

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): November 10, 2016

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))

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: November 10, 2016

FIRST MERCHANTS CORPORATION

By: /s/ Mark K. Hardwick
Mark K. Hardwick
Executive Vice President,
Chief Financial Officer and Chief Operating Officer



FIRST MERCHANTS CORPORATION

3rd Quarter 2016

NASDAQ: FRME

Michael C. Rechin
President
Chief Executive Officer

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

Michael J. Stewart
Executive Vice President
Chief Banking Officer

John J. Martin
Executive Vice President
Chief Credit Officer





Forward-Looking Statement

The Corporation may make forward-looking statements about its relative business outlook. These forward-looking statements and all other statements made during this meeting that do not concern historical facts are subject to risks and uncertainties that may materially affect actual results. Specific forward-looking statements include, but are not limited to, any indications regarding the financial services industry, the economy and future growth of the balance sheet or income statement. Please refer to our press releases, Form 10-Qs and 10-Ks concerning factors that could cause actual results to differ materially from any forward-looking statements.

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.

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Why Invest in First Merchants?

**Top
25**
Regional
Banks
2015
SNL Financial





Company Profile (as of 9/30/2016)

(\$ in Thousands)

Market Information

Common Shares Outstanding	\$40,799,025
Market Cap	\$ 1,091,374
Dividend Yield	1.87%
Price/Tangible Book Value	1.69x
Price/LTM EPS	14.9x
Price/2016 Est. EPS	13.9x

Financial Highlights

Assets	\$7,022,352
Loans, Net	\$4,910,388
Deposits	\$5,444,240
Tangible Common Equity	\$640,897
TCE/TA	9.48%
2016 Net Income – YTD	\$58,758
2016 ROAA – YTD	1.15%
2016 ROATCE - YTD	12.97%
NPAs/Loans + OREO	0.97%

First Merchants

- First Merchants Bank, formed in 1893, celebrating its 123rd 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

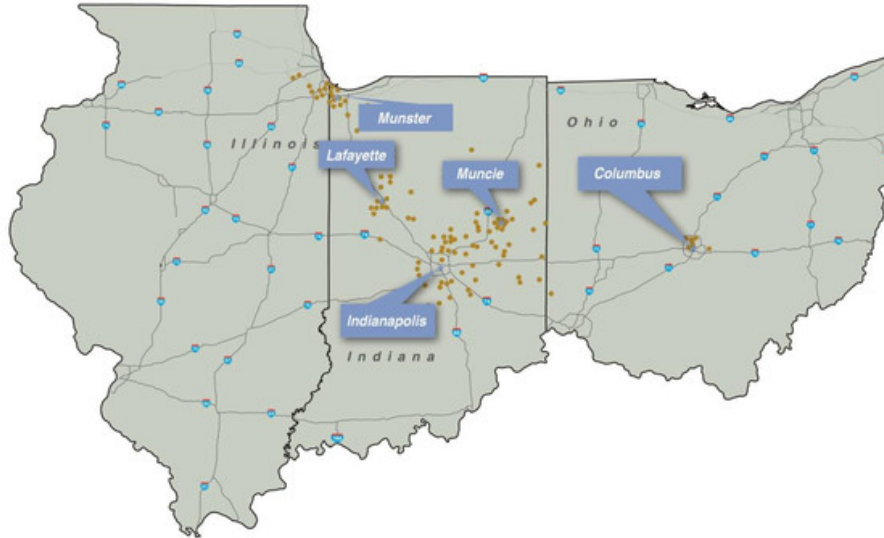
Mark K. Hardwick, EVP, Chief Financial Officer & Chief Operating Officer

Michael J. Stewart, EVP & Chief Banking Officer

John J. Martin, EVP & Chief Credit Officer



Our Franchise



First Merchants Corporation operates more than 100 locations in 27 Indiana counties, 2 Ohio counties, and 2 Illinois counties

Key Market Profiles

Loans		Deposits
\$2,176M	Indianapolis	\$1,542M
940M	Muncie	1,559M
643M	Munster	981M
573M	Lafayette	1,005M
642M	Columbus	357M

(as of September 30, 2016)



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 Strategy

- Commercial Bank
 - Lending Engine
- Supported by Consumer Retail Bank
 - Deposit Engine
- Growth
 - Organic
 - Growth by 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”

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How We Deliver

First Merchants Corporation

Vision, Mission, Culture Statement, Core Values, Business Model

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

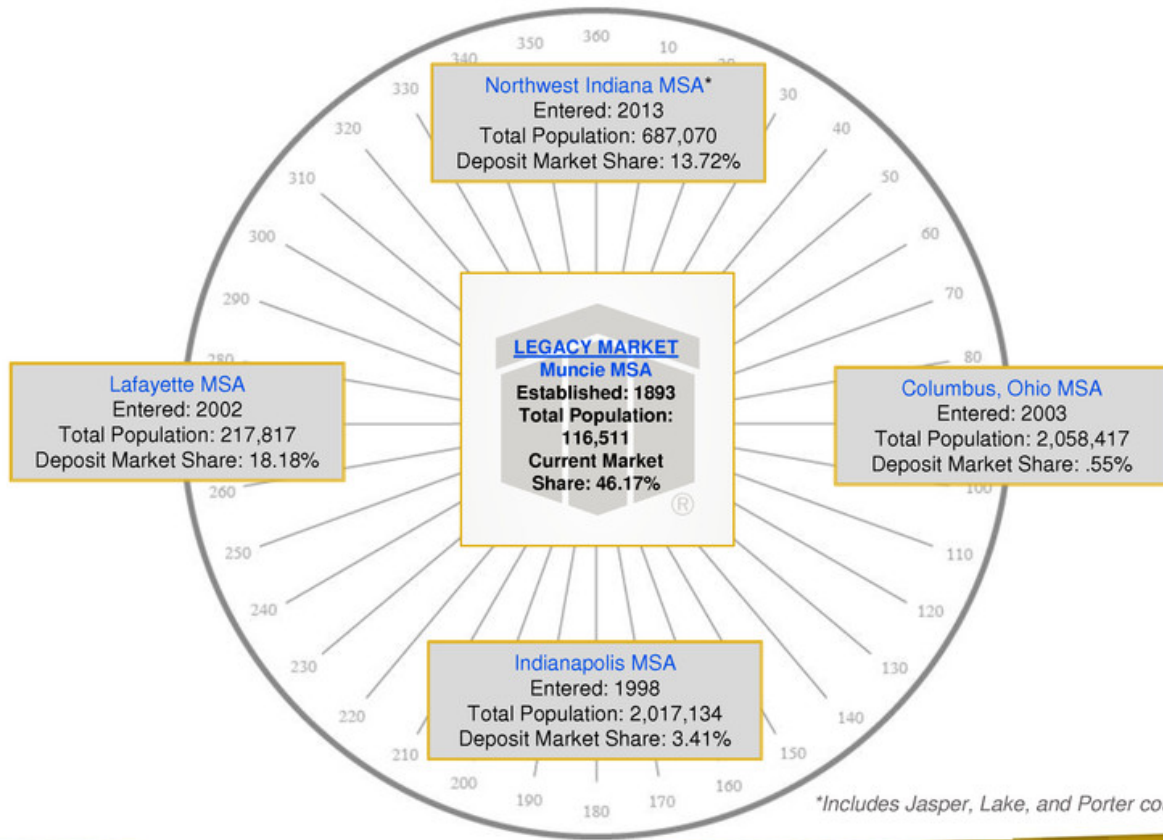
Munster

Higher Growth

Lake & Porter, IN
Cook & DuPage, IL



Organic Growth Opportunities Exists in All Directions



Indiana



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
- 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
- 8th Best State for Business

