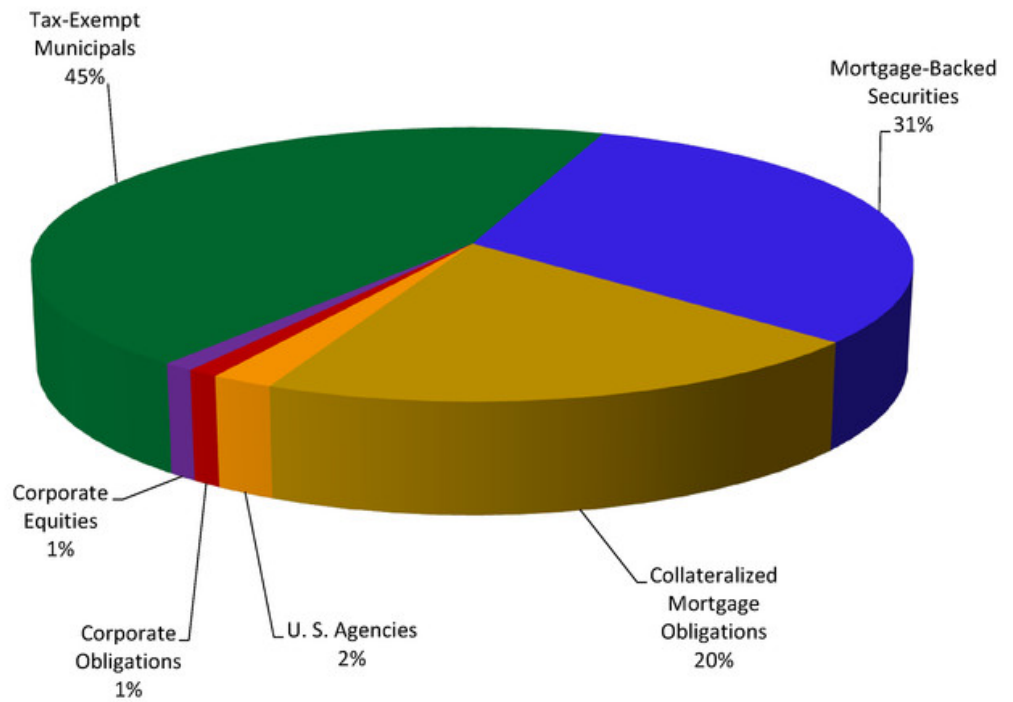
YTD Yield = 4.63%

Total Loans = \$5.3 Billion



Investment Portfolio

(as of 3/31/2017)



- \$1.3 Billion Portfolio
- Modified duration of 4.9 years
- Tax equivalent yield of 3.88%
- Net unrealized gain of \$24.2 Million

Total Liabilities and Capital

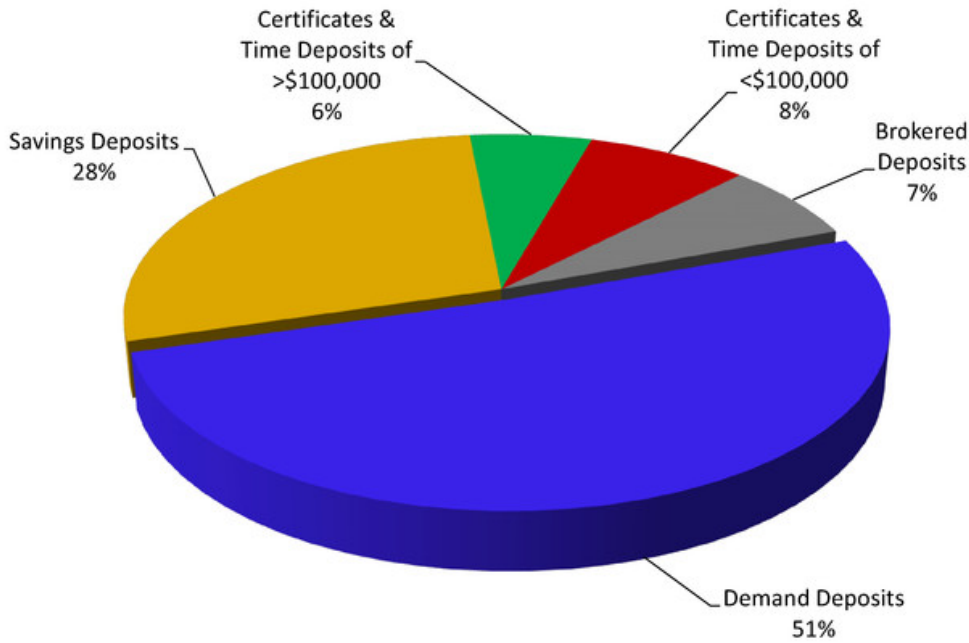
	(\$ in Millions)			
	<u>2015</u>	<u>2016</u>	<u>Q1-'16</u>	<u>Q1-'17</u>
1. Customer Non-Maturity Deposits	\$4,096	\$4,428	\$4,140	\$4,426
2. Customer Time Deposits	880	747	841	789
3. Brokered Deposits	314	381	330	420
4. Borrowings	446	572	420	587
5. Other Liabilities	51	60	79	53
6. Hybrid Capital	123	122	122	122
7. Common Equity	<u>851</u>	<u>902</u>	<u>867</u>	<u>929</u>
8. Total Liabilities and Capital	<u>\$6,761</u>	<u>\$7,212</u>	<u>\$6,799</u>	<u>\$7,326</u>

