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): October 24, 2018

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:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o 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 o

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. **o**

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On Wednesday, October 24, 2018, First Merchants Corporation will conduct a third quarter 2018 earnings conference call and web cast at 2:30 p.m. (ET). A copy of the slide presentation utilized on the conference call is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Exhibits.

Exhibit 99.1 Slide presentation, utilized October 24, 2018, during conference call and web cast by First Merchants Corporation

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.

First Merchants Corporation
(Registrant)

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

Dated: October 24, 2018

EXHIBIT INDEX

Exhibit No.	Description
99.1	Slide presentation, utilized October 24, 2018, during conference call and web cast by First Merchants Corporation

First Merchants Corporation

NASDAQ: FRME

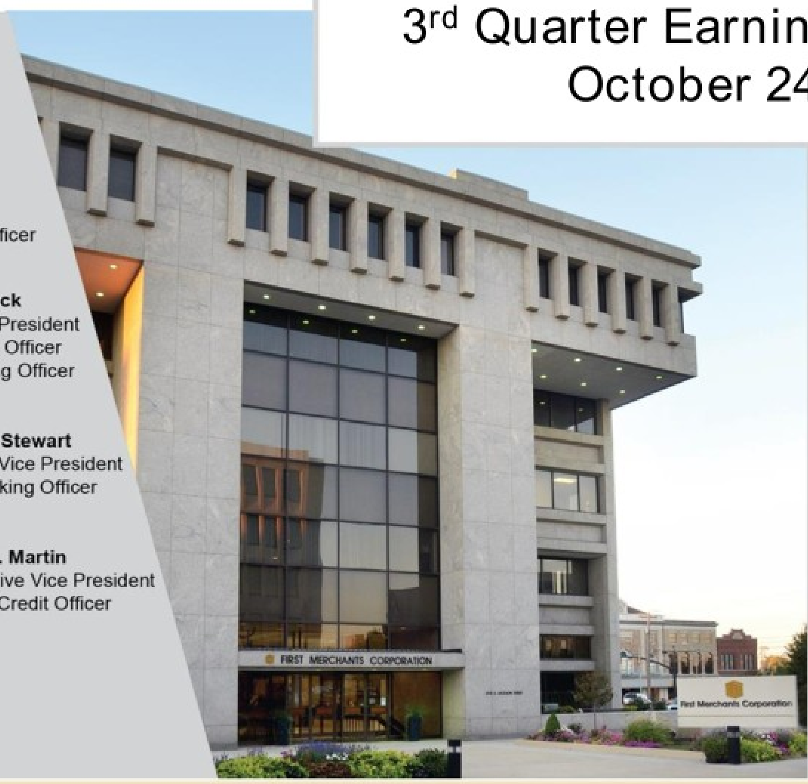
3rd Quarter Earnings Highlights
October 24, 2018

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



Forbes 2018 BEST BANKS IN AMERICA
FIRST MERCHANTS BANK RANKED #4 IN 2018

BEST PLACES TO WORK IN INDIANA 2018

Best Employers in Ohio 2018

Best Places to Work 2018

First Merchants Corporation

Forward-Looking Statement

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.

Additional Information

Communications in this press release do not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any proxy vote or approval. The proposed merger will be submitted to MBT Financial Corporation shareholders for their consideration. In connection with the proposed merger, it is expected that MBT Financial Corporation will provide its shareholders with a Proxy Statement, as well as other relevant documents concerning the proposed transaction. SHAREHOLDERS ARE URGED TO READ THE PROXY STATEMENT REGARDING THE MERGER WHEN IT BECOMES AVAILABLE, AS WELL AS ANY OTHER RELEVANT DOCUMENTS CONCERNING THE PROPOSED TRANSACTION, TOGETHER WITH ALL AMENDMENTS OR SUPPPLEMENTS TO THOSE DOCUMENTS, AS THEY WILL CONTAIN IMPORTANT INFORMATION.

MBT Financial Corporation and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of MBT Financial Corporation in connection with the proposed merger. Additional information regarding the interests of those participants and other persons who may be deemed participants in the transaction may be obtained by reading the Proxy Statement regarding the proposed merger when it becomes available.

3rd Quarter 2018 Highlights

- $41.1 Million of Net Income, a 68.8% Increase over 3Q2017
- Earnings Per Share of $.83, a 66.0% Increase over 3Q2017
- Total Assets of $9.8 Billion Grew Organically by 8.2% over 3Q2017
- 1.69% ROAA; 12.10% ROAE
- 49.25% Efficiency Ratio
- Definitive Agreement Announced October 10, 2018 with MBT Financial Corporation

Mark K. Hardwick

EXECUTIVE VICE PRESIDENT

CHIEF FINANCIAL OFFICER AND CHIEF OPERATING OFFICER

First Merchants Corporation

Total Assets

($ in Millions)

		2016	2017	Q1-'18	Q2-'18	Q3-'18
1.	Investments	$1,305	$1,561	$1,544	$1,620	$1,625
2.	Loans	5,143	6,758	6,906	7,083	7,091
3.	Allowance	(66)	(75)	(76)	(78)	(78)
4.	Goodwill & Intangibles	259	477	475	473	471
5.	BOLI	202	224	222	223	224
6.	Other	369	422	402	414	454
7.	Total Assets	$7,212	$9,367	$9,473	$9,735	$9,787

