

FIRST MERCHANTS CORP

Form 425

February 17, 2017

Welcome to the First Merchants family!

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[Becoming Partners In](#) [Community Banking](#) [iAB Financial Bank Employee Packet](#) [We're growing!](#) [Welcome iAB Financial Bank to the First Merchants Family!](#)

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February 17, 2017 Fellow iAB Financial Bank Employees: We are excited to announce that iAB Financial Bank is planning to join First Merchants Bank, and would like to personally introduce you to our banking family. The boards of First Merchants Corporation and Independent Alliance Banks, Inc., have approved an agreement to merge our two companies. Pending finalization, iAB will join the First Merchants team. We believe you'll find First Merchants to be a natural extension of iAB; we're already neighbors. First Merchants complements your footprint with long-standing locations and market presence in North Manchester, Wabash and Decatur. Our companies share a commitment to personal service, long-term customer relationships, community involvement and Midwestern values. Founded in 1893 and headquartered in Muncie, Indiana, First Merchants Corporation is a \$7.2 billion organization. We operate as First Merchants Bank, Lafayette Bank & Trust, and First Merchants Private Wealth Advisors. As the largest financial services holding company headquartered in Central Indiana, our "whole bank" delivery model creates a competitive advantage. We deliver high levels of responsiveness and knowledge through all of our lines of business while leveraging high-quality administration and expertise. We're convinced our planned partnership will prove to be mutually beneficial to our shareholders, communities, and customers, as well as you, our team members. Looking forward, the combined strength of our companies will allow us to offer a wider array of services, more access and a better overall banking experience. As one company, we will also be better positioned to provide opportunities for talented team members like you. First Merchants respects and values people as our competitive advantage, offering a comprehensive benefit package, family-friendly work environment, and a variety of learning and development opportunities. Like iAB, we encourage volunteer efforts with paid time off Community Days as part of our First Merchants Serves program. We're sure you have questions about First Merchants and what this news means to you and your customers, and hope some of your questions will be answered in the enclosed materials or online at www.firstmerchants.com. We are still in the early stages of the process, but will continue to share information and timelines for integration, name changes, and platform changes as they become available. As we prepare to combine our banks, rest assured that we will remain true to the principles both our companies were founded on: local decisions, customer focus, and community involvement. We're proud of our intent to continue our journey and commitment to community banking as new partners, and we look forward to welcoming you to the family. Sincerely, Michael C. Rechin Michael C. Marhenke First Merchants Bank iAB Financial Bank President and CEO President and CEO

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ADDITIONAL INFORMATION **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 the expected timing and benefits of the proposed merger (the “Merger”) between First Merchants Corporation (“First Merchants”) and Independent Alliance Banks, Inc., including future financial and operating results, cost savings, enhanced revenues, and accretion/dilution to reported earnings that may be realized from the Merger, as well as other statements of expectations regarding the Merger, and other statements of First Merchants’ goals, intentions and expectations; statements regarding the First Merchants’ business plan and growth strategies; statements regarding the asset quality of First Merchants’ loan and investment portfolios; and estimates of First Merchants’ risks and future costs and benefits, whether with respect to the Merger or otherwise. These forward-looking statements are subject to significant risks, assumptions and uncertainties that may cause results to differ materially from those set forth in forward-looking statements, including, among other things: the risk that the businesses of First Merchants and Independent Alliance Banks, Inc. will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; expected revenue synergies and cost savings from the Merger may not be fully realized or realized within the expected time frame; revenues following the Merger may be lower than expected; customer and employee relationships and business operations may be disrupted by the Merger; the ability to obtain required governmental and shareholder approvals, and the ability to complete the Merger on the expected timeframe; possible changes in economic and business conditions; the existence or exacerbation of general geopolitical instability and uncertainty; the ability of First Merchants to integrate recent acquisitions and attract new customers; possible changes in monetary and fiscal policies, and laws and regulations; the effects of easing restrictions on participants in the financial services industry; the cost and other effects of legal and administrative cases; possible changes in the credit worthiness of customers and the possible impairment of collectability of loans; fluctuations in market rates of interest; competitive factors in the banking industry; changes in the banking legislation or regulatory requirements of federal and state agencies applicable to bank holding companies and banks like First Merchants’ affiliate bank; continued availability of earnings and excess capital sufficient for the lawful and prudent declaration of dividends; changes in market, economic, operational, liquidity, credit and interest rate risks associated with the First Merchants’ business; and other risks and factors identified in each of First Merchants’ filings with the Securities and Exchange Commission. Neither First Merchants nor Independent Alliance Banks, Inc. undertake any obligation to update any forward-looking statement, whether written or oral, relating to the matters discussed in this presentation or press release. In addition, First Merchants’ and Independent Alliance Banks, Inc.’s past results of operations do not necessarily indicate either of their anticipated future results, whether the Merger is effectuated or not.

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iAB Financial Bank/First Merchants Bank Partnership Employee Questions Q: What happens to my benefits? A: Nothing changes with the announcement. Continue to use your current insurance card(s) and process claims as normal. When iAB Financial Bank employees transition over to First Merchants' benefits, employees will participate in benefit enrollment meetings and will have plenty of advance notice of all changes. After the legal close and on the date that is selected as the "transition date", all employees (full time and part time) will become eligible for First Merchants' T01k plan. Details will be forthcoming over the next several months explaining that transition process. Q: What does "legal close" mean? A: On the closing date, which we anticipate will be some time in the third quarter of 2017, iAB Financial Bank will officially merge with and into First Merchants Bank.

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Rev. 2017 Page 1 Health Insurance Two High Deductible Health Plans Preventive care is covered at 100% Prescription Drug Coverage Flexible Spending Accounts Three options to elect Healthcare FSA Limited Healthcare FSA Dependent Care FSA Dental Insurance Preventive services covered at 100% with no deductible Vision Insurance Wellness Incentives Two ways to save #1 – Non-tobacco use #2 – Annual Physical/Wellness Coaching No deductible One annual eye examination Contact lenses or eyeglass lenses every 12 months and frames every 24 months Additional Insurance Coverage Two additional voluntary employee paid insurance products are provided if the employee elects to enroll Accident insurance Must be covered by a High Deductible Health Plan Account is portable FIRST MERCHANTS BANK EMPLOYEE

BENEFITS SUMMARY First Merchants benefits strategy is designed to attract, retain, and motivate the best talent by providing highly valued healthcare, wellness, financial and work/life balance benefits. Our benefits strategy is to meet the needs of our employees and their families differing needs and lifestyles. All eligibility requirements stated in the benefits plans will utilize your hire date at iAB as the vesting date. **KEEPING EMPLOYEES & FAMILIES HEALTHY** Eligibility: The following benefits are offered to all employees working 30 or more hours a week and are effective on the 61st day of employment. **NOTE:** Spouses with medical coverage through their employer are not eligible for health insurance, however, may enroll in dental and vision coverage as long as the employee is enrolled in the coverage.