*IEDC
**S&P, Moody's & Fitch



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



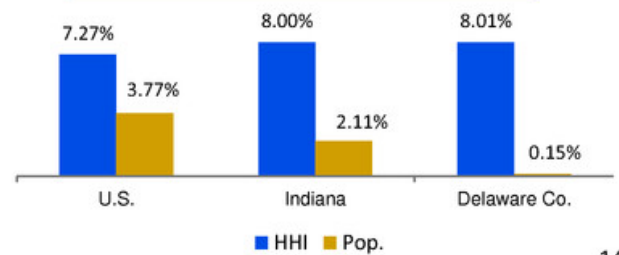
Ball Memorial Hospital & Physicians



ONTARIO SYSTEMS



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

HPProducts



BECK'S



Lilly



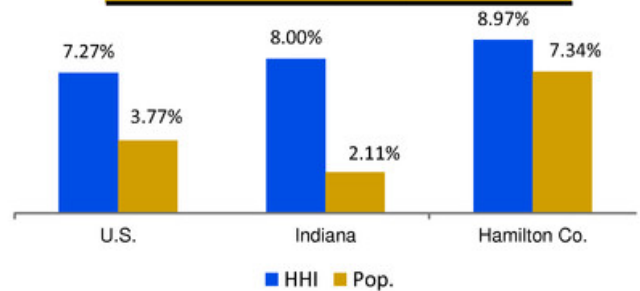
CNO FINANCIAL GROUP

Anthem



RCI

Projected HHI & Pop. Change 2017-2022





Lafayette Market

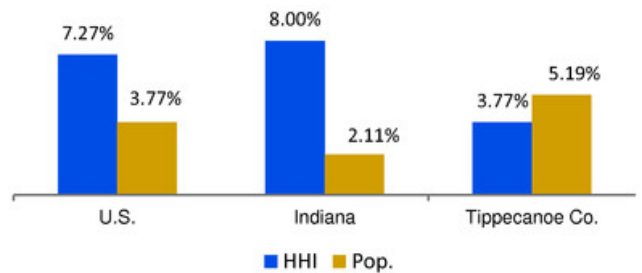
- Ranked #1 in Indiana and #8 nationally, Fortune, Best Place for Small Business, based on cost of business, jobs growth, educational achievements
- Ranked #2, Forbes Best Small Places for Business and Careers
- Ranked #2 in Indiana for STEM job density, with 13.6% of the workforce, topping the state's 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

Notable Major Employers



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	

Projected HHI & Pop. Change 2017-2022



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



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**

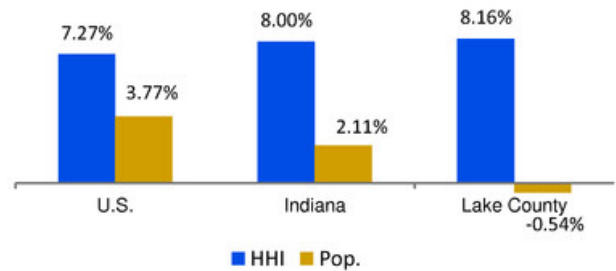
Lake County, IN*				
Rank	Branches	Deposits	Mkt. Share	
1	JPMorgan Chase & Co.	24	\$ 1,812,142	21.17%
2	First Bancshares, Inc.	29	1,790,048	20.91%
3	First Midwest Bancorp	21	1,015,796	11.87%
4	Northwest Indiana Bancorp	15	731,032	8.54%
5	First Merchants Corporation	11	670,030	7.83%
6	First Financial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

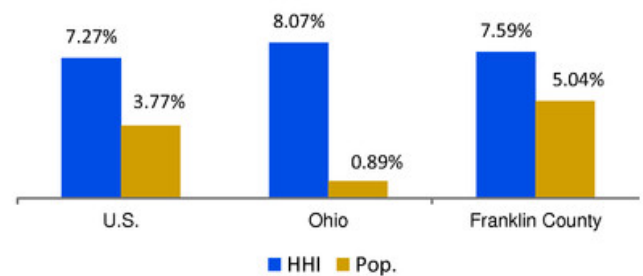
Franklin County, OH*				
Rank		Branches	Deposits	Mkt. Share
1	Huntington Bancshares	70	\$ 19,176,982	39.51%
2	JP Morgan Chares & Co	49	12,524,687	25.80%
3	PNC Financial Services Group	42	5,243,661	10.80%
4	Fifth Third Bancorp	42	4,775,613	9.84%
5	U. S. Bancorp	34	1,282,621	2.64%
6	Key Corp	21	1,171,856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

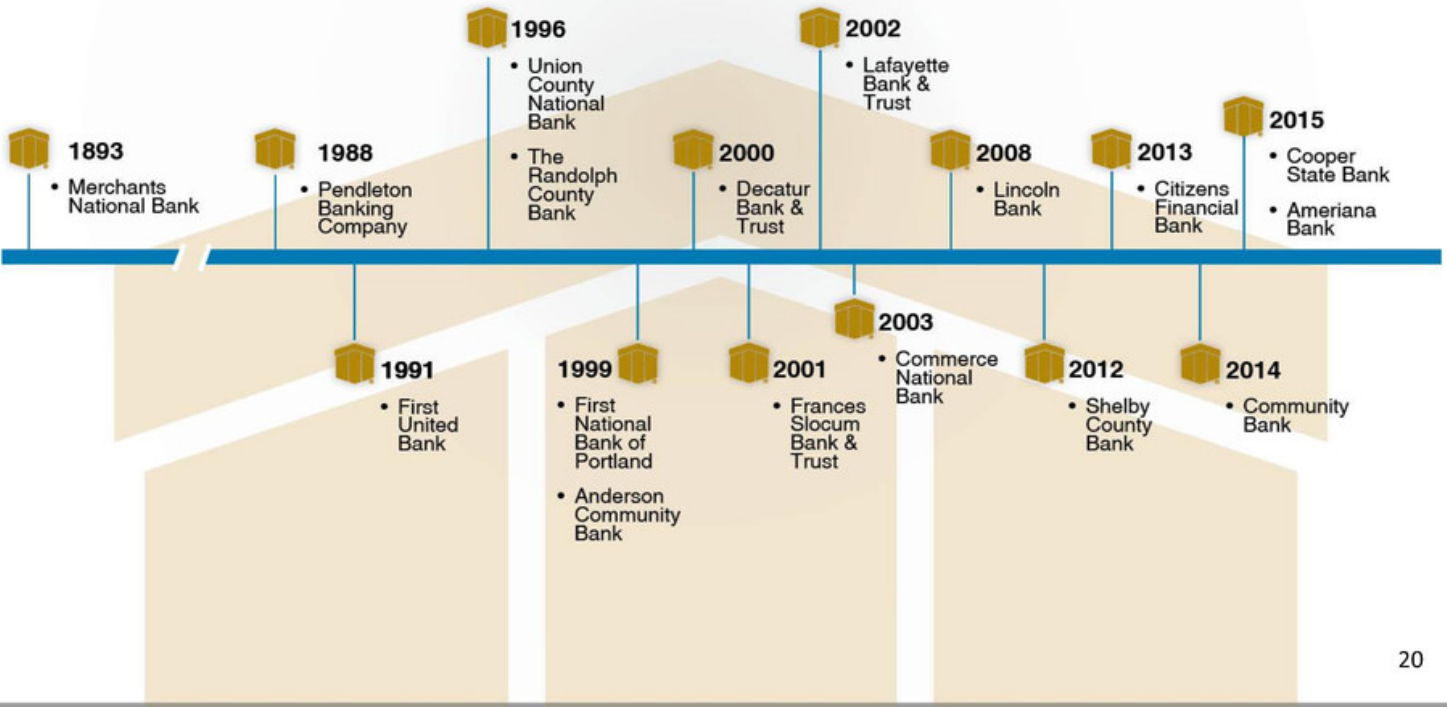
- Experienced Acquirer
- Expand in Current High-Growth Markets
- Extend into Additional High-Growth Markets
- Add to Franchise with Stable Deposit Gathering Markets