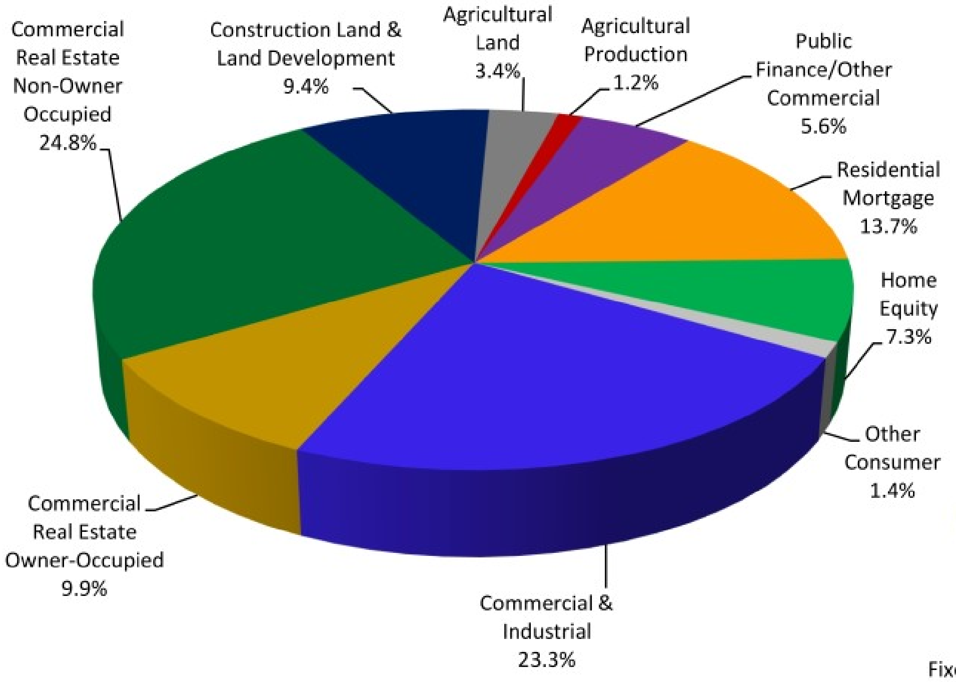
Annualized Asset Growth	29.9%	6.0%[1]

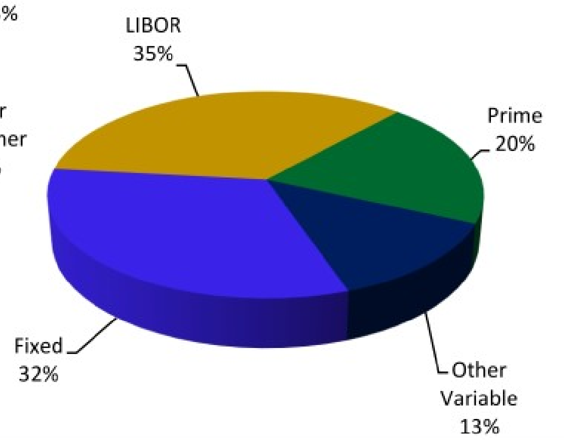
[1] Annualized from December 31, 2017

Loan and Yield Detail

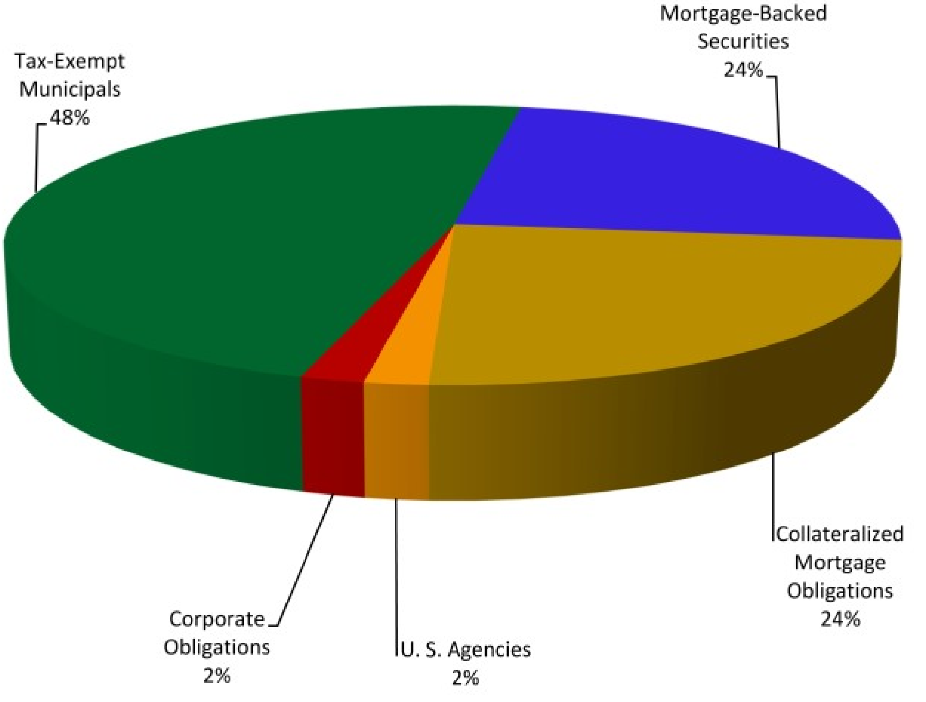
(as of 9/30/2018)

QTD Yield	=	5.25%
YTD Yield	=	5.08%
Total Loans	=	$7.1 Billion
Variable	=	$4.8 Billion
Fixed	=	$2.3 Billion





Investment Portfolio
(as of 9/30/2018)



- $1.6 Billion Portfolio
- Modified duration of 5.9 years
- Tax equivalent yield of 3.48%
- Net unrealized loss of $34.6 Million

First Merchants Corporation

Total Liabilities and Capital

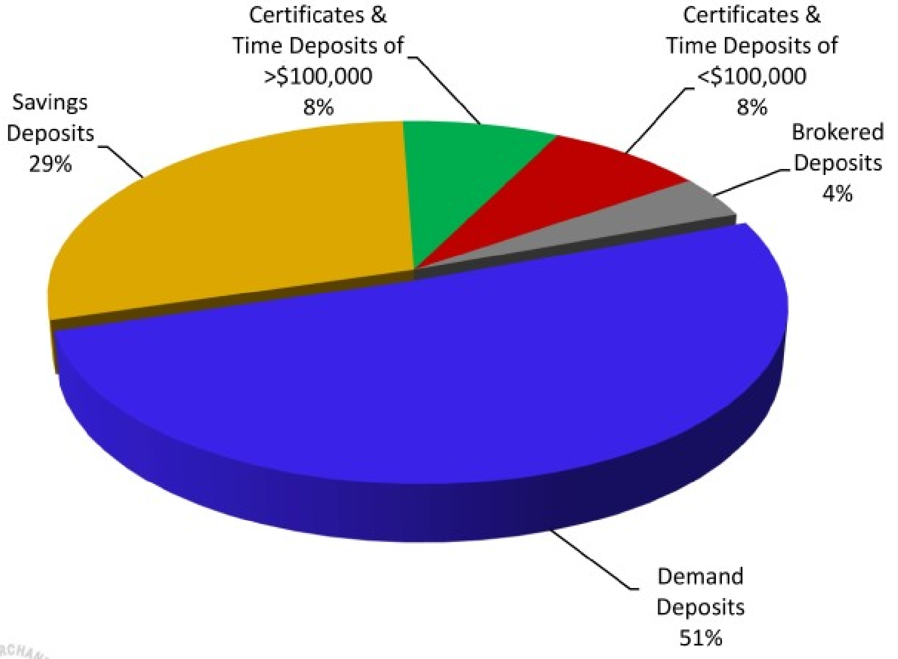
($ in Millions)