Health Savings Account Critical Illness Insurance PROTECTING LIFE & INCOME Accidental Death and Dismemberment
 Accidental death benefit is provided by First Merchants Equal to two times annual base salary (maximum of \$200,000) Voluntary Life
 Available for self, spouse or dependent. Group Term Life Insurance Bank paid for full-time employees Equal to two times annual base salary
 (maximum benefit \$200,000) Dependent Group Term Life Insurance Available for spouse and dependent children If enrolled as a new employee,
 no evidence of insurability is required. Short-Term Disability Full time employees eligible on the 61st day of employment; part-time employees
 working 50 hours or more are eligible on 181st day of employment Two coverage options available Long-Term Disability Bank paid for full time
 employees Benefit level is 60% of monthly base pay and is offset by Social Security benefits Q.800.205.3464 | www.firstmerchants.com

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Rev. 2017 Page 2 PREPARING FOR THE FUTURE Retirement Income & Savings Plan 401(k) All employees who are at least 18 years of age are eligible to participate immediately upon hire Plan allows employees to save from 1% to 5% of compensation (pre-tax or after-tax Roth) Company match of 100% of the first 3% of employee contribution; plus 50% of the next 5% of employee contribution Employees vest 20% of the employer match each year, with 100% vesting at 5 years. Participants may request a loan from their 401(k) account Employee Stock Purchase Plan

All employees are eligible to participate in the Employee Stock Purchase Plan after 90 days of service prior to a quarterly entry date A maximum fair market value of \$25,000 in stock can be purchased with an after-tax deduction during a calendar year The purchase price each quarter will be 85% of the average fair market value of the stock during the quarter (15% purchase price discount). The price cannot be less than 85% of the lesser of the fair market value at the beginning or end of the quarter

WORK LIFE BALANCE Vacation Vacation schedule for employees hired within a calendar year.