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FIRST MERCHANTS ACQUISITION EXPERIENCE 1893-2016





FIRST MERCHANTS ACQUISITION PROCESS

- Continuous Relationship Building
- Complete and Thorough Due Diligence Process
- Demonstrated Pricing Discipline:
 - Average Price to TBV of 129%
 - Average EPS Accretion within One Year
 - Average TBV Earn-back of 2.8 Years
- 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:

• Operations	• Credit Administration
• Risk Management	• Technology
• Project Management	• 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



<p>➤ Retail Households: 145K</p>	
<p>➤ Online Banking/Digital Channel</p> <ul style="list-style-type: none"> • Consumer: 62K Users • 810K logins monthly • 12K bill pay users • 74K payments monthly 	<p>➤ Cash Management Annual Volume</p> <ul style="list-style-type: none"> • Automated Clearing House (ACH) <ul style="list-style-type: none"> • # Originated: 2M Items (\$5B) • # Received: 12M Items (\$17B)
<ul style="list-style-type: none"> • Mobile: 26K Users • 22 average logins per month • 80% average active user rate 	<ul style="list-style-type: none"> • Domestic Wires <ul style="list-style-type: none"> • # Originated: 33K Items (\$9B) • # Received: 31K Items (\$14B)
<ul style="list-style-type: none"> • Business: 9K Users <ul style="list-style-type: none"> • 10% use ACH/Wire/Positive Pay 	<ul style="list-style-type: none"> • International Wires <ul style="list-style-type: none"> • # Originated: 4K Items (\$207M) • # Received: 530 Items (\$8M)
<ul style="list-style-type: none"> • Total ATMS: 124 	
<p>➤ Total Debit Cards</p> <ul style="list-style-type: none"> • 137K active cards • 3M monthly card swipes • \$100M in monthly volume 	<ul style="list-style-type: none"> • Commercial Remote Deposit Capture <ul style="list-style-type: none"> • 462 businesses using solution • 117K deposits annually • 1.3M items deposited annually • \$2.7B in total deposits



3rd Quarter 2016 Highlights

- Record Net Income of \$21.1 Million, a 23.4% Increase over 3Q2015
- Earnings Per Share of \$0.51, a 13.3% Increase over 3Q2015; Highest in Company's History
- Total Assets Crossed the \$7 Billion Level and Grew by 13.5% over 3Q2015
- \$280 Million of Organic Loan Growth for the Year Reflects an 8% Annualized Growth Rate
- Net Interest Margin Stays Strong; Expanding to 3.94%
- 1.22% Return on Average Assets
- Efficiency Ratio of 55.12%

“Record Level Performance Metrics”

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Total Assets

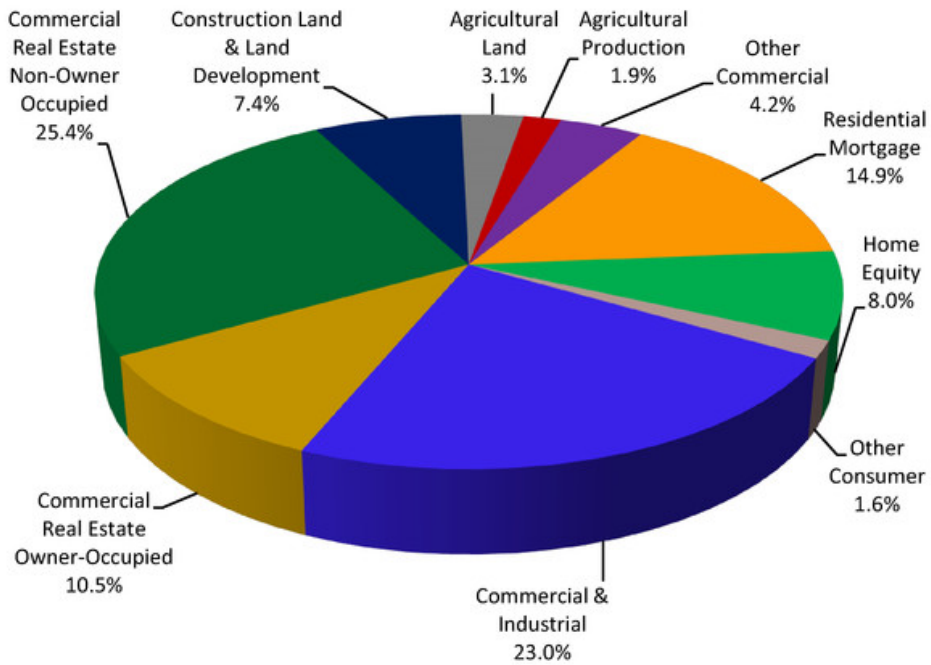
(\$ in Millions)	<u>2014</u>	<u>2015</u>	<u>Q1-'16</u>	<u>Q2-'16</u>	<u>Q3-'16</u>
1. Investments	\$1,181	\$1,277	\$1,271	\$1,298	\$1,300
2. Loans Held for Sale	7	10	4	19	1
3. Loans	3,925	4,694	4,710	4,791	4,974
4. Allowance	(64)	(62)	(62)	(62)	(63)
5. CD&I & Goodwill	219	260	262	261	260
6. BOLI	169	201	201	201	202
7. Other	<u>387</u>	<u>381</u>	<u>413</u>	<u>398</u>	<u>348</u>
8. Total Assets	<u>\$5,824</u>	<u>\$6,761</u>	<u>\$6,799</u>	<u>\$6,906</u>	<u>\$7,022</u>
Annualized Asset Growth		16.1%			5.1%

Loan and Yield Detail

(as of 9/30/2016)



QTD Yield = 4.64%
YTD Yield = 4.59%
Total Loans = \$5.0 Billion

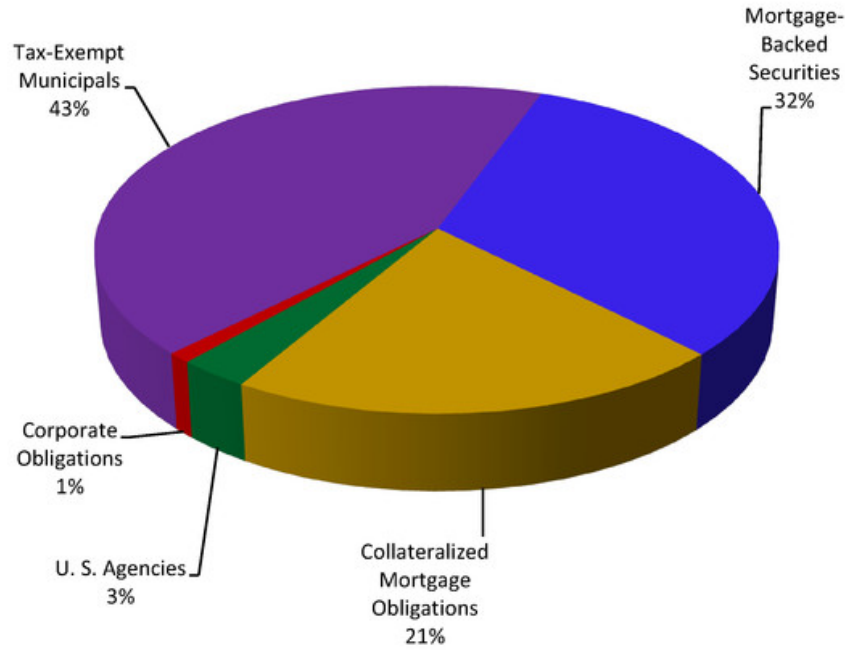


Investment Portfolio

(as of 9/30/2016)