		2016	2017	Q1-'18	Q2-'18	Q3-'18
1.	Customer Non-Maturity Deposits	$4,428	$5,741	$5,850	$6,033	$6,084
2.	Customer Time Deposits	747	1,051	1,137	1,158	1,227
3.	Brokered Deposits	381	381	341	313	322
4.	Borrowings	572	701	644	706	600
5.	Other Liabilities	60	57	55	52	60
6.	Hybrid Capital	122	133	133	133	133
7.	Common Equity	902	1,303	1,313	1,340	1,361
8.	Total Liabilities and Capital	$7,212	$9,367	$9,473	$9,735	$9,787

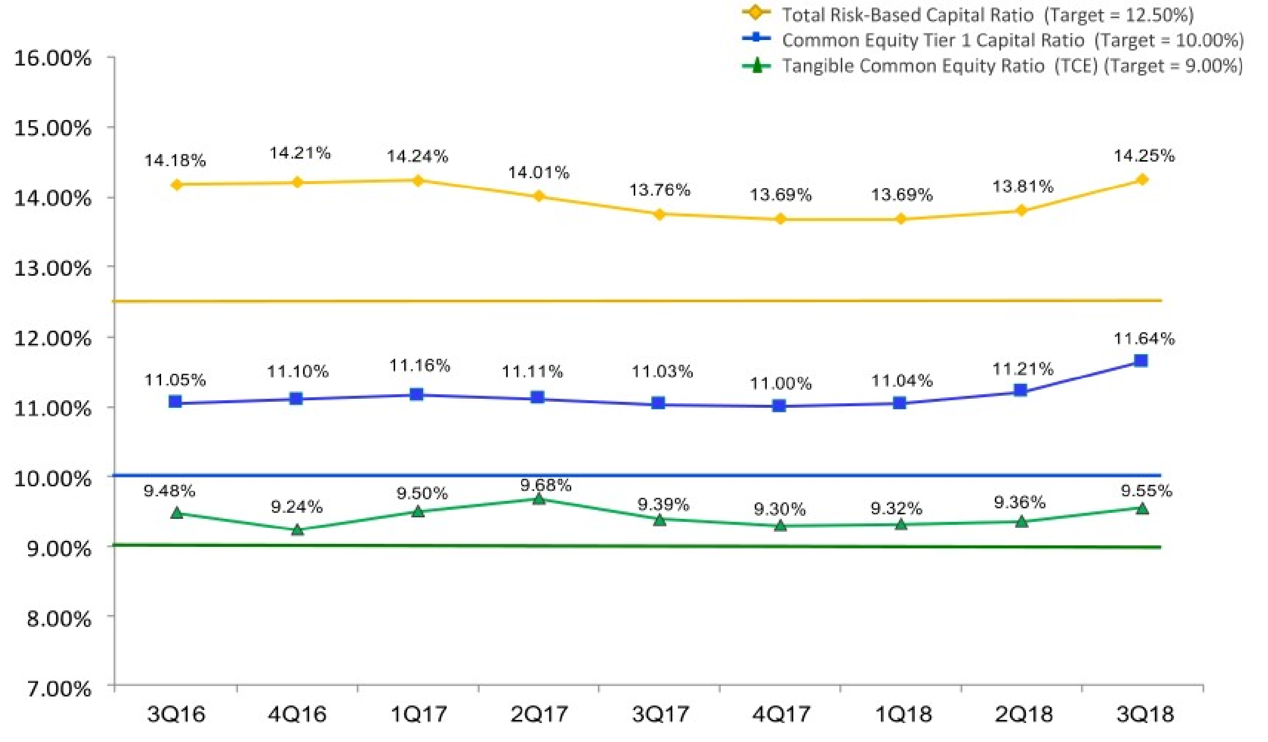
Deposit Detail

(as of 9/30/2018)

QTD Cost	=	.90%
YTD Cost	=	.79%
Total	=	$7.6 Billion



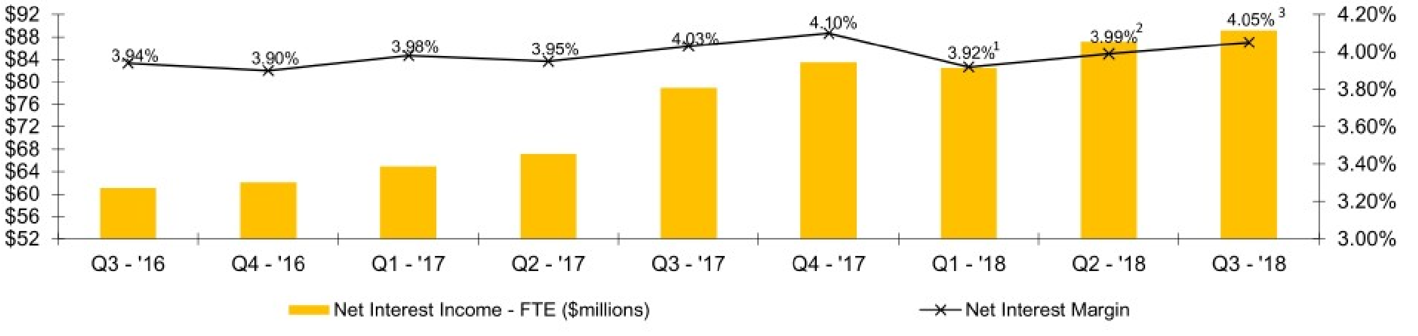
Capital Ratios



First Merchants Corporation

Net Interest Margin

	Q3 - '16	Q4 - '16	Q1 - '17	Q2 - '17	Q3 - '17	Q4 - '17	Q1 - '18	Q2 - '18	Q3 - '18
Net Interest Income - FTE ($millions)	$ 61.1	$ 62.1	$ 64.9	$ 67.2	$ 78.9	$ 83.5	$ 82.5	$ 87.2	$ 89.2
Fair Value Accretion	$ 3.8	$ 2.9	$ 4.3	$ 2.3	$ 3.2	$ 4.1	$ 3.2	$ 3.8	$ 3.2
Tax Equivalent Yield on Earning Assets	4.37%	4.32%	4.42%	4.44%	4.56%	4.67%	4.57%[1]	4.74%[2]	4.88%[3]
Interest Expense/Average Earning Assets	0.43%	0.42%	0.44%	0.49%	0.53%	0.57%	0.65%	0.75%	0.83%
Net Interest Margin	3.94%	3.90%	3.98%	3.95%	4.03%	4.10%	3.92%	3.99%	4.05%
Fair Value Accretion Effect	0.24%	0.18%	0.26%	0.14%	0.17%	0.20%	0.15%	0.18%	0.15%