Date of Employment	PT < 20	Eligible	After 3 Months	PT 20 – 24	Eligible	After 3 Months	PT 25 – 29	Eligible	After 3 Months	PT 30 – 34	Eligible	After 3 Months	PT 35 – 39	Eligible	After 3 Months	PT 40 – 44	Eligible	After 3 Months	PT 45 – 49	Eligible	After 3 Months	PT 50 – 54	Eligible	After 3 Months	PT 55 – 59	Eligible	After 3 Months	PT 60 – 64	Eligible	After 3 Months	PT 65 – 69	Eligible	After 3 Months	PT 70 – 74	Eligible	After 3 Months	PT 75 – 79	Eligible	After 3 Months	PT 80 – 84	Eligible	After 3 Months	PT 85 – 89	Eligible	After 3 Months	PT 90 – 94	Eligible	After 3 Months	PT 95 – 99	Eligible	After 3 Months	PT 100 – 104	Eligible	After 3 Months	PT 105 – 109	Eligible	After 3 Months	PT 110 – 114	Eligible	After 3 Months	PT 115 – 119	Eligible	After 3 Months	PT 120 – 124	Eligible	After 3 Months	PT 125 – 129	Eligible	After 3 Months	PT 130 – 134	Eligible	After 3 Months	PT 135 – 139	Eligible	After 3 Months	PT 140 – 144	Eligible	After 3 Months	PT 145 – 149	Eligible	After 3 Months	PT 150 – 154	Eligible	After 3 Months	PT 155 – 159	Eligible	After 3 Months	PT 160 – 164	Eligible	After 3 Months	PT 165 – 169	Eligible	After 3 Months	PT 170 – 174	Eligible	After 3 Months	PT 175 – 179	Eligible	After 3 Months	PT 180 – 184	Eligible	After 3 Months	PT 185 – 189	Eligible	After 3 Months	PT 190 – 194	Eligible	After 3 Months	PT 195 – 199	Eligible	After 3 Months	PT 200 – 204	Eligible	After 3 Months	PT 205 – 209	Eligible	After 3 Months	PT 210 – 214	Eligible	After 3 Months	PT 215 – 219	Eligible	After 3 Months	PT 220 – 224	Eligible	After 3 Months	PT 225 – 229	Eligible	After 3 Months	PT 230 – 234	Eligible	After 3 Months	PT 235 – 239	Eligible	After 3 Months	PT 240 – 244	Eligible	After 3 Months	PT 245 – 249	Eligible	After 3 Months	PT 250 – 254	Eligible	After 3 Months	PT 255 – 259	Eligible	After 3 Months	PT 260 – 264	Eligible	After 3 Months	PT 265 – 269	Eligible	After 3 Months	PT 270 – 274	Eligible	After 3 Months	PT 275 – 279	Eligible	After 3 Months	PT 280 – 284	Eligible	After 3 Months	PT 285 – 289	Eligible	After 3 Months	PT 290 – 294	Eligible	After 3 Months	PT 295 – 299	Eligible	After 3 Months	PT 300 – 304	Eligible	After 3 Months	PT 305 – 309	Eligible	After 3 Months	PT 310 – 314	Eligible	After 3 Months	PT 315 – 319	Eligible	After 3 Months	PT 320 – 324	Eligible	After 3 Months	PT 325 – 329	Eligible	After 3 Months	PT 330 – 334	Eligible	After 3 Months	PT 335 – 339	Eligible	After 3 Months	PT 340 – 344	Eligible	After 3 Months	PT 345 – 349	Eligible	After 3 Months	PT 350 – 354	Eligible	After 3 Months	PT 355 – 359	Eligible	After 3 Months	PT 360 – 364	Eligible	After 3 Months	PT 365 – 369	Eligible	After 3 Months	PT 370 – 374	Eligible	After 3 Months	PT 375 – 379	Eligible	After 3 Months	PT 380 – 384	Eligible	After 3 Months	PT 385 – 389	Eligible	After 3 Months	PT 390 – 394	Eligible	After 3 Months	PT 395 – 399	Eligible	After 3 Months	PT 400 – 404	Eligible	After 3 Months	PT 405 – 409	Eligible	After 3 Months	PT 410 – 414	Eligible	After 3 Months	PT 415 – 419	Eligible	After 3 Months	PT 420 – 424	Eligible	After 3 Months	PT 425 – 429	Eligible	After 3 Months	PT 430 – 434	Eligible	After 3 Months	PT 435 – 439	Eligible	After 3 Months	PT 440 – 444	Eligible	After 3 Months	PT 445 – 449	Eligible	After 3 Months	PT 450 – 454	Eligible	After 3 Months	PT 455 – 459	Eligible	After 3 Months	PT 460 – 464	Eligible	After 3 Months	PT 465 – 469	Eligible	After 3 Months	PT 470 – 474	Eligible	After 3 Months	PT 475 – 479	Eligible	After 3 Months	PT 480 – 484	Eligible	After 3 Months	PT 485 – 489	Eligible	After 3 Months	PT 490 – 494	Eligible	After 3 Months	PT 495 – 499	Eligible	After 3 Months	PT 500 – 504	Eligible	After 3 Months	PT 505 – 509	Eligible	After 3 Months	PT 510 – 514	Eligible	After 3 Months	PT 515 – 519	Eligible	After 3 Months	PT 520 – 524	Eligible	After 3 Months	PT 525 – 529	Eligible	After 3 Months	PT 530 – 534	Eligible	After 3 Months	PT 535 – 539	Eligible	After 3 Months	PT 540 – 544	Eligible	After 3 Months	PT 545 – 549	Eligible	After 3 Months	PT 550 – 554	Eligible	After 3 Months	PT 555 – 559	Eligible	After 3 Months	PT 560 – 564	Eligible	After 3 Months	PT 565 – 569	Eligible	After 3 Months	PT 570 – 574	Eligible	After 3 Months	PT 575 – 579	Eligible	After 3 Months	PT 580 – 584	Eligible	After 3 Months	PT 585 – 589	Eligible	After 3 Months	PT 590 – 594	Eligible	After 3 Months	PT 595 – 599	Eligible	After 3 Months	PT 600 – 604	Eligible	After 3 Months	PT 605 – 609	Eligible	After 3 Months	PT 610 – 614	Eligible	After 3 Months	PT 615 – 619	Eligible	After 3 Months	PT 620 – 624	Eligible	After 3 Months	PT 625 – 629	Eligible	After 3 Months	PT 630 – 634	Eligible	After 3 Months	PT 635 – 639	Eligible	After 3 Months	PT 640 – 644	Eligible	After 3 Months	PT 645 – 649	Eligible	After 3 Months	PT 650 – 654	Eligible	After 3 Months	PT 655 – 659	Eligible	After 3 Months	PT 660 – 664	Eligible	After 3 Months	PT 665 – 669	Eligible	After 3 Months	PT 670 – 674	Eligible	After 3 Months	PT 675 – 679	Eligible	After 3 Months	PT 680 – 684	Eligible	After 3 Months	PT 685 – 689	Eligible	After 3 Months	PT 690 – 694	Eligible	After 3 Months	PT 695 – 699	Eligible	After 3 Months	PT 700 – 704	Eligible	After 3 Months	PT 705 – 709	Eligible	After 3 Months	PT 710 – 714	Eligible	After 3 Months	PT 715 – 719	Eligible	After 3 Months	PT 720 – 724	Eligible	After 3 Months	PT 725 – 729	Eligible	After 3 Months	PT 730 – 734	Eligible	After 3 Months	PT 735 – 739	Eligible	After 3 Months	PT 740 – 744	Eligible	After 3 Months	PT 745 – 749	Eligible	After 3 Months	PT 750 – 754	Eligible	After 3 Months	PT 755 – 759	Eligible	After 3 Months	PT 760 – 764	Eligible	After 3 Months	PT 765 – 769	Eligible	After 3 Months	PT 770 – 774	Eligible	After 3 Months	PT 775 – 779	Eligible	After 3 Months	PT 780 – 784	Eligible	After 3 Months	PT 785 – 789	Eligible	After 3 Months	PT 790 – 794	Eligible	After 3 Months	PT 795 – 799	Eligible	After 3 Months	PT 800 – 804	Eligible	After 3 Months	PT 805 – 809	Eligible	After 3 Months	PT 810 – 814	Eligible	After 3 Months	PT 815 – 819	Eligible	After 3 Months	PT 820 – 824	Eligible	After 3 Months	PT 825 – 829	Eligible	After 3 Months	PT 830 – 834	Eligible	After 3 Months	PT 835 – 839	Eligible	After 3 Months	PT 840 – 844	Eligible	After 3 Months	PT 845 – 849	Eligible	After 3 Months	PT 850 – 854	Eligible	After 3 Months	PT 855 – 859	Eligible	After 3 Months	PT 860 – 864	Eligible	After 3 Months	PT 865 – 869	Eligible	After 3 Months	PT 870 – 874	Eligible	After 3 Months	PT 875 – 879	Eligible	After 3 Months	PT 880 – 884	Eligible	After 3 Months	PT 885 – 889	Eligible	After 3 Months	PT 890 – 894	Eligible	After 3 Months	PT 895 – 899	Eligible	After 3 Months	PT 900 – 904	Eligible	After 3 Months	PT 905 – 909	Eligible	After 3 Months	PT 910 – 914	Eligible	After 3 Months	PT 915 – 919	Eligible	After 3 Months	PT 920 – 924	Eligible	After 3 Months	PT 925 – 929	Eligible	After 3 Months	PT 930 – 934	Eligible	After 3 Months	PT 935 – 939	Eligible	After 3 Months	PT 940 – 944	Eligible	After 3 Months	PT 945 – 949	Eligible	After 3 Months	PT 950 – 954	Eligible	After 3 Months	PT 955 – 959	Eligible	After 3 Months	PT 960 – 964	Eligible	After 3 Months	PT 965 – 969	Eligible	After 3 Months	PT 970 – 974	Eligible	After 3 Months	PT 975 – 979	Eligible	After 3 Months	PT 980 – 984	Eligible	After 3 Months	PT 985 – 989	Eligible	After 3 Months	PT 990 – 994	Eligible	After 3 Months	PT 995 – 999	Eligible	After 3 Months	PT 1000 – 1004	Eligible	After 3 Months	PT 1005 – 1009	Eligible	After 3 Months	PT 1010 – 1014	Eligible	After 3 Months	PT 1015 – 1019	Eligible	After 3 Months	PT 1020 – 1024	Eligible	After 3 Months	PT 1025 – 1029	Eligible	After 3 Months	PT 1030 – 1034	Eligible	After 3 Months	PT 1035 – 1039	Eligible	After 3 Months	PT 1040 – 1044	Eligible	After 3 Months	PT 1045 – 1049	Eligible	After 3 Months	PT 1050 – 1054	Eligible	After 3 Months	PT 1055 – 1059	Eligible	After 3 Months	PT 1060 – 1064	Eligible	After 3 Months	PT 1065 – 1069	Eligible	After 3 Months	PT 1070 – 1074	Eligible	After 3 Months	PT 1075 – 1079	Eligible	After 3 Months	PT 1080 – 1084	Eligible	After 3 Months	PT 1085 – 1089	Eligible	After 3 Months	PT 1090 – 1094	Eligible	After 3 Months	PT 1095 – 1099	Eligible	After 3 Months	PT 1100 – 1104	Eligible	After 3 Months	PT 1105 – 1109	Eligible	After 3 Months	PT 1110 – 1114	Eligible	After 3 Months	PT 1115 – 1119	Eligible	After 3 Months	PT 1120 – 1124	Eligible	After 3 Months	PT 1125 – 1129	Eligible	After 3 Months	PT 1130 – 1134	Eligible	After 3 Months	PT 1135 – 1139	Eligible	After 3 Months	PT 1140 – 1144	Eligible	After 3 Months	PT 1145 – 1149	Eligible	After 3 Months	PT 1150 – 1154	Eligible	After 3 Months	PT 1155 – 1159	Eligible	After 3 Months	PT 1160 – 1164	Eligible	After 3 Months	PT 1165 – 1169	Eligible	After 3 Months	PT 1170 – 1174	Eligible	After 3 Months	PT 1175 – 1179	Eligible	After 3 Months	PT 1180 – 1184	Eligible	After 3 Months	PT 1185 – 1189	Eligible	After 3 Months	PT 1190 – 1194	Eligible	After 3 Months	PT 1195 – 1199	Eligible	After 3 Months	PT 1200 – 1204	Eligible	After 3 Months	PT 1205 – 1209	Eligible	After 3 Months	PT 1210 – 1214	Eligible	After 3 Months	PT 1215 – 1219	Eligible	After 3 Months	PT 1220 – 1224	Eligible	After 3 Months	PT 1225 – 1229	Eligible	After 3 Months	PT 1230 – 1234	Eligible	After 3 Months	PT 1235 – 1239	Eligible	After 3 Months	PT 1240 – 1244	Eligible	After 3 Months	PT 1245 – 1249	Eligible	After 3 Months	PT 1250 – 1254	Eligible	After 3 Months	PT 1255 – 1259	Eligible	After 3 Months	PT 1260 – 1264	Eligible	After 3 Months	PT 1265 – 1269	Eligible	After 3 Months	PT 1270 – 1274	Eligible	After 3 Months	PT 1275 – 1279	Eligible	After 3 Months	PT 1280 – 1284	Eligible	After 3 Months	PT 1285 – 1289	Eligible	After 3 Months	PT 1290 – 1294	Eligible	After 3 Months	PT 1295 – 1299	Eligible	After 3 Months	PT 1300 – 1304	Eligible	After 3 Months	PT 1305 – 1309	Eligible	After 3 Months	PT 1310 – 1314	Eligible	After 3 Months	PT 1315 – 1319	Eligible	After 3 Months	PT 1320 – 1324	Eligible	After 3 Months	PT 1325 – 1329	Eligible	After 3 Months	PT 1330 – 1334	Eligible	After 3 Months	PT 1335 – 1339	Eligible	After 3 Months	PT 1340 – 1344	Eligible	After 3 Months	PT 1345 – 1349	Eligible	After 3 Months	PT 1350 – 1354	Eligible	After 3 Months	PT 1355 – 1359	Eligible	After 3 Months	PT 1360 – 1364	Eligible	After 3 Months	PT 1365 – 1369	Eligible	After 3 Months	PT 1370 – 1374	Eligible	After 3 Months	PT 1375 – 1379	Eligible	After 3 Months	PT 1380 – 1384	Eligible	After 3 Months	PT 1385 – 1389	Eligible	After 3 Months	PT 1390 – 1394	Eligible	After 3 Months	PT 1395 – 1399	Eligible	After 3 Months	PT 1400 – 1404	Eligible	After 3 Months	PT 1405 – 1409	Eligible	After 3 Months	PT 1410 – 1414	Eligible	After 3 Months	PT 1415 – 1419	Eligible	After 3 Months	PT 1420 – 1424	Eligible	After 3 Months	PT 1425 – 1429	Eligible	After 3 Months	PT 1430 – 1434	Eligible	After 3 Months	PT 1435 – 1439	Eligible	After 3 Months	PT 1440 – 1444	Eligible	After 3 Months	PT 1445 – 1449	Eligible	After 3 Months	PT 1450 – 1454	Eligible	After 3 Months	PT 1455 – 1459	Eligible	After 3 Months	PT 1460 – 1464	Eligible	After 3 Months	PT 1465 – 1469	Eligible	After 3 Months	PT 1470 – 1474	Eligible	After 3 Months	PT 1475 – 1479	Eligible	After 3 Months	PT 1480 – 1484	Eligible	After 3 Months	PT 1485 – 1489	Eligible	After 3 Months	PT 1490 – 1494	Eligible	After 3 Months	PT 1495 – 1499	Eligible	After 3 Months	PT 1500 – 1504	Eligible	After 3 Months	PT 1505 – 1509	Eligible	After 3 Months	PT 1510 – 1514	Eligible	After 3 Months	PT 1515 – 1519	Eligible	After 3 Months	PT 1520 – 1524	Eligible	After 3 Months	PT 1525 – 1529	Eligible	After 3 Months	PT 1530 – 1534	Eligible	After 3 Months	PT 1535 – 1539	Eligible	After 3 Months	PT 1540 – 1544	Eligible	After 3 Months	PT 1545 – 1549	Eligible	After 3 Months	PT 1550 – 1554	Eligible	After 3 Months	PT 1555 – 1559	Eligible	After 3 Months	PT 1560 – 1564	Eligible	After 3 Months	PT 1565 – 1569	Eligible	After 3 Months	PT 1570 – 1574	Eligible	After 3 Months	PT 1575 – 1579	Eligible	After 3 Months	PT 1580 – 1584	Eligible	After 3 Months	PT 1585 – 1589	Eligible	After 3 Months	PT 1590 – 1594	Eligible	After 3 Months	PT 1595 – 1599	Eligible	After 3 Months	PT 1600 – 1604	Eligible	After 3 Months	PT 1605 – 1609	Eligible	After 3 Months	PT 1610 – 1614	Eligible	After 3 Months	PT 1615 – 1619	Eligible	After 3 Months	PT 1620 – 1624	Eligible	After 3 Months	PT 1625 – 1629	Eligible	After 3 Months	PT 1630 – 1634	Eligible	After 3 Months	PT 1635 – 1639	Eligible	After 3 Months	PT 1640 – 1644	Eligible	After 3 Months	PT 1645 – 1649	Eligible	After 3 Months	PT 1650 – 1654	Eligible	After 3 Months	PT 1655 – 1659	Eligible	After 3 Months	PT 1660 – 1664	Eligible	After 3 Months	PT 1665 – 1669	Eligible	After 3 Months	PT 1670 – 1674	Eligible	After 3 Months	PT 1675 – 1679	Eligible	After 3 Months	PT 1680 – 1684	Eligible	After 3 Months	PT 1685 – 1689	Eligible	After 3 Months</
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Rev. 2017 Page 3 Sick Leave Full and part time eligible after three months of service During each subsequent year of service on January 1, full time employees receive 64 hours and part-time employees who regularly work more than 20 hours a week, sick leave will be prorated Sick time rolls over and accumulates Educational Assistance Full and part time employees after six months of service Undergraduate or graduate courses taken at an accredited institution Full time employees receive 75% tuition and 0% book reimbursement provided the employee receives a grade of C or better