Deposit Detail

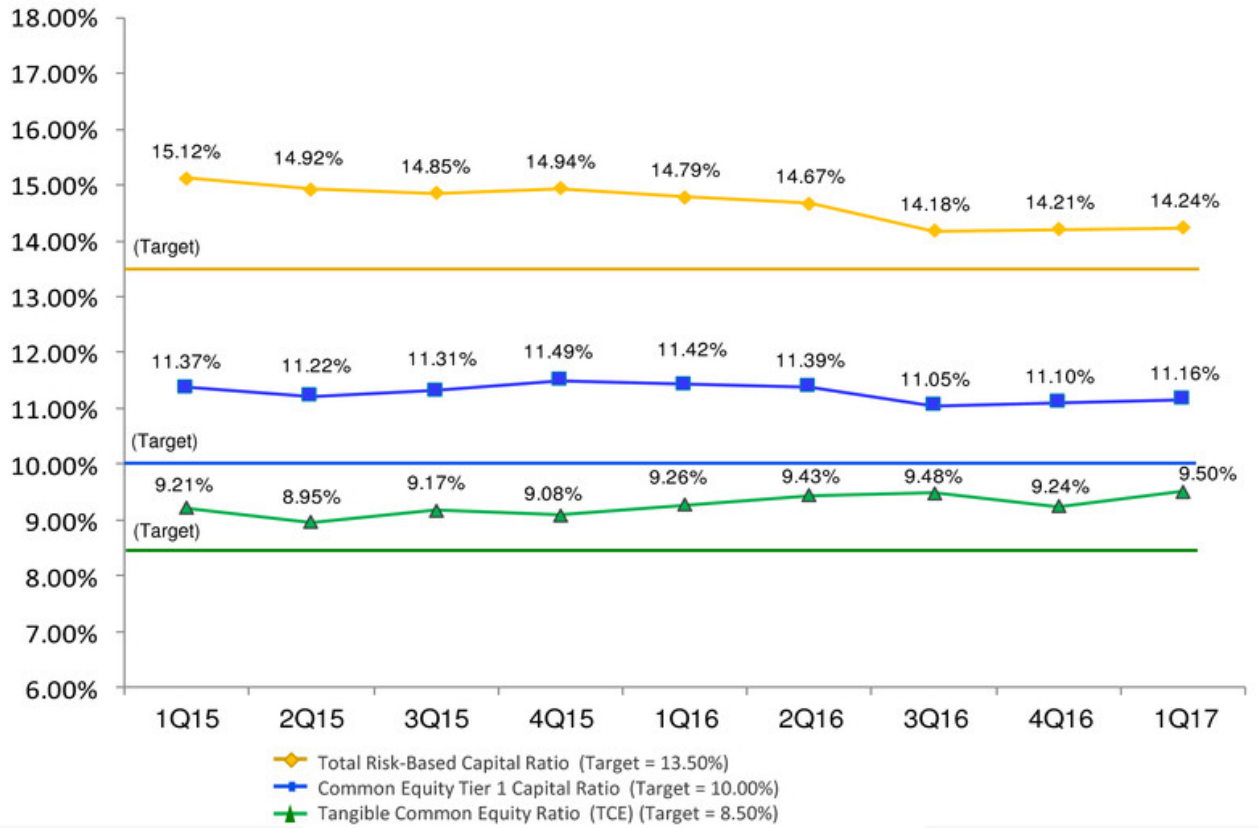
(as of 3/31/2017)