[1] Reflects 13 bps impact of Tax Cuts and Jobs Act
[2] Reflects 12 bps impact of Tax Cuts and Jobs Act
[3] Reflects 13 bps impact of Tax Cuts and Jobs Act

Non-Interest Income

($ in Millions)		2016	2017	Q1-'18	Q2-'18	Q3-'18
1.	Service Charges on Deposit Accounts	$17.8	$ 18.7	$ 4.8	$ 5.0	$ 5.6
2.	Wealth Management Fees	12.6	14.7	3.8	3.6	3.7
3.	Card Payment Fees	15.0	16.1	4.6	4.5	4.6
4.	Cash Surrender Value of Life Ins	4.3	6.6	1.2	1.0	1.0
5.	Gains on Sales of Mortgage Loans	7.1	7.6	1.8	1.6	1.8
6.	Gains on Sales of Securities	3.4	2.6	1.6	1.1	1.3
7.	Other	5.0	4.7	1.8	1.4	1.5
8.	Total Non-Interest Income	$65.2	$71.0	$19.6	$18.2	$19.5

Non-Interest Expense

($ in Millions)		2016	2017	Q1-'18	Q2-'18	Q3-'18
1.	Salary & Benefits	$102.6	$119.8	$ 32.2	$ 32.2	$32.9
2.	Premises & Equipment	29.5	30.1	8.4	7.9	8.1
3.	Intangible Asset Amortization	3.9	5.6	1.7	1.7	1.7
4.	Professional & Other Outside Services	6.5	12.8	1.5	1.8	1.8
5.	OREO/Credit-Related Expense	2.9	1.9	0.4	0.4	0.5
6.	FDIC Expense	3.0	2.6	0.7	0.7	0.9
7.	Outside Data Processing	9.2	12.2	3.0	3.4	3.4
8.	Marketing	3.0	3.7	0.9	1.5	1.2
9.	Other	16.7	16.9	4.9	3.9	4.5
10.	Total Non-Interest Expense	$177.3	$ 205.6 [1]	$ 53.7	$ 53.5	$55.0

[1] 2017 includes acquisition-related expenses of $12.2 million

Earnings

($ in Millions)	2016	2017	Q1-'18	Q2-'18	Q3-'18
1. Net Interest Income	$226.5	$ 277.3	$ 79.9	$ 84.6	$86.5
2. Provision for Loan Losses	(5.7)	(9.1)	(2.5)	(1.7)	(1.4)
3. **Net Interest Income after Provision**	**220.8**	**268.2**	**77.4**	**82.9**	**85.1**
4. Non-Interest Income	65.2	71.0	19.6	18.2	19.5
5. Non-Interest Expense	(177.3)	(205.6)	(53.7)	(53.5)	(55.0)
6. **Income before Income Taxes**	**108.7**	**133.6**	**43.3**	47.6	49.6
7. Income Tax Expense	(27.6)	(37.5)[1]	(6.6)	(8.0)	(8.5)
8. **Net Income Avail. for Distribution**	**$ 81.1**	**$ 96.1**	**$ 36.7**	**$ 39.6**	**$ 41.1**
9. **EPS**	**$ 1.98**	**$ 2.12**[2]	**$ 0.74**	**$ 0.80**	**$ 0.83**
10. **Efficiency Ratio**	**56.51%**	**54.56%**	**51.33%**	**49.32%**	**49.25%**

[1] 2017 includes $5.1 million of additional tax expense due to revaluing deferred taxes as a result of the Tax Cuts and Jobs Act

[2] Acquisition-related expenses, the impact of tax reform, and pension settlement accounting reduced EPS by $0.30 for 2017

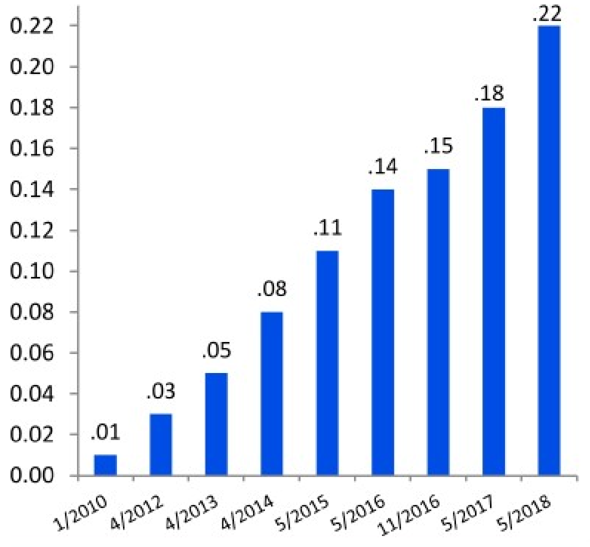
Per Share Results

2017	Q1	Q2	Q3	Q4	Total
1. Earnings Per Share	$ .56	$ .57	$ .50	$ .49	$ 2.12
2. Dividends	$ .15	$ .18	$ .18	$ .18	$ .69
3. Tangible Book Value	$16.49	$16.97	$16.62	$16.96	

2018	Q1	Q2	Q3	Q4	Total
1. Earnings Per Share	$ .74	$ .80	$ .83	–	$ 2.37
2. Dividends	$ .18	$ .22	$ .22	–	$ .62
3. Tangible Book Value	$17.14	$17.71	$18.16	–	