BANKING SERVICES DISCOUNTS Checking Account Savings Account Employee Loans Travelers Checks
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iAB Financial Bank/First Merchants Bank Partnership KEY MESSAGES Subject to approval by Independent Alliance Banks, Inc. shareholders and banking regulators, we plan to join First Merchants Bank. With this combination, the company would have over \$8.3 billion in assets, providing financial strength and the ability to continue our mission of being a high performing, customer-centric company. The planned combination of iAB Financial Bank and First Merchants Bank represents an alliance between two well respected and like-minded companies. Partnered with iAB Financial Bank, First Merchants Bank provides a perfect complement and natural extension linking Allen, Huntington, Marshall and Wells counties to our existing markets in Decatur, North Manchester and Wabash. Like iAB, First Merchants shares expertise and commitment to agri-business banking. Our blended resources and continued focus on this specialty area provides us with the unique opportunity to strengthen our foothold in the marketplace. iAB Financial Bank will become one of six regions within First Merchants Bank, providing robust growth opportunities in the Fort Wayne and surrounding areas. The combination of iAB Financial Bank and First Merchants Bank provides an excellent opportunity, as we strive to grow profitably and efficiently, in what has become a very competitive and highly regulated industry. First Merchants Corporation is currently a \$7.2 billion financial services holding company, the largest headquartered in Central Indiana. Looking forward, our bank would be over \$8.3 billion in total assets, giving us the ability to leverage costs and expenses (economies of scale), for items such as health insurance, IT, internal processing, regulatory and compliance management, etc. We share a vision of providing relationship banking, while striving to become the highest performing bank in every market we serve. The core values of both companies share a commitment to local decision making, personal service, long-term relationships and community involvement. First Merchants has a solid balance sheet, with a history of strong earnings, and most importantly, has been serving and providing trusted advice to local communities, just like ours, for over 120 years. For customers, this combination would support broader access to diverse product and service offerings to include enhanced commercial lending limits. We intend to finalize the combination of iAB Financial Bank and First Merchants Bank in the fourth quarter of 2017 pending the necessary approvals. The boards of both companies have already signed an agreement to merge. Next, we plan to get approval from regulators and the shareholders of Independent Alliance Bank, Inc. We look forward to finalizing the combination once final approvals are obtained. FOR COMMON CUSTOMER QUESTIONS AND THEIR ANSWERS, SEE THE FOLLOWING PAGES.