- \$1.3 Billion
- Modified duration of 4.1 years
- Tax equivalent yield of 3.69%
- Net unrealized gain of \$53.3 Million





Total Liabilities and Capital

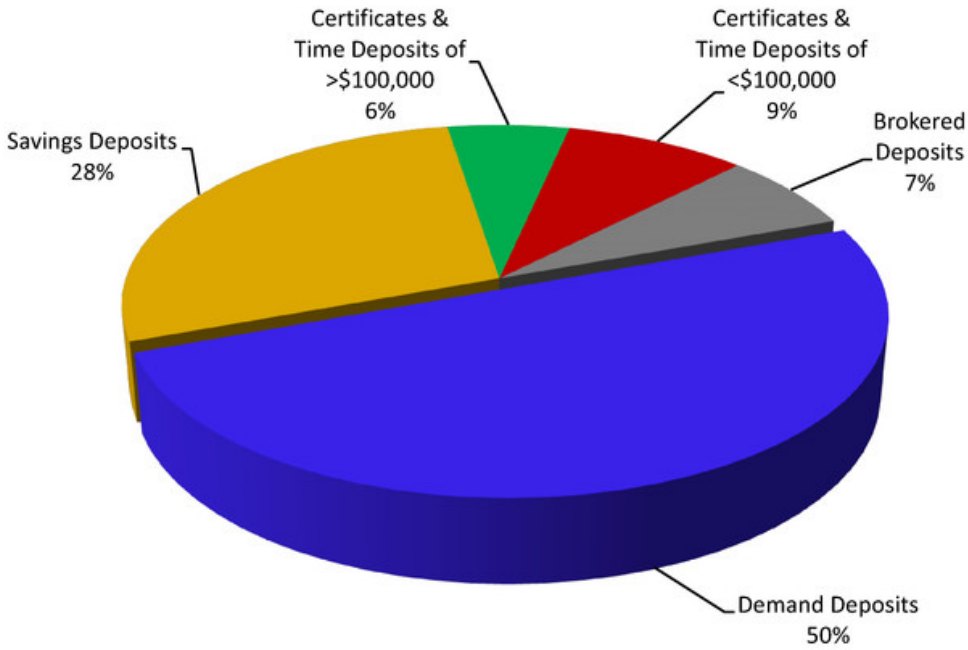
(\$ in Millions)	<u>2014</u>	<u>2015</u>	<u>Q1-'16</u>	<u>Q2-'16</u>	<u>Q3-'16</u>
1. Customer Non-Maturity Deposits	\$3,523	\$4,096	\$4,140	\$4,269	\$4,290
2. Customer Time Deposits	784	880	841	820	795
3. Brokered Deposits	334	314	330	319	359
4. Borrowings	290	446	420	435	500
5. Other Liabilities	44	51	79	53	55
6. Hybrid Capital	122	123	122	122	122
7. Common Equity	<u>727</u>	<u>851</u>	<u>867</u>	<u>888</u>	<u>901</u>
8. Total Liabilities and Capital	<u>\$5,824</u>	<u>\$6,761</u>	<u>\$6,799</u>	<u>\$6,906</u>	<u>\$7,022</u>

Deposit Detail

(as of 09/30/2016)