YTD Cost = .39%

Total = \$5.6 Billion



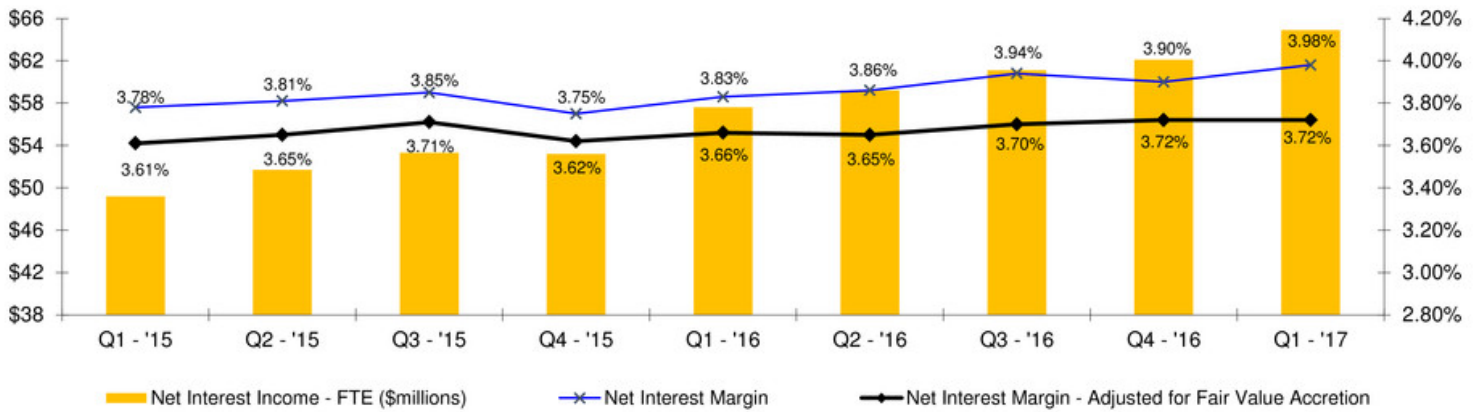
Capital Ratios



Net Interest Margin

(\$ in Millions)

	Q1 - '15	Q2 - '15	Q3 - '15	Q4 - '15	Q1 - '16	Q2 - '16	Q3 - '16	Q4 - '16	Q1 - '17
Net Interest Income - FTE	\$ 49.2	\$ 51.7	\$ 53.3	\$ 53.2	\$ 57.6	\$ 59.2	\$ 61.1	\$ 62.1	\$ 64.9
Fair Value Accretion	\$ 2.2	\$ 2.2	\$ 2.0	\$ 1.9	\$ 2.5	\$ 3.2	\$ 3.8	\$ 2.9	\$ 4.3
Tax Equivalent Yield on Earning Assets	4.24%	4.26%	4.30%	4.20%	4.28%	4.30%	4.37%	4.32%	4.42%
Cost of Supporting Liabilities	0.46%	0.45%	0.45%	0.45%	0.45%	0.44%	0.43%	0.42%	0.44%
Net Interest Margin	3.78%	3.81%	3.85%	3.75%	3.83%	3.86%	3.94%	3.90%	3.98%



Non-Interest Income

(\$ in Millions)	<u>2015</u>	<u>2016</u>	<u>Q1-'16</u>	<u>Q1-'17</u>
1. Service Charges on Deposit Accounts	\$16.2	\$17.8	\$ 4.1	\$ 4.2
2. Wealth Management Fees	11.3	12.6	3.1	3.4
3. Insurance Commission Income	4.1	—	—	—
4. Card Payment Fees	13.4	15.0	3.8	3.7
5. Cash Surrender Value of Life Ins	2.9	4.3	1.5	0.9
6. Gains on Sales Mortgage Loans	6.5	7.1	1.5	1.3
7. Securities Gains/Losses	2.7	3.4	1.0	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>0.8</u>
11. Total	<u>\$69.8</u>	<u>\$65.2</u>	<u>\$15.8</u>	<u>\$14.9</u>

Non-Interest Expense

	(\$ in Millions)			
	<u>2015</u>	<u>2016</u>	<u>Q1-'16</u>	<u>Q1-'17</u>
1. Salary & Benefits	\$101.9	\$102.6	\$ 27.3	\$ 25.7
2. Premises & Equipment	25.5	29.5	7.3	7.0
3. Core Deposit Intangible	2.8	3.9	1.0	0.9
4. Professional & Other Outside Services	9.9	6.5	2.2	1.7
5. OREO/Credit-Related Expense	3.9	2.9	0.7	0.5
6. FDIC Expense	3.7	3.0	1.0	0.6
7. Outside Data Processing	7.1	9.2	2.1	2.6
8. Marketing	3.5	3.0	0.7	0.6
9. Other	<u>16.5</u>	<u>16.7</u>	<u>4.1</u>	<u>3.5</u>
10. Non-Interest Expense	<u>\$174.8</u>	<u>\$177.3</u>	<u>\$ 46.4</u>	<u>\$43.1</u>