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iAB Financial Bank/First Merchants Bank Partnership Who is First Merchants? First Merchants is the largest financial services company headquartered in Central Indiana, with over 100 locations in 27 Indiana, two Ohio, and two Illinois counties. Our community banking history dates back to 1893, giving us over 120 years of experience. We provide customers with financial services delivered locally by bankers who are known and trusted in their communities. We take pride in building deep, lifelong relationships where customers can bank with their neighbors and friends. The First Merchants family includes First Merchants Bank, Lafayette Bank & Trust, and First Merchants Private Wealth Advisors. Will you be keeping all iAB Financial Bank banking centers? It is early in the process, and many decisions, including locations will be made as more information becomes available. Looking forward, iAB Financial Bank customers would be able to conduct business at even more banking centers. Our combined bank will provide service through over 115 locations throughout 31 counties in Indiana, as well as two counties in both Illinois and Ohio. Will my account number/debit card/service charge change? Possibly. As we prepare to finalize our partnership, we'll be evaluating accounts and planning to integrate our systems. We pledge to communicate any necessary changes to you in a clear and timely manner. For now, it's business as usual, and you may do your banking as you've always done, using your existing account numbers, logins, etc. Will the name of my bank change? As part of our planned partnership, iAB Financial Bank will proudly be taking the First Merchants Bank name, but the people who serve you would not change. We believe that banking is personal, and pledge to continue to provide the same personal service and advice you're accustomed to, coming from the same great people you know and trust. The community banking principles iAB Financial Bank stands for are alive and well. First Merchants Bank promises "The Strength of Big, The Service of Small." By taking on a new name, we will be better able to deliver the strength our larger company offers, while keeping our promise to support your ability to deliver personal service, every day.

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iAB Financial Bank/First Merchants Bank Partnership Why is this happening/Why First Merchants? Over the next few days, you may read headlines that say "First Merchants Acquires iAB Financial Bank" or "iAB Financial Bank Sells to First Merchants." While those headlines are technically correct, they don't properly convey the real spirit of the transaction. iAB Financial Bank and First Merchants believe this to be the best time to join together because there is a great opportunity to combine our strengths. First Merchants is the right strategic partner whose vision and passion for serving its communities is closely aligned with what iAB Financial Bank has been delivering since 2005, and during 70 years as Grabill Bank and MarkleBank. First Merchants' strong capital position allows for larger commercial and small business credits, spurring additional economic and community development opportunities, all while preserving a customer-centric approach. Additionally, iAB Financial Bank clients will benefit from enhanced product and service offerings, the convenience of a larger banking center and ATM network and significantly enhanced commercial banking lending limits.

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First Merchants Bank | P.O. Box 792, Muncie, IN 47308 | 1.800.205.3464 Lafayette Bank & Trust | A Division of First Merchants Bank | P.O. Box 1130, Lafayette, IN 47902 | 1.800.755.2491 First Merchants Private Wealth Advisors | A Division of First Merchants Bank | P.O. Box 792, Muncie, IN 47308 | 1.866.238.0082 www.firstmerchants.com About First Merchants With over 100 banking locations throughout 27 Indiana counties as well as two in both Illinois and Ohio, we provide our customers with broad financial services delivered locally by bankers who are known and trusted in their communities.

First Merchants Corporation is the 105th largest financial services company in the country, as well as the largest financial services holding company headquartered in Central Indiana. For 120 years, our focus has been and remains on building deep, lifelong relationships. Our family includes: First Merchants Bank Serves Adams, Brown, Delaware, Fayette, Hamilton, Hancock, Hendricks, Henry, Jay, Johnson, Lake, Madison, Marion, Miami, Morgan, Porter, Randolph, Shelby, Union, Wabash, and Wayne counties in Indiana, Cook and DuPage counties in Illinois, and Butler and Franklin Counties in Ohio. Lafayette Bank & Trust, A Division of First Merchants Bank Serves Tippecanoe, Carroll, Jasper, White, Montgomery, and Clinton counties First Merchants Private Wealth Advisors, A Division of First Merchants Bank One of the largest trust companies in the state of Indiana; provides a full complement of trust and investment services CORPORATE HEADQUARTERS First Merchants Corporation 200 East Jackson Street Muncie, Indiana 47305 765.747.1500 Stock Symbol: NASDAQ: FRME The Strength of Big, The Service of Small, since 1893. Trust products are not bank deposits and are not FDIC insured. CORP-SHEET-ABOUT-0516

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First Merchants Corporation has a rich history that dates back to 1893, when the bank was Merchants National Bank of Muncie. Through many years of acquisitions, mergers and charter consolidations, First Merchants Bank was established. First Merchants Corporation has continually increased its capital strength through steady growth, sound financial management and a commitment of personal service to our customers. Since our modest beginnings over a century ago, personal, reliable and professional customer service was exhibited when daily entries in hand written journals were made. Today with significant improvements in our processes, via advancements in technology, the Corporation's commitment to personalized customer service is just as important as it was the first day we opened our doors for business. Service and strength continue to be our theme for growth since our first president, Hardin Roads, started on his quest. It is our people that make this quest of growth a reality. Our commitment to shareholders is to continue to evolve a culture that values employees while emphasizing high performance results. We want and need our employees to strive for success because they have an ownership in the company. We want and need our employees to view their time spent here as a career rather than a job. We believe strongly in hiring the right attitude first and training for skills. Our consolidated structure supports our delivery commitment and expands the scope of our lending capabilities, allowing us to deliver strength and service... every day. www.firstmerchants.com First Merchants History First Merchants Bank | P.O. Box 792, Muncie, IN 47308 | 1.800.205.3464 Lafayette Bank & Trust | A Division of First Merchants Bank | P.O. Box 1130, Lafayette, IN 47902 | 1.800.755.2491

First Merchants Private Wealth Advisors | A Division of First Merchants Bank | P.O. Box 792, Muncie, IN 47308 | 1.866.238.0082