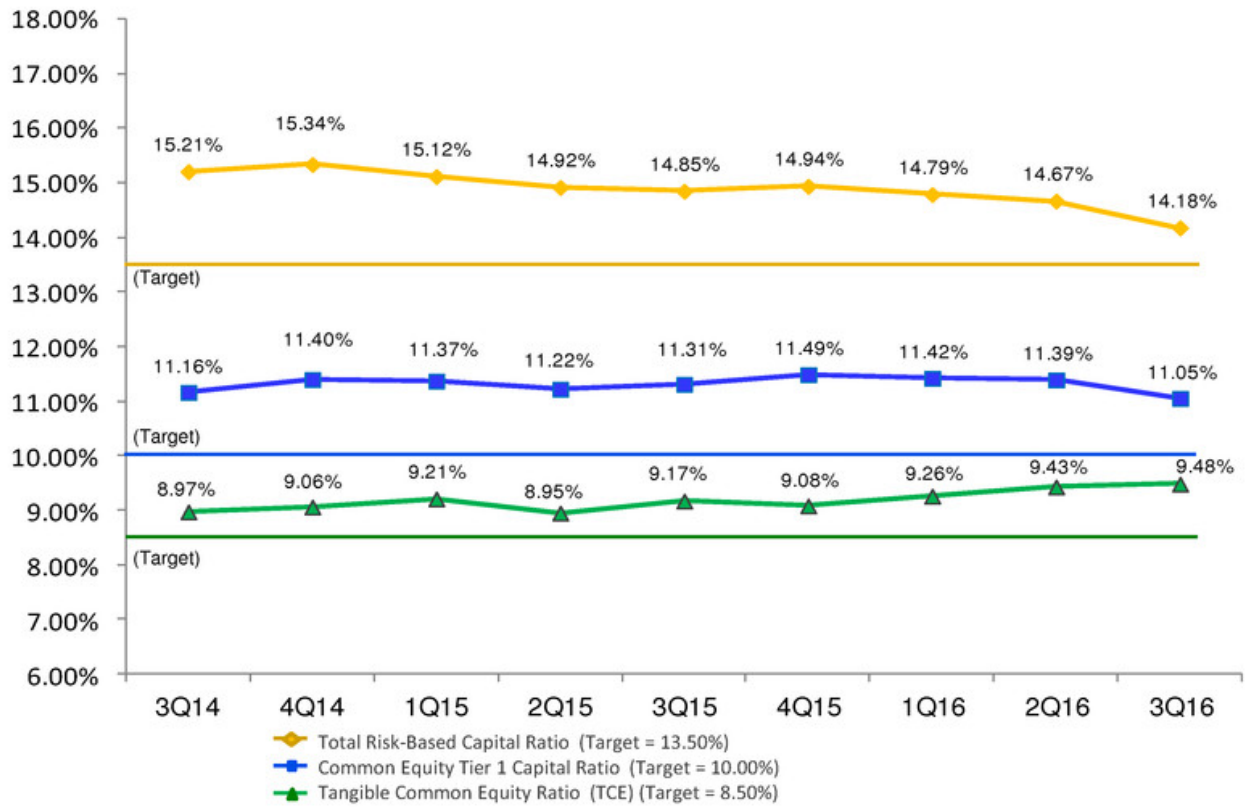


QTD Cost	=	.38%
YTD Cost	=	.39%
Total	=	\$5.4 Billion





Capital Ratios

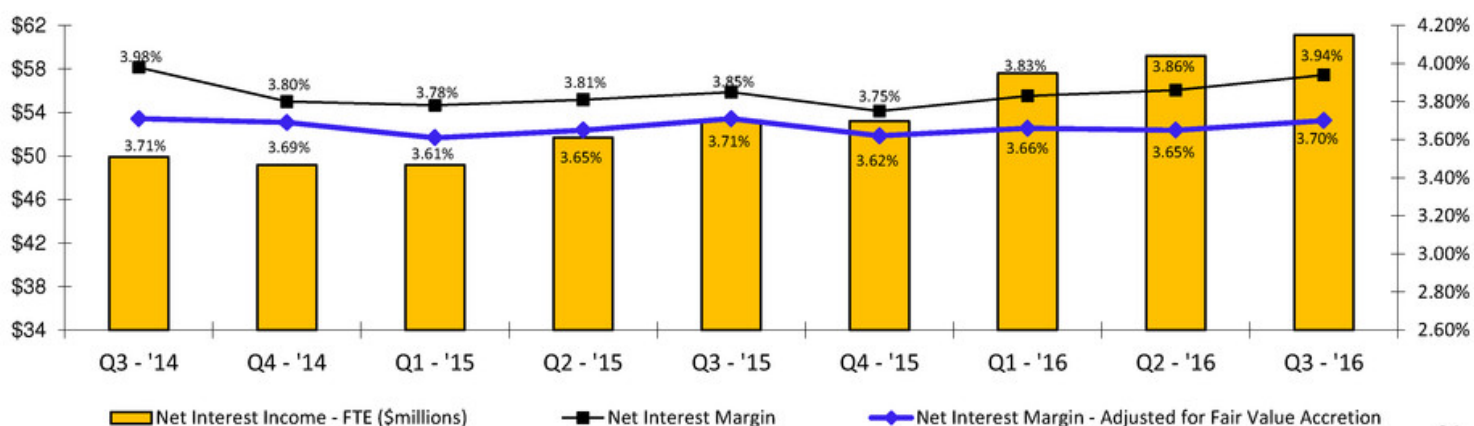




Net Interest Margin

(\$ in Millions)

	Q3 - '14	Q4 - '14	Q1 - '15	Q2 - '15	Q3 - '15	Q4 - '15	Q1 - '16	Q2 - '16	Q3 - '16
Net Interest Income - FTE	\$ 49.9	\$ 49.2	\$ 49.2	\$ 51.7	\$ 53.3	\$ 53.2	\$ 57.6	\$ 59.2	\$ 61.1
Fair Value Accretion	\$ 3.5	\$ 1.4	\$ 2.2	\$ 2.2	\$ 2.0	\$ 1.9	\$ 2.5	\$ 3.2	\$ 3.8
Tax Equivalent Yield on Earning Assets	4.41%	4.26%	4.24%	4.26%	4.30%	4.20%	4.28%	4.30%	4.37%
Cost of Supporting Liabilities	0.43%	0.46%	0.46%	0.45%	0.45%	0.45%	0.45%	0.44%	0.43%
Net Interest Margin	3.98%	3.80%	3.78%	3.81%	3.85%	3.75%	3.83%	3.86%	3.94%





Non-Interest Income

(\$ in Millions)	<u>2014</u>	<u>2015</u>	<u>Q1-'16</u>	<u>Q2-'16</u>	<u>Q3-'16</u>
1. Service Charges on Deposit Accounts	\$15.7	\$16.2	\$ 4.1	\$ 4.4	\$ 4.7
2. Wealth Management Fees	11.7	11.3	3.1	3.0	3.3
3. Insurance Commission Income	7.4	4.1	—	—	—
4. Card Payment Fees	11.8	13.4	3.8	3.8	3.8
5. Cash Surrender Value of Life Ins	3.7	2.9	1.5	1.3	0.6
6. Gains on Sales Mortgage Loans	4.9	6.5	1.5	1.7	2.0
7. Securities Gains/Losses	3.6	2.7	1.0	0.7	0.8
8. Gain on Sale of Insurance Subsidiary	—	8.3	—	—	—
9. Gain on Cancellation of Trust Preferred Debt	—	1.3	—	—	—
10. Other	<u>3.0</u>	<u>3.1</u>	<u>0.8</u>	<u>1.5</u>	<u>1.7</u>
11. Total	<u>\$61.8</u>	<u>\$69.8</u>	<u>\$15.8</u>	<u>\$16.4</u>	<u>\$16.9</u>

Non-Interest Expense



(\$ in Millions)	<u>2014</u>	<u>2015</u>	<u>Q1-'16</u>	<u>Q2-'16</u>	<u>Q3-'16</u>
1. Salary & Benefits	\$ 96.5	\$101.9	\$27.3	\$25.6	\$26.7
2. Premises & Equipment	23.2	25.5	7.3	7.3	7.3
3. Core Deposit Intangible Amortization	2.4	2.8	1.0	1.0	1.0
4. Professional & Other Outside Services	8.1	9.9	2.2	1.5	1.2
5. OREO/Credit-Related Expense	3.4	3.9	0.7	0.9	0.6
6. FDIC Expense	3.7	3.7	1.0	1.0	0.5
7. Outside Data Processing	7.3	7.1	2.1	2.0	2.4
8. Marketing	3.5	3.5	0.7	0.9	0.6
9. Other	<u>15.8</u>	<u>16.5</u>	<u>4.1</u>	<u>4.7</u>	<u>3.8</u>
10. Non-Interest Expense	<u>\$163.9</u>	<u>\$174.8</u>	<u>\$46.4</u>	<u>\$44.9</u>	<u>\$44.1</u>



Earnings

(\$ in Millions)	<u>2014</u>	<u>2015</u>	<u>Q1-'16</u>	<u>Q2-'16</u>	<u>Q3-'16</u>
1. Net Interest Income	\$ 187.0	\$ 196.4	\$ 54.5	\$ 56.0	\$ 57.7
2. Provision for Loan Losses	<u>(2.6)</u>	<u>(0.4)</u>	<u>(0.6)</u>	<u>(0.8)</u>	<u>(1.9)</u>
3. Net Interest Income after Provision	184.4	196.0	53.9	55.2	55.8
4. Non-Interest Income	61.8	69.8	15.8	16.4	16.9
5. Non-Interest Expense	<u>(163.9)</u>	<u>(174.8)</u>	<u>(46.4)</u>	<u>(44.9)</u>	<u>(44.1)</u>
6. Income before Income Taxes	82.3	91.0	23.3	26.7	28.6
7. Income Tax Expense	<u>(22.1)</u>	<u>(25.6)</u>	<u>(5.6)</u>	<u>(6.7)</u>	<u>(7.5)</u>
8. Net Income Avail. for Distribution	\$ 60.2	\$ 65.4	\$ 17.7	\$ 20.0	\$ 21.1
9. EPS	\$ 1.65	\$ 1.72	\$ 0.43	\$ 0.49	\$ 0.51
10. Efficiency Ratio	62.44%	61.19%	61.78%	57.33%	55.12%