Earnings

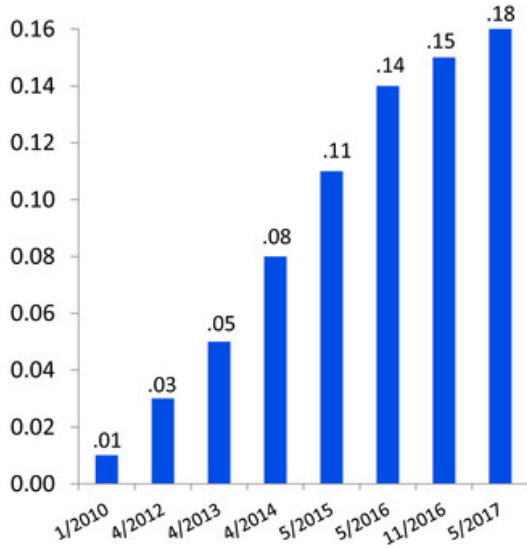
(\$ in Millions)	<u>2015</u>	<u>2016</u>	<u>Q1-'16</u>	<u>Q1-'17</u>
1. Net Interest Income	\$196.4	\$226.5	\$ 54.5	\$ 61.0
2. Provision for Loan Losses	<u>(0.4)</u>	<u>(5.7)</u>	<u>(0.6)</u>	<u>(2.4)</u>
3. Net Interest Income after Provision	196.0	220.8	53.9	58.6
4. Non-Interest Income	69.8	65.2	15.8	14.9
5. Non-Interest Expense	<u>(174.8)</u>	<u>(177.3)</u>	<u>(46.4)</u>	<u>(43.1)</u>
6. Income before Income Taxes	91.0	108.7	23.3	30.4
7. Income Tax Expense	<u>(25.6)</u>	<u>(27.6)</u>	<u>(5.6)</u>	<u>(7.2)</u>
8. Net Income Avail. for Distribution	<u>\$ 65.4</u>	<u>\$ 81.1</u>	<u>\$ 17.7</u>	<u>\$ 23.2</u>
9. EPS	\$ 1.72	\$ 1.98	\$ 0.43	\$ 0.56
10. Efficiency Ratio	61.19%	56.51%	61.78%	52.61%

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	–	–	–	\$.56
2. Dividends	\$.15	–	–	–	\$.15
3. Tangible Book Value	\$ 16.49	–	–	–	

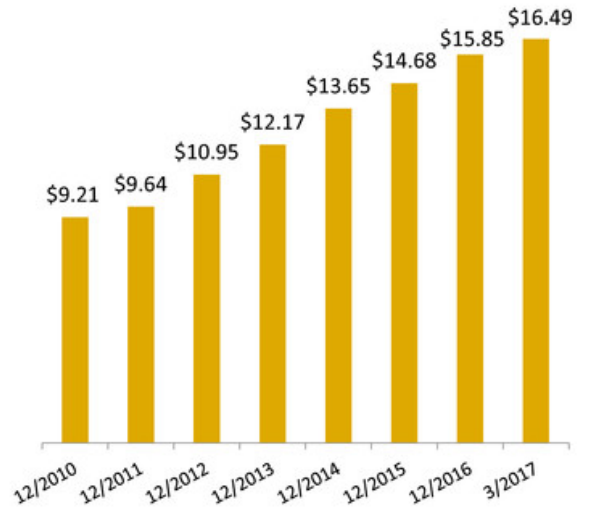
Dividends and Tangible Book Value

Quarterly Dividends



1.83%
Forward
Dividend
Yield
=
32.1%
Dividend
Payout Ratio

Tangible Book Value



Asset Quality Summary

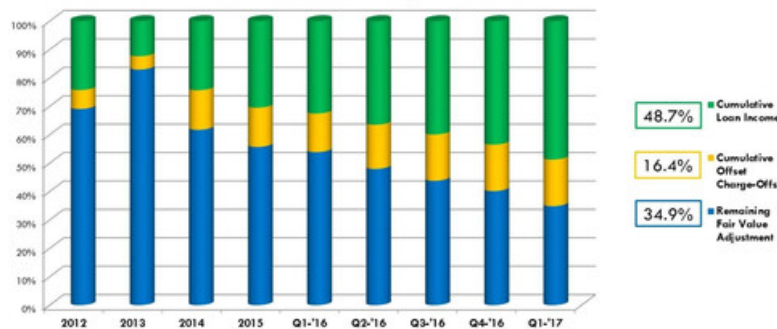
(\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>Q1-'16</u>	<u>Q1-'17</u>	<u>Change</u> <u>Year End</u>		<u>Change</u> <u>Year over Year</u>	
					<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
1. Non-Accrual Loans	\$ 31.4	\$ 30.0	\$ 36.7	\$ 27.9	\$ (2.1)	(7.0%)	\$ (8.8)	(24.0%)
2. Other Real Estate	17.3	9.0	15.6	8.3	(0.7)	(7.8%)	(7.3)	(46.8%)
3. Renegotiated Loans	1.9	4.7	1.0	0.9	(3.8)	(80.9%)	(0.1)	(10.0%)
4. 90+ Days Delinquent Loans	0.9	0.1	1.0	0.1	0.0	0.0%	(0.9)	(90.0%)
5. Total NPAs & 90+ Days Delinquent	\$ 51.5	\$ 43.8	\$ 54.3	\$ 37.2	\$ (6.6)	(15.1%)	\$ (17.1)	(31.5%)
6. Total NPAs & 90+ Days/Loans & ORE	1.1%	0.9%	1.2%	0.7%				
7. Classified Assets	\$ 171.8	\$ 174.1	\$ 170.9	\$ 173.9	\$ (0.2)	(0.1%)	\$ 3.0	1.8%
8. Criticized Assets (includes Classified)	\$ 275.0	\$ 292.6	\$ 305.8	\$ 304.3	\$ 11.7	4.0%	\$ (1.5)	(0.5%)