CORP-SHEET-HISTORY-0316 1893 • Merchants National Bank 1988 • Pendleton Banking Company 1991 • First United Bank 1996 • Union County National Bank • The Randolph County Bank 1999 • First National Bank of Portland • Anderson Community Bank 2001 • Frances Slocum Bank & Trust 2002 • Lafayette Bank & Trust 2000 • Decatur Bank & Trust 2003 • Commerce National Bank 2008 • Lincoln Bank 2012 • Shelby County Bank 2013 • Citizens Financial Bank 2015 • Cooper State Bank • Ameriana Bank 2014 • Community Bank

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1 Limited service center Serving Indiana, Illinois and Ohio Banking center ATM Our Banking Locations For the most up-to-date listings of locations and hours, please visit us online at www.firstmerchants.com/locations. www.firstmerchants.com ALBANY 937 W. Walnut St. 765.789.4426
ALEXANDRIA 1202 N. Park Ave. 765.724.2800 ANDERSON 33 W. 10th St. 765.622.9773 Q801 N. Scatterfield Road W65.640.4973
Q526 E. 53rd St. W65.648.4950 ATTICA Super Test 301 S. Brady St. AVON 7648 E. U.S. Highway 36 317.272.0467
BROOKSTON 103 N. Prairie St. W65.563.6400 BROWNSBURG 975 E. Main St. S17.852.3134 CARMEL 1 E. Carmel Drive Suite 100 317.844.5675 10210 N. Michigan Road S17.554.8260 CICERO 1100 S. Peru St. 317.984.8800 CONNERSVILLE 832 N. Central Ave. 765.827.0811 CRAWFORDSVILLE 134 S. Washington St. 765.362.0200 CROWN POINT 155 N. Main St. 219.228.2275
DALEVILLE 14500 W. Davis Drive 765.378.7077 Heartland Business Center 9301 S. Innovation Drive DECATUR 520 N. 13th St. R60.724.2157 Adams Memorial Hospital 1100 Mercer Ave. Campus Center, Woodcrest of Decatur 1300 Mercer Ave. 1 R60.724.2157
DEMOTTE 437 N. Halleck St. 219.987.5812 DYER Woudeland Professional Center Q100 Joliet St. 219.322.5314 EAST CHICAGO 4740 Indianapolis Blvd. 219.228.2272 2121 E. Columbus Drive 219.228.2269 East Chicago Marina 3301 Aldis St. EATON 107 E. Harris St. W65.396.3311 Eaton Pantry 17000 N. State Road 3 FISHERS 11521 Olio Road 317.863.3177 Q1991 Fishers Crossing Drive 317.813.3323 FLORA 805 E. Columbia St. 574.967.4318 FRANKFORT 60 S. Main St. 765.654.8533 FRANKLIN 2259 N. Morton St. 317.346.7474 Johnson Memorial Hospital 1125 W. Jefferson St. INDIANA 164 65 65 69 74 74 80 39 39 55 55 57 57 57 57 64 64 70 70 72 74 74 80 88 88 90 74 70 70 71 71 71 75 75 75 75 77 77 80 90 80 76 164 65 65 69 74 74 80 39 39 55 55 57 57 57 57 64 64 70 70 72 74 74 80 88 88 90 74 Indian a Illinois Ohio Ohio Indiana Illinois Munster Lafayette Lafayette Munster Darien Carmel Noblesville Alexandria Muncie Muncie Chicago IndianapolisSpringfiel d Columbus Fort Wa yne ColumbusIndianapolis Springfiel d We're Growing! Current First Merchants Locations iAB Financial Bank Locations Arlington Bank Locations

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First Merchants Bank | P.O. Box 792, Muncie, IN 47308 | 1.800.205.3464 Lafayette Bank & Trust | A Division of First Merchants Bank | P.O. Box 1130, Lafayette, IN 47902 | 1.800.755.2491 First Merchants Private Wealth Advisors | A Division of First Merchants Bank | P.O. Box 792, Muncie, IN 47308 | 1.866.238.0082 CORP-SHEET-LOCATIONS-0816-EP GREENFIELD 1810 N. State St. 317.462.4463 GREENWOOD 1250 N. Emerson Ave. 317.881.1414 Q275 U.S. Highway 31 N. S17.884.1045 901 S. State Road 135 S17.882.4790 Village Crossing Kroger Q1 Declaration Drive HAMMOND 5311 Hohman Ave. 219.933.0432 HIGHLAND 3853 45th St. 219.924.6650 Homestead Plaza 8149 Kennedy Ave. INDIANAPOLIS 10333 N. Meridian St.2 5915 N. College Ave. 317.287.0470 INGALLS 227 N. Swain St. KNIGHTSTOWN 22 N. Jefferson St. 765.345.5131 LAFAYETTE 250 Main St. W65.423.7100 S901 State Road 26 E. W65.423.7167 R862 Old U.S. Highway 231 S. W65.423.7166 R504 Teal Road W65.423.7164 R200 Elmwood Ave. W65.423.7163 R513 Maple Point Drive W65.423.3821 Q803 Veterans Memorial Parkway S., Suite J W65.423.3841 Super Test 1803 E. 350 S. Super Test 1309 Sagamore Parkway S. LAPEL 1011 N. Main St. W65.534.3181 LIBERTY 107 W. Union St. 765.458.5131 MERRILLVILLE 6101 Harrison St. 219.513.5291 803 W. 57th Ave. MIDDLETOWN 790 W. Mill St. 765.354.2291 MONTICELLO 116 E. Washington St. U74.583.4666 Super Test 301 W. Broadway St. Walmart 1088 W. Broadway St. 574.583.3078 MOORESVILLE 1010 N. Samuel Moore Parkway 317.834.4100 MORGANTOWN 180 W. Washington St. 812.597.4425 MORRISTOWN 488 W. Main St. W65.763.6552 MUNCIE 101 S. Country Club Road 765.747.1332 R101 S. Madison St. W65.747.1541 R00 E. Jackson St. W65.747.1500 Q628 W. McGalliard Road W65.747.1552 801 S. Tillotson Ave. W65.747.1335 Q701 W. University Ave. W65.747.1592 Westminster Village 5801 W. Bethel Ave.1 W65.378.8760 MUNSTER 707 Ridge Road 219.836.5500 1720 45th Ave. 219.924.1720 NASHVILLE 189 Commercial St. 812.988.1200 NEW CASTLE 2118 Bundy Ave. W65.529.2230 NEW PALESTINE 7435 W. U.S. Highway 52 S17.861.9400 NOBLESVILLE 830 Logan St. 317.773.0800 400 Noble Creek Drive 317.776.7676 1007 S. 10th St.5 317.776.7680 201 N. 10th St.5 317.776.7686 651 Westfield Road 317.776.7735 NORTH MANCHESTER 901 State Road 114 W. 260.982.7504 PENDLETON 3055 W. U.S. Highway 36 765.778.9793 Q00 E. State St. W65.778.2132 PERU 990 W. Main St. 765.472.4363 PLAINFIELD 1121 E. Main St. 317.837.3640 PORTLAND 112 W. Main St. 3 R60.726.7158 Main Street Market 218 W. Lincoln St. 260.726.7158 REMINGTON 101 E. Division St. 219.261.2161 RENSSELAER R00 W. Washington St.4 R19.866.7121 St. Joseph's College Halleck Student Center 910 W. Schaefer Circle REYNOLDS 105 E. 2nd St. 219.984.5471 RICHMOND 2206 Chester Blvd. W65.935.4505 SCHERERVILLE 7650 Harvest Drive 219.864.0947 SHELBYVILLE 29 E. Washington St. 317.398.9721 2350 Marketplace Blvd. 317.642.5110 ST. JOHN 11100 W. 109th Ave. 219.513.5420 TRAFALGAR 110 N. State Road 135 S17.878.4111 UNION CITY 450 W. Chestnut St. W65.964.3702 UPLAND Taylor University 236 W. Reade Ave. VALPARAISO 855 Thornapple Way 219.465.1602 WABASH 1250 N. Cass St. R60.563.4116 Q89 W. Market St. 260.563.4116 WEST LAFAYETTE 2329 N. Salisbury St. W65.423.7162 Purdue University Cary Quadrangle 1016 W. Stadium Ave. Purdue University Hillenbran Dining Court 1301 Third St. JB Battlefield 5851 State Road 43 N. WESTFIELD 3333 E. State Road 32 S17.867.7740 WINCHESTER 122 W. Washington St. W65.584.2501 YORKTOWN 1501 N. Nebo Road 765.747.4910 BOLINGBROOK Holiday Inn 205 Remington Blvd. DARIEN 8301 S. Cass Ave. 630.203.1653 FLOSSMOOR Flossmoor Commons 3301 Vollmer Road 708.263.6415 HARVEY 135 E. 154th St. 708.263.6414 HEGEWISCH, CHICAGO 13323 S. Baltimore Ave. 773.646.1000 PALOS HEIGHTS 7101 W. 127th St. 708.263.6418 SOUTH HOLLAND 601 E. 162nd St. 708.263.6416 TINLEY PARK 7231 171st St. 708.614.2315 Hilton Garden Inn 18335 LaGrange Road Country Inn & Suites 18315 LaGrange Road Holiday Inn 18451 Convention Center Drive Convention Center 18451 Convention Center Drive COLUMBUS 3650 Olentangy River Road V14.583.2200 1616 E. Dublin Granville Road 614.408.0410 3245 N. High St. 614.408.0470 5090 N. High St. 614.408.0480 1669 W. 5th Ave. 614.408.0250 DUBLIN 5811 Sawmill Road 614.408.0274 OXFORD 4 N. College Ave. 513.524.8301 REYNOLDSBURG 6950 E. Main St. 614.408.0375 ILLINOIS OHIO 1 Limited service center; 2 ATM and business banking only. No cash on premises. 3Drive up & ATM located at Q15 W. Main St. 4 ATM 1 block NW of banking center. 5 Drive up only, no lobby.