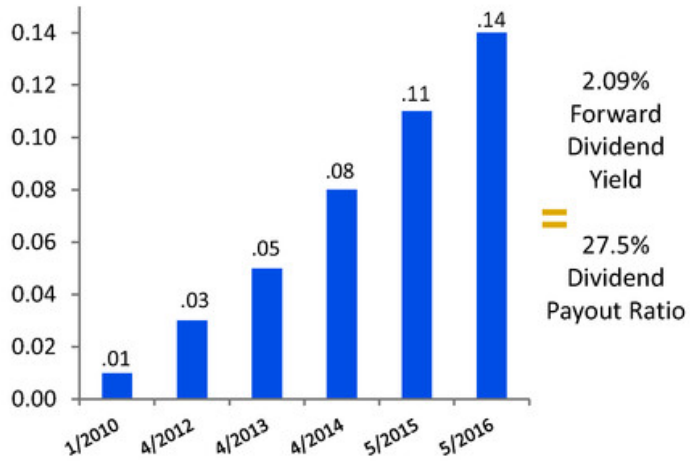
Per Share Results

<u>2015</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
1. Earnings Per Share	\$.43	\$.47	\$.45	\$.37	\$ 1.72
2. Dividends	\$.08	\$.11	\$.11	\$.11	\$.41
3. Tangible Book Value	\$13.96	\$14.15	\$14.59	\$ 14.68	
<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	—	\$ 1.43
2. Dividends	\$.11	\$.14	\$.14	—	\$.39
2. Tangible Book Value	\$15.02	\$15.53	\$15.86	—	

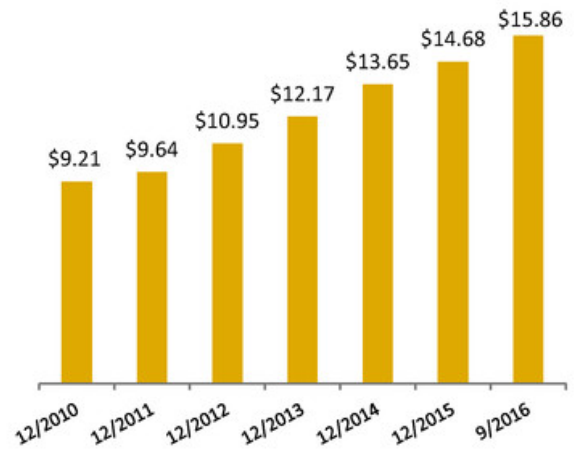


Dividends and Tangible Book Value

Quarterly Dividends



Tangible Book Value





Asset Quality Summary

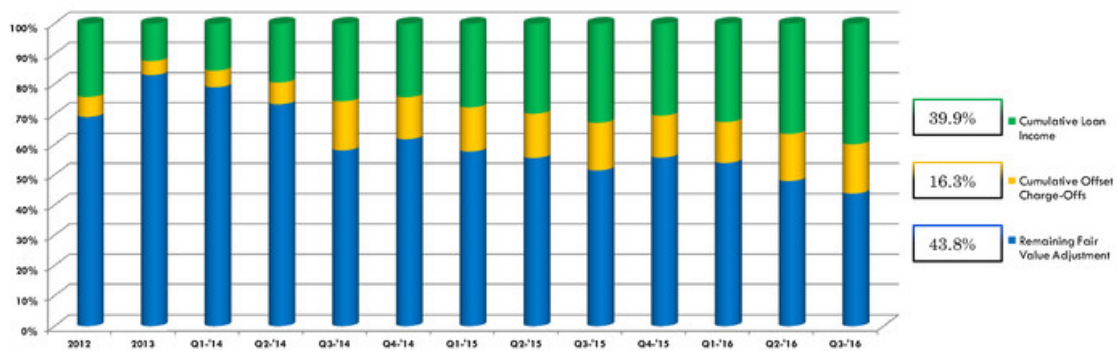
(\$ in Millions)	<u>2014</u>	<u>2015</u>	<u>Q1-'16</u>	<u>Q2-'16</u>	<u>Q3-'16</u>	Change Linked Quarter	
						\$	%
1. Non-Accrual Loans	\$ 48.8	\$ 31.4	\$ 36.7	\$ 33.6	\$ 34.1	\$ 0.5	1.5%
2. Other Real Estate	19.3	17.3	15.6	13.2	10.2	(3.0)	(22.7%)
3. Renegotiated Loans	2.0	1.9	1.0	4.3	4.0	(0.3)	(7.0%)
4. 90+ Days Delinquent Loans	4.6	0.9	1.0	0.4	1.6	1.2	300.0%
5. Total NPAs & 90+ Days Delinquent	\$ 74.7	\$ 51.5	\$ 54.3	\$ 51.5	\$ 49.9	\$ (1.6)	(3.1%)
6. NPAs & 90+ Days/Loans & ORE	1.9%	1.1%	1.2%	1.1%	1.0%		
7. Classified Assets	\$ 191.8	\$ 171.8	\$ 170.9	\$ 173.2	\$ 173.4	\$ 0.2	0.1%
8. Criticized Assets (includes Classified)	\$ 253.6	\$ 275.0	\$ 305.8	\$ 297.6	\$ 305.8	\$ 8.2	2.8%



ALLL and Fair Value Summary

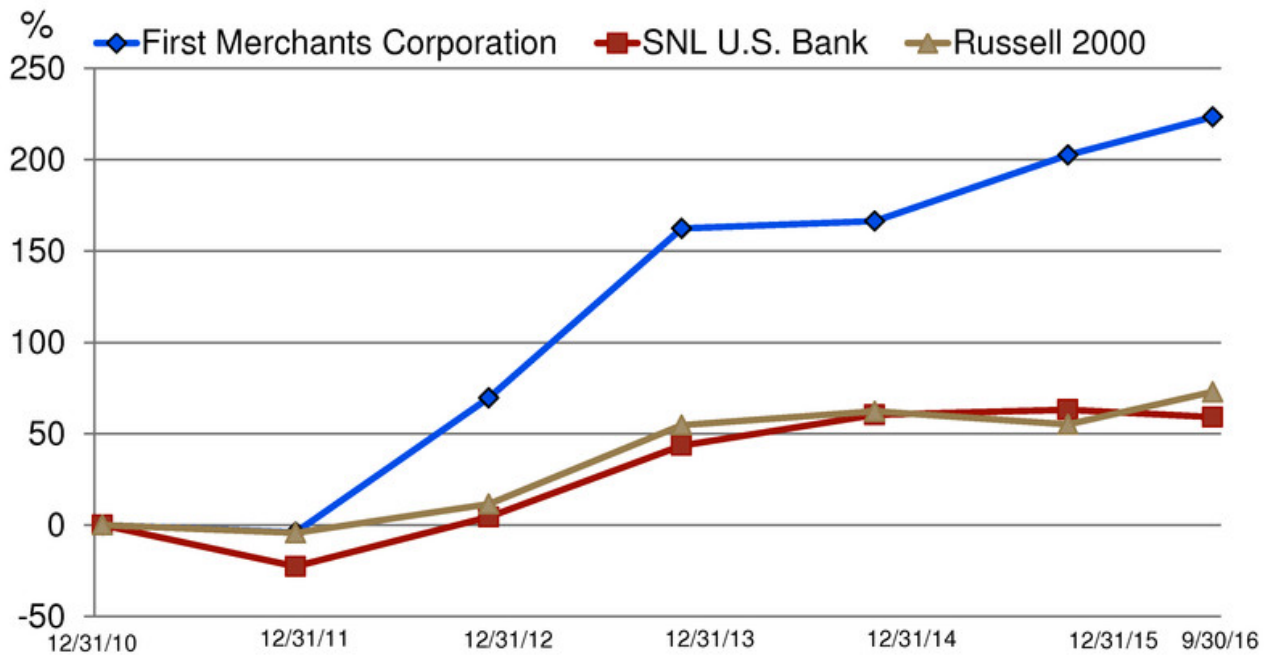
(\$ in Millions)	<u>Q3-'15</u>	<u>Q4-'15</u>	<u>Q1-'16</u>	<u>Q2-'16</u>	<u>Q3-'16</u>
1. Allowance for Loan Losses (ALLL)	\$ 62.9	\$ 62.5	\$ 62.1	\$ 62.2	\$ 63.5
2. Fair Value Adjustment (FVA)	<u>37.9</u>	<u>47.0</u>	<u>47.1</u>	<u>42.3</u>	<u>37.9</u>
3. Total ALLL plus FVA	\$ 100.8	\$ 109.5	\$ 109.2	\$ 104.5	\$ 101.4
4. Specific Reserves	\$ 2.0	\$ 1.8	\$ 1.4	\$ 2.1	\$ 1.6
5. Purchased Loans plus FVA	674.5	965.4	917.6	863.4	771.6
6. ALLL/Non-Accrual Loans	192.8%	199.0%	169.1%	185.3%	186.1%
7. ALLL/Non-purchased Loans	1.70%	1.65%	1.62%	1.56%	1.50%
8. ALLL/Loans	1.45%	1.33%	1.32%	1.29%	1.28%
9. ALLL & FVA/Total Loan Balances plus FVA¹	2.31%	2.31%	2.29%	2.15%	2.02%