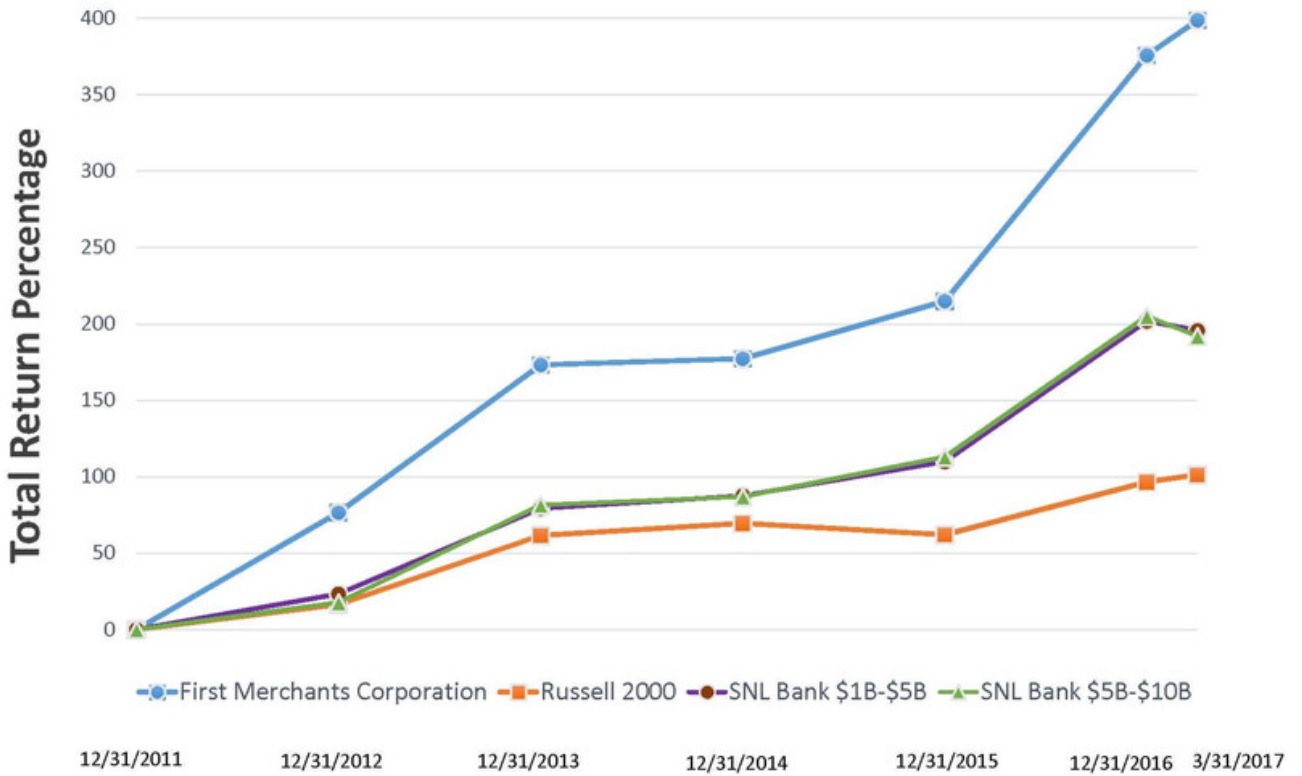
ALLL and Fair Value Summary

(\$ in Millions)	<u>Q2-'16</u>	<u>Q3-'16</u>	<u>Q4-'16</u>	<u>Q1-'17</u>
1. Beginning Allowance for Loan Losses (ALLL)	\$ 62.1	\$ 62.2	\$ 63.5	\$ 66.0
2. Net Charge-offs (Recoveries)	0.7	0.6	(0.1)	0.2
3. Provision Expense	<u>0.8</u>	<u>1.9</u>	<u>2.4</u>	<u>2.4</u>
4. Ending Allowance for Loan Losses (ALLL)	62.2	63.5	66.0	68.2
5. Fair Value Adjustment (FVA)	<u>42.3</u>	<u>37.9</u>	<u>34.9</u>	<u>30.6</u>
6. Total ALLL plus FVA	104.5	101.4	100.9	98.8
7. Purchased Loans plus FVA	863.4	771.6	700.4	639.3
8. Specific Reserves	2.1	1.6	0.9	1.2
9. ALLL/Non-Accrual Loans	185.3%	186.1%	220.1%	244.4%
10. ALLL/Non-Purchased Loans	1.56%	1.50%	1.47%	1.46%
11. ALLL/Loans	1.29%	1.28%	1.28%	1.29%
12. ALLL & FVA/Total Loan Balances plus FVA ¹	2.15%	2.02%	1.95%	1.86%

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



Total Return Performance



FMC Strategy and Tactics Overview

Looking Forward . . .