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The Strength of Big First Merchants Corporation is the largest financial services company headquartered in Central Indiana with over 100 locations in R7 Indiana counties as well as two counties in both Illinois and Ohio. We provide our customers with broad financial services, delivered locally by bankers who are known and trusted in their communities. First Merchants Bank has been providing the best of what community banking can offer since 1893. With over \$2.0 billion in assets, First Merchants Private Wealth Advisors is one of the largest trust organizations in the State of Indiana offering a full array of trust services to businesses, individuals and non-profit organizations. First Merchants Bank | P.O. Box 792, Muncie, IN 47308 | 1.800.205.3464 Lafayette Bank & Trust | A Division of First Merchants Bank | P.O. Box 1130, Lafayette, IN 47902 | 1.800.755.2491 First Merchants Private Wealth Advisors | A Division of First Merchants Bank | P.O. Box 792, Muncie, IN 47308 | 1.866.238.0082 www.firstmerchants.com

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The Service of Small The balance that makes First Merchants unique is our unwavering commitment to the communities we service. With a legacy of over 120 years, we believe that to be a true community bank, we must be an active partner in the community. Partnership to us means more than writing a check for a donation or showing up for a photo opportunity. Partnership is doing. Painting and cleaning a child care facility, feeding the hungry, building Habitat homes, doing what it takes to make our communities better places to work and live. Through our First Merchants Serves program, we offer each and every First Merchants employee the opportunity to volunteer in their community and receive full pay one day per year. Not surprisingly, a large percentage of our employees give back far more than one day annually. We believe the strength of our communities is fundamentally beneficial for all of us. It's part of our legacy, and the right thing to do. First Merchants Bank | P.O. Box 792, Muncie, IN 47308 | 1.800.205.3464 Lafayette Bank & Trust | A Division of First Merchants Bank | P.O. Box 1130, Lafayette, IN 47902 | 1.800.755.2491 First Merchants Private Wealth Advisors | A Division of First Merchants Bank | P.O. Box 792, Muncie, IN 47308 | 1.866.238.0082 www.firstmerchants.com CORP-SHEET-SERVICE-0217