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





Total Return Performance





FMC Strategy and Tactics Overview

Looking Forward . . .

- Continue to Win in our Markets – Geographic Community-Based Banking Model
- Increase Focus on Treasury Management Services for Deposit and Fee Generation
- Exploit Back-Office Infrastructure for Efficiency and Operating Leverage
- Mergers and Acquisitions as a Core Competency
- Build or Acquire Specialty Finance Businesses and Lending Verticals
- Persistent Focus on Banking Center Optimization in Alignment with Digital Channels Migration
- Capital Optimization



Why Invest in First Merchants?

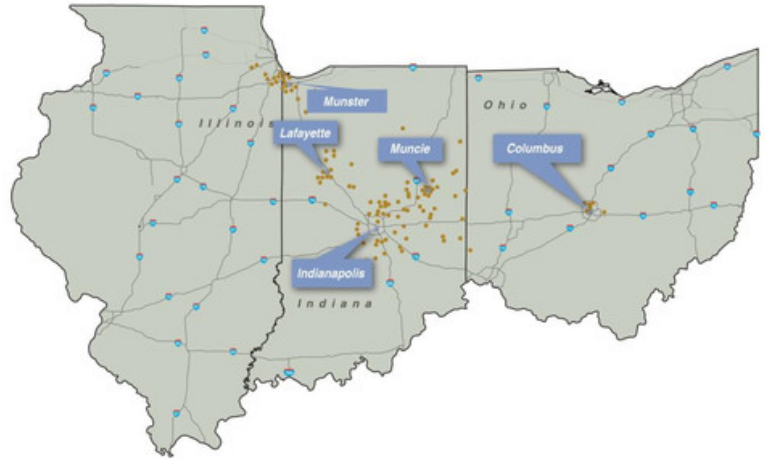
- Attractive and Growing Earnings Stream
- One of SNL's Top 25 Best-Performing Regional Banks in 2015
- 2nd Largest Indiana Bank with an Energized and Experienced Management Team
- Attractive Long-Term Deposit Market Shares
- Commercial Presence that Creates a Client Preference
- State-of-the-Art Technology and Operations Center
- Successful Acquisition and Integration Track Record





Research Coverage

- D. A. Davidson
- FIG Partners
- Keefe, Bruyette & Woods, Inc.
- Piper Jaffray
- Sandler O'Neill + Partners, L.P.
- Stephens, Inc.



Contact Information



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

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Appendix



Appendix – Non-GAAP Reconciliation

CAPITAL RATIOS (dollars in thousands):

	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16
Total Risk-Based Capital Ratio									
Total Stockholders' Equity (GAAP)	684,553	726,827	739,658	749,955	766,984	850,509	867,263	887,550	900,865
Adjust for Accumulated Other Comprehensive (Income) Loss ^a	(4,150)	1,630	1,915	6,490	3,614	1,362	(2,066)	(7,035)	(3,924)
Less: Preferred Stock			(125)	(125)	(125)	(125)	(125)	(125)	(125)
Add: Qualifying Capital Securities	55,000	55,000	56,827	56,827	51,827	55,776	55,236	55,296	55,355
Less: Tier 1 Capital Deductions			(4,381)	(2,371)	(3,418)	(2,516)	(1,999)	(1,828)	(1,440)
Less: Disallowed Goodwill and Intangible Assets	(200,992)	(218,755)	(205,818)	(208,980)	(208,749)	(247,006)	(250,367)	(249,932)	(249,541)
Less: Disallowed Servicing Assets	(166)	(167)							
Less: Disallowed Deferred Tax Assets			(1,786)	(1,581)	(1,144)	(1,677)	(2,998)	(2,743)	(2,161)
Total Tier 1 Capital (Regulatory)	\$ 534,245	\$ 564,535	\$ 586,290	\$ 600,215	\$ 608,989	\$ 656,323	\$ 664,944	\$ 681,183	\$ 699,029
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	53,803	55,972	58,688	60,865	62,012	62,453	62,086	62,186	63,456
Total Risk-Based Capital (Regulatory)	\$ 653,048	\$ 685,507	\$ 709,978	\$ 726,080	\$ 736,001	\$ 783,776	\$ 792,030	\$ 808,369	\$ 827,485
Net Risk-Weighted Assets (Regulatory)	\$ 4,292,495	\$ 4,469,765	\$ 4,695,073	\$ 4,865,157	\$ 4,956,737	\$ 5,247,617	\$ 5,355,827	\$ 5,511,557	\$ 5,836,806
Total Risk-Based Capital Ratio (Regulatory)	15.21%	15.34%	15.12%	14.92%	14.85%	14.94%	14.79%	14.67%	14.18%
Common Equity Tier 1 Capital Ratio									
Total Tier 1 Capital (Regulatory)	\$ 534,245	\$ 564,535	\$ 586,290	\$ 600,215	\$ 608,989	\$ 656,323	\$ 664,944	\$ 681,183	\$ 699,029
Less: Qualified Capital Securities	(55,000)	(55,000)	(56,827)	(56,827)	(51,827)	(55,776)	(55,236)	(55,296)	(55,355)
Add: Additional Tier 1 Capital Deductions			4,381	2,371	3,418	2,516	1,999	1,828	1,440
Less: Preferred Stock	(125)	(125)							
Common Equity Tier 1 Capital (Regulatory)	\$ 479,120	\$ 509,410	\$ 533,844	\$ 545,759	\$ 560,580	\$ 603,063	\$ 611,707	\$ 627,715	\$ 645,114
Net Risk-Weighted Assets (Regulatory)	\$ 4,292,495	\$ 4,469,765	\$ 4,695,073	\$ 4,865,157	\$ 4,956,737	\$ 5,247,617	\$ 5,355,827	\$ 5,511,557	\$ 5,836,806
Common Equity Tier 1 Capital Ratio (Regulatory)	11.16%	11.40%	11.37%	11.22%	11.31%	11.49%	11.42%	11.39%	11.05%

^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):