- Execute on Closing and Integrating The Arlington Bank and Independent Alliance Bank, Inc. Transactions
- Continue to Win in our Markets – Geographic Community-Based Banking Model
- Continue Focus on Treasury Management Services for Deposit and Fee Generation
- Exploit Back-Office Infrastructure for Efficiency and Operating Leverage
- Build Out Specialty Finance Businesses and Lending Verticals
- Persistently Focus on Banking Center Optimization in Alignment with Digital Channels Migration
- Prepare to Successfully Cross the \$10 Billion Asset Level

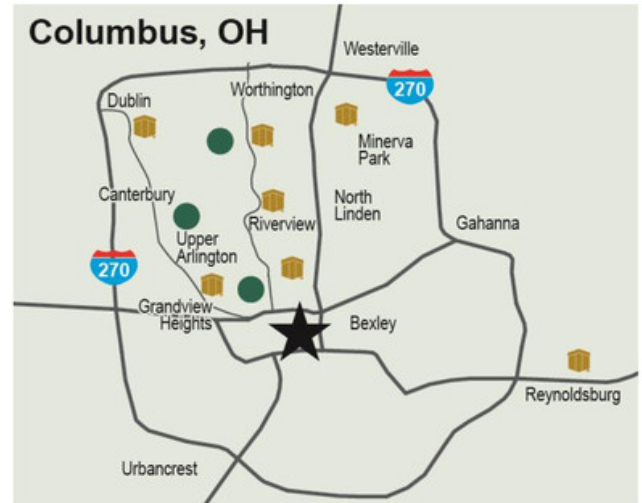
“Responsive, Knowledgeable, High-Performing”

Recent Acquisition Announcements



The Arlington Bank Summary

- Definitive Agreement Signed January 25, 2017
- Headquartered in Columbus, Ohio
- Founded in 1998
- Balance Sheet as of September 30, 2016
 - \$305 Million in Assets
 - \$244 Million in Loans
 - \$260 Million in Deposits
- Income Statement for Nine Months Ending September 30, 2016
 - Net Income of \$3.1 Million
 - Net Interest Margin of 3.80%
- Excellent Credit Quality and Highly Profitable
 - NPAs / Assets of 0.67%
 - 1.35% ROAA LTM and 11.93% ROAE LTM



The Arlington Bank Financial Overview

Transaction Value:	\$75.8 Million*
Consideration:	100% Stock with Fixed Exchange Ratio of 2.7245
Required Approvals:	Regulatory and The Arlington Bank Shareholders Voting Agreements for 36.40% of Shares Outstanding
Key Assumptions:	Cost Savings Estimated to be 35%, or \$3.5 Million Estimated One-Time Transaction Costs of \$6.8 Million Credit and Interest Rate Marks of \$7.8 Million
Financial Impact:	Accretive to EPS During 2017 Tangible Book Value Earn-Back in Three Years Minimal Impact to Capital Ratios
Termination Fee:	\$3.0 Million
Anticipated Closing:	Mid-Year 2017

*Based on First Merchants' January 24, 2017 closing price of \$36.46 Per Share

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

- Definitive Agreement Signed February 17, 2017
- Headquartered in Fort Wayne, Indiana
- Founded in 2005 in a combination of two 70-year old companies; Grabill Bank and MarkleBank
- Market Capitalization: \$162.8 Million*
- Balance Sheet as of December 31, 2016
 - \$1,088 Million in Assets
 - \$753 Million in Loans
 - \$861 Million in Deposits
- Income Statement for Year Ending December 31, 2016
 - Net Income of \$10.2 Million
 - Net Interest Margin of 3.31%
 - ROAA of 0.94%
 - ROATCE of 9.57%



*as of February 16, 2017

Independent Alliance Banks, Inc. Transaction Overview*

Implied Transaction Value:	\$251.3 Million
Blended Transaction Value:	\$271.1 Million (Inclusive of the 12.1% Purchased for \$19.8 Million Cash)
Consideration:	Fixed 1.6530 Exchange Ratio for the Remaining 87.9% IALB Common Stock not already owned by First Merchants
Required Approvals:	Regulatory and IALB Shareholder
Key Assumptions:	Cost Savings Estimated to be 38% or \$10.9 Million Pre-Closing Charges of Approximately \$8.3 Million Estimated One-Time Transaction Costs of \$7.2 Million Credit Mark of Approximately 2.5%, or \$19.7 Million
Financial Impact:	Accretive to EPS By 2% in 2017 and 5% Annually Thereafter Tangible Book Value Earnback of 3.75 Years Minimal Impact to Capital Ratios
Termination Fee:	\$5.0 Million
Anticipated Closing:	3rd Quarter 2017

*based on FRME closing price on February 16, 2017, taking into account FRME 12.1% IALB Investment made on November 21, 2016

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?