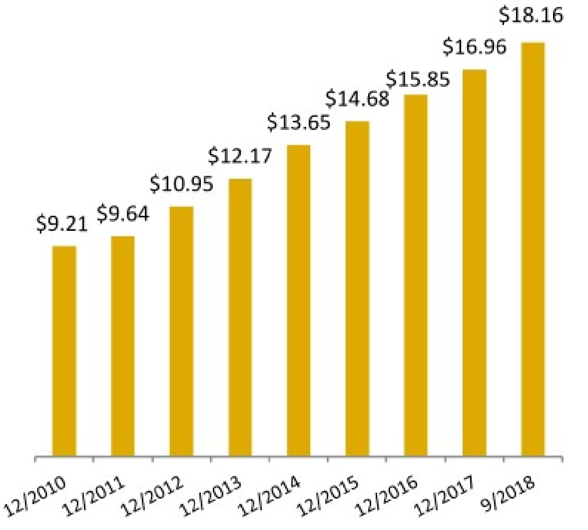
Dividends and Tangible Book Value

Quarterly Dividends



1.96% Forward Dividend Yield
Equals 26.2% Dividend Payout Ratio

Tangible Book Value



Compound Annual Growth Rate of 9.16%

John J. Martin

EXECUTIVE VICE PRESIDENT AND CHIEF CREDIT OFFICER

Loan Portfolio Trends

($ in Millions)

Commitments:
3Q '18 $1.200 B
2Q '18 $1.244 B
1Q '18 $1.151 B
4Q '17 $1.253 B

	2016	2017	Q1-'18	Q2-'18	Q3-'18	Change Linked Quarter $	Change Linked Quarter %
1. Commercial & Industrial	$ 1,195	$ 1,494	$ 1,554	$ 1,658	$ 1,656	$ (2)	(0.1%)
2. Construction, Land and Land Development	419	612	590	715	669	(46)	(6.4%)
3. CRE Non-Owner Occupied	1,272	1,618	1,760	1,700	1,761	61	3.6%
4. CRE Owner Occupied	531	700	709	714	700	(14)	(2.0%)
5. Agricultural Production	80	122	98	89	88	(1)	(1.1%)
6. Agricultural Land	149	244	245	239	239	0	0.0%
7. Public Finance/Other Commercial	258	397	398	389	394	5	1.3%
8. **Total Commercial**	**3,904**	**5,187**	**5,354**	**5,504**	**5,507**	**3**	**0.1%**
9. Residential Mortgage	742	970	953	968	968	0	0.0%
10. Home Equity	419	514	511	519	517	(2)	(0.4%)
11. Other Consumer	78	87	88	92	99	7	7.6%
12. **Total Resi. and Consumer**	**1,239**	**1,571**	**1,552**	**1,579**	**1,584**	**5**	**0.3%**
13. **Total Loans**	**$ 5,143**	**$ 6,758**	**$ 6,906**	**$ 7,083**	**$ 7,091**	**$ 8**	**0.1%**
14. Construction Concentration[1]	52%	60%	57%	67%	62%		
15. Investment RE Concentration[1]	211%	219%	226%	227%	224%		

[1]As a % of Risk Based Capital

Asset Quality Summary

($ in Millions)

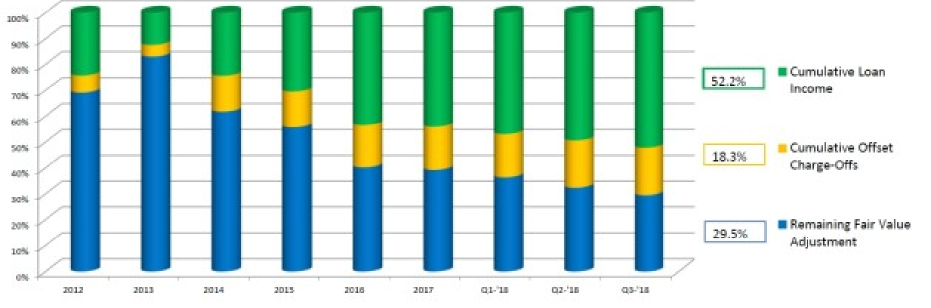
	2016	2017	Q1-'18	Q2-'18	Q3-'18	Change Linked Quarter $	Change Linked Quarter %
1. Non-Accrual Loans	$ 30.0	$ 28.7	$ 27.5	$ 20.1	$ 20.4	$ 0.3	
2. Other Real Estate	9.0	10.4	9.7	9.1	8.9	(0.2)	
3. Renegotiated Loans	4.7	1.0	0.6	0.5	0.9	0.4	
4. 90+ Days Delinquent Loans	0.1	0.9	0.7	0.2	0.1	(0.1)	
5. **Total NPAs & 90+ Days Delinquent**	**$ 43.8**	**$ 41.0**	**$ 38.5**	**$ 29.9**	**$ 30.3**	**$ 0.4**	**1.3%**
6. Total NPAs & 90+ Days/Loans & ORE	0.9%	0.6%	0.6%	0.4%	0.4%		
7. **Classified Assets**	**$ 174.1**	**$ 153.1**	**$ 178.4**	**$ 166.3**	**$ 174.2**	**$ 7.9**	**4.8%**
8. **Specific Reserves**	**$ 0.9**	**$ 1.6**	**$ 1.3**	**$ 0.5**	**$ 0.4**	**$ (0.1)**	

Non-Performing Asset Reconciliation

($ in Millions)	Q4-'17	Q1-'18	Q2-'18	Q3-'18
1. **Beginning Balance NPAs & 90+ Days Delinquent**	**$ 45.2**	**$ 41.0**	**$ 38.5**	**$ 29.9**
Non-Accrual				
2. Add: New Non-Accruals	4.9	4.8	2.7	4.6
3. Less: To Accrual/Payoff/Renegotiated	(7.3)	(4.1)	(6.3)	(2.5)
4. Less: To OREO	(0.2)	(0.1)	(0.1)	(0.1)
5. Less: Charge-offs	(1.0)	(1.8)	(3.7)	(1.7)
6. **Increase / (Decrease): Non-Accrual Loans**	**(3.6)**	**(1.2)**	**(7.4)**	**0.3**
Other Real Estate Owned (ORE)				
7. Add: New ORE Properties	0.2	0.1	0.1	0.1
8. Less: ORE Sold	(1.5)	(0.7)	(0.5)	(0.2)
9. Less: ORE Losses (write-downs)	(0.2)	(0.1)	(0.2)	(0.1)
10. **Increase / (Decrease): ORE**	**(1.5)**	**(0.7)**	**(0.6)**	**(0.2)**
11. **Increase / (Decrease): 90+ Days Delinquent**	**0.5**	**(0.2)**	**(0.5)**	**(0.1)**
12. **Increase / (Decrease): Renegotiated Loans**	**0.4**	**(0.4)**	**(0.1)**	**0.4**
13. **Total NPAs & 90+ Days Delinquent Change**	**(4.2)**	**(2.5)**	**(8.6)**	**0.4**
14. **Ending Balance NPAs & 90+ Days Delinquent**	**$ 41.0**	**$ 38.5**	**$ 29.9**	**$ 30.3**