	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16
Total Stockholders' Equity (GAAP)	\$ 684,553	\$ 726,827	\$ 739,658	\$ 749,955	\$ 766,984	\$ 850,509	\$ 867,263	\$ 887,550	\$ 900,865
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(200,991)	(218,755)	(218,033)	(220,196)	(219,503)	(259,764)	(261,799)	(260,822)	(259,844)
Tangible Common Equity (non-GAAP)	\$ 483,437	\$ 507,947	\$ 521,500	\$ 529,634	\$ 547,356	\$ 590,620	\$ 605,339	\$ 626,603	\$ 640,896
Total Assets (GAAP)	\$ 5,591,383	\$ 5,824,127	\$ 5,877,521	\$ 6,140,308	\$ 6,189,797	\$ 6,761,003	\$ 6,798,539	\$ 6,906,418	\$ 7,022,352
Less: Intangibles Assets	(200,991)	(218,755)	(218,033)	(220,196)	(219,503)	(259,764)	(261,799)	(260,822)	(259,844)
Tangible Assets (non-GAAP)	\$ 5,390,392	\$ 5,605,372	\$ 5,659,488	\$ 5,920,112	\$ 5,970,294	\$ 6,501,239	\$ 6,536,740	\$ 6,645,596	\$ 6,762,508
Tangible Common Equity Ratio (non-GAAP)	8.97%	9.06%	9.21%	8.95%	9.17%	9.08%	9.26%	9.43%	9.48%

TANGIBLE COMMON EQUITY PER SHARE (dollars in thousands):

	4Q10	4Q11	4Q12	4Q13	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16
Total Stockholders' Equity (GAAP)	\$ 454,408	\$ 514,467	\$ 552,236	\$ 634,923	\$ 726,827	\$ 739,658	\$ 749,955	\$ 766,984	\$ 850,509	\$ 867,263	\$ 887,550	\$ 900,865
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)	(218,033)	(220,196)	(219,503)	(259,764)	(261,799)	(260,822)	(259,844)
Tax Benefit	2,907	2,224	2,249	4,973	6,085	5,849	5,619	5,388	6,278	6,753	6,453	6,204
Tangible Common Equity, Net of Tax (non-GAAP)	\$ 235,416	\$ 275,437	\$ 314,048	\$ 437,004	\$ 514,032	\$ 527,349	\$ 535,253	\$ 552,744	\$ 596,898	\$ 612,092	\$ 633,056	\$ 647,100
Shares Outstanding	25,574,251	28,559,707	28,692,616	35,921,761	37,669,948	37,781,488	37,824,649	37,873,921	40,664,258	40,749,340	40,772,896	40,799,025
Tangible Common Equity per Share (non-GAAP)	\$ 9.21	\$ 9.64	\$ 10.95	\$ 12.17	\$ 13.65	\$ 13.96	\$ 14.15	\$ 14.59	\$ 14.68	\$ 15.02	\$ 15.53	\$ 15.86



Appendix – Non-GAAP Reconciliation

EFFICIENCY RATIO (dollars in thousands):

	2014	2015	1Q16	2Q16	3Q16
Non Interest Expense (GAAP)	\$ 164,008	\$ 174,806	\$ 46,475	\$ 44,835	\$ 44,115
Less: Core Deposit Intangible Amortization	(2,445)	(2,835)	(978)	(977)	(978)
Less: OREO and Foreclosure Expenses	(3,462)	(3,956)	(751)	(915)	(637)
Adjusted Non Interest Expense (non-GAAP)	158,101	168,015	44,746	42,943	42,500
Net Interest Income (GAAP)	187,037	196,404	54,455	55,962	57,682
Plus: Fully Taxable Equivalent Adjustment	7,921	10,975	3,136	3,256	3,402
Net Interest Income on a Fully Taxable Equivalent Basis (non-GAAP)	194,958	207,379	57,591	59,218	61,084
Non Interest Income (GAAP)	61,816	69,868	15,837	16,385	16,861
Less: Investment Securities Gains (Losses)	(3,581)	(2,670)	(997)	(706)	(839)
Adjusted Non Interest Income (non-GAAP)	58,235	67,198	14,840	15,679	16,022
Adjusted Revenue (non-GAAP)	253,193	274,577	72,431	74,897	77,106

Efficiency Ratio (non-GAAP)

62.44%	61.19%	61.78%	57.33%	55.12%
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ALLOWANCE AS A PERCENTAGE OF NON-PURCHASED LOANS (dollars in thousands):

	3Q15	4Q15	1Q16	2Q16	3Q16
Loans Held for Sale (GAAP)	\$ 1,943	\$ 9,894	\$ 3,628	\$ 18,854	\$ 1,482
Loans (GAAP)	4,321,715	4,693,822	4,709,907	4,791,429	4,973,844
Total Loans	4,323,658	4,703,716	4,713,535	4,810,283	4,975,326
Less: Purchased Loans	(636,581)	(917,589)	(870,507)	(821,158)	(733,715)
Non-Purchased Loans (non-GAAP)	\$ 3,687,077	\$ 3,786,127	\$ 3,843,028	\$ 3,989,125	\$ 4,241,611
Allowance for Loan Losses (GAAP)	\$ 62,861	\$ 62,453	\$ 62,086	\$ 62,186	\$ 63,456
Fair Value Adjustment (FVA) (GAAP)	37,922	47,057	47,104	42,291	37,898
Allowance plus FVA (non-GAAP)	\$ 100,783	\$ 109,510	\$ 109,190	\$ 104,477	\$ 101,354
Total Loans	\$ 4,323,658	\$ 4,703,716	\$ 4,713,535	\$ 4,810,283	\$ 4,975,326
Fair Value Adjustment (FVA) (GAAP)	37,922	47,057	47,104	42,291	37,898
Total Loans plus FVA (non-GAAP)	\$ 4,361,580	\$ 4,750,773	\$ 4,760,639	\$ 4,852,574	\$ 5,013,224
Allowance as a Percentage of Non-Purchased Loans (non-GAAP)	1.70%	1.65%	1.62%	1.56%	1.50%
Allowance plus FVA as a Percentage of Total Loans plus FVA (non-GAAP)	2.31%	2.31%	2.29%	2.15%	2.02%

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Appendix – Non-GAAP Reconciliation

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

	1Q16	2Q16	3Q16
Total Risk-Based Capital (Subsidiary Bank Only)			
Total Stockholders' Equity (GAAP)	\$ 945,283	\$ 967,099	\$ 972,182
Adjust for Accumulated Other Comprehensive (Income) Loss ¹	(4,566)	(9,699)	(6,332)
Less: Preferred Stock	(125)	(125)	(125)
Less: Tier 1 Capital Deductions	(1,805)	(1,427)	(889)
Less: Disallowed Goodwill and Intangible Assets	(249,919)	(249,484)	(249,093)
Less: Disallowed Deferred Tax Assets	(2,708)	(2,141)	(1,334)
Total Tier 1 Capital (Regulatory)	686,160	704,223	714,409
Allowance for Loan Losses includible in Tier 2 Capital	62,086	62,186	63,456
Total Risk-Based Capital (Regulatory)	\$ 748,246	\$ 766,409	\$ 777,865
Construction, Land and Land Development Loans	\$ 391,621	\$ 352,980	\$ 368,241
Concentration as a % of the Bank's Risk-Based Capital	52.3%	46.1%	47.3%
Construction, Land and Land Development Loans	\$ 391,621	\$ 352,980	\$ 368,241
Investment Real Estate Loans	1,107,288	1,178,660	1,264,304
Total Construction and Investment RE Loans	\$ 1,498,909	\$ 1,531,640	\$ 1,632,545
Concentration as a % of the Bank's Risk-Based Capital	200.4%	199.8%	209.9%

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.