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First Merchants Bank | P.O. Box 792, Muncie, IN 47308 | 1.800.205.3464 Lafayette Bank & Trust | A Division of First Merchants Bank | P.O. Box 1130, Lafayette, IN 47902 | 1.800.755.2491 First Merchants Private Wealth Advisors | A Division of First Merchants Bank | P.O. Box 1467, Muncie, IN 47308 | 1.866.238.0082 Fourth Quarter 2016 Earnings First Merchants Corporation (NASDAQ - FRME) reported record 4th quarter 2016 net income of \$22.3 million, compared to \$14.2 million during the 4th quarter of 2015. Earnings per share for the period totaled a record \$.55 per share, an increase of \$.18 per share, or 48.6 percent, over the same period in 2015. Year-to-date net income totaled a record \$81.1 million, compared to \$65.4 million during the same period in 2015. Earnings per share for the full year of 2016 totaled a record \$1.98 per share, an increase of \$.26 per share, or 15.1 percent over the same period in 2015. Michael C. Rechin, President and Chief Executive Officer, stated, "First Merchants' R016 results included record performance throughout nearly every category of the balance sheet and income statement which resulted in successful achievement of our year's high performance targets. Crisp execution, the economic and interest rate outlook, combined with our recently announced Columbus, Ohio expansion, position us to deliver sustained value through 2017 and beyond." First Merchants Corporation Fact Sheet February 7, 2017 First Merchants Corporation Announces Record Fourth Quarter 2016 Results. www.firstmerchants.com Total Risk-Based Capital Ratio 14.21% 10% Tier 1 Risk-Based Capital Ratio 12.02% 6% Leverage Ratio 10.54% 5% TCE/TCA 9.24% N/A 2016 4Q FMC "Well-Capitalized" Requirements Capital Position Analyst Comments D A Davidson - January 2017 Buy 4Q16 EPS of \$0.55 was up 7.8% from SQ16 EPS of \$0.51 and up 48.6% from the comparable year ago period. The linked quarter improvement in earnings was attributable to higher spread income (+1.7%) and significantly lower noninterest expenses (-4.9%). We are raising our 2017 and 2018 EPS estimates to \$2.12 and \$2.38 from \$2.11 and \$2.35, respectively, to account for the accretive impact of the acquisition. Keefe, Bruyette & Woods - January 2017 Outperform FRME finished off a successful 2016 by posting a strong 4th quarter result, beating expectations by \$0.04/sh. Lower expenses and continued strong loan growth were the driving forces behind this quarter's performance. We expect positive operating trends to continue, leading us to raise our R017/2018 estimates, as well as our price target to \$41. We reiterate our Outperform rating on the shares. FIG - January 2017 Market Perform We are maintaining our "Market Perform" rating and bumping our Price Target to \$40 (+\$1) which reflects about 16x our 2018 EPS plus credit for excess capital and ~250% of R017 tangible book value. We continue to believe a peer like multiple or slightly better is justified given the company's healthy profitability, solid/consistent growth trends, and strong credit quality and asset sensitivity. 2016 FOURTH QUARTER STATISTICS Asset Size \$7.2 billion Deposits \$5.6 billion Loans \$5.1 billion Private Wealth \$2 billion Customers 199,246 Banking Centers 106 ATMs 124 NASDAQ Symbol FRME • Retail Banking • Mortgage Banking • Business Banking • Commercial Banking (Middle Market, Agriculture, Healthcare Services, Real Estate) • Cash Management Services • Private Wealth Advisors (Investment Management, Trust, Retirement, Private Banking and Brokerage) CORP-SHEET-FACT-4Q16 At a Glance As Central Indiana's largest community banking company, we deliver superior service with presence close to the customer in 27 Indiana, two Ohio and two Illinois counties for: 4th Quarter Highlights • Net Interest Margin Stays Strong at 3.90% • 1.26% Return on Average Assets • Efficiency Ratio of 52.18% Full-Year Highlights • Record Net Income of \$81.1 Million, a 24% Increase over 2015 • Earnings Per Share of \$1.98, a 15.1% Increase over 2015; Highest in Company's History • Total Assets of \$7.2 Billion; Grew by 6.7% over 2015 • \$446 Million of Organic Loan Growth for the Year Reflects a 9.5% Growth Rate

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Michael C. Rechin is President and Chief Executive Officer of First Merchants Corporation, a \$7.2 billion financial holding company headquartered in Muncie, Indiana, with banking operations in Indiana, Illinois and Ohio. The Corporation also operates First Merchants Private Wealth Advisors. Rechin joined First Merchants in 2005 as Chief Operating Officer. He was promoted in April 2007 to President and Chief Executive Officer. Prior to joining First Merchants Corporation, Mike was Executive Vice President of Corporate Banking for National City Bank, managing its Indiana operations. Mike began his banking career with National City in Cleveland, Ohio, where he grew up and relocated to Indianapolis in 1995. During his tenure with National City, Mike had responsibility for all commercial banking activities. Mike is a graduate of Miami University of Ohio with a bachelor's degree in English and an MBA in finance. As an active leader in the central Indiana community, Mike is a director of the Indiana State Chamber of Commerce, Lynx Capital Corporation, The Center for the Performing Arts, Sheehan Family Foundation, and OneZone. He previously served as a director of the United Way of Central Indiana, The Arts Council of Indianapolis and Junior Achievement of Indianapolis. Mike is an avid golfer and an all-around sports fan focusing primarily on Indiana and Cleveland teams. Mike and his wife, Debbie, have three children and reside in Carmel, Indiana. Mike Rechin President and Chief Executive Officer
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Mark K. Hardwick is Executive Vice President, Chief Financial Officer and Chief Operating Officer of First Merchants Corporation, a \$7.2 billion financial holding company headquartered in Muncie, Indiana, which operates in Indiana, Ohio and Illinois. Hardwick joined First Merchants in November of 1997 as Corporate Controller and was promoted to CFO in April of 2002. In June of 2007, Hardwick also assumed all leadership responsibilities related to Operations, Technology and Risk Management for the Corporation. Prior to joining First Merchants Corporation, Hardwick served as a senior accountant with BKD, LLP in Indianapolis. Hardwick is a graduate of Ball State University with a Bachelor's degree in Accounting and a Master's in Business Administration. He is also a Certified Public Accountant and a graduate of the Stonier School of Banking. As a leader in the central Indiana community, Hardwick serves as a member of the Board of Meridian Services, Union Chapel Ministries, Cardinal Properties, Inc., The Miller College of Business Advisory Board and a member of the Finance Committee of The Community Foundation of Muncie and Delaware County. Hardwick is a member of the Ball State University Athletic Hall of Fame and a Distinguished Alumni of the Ball State University Miller College of Business. He was also the recipient of the Indianapolis Business Journal's "CFO of the Year" in 2012. Mark and his wife, Cathy, live in Yorktown, Indiana, and have two children, Halie and Bryce.

Mark Hardwick Executive Vice President, Chief Financial Officer and Chief Operating Officer 765.751.1857 | mhardwick@firstmerchants.com
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Mike is Executive Vice President and Chief Banking Officer for First Merchants Corporation, a \$7.2 billion financial holding company headquartered in Muncie, Indiana, which has operations throughout Indiana, central Ohio and Illinois. The Corporation also operates First Merchants Private Wealth Advisors. Stewart has a bachelor's degree in Finance from Millikin University in Decatur, IL, and an MBA from Butler University in Indianapolis, IN. His current community support includes Director and past Chairman of Bosma Industries, Director of Westminster Neighborhood Services, Director of Park Tudor Planned Giving and past Director for Junior Achievement of Central Indiana, Inc., past Chairman of the Seton Society (a St Vincent Hospital Foundation Organization) and an alumnus of the Diversity Leadership Group of Greater Indianapolis. He also served two years on the Board of Directors of Ballet Internationale and was Co-Chair of National City's Central Indiana United Way Campaign. Stewart joined First Merchants in 2008 as Chief Banking Officer. Prior to joining First Merchants, Stewart spent eighteen years with National City Bank, most recently as Executive Vice President of the Corporate Bank and Chief Credit Officer of the Indiana Bank. Stewart and his wife, Barb, have one son. Mike Stewart Executive Vice President and Chief Banking Officer
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John is Executive Vice President and Corporate Chief Credit Officer for First Merchants Corporation, a \$7.2 billion financial holding company headquartered in Muncie, Indiana, which has operations in Indiana, Illinois and Ohio. The Corporation also operates First Merchants Private Wealth Advisors. John's career with First Merchants began in 2007 as First Vice President and Senior Manager of Lending Processes. He was promoted to Deputy Chief Credit Officer in 2008, to Corporate Chief Credit Officer in 2009, and Executive Vice President in 2013. Prior to joining First Merchants, John was Senior Vice President and Credit Officer at National City Bank covering a multi-state portfolio. John is a graduate of Indiana University with a Bachelor's degree in economics and holds a Masters of Business Administration from Case Western University, Weatherhead School of Management. Martin and his wife have two children and reside in Westfield, Indiana. John Martin Executive Vice President and Corporate Chief Credit Officer 765.378.8534 | jmartin@firstmerchants.com
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