ALLL and Fair Value Summary

($ in Millions)	Q4-'17	Q1-'18	Q2-'18	Q3-'18
1. Beginning Allowance for Loan Losses (ALLL)	$ 73.4	$ 75.0	$ 76.4	$ 77.5
2. Net Charge-offs (Recoveries)	0.2	1.1	0.6	0.5
3. Provision Expense	1.8	2.5	1.7	1.4
4. Ending Allowance for Loan Losses (ALLL)	$ 75.0	$ 76.4	$ 77.5	$ 78.4
5. ALLL/Non-Accrual Loans	261.2%	277.9%	385.0%	383.9%
6. ALLL/Non-Purchased Loans	1.36%	1.32%	1.28%	1.28%
7. ALLL/Loans	1.11%	1.11%	1.09%	1.11%
8. Fair Value Adjustment (FVA)	$ 46.3	$ 43.1	$ 37.2	$ 33.9
9. Total ALLL plus FVA	121.3	119.5	114.7	112.3
10. Purchased Loans plus FVA	1,304.7	1,179.8	1,059.1	979.2
11. FVA/Purchased Loans plus FVA	3.55%	3.65%	3.51%	3.46%



Portfolio Summary

- Loan portfolio remained at $7.1 Billion with an increase in CRE of $61 Million offset by a decline in construction loans of $46 Million and owner occupied real estate loans of $14 Million.
- Total NPAs & 90+ Days remained low at 0.4% of Loans and ORE.
- Classified Assets increased $7.9 Million to $174.2 Million.
- Quarterly Net charge-offs were $0.5 Million, or 3 bps annualized with provision expense of $1.4 Million.
- ALLL to Total Loans of 1.11% and 1.28% to Non-Purchased Loans. Allowance coverage to Non-Accruals Loans at 384%.

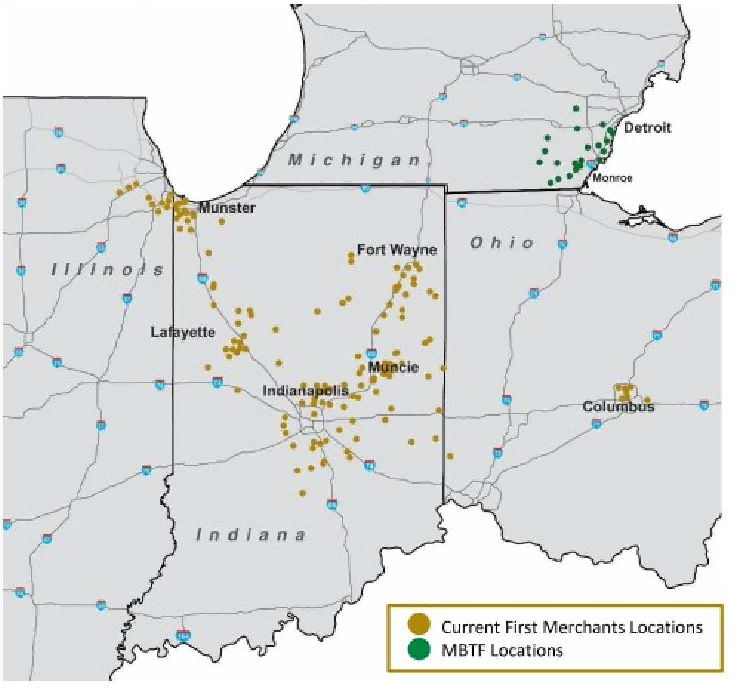
Michael C. Rechin

PRESIDENT AND CHIEF EXECUTIVE OFFICER

A Leading Midwest Banking Franchise

Crossing $10 Billion with Strategic Entry into Michigan

Pro Forma Highlights[1]	
Ticker:	FRME
Headquarters:	Muncie, IN
Founded:	1893
Banking Centers:	134
Assets:	$11.1 Billion
Loans:	$7.8 Billion
Deposits:	$8.7 Billion



[1]Balance sheet figures as of 6/30/18 and do not include any merger related adjustments

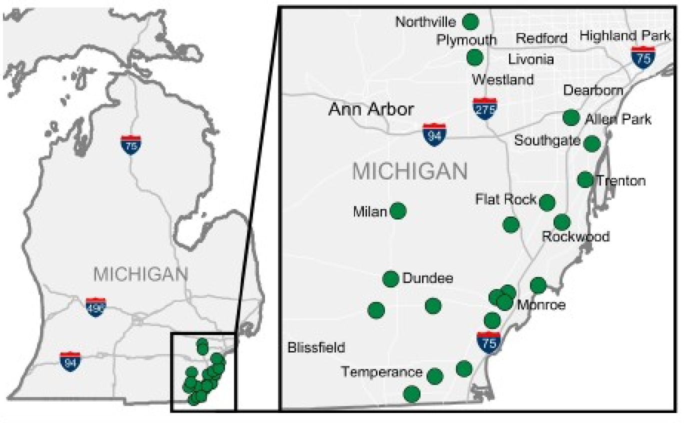
First Merchants Corporation

Overview of MBT Financial Corporation

Company Highlights

- Headquartered in Monroe, Michigan
- Founded in 1858
- Operates 20 Banking Centers
- Balance Sheet as of June 30, 2018
  - Assets: $1.3 Billion
  - Loans: $741 Million
  - Deposits: $1.1 Billion (89% non-maturity)
  - Loans / Deposits: 65%
  - 9.10% TCE/TA
  - 0.91% NPAs/Assets
- Income Statement for the quarter ending June 30, 2018
  - ROAA: 1.51% / ROATCE: 16.59%
  - Efficiency Ratio: 61.8%
  - Net Interest Margin: 3.63%
  - Cost of Interest Bearing Deposits: 0.18%

Geographic Footprint



Deposit Market Share by County

County	Market Rank	Branches	Deposits ($000)	Mkt. Share (%)	% of Franchise
Monroe, MI	1	15*	$998,139	50.1%	86.9%
Wayne, MI	14	6	$150,913	0.3%	13.1%

Source: S&P Global Market Intelligence and FDIC Summary of Deposits as of June 30, 2018.
*Includes one non-banking center

FMC Strategy and Tactics Overview

Looking Forward . . .