- 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



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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

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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):

	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17
Total Risk-Based Capital Ratio									
Total Stockholders' Equity (GAAP)	739,658	749,955	766,984	850,509	867,263	887,550	900,865	901,657	929,470
Adjust for Accumulated Other Comprehensive (Income) Loss ^a	1,915	6,490	3,614	1,362	(2,066)	(7,035)	(3,924)	13,581	3,722
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Add: Qualifying Capital Securities	56,827	56,827	51,827	55,776	55,236	55,296	55,355	55,415	55,474
Less: Tier 1 Capital Deductions	(4,381)	(2,371)	(3,418)	(2,516)	(1,999)	(1,828)	(1,440)	(376)	(80)
Less: Disallowed Goodwill and Intangible Assets	(205,818)	(208,980)	(208,749)	(247,006)	(250,367)	(249,932)	(249,541)	(249,104)	(250,493)
Less: Disallowed Servicing Assets									
Less: Disallowed Deferred Tax Assets	(1,786)	(1,581)	(1,144)	(1,677)	(2,998)	(2,743)	(2,161)	(564)	(320)
Total Tier 1 Capital (Regulatory)	\$ 586,290	\$ 600,215	\$ 608,989	\$ 656,323	\$ 664,944	\$ 681,183	\$ 699,029	\$ 720,484	\$ 737,648
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	58,688	60,865	62,012	62,453	62,086	62,186	63,456	66,037	68,225
Total Risk-Based Capital (Regulatory)	\$ 709,978	\$ 726,080	\$ 736,001	\$ 783,776	\$ 792,030	\$ 808,369	\$ 827,485	\$ 851,521	\$ 870,873
Net Risk-Weighted Assets (Regulatory)	\$ 4,695,073	\$ 4,865,157	\$ 4,956,737	\$ 5,247,617	\$ 5,355,827	\$ 5,511,557	\$ 5,836,806	\$ 5,993,381	\$ 6,114,112
Total Risk-Based Capital Ratio (Regulatory)	15.12%	14.92%	14.85%	14.94%	14.79%	14.67%	14.18%	14.21%	14.24%
Common Equity Tier 1 Capital Ratio									
Total Tier 1 Capital (Regulatory)	\$ 586,290	\$ 600,215	\$ 608,989	\$ 656,323	\$ 664,944	\$ 681,183	\$ 699,029	\$ 720,484	\$ 737,648
Less: Qualified Capital Securities	(56,827)	(56,827)	(51,827)	(55,776)	(55,236)	(55,296)	(55,355)	(55,415)	(55,474)
Add: Additional Tier 1 Capital Deductions	4,381	2,371	3,418	2,516	1,999	1,828	1,440	376	80
Less: Preferred Stock									
Common Equity Tier 1 Capital (Regulatory)	\$ 533,844	\$ 545,759	\$ 560,580	\$ 603,063	\$ 611,707	\$ 627,715	\$ 645,114	\$ 665,445	\$ 682,254
Net Risk-Weighted Assets (Regulatory)	\$ 4,695,073	\$ 4,865,157	\$ 4,956,737	\$ 5,247,617	\$ 5,355,827	\$ 5,511,557	\$ 5,836,806	\$ 5,993,381	\$ 6,114,112
Common Equity Tier 1 Capital Ratio (Regulatory)	11.37%	11.22%	11.31%	11.49%	11.42%	11.39%	11.05%	11.10%	11.16%

^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):

	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17
Total Stockholders' Equity (GAAP)	\$ 739,658	\$ 749,955	\$ 766,984	\$ 850,509	\$ 867,263	\$ 887,550	\$ 900,865	\$ 901,657	\$ 929,470
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(218,033)	(220,196)	(219,503)	(259,764)	(261,799)	(260,822)	(259,844)	(258,866)	(257,963)
Tangible Common Equity (non-GAAP)	\$ 521,500	\$ 529,634	\$ 547,356	\$ 590,620	\$ 605,339	\$ 626,603	\$ 640,896	\$ 642,666	\$ 671,382
Total Assets (GAAP)	\$ 5,877,521	\$ 6,140,308	\$ 6,189,797	\$ 6,761,003	\$ 6,798,539	\$ 6,906,418	\$ 7,022,352	\$ 7,211,611	\$ 7,326,193
Less: Intangibles Assets	(218,033)	(220,196)	(219,503)	(259,764)	(261,799)	(260,822)	(259,844)	(258,866)	(257,963)
Tangible Assets (non-GAAP)	\$ 5,659,488	\$ 5,920,112	\$ 5,970,294	\$ 6,501,239	\$ 6,536,740	\$ 6,645,596	\$ 6,762,508	\$ 6,952,745	\$ 7,068,230
Tangible Common Equity Ratio (non-GAAP)	9.21%	8.95%	9.17%	9.08%	9.26%	9.43%	9.48%	9.24%	9.50%

TANGIBLE COMMON EQUITY PER SHARE (dollars in thousands):

	4Q10	4Q11	4Q12	4Q13	4Q14	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17
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
Less: Preferred Stock	(67,880)	(90,783)	(90,908)	(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)
Tax Benefit	2,907	2,224	2,249	4,973	6,085	6,278	6,753	6,453	6,204	5,930	5,659
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
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
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

Appendix – Non-GAAP Reconciliation

EFFICIENCY RATIO (dollars in thousands):