- Manage market presence and our core banking business. Continue organic growth protocol.
- Optimize our retail and commercial deposit strategy… products and pricing.
- Build out of specialty finance businesses in sponsor finance, public finance, asset-based lending, and loan syndications.
- Finalize planning to cross $10 Billion with the acquisition of MBT Financial Corporation.
- Design integration schedule and marketing plan for Michigan entry.

"Responsive, Knowledgeable, High-Performing"

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

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Appendix

Appendix – Non-GAAP Reconciliation

CAPITAL RATIOS (dollars in thousands):

	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18
Total Risk-Based Capital Ratio									
Total Stockholders' Equity (GAAP)	900,865	901,657	929,470	1,035,116	1,283,120	1,303,463	1,313,073	1,340,328	1,361,426
Adjust for Accumulated Other Comprehensive (Income) Loss	(3,924)	13,581	3,722	(1,384)	6,358	3,534	21,725	24,868	35,409
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Add: Qualifying Capital Securities	55,355	55,415	55,474	55,534	65,864	65,919	65,975	66,030	66,086
Less: Tier 1 Capital Deductions	(1,440)	(376)	(80)	(166)	-	-	-	-	-
Less: Disallowed Goodwill and Intangible Assets	(249,541)	(249,104)	(250,493)	(300,307)	(462,080)	(464,066)	(467,518)	(466,063)	(464,658)
Less: Disallowed Deferred Tax Assets	(2,161)	(564)	(320)	(665)	-	-	(2,594)	(2,104)	(1,111)
Total Tier 1 Capital (Regulatory)	$ 699,029	$ 720,484	$ 737,648	$ 788,003	$ 893,137	$ 908,725	$ 930,536	$ 962,934	$ 997,027
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	63,456	66,037	68,225	70,471	73,354	75,032	76,420	77,543	78,406
Total Risk-Based Capital (Regulatory)	$ 827,485	$ 851,521	$ 870,873	$ 923,474	$ 1,031,491	$ 1,048,757	$ 1,071,956	$ 1,105,477	$ 1,140,433
Net Risk-Weighted Assets (Regulatory)	$ 5,836,806	$ 5,993,381	$ 6,114,112	$ 6,592,710	$ 7,497,321	$ 7,660,604	$ 7,831,727	$ 8,002,666	$ 8,001,191
Total Risk-Based Capital Ratio (Regulatory)	**14.18%**	**14.21%**	**14.24%**	**14.01%**	**13.76%**	**13.69%**	**13.69%**	**13.81%**	**14.25%**
Common Equity Tier 1 Capital Ratio									
Total Tier 1 Capital (Regulatory)	$ 699,029	$ 720,484	$ 737,648	$ 788,003	$ 893,137	$ 908,725	$ 930,536	$ 962,934	$ 997,027
Less: Qualified Capital Securities	(55,355)	(55,415)	(55,474)	(55,534)	(65,864)	(65,919)	(65,975)	(66,030)	(66,086)
Add: Additional Tier 1 Capital Deductions	1,440	376	80	166	-	-	-	-	-
Common Equity Tier 1 Capital (Regulatory)	$ 645,114	$ 665,445	$ 682,254	$ 732,635	$ 827,273	$ 842,806	$ 864,561	$ 896,904	$ 930,941
Net Risk-Weighted Assets (Regulatory)	$ 5,836,806	$ 5,993,381	$ 6,114,112	$ 6,592,710	$ 7,497,321	$ 7,660,604	$ 7,831,727	$ 8,002,666	$ 8,001,191
Common Equity Tier 1 Capital Ratio (Regulatory)	**11.05%**	**11.10%**	**11.16%**	**11.11%**	**11.03%**	**11.00%**	**11.04%**	**11.21%**	**11.64%**

[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.

Appendix – Non-GAAP Reconciliation

TANGIBLE COMMON EQUITY RATIO (dollars in thousands):

	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18
Total Stockholders' Equity (GAAP)	$ 900,865	$ 901,657	$ 929,470	$ 1,035,116	$ 1,283,120	$ 1,303,463	$ 1,313,073	$ 1,340,328	$ 1,361,426
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(259,844)	(258,866)	(257,963)	(309,686)	(478,558)	(476,503)	(474,777)	(473,059)	(471,409)
Tangible Common Equity (non-GAAP)	$ 640,896	$ 642,666	$ 671,382	$ 725,305	$ 804,437	$ 826,835	$ 838,171	$ 867,144	$ 889,892
Total Assets (GAAP)	$ 7,022,352	$ 7,211,611	$ 7,326,193	$ 7,805,029	$ 9,049,403	$ 9,367,478	$ 9,472,796	$ 9,734,715	$ 9,787,282
Less: Intangible Assets	(259,844)	(258,866)	(257,963)	(309,686)	(478,558)	(476,503)	(474,777)	(473,059)	(471,409)
Tangible Assets (non-GAAP)	$ 6,762,508	$ 6,952,745	$ 7,068,230	$ 7,495,343	$ 8,570,845	$ 8,890,975	$ 8,998,019	$ 9,261,656	$ 9,315,873
Tangible Common Equity Ratio (non-GAAP)	**9.48%**	**9.24%**	**9.50%**	**9.68%**	**9.39%**	**9.30%**	**9.32%**	**9.36%**	**9.55%**

TANGIBLE COMMON EQUITY PER SHARE (dollars in thousands):

	4Q10	4Q11	4Q12	4Q13	4Q14	4Q15	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18
Total Stockholders' Equity (GAAP)	$ 454,408	$ 514,467	$ 552,236	$ 634,923	$ 726,827	$ 850,509	$ 901,657	$ 929,470	$ 1,035,116	$ 1,283,120	$ 1,303,463	$ 1,313,073	$ 1,340,328	$ 1,361,426
Less: Preferred Stock	(67,880)	(90,783)	(90,908)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(154,019)	(150,471)	(149,529)	(202,767)	(218,755)	(259,764)	(258,866)	(257,963)	(309,686)	(478,558)	(476,503)	(474,777)	(473,059)	(471,409)
Tax Benefit	2,907	2,224	2,249	4,973	6,085	6,278	5,930	5,659	6,941	12,510	6,788	6,043	5,690	5,351
Tangible Common Equity, Net of Tax (non-GAAP	$ 235,416	$ 275,437	$ 314,048	$ 437,004	$ 514,032	$ 596,898	$ 648,596	$ 677,041	$ 732,246	$ 816,947	$ 833,623	$ 844,214	$ 872,834	$ 895,243
Shares Outstanding	25,574,251	28,559,707	28,692,616	35,921,761	37,669,948	40,664,258	40,912,697	41,047,543	43,153,509	49,140,594	49,158,238	49,243,096	49,280,188	49,304,542
Tangible Common Equity per Share (non-GAAP)	**$ 9.21**	**$ 9.64**	**$ 10.95**	**$ 12.17**	**$ 13.65**	**$ 14.68**	**$ 15.85**	**$ 16.49**	**$ 16.97**	**$ 16.62**	**$ 16.96**	**$ 17.14**	**$ 17.71**	**$ 18.16**

Appendix – Non-GAAP Reconciliation

EFFICIENCY RATIO (dollars in thousands):

	2016	2017	1Q18	2Q18	3Q18
Non Interest Expense (GAAP)	$ 177,359	$ 205,556	$ 53,687	$ 53,504	$ 55,022
Less: Intangible Asset Amortization	(3,910)	(5,647)	(1,726)	(1,718)	(1,650)
Less: OREO and Foreclosure Expenses	(2,877)	(1,903)	(402)	(362)	(455)
Adjusted Non Interest Expense (non-GAAP)	170,572	198,006	51,559	51,424	52,917
Net Interest Income (GAAP)	226,473	277,284	79,916	84,571	86,486
Plus: Fully Taxable Equivalent Adjustment	13,541	17,270	2,584	2,625	2,726
Net Interest Income on a Fully Taxable Equivalent Basis (non-GA	240,014	294,554	82,500	87,196	89,212
Non Interest Income (GAAP)	65,203	71,009	19,561	18,191	19,527
Less: Investment Securities Gains (Losses)	(3,389)	(2,631)	(1,609)	(1,122)	(1,285)
Adjusted Non Interest Income (non-GAAP)	61,814	68,378	17,952	17,069	18,242
Adjusted Revenue (non-GAAP)	301,828	362,932	100,452	104,265	107,454
Efficiency Ratio (non-GAAP)	**56.51%**	**54.56%**	**51.33%**	**49.32%**	**49.25%**

FORWARD DIVIDEND YIELD

	3Q18
Most recent quarter's dividend per share	$ 0.22
Most recent quarter's dividend per share - Annualized	$ 0.88
Stock Price at 9/30/18	$ 44.99
Forward Dividend Yield	**1.96%**

DIVIDEND PAYOUT RATIO

	2018 YTD
Dividends per share	$ 0.62
Earnings Per Share	$ 2.37
Dividend Payout Ratio	**26.2%**

First Merchants Corporation

Appendix – Non-GAAP Reconciliation

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

	2016	2017	1Q18	2Q18	3Q18
Total Risk-Based Capital (Subsidiary Bank Only)					
Total Stockholders' Equity (GAAP)	$ 973,641	$ 1,404,303	$ 1,414,109	$ 1,432,722	$ 1,436,173
Adjust for Accumulated Other Comprehensive (Income) Loss [1]	9,701	763	19,231	22,589	33,302
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)
Less: Tier 1 Capital Deductions	-	-	-	-	-
Less: Disallowed Goodwill and Intangible Assets	(248,656)	(463,618)	(467,070)	(465,616)	(464,210)
Less: Disallowed Deferred Tax Assets	-	-	(2,234)	(1,862)	(965)
Total Tier 1 Capital (Regulatory)	734,561	941,323	963,911	987,708	1,004,175
Allowance for Loan Losses includible in Tier 2 Capital	66,037	75,032	76,420	77,543	78,406
Total Risk-Based Capital (Regulatory)	$ 800,598	$ 1,016,355	$ 1,040,331	$ 1,065,251	$ 1,082,581
Construction, Land and Land Development Loans	$ 418,703	$ 612,219	$ 590,093	$ 714,866	$ 668,608
Concentration as a % of the Bank's Risk-Based Capital	**52%**	**60%**	**57%**	**67%**	**62%**
Construction, Land and Land Development Loans	$ 418,703	$ 612,219	$ 590,093	$ 714,866	$ 668,608
Investment Real Estate Loans	1,272,415	1,617,943	1,760,226	1,699,962	1,760,714
Total Construction and Investment RE Loans	$ 1,691,118	$ 2,230,162	$ 2,350,319	$ 2,414,828	$ 2,429,322
Concentration as a % of the Bank's Risk-Based Capital	**211%**	**219%**	**226%**	**227%**	**224%**

[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):

	4Q17	1Q18	2Q18	3Q18
Loans Held for Sale (GAAP)	$ 7,216	$ 4,469	$ 2,046	$ 3,022
Loans (GAAP)	6,751,199	6,901,696	7,081,059	7,088,071
Total Loans	6,758,415	6,906,165	7,083,105	7,091,093
Less: Purchased Loans	(1,258,386)	(1,136,711)	(1,022,160)	(945,330)
Non-Purchased Loans (non-GAAP)	$ 5,500,029	$ 5,769,454	$ 6,060,945	$ 6,145,763
Allowance for Loan Losses (GAAP)	$ 75,032	$ 76,420	$ 77,543	$ 78,406
Fair Value Adjustment (FVA) (GAAP)	46,304	43,121	37,221	33,905
Allowance plus FVA (non-GAAP)	$ 121,336	$ 119,541	$ 114,764	$ 112,311
Purchased Loans (GAAP)	$ 1,258,386	$ 1,136,711	$ 1,022,160	$ 945,330
Fair Value Adjustment (FVA) (GAAP)	46,304	43,121	37,221	33,905
Purchased Loans plus FVA (non-GAAP)	$ 1,304,690	$ 1,179,832	$ 1,059,381	$ 979,235
Allowance as a Percentage of Non-Purchased Loans (non-GAAP)	**1.36%**	**1.32%**	**1.28%**	**1.28%**
FVA as a Percentage of Purchased Loans plus FVA (non-GAAP)	**3.55%**	**3.65%**	**3.51%**	**3.46%**