	<u>2015</u>	<u>1Q16</u>	<u>2016</u>	<u>1Q17</u>
Non Interest Expense (GAAP)	\$ 174,806	\$ 46,475	\$ 177,359	\$ 43,099
Less: Core Deposit Intangible Amortization	(2,835)	(978)	(3,910)	(903)
Less: OREO and Foreclosure Expenses	(3,956)	(751)	(2,877)	(531)
Adjusted Non Interest Expense (non-GAAP)	<u>168,015</u>	<u>44,746</u>	<u>170,572</u>	<u>41,665</u>
Net Interest Income (GAAP)	196,404	54,455	226,473	60,999
Plus: Fully Taxable Equivalent Adjustment	10,975	3,136	13,541	3,950
Net Interest Income on a Fully Taxable Equivalent Basis (non-GAAP)	<u>207,379</u>	<u>57,591</u>	<u>240,014</u>	<u>64,949</u>
Non Interest Income (GAAP)	69,868	15,837	65,203	14,846
Less: Investment Securities Gains (Losses)	(2,670)	(997)	(3,389)	(598)
Adjusted Non Interest Income (non-GAAP)	<u>67,198</u>	<u>14,840</u>	<u>61,814</u>	<u>14,248</u>
Adjusted Revenue (non-GAAP)	<u>274,577</u>	<u>72,431</u>	<u>301,828</u>	<u>79,197</u>
Efficiency Ratio (non-GAAP)	61.19%	61.78%	56.51%	52.61%

FORWARD DIVIDEND YIELD

	<u>May 2017</u>
Current quarter's dividend per share	\$ 0.18
Current quarter's dividend per share - Annualized	\$ 0.72
Stock Price at 3/31/17	\$ 39.32
Forward Dividend Yield	1.83%

DIVIDEND PAYOUT RATIO

	<u>2017</u>
Dividends per share (as of May 2017)	\$ 0.18
Earnings Per Share 1Q2017	\$ 0.56
Dividend Payout Ratio	32.1%

Appendix – Non-GAAP Reconciliation

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

	2015	2016	1Q16	1Q17
Total Risk-Based Capital (Subsidiary Bank Only)				
Total Stockholders' Equity (GAAP)	\$ 927,774	\$ 973,641	\$ 945,283	\$ 993,130
Adjust for Accumulated Other Comprehensive (Income) Loss ¹	(579)	9,701	(4,566)	8,226
Less: Preferred Stock	(125)	(125)	(125)	(125)
Less: Tier 1 Capital Deductions	(1,903)	-	(1,805)	-
Less: Disallowed Goodwill and Intangible Assets	(246,558)	(248,656)	(249,919)	(250,047)
Less: Disallowed Deferred Tax Assets	(1,269)	-	(2,708)	-
Total Tier 1 Capital (Regulatory)	677,340	734,561	686,160	751,184
Allowance for Loan Losses includible in Tier 2 Capital	62,453	66,037	62,086	68,225
Total Risk-Based Capital (Regulatory)	\$ 739,793	\$ 800,598	\$ 748,246	\$ 819,409
Construction, Land and Land Development Loans	\$ 366,704	\$ 418,703	\$ 391,621	\$ 336,931
Concentration as a % of the Bank's Risk-Based Capital	49.6%	52.3%	52.3%	41.1%
Construction, Land and Land Development Loans	\$ 366,704	\$ 418,703	\$ 391,621	\$ 336,931
Investment Real Estate Loans	1,090,573	1,272,415	1,107,288	1,423,792
Total Construction and Investment RE Loans	\$ 1,457,277	\$ 1,691,118	\$ 1,498,909	\$ 1,760,723
Concentration as a % of the Bank's Risk-Based Capital	197.0%	211.2%	200.3%	214.9%

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):

	2Q16	3Q16	4Q16	1Q17
Loans Held for Sale (GAAP)	\$ 18,854	\$ 1,482	\$ 2,929	\$ 1,262
Loans (GAAP)	4,791,429	4,973,844	5,139,645	5,274,909
Total Loans	4,810,283	4,975,326	5,142,574	5,276,171
Less: Purchased Loans	(821,158)	(733,715)	(665,417)	(608,724)
Non-Purchased Loans (non-GAAP)	\$ 3,989,125	\$ 4,241,611	\$ 4,477,157	\$ 4,667,447
Allowance for Loan Losses (GAAP)	\$ 62,186	\$ 63,456	\$ 66,037	\$ 68,225
Fair Value Adjustment (FVA) (GAAP)	42,291	37,898	34,936	30,623
Allowance plus FVA (non-GAAP)	\$ 104,477	\$ 101,354	\$ 100,973	\$ 98,848
Total Loans	\$ 4,810,283	\$ 4,975,326	\$ 5,142,574	\$ 5,276,171
Fair Value Adjustment (FVA) (GAAP)	42,291	37,898	34,936	30,623
Total Loans plus FVA (non-GAAP)	\$ 4,852,574	\$ 5,013,224	\$ 5,177,510	\$ 5,306,794
Allowance as a Percentage of Non-Purchased Loans (non-GAAP)	1.56%	1.50%	1.47%	1.46%
Allowance plus FVA as a Percentage of Total Loans plus FVA (non-GAAP)	2.15%	2.02%	1.95%	1.86%

